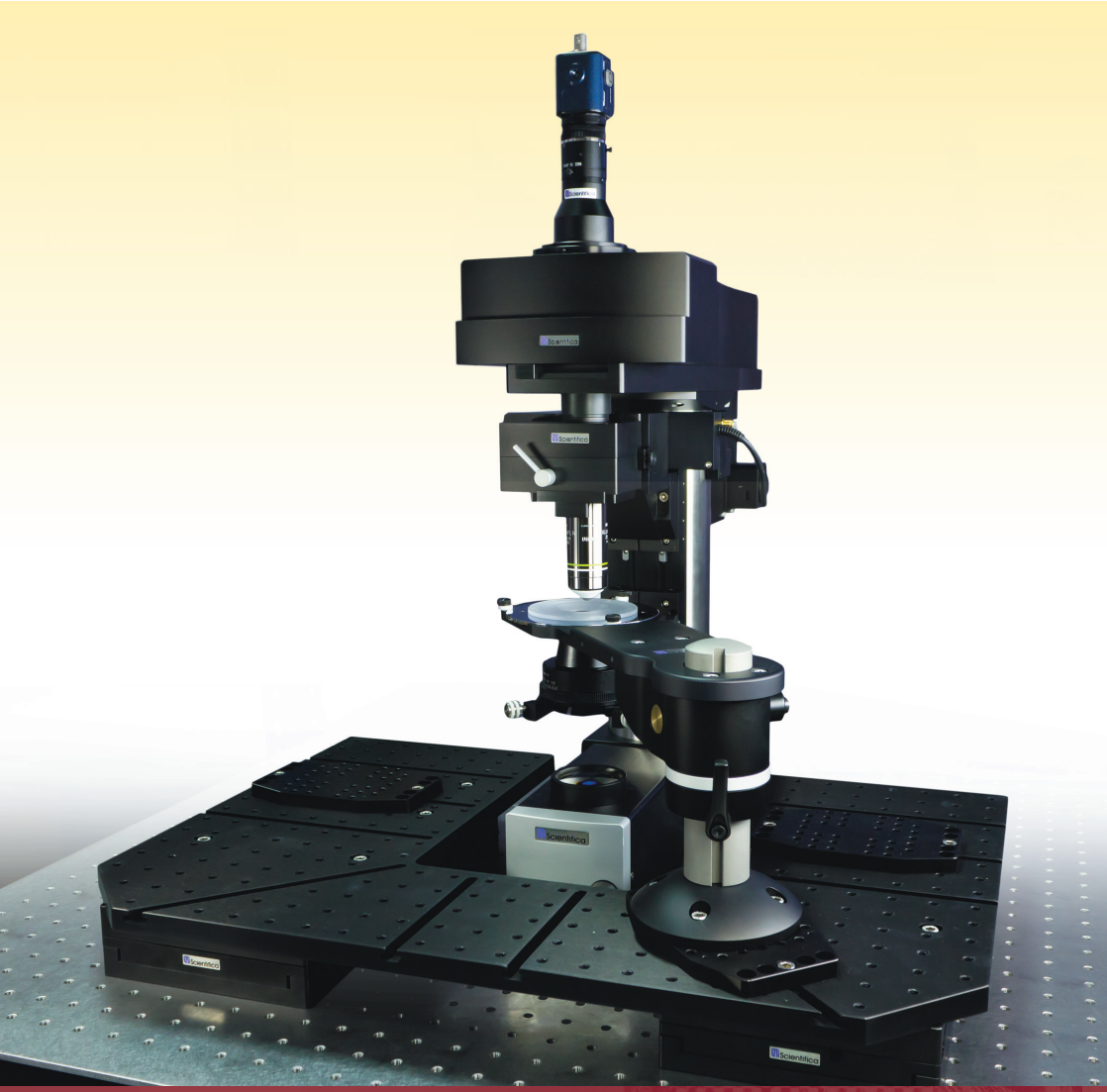
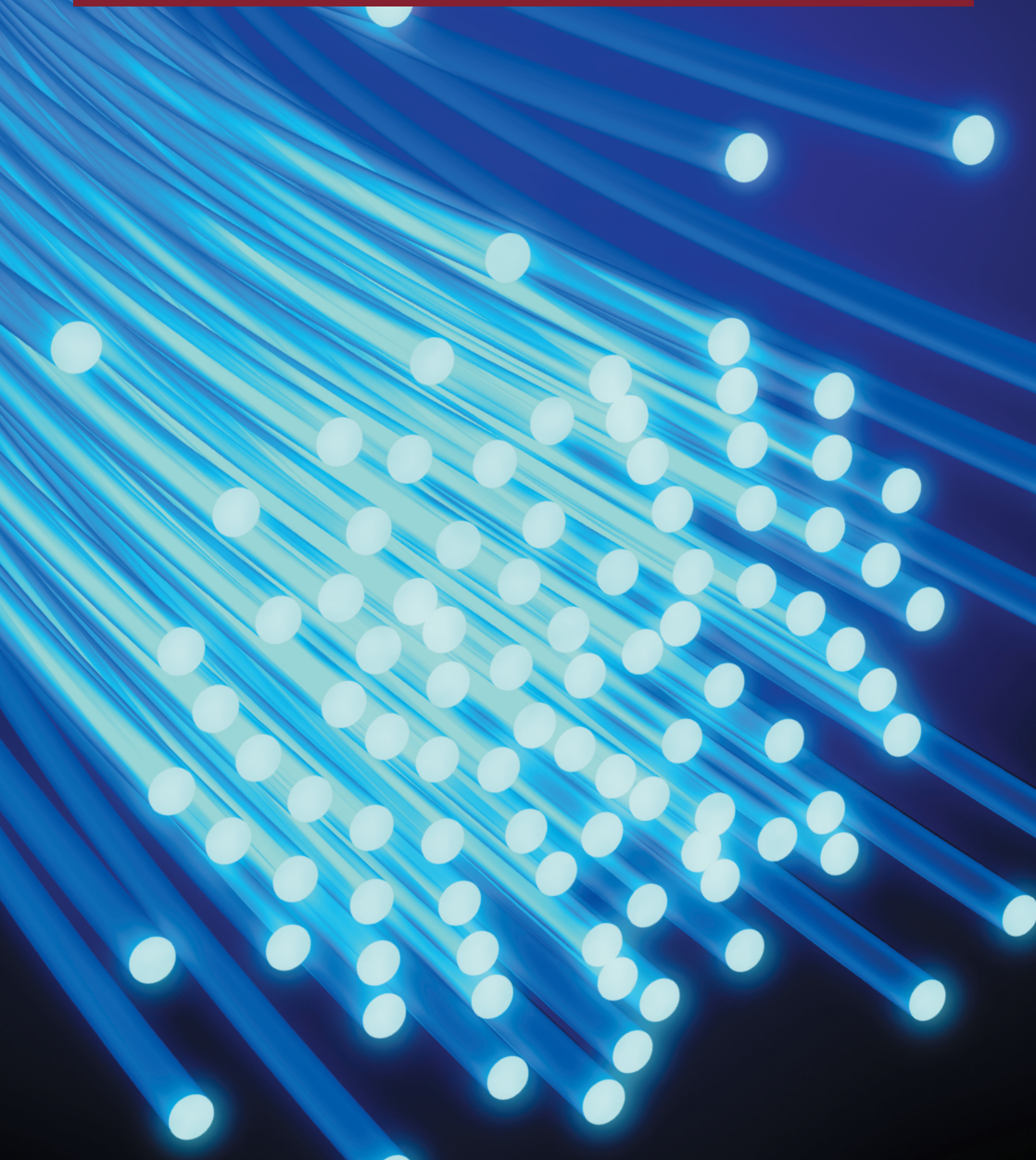
Judges Scientific plc



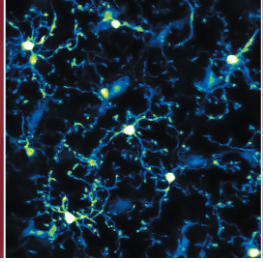
INTERIM REPORT & ACCOUNTS | **2013**

***Front cover picture* - The Scientifica Mutiphoton Imaging System**

Scientifica, known for its expertise in electrophysiology and imaging, has recently introduced to the market a modular, competitively priced, open source Multiphoton Imaging System.
Designed to compete with the major microscope companies that have traditionally dominated the market, the system is now being sold all over the world.
Scientifica is believed to be the only British company making multiphoton systems. Through its experience of supplying leading researchers with cutting edge equipment, the company fully understands the needs of scientists and the problems which have to be overcome.



CHAIRMAN'S STATEMENT



For the eighth consecutive year, I am pleased to be able to announce solid progress at the interim stage with revenues, adjusted operating profits, earnings per share and dividends all at record levels. The period culminated with the Group's £13.0 million acquisition of Scientifica Limited ("Scientifica"), our largest transaction to date.

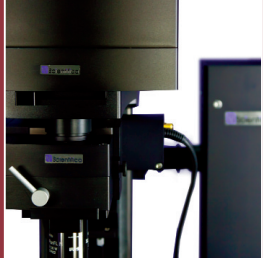
Revenues for the six months ended 30 June 2013 rose 14% to £15.4 million (H1-2012: £13.5 million), with all regions showing growth with the exception of USA/Canada. The businesses which were owned by the Group on 1 January 2012 achieved organic growth of 5%. The balance of the increase was due to the inclusion of a full six-months of revenues from Global Digital Systems ("GDS") and KE Developments ("KED") as opposed to four months in H1-2012. In view of the fact that Scientifica was purchased on 26 June 2013, no revenues or profits for this company are included in these interim accounts although the effect of the acquisition is recorded in the Group's balance sheet.

Adjusted pre-tax profit for the first half of 2013 rose 21% to £3.1 million (H1-2012: £2.6 million). Organic growth in EBITA contribution amounted to 18.5%, with the balance attributable to the acquisitions completed post 1 January 2012.

Earnings per share figures reflect the advance in profits and the 20% dilution which resulted from the £3.0 million equity placing in May 2012 and the conversion, in the second half of 2012, of almost all of the remaining Convertible Redeemable shares. Adjusted basic earnings per share rose 7% to 41.1p (H1-2012: 38.4p). Adjusted diluted earnings per share progressed 18% to 39.4p (H1-2012: 33.5p). The return on total invested capital ("ROTIC") improved to 41% from 39%, although inevitably this figure will be lower by the year-end following the acquisition of Scientifica.

As in the past, the Group's figures have been adjusted to remove items which have to be included in the IFRS accounts but which, in the opinion of the Directors, serve to obscure rather than clarify the Group's trading performance. These items are treated as exceptional and consist of the transaction costs arising on the Scientifica acquisition (£794,000) and the following non-cash items: the amortisation of intangible assets (£1.25 million), the recognition of the fair value of contracts entered into to hedge risks crystallising after the end of the period, a fair value adjustment to acquisition consideration and a much reduced £111,000 charge (H1-2012: £1.35 million) arising in respect of the Convertible Redeemable shares. The latter reflects the effect of the further increase in the market value of the Company's Ordinary shares during the reporting period on the residual 4% of Convertible Redeemable shares which remain outstanding. These IFRS-related charges reduce profit before tax from £3.1 million to £777,000 (H1-2012: loss £1.1 million) and earnings per share to 7p basic and 6.7p diluted (H1-2012: loss of 36.4p basic and diluted).

Order intake during the six-month period showed only modest organic growth, with a strong first quarter being followed by a weaker second quarter. Had GDS and Scientifica been part of Judges throughout the first-half periods of both 2012 and 2013, the Group as presently constituted would have shown 13% organic growth in order intake for the period. The order book at 30 June 2013 (excluding Scientifica) represented 10.6 weeks of revenues, slightly ahead of the 10-week level at 30 June 2012.



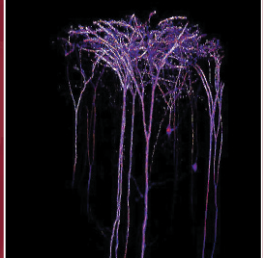
The balance sheet shows the impact of the Scientifica acquisition and payment of the major part of the financial commitment in respect of the new Laughton factory for UHV Design and Quorum Technologies, both of which successfully relocated into the new facility in August 2013. Scientifica was purchased with a £9 million term loan but the acquisition cost of £13.3 million (excluding anticipated payments in shares but including transaction costs) and the Laughton factory investment of £2.4 million to date contributed to adjusted net debt of £15.0 million at 30 June 2013 (H1-2012: £4.3 million); without these investments, net debt would have been eliminated at the half-year. Cash flow in the first half was solid and the balance sheet remains prudent with a £2.8 million cash balance at 30 June 2013 (H1-2012: £3.9 million).

The Group's dividend policy is to maintain solid visibility of future progression. The Board views the level of earnings as sufficient to justify a further step increase and, accordingly, an interim dividend of 6.6p (2012: 5p) will be paid on Friday 8 November 2013 to shareholders on the register on Friday 11 October 2013. The shares will go ex-dividend on Wednesday 9 October 2013.

Trading at the start of the second half of the current year has been in line with the Group's budgets. Order inflow is recovering from the levels seen in the second quarter but remains somewhat subdued; these early signs of an improvement in market conditions, bolstered by a solid order backlog, give the Directors confidence that our full year targets will be met.

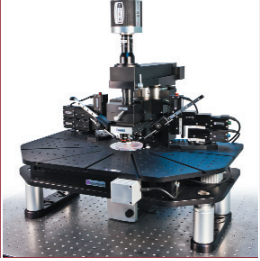
The Hon. Alexander Hambro
Chairman
26 September 2013

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME



Unaudited	Note	£000 Before exceptional items	£000 Exceptional items	6 months to 30 June 2013 £000 Total	6 months to 30 June 2012 £000	Year to 31 December 2012 £000
Revenue		15,351	-	15,351	13,468	28,041
Operating costs excluding exceptional items		(12,054)	-	(12,054)	(10,719)	(22, 097)
Operating profit excluding exceptional items		3,297	-	3,297	2,749	5,944
Exceptional items						
Amortisation of intangible assets	5	-	(1,250)	(1,250)	(1,928)	(3,294)
Contingent consideration measured at fair value	9	-	(38)	(38)	-	-
Financial instruments measured at fair value						
hedging contracts		-	(174)	(174)	-	-
Convertible Redeemable shares		-	(111)	(111)	(1,350)	(1,573)
Aquisition costs	9	-	(794)	(794)	(444)	(444)
Operating profit/(loss)		3,297	(2,367)	930	(973)	633
Interest receivable		5	-	5	3	7
Interest payable		(158)	-	(158)	(152)	(319)
Profit/(loss) before tax		3,144	(2,367)	777	(1,122)	321
Taxation (charge)/credit		(760)	396	(364)	(486)	(452)
Profit/(loss) and total comprehensive income for the period		2,384	(1,971)	413	(1,608)	(131)
Attributable to:						
Equity holders of the parent company		2,188	(1,816)	372	(1,616)	(200)
Non-controlling interest		196	(155)	41	8	69
Earnings per share – total and continuing (including exceptional items)				Pence	Pence	Pence
Basic	6			7.0	(36.4)	(4.2)
Diluted	6			6.7	(36.4)	(4.2)
Earnings per share – total and continuing (excluding exceptional items)						
Basic	6			41.1	38.4	81.3
Diluted	6			39.4	33.5	73.5

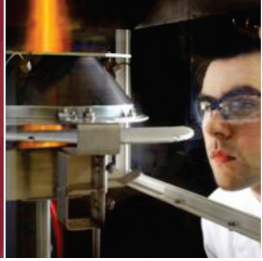
There are no items of other comprehensive income for the three periods in question.
The accompanying notes form an integral part of these consolidated financial statements.



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

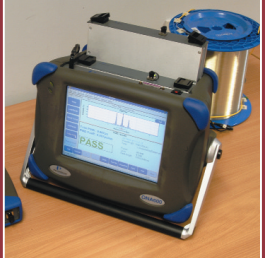
Unaudited	Note	30 June 2013 £000	30 June 2012 £000	31 December 2012 £000
ASSETS				
Non-current assets				
Property, plant and equipment		4,286	2,226	2,702
Goodwill		8,678	5,809	5,809
Other intangible assets	5	16,161	8,462	7,095
		29,125	16,497	15,606
Current assets				
Inventories		5,757	3,150	3,529
Trade and other receivables		6,244	5,293	3,988
Cash and cash equivalents		2,758	3,941	5,418
		14,759	12,384	12,935
Total assets		43,884	28,881	28,541
LIABILITIES				
Current liabilities				
Trade and other payables		(6,350)	(5,016)	(5,659)
Derivative financial instruments - Convertible Redeemable shares		(345)	(3,089)	(234)
Trade and other payables relating to acquisitions		(3,079)	(639)	(246)
Current portion of long-term borrowings		(3,449)	(2,009)	(2,028)
Current tax payable		(1,438)	(1,127)	(633)
		(14,661)	(11,880)	(8,800)
Non-current liabilities				
Long-term borrowings		(12,350)	(6,032)	(5,390)
Deferred tax liabilities		(3,664)	(1,981)	(1,562)
		(16,014)	(8,013)	(6,952)
Total liabilities		(30,675)	(19,893)	(15,752)
Net assets		13,209	8,988	12,789
EQUITY				
Share capital		266	243	265
Share premium		6,473	6,051	6,467
Capital redemption reserve		22	3	22
Merger reserve		475	475	475
Retained earnings		5,626	1,873	5,254
Equity attributable to equity holders of the parent company		12,862	8,645	12,483
Non-controlling interest		347	343	306
Total equity		13,209	8,988	12,789

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY



Unaudited	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Retained earnings £000	Total * £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2013		265	6,467	22	475	5,254	12,483	306	12,789
Issue of share capital	7	1	6	-	-	-	7	-	7
Transactions with owners		1	6	-	-	-	7	-	7
Profit for the period		-	-	-	-	372	372	41	413
Total comprehensive income for the period		-	-	-	-	372	372	41	413
Balance at 30 June 2013		266	6,473	22	475	5,626	12,862	347	13,209
Balance at 1 January 2012		214	3,195	3	475	3,489	7,376	335	7,711
Issue of share capital		29	2,856	-	-	-	2,885	-	2,885
Transactions with owners		29	2,856	-	-	-	2,885	-	2,885
(Loss)/profit for the period		-	-	-	-	(1,616)	(1,616)	8	(1,608)
Total comprehensive income for the period		-	-	-	-	(1,616)	(1,616)	8	(1,608)
Balance at 30 June 2012		243	6,051	3	475	1,873	8,645	343	8,988
Balance at 1 January 2012		214	3,195	3	475	3,489	7,376	335	7,711
Dividends		-	-	-	-	(587)	(587)	(98)	(685)
Issue of share capital		51	3,272	-	-	-	3,323	-	3,323
Arising on conversion of Convertible Redeemable shares		-	-	19	-	2,552	2,571	-	2,571
Transactions with owners		51	3,272	19	-	1,965	5,307	(98)	5,209
(Loss)/profit for the period		-	-	-	-	(200)	(200)	69	(131)
Total comprehensive income for the period		-	-	-	-	(200)	(200)	69	(131)
Balance at 31 December 2012		265	6,467	22	475	5,254	12,483	306	12,789

* - Total represents amounts attributable to equity holders of the parent company



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

Unaudited	Note	6 months to 30 June 2013 £000	6 months to 30 June 2012 £000	Year to 31 December 2012 £000
Cash flows from operating activities				
Profit/(loss) after tax		413	(1,608)	(131)
Adjustments for:				
Financial instruments measured at fair value hedging contracts		134	-	-
Convertible Redeemable shares		111	1,350	1,573
Contingent consideration measured at fair value		38	-	-
Depreciation		111	111	235
Amortisation of intangible assets		1,250	1,928	3,294
Loss on disposal of property, plant and equipment		8	-	-
Foreign exchange losses/(gains) on foreign currency loans		142	(25)	(78)
Interest receivable		(5)	(3)	(7)
Interest payable		158	152	319
Tax expense recognised in income statement		404	486	452
Increase in inventories		(715)	(202)	(581)
(Increase)/decrease in trade and other receivables		(519)	(1,028)	277
(Decrease)/increase in trade and other payables		(291)	325	1,007
Cash generated from operations		1,239	1,486	6,360
Interest paid		(153)	(140)	(324)
Tax paid		(227)	(493)	(1,374)
Net cash from operating activities		859	853	4,662
Cash flows from investing activities				
Paid on acquisition of new subsidiaries	9	(12,000)	(7,650)	(8,022)
Gross cash inherited on acquisition	9	1,772	1,378	1,378
Acquisition of subsidiaries, net of cash acquired		(10,228)	(6,272)	(6,644)
Paid on the acquisition of trade and assets		(57)	(73)	(94)
Purchase of property, plant and equipment		(1,481)	(310)	(909)
Interest received		5	3	7
Net cash used in investing activities		(11,761)	(6,652)	(7,640)
Cash flows from financing activities				
Proceeds from issue of share capital		7	2,885	3,323
Proceeds from paying up nominal value of Convertible Redeemable shares		-	29	-
Repaid on conversion of Convertible Redeemable shares		-	-	(516)
Repayments of borrowings		(765)	(2,604)	(3,155)
Proceeds from bank loans		9,000	5,476	5,475
Dividends paid – equity shareholders		-	-	(587)
Dividends paid – non controlling interests in subsidiary		-	-	(98)
Net cash from financing activities		8,242	5,786	4,442
Net (decrease)/increase in cash and cash equivalents		(2,660)	(13)	1,464
Cash and cash equivalents at beginning of period		5,418	3,954	3,954
Cash and cash equivalents at end of period		2,758	3,941	5,418

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Nature of operations

Judges Scientific plc is the ultimate parent company of the Group, whose principal activities comprise the design, manufacture and sale of scientific instruments. The subsidiaries are grouped into two segments.

Material Sciences Group

- Fire Testing Technology Limited is the world's major producer of instruments designed to measure the reaction of materials to fire; the activity is supported through the in-house production of engineering parts by its subsidiary company, Aitchee Engineering Limited. Its other trading subsidiary, Sircal Instruments (UK) Limited, designs, manufactures and sells rare gas purifiers for use in metals analysis.
- PE.fiberoptics Limited is a significant provider to the telecoms industry of equipment to test the properties of fibre optic and fibre optic networks.
- Global Digital Systems Limited designs, develops and manufactures equipment and software used for the computer-controlled testing of soils and rocks.

Vacuum Group

- Quorum Technologies Limited designs, manufactures and sells instruments that prepare samples for examination in electron microscopes.
- UHV Design Limited designs, manufactures and sells instruments to create motion, heating and cooling within ultra high vacuum chambers.
- Deben UK Limited designs, manufactures and sells devices used to enable or to improve the observation of objects under microscopes.
- Scientifica Limited designs, manufactures and sells complete instrument rigs used in electrophysiology, comprised of micromanipulators, optical microscopes and associated mounting solutions.

2. General information and basis of preparation

The financial information set out in these condensed consolidated interim financial statements for the six months ended 30 June 2013 and the comparative figures for the six months ended 30 June 2012 are unaudited. They have been prepared taking into account the requirements of IAS 34 Interim Financial Reporting and the AIM Rules. They do 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 2012, which have been prepared in accordance with IFRS as adopted by the European Union.

The financial information for the year ended 31 December 2012 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 2012 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.

The condensed consolidated interim financial statements are presented in Sterling, which is also the functional currency of the parent company.

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 Unit 19, Charlwoods Road, East Grinstead, West Sussex RH19 2HL. Its shares are listed on the Alternative Investment Market.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 25 September 2013.

3. Significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2012, except for the taxation policy where, for the purposes of the interims, the tax charge on underlying business performance is calculated by reference to the estimated effective rate for the full year.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

4. Significant events and transactions

The Group recorded a solid trading performance during the six-month period ended 30 June 2013. Organic growth in revenues of companies which were owned throughout the first half of both 2012 and 2013 amounted to 5%. This figure rose to 14% when the results of businesses acquired after 1 January 2012 are taken into account. Adjusted pre-tax profits increased to £3.1 million, a rise of 21% compared with the first half of 2012.

Scientifica Limited ("Scientifica") was acquired on 26 June 2013 for the sum of £12 million plus an earn-out capped at £1 million and a payment in respect of surplus cash. These sums have been or will be settled in cash except for the earn-out, half of which will be paid in Ordinary shares priced at £11.80 per share, the mid-market price on the day on which negotiation of the heads of terms was concluded. The acquisition was financed from existing cash resources, together with an additional £9 million bank loan. Since its acquisition, Scientifica has traded in line with expectations.

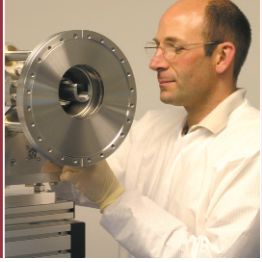
5. Intangible assets

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

	Carrying amount at 1 January 2013	Additions	Amortisation	Carrying amount at 30 June 2013
	£000	£000	£000	£000
Non-competition agreements	49	-	49	-
Distribution agreements	693	430	105	1,018
Research and development	2,296	1,508	293	3,511
Customer relationships	1,890	3,001	526	4,365
Sales order backlog	-	921	-	921
Brand and domain names	2,167	4,456	277	6,346
Total	7,095	10,316	1,250	16,161

	Carrying amount at 1 January 2012	Additions	Amortisation	Carrying amount at 30 June 2012
	£000	£000	£000	£000
Non-competition agreements	287	-	119	168
Distribution agreements	192	803	167	828
Research and development	298	2,500	209	2,589
Customer relationships	997	1,861	433	2,426
Sales order backlog	-	792	792	-
Brand and domain names	359	2,300	208	2,451
Total	2,133	8,256	1,928	8,462

	Carrying amount at 1 January 2012	Additions	Amortisation	Carrying amount at 31 December 2012
	£000	£000	£000	£000
Non-competition agreements	287	-	238	49
Distribution agreements	192	803	302	693
Research and development	298	2,500	502	2,296
Customer relationships	997	1,861	968	1,890
Sales order backlog	-	792	792	-
Brand and domain names	359	2,300	492	2,167
Total	2,133	8,256	3,294	7,095



6. Earnings per share

Basic earnings per share is calculated on the earnings attributable to Ordinary shareholders divided by the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and 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.

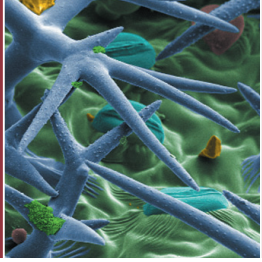
Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below:

6 months to 30 June 2013	Earnings attributable to equity holders of the parent company £000	Weighted average number of shares no.	Earnings per share Pence
Profit after tax including exceptional items for calculation of basic and diluted earnings per share	372		
Add-back exceptional items net of tax and non-controlling interest, as applicable:			
Charge relating to derivative financial instruments			
Hedging contracts	134		
Convertible Redeemable shares	111		
Contingent consideration measured at fair value	38		
Amortisation of intangible assets	816		
Aquisition-related transaction costs	716		
Basic and diluted profit after tax, excluding exceptional items	2,187		
Number of shares for calculation of basic earnings per share including exceptional items		5,316,411	
Dilutive effect of potential shares		213,063	
Number of shares for calculation of diluted earnings per share including exceptional items		5,529,474	
Dilutive effect of potential derivative financial instruments		25,439	
Number of shares for calculation of diluted earnings per share excluding exceptional items		5,554,913	
Basic earnings per share (including exceptional items)			7.0
Diluted earnings per share (including exceptional items)			6.7
Basic earnings per share (excluding exceptional items)			41.1
Diluted earnings per share (excluding exceptional items)			39.4

No account has been taken in the above figures of shares that will be issued to the vendors of Scientifica Limited in the event that profits of that company in the twelve months period ending 31 March 2014 are above the rate prevailing at the time of acquisition. This is in accordance with the requirements of IAS 33 - Earnings per Share.

6. Earnings per share (continued)

6 months to 30 June 2012	Earnings attributable to equity holders of the parent company £000	Weighted average number of shares no.	Earnings per share Pence
Loss after tax including exceptional items for calculation of basic and diluted earnings per share	(1,616)		
Add-back exceptional items net of tax and non-controlling interest, as applicable:			
Charge relating to derivative financial instruments			
Convertible Redeemable shares	1,699		
Amortisation of intangible assets	1,260		
Aquisition-related transaction costs	358		
Basic and diluted profit after tax, excluding exceptional items	1,701		
Number of shares for calculation of basic earnings per share including exceptional items		4,432,790	
Dilutive effect of potential shares		218,350	
Number of shares for calculation of diluted earnings per share including exceptional items		4,651,140	
Dilutive effect of potential derivative financial instruments		421,576	
Number of shares for calculation of diluted earnings per share excluding exceptional items		5,072,716	
Basic earnings per share (including exceptional items)			(36.4)
Diluted earnings per share (including exceptional items)			(36.4)
Basic earnings per share (excluding exceptional items)			38.4
Diluted earnings per share (excluding exceptional items)			33.5



6. Earnings per share (continued)

Year to 31 December 2012	Earnings attributable to equity holders of the parent company £000	Weighted average number of shares no.	Earnings per share Pence
Loss after tax including exceptional items for calculation of basic and diluted earnings per share	(200)		
Add-back exceptional items net of tax and non-controlling interest, as applicable:			
Charge relating to derivative financial instruments			
Convertible Redeemable shares	1,895		
Tax relief on exercise of share options	(133)		
Amortisation of intangible assets	1,972		
Aquisition-related transaction costs	358		
Utilisation of prior year tax losses	(5)		
Basic and diluted profit after tax, excluding exceptional items	3,887		
Number of shares for calculation of basic earnings per share including exceptional items		4,780,562	
Effect of potential shares		209,208	
Number of shares for calculation of diluted earnings per share including exceptional items		4,989,770	
Dilutive effect of potential derivative financial instruments		299,106	
Number of shares for calculation of diluted earnings per share excluding exceptional items		5,288,876	
Basic earnings per share (including exceptional items)			(4.2)
Diluted earnings per share (including exceptional items)			(4.2)
Basic earnings per share (excluding exceptional items)			81.3
Diluted earnings per share (excluding exceptional items)			73.5

7. Share issue

During the first six months of 2013 the following allotments took place:

- to satisfy the exercise of share options as follows:
  - 2,000 share options on 14 January 2013 when the mid-market share price was 975.0p
  - 1,500 share options on 16 January 2013 when the mid-market share price was 975.0p
  - 3,000 share options on 12 April 2013 when the mid-market share price was 1,215.0p

Ordinary shares in issue are summarised as follows:

	6 months to 30 June 2013	6 months to 30 June 2012	Year to 31 December 2012
	no.	no.	no.
Ordinary shares of 5p each			
Issued and fully paid			
Beginning of the period	5,312,499	4,289,967	4,289,967
Conversion of Convertible Redeemable shares	-	-	432,632
Share placing	-	500,000	500,000
Exercise of share options	6,500	61,000	89,900
End of the period	5,318,999	4,850,967	5,312,499

8. Changes in net debt in the 6 months ended 30 June 2013 were as follows:

	1 January 2013	Cash flow	Non-cash items	30 June 2013
	£000	£000	£000	£000
Cash at bank and in hand	5,418	(2,660)	-	2,758
Debt	(6,921)	(8,235)	(147)	(15,303)
Net senior debt	(1,503)	(10,895)	(147)	(12,545)
Effect of payments relating to the acquisition of Scientifica Limited not settled at 30 June 2013 (included within current liabilities)	-	(2,306)	-	(2,306)
Effect of payments relating to the 2012 acquisition of the trade and certain assets of KE Developments Limited not settled at 30 June 2013 (included within current liabilities)	(246)	57	-	(189)
Adjusted net senior debt	(1,749)	(13,144)	(147)	(15,040)
Subordinated loans	(497)	-	-	(497)
Total net debt	(2,246)	(13,144)	(147)	(15,537)

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

9. Acquisition of Scientifica Limited

On 26 June 2013 the Company's wholly owned subsidiary, Judges Capital Limited, acquired the entire issued share capital of Scientifica Limited ("Scientifica"), a company based in the UK. The total cost of acquisition includes the components stated below.

Consideration	£000
Initial payment to vendors	12,000
Fair value of contingent consideration	1,047
	13,047
Gross cash inherited on acquisition	1,772
Cash retained in the business	(372)
Payment to vendors in respect of surplus working capital	1,400
Total consideration transferred	14,447
Acquisition-related transaction costs charged in the Income Statement	794

Additional contingent consideration will be payable on an incremental basis in the event that Scientifica generates higher operating profits in the twelve months period to 31 March 2014 than those calculated in the prior year in accordance with the sale and purchase agreement. The maximum value of additional contingent consideration will be achieved if operating profits of £2.167 million are generated in this period and would bring the total consideration to £12.5 million in cash, 42,372 Ordinary shares in Judges Scientific plc and a payment of £1.4 million to reflect excess working capital at the time of the acquisition.

Both the cash and share contingent consideration have been recognised at fair value. The maximum contingent consideration has been assumed in the calculation of fair value as the best estimate of the contingent consideration payable. The fair value of the share contingent consideration at acquisition is also based on the mid-market share price at the acquisition date deducting expected dividends to be paid in the contingent period which reflects an estimate of a contract to issue shares at the end of the contingent period. The movement in the share price from £12.95 to £13.85 (excluding expected dividends to be paid in the contingent period) between the acquisition date and 30 June 2013 has resulted in a £38,000 increase to the fair value of the contingent consideration and this movement has been recognised in the Condensed Consolidated Interim Statement of Comprehensive Income.

9. Acquisition of Scientifica Limited (continued)

The amounts recognised for each class of the acquiree's assets, liabilities and contingent liabilities at the acquisition date are as follows:

	Pre-acquisition carrying amount	Adjustment to fair value	Recognised at acquisition date
	£000	£000	£000
Property, plant and equipment	223	-	223
Intangible assets	-	10,316	10,316
Inventories	1,512	-	1,512
Trade and other receivables	1,738	-	1,738
Cash and cash equivalents	1,773	-	1,773
Total assets	5,246	10,316	15,562
Deferred tax liabilities	(48)	(2,373)	(2,421)
Trade payables	(1,213)	-	(1,213)
Current tax liability	(351)	-	(351)
Total liabilities	(1,612)	(2,373)	(3,985)
Net identifiable assets and liabilities	3,634	7,943	11,577
Goodwill arising on acquisition			2,870
Total cost of acquisition			14,447

The goodwill that arose on the combination can be attributed to the profitability of Scientifica.

The figures described below include interest charges that have been incurred by the Company as a result of this acquisition.

Given the proximity of the acquisition date to the reporting date of 30 June 2013, no trading results for Scientifica have been included in the Condensed Consolidated Interim Statement of Comprehensive Income. If Scientifica had been acquired on 1 January 2013, based on unaudited accounts for the financial year to 31 March 2013, revenue for the Group for the period to 30 June 2013 would have increased by £4,600,000 and profit after tax attributable to equity holders of the parent company would have increased by £665,000 after allowing for interest costs but before charging amortisation of intangible assets (a reduction of £944,000 after charging additional amortisation of intangible assets of £1,609,000).

10. Dividends

The Company paid an interim dividend of 5.0p per share (£261,910) on 2 November 2012 and a final dividend of 10.0p per share (£531,900) on 5 July 2013, both relating to the financial year ended 31 December 2012.

The Company will pay an interim dividend for 2013 of 6.6p per share on 8 November 2013 to shareholders on the register on 11 October 2013. The shares will go ex-dividend on 9 October 2013.

FTT *i*Cone® Calorimeter – the new benchmark in calorimetry

The Cone Calorimeter is the most significant bench scale instrument in the field of fire testing because it measures important real fire properties of the material being tested under a variety of pre-set conditions. The newly launched iCone® features an interactive and intuitive interface, sophisticated control options and ConeCalc software. It incorporates many new features not seen by fire testing laboratories up until now while being compact, accurate, reliable and easily maintained.

Judges Scientific plc

Judges Scientific plc
Unit 19, Charlwoods Road
East Grinstead
West Sussex RH19 2HL
Tel: 01342 323600
Fax: 01342 323608
Website: www.judges.uk.com
E-mail: enquiries@judges.uk.com