



Positive progress

A robust recovery with record figures across revenues, adjusted profits, adjusted earnings per share, and dividends.

Who we are

Judges Scientific plc is an AIM-quoted group specialising in the acquisition and development of a portfolio of scientific instrument businesses.

Corporate expansion is being pursued, both through organic growth within its subsidiary companies and through the acquisition of top-quality businesses with established reputations in world-wide markets.



► For more information visit:
www.judges.uk.com

Highlights

Key financials

- Revenues up 20% to a record £32.7 million (H1 2016: £27.3 million) including 14% organic growth;
- Adjusted* pre-tax profit up 48% to £4.4 million (H1 2016: £3.0 million);
- Adjusted* basic earnings per share up 65% to 54.8 p (H1 2016: 33.2p);
- Interim dividend of 10.0p (H1 2016: 9.0p), an increase of 11%; covered 5.5 times by adjusted earnings;
- Organic order intake up 28% compared with H1 2016;
- Organic order book at 16.5 weeks (H1 2016: 11.2 weeks);
- Cash generated from operations of £4.4 million (H1 2016: £2.4 million);
- Adjusted* net debt of £5.8 million as at 30 June 2017 (30 June 2016: £10.3 million and 31 December 2016: £9.9 million);
- Cash balances of £8.9 million as at 30 June 2017 (30 June 2016: £6.0 million and 31 December 2016: £7.9 million);
- Post-period-end acquisition by Bordeaux of Oxford Cryosystems for £4.5 million and increase of Group's share in Bordeaux from 51% to 75.5% for a cash consideration of £1.3 million

* Adjusted earnings figures are stated before adjusting items relating to hedging of risks materialising after the end of the period, amortisation of intangible assets, share based payments and acquisition-related costs. Adjusted net debt notionally includes acquisition-related payments which had yet to be settled at the balance sheet date and excludes subordinated debt owed by subsidiaries to minority shareholders.

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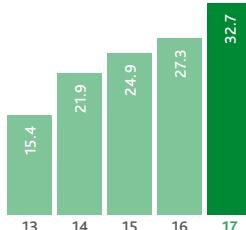
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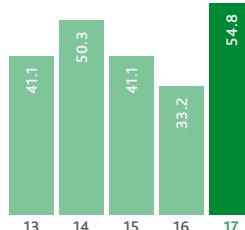
Half year revenue (£m)

+20%



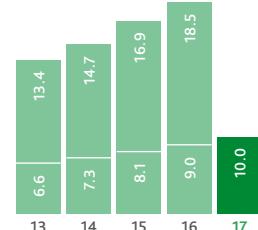
Half year adjusted undiluted earnings per share (p)

+65%



Total dividend (p)

+11%



Chairman's statement

Summary

- Record revenues, profits and dividends, with an interim dividend of 10.0p
- Sustained improvement in order intake driving performance
- Strong cash generation resulted in net debt reducing from £9.9m to £5.8m



I am delighted to be able to report record figures across revenues, adjusted profit before tax, adjusted earnings per share and dividends in a robust recovery when compared to the Company's performance in the first half of 2016.

The Group's results for the six-month period to 30 June 2017 include a full contribution from CoolLED Limited and Dia-Stron Limited, which were acquired in the first quarter of 2016, and a first time contribution from EWB Solutions Limited which was acquired in November 2016. "Organic" in this statement excludes the performance of these three businesses.

Trading performance

Underpinned by strong demand, Group revenues for the six months ended 30 June 2017 progressed 20.0% to £32.7 million (H1 2016: £27.3 million) as a result of 14% organic growth and the inclusion of the revenue generated by the businesses acquired after 1 January 2016. Organic sales progressed in all geographic zones except the UK (down 25%), with a particularly strong showing in China/Hong Kong (up 40%), together with healthy 17% growth in the rest of Europe and 4% progress in the USA/Canada. The non-organic businesses produced revenues in line with your Board's expectations.

We explained last year that the underperformance of three businesses had severely affected the Group's results. Two of these businesses had suffered from weak demand in their respective sectors and both have since experienced satisfactory order intake enabling much improved revenue and EBITA contribution in the first half. The third had been affected by production and supply chain problems. Some limited management changes were made in the summer of 2016 followed by more radical action at the beginning of 2017 and although sales are somewhat ahead of 2016 at the interim stage, much remains to be done.

As a consequence of the improvement in Group revenue, organic EBITA contribution progressed by 40% compared to the first half of 2016 and adjusted pre-tax profit grew by 48% to £4.4 million (H1 2016: £3.0 million). Adjusted basic earnings per share increased 65.1% to 54.8p (H1 2016: 33.2p) and adjusted diluted earnings per share grew from 32.7p to 54.1p. This rise in earnings per share also includes the effect of a reduction in the Group's tax rate to 15% (H1 2016: 20%) to reflect better the anticipated full year effective tax rate; this accounts for around 2p of this earnings increase. Return on total invested capital ("ROTC") improved to 17.4% from 15.2% at 31 December 2016 based on the trailing 12 months trading.

Your Directors continue to show adjusted figures, prepared consistently with past reports, in order to communicate to shareholders what is, in the Directors' opinion, the true operating performance of the Group. The total adjustments of £2.3 million (H1 2016: £3.6 million) include a £2.1 million charge for amortisation of acquired intangible assets (H1 2016: £2.9 million) primarily arising from recent acquisitions. As no acquisition was completed in the period under review, the impact of transaction costs was £nil (H1 2016: £0.6 million). The adjusting items reduce profit before tax from £4.4 million to £2.1 million (H1 2016: loss of £0.7 million) and earnings per share to 23.9p basic and 23.6p diluted (H1 2016: negative 16.5p basic and diluted).

Cashflow and net debt

Cashflow during the first half of 2017 was in tune with the improved trading, with cash from operations of £4.4 million (H1 2016: £2.4 million) representing 95% of adjusted EBIT (H1 2016: 74.7%). The interim balance sheet includes cash balances of £8.9 million and adjusted net debt of £5.8 million, down from £9.9 million at the beginning of 2017.



The recent acquisition of Oxford Cryosystems demonstrates that, along with continued organic growth, the Group continues to deliver on its buy and build strategy with the completion of its 16th acquisition."

Order intake

As previously reported, order intake recovered significantly after June 2016; this recovery was sustained into 2017 and the first half saw organic orders 28% ahead of H1 2016. This enabled the build-up of the organic order book, from 14.9 weeks of sales at the beginning of January to 16.5 weeks at the end of June (30 June 2016: 11.2 weeks). Most Group businesses participated in this progress. The Group's total order book (including non-organic businesses) stood at 15.4 weeks.

Geographic organic order intake, measured since 2016, enable comparisons for the first time. Unsurprisingly, they show a picture which partially resonates with geographic revenue: the UK is down 18% and all other zones are progressing, particularly the USA (up 32%) and in China/Hong Kong (up 85%), the rest of Europe was up 4%.

Dividend

In accordance with the Company's dividend policy, the Board is declaring an interim dividend of 10.0p (2016: 9.0p), which will be paid on Friday 3 November 2017 to shareholders on the register on Friday 6 October 2017. The shares will go ex-dividend on Thursday 5 October 2017. The interim dividend is covered 5.5 times by adjusted earnings.

Post balance sheet events

On 18 July, Bordeaux Acquisition Limited ("BAL"), a majority owned subsidiary of the Company, acquired Crystallon Limited, the holding company of Oxford Cryosystems Limited ("OCL"). OCL's principal activity is the manufacture and marketing of systems to freeze samples for X-ray crystallography. OCL also supplies cooling systems for use in MeerKAT, a precursor to the Square Kilometre Array ("SKA"), a vast multinational radiotelescope project. The purchase price was £4.5 million plus excess cash, plus a potential earn-out up to £1.6 million dependent on performance for the financial year to 30 November 2017.

Simultaneously, Judges increased its shareholding in BAL, from 51% to 75.5% by purchasing the shares and loans held by Tracey Edwards for an aggregate cash consideration of £1.3 million. Following the acquisition BAL is the holding company for Deben UK Limited (acquired in 2011), Crystallon Limited and OCL.

Outlook

The Group's performance will continue to be influenced predominantly by the long term positive drivers of the global scientific sector mitigated somewhat by the worldwide efforts of many governments to contain spending,

which are erratic in terms of timing and geographic location. More predictable influences, however, are the enhanced competitiveness of our products due to the current exchange rates and the uncertainty surrounding the financing of scientific research in the UK; both factors are expected to continue until the final resolution of Brexit.

The Group experienced robust order intake performance in the first half. Since the period end organic order intake has been broadly in line with the second quarter. Cumulative organic order intake for the first 36 weeks still shows solid progress and the Board is therefore confident of the Group's ability to fulfil market expectations for the year as a whole.

The Hon. Alexander Hambro

Chairman

19 September 2017

Condensed consolidated interim statement of comprehensive income

	Note	Adjusted £000	Adjusting items £000	Six months to 30 June 2017 £000	Six months to 30 June 2016 £000	Year to 31 December 2016 £000
Revenue	3	32,720	—	32,720	27,258	57,285
Operating costs		(28,097)	—	(28,097)	(24,031)	(50,141)
Adjusted operating profit	3	4,623	—	4,623	3,227	7,144
Adjusting items	4	—	(2,295)	(2,295)	(3,598)	(6,153)
Operating profit/(loss)		4,623	(2,295)	2,328	(371)	991
Interest income		10	—	10	8	9
Interest expense	4	(237)	(31)	(268)	(302)	(583)
Profit/(loss) before tax		4,396	(2,326)	2,070	(665)	417
Taxation (charge)/credit		(659)	435	(224)	(10)	324
Profit/(loss) for the period		3,737	(1,891)	1,846	(675)	741
Attributable to:						
Owners of the parent		3,348	(1,888)	1,460	(1,004)	81
Non-controlling interests		389	(3)	386	329	660
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Retirement benefits actuarial gains/(losses)				160	(700)	(776)
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign subsidiaries				(30)	42	126
Other comprehensive income/(expense) for the period, net of tax				130	(658)	(650)
Total comprehensive income/(expense) for the period				1,976	(1,333)	91
Attributable to:						
Owners of the parent				1,590	(1,662)	(569)
Non-controlling interests				386	329	660
				Pence	Pence	Pence
Earnings per share – adjusted						
Basic	5			54.8	33.2	84.8
Diluted	5			54.1	32.7	83.7
Earnings per share – total						
Basic	5			23.9	(16.5)	1.3
Diluted	5			23.6	(16.5)	1.3

Condensed consolidated interim balance sheet

	Note	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
ASSETS				
Non-current assets				
Goodwill		13,335	12,860	13,337
Other intangible assets	6	7,586	10,675	9,736
Property, plant and equipment		5,275	5,335	5,288
Deferred tax assets		675	625	776
		26,871	29,495	29,137
Current assets				
Inventories		11,205	9,275	9,939
Trade and other receivables		10,842	10,091	11,341
Cash and cash equivalents		8,942	5,963	7,909
		30,989	25,329	29,189
Total assets		57,860	54,824	58,326
LIABILITIES				
Current liabilities				
Trade and other payables		(11,914)	(10,059)	(11,682)
Trade and other payables relating to acquisitions		(97)	(905)	(1,648)
Borrowings		(2,692)	(2,813)	(2,693)
Current tax liabilities		(2,073)	(1,672)	(1,195)
		(16,776)	(15,449)	(17,218)
Non-current liabilities				
Borrowings		(12,382)	(13,033)	(13,855)
Deferred tax liabilities		(1,807)	(2,188)	(2,310)
Retirement benefit obligations		(2,036)	(2,296)	(2,198)
		(16,225)	(17,517)	(18,363)
Total liabilities		(33,001)	(32,966)	(35,581)
Net assets		24,859	21,858	22,745
EQUITY				
Share capital	7	306	305	305
Share premium		14,479	14,450	14,472
Other reserves		2,100	2,046	2,130
Retained earnings		6,175	3,975	4,425
Equity attributable to owners of the parent		23,060	20,776	21,332
Non-controlling interests		1,799	1,082	1,413
Total equity		24,859	21,858	22,745

Condensed consolidated interim statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2017	305	14,472	2,130	4,425	21,332	1,413	22,745
Share-based payments	—	—	—	130	130	—	130
Issue of share capital	1	7	—	—	8	—	8
Transactions with owners	1	7	—	130	138	—	138
Profit for the period	—	—	—	1,460	1,460	386	1,846
Retirement benefit actuarial gains	—	—	—	160	160	—	160
Foreign exchange differences	—	—	(30)	—	(30)	—	(30)
Total comprehensive (expense)/income for the period	—	—	(30)	1,620	1,590	386	1,976
At 30 June 2017	306	14,479	2,100	6,175	23,060	1,799	24,859

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2016	305	14,441	2,004	6,532	23,282	802	24,084
Dividends	—	—	—	(970)	(970)	(49)	(1,019)
Share-based payments	—	—	—	117	117	—	117
Issue of share capital	—	9	—	—	9	—	9
Transactions with owners	—	9	—	(853)	(844)	(49)	(893)
(Loss)/profit for the period	—	—	—	(1,004)	(1,004)	329	(675)
Retirement benefit actuarial losses	—	—	—	(700)	(700)	—	(700)
Foreign exchange differences	—	—	42	—	42	—	42
Total comprehensive income/(expense) for the year	—	—	42	(1,704)	(1,662)	329	(1,333)
At 30 June 2016	305	14,450	2,046	3,975	20,776	1,082	21,858

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2016	305	14,441	2,004	6,532	23,282	802	24,084
Dividends	—	—	—	(1,581)	(1,581)	(49)	(1,630)
Share based payments	—	—	—	169	169	—	169
Issue of share capital	—	31	—	—	31	—	31
Transactions with owners	—	31	—	(1,412)	(1,381)	(49)	(1,430)
Profit for the year	—	—	—	81	81	660	741
Retirement benefit actuarial losses	—	—	—	(776)	(776)	—	(776)
Foreign exchange differences	—	—	126	—	126	—	126
Total comprehensive income/(expense) for the year	—	—	126	(695)	(569)	660	91
At 31 December 2016	305	14,472	2,130	4,425	21,332	1,413	22,745

Condensed consolidated interim cashflow statement

	Six months to 30 June 2017 £000	Six months to 30 June 2016 £000	Year to 31 December 2016 £000
Cashflows from operating activities			
Profit/(loss) after tax	1,846	(675)	741
Adjustments for:			
Financial instruments measured at fair value:			
Hedging contracts	15	48	21
Share-based payments	130	117	241
Depreciation	338	281	592
Amortisation of intangible assets	2,150	2,871	5,155
(Profit)/loss on disposal of property, plant and equipment	(1)	11	30
Foreign exchange gains on foreign currency loans	35	134	166
Interest income	(10)	(8)	(9)
Interest expense	237	275	523
Retirement benefit obligation net interest cost	31	27	60
Contributions to defined benefit plans	—	—	(198)
Tax recognised in Income Statement	224	10	(324)
Increase in inventories	(1,266)	(823)	(1,442)
Decrease in trade and other receivables	499	1,623	620
Increase/(decrease) in trade and other payables	180	(1,480)	37
Cash generated from operations	4,408	2,411	6,213
Finance costs paid	(239)	(275)	(522)
Tax received/(paid)	216	(512)	(1,080)
Net cash from operating activities	4,385	1,624	4,611
Cashflows from investing activities			
Paid on acquisition of new subsidiaries	(1,507)	(7,248)	(9,847)
Gross cash inherited on acquisition	—	2,036	3,714
Acquisition of subsidiaries, net of cash acquired	(1,507)	(5,212)	(6,133)
Paid on the acquisition of trade and assets	(11)	(243)	(261)
Purchase of property, plant and equipment	(339)	(571)	(835)
Proceeds from the sale of assets	8	—	—
Interest received	10	8	9
Net cash used in investing activities	(1,839)	(6,018)	(7,220)
Cashflows from financing activities			
Proceeds from issue of share capital	8	9	31
Repayments of borrowings	(1,503)	(2,693)	(3,945)
Proceeds from bank loans	—	5,500	7,545
Repayment of loan notes	—	—	(117)
Equity dividends paid	—	(970)	(1,581)
Dividends paid – non-controlling interest in subsidiary	—	(49)	(49)
Net cash (used in)/from financing activities	(1,495)	1,797	1,884
Net change in cash and cash equivalents	1,051	(2,597)	(725)
Cash and cash equivalents at start of period	7,909	8,530	8,530
Exchange movements	(18)	30	104
Cash and cash equivalents at end of period	8,942	5,963	7,909

Notes to the interim report

1. General information and basis of preparation

The Judges Scientific plc group's principal activities comprise the design, manufacture and sale of scientific instruments. The subsidiaries are grouped into two segments: Materials Sciences and Vacuum.

The financial information set out in this interim report for the six months ended 30 June 2017 and the comparative figures for the six months ended 30 June 2016 are unaudited. The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

The financial information for the year ended 31 December 2016 set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016 have been filed with the Registrar of Companies. The Auditor's Report in respect of those financial statements was unqualified and did not contain statements under section 498 of the Companies Act 2006.

Judges Scientific plc is the Group's ultimate parent company. The Company is a public limited company incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is 52c Borough High Street, London SE1 1XN and the Company's shares are quoted on the Alternative Investment Market. The interim report is presented in Sterling, which is the functional currency of the parent company. The interim report has been approved for issue by the Board of directors on 18 September 2017.

2. Significant accounting policies

The interim report has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2016, except for the taxation policy where, for the purposes of the interim results, the tax charge on adjusted business performance is calculated by reference to the estimated effective rate for the full year.

3. Segmental analysis

	Note	Materials Sciences £'000	Vacuum £'000	Unallocated items £'000	Total £'000
For the period ended 30 June 2017					
Revenue		16,274	16,446	—	32,720
Operating costs		(12,906)	(13,973)	(1,218)	(28,097)
Adjusted operating profit		3,368	2,473	(1,218)	4,623
Adjusting items	4				(2,326)
Operating profit					2,297
Net interest expense					(227)
Profit before tax					2,070
Income tax charge					(224)
Profit for the period					1,846
For the period ended 30 June 2016					
Revenue		12,555	14,703	—	27,258
Operating costs		(10,634)	(12,693)	(704)	(24,031)
Adjusted operating profit		1,921	2,010	(704)	3,227
Adjusting items	4				(3,625)
Operating loss					(398)
Net interest expense					(267)
Loss before tax					(665)
Income tax charge					(10)
Loss for the period					(675)
For the year ended 31 December 2016					
Revenue		28,162	29,123	—	57,285
Operating costs		(22,937)	(25,731)	(1,473)	(50,141)
Adjusted operating profit		5,225	3,392	(1,473)	7,144
Adjusting items	4				(6,153)
Operating profit					991
Net interest expense					(574)
Profit before tax					417
Income tax credit					324
Profit for the year					741

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

Notes to the interim report continued

3. Segmental analysis continued

Segment assets and liabilities

	Materials Sciences £'000	Vacuum £'000	Unallocated items £'000	Total £'000
At 30 June 2017				
Assets	16,450	21,469	19,941	57,860
Liabilities	(7,579)	(7,380)	(18,042)	(33,001)
Net assets	8,871	14,089	1,899	24,859
Capital expenditure	174	165	—	339
Depreciation	114	206	18	338
Amortisation	1,115	1,035	—	2,150
At 30 June 2016				
Assets	13,531	16,257	25,036	54,824
Liabilities	(6,043)	(6,872)	(20,051)	(32,966)
Net assets	7,488	9,385	4,985	21,858
Capital expenditure	217	350	4	571
Depreciation	104	136	41	281
Amortisation	1,376	1,495	—	2,871
At 31 December 2016				
Assets	14,963	22,445	20,918	58,326
Liabilities	(6,622)	(7,482)	(21,477)	(35,581)
Net assets	8,341	14,963	(559)	22,745
Capital expenditure	305	523	7	835
Depreciation	223	289	80	592
Amortisation	2,865	2,290	—	5,155

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

	Six months to 30 June 2017 £'000	Six months to 30 June 2016 £'000	Year to 31 December 2016 £'000
Geographic analysis			
UK (domicile)	4,003	4,263	8,732
Rest of Europe	7,825	6,459	13,794
United States/Canada	8,103	7,427	15,489
Rest of the world	12,789	9,109	19,270
Revenue	32,720	27,258	57,285

4. Adjusting items

	Six months to 30 June 2017 £000	Six months to 30 June 2016 £000	Year to 31 December 2016 £000
Amortisation of intangible assets	2,150	2,871	5,155
Financial instruments measured at fair value:			
Hedging contracts	15	48	21
Share-based payments	130	117	241
Acquisition costs	—	562	736
Total adjusting items within operating profit	2,295	3,598	6,153
Retirement benefits obligation net interest cost	31	27	60
Total adjusting items	2,326	3,625	6,213
Taxation	(435)	(575)	(1,091)
Total adjusting items net of tax	1,891	3,050	5,122
Attributable to:			
Owners of the parent	1,888	3,028	5,092
Non-controlling interests	3	22	30
	1,891	3,050	5,122

5. Earnings per share

	Note	Six months to 30 June 2017 £000	Six months to 30 June 2016 £000	Year to 31 December 2016 £000
Profit/(loss) for the period attributable to owners of the parent				
Adjusted profit		3,348	2,024	5,173
Adjusting items	4	(1,888)	(3,028)	(5,092)
Profit/(loss) for the period		1,460	(1,004)	81
		Pence	Pence	Pence
Earnings per share – adjusted				
Basic		54.8	33.2	84.8
Diluted		54.1	32.7	83.7
Earnings per share – total				
Basic		23.9	(16.5)	1.3
Diluted		23.6	(16.5)	1.3

Notes to the interim report continued

5. Earnings per share continued

	Number	Number	Number
Issued Ordinary shares at start of the period	7 6,107,628	6,098,549	6,098,549
Movement in Ordinary shares during the period	7 8,000	3,500	9,079
Issued Ordinary shares at end of the period	7 6,115,628	6,102,049	6,107,628
Weighted average number of shares in issue	6,113,982	6,100,557	6,102,463
Dilutive effect of share options	71,371	83,414	80,957
Weighted average shares in issue on a diluted basis	6,185,353	6,183,971	6,183,420

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 period.

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 is calculated as above whilst substituting total profit for adjusted profit.

6. Other intangible assets

The following tables show the significant additions to and amortisation of intangible assets:

	Carrying amount at 1 January 2017 £000	Acquisitions £000	Amortisation £000	Carrying amount at 30 June 2017 £000
Distribution agreements	481	—	(190)	291
Research and development	3,547	—	(638)	2,909
Customer relationships	1,525	—	(341)	1,184
Brand and domain names	4,093	—	(891)	3,202
Sales order backlog	90	—	(90)	—
Total	9,736	—	(2,150)	7,586

	Carrying amount at 1 January 2016 £000	Acquisitions £000	Amortisation £000	Carrying amount at 30 June 2016 £000
Distribution agreements	750	272	(298)	724
Research and development	2,903	1,841	(713)	4,031
Customer relationships	858	1,077	(682)	1,253
Brand and domain names	4,577	1,058	(968)	4,667
Sales order backlog	—	210	(210)	—
Total	9,088	4,458	(2,871)	10,675

6. Other intangible assets continued

	Carrying amount at 1 January 2016 £000	Acquisitions £000	Amortisation £000	Carrying amount at 31 December 2016 £000
Distribution agreements	750	272	(541)	481
Research and development	2,903	2,132	(1,488)	3,547
Customer relationships	858	1,613	(946)	1,525
Brand and domain names	4,577	1,486	(1,970)	4,093
Sales order backlog	—	300	(210)	90
Total	9,088	5,803	(5,155)	9,736

7. Share capital

Movements in the Group's Ordinary shares in issue are summarised as follows:

	Six months to 30 June 2017 Number	Six months to 30 June 2016 Number	Year to 31 December 2016 Number
Ordinary shares of 5p each			
Issued and fully paid			
Start of the period	6,107,628	6,098,549	6,098,549
Exercise of share options	8,000	3,500	9,079
End of the period	6,115,628	6,102,049	6,107,628

During the first six months of 2017 the following allotments took place:

- 8,000 Ordinary shares were issued to satisfy the exercise of share options as follows:
 - on 24 January 2017 when the mid-market share price was 1,502.5p;
 - on 7 February 2017 when the mid-market share price was 1,580.0p;
 - on 21 March 2017 when the mid-market share price was 1,585.0p; and
 - on 27 April 2017 when the mid-market share price was 1,537.5p.

Notes to the interim report continued

8. Changes in net debt

Changes in net debt for the six months ended 30 June 2017 were as follows:

	1 January 2017 £000	Cashflow £000	Non-cash items £000	30 June 2017 £000
Cash at bank and in hand	7,909	1,051	(18)	8,942
Bank debt	(16,157)	1,503	(34)	(14,688)
Net senior debt	(8,248)	2,554	(52)	(5,746)
Effect of payments relating to the acquisition of EWB Solutions Limited not settled at 30 June 2017 (included within current liabilities)	(1,604)	1,507	—	(97)
Effect of payments relating to the 2012 acquisition of the trade and certain assets of KE Developments Limited not settled at 30 June 2017 (included within current liabilities)	(44)	11	33	—
Adjusted net debt	(9,896)	4,072	(19)	(5,843)
Subordinated loans	(379)	—	—	(379)
Total net debt	(10,275)	4,072	(19)	(6,222)

Non-cash items represent foreign exchange differences on bank loans.

9. Post Balance Sheet Events

On 18 July 2017, Judges' majority owned subsidiary Bordeaux Acquisition Limited ("Bordeaux") acquired 100% of the issued share capital of Crystallon Limited ("Crystallon"), the holding company of Oxford Cryosystems Limited ("Oxford Cryosystems"). Oxford Cryosystems is based in Long Hanborough, Oxfordshire and manufactures cryogenic cooling systems used for X-Ray crystallography and other applications.

The purchase price of Crystallon amounted to £4.495 million in cash. An additional payment will be made to reflect any excess cash and working capital over and above the ongoing requirements of the business and it is expected that such payment will be covered by the cash inherited at the completion date. In addition, an earn-out will be payable if Crystallon's adjusted EBITA in the financial year ending 30 November 2017 exceeds £0.899 million; the amount payable will be five times such excess, capped at £1.576 million.

The acquisition of Crystallon was financed by Bordeaux via a new £4.5 million five-year term loan granted by Lloyds Bank Corporate Markets and guaranteed by Judges, with associated transaction costs being funded from Bordeaux's cash resources.

Simultaneously with the acquisition of Crystallon, Judges purchased the 24.5% shareholding held by Tracey Edwards in Bordeaux for a cash consideration of £1.15 million and also her 24.5% share in the shareholders' loan to Bordeaux for its nominal amount of £0.19 million. As a result, Judges has increased its ownership of the shares in, and shareholders loans to, Bordeaux from 51% to 75.5%. The increase in shareholding was financed out of Judges' existing cash resources.

10. Defined Benefit Scheme

The Group's defined benefit pension scheme liability has reduced to £2.0 million compared to £2.2 million at 31 December 2016. This decrease in liability is mainly attributable to a small change in inflation and also certain member exits or encashments.

11. Dividends

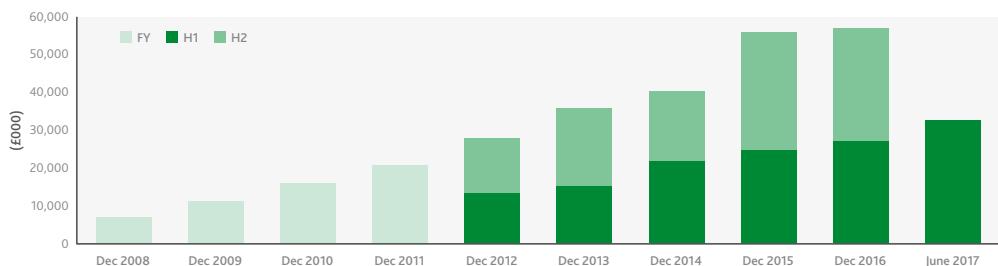
During the period, the Company paid no dividends (2016: second interim dividend of 15.9p per share, totalling £1.0 million on 22 March 2016).

The Company paid a final dividend of 18.5p per share (£1.1 million) on 7 July 2017 relating to the financial year ended 31 December 2016.

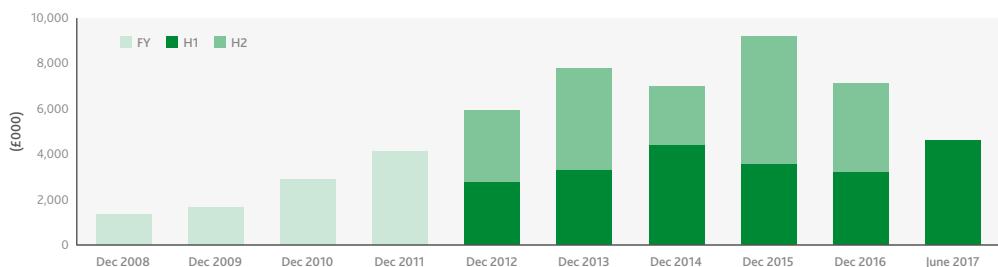
The Company will pay an interim dividend for 2017 of 10.0p per share on 3 November 2017 to shareholders on the register on 6 October 2017. The shares will go ex-dividend on 5 October 2017.

Financial history

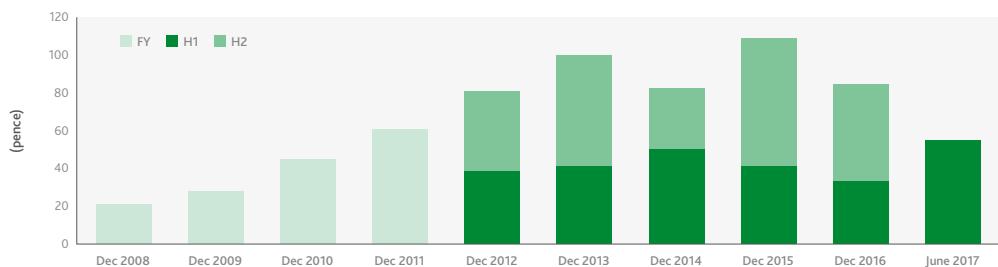
Revenue – ten years



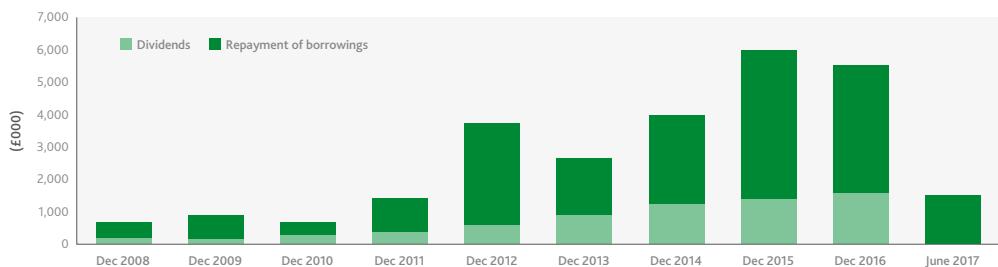
Adjusted operating profit – ten years



Earnings per share adjusted undiluted – ten years



Annual debt repaid and dividends paid from cashflow – ten years



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