

Judges Scientific plc

ACQUISITION OF ARMFIELD LIMITED

22 January 2015

JUDGES SCIENTIFIC plc
("Judges Scientific", "Judges" or the "Group")

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Judges Scientific, the parent company of a group engaged in the design, manufacture and sale of scientific instruments, announces that it has today acquired 100% of the issued share capital of Armfield Limited ("Armfield"), a Hampshire-based instrument maker. Armfield designs and markets engineering equipment and research instruments for educational applications, together with research and development systems focused on the food, beverage, dairy, vegetable oils and pharmaceutical industries.

The acquisition, which is expected to be earnings enhancing with immediate effect, was completed for a cash consideration of £8.28 million and an earn-out capped at £1.51 million (the "Acquisition"). An additional payment will be made to reflect any excess working capital over and above the ongoing requirements of the business; Judges expects such payment to be covered by the cash inherited at the completion date. A further payment capped at £360,000 may become due if the triennial actuarial valuation of Armfield's defined benefit pension fund as at 31 March 2017 shows a reduction in the yearly contribution required to eliminate its funding deficit. The defined benefit scheme closed to new members with effect from 2001 and closed to new accrual in 2006.

Information on Armfield

Armfield specialises in the design, production and sale of engineering equipment and teaching instruments used by universities and technical colleges for educational and research projects. Products encompass an extensive range of disciplines including food technology, chemical, mechanical, environmental and civil engineering. Armfield also designs and manufactures R&D systems used in various industries including the food and drink and pharmaceutical sectors. The educational segment of the business accounts for approximately three quarters of total sales.

All products are designed by Armfield, manufactured in the UK and sold worldwide directly, through agents or through Armfield's US subsidiary, Armfield Inc., based in Clarksburg, New Jersey.

Armfield was established in Ringwood, Hampshire, in 1875 and started making educational instruments in 1963. The company has been the subject of two management buy-outs, initially in 1981 and subsequently in 1994 when it was purchased by Chris Addis, currently Managing Director, and Simon Farrow, currently Finance Director. Both Mr Addis and Mr Farrow have agreed to continue in their respective roles following completion.

Armfield's audited accounts for the financial year to 31 December 2013 show revenues of £12.2 million and pre-tax profits of £1.3 million. Operating profit for the same period, adjusted to eliminate non-recurring items and to reflect Armfield's ongoing cost base within the Judges group, would have totalled £1.66 million. The accounts show net tangible assets of £3 million, including cash of £2.56 million. The earn-out will amount to £1.51 million if Armfield has generated adjusted operating profits of £1.96 million or more in respect of the twelve month period to 31 December 2014, reducing by five times any shortfall below £1.96 million. Half of the earn-out will be paid in cash and half through the issue of new Ordinary shares ("Ordinary Shares") in Judges at a price of 2055p per Ordinary Share, based on the prevailing price of Judges' Ordinary Shares on the day the headline terms of the Acquisition were agreed. For accounting purposes, fluctuations in the share price will have a commensurate impact on the book value of the earn-out cap.

Financing of the Acquisition

The Acquisition and associated transaction costs are being financed from existing cash resources and an additional £4 million drawn down from the £10 million acquisition facility recently agreed with Lloyds Bank Corporate Markets. As explained in the announcement of 23 December 2014 in respect of that facility, the new debt structure avoids the need to maintain large unproductive cash balances and this transaction will result in a reduction of cash in hand.

The Board believes that Armfield is an excellent business with a strong global brand, a powerful international distribution network and an excellent reputation for quality and service.

Alex Hambro, Chairman of Judges, commented:

"Armfield is a world class company, with an acknowledged reputation for excellence in the educational sector, and its impact on the Group's financial performance should be significant. We are delighted to welcome Chris Addis and Simon Farrow to Judges' expanding management team."

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Armfield: www.armfieldonline.com