24 February 2020

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

Half-year Report
Unaudited Interim Results for the six months ended 31 December 2019

Tristel plc (AIM: TSTL), the manufacturer of infection prevention and contamination control products utilising proprietary chlorine dioxide chemistry, announces its interim results for the six months ended 31 December 2019, ahead of guidance at the December AGM.

Financial highlights

- Revenue up 22% to **£14.6m** (2018: £12m)
- Overseas sales up 30% to **£8.3m** (2018: £6.4m), representing 56% of total sales (2018: 53%)
- Gross margin increased to **79%** from 78% in 2018
- PBT before share-based payments up 25% to **£3.0m** (2018: £2.4m). Unadjusted PBT of **£2.8m** (£2.2m)
- EPS before share-based payments up **31%** to 5.89p (2018: 4.5p). Unadjusted EPS of **5.37p** (2018: 4.05p)
- EBITDA before share-based payments up 34% to **£4.3m** (2018: £3.2m)
- EBITDA margin before share-based payments of **29%** (2018: 26%)
- Interim dividend of **2.34p** per share (2018: 2.04p), up 15%
- Cash of **£4.2m** (2018: £4.5m), after £0.6m paid in July to acquire the remaining 80% of Tristel Italia srl.

Operational highlights

- Successful integration of Tristel Italia srl;
- Received further positive feedback from the FDA and data generation for our regulatory submission continues;
- Completed the construction and fit-out of a second warehouse and office suite of 23,000 sq ft in Newmarket, Suffolk.

Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said: *"We are very pleased with our progress in the first half. Sales growth has been above our target range of 10-15% and margins have improved also.*

"Sales growth in our UK hospital division, which accounts for 86% of all UK sales, was up by 16% half-on-half. NHS stock building in preparation for a no deal Brexit did not influence these results. Two-thirds of the growth in UK hospital sales can be attributed to higher numbers of disinfection procedures across all the clinical areas we target, and one-third to product pricing. Moreover, overseas sales continued to increase at a very healthy rate of 30%. This growth was largely attributable to the establishment (through acquisition) of direct operations in Belgium, Netherlands, France and Italy.

"We continue to advance our USA regulatory project and have received further helpful guidance from the FDA to enable us to progress the compilation of our submission dossier.

"The development of our Board continues. Dr Bruno Holthof took over the Chair from Paul Barnes at our December AGM.

"We are currently experiencing Covid-19. This viral outbreak, together with the ever-present threat of anti-microbial resistance, will be a powerful influence on global healthcare systems for greater investment in infection prevention and control. As a globally recognised infection prevention brand, with some of the world's best-known disinfection technology, there are significant macro factors that will support Tristel's continued progress".

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Chairman's Statement

In my first Interim Results Statement as Chairman, I am pleased to report that the Company has had a good first half, growing revenues by 22%. The proportion of Group revenue generated in overseas markets continued to grow, accounting for 56% in the half compared to 53% in the corresponding period last year. The pace of overseas sales growth accelerated to 30% from 19% last year, fuelled by a full six months contribution from our three subsidiaries in Belgium, Netherlands and France, which were all acquired in November 2018, and by five months revenue contribution from Tristel Italia srl, which was acquired in July 2019. Stripping out the contribution of these acquisitions, underlying overseas sales growth would have been 13%.

Revenue growth in the UK was 14% across all three of our markets – hospital, veterinary and contamination control – compared to 5% last year. In the most important of the three portfolios – hospital – sales grew by 16% compared to 8% in the comparable period last year. This performance benefitted from new price levels for several key products set in conjunction with renewed supply contracts with the NHS, alongside volume growth.

The combination of organic growth and selective acquisitions has enabled us to surpass our revenue growth target of 10% to 15% during the first half. The table below shows the progress that we are making around the globe.

Global sales	**First half 2019-20**	**First half 2018-19**	**Period-on-period growth**	**Period-on-period growth at constant currency**
	£m	£m	%	%
Australasia (subsidiaries)	1.70	1.66	2%	5%
China & Hong Kong (subsidiaries)	0.62	0.55	13%	9%
Germany & Central Europe (subsidiaries)	2.49	2.23	12%	13%
Western Europe (subsidiaries)	1.75	0.40*	337%	343%
Italy (subsidiary)	0.30	0.05**	500%	529%
All other overseas markets (distributors)	1.39	1.52***	(9%)	(8%)
Total overseas sales	**8.25**	**6.41**	**29%**	**30%**
Total UK sales	**6.38**	**5.60**	**14%**	**14%**
Of which:				
Human health	5.48	4.73	16%	
Animal health	0.27	0.29	(7%)	
Contamination control	0.63	0.58	9%	
Global sales	**14.63**	**12.01**	**22%**	**22%**

***** Acquired November 2018

** Acquired July 2019

*** Prior year included Western Europe and Italy

We achieved a one percentage point increase in gross margin due to the elimination of third-party warehouse and transportation costs with the opening of our second warehouse facility in Newmarket. Overheads excluding share-based payments, depreciation and amortisation, increased by £1.0m, or 16.7%, which was principally attributable to the inclusion in the half of the operating costs of the four acquired subsidiaries. Cost control across the Group has been tightly maintained.

Pre-tax profit increased from £2.2m to £2.8m, a 27% increase.

The Company has continued to be highly cash generative and on 31 December 2019 the cash balance was £4.2m (2018: £4.5m). The year-end cash balance had absorbed the payment in July of £0.6m, being the initial cash consideration payment for the remaining 80% of Tristel Italia srl.

Earnings and Dividends

Adjusted earnings per share (EPS), before share-based payments, were 5.89 pence, up 31% from 4.5 pence last year. Basic EPS were 5.37 pence, a 33% increase from last year.

The Board is recommending an interim dividend of 2.34 pence (2018: 2.04 pence), an increase of 15%. The interim dividend will be paid on 30 April 2020 to shareholders on the register on 27 March 2020, with an ex-dividend date of 26 March 2020.

Our global outlook

Tristel has invested heavily in recent years to broaden its revenue streams and secure future growth by entering new geographical markets whilst also developing new products. We have expanded our global footprint through five acquisitions during the past four years, the aggregate cost of which has been £7.7m. During the first half, the five acquisitions produced combined sales of £3.3m.

Of particular note is the acquisition of Tristel France in November 2018. In early summer 2019 the French health authorities issued new guidelines stipulating the efficacy level required of disinfectants used for invasive ultrasound probes. Tristel is one of only three high-level disinfection technologies that legitimately meet these requirements. During the first half, revenues in France advanced to £0.7m from £0.1m in the corresponding period last year. Our management team believes that we are winning the lion's share of the ultrasound market in France as the country rapidly changes its decontamination practice.

We will continue to invest in key countries like China, India and the USA. The initial stage in this process is always to gain regulatory approval for specific products which we select from our product ranges as being the most appropriate to the market. Regulators never grant a blanket approval for a product range. In China we have several product approvals and we expect to obtain our first medical device product approvals in India during the coming financial year. In China, currently the epicentre of the Covid-19 crisis, we have moved to new and larger office premises in Shanghai, building a larger sales and marketing team and sharing our Hong Kong sales resource with the major urban metropolitan hubs in South China. We initiated all these actions before the viral epidemic broke out in Wuhan.

More so than for any other country, the market entry process in the USA for high-level disinfectants like ours is extraordinarily protracted. We continue to generate the data for our pending submission of Duo for ultrasound devices and remain confident we will establish a presence in the United States hospital market. At present we are focussing on one specific product and one regulatory agency, the FDA, but have a broader business plan involving several other Tristel products with which we will work with other agencies, including the Environmental Protection Agency (EPA). We have already been granted approvals by the EPA but hold these in temporary abeyance whilst we progress the FDA project.

Product development remains a cornerstone activity of the Company. We only invest in projects that are anchored upon our proprietary chlorine dioxide technology and look to use the chemistry in ways in which it has never been used before. The implication of this approach is that we experience lengthy gestation periods for the products we develop before they gain measurable traction. Hospitals are very cautious customers and adoption rates can be very slow. However, we have a good track record of developing winning products and believe that we can continue to do so.

Rinse Assure is a good example. We have developed this product during the past five years and have gradually introduced it to UK hospitals. It involves hardware designed and built by a third party which doses our chlorine dioxide chemistry at low concentrations into the rinse water supplied to endoscopy washing machines. The chlorine dioxide ensures that the rinse water used in these machines to rinse off toxic chemicals that have disinfected the endoscope, does not itself carry microbes and re-contaminate the scope. This is an age-old problem in hospitals and the technologies that hospitals have deployed over the past fifteen years, and in which our NHS has spent many millions of pounds to purchase and operate, have singularly failed to solve the problem.
We have twenty-three installations in the UK and one in Australia. All have achieved a 100% record in maintaining the rinse water free of microbial presence. Sales of the chlorine dioxide consumable in the first half were £72,000, a near doubling from the previous year, and achieved a gross margin in excess of 90%. Rinse Assure is a fine example of a truly innovative Tristel product that we expect to make a substantial contribution to future profits.

The Company operates in a highly regulated environment. One of our important achievements has been to gain accreditation under MDSAP – the Medical Device Single Audit Program – which allows a single audit of a medical device manufacturer's Quality Management System to satisfy the requirements of multiple regulatory jurisdictions. We have achieved this accreditation at our Newmarket manufacturing site and can now meet the standards and regulatory requirements of the USA FDA, Canada Health and the Therapeutic Goods Administration (TGA) in Australia.

Covid-19 is disrupting supply chains in many sectors. We are fortunate in that we sell disinfectants to China but have no significant exposure to the supply of components for our products from China. We implemented several important initiatives last financial year to mitigate the risks of leaving Europe without a negotiated trading arrangement. These included the establishment of a logistics centre in Antwerp and the transfer of our Notified Body to the Netherlands. We believe that we have adequate contingency plans in place in the event of a no-deal departure.

Finally, I would like to thank Paul Barnes who has held the chairmanship for the past year and will continue with us until the end of this year, contributing his deep knowledge of the Company at Board level. We are progressing well with our appointment of additional independent non-executive directors.

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

Bruno Holthof
Chairman
24 February 2020

Condensed Consolidated Income Statement for the six months ended 31 December 2019

	Note	6 months ended 31-Dec-19 (unaudited) £'000	6 months ended 31-Dec-18 (unaudited) £'000	Year ended 30-Jun-19 (audited) £'000
Revenue	2	14,634	12,018	26,169
Cost of sales		(3,030)	(2,600)	(5,504)
Gross profit		11,604	9,418	20,665
Admin expenses - share based payments		(234)	(196)	(852)
Admin expenses - depreciation and amortisation		(1,239)	(781)	(1,537)
Admin expenses - other		(7,298)	(6,252)	(13,579)
Total administrative expenses		(8,771)	(7,229)	(15,968)
Operating profit		2,833	2,189	4,697
Finance income		-	2	5
Finance costs		(72)	(1)	(1)
Results from equity accounted associate		-	16	45
Profit before taxation		2,761	2,206	4,746
Taxation		(366)	(433)	(715)
Profit for the period		2,395	1,773	4,031
Attributable to:				
Equity holders of the parent		2,395	1,773	4,031
		2,395	1,773	4,031
Earnings per share from continuing operations attributable to equity holders of the parent				
Basic (pence)	4	5.37	4.05	9.14
Diluted (pence)		5.17	3.92	8.86

The above results were derived from continuing operations.

Earnings before interest, tax depreciation and amortisation for the period ended 31 December 2019 were £4,072,000. (Period ended 31 December 2018 £2,986,000. Year ended 30 June 2019 £6,279,000).

Condensed Consolidated Statement of Comprehensive Income for the six months ended 31 December 2019

	6 months ended 31-Dec-19 (unaudited) £'000	6 months ended 31-Dec-18 (unaudited) £'000	Year ended 30-Jun-19 (audited) £'000
Profit for the period	2,395	1,773	4,031
Items that will be reclassified subsequently to Profit and loss			
Exchange differences on translation of foreign operations	(304)	25	149
Other comprehensive income for the period	(304)	25	149
Total comprehensive income for the period	2,091	1,798	4,180
Attributable to:			
Equity holders of the parent	2,091	1,798	4,180
	2,091	1,798	4,180

Condensed Consolidated Statement of Financial Position as at 31 December 2019

	6 months ended 31-Dec-19 (unaudited) £'000	6 months ended 31-Dec-18 (unaudited) £'000	Year ended 30-Jun-19 (audited) £'000
Non-current assets			
Investment	807	709	807
Investments accounted for using the equity method	-	43*	65
Goodwill and other Intangible assets	13,190	12,738	12,743
Property, plant and equipment	2,224	1,339	1,466
Right of use assets	3,710	-	-
Deferred tax asset	997	195	709
	20,928	15,024	15,790
Current assets			
Inventories	2,664	2,768	2,957
Trade and other receivables	4,819	4,607	5,370
Cash and cash equivalents	4,169	4,486	4,170
	11,652	11,861	12,497
Total assets	32,580	26,885	28,287
Capital and reserves			
Called up share capital	447	443	446
Share premium account	11,735	11,227	11,427
Merger reserve	2,205	1,865	2,205
Foreign exchange reserves	(221)	(41)	83
Retained earnings	10,066	7,184	9,191
Equity attributable to equity holders of parent	24,232	20,678	23,352
Non-controlling interests	7	7	7
Total equity	24,239	20,685	23,359
Current liabilities			
Trade and other liabilities	2,614	3,491	3,539
Contingent liability	112	1,567	-
Current tax liabilities	968	973	839
Total current liabilities	3,694	6,031	4,378
Non-current liabilities			
Deferred tax liability	747	169	550
Leased asset liability	3,900	-	-
Total liabilities	8,341	6,200	4,928
Total equity and liabilities	32,580	26,885	28,287

* Share in associate has been reclassified from other debtors in 2018 into investments accounted for using the equity method.

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2019

	Share Capital	Share Premium	Merger reserve	Foreign exchange reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2018	432	11,058	478	(66)	6,518	18,420	7	18,427
Transactions with owners								
Dividends paid	-	-	-	-	(1,303)	(1,303)	-	(1,303)
Shares issued	11	169	1,387	-	-	1,567	-	1,567
Share-based payments	-	-	-	-	196	196	-	196
Total transactions with owners	11	169	1,387	-	(1,107)	460	-	460
Profit for the period ended 31 December 2018	-	-	-	-	1,773	1,773	-	1,773
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	25	-	25	-	25
Total comprehensive income	-	-	-	25	1,773	1,798	-	1,798
31 December 2018	443	11,227	1,865	(41)	7,184	20,678	7	20,685
Transactions with owners								
Dividends paid	-	-	-	-	(907)	(907)	-	(907)
Shares issued	3	200	-	-	-	203	-	203
Share-based payments	-	-	-	-	656	656	-	656
Acquisition of subsidiaries, increase in equity	-	-	340	-	-	340	-	340
Total transactions with owners	3	200	340	-	(251)	292	-	292
Profit for the period ended 30 June 2019	-	-	-	-	2,258	2,258	-	2,258
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	124	-	124	-	124
Total comprehensive income	-	-	-	124	2,258	2,382	-	2,382
30 June 2019	446	11,427	2,205	83	9,191	23,352	7	23,359
Transactions with owners								
Dividends paid	-	-	-	-	(1,562)	(1,562)	-	(1,562)
Shares issued	1	308	-	-	-	309	-	309
Share-based payments	-	-	-	-	234	234	-	234
Adoption of IFRS 16	-	-	-	-	(192)	(192)		(192)
Total transactions with owners	1	308	-	-	(1,520)	(1,211)	-	(1,211)
Profit for the period ended 31 December 2019	-	-	-	-	2,395	2,395	-	2,395
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	(304)	-	(304)	-	(304)
Total comprehensive income	-	-	-	(304)	2,395	2,091	-	2,091
31 December 2019	447	11,735	2,205	(221)	10,066	24,232	7	24,239

Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2019

	6 months ended 31-Dec-2019 (unaudited) £'000	6 months ended 31-Dec-2018 (unaudited) £'000	Year ended 30-Jun-2019 (audited) £'000
Cash flows from operating activities			
Profit before tax	2,761	2,206	4,746
Adjustments to cash flows from non-cash items			
Depreciation of plant, property & equipment	348	337	584
Amortisation of intangible asset	858	411	886
Impairment of intangible asset	33	33	67
Share based payments - IFRS 2	234	196	852
Gain on fair value of investment	(111)	-	(98)
(Profit)/loss on disposal of property, plant and equipment	-	(14)	21
Unrealised (gain)/loss in foreign exchange	(145)	-	72
Loss on disposal of intangible asset	-	-	12
Finance income	-	(2)	(5)
	3,978	3,167	7,137
Working capital adjustments			
Decrease/(increase) in inventories	288	(489)	(415)
Decrease/(increase) in trade and other receivables	330	(285)	(414)
(Decrease)/increase in trade and other payables	(693)	290	49
Corporation tax paid	(477)	(3)	(871)
Net cash flow from operating activities	3,426	2,680	5,486
Cash flows from investing activities			
Interest received	-	2	5
Purchase of intangible assets	(325)	(382)	(669)
Purchase of investments	(594)	(3,080)	(4,826)
Purchase of property plant and equipment	(1,111)	(316)	(678)
Proceeds from sale of property plant and equipment	-	19	-
Net cash used in investing activities	(2,030)	(3,757)	(6,168)
Cash flows from financing activities			
Share issues	309	180	383
Dividends paid	(1,562)	(1,303)	(2,210)
Net cash used in financing activities	(1,253)	(1,123)	(1,827)
Net increase/(decrease) in cash and cash equivalents	143	(2,200)	(2,509)
Cash and cash equivalents at the beginning of the period	4,170	6,661	6,661
Exchange differences on cash and cash equivalents	(144)	25	18
Cash and cash equivalents at the end of the period	4,169	4,486	4,170

Notes to the Financial Statements for the six months ended 31 December 2019

1 Accounting policies

Basis of Preparation
For the year ended 30 June 2019, the Group prepared consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). These condensed consolidated interim financial statements (the interim financial statements) have been prepared under the historical cost convention. They are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) which are effective from 1 July 2019.

Standards effective from 1 January 2018
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019:

• IFRS 16 Leases (effective 1 January 2019)

IFRS 16 - Leases was issued in January 2016 and was adopted by the Group effective 1 July 2019. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all operating leases unless the term is 12 months or less or the leased asset is of a low value. As at the 1 July 2019, the group recognised right of use assets of £3.7m and lease liabilities of £3.9m (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019). The modified retrospective transition approach has been applied with the right of use assets being measured as if IFRS 16 had always been applied using the transition discount rate, subsequently an adjustment to equity of £0.2m has been recognised at 1 July 2019. Comparative results have not been restated.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

None of the standards, interpretations and amendments effective for the first time from 1 July 2019 have had a material effect on the financial statements.

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

The accounting policies adopted in the preparation of this unaudited interim financial report are consistent with the most recent annual financial statements being those for the year ended 30 June 2019.

The financial information for the six months ended 31 December 2019 and 31 December 2018 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 30 June 2019 does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. This information is based on the Group's statutory accounts for that period. The statutory accounts were prepared in accordance with International Financial Reporting Standards ("IFRS") and received an unqualified audit report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These financial statements have been filed with the Registrar of Companies.

2 Segmental Analysis

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

The first segment concerns the manufacture, development and sale of infection control and hygiene products which incorporate the Company's chlorine dioxide chemistry, and are used primarily for infection control in hospitals ("Human Health"). This segment generates approximately 92% of Group revenues.

The second segment, which constitutes 3% of the business activity, relates to manufacture and sale of disinfection and cleaning products, principally into veterinary and animal welfare sectors ("Animal Health").

The third segment addresses the pharmaceutical and personal care manufacturing industries ("Contamination Control"). This activity has generated 5% of the Group's revenue for the period.

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

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

	6 Months ended 31 December 2019 (unaudited)				6 Months ended 31 December 2018 (unaudited)				Year ended 30 June 2019 (audited)			
	Human Healthcare	**Animal Healthcare**	**Cont'n Control**	**Total**	Human Healthcare	Animal Healthcare	Cont'n Control	Total	Human Healthcare	Animal Healthcare	Cont'n Control	Total
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	**13,543**	**380**	**711**	**14,634**	10,919	413	686	12,018	23,946	808	1,415	26,169
Cost of material	**(2,672)**	**(116)**	**(242)**	**(3,030)**	(2,216)	(145)	(239)	(2,600)	(4,736)	(275)	(493)	(5,504)
Gross profit	**10,871**	**264**	**469**	**11,604**	8,703	268	447	9,418	19,210	533	922	20,665

	6 Months ended 31 December 2019	6 Months ended 31 December 2018	Year ended 30 June 2019
Centrally incurred income and expenses not attributable to individual segments:			
Depreciation and amortisation of non-financial assets	**(1,239)**	(781)	(1,537)
Other administrative expenses	**(7,298)**	(6,252)	(13,579)
Share-based payments	**(234)**	(196)	(852)
Segment operating profit	**2,833**	2,189	4,697
Segment operating profit can be reconciled to Group profit before tax as follows:			
Segment operating profit	**2,833**	2,189	4,697
Finance income	-	2	5
Finance costs	**(72)**	(1)	(1)
Results from equity accounted associate	-	16	45
Group profit	**2,761**	2,206	4,746

	6 Months ended 31 December 2019 (unaudited)				6 Months ended 31 December 2018 (unaudited)				Year ended 30 June 2019 (audited)			
	Human Healthcare	**Animal Healthcare**	**Cont'n Control**	**Total**	Human Healthcare	Animal Healthcare	Cont'n Control	Total	Human Healthcare	Animal Healthcare	Cont'n Control	Total
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000	£000	£000	£000	£000
United Kingdom	**5,477**	**274**	**629**	**6,380**	4,731	295	584	5,610	10,024	567	1,205	11,796
Germany	**2,235**	**-**	**6**	**2,241**	1,995	-	16	2,011	4,060	-	37	4,097
Rest of Europe	**2,299**	**-**	**-**	**2,299**	608	-	-	608	4,124	29	122	4,275
Rest of the World	**3,532**	**106**	**76**	**3,714**	3,585	118	86	3,789	5,738	212	51	6,001
	13,543	**380**	**711**	**14,634**	10,919	413	686	12,018	23,946	808	1,415	26,169

3 Dividends

Amounts recognised as distributions to equity holders in the year:

	6 months ended 31 December 2019 (unaudited) £000	6 months ended 31 December 2018 (unaudited) £000	Year ended 30 June 2019 (audited) £000
Ordinary shares of 1p each			
Final dividend for the year ended 30 June 2019 of 3.50p (2018: 2.98p) per share **	1,562	1,303	1,303
Interim dividend for the year ended 30 June 2019 of 2.04p (2018: 1.60p) per share	-	-	907
	1,562	1,303	2,210
Proposed interim dividend for the year ended 30 June 2020 of 2.34p (2019: 2.04p) per share	1,046	893	-

** Based on shares in issue at 14 December 2019 of 44,635,823 (14 December 2018 of 43,730,048).

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

4 Earnings per share

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

	6 months ended 31 December 2019 (unaudited)	6 months ended 31 December 2018 (unaudited)	Year ended 30 June 2019 (audited)
	£000	**£000**	**£000**
Retained profit for the financial year attributable to equity holders of the parent	2,395	1,773	4,031
	Shares	**Shares**	**Shares**
	'000	'000	'000
	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	44,604	43,744	44,086
Share options	1,762	1,511	1,399
	46,366	45,255	45,485
Earnings per ordinary share			
Basic (pence)	5.37	4.05	9.14
Diluted (pence)	5.17	3.92	8.86
	£'000	**£'000**	**£'000**
Retained profit for the financial year attributable to equity holders of the parent	2,395	1,773	4,031
Adjustments:			
Share based payments	234	196	852
Net adjustments	234	196	852
Adjusted earnings	2,629	1,969	4,883
Adjusted basic earnings per ordinary share (pence)	5.89	4.50	11.08

5 Acquisition

Tristel Italia

In July 2019, the Company acquired 80% of the share capital of Tristel Italia srl (TI) from Michael Donaldson for initial consideration of £593,509 in cash and a potential further earn out of £112,164 which is contingent on sales targets for the 2020 and 2021 financial years.

Tristel has owned 20% of TI since 2007 when it first supported Donaldson's introduction of Tristel's medical device disinfectants into Italy.