22 March 2016

Judges Scientific plc

("Judges Scientific", "Judges", the "Company" or the "Group")

PRELIMINARY STATEMENT OF RESULTS

Judges Scientific, a group involved in the buy and build of scientific instrument businesses, is pleased to announce its Preliminary Results for the year ended 31 December 2015.

Highlights:

- Revenues increased 38.5% to £56.2 million (2014: £40.6 million), driven by 4.9% organic sales growth and the acquisition of Armfield
- Adjusted* operating profit increased 31.9% to £9.3 million (2014: £7.0 million)
- Adjusted* basic earnings per share was 109.2p (2014: 82.7p), an increase of 32.0%
- Order book of 11.9 weeks (including Armfield) at 31 December 2015 (2014: 9.9 weeks)
- Strong cash generation, totalling £8.5 million (2014: £7.5 million)
- Cash in hand of £8.5 million as at 31 December 2015; adjusted* net debt of £4.0 million (2014: £1.3 million)
- Proposed final dividend of 1.0p per share, bringing the total to 25.0p per share (2014: 22.0p), representing a 13.6% increase
- Acquired Armfield, in line with acquisition policy
- CoolLED acquired post year-end

** Adjusted earnings figures are stated before adjusting items relating to amortisation of intangible assets, acquisition-related costs, share based payments, derivative financial instruments and hedging of risks materialising after the end of the year. Adjusted net debt includes acquisition-related liabilities and excludes subordinated debt owed by subsidiaries to minority shareholders.*

Alex Hambro, Chairman of Judges Scientific, commented:

"Your Group achieved notable progress in 2015, duly reflected in record sales, pre-tax profits and earnings per share. Despite some short-term volatility, the market for scientific instruments continues to benefit from excellent long-term growth drivers. This is illustrated by our steady but consistent growth in revenues and dividends.

The Group starts the year with a solid order book, a small but exciting new acquisition and a strong financial position, all of which serves to underpin the Board's confidence that Judges is well positioned to face the inevitable challenges that 2016 will bring."

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Notes to editors:

Judges Scientific plc (AIM: JDG), is a group involved in the buy and build of scientific instrument businesses. The Group currently consists of 12 businesses acquired since it was first admitted to AIM in 2003.

The acquired companies are primarily UK-based with products sold worldwide to a diverse range of markets including: higher education institutions, the scientific communities, manufacturers and regulatory authorities. The UK is a recognised centre of excellence for scientific instruments. The Group holds 5 Queens' awards for innovation and export.

Judges Scientific maintains a policy to selectively acquire businesses that generate sustainable profits and cash. Shareholder returns are created through the repayment of debt, organic growth and dividends.

The Group's companies predominantly operate in niche end markets, with long term growth fundamentals and resilient margins.

For further information, please visit www.judges.uk.com

CHAIRMAN'S STATEMENT

Judges achieved notable growth in 2015, reflected in record sales, pre-tax profit and earnings per share. While the scientific instrumentation sector benefits from excellent long-term growth drivers, the last three to four years have been marked by uneven demand; a dynamic that affected most of the Group's activities during the course of 2014. I am pleased to report that 2015 saw a marked improvement in business conditions throughout the Group, with orders recovering from the second quarter, driving up most of the Group's performance indicators.

Performance

The year under review saw the completion of the acquisition of 100% of the issued share capital of Armfield Limited ("Armfield") on 21 January 2015 for a total of £9.6 million plus excess cash, including a £1.3 million earn-out which was subsequently paid in full following achievement of the financial targets set. Armfield designs and markets research instruments for educational applications and for R&D in the food, beverage and pharmaceutical industries. Since the year-end we have also completed the acquisition of CoolLED Limited for an aggregate consideration of up to £4.5 million.

The Armfield acquisition together with 4.9% organic growth from our existing businesses resulted in a 38.5% increase in revenues to £56.2 million (2014: £40.6 million) and adjusted operating profits of £9.3 million compared with £7.0 million in 2014.

It is gratifying to note that in the eleven years since our first acquisition in 2005, we have now returned cumulative dividends of 113.4 pence, thereby exceeding our original flotation price of 95 pence.

Strategy

The Group's strategy is based on creating shareholder returns through highly selective and carefully structured acquisitions, underpinned by solid and consistent earnings and cashflows arising from our acquired businesses.

The Group's acquisition model is to acquire small/medium sized scientific instrument companies, paying a disciplined multiple of earnings and to finance any acquisition generally through existing cash resources and/or the Group's revolving acquisition facility. We are highly selective in acquiring businesses with long-term sustainable profits and cashflows which then result in immediate and long-term earnings enhancement for our shareholders. It is paramount that acquisitions are completed only when the Directors are satisfied that the target business has sound long-term strength. As our Group grows it is then able to pay down the acquisition debt more rapidly, generating the resources to reinvest in further acquisitions, subject to our prudent approach on gearing.

The underlying market for scientific instruments remains robust and the sector's long-term growth drivers provide comfort that the Group will continue to deliver strong long-term returns for shareholders. Market drivers are based on expanding higher education and the continued worldwide drive across science and industry for improved measurement and optimisation.

Directorate changes

After ten years' service, Ralph Cohen elected to retire from his executive position of Group Finance Director at the end of April 2015. Ralph made an immense contribution to Judges Scientific's growth during this period which saw the Group's market capitalisation grow from £4 million to £100 million. I am delighted that we will continue to benefit from his insight in his role as a Non-Executive Director.

He has been succeeded as Group Finance Director by Brad Ormsby who joined the Board on 3 March 2015 after a successful career encompassing PwC, Eurovestech plc and several of its investee companies including Kalibrate Technologies plc where, as CFO, he was actively involved in its successful IPO. Brad has proved a welcome addition to the management team and we look forward to his continued contribution long into the future.

Our team

Our employees, many of whom are also shareholders of the Group, continue to foster and demonstrate the success of our enduring culture of engineering excellence and autonomous hard work and your Board's thanks go to all our employees and stakeholders for the important contributions they made during the year to the continuing success of your Group.

Alex Hambro
Chairman
21 March 2016

CHIEF EXECUTIVE'S REPORT

Group revenues for the financial year ended 31 December 2015 advanced from £40.6 million to £56.2 million. This reflects organic growth of 4.9% and an eleven-month contribution from Armfield. For the year as a whole and excluding Armfield, revenues rose 10% in the UK, 4% in the USA and 48% in China. Sales into Continental Europe were stable reflecting the ongoing challenging economic environment in the region.

Profit before tax and adjusting items progressed by 35.6% to £8.8 million (2014: £6.5 million), with the operating contribution of the businesses owned as at 1 January 2014 (i.e. excluding Armfield) ("organic") up 4.2%. The operating subsidiaries (including Armfield) produced a Return on Total Invested Capital of 24.1% (2014: 24.0%).

Basic earnings per share before adjusting items increased by 32.0% from 82.7p to 109.2p, while fully diluted earnings per share before adjusting items rose 33.3% to 107.3p (2014: 80.5p).

Order intake recovered strongly after the first quarter and the year as a whole shows an organic improvement of 12.7% compared with 2014. As a result the order book grew organically from 9.9 weeks, as at 1 January 2015, to 11.4 weeks as at 31 December. Armfield also experienced solid order activity post acquisition and the total order book at the year-end (including Armfield) reached 11.9 weeks.

Cash-flow was strong during 2015. Cash generated from operations amounted to £8.5 million (2014: £7.5 million) and adjusted net debt as at 31 December 2015, excluding subordinated debt owed to non-controlling shareholders, amounted to £4.0 million (2014: £1.3 million). Year-end cash balances totalled £8.5 million (2014: £11.1 million). The new banking arrangement put in place at the end of 2014 has enabled the Company to reduce cash in hand and gross indebtedness without a corresponding reduction in headroom.

Dividends

The first interim dividend paid in November 2015 completed the return to the Company's original shareholders of their entire investment of 95p. A second interim dividend of 15.9p is being paid today. Your Board is recommending a final dividend of 1p per share which, subject to approval at the forthcoming Annual General Meeting on 25 May 2016, will make a total distribution of 25p per share in respect of 2015 (2014: 22p per share). Despite the proposed increase, the total dividend is covered over four times by adjusted earnings per share.

The proposed final dividend will be payable on 8 July 2016 to shareholders on the register on 10 June 2016 and the shares will go ex-dividend on 9 June 2016.

The Company's registrars have put in place a Dividend Reinvestment Plan (DRIP) to enable shareholders to automatically reinvest their dividends in new Judges shares should they so wish.

Trading environment

The long-term fundamentals supporting demand for scientific instruments remains positive. Market demand is being driven primarily by increased worldwide investment in higher education and a growing trend towards optimisation across all forms of business; and optimisation requires measurement.

Despite these positive long-term trends, the markets across which Judges and its peers operate are characterised by a degree of shorter term variability, influenced mostly by government spending, currency fluctuations and the business climate in major trading blocs, particularly China. In smaller territories, year-on year comparisons can be somewhat meaningless, partly due to the long gestation periods often encountered before purchasing intentions crystallise into orders and sales.

As a large percentage of the Group's sales are overseas, exchange rates have a significant impact. Judges' manufacturing costs are largely in Sterling and most of its revenue originates from countries where the standard of value is the Euro (one third of total revenue) or the US Dollar (half of total revenue). Compared with 2014 (when the £/$ rate was particularly high), 2015 saw an overall improvement with a much stronger Dollar, albeit alongside a weaker Euro. Current exchange rates are, in the main, the most favourable we've seen since 2009.

In 2015, the Group's revenue and profit displayed a seasonal bias not experienced before. This is the combined effect of (i) starting the year with a poor order book and demand progressing through the year; and (ii) Armfield showing significant bias toward the second half. Your board believes that the second half bias will continue but may be less marked in the future.

We are always seeking to maintain and develop market share through the creation of new and improved products. This is evidenced by our significant investment in research and development. Your Group's investment towards achieving these goals increased to £3.0 million during 2015, equivalent to 5.4% of Group revenue (2014: 4.0%). We have budgeted for a further increase to 6% in 2016 reflecting the importance we place in providing our customers with innovative, state-of-the-art, products.

Acquisitions

The acquisition of new businesses is essential to our strategy as a buy and build group. Ensuring long term value and shareholder returns is a function of making appropriate acquisitions, as opposed to the number of acquisitions. To that end, we acquired Armfield in January 2015 and, following the financial year end, CoolLED in February 2016. Both companies were acquired in line with the Group's acquisition strategy and have strong fundamentals.

The market in which we operate in the UK is highly fragmented. It is also recognised as a centre of excellence for product innovation and manufacturing. Our Group has worked hard during the past decade to build a reputation as a worthwhile home for businesses in our sector whose owners wish to sell. We are trusted to act decisively and to complete deals under the initial terms agreed. Consequently, we continue to see many opportunities; affording us a high degree of selectivity.

Armfield
Armfield Limited ("Armfield") is a company involved in the design and marketing of engineering equipment and research instruments for educational applications and R&D systems focused on the food, beverage and pharmaceutical industries. The company is based in Ringwood, Hampshire with a sales office in New Jersey, USA.

The purchase consideration included an £8.3 million cash payment and an earn-out, paid in full, totalling £1.3 million which was settled 50% in cash and 50% in shares. The earn-out target was adjusted operating profits of £1.96 million. The acquisition was financed from the Group's cash resources and £4.8 million drawn from the new acquisition facility.

Armfield has a well-respected reputation for quality and service in its niche markets. Its historic revenue profile is weighted towards the second half of the year, which may cause some seasonality for the Group as a whole.

Since acquisition, Armfield has performed in accordance with our expectations and order intake over the post-acquisition period has remained encouraging.

CoolLED
CoolLED Limited ("CoolLED") is a company involved in the production and marketing of LED illumination systems for fluorescence microscopy. The purchase consideration includes a £3.5 million cash payment and a potential £1.0 million earn-out.

CoolLED's adjusted EBIT for the 12 months period ended on 30 September 2015 amounted to £0.75 million and the earn-out will be paid to the extent that adjusted EBIT for the financial year ended 30 June 2016 exceeds £0.78 million up to a £1.0 million cap. A further payment will be made to reflect the excess cash in the books of CoolLED at completion. The £3.5 million paid at completion was drawn from the Group's acquisition facility.

CoolLED's innovative products have proven their value to researchers as high quality LED lighting sources which are progressively replacing outdated mercury lamps. It has grown strongly over the past few years and Scientifica, a major customer, believe their products are the best available.

Scientifica US office opening

Following the acquisition of Armfield, and with it our first permanent office in the US, we have taken advantage of Armfield's presence in New Jersey, and opened an office for Scientifica at the beginning of 2016. The US represented 37% of Scientifica's sales in 2015 without a local office and this offers an opportunity to grow Scientifica's market share. The office is adjacent to Armfield, and hence we now have a Judges hub on the East Coast.

Current trading and prospects

After experiencing an acceleration of order inflow during the last few weeks of 2015, bookings for the first ten weeks of 2016 were low, as has been the experience in the previous two years. The slow start to the year may become a permanent feature of our business, perhaps attributable to the eagerness of many public bodies to order before the end of the calendar year and to the Chinese New Year shutdown each February.

The US Dollar has continued to progress since the year-end and Sterling has also weakened against the Euro, producing the most favourable forex environment since 2009. The Group starts the year with a solid order book, a small but exciting new acquisition and a strong financial position, all of which serves to underpin the Board's confidence that Judges is well positioned to face the inevitable challenges of 2016.

David Cicurel
Chief Executive
21 March 2016

FINANCE DIRECTOR'S REPORT

The Group's strategy is based on the acquisition of companies operating in the scientific instruments sector and the pursuit of good performance of its existing subsidiary businesses.

The Group's Key Performance Indicators focus on the development of earnings per share, cashflow generation in order to repay acquisition debt and fund dividend payments to shareholders, order intake and return on capital.

Revenue

Group revenues grew by £15.6 million to £56.2 million (2014: £40.6 million). The Group returned to organic sales growth with an increase of 4.9% in the year (2014: decrease of 3.0%) supplemented by the acquisition of Armfield which contributed 11 months of trading to the Group's results. This organic growth was pleasing with advances seen across almost all of our businesses, while Armfield also performed in accordance with our expectations in its first period post-acquisition.

The Materials Science segment revenues grew to £28.3 million compared to £14.4 million in 2014, and Vacuum revenues increased by 6.6% to £27.9 million (2014 £26.1 million). The acquisition of Armfield, accounts for the majority of the revenue increase in the Materials Science segment, with organic sales growth responsible for the remainder. The increase in Vacuum revenues was a result of organic sales growth.

Profits

Adjusted operating profits increased to £9.3 million from £7.0 million in 2014, an increase of 31.9% driven largely by the new Armfield acquisition. Overall operating margin reduced from 17.3% in the prior year to 16.5%, reflecting the Group's increased investment in research and development from 4.0% to 5.4% of the Group's revenues and Armfield's lower historical margins. Adjusted profit before tax was £8.8 million compared to £6.5 million.

Statutory operating profit was £1.8 million compared to £2.9 million in 2014, and statutory profit before tax was £1.3 million compared to £2.4 million in 2014, both reflecting the level of adjusting items recorded this year.

Adjusting items

Total adjusting items were £7.5 million (2014: £4.1 million). The vast majority of this arose from amortisation of intangible assets recognised upon acquisition which totalled £6.7 million. This included £3.0 million of amortisation from Armfield of which £1.9 million related to fully amortising the acquired short-term order book within four months of the acquisition date, as required under IFRS.

Finance costs

Net finance costs (excluding adjusting items) totalled £0.5 million (2014: £0.6 million). Statutory net finance costs were £0.6 million in 2015, reflecting the net finance cost of our defined benefit pension scheme which we acquired with Armfield at the start of 2015.

Taxation

The Group's tax charge on adjusted profit before tax was £1.8 million (2014: £1.2 million). The effective tax rate is 20.0% (2014: 18.6%). The change in the tax rate is primarily explained by the overriding UK corporation tax rate of 20.25% applicable to these accounts, reduced through application of R&D tax credits and offset by the impact of higher tax rates in the US applicable to the profits of Armfield's US subsidiary. With the opening of Scientifica's new US subsidiary it is to be expected that as more profit is generated in the US, this will weigh against future reductions in UK corporation tax and hence the Group's effective tax rate.

Earnings per share

Adjusted basic earnings per share was 109.2p (2014: 82.7p per share) an increase of 32.0%, while adjusted diluted earnings per share rose by 33.3% to 107.3p (2014: 80.5p per share).

Statutory basic earnings per share, after reflecting adjusting items, which were heavily influenced by the amortisation of intangible assets arising from the acquisition of Armfield, were 12.8p (2014: 35.7p per share) while statutory diluted earnings per share totalled 12.6 (2014: 34.7p per share).

Order intake

Order intake recovered strongly following a slow first quarter and, overall, organic order intake grew by 12.7% compared with the prior year. Your Board considers order intake and the resultant period end order book as a critical guide to the Group's ability to achieve its profit targets. At 31 December 2015, our organic order book stood at 11.4 weeks of budgeted sales compared to 9.9 weeks at the start of 2015. This coupled with Armfield's order book gives a Group total of 11.9 weeks.

Return on Capital

The Group closely monitors the return it derives on the capital invested in its subsidiaries. At 31 December 2015 ROTIC was 24.1% compared with 24.0% at the end of 2014. This reflects the impact of the earnings multiple for the Armfield acquisition offset by the recovery in trading for the Group's other businesses during 2015.

The annual rate of return on total invested capital ("ROTIC") is calculated by comparing profit excluding central costs, adjusting items, interest, tax and amortisation with the investment in plant and equipment, unamortised goodwill and other intangible assets, and net current assets (excluding cash).

ROTIC is influenced by the performance of the businesses and the size of, and multiple paid for, acquisitions. We continue to strive to drive ROTIC towards previous heights although we remain cognisant of the downward impact that acquiring businesses has on overall ROTIC.

Dividends

In respect of the financial year ended 31 December 2015 the Company has paid two interim dividends; the first of 8.1p was paid in November 2015 and a second dividend of 15.9p is being paid today. The Board is recommending a final dividend of 1.0p per share which will, in aggregate, total 25.0p per share, subject to shareholder approval (2014: 22.0p per share). Dividend cover remains more than four times adjusted earnings per share.

The Group's policy is to pay a progressively increasing dividend provided the Group retains sufficient dividend cover and cash and borrowing resources with which to pursue its longstanding business acquisition policies.

Headcount

At 31 December 2015, the Group's total number of employees stood at 335 (2014: 273). The growth in staff during the year primarily reflected the acquisition of Armfield and further investment in our sales and marketing and R&D resource. Following the post year-end acquisition of CoolLED, the total now stands at 365 employees.

Share capital and options

The Group's issued share capital at the year-end totalled 6,098,549 Ordinary shares (2014: 5,996,211). The issued shares arose from the settlement of the earn-out arising on the acquisition of Armfield and also from the exercise of share options by various members of staff and Directors during the year.

On 21 October 2015, the Group announced that replacement share options schemes had been approved following the lapsing of the share option schemes in place since the Group's IPO in 2005. This provides the Group with the ability to continue to issue share options as a means of rewarding and incentivising key staff across the Group. The 2015 schemes consist of an Approved and Unapproved Share Option plan which enable the Group to issue up to £30,000 of HMRC Approved Share Options (based on the market value of the shares at the date of grant) and additional Unapproved Share Options which do not confer the same tax-advantaged status.

Share options issued during the year under both the 2005 and 2015 schemes totalled 144,172 options and the total share options in issue amount to 256,176 (2014: 180,254 options).

Defined Benefit Pension Scheme

As part of the acquisition of Armfield, the Group inherited a defined benefit pension scheme. At 31 December 2015 the net pension liability was £1.1 million, compared to £1.4 million upon acquisition. This scheme has been closed to new members from 2001 and closed to new accrual in 2006. Following the scheme's most recent actuarial valuation in 2014, and as agreed through the acquisition process, the annual contributions to the scheme were increased to £0.2 million subject to the next full actuarial valuation in 2017. The Group keeps under review appropriate methods to control the deficit.

Cashflow and net debt

Cash generated from operations totalled £8.5 million (2014: £7.5 million), slightly below adjusted operating profit for the year. Total capital expenditure on property, plant and equipment amounted to £0.5 million (2014: £0.2 million). Year-end cash balances totalled £8.5 million (2014: £11.1 million).

Adjusted net debt was £4.0 million as at 31 December 2015, representing an increase of £2.7 million in the year. During the year we acquired Armfield for £9.6 million and this outlay has been substantially offset by the Group's strong cash generation. It is our intention to maintain a conservative gearing position and at 31 December 2015 this was 0.43 times adjusted operating profit (2014: 0.19 times) and 17% of equity (2014: 7%).

The Group continues to have strong financial means with which to pursue its acquisitive strategy under our existing five year banking arrangements with Lloyds Bank Corporate Markets which were put in place in December 2014. Our historical acquisition loans were consolidated into one single five year amortising loan; and a £10 million revolving acquisition facility, which at the year-end was only drawn to £2.8 million (2014: £nil), provides the Group with substantial financial strength and the speed and credibility to proceed with acquisitions in a more streamlined manner. This was evident as part of our negotiations for the CoolLED acquisition.

Overall your Group is well positioned to continue to execute its strategy of driving growth in earnings through selectively acquiring strong niche businesses in our sector supported by the ongoing performance of its existing businesses.

Brad Ormsby
Group Finance Director
21 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 Adjusted £000	2015 Adjusting items £000	2015 Total £000	2014 Adjusted £000	2014 Adjusting items £000	2014 Total £000
Revenue	2	**56,203**	**-**	**56,203**	40,568	-	40,568
Operating costs	2	**(46,953)**	**-**	**(46,953)**	(33,555)	-	(33,555)
Adjusted operating profit	2	**9,250**	**-**	**9,250**	7,013	-	7,013
Adjusting items	3	**-**	**(7,443)**	**(7,443)**	-	(4,078)	(4,078)
Operating profit/(loss)		**9,250**	**(7,443)**	**1,807**	7,013	(4,078)	2,935
Interest income		**28**	**-**	**28**	19	-	19
Interest expense		**(523)**	**(60)**	**(583)**	(577)	-	(577)
Profit/(loss) before tax		**8,755**	**(7,503)**	**1,252**	6,455	(4,078)	2,377
Taxation (charge)/credit		**(1,753)**	**1,615**	**(138)**	(1,200)	1,175	(25)
Profit/(loss) for the year		**7,002**	**(5,888)**	**1,114**	5,255	(2,903)	2,352
Attributable to:							
Owners of the parent		**6,614**	**(5,839)**	**775**	4,926	(2,803)	2,123
Non-controlling interests		**388**	**(49)**	**339**	329	(100)	229
Profit/(loss) for the year		**7,002**	**(5,888)**	**1,114**	5,255	(2,903)	2,352
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Retirement benefits actuarial gain				**113**			-
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign subsidiaries				**13**			-
Other comprehensive income for the year, net of tax				**126**			-
Total comprehensive income for the year				**1,240**			-
Attributable to:							
Owners of the parent				**901**			2,123
Non-controlling interests				**339**			229
Earnings per share – adjusted				**Pence**			Pence
Basic	1			**109.2**			82.7
Diluted	1			**107.3**			80.5
Earnings per share – total							
Basic	1			**12.8**			35.7
Diluted	1			**12.6**			34.7

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
ASSETS			
Non-current assets			
Goodwill		**10,927**	8,678
Other intangible assets		**9,088**	8,662
Property, plant and equipment		**4,787**	4,511
Deferred tax assets		**351**	-
		25,153	21,851
Current assets			
Inventories		**7,922**	6,296
Trade and other receivables		**11,040**	6,227
Cash and cash equivalents	4	**8,530**	11,148
		27,492	23,671
Total assets		**52,645**	45,522
LIABILITIES			
Current liabilities			
Trade and other payables		**(10,807)**	(6,397)
Trade and other payables relating to acquisitions		**(85)**	(118)
Borrowings	4	**(3,361)**	(3,139)
Current tax liabilities		**(1,436)**	(992)
		(15,689)	(10,646)
Non-current liabilities			
Borrowings	4	**(9,556)**	(9,666)
Deferred tax liabilities		**(1,922)**	(1,820)
Retirement benefit obligations		**(1,394)**	-
		(12,872)	(11,486)
Total liabilities		**(28,561)**	(22,132)
Net assets		**24,084**	23,390
EQUITY			
Share capital		**305**	300
Share premium account		**14,441**	14,294
Other reserves		**2,004**	1,374
Retained earnings		**6,532**	6,910
Equity attributable to owners of the parent company		**23,282**	22,878
Non-controlling interests		**802**	512
Total equity		**24,084**	23,390

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2015	**300**	**14,294**	**1,374**	**6,910**	**22,878**	**512**	**23,390**
Dividends	-	-	-	(1,385)	(1,385)	(49)	(1,434)
Issue of share capital	5	147	617	-	769	-	769
Share-based payments	-	-	-	119	119	-	119
Transactions with owners	**5**	**147**	**617**	**(1,266)**	**(497)**	**(49)**	**(546)**
Profit for the year	-	-	-	775	775	339	1,114
Retirement benefit actuarial gains	-	-	-	113	113	-	113
Foreign exchange differences	-	-	13	-	13	-	13
Total comprehensive income for the year	**-**	**-**	**13**	**888**	**901**	**339**	**1,240**
At 31 December 2015	**305**	**14,441**	**2,004**	**6,532**	**23,282**	**802**	**24,084**
At 1 January 2014	**293**	**14,186**	**497**	**5,635**	**20,611**	**283**	**20,894**
Dividends	-	-	-	(1,237)	(1,237)	-	(1,237)
Issue of share capital	7	108	876	-	991	-	991
Conversion and redemption of Convertible Redeemable shares	-	-	1	389	390	-	390
Transactions with owners	**7**	**108**	**877**	**(848)**	**144**	**-**	**144**
Profit for the year	-	-	-	2,123	2,123	229	2,352
Total comprehensive income for the year	**-**	**-**	**-**	**2,123**	**2,123**	**229**	**2,352**
At 31 December 2014	**300**	**14,294**	**1,374**	**6,910**	**22,878**	**512**	**23,390**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£000	£000
Cash flows from operating activities		
Profit after tax	**1,114**	2,352
Adjustments for:		
Financial instruments measured at fair value		
Convertible Redeemable shares	**-**	(185)
Hedging contracts	**10**	(4)
Contingent consideration measured at fair value	**25**	16
Share-based payments	**119**	-
Depreciation	**482**	376
Amortisation of intangible assets	**6,736**	4,251
Loss/(profit) on disposal of property, plant and equipment	**30**	(5)
Foreign exchange gain on foreign currency loans	**(15)**	(34)
Interest income	**(28)**	(19)
Interest expense	**523**	577
Retirement benefit obligation net finance cost	**60**	-
Contributions to defined benefit plans	**(198)**	-
Tax expense recognised in income statement	**138**	25
Increase/(decrease) in inventories	**617**	(472)
(Increase)/decrease in trade and other receivables	**(2,759)**	320
Increase in trade and other payables	**1,638**	268
Cash generated from operations	**8,492**	7,466
Finance costs paid	**(528)**	(572)
Tax paid	**(1,387)**	(1,237)
Net cash from operating activities	**6,577**	5,657
Cash flows from investing activities		
Paid on acquisition of new subsidiary	**(11,421)**	(500)
Gross cash inherited on acquisition	**3,904**	-
Acquisition of subsidiaries, net of cash acquired	**(7,517)**	(500)
Paid on the acquisition of trade and certain assets	**(33)**	(37)
Purchase of property, plant and equipment	**(530)**	(187)
Interest received	**28**	19
Net cash used in investing activities	**(8,052)**	(705)
Cash flows from financing activities		
Proceeds from issue of share capital	**150**	113
Repayments of borrowings	**(4,626)**	(2,734)
Proceeds from bank loans	**4,755**	-
Equity dividends paid	**(1,385)**	(1,237)
Dividends paid – non-controlling interest in subsidiary	**(49)**	-
Net cash used in financing activities	**(1,155)**	(3,858)
Net change in cash and cash equivalents	**(2,630)**	1,094
Cash and cash equivalents at beginning of year	**11,148**	10,054
Exchange movements	**12**	-
Cash and cash equivalents at end of year	**8,530**	11,148

1. Earnings per share

		2015	2014
		£000	£000
Profit attributable to owners of the parent			
Adjusted profit		**6,614**	4,926
Adjusting items	**3**	**(5,839)**	(2,803)
Profit for the year		**775**	2,123
		Pence	pence
Earnings per share – adjusted			
Basic		**109.2**	82.7
Diluted		**107.3**	80.5
Earnings per share – total			
Basic		**12.8**	35.7
Diluted		**12.6**	34.7
		Number	Number
Issued ordinary shares at start of the year		**5,996,211**	5,862,270
Movement in ordinary shares during the year		**102,338**	133,941
Issued ordinary shares at end of the year		**6,098,549**	5,996,211
Weighted average number of shares in issue		**6,054,699**	5,952,952
Dilutive effect of share options		**109,140**	151,350
Dilutive effect of Convertible Redeemable shares		**-**	17,002
Weighted average shares in issue on a diluted basis		**6,163,839**	6,121,304

Adjusted basic earnings per share is calculated on the adjusted profit, which is presented before any adjusting items, attributable to the Company's shareholders divided by the weighted average number of shares in issue during the year.

Adjusted diluted earnings per share is calculated on the adjusted basic earnings per share, adjusted to allow for the issue of Ordinary shares on the assumed conversion of all dilutive options and any other dilutive potential Ordinary shares. The calculation is based on the treasury method prescribed in IAS 33. This calculates the theoretical number of shares that could be purchased at the average middle market price in the period out of the proceeds of the notional exercise of outstanding options. The difference between this theoretical number and the actual number of shares under option is deemed liable to be issued at nil value and represents the dilution.

Total earnings per share are calculated as above whilst substituting total profit for adjusted profit.

2. Segment analysis

For the year ended 31 December 2015	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Revenue	28,347	27,856	-	56,203
Operating costs	(22,894)	(22,957)	(1,102)	(46,953)
Adjusted operating profit	5,453	4,899	(1,102)	9,250
Adjusting items				(7,503)
Operating profit				1,747
Net interest expense				(495)
Profit before tax				1,252
Income tax charge				(138)
Profit for the year				1,114

For the year ended 31 December 2014	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Revenue	14,427	26,141	-	40,568
Operating costs	(11,224)	(21,501)	(830)	(33,555)
Adjusted operating profit	3,203	4,640	(830)	7,013
Adjusting items				(4,078)
Operating profit				2,935
Net interest expense				(558)
Profit before tax				2,377
Income tax charge				(25)
Profit for the year				2,352

Unallocated items relate to the Group's head office costs.

Segment assets and liabilities

At 31 December 2015	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Assets	14,370	14,070	24,205	52,645
Liabilities	(6,562)	(7,026)	(14,973)	(28,561)
Net assets	7,808	7,044	9,232	24,084
Capital expenditure	117	202	211	530
Depreciation	185	233	64	482
Amortisation	4,246	2,490	-	6,736

At 31 December 2014	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Assets	6,548	12,006	26,968	45,522
Liabilities	(4,892)	(5,819)	(11,421)	(22,132)
Net assets	1,656	6,187	15,547	23,390
Capital expenditure	14	177	(4)	187
Depreciation	76	243	57	376
Amortisation	1,641	2,610	-	4,251

Unallocated items are borrowings, intangible assets and goodwill arising on acquisition, deferred tax, defined benefit obligations and parent company net assets.

2. Segment analysis (continued)

Geographic analysis	**Year to 31 December 2015 £000**	Year to 31 December 2014 £000
UK (domicile)	**9,303**	7,160
Rest of Europe	**13,822**	12,799
North America	**12,526**	8,235
Rest of the world	**20,552**	12,374
Total Revenue	**56,203**	40,568

Segmental revenue is presented on the basis of the destination of the goods where known, otherwise the geographical location of customers.

3 Adjusting items

	2015 £000	2014 £000
Amortisation of intangible assets	**6,736**	4,251
Contingent consideration measured at fair value	**25**	16
Financial instruments measured at fair value:		
Hedging contracts	**10**	(4)
Convertible Redeemable shares	**-**	(185)
Share-based payments	**119**	-
Acquisition costs	**553**	-
Retirement benefits obligation net interest cost	**60**	-
Total adjusting items	**7,503**	4,078
Taxation	**(1,615)**	(1,175)
Total adjusting items net of tax	**5,888**	2,903
Attributable to:		
Owners of the parent	**5,839**	2,803
Non-controlling interest	**49**	100
	5,888	2,903

4. Maturity of borrowings and net debt

Borrowings mature as follows:

31 December 2015	**Bank loans**	**Subordinated loan**	**Hire purchase**	**Total**
	£000	**£000**	**£000**	**£000**
Repayable in less than 6 months	**1,833**	**497**	**13**	**2,343**
Repayable in months 7 to 12	**1,273**	**-**	**6**	**1,279**
Current portion of long-term borrowings	**3,106**	**497**	**19**	**3,622**
Repayable in years 1 to 5	**9,981**	**-**	**11**	**9,992**
Total borrowings	**13,087**	**497**	**30**	**13,614**
Less: interest included above	**697**	**-**	**-**	**697**
cash and cash equivalents	**8,530**	**-**	**-**	**8,530**
Total net debt	**3,860**	**497**	**30**	**4,387**
Adjusting items				
Subordinated debt to non-controlling shareholders				**(497)**
Accrued deferred consideration				**85**
Adjusted net debt				**3,975**

31 December 2014	Bank loans	Subordinated loan	Hire purchase	Total
	£000	£000	£000	£000
Repayable in less than 6 months	1,456	497	8	1,961
Repayable in months 7 to 12	1,441	-	9	1,450
Current portion of long-term borrowings	2,897	497	17	3,411
Repayable in years 1 to 5	10,101	-	11	10,112
Total borrowings	12,998	497	28	13,523
Less: interest included above	718	-	-	718
cash and cash equivalents	11,148	-	-	11,148
Total net debt	1,132	497	28	1,657
Adjusting items				
Subordinated debt to non-controlling shareholders				(497)
Accrued deferred consideration				118
Adjusted net debt				1,278

A proportion of the group's bank loans is drawn in foreign currencies to provide a hedge against assets denominated in those currencies. The Sterling equivalent at 31 December 2015 of loans denominated in Euros was £1,050,000 (2014: £466,000). These amounts are included in the figures above for bank loans, repayable in years 1 to 5.

5. Acquisition of Armfield Limited

On 22 January 2015 the company acquired the entire issued share capital of Armfield Limited ("Armfield"), a company based in Hampshire, UK, and New Jersey, USA, which 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 fair value of the cost of acquisition includes the components stated below.

Consideration	**£000**
Initial cash consideration	8,280
Deferred consideration paid in cash	755
Deferred consideration settled by the issue of 36,738 Ordinary shares	593
	9,628
Gross cash inherited on acquisition	3,904
Cash retained in the business	(1,518)
Payment in respect of surplus working capital	2,386
Total consideration	**12,014**
Acquisition-related transaction costs charged to the Income Statement	**553**

Deferred consideration consisted of an earn-out of a maximum of £1.51 million relating to Armfield's 2014 financial results which was payable 50% in cash (£755,000) and 50% in new Ordinary shares of the Company at an issue price of 2055p per share (the prevailing price of Judges' Ordinary shares on the day the headline terms of the Acquisition were agreed). The initial fair value of the deferred consideration payable in Ordinary shares was based on the closing mid-market price on 22 January 2015 of 1615p per Ordinary share which totalled £593,000. The deferred consideration was settled in May 2015 in full and 36,738 new Ordinary shares were issued. The closing mid-market price of 1682.5p per Ordinary Share on 21 May 2015 valued the earn-out shares at £618,000, and hence a charge of £25,000 was recorded in the Income Statement.

There is a further contingent payment of £360,000 which 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 fair value of this consideration has been recorded at £nil as the Directors consider that it is unlikely that the Company will be required to settle this potential payment. The defined benefit scheme closed to new members with effect from 2001 and closed to new accrual in 2006. Further information on this pension scheme is disclosed later in this note.

The consideration and associated transaction costs were financed from existing cash resources and £4.8 million drawn down from the Group's existing £10 million acquisition loan facility.

5. Acquisition of Armfield Limited (continued)

The fair values recognised for the assets and liabilities acquired are as follows:

	Book value	Fair value adjustments	Fair value
	£000	£000	£000
Property, plant and equipment	256	-	256
Intangible assets	-	7,162	7,162
Deferred tax assets	342	62	404
Inventories	2,289	(46)	2,243
Trade and other receivables	2,120	(57)	2,063
Cash and cash equivalents	3,904	-	3,904
Total assets	**8,911**	**7,121**	**16,032**
Deferred tax liabilities	-	(1,432)	(1,432)
Trade payables	(2,562)	(210)	(2,772)
Current tax liability	(355)	-	(355)
Retirement benefit obligations	(1,708)	-	(1,708)
Total liabilities	**(4,625)**	**(1,642)**	**(6,267)**
Net identifiable assets and liabilities	**4,286**	**5,479**	**9,765**
Total consideration			**12,014**
Goodwill recognised			**2,249**

Management performed a detailed review of the acquiree's intangible assets. The intangible assets recognised reflect recognition of acquired customer relationships, the value of the acquired future committed order book, internally generated technology, trademarks, domain names and distributor relationships. A significant amount of the value of the acquired business is attributable to its workforce and sales knowhow. As no assets can be recognised in respect of these factors, they contribute to the goodwill recognised upon acquisition.

Other fair value adjustments reflect specific inventory and trade receivable provisions and accruals and their related deferred tax assets. The deferred tax liability recognised represents the tax effect which will result from the amortisation of the intangible assets, estimated using the tax rate substantively enacted at the balance sheet date and the fair value of the assets.

Defined benefit obligations

Armfield operates a defined benefit scheme for certain of its employees. The latest full actuarial valuation was carried out as at 31 March 2014 and the retirement benefit liability was independently revalued as at 31 December 2014. No fair value adjustment was made to this valuation due to the short time elapsed between the valuation date and the acquisition date, on the grounds of materiality.

6. Post Balance Sheet Event – acquisition of CoolLED Limited

On 18 February 2016, the company acquired 100% of the issued share capital of CoolLED Limited ("CoolLED"), an instrument maker based in Andover, Hampshire (the "Acquisition"). CoolLED designs, manufactures and markets illumination systems for fluorescence microscopy.

CoolLED's audited accounts for the financial year to 30 June 2015 show revenues of £2.5 million and pre-tax profits of £0.5 million. Net tangible assets amounted to £1.12 million, including cash of £0.55 million.

Operating profit for the 12-months ended 30 September 2015, adjusted to eliminate non-recurring items and to reflect CoolLED's ongoing cost base within the Group, would have totalled £0.75 million from revenues of £2.8 million.

CooLED was acquired for an initial cash consideration of £3.5 million plus estimated transaction costs of £0.3 million and an earn-out capped at £1.0 million ("Earn-out"). The Earn-out will be payable subject to CoolLED generating adjusted operating profits of over £1.0 million in respect of the year to 30 June 2016, reducing by £4.50 for each £1 shortfall below £1.0 million.

An additional payment will be made to reflect any excess working capital over and above the ongoing requirements of the business. The Board expects such payment to be covered by the cash inherited at the completion date.

The Acquisition and associated transaction costs are being financed from Judges' existing cash resources and an additional £3.5 million drawn down from the Group's £10.0 million acquisition facility granted in 2014 by Lloyds Bank Corporate Markets.

Accounts to the date of completion will be drawn up promptly. However at the time of finalising these financial statements the information required under IFRS 3R concerning the acquired net identifiable assets and liabilities, the fair value of the contingent consideration and the residual goodwill to be recognised was not yet available.

7. Dividends

	2015		2014	
	pence per share	**£000**	pence per share	£000
Final dividend for the previous year	**14.7**	**892**	13.4	799
Interim dividend for the current year	**8.1**	**493**	7.3	438
	22.8	**1,385**	20.7	1,237

On 25 February 2016 the Company announced a second interim dividend of 15.9 pence per share, amounting to £996,000, for payment on 22 March 2016. The Directors will propose a final dividend of 1.0p per share, amounting to £61,000, for payment on 8 July 2016. As the interim dividend was approved post year-end and the final dividend remains conditional on shareholders' approval at the Annual General Meeting, provision has not been made for either dividend in these consolidated financial statements.

Dividends declared by subsidiaries that are not wholly-owned are paid to the non-controlling interest in the period in which they are declared and amounted to £49,000 in the year (2014: £nil).

8. Preliminary Announcement

This preliminary announcement, which has been agreed with the auditors, was approved by the Board of Directors on 21 March 2016. It is not the Group's statutory accounts. Copies of the Group's audited statutory accounts for the year ended 31 December 2015 will be available at the Company's website, www.judges.uk.com, promptly after the release of this preliminary announcement and a printed version will be dispatched to shareholders shortly. Copies will also be available to the public at the Company's Registered Office at 52c Borough High Street, London SE1 1XN.

The audit reports for the years ended 31 December 2015 and 31 December 2014 did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies, but the 31 December 2015 accounts have not yet been filed.