Tristel Plc

Annual Report and Financial Statements

For the year ended 30 June 2015

Registered number 04728199

DIRECTORS:	FA Soler PC Swinney EA Dixon PM Barnes D Orr (appointed 01.10.15) C Samler (retired 15.10.14)
SECRETARY:	EA Dixon
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The Company

Tristel plc is a manufacturer of infection prevention and contamination control products. Its lead technology is a proprietary chlorine dioxide formulation. 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

Chairman's Statement

During 2015 Tristel made very satisfying progress towards the objectives of our medium term financial plan and our goal of becoming a global brand in infection and contamination control. Turnover increased by 14% to £15.3m and our pre-tax margin rose to 17% from 14% last year. Our international activities contributed £5.5m to global turnover, representing 36% compared to 34% in 2014.

Our organisation and its employees
We have recently adopted a new marketing message for our chlorine dioxide technology: "Better, Safer, Faster, Smarter" – attributes that truly reflect our Tristel products. Our organisation has to operate this way also, and I can confidently report to our shareholders that the Company is in good shape, with motivated and focused employees who are running a tight ship. We have the appropriate skills and resources to continue our progress and achieve our plans, which are straightforward and have been clearly broadcast: to achieve revenue of £20m in the financial year ending 30 June 2017; to maintain a pre-tax margin of at least 15% whilst investing in new markets and new products to sustain high growth beyond 2017, and to create a global brand with our chlorine dioxide technology. We are progressing well towards these objectives and the Board is most appreciative of our employees who have contributed so greatly this year.

Delivering to our shareholders
A key attribute of our business has been, and I believe will continue to be, its ability to turn profit into cash. Post-tax profit of £2.2m during the year translated into cash holdings at 30 June 2015 of £4.0m, up £1.3m from £2.7m at 30 June 2014, after the payment of dividends during the year of £0.75m.

As I stated in February 2015 at the time of our interim results, my philosophy is that our business should return to shareholders cash when it is not required for future earnings enhancing investment. In June 2015 we announced a special dividend of 3 pence per share, distributing approximately £1.2m to shareholders in August 2015. Going forward we will maintain our normal dividend policy of two times cover, at least until our current four year plan, initiated in 2014 and ending in 2017, is completed. The policy will then be reviewed, and in the intervening two year period we will adhere to our philosophy of returning cash to our shareholders as circumstances allow.

For the year ended 30 June 2015 basic earnings per share were 5.44 pence (2014: 3.25 pence), an increase of 67%. In line with the dividend policy stated above, the Board is recommending that the final dividend is 2.135 pence (2014: 1.26 pence), an increase of 69%. Including the interim dividend of 0.585 pence (2014: 0.36 pence), the special dividend of 3 pence paid in August 2015, and the final dividend, the total dividend for the year will be 5.72 pence (2014: 1.62 pence). If approved, the final dividend will be paid on 18 December 2015 to shareholders on the register at 20 November 2015. The corresponding ex-dividend date is 19 November 2015.

Our Board
I am pleased to welcome David Orr to our Board as a Non-Executive Director. His career spans the British Army, the City and managing businesses in the packaging industry. He brings to our Board very relevant experience of manufacturing in a tough business environment.

Tristel as a public Company: a retrospective view of the first ten years
We joined the AIM market on 5 June 2005. The flotation price was 37 pence per share. Revenue in our first year as a public Company was £3.0m. During the past ten years we have achieved compound annual growth in sales of 18%. Pre-tax profits have increased from £0.1m to £2.55m

Chairman's Statement - continued

Over the decade we have had to reinvent our product range entirely, having focused 10 years ago on only one area of the hospital – gastro-enterology – which went into decline a few years after the Company went public. We have had to find new application areas for our chlorine dioxide technology and create new products to meet the needs of these application areas. We now focus upon the out-patient clinic and have created significant strongholds in the areas of ear, nose and throat (ENT), cardiology, ultrasound, GI physiology, ophthalmology and urology. The products that we have created for the out-patient clinic include chlorine dioxide wipes and foams and over the past ten years their sales have grown at a compound annual rate of 46%. Worldwide sales into the out-patient market were £9.32m during the year representing 61% of all sales. We have also applied our chlorine dioxide chemistry to surface disinfection and since the first products for this purpose were launched in 2007 their sales have grown at an annual compound rate of 63%. Worldwide sales of surface disinfectants were £1.46m during the year representing 10% of all sales.

We have established a significant geographical footprint and sell through our own direct operations in the United Kingdom, Germany, Switzerland, Austria, Russia, China, Hong Kong and New Zealand and through 36 national distributors. In aggregate our products are currently being supplied to 38 countries.

During the past decade we have returned £5.9m to our shareholders as dividend. Between flotation and 30 June 2015 the Tristel share price has increased by 173%. In comparison, during this period the AIM All Share Index has declined by 22%.

Outlook

The value of this retrospective is not so much to judge the achievements of the past, but more to provide us with an analytical framework to assess what we can achieve over the next decade.

The overriding lesson that our management team and I have learnt from our involvement in infection control, which now spans more than twenty years, is how managers in hospitals, in all countries, are slow to adopt a new technology, even when it is so far superior to what is being used. Overcoming this inertia is Tristel's daily challenge. One might think that products that are more effective in killing the broadest range of micro-organisms, that are safer for the user, that work more quickly so making the provision of healthcare more efficient, and are easier and less costly to deploy and maintain, would achieve rapid acceptance. But the pace of adoption, although frustrating, is at least predictable and consistent, as our top line CAGR of 18% over a decade testifies to.

The corollary of having to fight the pace of change in healthcare to gain (albeit slowly) dominance in clinical areas like ENT is that we are equally difficult to dislodge by rival products or a new technology. This characteristic of our business, combined with the fact that over 95% of our revenues are of repeat consumable products that perform a vital function in hospitals, has always encouraged me to view the Tristel business model as very resilient.

As we continue to extend our geographical footprint, and as the enterprises of our distributors (many of which are today almost exclusively focused on the Tristel product range) develop further and expand, it is conceivable that the pace of our growth could accelerate. Furthermore, we have embarked upon our United States regulatory approvals project and we have a more exciting pipeline of new product innovations than I have ever witnessed in our corporate history. For now, however, I am comfortable with our stated growth objectives

Finally, and as I said in my interim statement in February 2015, we have the people, experience of our industry, and physical resources to make further progress this year and into the foreseeable future.

Francisco Soler
Chairman
9 October 2015

Chief Executive's report

Tristel is a manufacturer and supplier of infection prevention and contamination control products that are based upon its proprietary chlorine dioxide chemistry.

Towards a global brand

With three distinctively branded portfolios – Tristel for human health, Crystel for contamination control, and Anistel for animal health – we are one of only a small number of companies that has an exclusive focus on infection prevention and that has a significant international presence. Our international sales of £5.5m represented 36% of Group turnover in the year, compared to 34% in 2014 and 7% five years ago.

Becoming a global brand in infection prevention is a key strategic objective for Tristel. Via our direct operations and distributors, our products are represented in 38 countries. However, our products have still to tap into such significant geographical markets as the United States and Canada; the great majority of South America; India; much of Central Europe; the African continent with the exception of a very small presence in South Africa; and much of South East Asia.

Continued international expansion is, therefore, going to be a major driving force for our future growth.

Obtaining regulatory approval to sell our products is the initial step in entering any overseas market. The regulatory project is sometimes undertaken in conjunction with a distributor, and sometimes on our own, and if we take the latter approach we determine the route to market whilst the regulatory approval is progressing. We have a regulatory approval programme underway in the United States and we are committed to establish a presence in most countries within the Central and South American region by 2017.

Group overseas sales 2008 to 2015

FY	Sales £
2007-8	378,000
2008-9	450,000
2009-10	610,000
2010-11	932,000
2011-12	2,148,000
2012-13	3,403,000
2013-14	4,531,000
2014-15	5,501,000
CAGR	47%

Overseas sales by brand portfolio

Sales £	2014-15	% total	2013-14	% total	Yr-on-Yr Increase
Human Healthcare	4,857,000	88%	4,079,000	90%	19%
Contamination Control	387,000	7%	240,000	5%	61%
Animal Healthcare	257,000	5%	212,000	5%	21%
Group overseas sales	**5,501,000**	**100%**	**4,531,000**	**100%**	**21%**

The business model employed in the majority of countries in which we sell products is to use a national distribution partner. During the year we sold through 36 national distributors. It is very rare for a national distributor to start its relationship with Tristel by gaining approval for, and selling, all our Group products and typically adds in products as its business grows. This is a source of future organic growth for the Group that is in addition to revenue growth resulting from the appointment of new distributors in new markets.

During the year the Group had direct operations in the United Kingdom, Germany, Switzerland, Austria, Russia, China, Hong Kong and New Zealand. Within these countries our national sales teams not only serve customers directly but also manage distributors and dealers.

Chief Executive's report - continued

Overseas sales by business model

Sales £	2014-15	% total	2013-14	% total	Yr-on-Yr Increase
Sales by overseas direct operations	3,171,000	58%	2,642,000	58%	20%
Sales to overseas distributors	2,330,000	42%	1,889,000	42%	23%
Group overseas sales	**5,501,000**	**100%**	**4,531,000**	**100%**	**21%**

Broadly based growth

When Tristel joined the AIM market in June 2005 all its customers were hospitals and the great majority were located in the United Kingdom. Since becoming a publicly traded company, and whilst maintaining its focus on infection control, Tristel has taken its core competencies and its proprietary chlorine dioxide chemistry into two additional markets. In 2011 we expanded into the sterile-packed disinfectants market serving clean rooms in hospitals and industry (contamination control of critical environments) and in 2012 we entered the animal healthcare market focusing primarily on infection prevention in veterinary practices.

Group sales by portfolio

Sales £	2014-15	% total	2013-14	% total	Yr-on-Yr *increase*
Human healthcare	13,089,000	85%	11,518,000	85%	14%
Contamination control	1,374,000	9%	1,190,000	9%	15%
Animal healthcare	871,000	6%	762,000	6%	14%
Group sales	**15,334,000**	**100%**	**13,470,000**	**100%**	**14%**

Human healthcare, or the hospital marketplace, is the most important component of our business and we expect this to continue to be the case. Our Contamination control business, which exposes us to industry in addition to healthcare, is now in its fifth year of development. Our animal healthcare infection control business is in its fourth year of development.

High growth in niche markets

Group-wide revenues have grown at a compound annual rate of 18% over the past decade. This rate of growth has been achieved even in the face of the loss of over £2m of revenues that were generated from the gastro-enterology area of the UK hospital market which was our original focus.

Sales 2005 - 2015

FY	Sales £
2004-5	3,009,000
2005-6	3,746,000
2006-7	5,148,000
2007-8	5,961,000
2008-9	6,847,000
2009-10	8,764,000
2010-11	9,287,000
2011-12	10,939,000
2012-13	10,558,000
2013-14	13,470,000
2014-15	15,334,000
CAGR	**18%**

In the hospital market we focus today upon two distinct areas of infection prevention: instrument decontamination in the out-patient area, and disinfection of critical surfaces. Sales growth within both of these areas has far exceeded the group-wide CAGR of 18%.

Chief Executive's report - continued

Decontamination of instruments used in the out-patient area
We have moved instrument disinfection revenues away from gastro-enterology to the out-patient areas of the hospital. We have achieved this rapid re-positioning of our product portfolio by innovating with our chlorine dioxide chemistry to create disinfectant products that are ideally suited to the small medical instruments used in ENT; cardiology; ultrasound; urology; GI physiology and ophthalmology.

In these clinical areas there is a constant stream of patients requiring diagnostic and minor therapeutic procedures for which clinicians use small instruments that are relatively simple to decontaminate. We have targeted these niches because they are not addressed by our competitors. Globally, revenues from these products have grown at a CAGR of 46% between 2004-5 and 2014-15.

Instrument disinfectant sales in the out-patient area

FY	Sales £
2004-5	207,000
2005-6	442,000
2006-7	647,000
2007-8	1,178,000
2008-9	1,698,000
2009-10	2,073,000
2010-11	2,552,000
2011-12	4,366,000
2012-13	5,087,000
2013-14	7,329,000
2014-15	9,328,000
CAGR	**46%**

Disinfection of critical surfaces in hospitals
Tristel's proprietary chlorine dioxide chemistry has two defining features: first, it kills bacterial spores very quickly; second, it is safe to use. As a consequence, Tristel's surface disinfectants provide the most effective stratagem to control *Clostridium difficile*, one of the most problematic pathogens in hospitals. Globally, revenues of our surface disinfectants have grown at a CAGR of 63% between 2006-7 (when they were first introduced) and 2014-15.

Chlorine dioxide surface disinfectant sales

Sales £	Human health	Contamination control & Animal health	Group total
FY			
2006-7	30,000	-	30,000
2007-8	230,000	-	230,000
2008-9	434,000	-	434,000
2009-10	598,000	-	598,000
2010-11	867,000	-	867,000
2011-12	1,055,000	54,000	1,109,000
2012-13	784,000	54,000	838,000
2013-14	1,229,000	75,000	1,304,000
2014-15	1,363,000	101,000	1,464,000
CAGR			**63%**

Chief Executive's report - continued

Group Results and Finance
Revenue increased by 14% to £15,334,000 (2014: £13,470,000).

Excluding amortisation of intangibles, share-based payments, interest and results from associates, operating profits increased by 31% to £3,023,000 (2014: £2,300,000). Profit before tax for the year was £2,552,000 (2014: £1,823,000). The resulting basic earnings per share were 5.44 pence (2014: 3.25 pence).

Capital investments in the development of new products, patents, regulatory approvals and computer software resulted in additions to intangible assets of £567,000 (2014: £479,000). Purchases of plant, equipment, improvements to property, fixtures and fittings and motor vehicles totalled £496,000 (2014: £677,000).

The level of profit during the year has resulted in cash balances increasing to £4,045,000 as at 30 June 2015 from £2,664,000 at 30 June 2014.

Paul Swinney
Chief Executive
9 October 2015

Key performance indicators, research and development and going concern

Key performance indicators

Management consider the primary financial key performance indications (KPIs) for each segment of the Group to be revenue and gross margin %. These are both measured and monitored closely. Current period revenue is £15.3m (2014: £13.5m); gross margin for the year is 70% (2014: 70%), see note 2 for detailed revenue and gross profit by segment.

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

The maintenance of the Group's quality system and certification required for the design, manufacture and sale of medical devices is also a key measure for management. The Company is frequently audited by its Notified Body, BSI. Successful completion of these audits is measured by the absence of any major non-compliances. The Notified Body tests all areas of the Group's quality system including customer service, customer satisfaction and product quality assurance. During the year the Company underwent two audits and a number of desktop reviews. No major non-compliances were registered during the year.

Research and development

The Group continues to invest in the research and development of new products and application methods for its technology. The products currently being developed are expected to make significant contributions to the future growth of the business. The Board regards 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 this strategic report. The future development of the Group is viewed to be via the diversification of its proprietary technology into new markets and territories. Economic conditions can create a degree of uncertainty over the level of demand for the Group's products and services. However, the Board consider there to be no material uncertainties within the business..

The Directors compile budget and cash flow forecasts, which are 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.

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, the Board has continued to adopt the going concern basis in preparing the annual report and financial statements

Principal risks and uncertainties

The key business risks affecting the group are set out below:

Operations
The Group's ability to continue to manufacture and supply in a timely manner the Group's existing product portfolio is a prerequisite to maintaining the currently achieved gross margins and level of profitability. This area of risk is kept under constant review, including identifying multiple routes of supply for key materials and services related to the production of the Group's product offering. A disaster recovery plan is also in place and reviewed regularly. The plan sets out the steps required to swiftly relocate people, systems and production in order to ensure continuity of supply.

Regulatory and legal approval
The ability to continue to market the Group's products is inextricably linked to the Group's ability to achieve and maintain, in a timely manner, regulatory and legal approval in those regions or markets where the Group has a presence.

The challenges in maintaining worldwide legal and regulatory compliance in respect of financial, environmental, quality and health and safety requirements are significant. In particular within the UK, legislation with regard to bribery and corporate manslaughter pose a risk to the Group and its officers. Senior members of the Board, supported by specialist advisors, take responsibility for maintaining legal compliance. Through a risk management process the implications of new regulations and legislation are assessed and the necessary changes and mitigation are implemented.

External risks
The Group's performance is also subject to external macroeconomic conditions and changes in factors such as inflation or public spending. 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 revenues.

Financial risks
The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and exchange rate risk:

Credit and liquidity risks
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. In addition, operations in emerging or new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk. In each case the risk to the Group is the recoverability of the cash flows.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring wherever possible payment for goods in advance or upon delivery; and by closely monitoring customers balances due, to ensure they do not become overdue. In addition, careful consideration is given to operations in emerging or new markets before the Group enters that market.

Group policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. Surplus funds are placed on time deposits, with cash balances available for immediate withdrawal if required.

Cash flow risk
Group cash balances are monitored on a daily basis to ensure the Group has sufficient funds within its relevant entities to meet its needs without the need for further financing. To aid with the control of funds, cash flow forecasts are generated and reviewed regularly to allow the required allocation of funds across the group to be visible to management to avoid any shortfalls. To further reduce risk, group entities hold only the cash required for its operational activities with excess funds repatriated to the parent.

Exchange rate risk

Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the income statement and reported in the Group's internal management information. Before agreeing any overseas transactions consideration is given to utilising financial instruments such as hedging and forward purchase contracts.

The strategic report which incorporates the Company, Chairman's Statement, Chief Executives Report and Strategic overview, Key performance indicators, Research & development, Going concern and Principal risks and uncertainties, was approved by the Board of Directors, and signed on its behalf by:

Elizabeth Dixon
Finance Director
9 October 2015

Paul Swinney, Chief Executive *(Member of Nomination Committee)*
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 Dixon, Finance Director
Elizabeth Dixon trained with BDO before moving into industry with the Holiday Property Bond Group, where she developed her career 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.

Francisco Soler, Non-Executive Director *(Chairman of Remuneration & Nomination 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 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 Barnes, Non-Executive Director (Chairman of Audit Committee and member of Remuneration committee)
Paul has wide experience in venture development, financial strategy and management, corporate finance and M&A disciplines. He has played a key role in the development and admission to the London Stock Exchange's AIM market of both Tristel Plc and Velocys Plc (previously Oxford Catalysts Plc) raising substantial funds for both companies. Paul is a Fellow of the Association of Chartered Certified Accountants, a registered auditor in the UK and a member of the UK's Chartered Institute for Securities and Investments. Having joined Tristel Plc in 2004 as Finance Director, Paul was involved in the development and expansion of the company up until June 2010 when Elizabeth Dixon, the current FD, transitioned into the role.

David Orr, Non-Executive Director (appointed to the board on 01.10.15)
David Orr has extensive experience of operational management at Board level in a manufacturing environment. David has been the Group Managing Director of Fencor Packaging Group, a privately owned manufacturer of corrugated packaging, since 1999. He previously served as Non-Executive Director and Chairman of Pendragon Presentation Packaging. His early commercial career included working in the Corporate Finance Department of Robert Fleming & Co. David read modern languages at Trinity College, Dublin and subsequently spent five years as an Army Officer. David holds a MBA from INSEAD.

Christopher Samler, Non-Executive Chairman at 1.7.14, retired from the board on the 15.10.14 and was struck from the register on this date.

Introduction

It is not a requirement for Companies that have securities listed on AIM to comply with the disclosure requirements 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 Non-Executive Directors under the chairmanship of Francisco Soler. The Committee's constitution and operation does not fully comply with the UK Corporate Governance code but has reported upon the Corporate Governance arrangements, drawing upon best practice available, including those aspects of the UK Corporate Governance code which the committee considers to be relevant to the group. When setting its remuneration policy for Executive Directors, the Committee gives consideration to the provisions and principles of the UK Corporate Governance 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; and
- Provide employment related benefits including provision of life assurance and medical insurances.

Remuneration package for Executive Directors

Executive Directors' remuneration packages are considered annually by the Remuneration Committee in line with Company policy, with a view to attracting, retaining and motivating Executive Directors of the calibre necessary to deliver the strategic milestones of the Board. Remuneration packages comprise a number of elements as follows:

Base salary

The base salary is reviewed annually in June. Within the review process, which is undertaken by the Remuneration Committee, regard is given to the profitability and on-going development of the Group and the contribution that each individual makes. Consideration is also given to the need to retain and motivate individuals, with reference made to available information on salary levels in comparable organisations as well as that of the wider workforce of the company. To assist in this process the Remuneration Committee draws on the findings of external salary surveys and undertakes its own research.

Annual performance incentive

The Executive Directors are eligible to receive, at the discretion of the Remuneration Committee, an annual bonus. The Remuneration Committee considers the implementation of bonus awards based upon both corporate and personal performance targets and measures, which align to the long term interests of shareholders. Performance targets are put in place with a view to clearly linking the motivation of individuals to the value drivers of the business.

Pensions and other benefits

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

Remuneration package for Executive Directors – continued

Other benefits provided are life assurance and private medical insurance. Currently no company cars are provided, but Directors are paid a car allowance in accordance with HMRC guidelines.

Share options
Executive Directors may, at the discretion of the Remuneration Committee, be awarded share options. Where share options are granted the option price will always exceed the closing mid-market value of the Company's ordinary shares on the day prior to grant. No share retention obligations are placed upon Directors.

The performance of Executive Directors is evaluated by the Remuneration Committee on an annual basis with a view to ensuring that there is a sufficiently strong link between performance and reward. The results of performance evaluations are taken into consideration as part of the annual remuneration review.

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. All Board members retire at each Annual General Meeting, and at their own request alongside the recommendation of the Nominations Committee, are put forward for re-election.

Directors' remuneration
The Directors received the following remuneration during the year to 30 June 2015.

Name of director	**Salary and fees**	**Bonus**	**Taxable benefits**	**Share-based pmts IFRS-2**	**2015 Total (excl. pension)**	2014 Total (excl. pension)	**2015 Pension**	2014 Pension
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	**£'000**	£'000
Executive								
Paul Swinney	**160**	**80**	**26**	**4**	**270**	327	**24**	17
Elizabeth Dixon	**130**	**65**	**10**	**1**	**206**	214	**19**	15
Non-Executive								
Christopher Samler (retired 15.10.15)	**14**	-	-	-	**14**	50	-	-
Francisco Soler	-	-	-	-	-	-	-	-
Paul Barnes	**20**	-	-	**1**	**21**	21	-	-
Bruce Green (retired 31.12.13)	-	-	-	-	-	6	-	-
Aggregate emoluments	**324**	**145**	**36**	**6**	**511**	618	**43**	32

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

Elizabeth Dixon's service contract contains a provision that in the event of a change in control of the Group, she would receive a bonus payment equivalent to 75% of her 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:

Name of director	Total shares granted	Total shares vested at 1 July 2014	Shares vesting in the year	Shares exercised in the year	Total shares vested at 30 June 2015	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	-	15,000	235,000	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	60,000	-	-	60,000	53.75p	23/07/08	23/07/18
	60,000	60,000	-	-	60,000	53.75p	04/08/09	04/08/19
	10,000	10,000	-	-	10,000	53.75p	21/12/11	21/12/21
	87,500	-	-	-	-	65.00p	On change of control	03/03/24
	10,000	-	10,000	-	10,000	79.00p	24/12/14	24/12/24
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 become exercisable immediately. Further tranches become exercisable over periods ranging from 12 months to 36 months from grant, or as detailed in the specific instances above, upon change of control of the Group.

Directors' shareholdings

The interests of the Directors in the shares of the Company at 30 June 2015 and 30 June 2014 were:

Ordinary 1p shares	**30 June 2015**	30 June 2014
Executive		
Paul Swinney	**915,000**	893,742
Elizabeth Dixon	**45,067**	45,067
Non-Executive		
Christopher Samler (retired 15.10.14)	-	256,410
Francisco Soler	**10,624,988**	10,974,988
Paul Barnes	**700,180**	612,680

The market price of the Company's shares as at 30 June 2015 was 101p. The range during the year was 83.5p to 105.5p (source - London Stock Exchange).

Corporate governance

Companies who have their securities traded on the AIM are not required to comply with the disclosure requirements of UK Corporate Governance 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, for example the Group does not currently have an internal audit function, which the Board of Directors consider appropriate for a Group of Tristel's size.

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 three 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 all board members retire at each Annual General Meeting, and at their own request alongside the recommendation of the Nominations Committee, are put forward for re-election.

Board and Committee attendance

The Board and its committees met 9 times during the year; the attendance of the Directors at these meetings is detailed below. On the occasions when a director was unable to attend a meeting, any comments he had arising from the information pack circulated prior to the meeting were provided to the Chairman.

	Eligible to attend	Attended
Christopher Samler	2	2
Paul Swinney	9	9
Elizabeth Dixon	9	9
Francisco Soler	9	9
Paul Barnes	9	8

Committees of the Board

Remuneration Committee

The Remuneration Committee comprises certain Non-Executive Directors under the Chairmanship of Francisco Soler. 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 13 to 15.

Audit Committee
The Audit Committee comprises certain 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.

Nominations Committee
The Nominations Committee comprises two Non-Executive and one Executive Director, under the Chairmanship of Francisco Soler. The committee meets twice a year to consider whether or not Directors retiring by rotation should be put forward for re-election at the annual general meeting; to give full consideration to succession planning for Directors and other senior Executives; and to identify and nominate for the approval of the Board candidates to fill Board vacancies as and when they arise.

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 both private and 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 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.

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 on-going 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 undertake 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, as is a written commentary giving a comparison to budgets and projections identifying 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.

The Directors present their report with the financial statements of the Company and the Group for the year ended 30 June 2015.

RESULTS AND DIVIDENDS

There was a profit for the year after taxation amounting to £2.215m (2014: £1.272m).

A final dividend of £0.513m (1.26p per share) was paid during the year in respect of the year ended 30 June 2014. (2013: £0.128m (0.32p per share).

An interim dividend of £0.239m (0.585p per share) was paid during the year in respect of the year ended 30 June 2015 (2014: £0.144m, 0.36p per share); a special dividend of £1.242m (3p per share) was paid on 3 August 2015 also in respect of the year ended 30 June 2015 (2014: £nil); and the Directors recommend a final dividend of 2.135p per share (2014: 1.26p per share). If approved, the total distribution of dividends for the year ended 30 June 2015 will be £2.365m (2014: £0.651m).

A review of the Group's performance for the year ended 30 June 2015 is contained in the Chairman's Statement on pages 3 to 4 and the Chief Executive's Report on pages 5 to 8.

DIRECTORS

The Directors shown below have held office during the year.

FA Soler
PC Swinney
EA Dixon
PM Barnes
C Samler (retired 15.10.14)

David Orr was appointed as a non Executive Director on the 1 October 2015.

The Group provides Directors and Officers indemnity insurance for the benefit of the Directors of the Group. For the year to 30 June 2015 the policy cost £6,570 (2014: £6,570).

Details of Directors' interests in the share capital of the Company are disclosed in the Directors' Remuneration Report set out on pages 13 to 15.

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 were interested in 3% or more of the Company's equity at 30 June 2015:

	No. of shares	**% of issued share capital**
Barclays Stockbrokers	3,209,211	7.75%
Hargreaves Lansdown	2,954,830	7.14%
Amati Global investors Ltd	1,843,046	4.45%
Unicorn Asset Management	1,635,529	3.95%
TD Waterhouse Stockbrokers	1,469,840	3.55%

RESEARCH AND DEVELOPMENT
Reference to the Group's activities in this field can be found within the Strategic report, on page 9 of these financial statements.

FUTURE DEVELOPMENTS
Reference to this topic can be found within the Strategic report, on page 4 of these financial statements.

FINANCIAL INSTRUMENTS
The instruments that can effect and are therefore monitored by the groups are set out within the strategic report on pages 10 to 11 of these financial statements.

PRINCIPLE RISKS AND UNCERTAINTIES
Reference to this topic can be found within the Strategic report on page 10.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Stategic Report and 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 to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The Directors have elected to prepare the parent company financial statements in accordance with IFRSs. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and 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 accounting 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 are sufficient to show and explain the Group's transactions and 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.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order 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

Grant Thornton UK LLP, have expressed willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting

ON BEHALF OF THE BOARD:

Elizabeth Dixon
Director
9 October 2015

Independent auditor's report to the members of Tristel plc

We have audited the financial statements of Tristel plc for the year ended 30 June 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity, the consolidated and parent company balance sheets, the consolidated and company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, 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 and express an opinion on 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 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 Financial Reporting Council's website www.frc.org.uk/auditscopeukprivate

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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance within 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 Strategic Report and the Report of the Directors 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.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
9 October 2015

	Note	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Revenue	2	**15,334**	13,470
Cost of sales	2	**(4,673)**	(4,066)
Gross profit		**10,661**	9,404
Administrative expenses:	2		
Share-based payments		**(35)**	(15)
Depreciation and amortisation	2	**(844)**	(885)
Other	2	**(7,241)**	(6,685)
Total administrative expenses		**(8,120)**	(7,585)
Operating profit		**2,541**	1,819
Finance income	4	**12**	6
Finance costs	4	**(9)**	(10)
Results from equity accounted associate	13	**8**	8
Profit before tax		**2,552**	1,823
Taxation	6	**(337)**	(551)
Profit after tax		**2,215**	1,272
Attributable to:			
Non-controlling interests		**-**	(26)
Equity holders of parent	9	**2,215**	1,298
		2,215	1,272
Earnings per share from total and continuing operations attributable to equity holders of the parent			
Basic – pence	9	**5.44**	3.25
Diluted – pence	9	**5.23**	3.25

All amounts relate to continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit for the period	**2,215**	1,272
Other comprehensive income:		
Items that will not be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations, related to non-controlling interests	-	15
Items that will be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	**(57)**	34
Other comprehensive income for the period	**(57)**	49
Total comprehensive income for the period	**2,158**	1,321
Attributable to:		
Non controlling interests	-	(11)
Equity holders of the parent	**2,158**	1,332
	2,158	1,321

The notes form part of these financial statements

Tristel plc
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	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	-	-	-	-	(272)	(272)	-	(272)
Shares Issued	2	133	-	-	-	135	-	135
Share-based payments – IFRS 2	-	-	-	-	15	15	-	15
Total transactions with owners	2	133	-	-	(257)	(122)	-	(122)
Profit for the year ended 30 June 2014	-	-	-	-	1,298	1,298	(26)	1,272
Other comprehensive income:- Exchange differences on translation of foreign operations	-	-	-	34	-	34	15	49
Total comprehensive income	-	-	-	34	1,298	1,332	(11)	1,321
30 June 2014	402	9,284	478	(93)	2,167	12,238	(162)	12,076
Transactions with owners								
Dividends paid	-	-	-	-	(752)	(752)	-	(752)
Shares Issued	12	636	-	-	-	648	-	648
Adjustment for change of controlling interest				3	(172)	(169)	169	-
Share-based payments – IFRS 2	-	-	-	-	35	35	-	35
Total transactions with owners	12	636	-	3	(889)	(238)	169	(69)
Profit for the year ended 30 June 2015	-	-	-	-	2,215	2,215	-	2,215
Other comprehensive income:- Exchange differences on translation of foreign operations	-	-	-	(57)	-	(57)	-	(57)
Total comprehensive income	-	-	-	(57)	2,215	2,158	-	2,158
30 June 2015	414	9,920	478	(147)	3,493	14,158	7	14,165

The notes form part of these financial statements

	Share capital	Share premium account	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**
30 June 2013	400	9,151	1,798	11,349
Transactions with owners:-				
Dividends paid	-	-	(272)	(272)
Shares issued	2	133	-	135
Share-based payments – IFRS 2	-	-	15	15
Total transactions with owners	2	133	(257)	(122)
Profit and total comprehensive income for the year ended 30 June 2014	-	-	477	477
30 June 2014	402	9,284	2,018	11,704
Transactions with owners:-				
Dividends paid	-	-	**(752)**	**(752)**
Shares issued	**12**	**636**	-	**648**
Share-based payments – IFRS 2	-	-	**35**	**35**
Total transactions with owners	**12**	**636**	**(717)**	**(69)**
Profit and total comprehensive income for the year ended 30 June 2015	-	-	**1,435**	**1,435**
30 June 2015	**414**	**9,920**	**2,736**	**13,070**

The notes form part of these financial statements

	Note	2015 £'000	2014 £'000
Non-current assets			
Goodwill	11	**667**	667
Intangible assets	12	**5,631**	5,637
Property, plant and equipment	13	**1,347**	1,277
Deferred tax	22	**68**	83
		7,713	7,664
Current assets			
Inventories	15	**2,061**	2,063
Trade and other receivables	16	**3,194**	2,690
Cash and cash equivalents	17	**4,045**	2,664
		9,300	7,417
Total assets		**17,013**	15,081
Capital and reserves			
Share capital	23	**414**	402
Share premium account		**9,920**	9,284
Merger reserve		**478**	478
Foreign exchange reserve		**(147)**	(93)
Retained earnings		**3,493**	2,167
Equity attributable to owners of the parent		**14,158**	12,238
Non-controlling interests		**7**	(162)
Total equity		**14,165**	12,076
Current liabilities			
Trade and other payables	18	**2,434**	2,538
Interest bearing loans and borrowings	19	**-**	42
Current tax	22	**247**	213
		2,681	2,793
Non-current liabilities			
Interest bearing loans and borrowings	19	**-**	8
Deferred tax	22	**167**	204
Total liabilities		**2,848**	3,005
Total equity and liabilities		**17,013**	15,081

The financial statements were approved and authorised for issue by the Board of Directors on 9 October 2015, and were signed on its behalf by:

Elizabeth Dixon
Director

The notes form part of these financial statements

	Note	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	12	**3,466**	3,495
Investments	14	**1,746**	1,711
Deferred tax	22	**-**	6
		5,212	5,212
Current assets			
Trade and other receivables	16	**5,012**	4,181
Cash and cash equivalents		**3,042**	2,530
		8,054	6,711
Total assets		**13,266**	11,923
Capital and reserves			
Share capital	23	**414**	402
Share premium account		**9,920**	9,284
Retained earnings		**2,736**	2,018
		13,070	11,704
Current liabilities			
Trade and other payables	18	**70**	85
Current tax liabilities	22	**117**	134
		187	219
Non-current liabilities			
Deferred tax	22	**9**	-
Total liabilities		**196**	219
Total equity and liabilities		**13,266**	11,923

The financial statements were approved and authorised for issue by the Board of Directors on 9 October 2015, and were signed on its behalf by:

Elizabeth Dixon
Director

Registered number 04728199 (England & Wales)

The notes form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash generated from operating activities	i	**2,936**	3,250
Corporation tax (paid) / received		**(324)**	21
		2,612	3,271
Cash flows used in investing activities			
Interest received		**12**	6
Purchase of intangible assets		**(567)**	(479)
Purchases of property, plant and equipment		**(496)**	(677)
Proceeds from sale of property, plant and equipment		**18**	72
Net cash used in investing activities		**(1,033)**	(1,078)
Cash flows from financing activities			
Loans repaid		**(52)**	(66)
Interest paid		**(9)**	(10)
Share issues		**648**	135
Dividends paid		**(752)**	(272)
Net cash used in financing activities		**(165)**	(213)
Net increase in cash and cash equivalents		**1,414**	1,980
Cash and cash equivalents at the beginning of the period	ii	**2,664**	627
Exchange differences on cash and cash equivalents		**(33)**	57
Cash and cash equivalents at the end of the period	ii	**4,045**	2,664

The notes form part of these financial statements

i. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2015 £'000	2014 £'000
Profit before tax	**2,552**	1,823
Depreciation of plant, property & equipment	**397**	416
Amortisation of intangible assets	**447**	469
Results from associates	**(8)**	(8)
Share-based payments – IFRS2	**35**	15
Profit on disposal of property, plant and equipment	**(3)**	(12)
Loss on disposal of intangible asset	**125**	5
Finance costs	**9**	10
Finance income	**(12)**	(6)
	3,542	2,726
Decrease/(increase) in inventories	**2**	(195)
Increase in trade and other receivables	**(504)**	(136)
(Decrease)/increase in trade and other payables	**(104)**	855
Cash generated from operations	**2,936**	3,250

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.

Year ended 30 June 2015	**30 June 2015 £'000**	30 June 2014 £'000
Cash and cash equivalents	**4,045**	2,664
	4,045	2,664

Year ended 30 June 2014	**30 June 2014 £'000**	30 June 2013 £'000
Cash and cash equivalents	**2,664**	627
	2,664	627

Tristel plc
Company Cash Flow Statement
For the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash generated from operating activities	a	**65**	2,964
Corporation tax paid		**(159)**	(135)
		(94)	2,829
Cash flows from investing activities			
Purchase of intangible assets		**(98)**	(168)
Interest received		**8**	6
Net cash used in investing activities		**(90)**	(162)
Cash flows from financing activities			
Dividends paid		**(752)**	(272)
Dividend received from subsidiary		**800**	-
Share issues		**648**	135
Interest paid		**-**	-
Net cash used in financing activities		**696**	(137)
Net increase in cash and cash equivalents		**512**	2,530
Cash and cash equivalents at the beginning of the period	b	**2,530**	-
Cash and cash equivalents at the end of the period	b	**3,042**	2,530

The notes form part of these financial statements

a. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAX TO CASH GENERATED FROM OPERATIONS**

	2015 £'000	2014 £'000
Profit/(loss) before tax	793	615
Amortisation of intangibles	127	114
Finance income	(9)	(6)
	911	723
(Increase)/decrease in trade and other receivables	(831)	2,061
(Decrease)/increase in trade and other payables	(15)	180
Cash generated from operations	65	2,964

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.

Year ended 30 June 2015	30 June 2015 £'000	30 June 2014 £'000
Cash and cash equivalents	3,042	2,530
	3,042	2,530

Year ended 30 June 2014	30 June 2014 £'000	30 June 2013 £'000
Cash and cash equivalents	2,530	-
	2,530	-

The notes form part of these financial statements

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 on 1 July 2014 adopted:

IFRS 10 - Consolidated financial statements
IFRS 12 - Disclosure of interests in other entities
IAS 27 - Separate financial statements

This resulted in the Group changing its accounting policy for the basis of consolidation and definition of control, but has had no further impact on the 2015 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 2015. Subsidiaries are entities over which the Group has rights or is exposed to variable returns from its involvement with the investee and has the power to affect those returns by controlling 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 acquisition method. The acquisition 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. These fair values are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the assets of the parent and the non-controlling interests based on their respective ownership interests.

There was a change in controlling interest in the period related to the Group's ownership of Tristel Asia and Tristel Medical Equipment Co Ltd, the step acquisition makes both entities wholly owned. There was an immaterial amount of consideration arising upon acquisition. The difference between the non-controlling interest and the fair value of the consideration paid is recognised directly in equity attributable to the parent. Reference to this transaction can also be found on page 26 of these financial statements.

Going concern basis
Management have considered the trading performance of the Group with underlying trends and expectations, this forms the basis of the Group's current forecasts. The forecasts in addition to the resources available to the group leave management to believe that the Group will continue for the foreseeable future for a period of not less than twelve months from date of approval of accounts.

1. **ACCOUNTING POLICIES - continued**

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.

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 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 other comprehensive income are recognised in the consolidated other comprehensive income 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.

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.

1. **ACCOUNTING POLICIES - continued**

Significant judgments and estimates - continued
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 the following:

Intangible assets, goodwill and investments
In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about determination of a suitable discount rate and assessment of useful life. An asset has been regarded by the Group as having an indefinite useful life, based on an analysis of relevant factors by management there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

Research and development
Judgements are based on the information available at each balance sheet date. Economic success of any product development is uncertain at the time of recognition as judgement is required when distinguishing the research and development phases of new product design projects, and determining whether the recognition requirements for capitalisation of the development costs are met. Where these conditions are met an impairment review by project is compiled at each balance sheet date

Useful life of Property, Plant and Equipment
Management reviews the economic lives attributable to depreciable assets on an on-going basis to ensure they are appropriate. Changes in economic life could impact the carrying value and changes to the income statement in future periods.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax asset can be utilised. This specifically applies to outstanding vested share options at the balance sheet date. In estimating the amount of the deferred tax asset that should be recognised management make judgements based on current forecasts about future taxable profits and expectations of when options will be exercised.

Share-based payments
In accordance with IFRS 2 share options are measured at their fair value at the date of grant. The fair value is then expensed in the income statement on a straight-line basis over the vesting period. The fair value of share options is calculated using the Black-Scholes pricing model. The valuation of share-based payments requires judgements to be made in respect of the number of options that are expected to be exercised and the assumptions used in the model. Changes in these assumptions could result in changes to amounts expensed in the income statement on future periods.

Inventories
Where inventory items are considered to be slow moving or obsolete a provision is made against the carrying amount included within the inventory balance. At the end of the year a provision of £20k was in place against the inventory of Tristel Stella equipment (2014, £118k), there was a utilisation of the provision brought forward against obsolete versions of the equipment and the balance remaining is considered appropriate. There was also a provision against inventory of Tristel Shine equipment of £143k (2014, £175k).

Revenue
Revenue is the amount receivable by the Group in the ordinary course of business with outside customers for the Group's products and for ancillary goods provided, excluding value added tax and trade discounts. Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, which is generally when the customer has taken undisputed delivery of the goods. The Group acts as principal for all revenues and its terms throughout the different sectors are identical. The Group acts as the European distributor for Bio-Cide International and incurs all the significant risks and rewards of ownership, such as sole rights to the revenue and associated profits, whilst accepting the costs of buying, storing (including insurance) and distributing the relevant stock holding.

1. **ACCOUNTING POLICIES - continued**

Where the Group generates revenue from after sales service and maintenance contracts consideration is initially deferred, included in other liabilities and is recognised in revenue on a straight line basis over the term of the agreement.

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 10.

Intangible assets

Patents, trademarks, licences and proprietary technology

Patents, trademarks and licences that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged over the useful life of the asset, on a straight line basis of between 7 and 20 years.

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.

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.

Provision is made for any impairment. The amortisation of intangible assets is charged to administrative expenses in the income statement on a straight line basis of between 7 years and 25 years.

In determining the amortisation policy of an intangible asset, its estimated useful economic life in terms of years or the number of stock units likely to be sold, is considered. Where a finite useful economic life of the asset can be estimated, amortisation is calculated from the point at which the asset is brought into use, and charged to the income statement over its lifetime. Where it is considered that an intangible asset has an indefinite useful economic 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 expected to be generated by the asset. Further details are set out in note 11.

1. **ACCOUNTING POLICIES - continued**

Software
Software that is acquired from third parties by the Group is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged over the useful life of the asset, deemed to be 7 years based on historical trends of software utilisation.

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:

Leasehold and improvements to property	- Straight line over the lease term of 10 years
Plant and machinery	- Straight line over 3 and 5 years
Fixtures and fittings	- Straight line over 4 and 5 years
Motor vehicles	- Straight line over 4 years

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-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 re-measurement of monetary items denominated in a foreign currency 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 currencies of the subsidiary entities in the Group have remained unchanged during the reporting period. Due to the nature of the setup of the German branch as a sales and marketing centre for Tristel Solutions Limited, the functional currency of this branch is considered to be sterling.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expense items are translated at the average exchange rate. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency reserve in equity.

1. **ACCOUNTING POLICIES - continued**

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. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic life. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to profit/(loss) on a straight line basis over the lease term. Lease incentives are spread over the term of the lease on a straight line basis.

Financial instruments
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.

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 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. All interest related charges arising from borrowings, and any changes in an instruments fair value that are reported in profit or loss are included within finance costs or finance income.

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

1. **ACCOUNTING POLICIES - continued**

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 all current and prior period profits, losses and share-based payments.
- 'Foreign exchange reserve' comprises foreign currency translation of the financial statements of the Group's foreign entities into GBP.

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 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 in which case the related deferred tax is also charged or credited directly to equity.

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 22.

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 with a corresponding entry included in equity and assessed for impairment in accordance with IAS 36.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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.

1. **ACCOUNTING POLICIES - continued**

EU adopted IFRSs not yet applied

As of 30 June 2015, 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 (IASB effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2010-2012 Cycle (EU effective 1 February 2015)
- Annual Improvements to IFRSs 2011-2013 Cycle (EU effective 1 February 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial statements (effective 1 January 2016)

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.

2. **SEGMENTAL ANALYSIS**

Management 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 includes products that incorporate the Company's chlorine dioxide chemistry, and are used primarily for infection control in hospitals ("Human Healthcare"). This segment generated approximately 85% (2014: 85%) of Group revenues.

The second segment, which constitutes 5.6% (2014: 5.6%) of the business activity, relates to manufacture and sale of disinfection and cleaning products, into veterinary and animal welfare sectors ("Animal healthcare"). During prior years all sales for this segment were made to a distributor who supplied the end user.

The third segment addresses the pharmaceutical and personal care product manufacturing industries ("Contamination control") and has generated 9.4% (2014: 9%) of the Group's revenues this year.

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

2. **SEGMENTAL ANALYSIS – continued**

	Human Healthcare £'000	Animal Healthcare £'000	Contamination Control £'000	Group 2015 £'000	Human Healthcare £'000	Animal healthcare £'000	Contamination Control £'000	Group 2014 £'000
Revenue from external customers	13,089	871	1,374	15,334	11,518	762	1,190	13,470
Segment revenues	13,089	871	1,374	15,334	11,518	762	1,190	13,470
Cost of material	3,663	314	696	4,673	3,216	255	595	4,066
Gross Profit	9,426	557	678	10,661	8,302	507	595	9,404
Gross Profit %	72%	64%	49%	70%	72%	67%	50%	70%

	2015	2014
Centrally incurred income and expenses not attributable to individual segments:		
Other operating income	-	-
Depreciation and amortisation of non-financial assets	(844)	(885)
Other administrative expenses	(7,241)	(6,685)
Share based payments	(35)	(15)
Segment operating profit	2,541	1,819

Segment operating profit can be reconciled to Group profit before tax as follows:

	2015	2014
Segment operating profit	2,541	1,819
Finance income	12	6
Results from equity accounted associate	8	8
Finance costs	(9)	(10)
Group profit before tax	2,552	1,823

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

	Human Healthcare £'000	Animal Healthcare £'000	Contamination Control £'000	Group 2015 £'000	Human Healthcare £'000	Animal healthcare £'000	Contamination Control £'000	Group 2014 £'000
United Kingdom	8,232	614	987	9,833	7,439	550	950	8,939
Rest of the World	4,857	257	387	5,501	4,079	212	240	4,531
Group revenues	13,089	871	1,374	15,334	11,518	762	1,190	13,470

2. SEGMENTAL ANALYSIS – continued

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

Human healthcare revenues were derived from a large number of customers, including £4.081m from a single customer which makes up 31% of this segment's revenue (2014: £3.499m being 30%). Animal healthcare revenues were derived from a number of customers, with the largest customer accountable for £0.309m, which represents 35% of revenue for that segment (2014: £0.209m 27% from a single customer).

During the year 26.6% of the Group's total revenues were earned from a single customer (2014: 26%).

The Group's non-current assets are divided into the following geographical areas and by segment:-

Geographic	2015 £'000	2014 £'000	Segment	2015 £'000	2014 £'000
United Kingdom	7,544	7,455	Human Healthcare	4,863	4,706
Rest of the World	101	126	Animal Healthcare	2,510	2,510
			Contamination Control	272	365
Non-current assets	7,645	7,581		7,645	7,581

The Groups current assets and liabilities are shown, where identifiable, by segment, below:-

	Human Healthcare	Animal Healthcare	Contamination Control	Group	Total
2015	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Segment assets	3,212	209	598	5,281	9,300
Segment Liabilities	165	10	42	2,464	2,681
2014	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Segment assets	3,691	184	328	3,214	7,417
Segment Liabilities	318	48	39	2,388	2,793

3. EMPLOYEES AND DIRECTORS

Group	2015 £'000	2014 £'000
Wages and salaries	3,737	3,706
Social security costs	404	309
Other pension costs	117	79
	4,258	4,094

A charge of £35,000 (2014: £15,000) to share-based payments in accordance with IFRS 2 arises from transactions accounted for as equity-settled share-based payments. This is included within the wages and salaries figure above. No remuneration is paid through the company.

3. EMPLOYEES AND DIRECTORS – continued

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

	2015 Number	2014 Number
Executive Directors	**2**	2
Non-Executive Directors	**2**	4
Sales and marketing	**33**	39
Administration	**28**	19
Production	**36**	34
	101	98

	2015 £'000	2014 £'000
Directors' emoluments	**505**	609
Aggregate pension contributions to money purchase schemes	**43**	32
Share based payments	**6**	9
	554	650

	2015 Number	2014 Number
The number of Directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	**2**	2

Remuneration of the highest paid Director during the year was:	**2015 £'000**	2014 £'000
Emoluments	**269**	327
Aggregate contributions to money purchase schemes	**24**	17
	293	344

Remuneration by director is detailed in the Directors' Remuneration Report on pages 13 to 15.

Key management compensation	**2015 Group £'000**	**2015 Company £'000**	2014 Group £'000	2014 Company £'000
Short-term employee benefits	**877**	-	865	-
Post-employment benefits	**61**	-	45	-
Share-based payments IFRS 2	**6**	-	11	-
	944	-	921	-

The key management figures given above includes 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.

4. FINANCE INCOME AND COSTS

	2015	2014
	£'000	£'000
Finance income:		
Deposit account interest	**12**	6
Other interest	**-**	-
	12	6
Finance costs:		
Bank interest	**(9)**	(10)

5. PROFIT BEFORE TAX

The profit before tax is stated after charging:	**2015**	2014
	£'000	£'000
Cost of inventories recognised as expense	**4,476**	3,850
Depreciation - owned assets	**397**	377
Depreciation - finance leased assets	**-**	42
(Profit)/loss on disposal of property, plant & equipment	**(3)**	2
Loss on disposal of intangible assets	**125**	5
Patents, licences and proprietary technology amortisation	**129**	113
Development costs amortisation	**318**	353
Auditor's remuneration	**55**	40
Foreign exchange loss	**81**	96
Operating lease rentals - land and buildings	**272**	255
- vehicles and equipment	**55**	38
Research costs expensed	**159**	57

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

	2015	2014
	£'000	£'000
Audit of these financial statements	**18**	18
Audit of financial statements of subsidiaries	**21**	16
Taxation services (parent and subsidiaries)	**10**	3
Other services	**6**	3
	55	40

6. TAXATION

The taxation charge represents:

	2015	2014
	£'000	£'000
Current taxation-		
Corporation tax	**363**	248
Adjustment in respect of earlier years	**(10)**	(125)
Double taxation relief	**(113)**	-
Foreign taxation	**119**	-
Total current tax	**359**	123
Deferred tax-		
Origination and reversal of temporary differences	**(22)**	428
Total deferred tax	**(22)**	428
Total tax charge in Income Statement	**337**	551

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:

	2015	2014
	£'000	£'000
Profit on ordinary activities before tax	**2,552**	1,823
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.75% (2014: 22.50%)	**530**	410
Effects of:		
Expenses not deductible for tax purposes	**52**	139
Tax rate differences	**11**	1
Enhanced relief on qualifying scientific research expenditure	**(82)**	(93)
Foreign tax credits	**6**	-
Adjustment in respect of prior years	-	(125)
Income not taxable	-	(11)
Tax losses not utilised and other timing differences	**(180)**	230
Total tax charge for year	**337**	551

7. 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 £1,435m (2014: £0.477m) which includes a dividend of £0.800m received from its subsidiary company Tristel Solutions Limited.

8. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:	**2015 £'000**	2014 £'000
Ordinary shares of 1p each		
Final dividend for the year ended 30 June 2014 of 1.26p (2013: 0.32p) per share	**513**	128
Interim dividend for the year ended 30 June 2015 of 0.585p (2014: 0.36p) per share	**239**	144
	752	272
Special dividend of 3p per share paid on the 3 August 2015	**1,242**	-
Proposed final dividend for the year ended 30 June 2015 of 2.14p (2014: 1.26p) per share	**884**	507
Company		
Dividend received from subsidiary	***(800)***	-

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.

9. EARNINGS PER SHARE

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

	2015 £'000	2014 £'000
Retained profit for the financial year attributable to equity holders of the parent	**2,215**	1,298

	Shares '000 Number	Shares '000 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**40,705**	39,989
Share options	**1,614**	-
	42,319	39,989

Earnings per ordinary share		
Basic	**5.44p**	3.25p
Diluted	**5.23p**	3.25p

The calculation of diluted earnings per share includes no outstanding options of ordinary shares at 30 June 2015 (30 June 2014: nil). All outstanding share options are dilutive at 30 June 2015, but were antidilutive at 30 June 2014.

10. GOODWILL

Group	Total
	£'000
Cost	
at 30 June 2013	**779**
Additions	-
At 30 June 2014	**779**
Additions	-
At 30 June 2015	**779**
Impairment	
At 30 June 2013	**112**
Impairment	-
At 30 June 2014	**112**
Impairment	-
At 30 June 2015	**112**
Net book value	
At 30 June 2015	**667**
At 30 June 2014	667

The acquired goodwill in respect of Newmarket Technologies Limited (NTL), formerly Tristel Technologies Limited, has been tested for impairment in accordance with IAS 36.

On 30 April 2010 the activities of NTL were hived over to Tristel Solutions Limited. The relevant revenue lines are now separately identifiable within Human Healthcare and form a single cash-generating unit within the Group's management reporting. The goodwill has been allocated to this cash generating unit (CGU) and forms the basis of this review.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre tax rates that reflect current market assessments of the time value of money. Growth rates are based upon industry growth forecasts within the CGU, likewise, changes in selling prices and direct costs are based on recent history and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management. Cash flows beyond a five year period are then calculated into perpetuity using a growth rate of 0%, on the basis that the asset is held for the long term benefit of the Group. This rate does not exceed the average long-term growth rate for the relevant market of the CGU. Cash flow forecasts for each CGU are considered, and where deemed appropriate, adjusted to reflect risks specific to the CGU.

The rate used to discount the forecast cash flows for goodwill is 13%, and assuming a zero growth rate. The net present value of profits expected over the next 5 years exceeds the carrying value of £0.667m, with headroom of £2.184m. A sensitivity analysis has been carried out where growth has been forecast to decline at a rate of 5% year on year, at this level the headroom is £1.788m, as such no impairment has been recorded.

Company
The Company has no goodwill.

11. INTANGIBLE ASSETS

The Group's approach to reviewing the carrying value of its intangible assets is consistent with the method applied to goodwill held by the Group (set out within note 11, on page 49 of these financial statements).

The rate used to discount the forecast cash flows for all CGU's is 13%, where sensitivity analysis has been carried out, it has been via the removal of growth expectations within a CGU.

Patents, licences and proprietary technology
Included within patents, licences and proprietary technology are the costs of acquired intellectual property and technological know-how related to the production of a range of products that serves each segment of the Group's activities. In each segment the products have an established footprint, which they have held for some time, the relevant IP and know how allows the group to further develop its customer base, by industry, geographical areas and by the development of new methods of application, it is these factors that have led management to consider the asset to have an indefinite useful life. The carrying amount of this asset is £2.510m. Through management reporting the relevant products are identifiable to form a single cash generating unit (CGU) used for the purpose of an impairment review, tested in accordance with IAS 36, in this review cash flows beyond a five year period are then calculated into perpetuity using a growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets of the CGU. The result of the review shows the value in use exceeds the carrying value of the asset, with headroom of £6,376m, however a prudent approach has also been adopted by assuming revenue will decline by 5% year on year over a five year period. The result of this approach shows that the value in use would still exceed the carrying value of the asset, with headroom of £4.632m, as such no impairment has been recorded.

Also included within this category are patents and manufacturing rights to the range of products which address the Human healthcare market, and that are related to the Group's propriety technology. These assets are amortised over their expected useful life of between 7 and 25 years. The Human Healthcare market accounts for approximately 85% of group revenues, notwithstanding this, an impairment review has been conducted and the recoverable amount exceeds the carrying value of the asset of £0.956m by £27.008m.

Development – Marketable products & products in development
Included within marketable products is the cost of development of the Stella disinfectant equipment. An impairment review has been carried out which took into account an extrapolated revenue forecast for the next five years. The recoverable amount based upon the value in use at the balance sheet date is £1,753m, this leaves headroom of £1.024m, as such the carrying value of the asset of £729k is supported, and no impairment was recorded.

Also included is the cost of development for a new chemistry delivery device, the carrying value of this is £233K. Revenue from this item is expected to commence in the financial year 2015-16. An impairment review has been carried out looking at revenue forecasts for a five year period. The estimated recoverable amount exceeds the carrying value of the asset by £288k, however as the device is still in development a sensitivity analysis has been carried out adopting a deduction in total revenues of 25%, at this level headroom of £158k remains, as such no impairment is considered necessary.

The balance of this asset category holds a carrying value of £1,058k and relates to a royalty settlement fee and the cost for the ongoing research and development of new and existing products, primarily for the Human Healthcare market. Also included is the cost of development of a range of disinfectants for the contamination control market. All items have been tested for impairment using the discount rate of 13%, at this level the minimal headroom attributable to any of the assets held is £843k, as such no impairment would be required to be recorded.

Computer Software
During the financial year the group invested in a new operating system (SAP Business One – HANA). The operating platform will be utilised across the Group. The cost comprises software, licence and development costs. The asset is not yet fully in use so no amortisation has been charged in the year. Management believe that the asset will have a useful life of seven years based on historical trends for software utilisation. The useful life of the asset will be reviewed annually for indication of impairment.

11. **INTANGIBLE ASSETS – continued**

Group	**Patents, licences and proprietary technology**	**Development – Marketable products**	**Development – Products in development**	**Computer Software**	**Totals**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 30 June 2013	4,555	4,504	216	-	9,275
Reclassification	-	**(13)**	**13**	-	-
Additions	**181**	**204**	**94**	-	**479**
Disposal	**(5)**	-	-	-	**(5)**
At 30 June 2014	**4,731**	**4,695**	**323**	-	**9,749**
Additions	**200**	**96**	**126**	**145**	**567**
Disposal	**(60)**	**(144)**	-	-	**(204)**
At 30 June 2015	**4,871**	**4,647**	**449**	**145**	**10,112**
Amortisation					
At 30 June 2013	1,115	2,315	216	-	3,646
Charge for year	**113**	**353**	-	-	**466**
At 30 June 2014	**1,228**	**2,668**	**216**	-	**4,112**
Charge for year	**129**	**318**	-	-	**447**
Disposal	-	**(78)**	-	-	**(78)**
At 30 June 2015	**1,357**	**2,908**	**216**	-	**4,481**
Net book value					
At 30 June 2015	**3,514**	**1,739**	**233**	**145**	**5,631**
At 30 June 2014	**3,503**	**2,027**	**107**	-	**5,637**

Company	**Patents and licences**	**Totals**
	£'000	**£'000**
Cost		
At 30 June 2013	4,311	4,311
Additions	168	168
At 30 June 2014	4,479	4,479
Additions	**98**	**98**
At 30 June 2015	**4,577**	**4,577**
Amortisation		
At 30 June 2013	870	870
Charge for year	114	114
At 30 June 2014	984	984
Charge for year	**127**	**127**
At 30 June 2015	**1,111**	**1,111**
Net book value		
At 30 June 2015	**3,466**	**3,466**
At 30 June 2014	**3,495**	**3,495**

12. PROPERTY, PLANT AND EQUIPMENT

Group	Improvements to property £'000	Plant and machinery £'000	Fixtures & fittings £'000	Motor vehicles £'000	Totals £'000
Cost					
At 30 June 2013	1,115	1,453	168	403	3,139
Net exchange differences	-	(4)	(5)	(4)	(13)
Additions	292	146	1	238	677
Disposals	-	(512)	(106)	(230)	(848)
At 30 June 2014	1,407	1,083	58	407	2,955
Net exchange differences	**-**	**(5)**	**(1)**	**(9)**	**(15)**
Additions	**143**	**259**	**31**	**63**	**496**
Disposals	**-**	**-**	**-**	**(54)**	**(54)**
At 30 June 2015	**1,550**	**1,337**	**88**	**407**	**3,382**
Depreciation					
At 30 June 2013	478	1,233	131	201	2,043
Eliminated on disposal		(1)	(4)	(1)	(6)
Charge for year	-	(511)	(106)	(161)	(778)
Impairment	165	145	12	97	419
At 30 June 2014	643	866	33	136	1,678
Net exchange differences		**(1)**	**-**	**(3)**	**(4)**
Eliminated on disposal	**-**	**-**	**-**	**(36)**	**(36)**
Charge for year	**195**	**102**	**14**	**86**	**397**
At 30 June 2015	**838**	**967**	**47**	**183**	**2,035**
Net book value					
At 30 June 2015	**712**	**370**	**41**	**224**	**1,347**
At 30 June 2014	**764**	**217**	**25**	**271**	**1,277**

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

13. INVESTMENTS

Group

Investment in associate
The Group holds a 20% voting and equity interest in Tristel Italia srl which is accounted for under the equity method.

Tristel Italia srl (Incorporated in Italy)	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**€1 Ordinary**	€1 Ordinary
Holding	**20%**	20%

	2015	2014
	£'000	£'000
Assets	**216**	187
Liabilities	**102**	82
Aggregate capital and reserves	**76**	65
Revenue	**238**	207
Profit for the period	**38**	40
Profit for the period attributable to the Group	**8**	8

Company	**Shares in Group undertakings and associate £'000**
Cost	
At 30 June 2013	2,129
Capital contributions as a result of share based payments	15
At 30 June 2014	2,144
Capital contributions as a result of share based payments	**35**
At 30 June 2015	**2,179**
Impairment	
At 30 June 13 & 30 June 14	433
Movement in the year	-
At 30 June 15	**433**
Net book value	
At 30 June 2015	**1,746**
At 30 June 2014	1,711

The total amount recognised in the Company balance sheet in relation to options granted over the parent company shares to employees of subsidiaries during the year amounts to a charge of £35,000 (2014: £15,000).

13. **INVESTMENTS - continued**

Subsidiaries

Tristel Solutions Limited (Incorporated in England and Wales)	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**£1 Ordinary**	£1 Ordinary
Holding	**100%**	100%

Newmarket Technologies Limited - formerly Tristel Technologies Limited (Incorporated in England and Wales)	**2015**	2014
Nature of business: Dormant		
Class of shares	**£1 Ordinary**	£1 Ordinary
Holding	**100%**	100%

Tristel New Zealand Limited (Incorporated in New Zealand)	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**$1 Ordinary**	$1 Ordinary
Holding	**100%**	100%

Tristel Medical Equipment Co Ltd (Incorporated in China) **100% owned by Tristel Asia Limited**	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**¥1 Ordinary**	¥1 Ordinary
Holding	**100%**	85%

Tristel Asia Limited (Incorporated in Hong Kong)	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**$1 Ordinary**	$1 Ordinary
Holding	**100%**	85%

Medichem International Limited (Incorporated in England and Wales) – Not material to the group, non trading	**2015**	2014
Nature of business: Holder of trademarks		
Class of shares	**£1 Ordinary**	£1 Ordinary
Holding	**50%**	50%

Tristel International Limited (Incorporated in England and Wales)	**2015**	2014
Nature of business: Supply of infection control products		
Class of shares	**£1 Ordinary**	£1 Ordinary
Holding	**100%**	100%

14. INVENTORIES

Group	2015 £'000	2014 £'000
Raw materials	**1,161**	1,354
Finished goods	**900**	709
	2,061	2,063

Company
The Company has no inventories.

15. TRADE AND OTHER RECEIVABLES

Current	2015 £'000 Group	2014 £'000 Group	2015 £'000 Company	2014 £'000 Company
Trade receivables	**2,518**	2,137	-	-
Amounts owed by Group undertakings	-	-	**4,643**	3,927
Other receivables	**390**	280	**354**	238
Prepayments and accrued income	**286**	273	**15**	16
	3,194	2,690	**5,012**	4,181

The Directors consider that there are no irrecoverable amounts from the sale of goods other than those already identified and included within the impairment allowance. This position has been determined by reference to past default experience.

A reconciliation of the movement in the allowance for impairment provisions for trade receivables is as follows:

Current	2015 £'000 Group	2014 £'000 Group	2015 £'000 Company	2014 £'000 Company
Impairment provision brought forward	**(16)**	(117)	-	-
Impairment losses recognised	**3**	111	-	-
Increase in provision	**(19)**	(10)	-	-
Impairment provision carried forward	**(32)**	(16)	-	-

The Directors consider that the carrying amount of trade and other receivables is a reasonable approximation of 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.

15. **TRADE AND OTHER RECEIVABLES - *continued***

In the animal healthcare segment, the distribution model means that the debt is allocated amongst multiple customers, thereby reducing the credit risk. 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.

16. **CASH AND CASH EQUIVALENTS**

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Bank accounts	**4,045**	2,664	**3,042**	2,530
	4,045	2,664	**3,042**	2,530

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.

17. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Current				
Trade payables	**949**	1,414	**4**	17
Social security and other taxes	**651**	328	**-**	-
Accruals and deferred income	**834**	796	**66**	68
	2,434	2,538	**70**	85

18. FINANCIAL LIABILITIES – INTEREST BEARING LOANS AND BORROWING

Terms and loan repayment schedule	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Other loans	-	50	-	-
	-	50	-	-

The Company has access to an overdraft facility, secured by a cross guarantee from Tristel Solutions Limited.

	Group		Company	
	2015	2014	**2015**	2014
	1 year or less	1 year or less	**1 year or less**	1 year or less
	£'000	£'000	**£'000**	£'000
Current				
Other loans	-	42	-	-
	-	42	-	-

	Group		Company	
	2015	2014	**2015**	2014
	More than 1 year but less than 2 years	More than 1 year but less than 2 years	**More than 1 year but less than 2 years**	More than 1 year but less than 2 years
	£'000	£'000	**£'000**	£'000
Non Current				
Other loans	-	8	-	-
	-	8	-	-

Other loans in the prior year comprised asset finance arrangements from Lloyds TSB repayable by fixed monthly instalments over 36 months, issued to the Company's subsidiary Tristel Solutions Limited. Interest was payable at a fixed rate of 13% (2013: 13%). The value was secured against the assets under finance arrangements. These arrangements were fully paid in the year.

	2015	2014
	£'000	£'000
Total of future minimum lease payments	-	59
Finance charges	-	(9)
	-	50

19. FINANCIAL INSTRUMENTS

This note presents information about the Group's exposure to risk, 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.

Financial risks
The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and exchange rate risk:

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. In addition, operations in emerging or new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk. In each case the risk to the Group is the recoverability of the cash flows.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring wherever possible payment for goods in advance or upon delivery; and by closely monitoring customers balances due, to ensure they do not become overdue. In addition careful consideration is given to operations in emerging or new markets before the Group enters that market.

Cash flow risk
The Group's activities expose it primarily to the financial impact of changes in interest rates. Interest bearing assets and liabilities are held, wherever possible, at a fixed rate to ensure certainty of cash flows. However, where borrowings are linked to base rate, consideration is given to the impact of, and potential for, fluctuation prior to entering into the arrangement. Group cash balances and expected cash flow are monitored on a daily basis to ensure the Group has sufficient available funds to meet its needs.

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.

Exchange rate risk
Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the income statement and reported in the Groups internal management information. Before agreeing any overseas transactions consideration is given to utilising financial instruments such as hedging and forward purchase contracts, none of which were in place at the year end.

Liquidity risk
Group policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. Surplus funds are placed on time deposits, with cash balances available for immediate withdrawal if required.

19. **FINANCIAL INSTRUMENTS – continued**

Capital management

The Group's capital management policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. The Board's objective is to safeguard the Group's ability to continue as a going concern, to sustain the future development of the business and to provide returns for shareholders, whilst controlling the cost of capital.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the balance sheet.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets.

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.

Capital for the period is summarised as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Total equity	**14,165**	12,076	**13,070**	11,704
Cash and cash equivalents	**4,045**	2,664	**3,042**	2,530
Capital	**18,210**	14,740	**16,112**	14,234
Total equity	**14,165**	12,076	**13,070**	11,704
Borrowings	**-**	50	**-**	-
Overall financing	**14,165**	12,126	**13,070**	11,704
Capital to overall financing ratio	**1.29**	1.22	**1.23**	1.22

Financial assets and liabilities

The Group's activities are financed by cash at bank, borrowings and finance leases.

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	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	**4,045**	2,664	**3,042**	2,530
Trade and other receivables excluding prepayments	**2,908**	2,410	**4,996**	4,165
	6,953	5,074	**8,038**	6,695

19. **FINANCIAL INSTRUMENTS – continued**

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

	Group carrying amount		Company carrying amount	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
United Kingdom	**2,035**	1,673	**4,996**	4,165
Rest of the World	**873**	744	-	-
	2,908	2,417	**4,996**	4,165

The Group's and the Company's trade and other receivables have been reviewed for indicators of impairment. Doubtful debts of £29,000 (2014: £16,000) have been provided against but no other receivables were considered to be impaired.

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:

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Not past due	**2,048**	2,006	**4,657**	4,165
Past due 0-30 days	**508**	344	-	-
Past due 31-120 days	**132**	67	-	-
Past due 120 days +	**220**	-	-	-
	2,908	2,417	**4,657**	4,165

Liquidity risk

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

Group

30 June 2015	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6 to 12 months £'000**	**More than 12 months £'000**
Non-derivative financial liabilities					
Trade and other payables	**1,600**	**1,600**	**1,600**	-	-
Borrowings – other loans	-	-	-	-	-
	1,600	**1,600**	**1,600**	-	-
30 June 2014					
Non-derivative financial liabilities					
Trade and other payables	1,742	1,742	1,742	-	-
Borrowings – Other loans	50	59	28	21	10
	1,792	1,801	1,770	21	10

19. **FINANCIAL INSTRUMENTS – continued**

Liquidity risk - continued

Company

30 June 2015	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6 to 12 months £'000**	**More than 12 months £'000**
Non-derivative financial liabilities					
Trade and other payables	**4**	**4**	**4**	-	-
30 June 2014					
Non-derivative financial liabilities					
Trade and other payables	17	17	17	-	-

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

	Group		**Company**	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Current assets				
Cash and cash equivalents	**4,045**	2,664	-	-
Trade and other receivables	**2,908**	2,410	**4,996**	4,165
	6,953	5,074	**4,996**	4,165

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

	Group		**Company**	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Current liabilities				
Interest bearing loans and borrowings	-	42	-	-
Trade and other payables	**1,783**	2,210	**4**	17
	1,783	2,252	**4**	17
Non-current liabilities				
Interest bearing loans and borrowings	-	8	-	-

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.

19. **FINANCIAL INSTRUMENTS – continued**

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 2014 the average interest rate earned on the temporary closing balances was 0.1% (2013: 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.

20. **LEASING AGREEMENTS**

Group

	2015	2014
Amounts repayable under non-cancellable operating leases fall due:	**£'000**	£'000
Within one year	**311**	296
Between one and five years	**975**	899
In more than five years	**686**	1,083
	1,972	2,278

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

Company
The Company has no lease agreements.

21. TAXATION

CURRENT TAX	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Corporation Tax at 30 June	**247**	213	**117**	134

DEFERRED TAX	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Balance at 1 July	**(121)**	307	**6**	10
Credited/(charged) to Income Statement for the year	**22**	(428)	**(15)**	(4)
Balance at 30 June	**(99)**	(121)	**(9)**	6
Made up of				
Deferred tax assets	**68**	83	**-**	6
Deferred tax liabilities	**(167)**	(204)	**(9)**	-
Balance at 30 June	**(99)**	(121)	**(9)**	6

Recognised deferred tax (liability)/asset

Deferred tax liabilities are attributable to the following:

	Tax losses	Acc'd tax depr'n	Other temporary differences	Group Total	Company Acc'd tax depr'n
	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2013	**474**	**-**	**(167)**	**307**	**10**
Credited/(charged) to Income Statement for the year	(474)	-	46	(428)	(4)
Balance at 30 June 2014	-	-	(121)	(121)	6
Credited/(charged) to Income Statement for the year	**-**	**-**	**22**	**22**	**(15)**
Balance at 30 June 2015	**-**	**-**	**(99)**	**(99)**	**(9)**

Other temporary differences include tax relief on research and development spend.

Net deferred tax (liability)/asset	Group	Company
	£'000	£'000
Deferred tax liability	(167)	(9)
Deferred tax asset	68	-
Balance at 30 June 2015	**(99)**	**(9)**
Balance at 30 June 2014	(121)	6

21. **TAXATION - continued**

The Group deferred tax asset at 30 June 2015 has been recognised at 20% (2014: 20%) as it is expected that this will be the rate applicable on reversal of the temporary differences.

22. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid	**Number:**	**£'000**
30 June 2014	40,234,701	402
Issued during the year	1,157,500	12
30 June 2015	41,392,201	414

1,157,500 ordinary shares of 1 pence each, related to the exercise of 1,157,500 share options were issued during the year (2014: 250,000), for a total consideration of £648,000, being £12,000 equity and £636,000 share premium. The weighted average exercise price was 53.86 pence.

Share-based payments

The Group maintains two share-based payment schemes, a Senior Management Scheme and a General Employee Scheme.

The Senior Management Scheme is part of the remuneration package of the Executive Directors. Options under this scheme will vest if certain conditions defined in the programme are met. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price.

The General Employee Scheme is part of the remuneration package of certain employees of the Group. Options under this scheme will vest immediately upon grant, or will vest in accordance with a set timescale over 36 months. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price. If the option holder leaves the employ of the Group the option is forfeited.

During the year ended 30 June 2015 the Group and the Company had 29 share-based payment arrangements, under two schemes, which are detailed below:

22. CALLED UP SHARE CAPITAL - continued

	Senior management scheme	General employee scheme	General employee scheme	General employee scheme	General employee scheme	General employee scheme	General employee scheme
Grant Date	23-Dec-05	23-Dec-05	09-Feb-06	30-Nov-07	23-Jul-08	19-Apr-09	04-Aug-09
Vesting period ends	23-Dec-08	23-Dec-08	09-Feb-09	30-Nov-10	23-Jul-10	19-Apr-09	04-Aug-12
Share price at date of grant	45p	45p	45p	53p	42p	53p	53p
Volatility	20%	20%	20%	27%	27%	27%	15%
Option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	2.2%	2.2%	2.2%	2.50%	4%	4%	4%
Risk free investment rate	4.6%	4.6%	4.6%	5%	1.50%	1.50%	0.15%
Fair value at grant date	0.027p	0.040p	0.040p	0.096p	0.029p	0.027p	0.028p
Exercise price at date of grant	59.5p	53.75p	52.75p	53.75p	53.75p	53.75p	53.75p

	General employee scheme	Senior management scheme	General employee scheme	General employee scheme	General employee scheme	General employee scheme	General employee scheme
Grant Date	12-Oct-09	12-Oct-09	08-Mar-10	08-Mar-10	25-Jul-10	19-Oct-10	16-Mar-11
Vesting period ends	12-Oct-09	12-Oct-11	08-Mar-10	08-Mar-13	25-Jul-13	19-Oct-10	16-Mar-11
Share price at date of grant	53p	53p	60.5p	60.5p	53.75p	50.6p	55p
Volatility	15%	25%	25%	25%	56%	56%	63%
Option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	4%	4%	4%	4%	3.4%	3.4%	3.8%
Risk free investment rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Fair value at grant date	0.028p	0.052p	0.042p	0.042p	0.218p	0.218p	0.154p
Exercise price at date of grant	53.75p	53.75p – 65p	60.5p	60.5p	53.75p	53.75p	55p

	General employee scheme	Senior management scheme	General employee scheme	Senior management scheme	General employee scheme	General employee scheme	General employee scheme
Grant Date	24-Oct-11	21-Dec-11	05-Apr-12	06-Jul-12	29-Oct-12	22-Apr-13	14-Oct-13
Vesting period ends	24-Oct-11	21-Dec-11	05-Apr-12	06-Jul-12	29-Oct-12	22-Apr-13	14-Oct-13
Share price at date of grant	40p	40p	30p	29.5p	37.8p	22.3p	24p
Volatility	27%	27%	27%	27%	27%	27%	30%
Option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Risk free investment rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Fair value at grant date	0.026p	0.026p	0.007p	0.005p	0.021p	0.002p	0.002p
Exercise price at date of grant	53.75p	53.75p	53.75p	57.00p	53.75p	53.75p	53.75p

22. CALLED UP SHARE CAPITAL – continued

	Senior management scheme	General employee scheme	Senior management scheme	Senior management scheme	General employee scheme	Senior management scheme	General employee scheme
Grant Date	03-Mar-14	03-Mar-14	25-Apr-14	13-Oct-14	13-Oct-14	24-Dec-14	25-Feb-15
Vesting period ends	03-Mar-14	03-Mar-14	25-Apr-14	13-Oct-14	13-Oct-14	24-Dec-14	25-Feb-15
Share price at date of grant	41p	41p	48.50p	76p	76p	79p	78.5p
Volatility	30%	30%	30%	17%	17%	17%	17%
Option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	2.5%	2.5%	2.5%	3%	3%	3%	3%
Risk free investment rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Fair value at grant date	0.015p	0.015p	0.056p	0.06p	0.06p	0.062p	0.062p
Exercise price at date of grant	65p	53.75p	53.75p	76p	76p	79p	78.5p

	General employee scheme
Grant Date	21-May-15
Vesting period ends	21-May-15
Share price at date of grant	85p
Volatility	17%
Option life	10 years
Expected dividend yield	3%
Risk free investment rate	0.5%
Fair value at grant date	0.256p
Exercise price at date of grant	85p

The expected volatility is based on historical volatility over the past year. 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.

22. CALLED UP SHARE CAPITAL – continued

A reconciliation of option movements over the year to 30 June 2015 is shown below:-

	Senior management scheme	Weighted average exercise price	General employee scheme	Weighted average exercise price
Outstanding at 1 July 2013	**1,785,000**	**59.07p**	**1,315,000**	**54.11p**
Granted	127,500	61.47p	245,000	53.75p
Forfeited	-	-	(60,000)	53.75p
Exercised	-	-	(250,000)	53.86p
Outstanding at 30 June 2014	**1,912,500**	**59.23p**	**1,260,000**	**54.13p**
Granted	20,000	77.50p	400,000	75.83p
Forfeited	-	-	(10,000)	76.00p
Exercised	(332,500)	55.70p	(825,000)	55.99p
Outstanding at 30 June 2015	**1,600,000**	**59.65p**	**825,000**	**62.65p**
Exercisable at 30 June 2014	1,237,500	55.67p	1,165,000	54.14p
Exercisable at 30 June 2015	925,000	56.40p	825,000	62.65p

The total charge at 30 June 2015 relating to employee share-based payment plans, in accordance with IFRS 2, was £35,000 (2014: £15,000) all of which related to equity-settled share-based payment transactions.

The range of exercise prices for options outstanding at the end of the period is 52.75p and 79p. The weighted average of the remaining contractual life of options at the end of the period is seven years.

23. 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 shareholder in the parent company Tristel plc, royalties and commissions related to the Groups patented technology of £194,000 (2014: £164,000) were payable during the year to Bruce Green Limited, a company owned by Mr Green. At 30 June 2015 the Group owed Bruce Green Limited £42,000 (2014: £33,000).

Transactions between the Group and Tom Allsworth
Under the terms of supply agreements between the Company and Medichem International (Manufacturing) Ltd, 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 £148,000 (2014: £114,000) were payable. At 30 June 2014 the Group owed Medichem (International) Manufacturing Ltd £28,000 (2014: £23,000) and was owed £1,000 (2014: £1,000).

Transactions between the Group and associate companies
During the year the group charged its associate company Tristel Italia srl £48,000 (2014: £48,000) in respect of finished goods and was owed £40,000.

23. RELATED PARTY DISCLOSURES - continued

Transactions with Directors

Dividends were paid to Directors as follows:

	30 June 2015	30 June 2014
	£	£
Paul Swinney	**16,526**	6,077
Elizabeth Dixon	**831**	306
Francisco Soler	**196,031**	74,630
Paul Barnes	**11,304**	4,166

During the year Elizabeth Dixon, a director of the Company, was granted options over 10,000 of the company's 1p ordinary shares at a price of 79p.

Details of Directors' and key management compensation are disclosed in note 3.