Press release **20 September 2016**

Judges Scientific plc

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

Interim results for the six months ended 30 June 2016

Key financials

- Revenues up 9.3% to a record £27.3 million (H1 2015: £24.9 million) including 7.0% organic growth;
- CoolLED, Dia-Stron and Fire Instrumentation and Research Equipment ("FIRE") acquired during the period for a total consideration of £6.6m;
- Interim dividend of 9.0p (H1 2015: 8.1p), an increase of 11.1%; covered 3.7 times by adjusted earnings;
- Organic order intake down 1.6% compared with H1 2015;
- Organic order book at 10.7 weeks (H1 2015: 11.7 weeks);
- Adjusted* pre-tax profit down 11.4% to £3.0 million (H1 2015: £3.3 million);
- Adjusted* basic earnings per share down 19.2% to 33.2p (H1 2015: 41.1p);
- Cash generated from operations of £2.4 million (H1 2015: £2.3 million);
- Adjusted* net debt of £10.3 million as at 30 June 2016 (30 June 2015: £7.5 million and 31 December 2015: £4.0 million);
- Cash balances of £6.0 million as at 30 June 2016 (30 June 2015: £8.2 million and 31 December 2015: £8.5 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.

Alex Hambro, Chairman of Judges Scientific, commented:

"This has been a period of contrast, with success in the pursuit of earnings-enhancing acquisitions and frustration in respect of short-term trading performance. At this stage, the Board therefore believes that the full year results will be significantly below market expectations."

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Chairman's Statement

I am pleased to be able to report, for the eleventh consecutive year, record revenues and dividends. This has been a period of contrast, with success in the pursuit of earnings-enhancing acquisitions and frustration in respect of short-term trading performance. The patchy climate, which has characterised our sector in the last five years and affected its participants at various times to various degrees, has continued to prevail and dampened our performance in the first half of 2016. This resulted in slower order intake and reduced adjusted pre-tax profits and earnings per share for the period.

Acquisitions

During the period under review, the Group completed three acquisitions:

- CoolLED Limited, which makes LED based illumination systems for fluorescence microscopy, was acquired on 17 February 2016 for £3.6 million including the payment of a £0.1 million earn-out;
- The business and assets of FIRE were purchased by the Group's subsidiary Fire Testing Technology Limited ("FTT") on 28 March 2016; and
- Dia-Stron Limited, which makes systems to test the mechanical properties of fibres (predominantly human hair), was acquired on 31 March 2016 for £2.7 million.

The results for the six-month period ended 30 June 2016 include the maiden contribution of these three businesses as well as a full six-month contribution from Armfield Limited (acquired 22 January 2015). All references to "Organic" data in this statement exclude Armfield, CoolLED and Dia-Stron ("the Acquired Companies"), as they were not owned by the Group as at 1 January 2015, but include the figures relating to FIRE which are neither material nor distinguishable from FTT's.

Trading performance

Group revenues for the six months ended 30 June 2016 progressed 9.3% to £27.3 million (H1 2015: £24.9 million), as a result of 7.0% Organic growth and of the inclusion of the revenue generated by the Acquired Companies. Organic sales progressed best in North America, but were weak in the UK (down 13%) and in China / Hong Kong (down 10%). The post-acquisition revenues of CoolLED and Dia-Stron were satisfactory, but Armfield's revenue was down following slow order intake during the first five months of 2016. Group revenue was also significantly held back by production issues in one of the constituents of the Group's Vacuum division.

As a consequence, organic EBITA contribution declined by 3.4% in the first half of 2016 and adjusted pre-tax profit reduced by 11.4% to £3.0 million (H1 2015: £3.3 million). Adjusted basic earnings per share decreased 19.2% to 33.2p (H1 2015: 41.1p); the decline is sharper than that of pre-tax profit due to the good performance in H1 2016 of the Group’s two part-owned businesses. Adjusted diluted earnings per share contracted from 40.3p to 32.7p. Return on total invested capital ("ROTIC") progressed modestly to 20.8% (based on 12 months to June 2016) from 18.7% a year before.

Consistent with past reports, the Group's figures have been adjusted to present, in the Directors' opinion, the true operating performance of the Group. The total adjustments of £3.6 million (H1 2015: £4.8 million) include a £2.9 million charge for amortisation of acquired intangible assets (H1 2015: £4.3 million) primarily arising from recent acquisitions. The adjusting items reduce profit before tax from £3.0 million to a loss of £0.7 million (H1 2015: loss of £1.5 million) and earnings per share to a negative 16.3p for both basic and diluted (H1 2015: negative 24.7p basic and diluted).

Cashflow and net debt

Cash flow during the first half of 2016 was robust, with cash from operations of £2.4 million (H1 2015: £2.3 million) representing 75% of adjusted EBIT. The interim balance sheet includes cash balances of £6.0 million and adjusted net debt of £10.3 million, reflecting the acquisitions during the period and the impact of settling the second interim dividend of £1.0 million; this will reduce the outflow in the second half by the same amount.

Order intake

Across the sector demand has been generally soft and for the third consecutive year, order intake was weak in the first quarter. This year order intake did not start to pick up until June and as a result the organic order book at 30 June 2016 had reduced to 10.7 weeks (30 June 2015: 11.7 weeks). The Group’s total order book stood at 10.6 weeks at 30 June 2016.

Dividend

In accordance with the Company's dividend policy, the Board is declaring an interim dividend of 9.0p (2015: 8.1p), which will be paid on Friday 4 November 2016 to shareholders on the register on Friday 7 October 2016. The shares will go ex-dividend on Thursday 6 October 2016. The interim dividend is covered 3.7 times by adjusted earnings.

Outlook

The Group's business environment remains uneven. The long term effect of Brexit is difficult to gauge but, in the short term, the Group benefits from the most favourable global exchange rates since 2009. Although exports represent a vast majority of the Group's sales, the UK is not an insignificant market and it may remain adverse until the Brexit negotiations are concluded. China has been an important source of growth and its continued appetite for education and research investment remains an important factor in the Group's development. The Group remains convinced of the long term growth of the sector, however the Board believes that medium term growth is dampened by its dependence on public funds. As a result the Group is currently more vulnerable to short-term performance fluctuations. Positively, this has not affected the pursuit of our business model as seen through our continued completion of value enhancing acquisitions.

Order intake in the third quarter continued the more positive trend observed in June and organic order intake since the beginning of the year is now ahead of the comparative period in the prior year. A satisfactory outcome for the year still depends on this improvement being sustained and on a continued revival of Armfield's market and on the resolution of the aforementioned production issues. At this stage, the Board therefore believes that the full year results will be significantly below market expectations.

The Hon. Alexander Hambro

Chairman

20 September 2016

Condensed consolidated interim statement of comprehensive income

	Note	Adjusted £000	Adjusting items £000	**Six months to 30 June 2016 £000**	Six months to 30 June 2015 £000	Year to 31 December 2015 £000
Revenue	3	**27,258**	**-**	**27,258**	**24,933**	56,203
Operating costs		**(24,031)**	**-**	**(24,031)**	**(21,359)**	(46,953)
Adjusted operating profit	3	**3,227**	**-**	**3,227**	**3,574**	9,250
Adjusting items	4	**-**	**(3,598)**	**(3,598)**	**(4,814)**	(7,443)
Operating profit/(loss)		**3,227**	**(3,598)**	**(371)**	**(1,240)**	1,807
Interest income		**8**	**-**	**8**	**12**	28
Interest expense	4	**(275)**	**(27)**	**(302)**	**(275)**	(583)
Profit/(loss) before tax		**2,960**	**(3,625)**	**(665)**	**(1,503)**	1,252
Taxation (charge)/credit		**(585)**	**575**	**(10)**	**128**	(138)
Profit/(loss) for the period		**2,375**	**(3,050)**	**(675)**	**(1,375)**	1,114
Attributable to:						
Owners of the parent		**2,024**	**(3,028)**	**(1,004)**	**(1,490)**	775
Non-controlling interests		**351**	**(22)**	**329**	**115**	339

Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Retirement benefits actuarial (losses)/gains	**(700)**	**162**	113
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries	**42**	**(16)**	13
Other comprehensive (expense)/income for the period, net of tax	**(658)**	**146**	126
Total comprehensive (expense)/income for the period	**(1,333)**	**(1,229)**	1,240
Attributable to:			
Owners of the parent	**(1,662)**	**(1,344)**	901
Non-controlling interests	**329**	**115**	339

	Note	**Pence**	Pence	Pence
Earnings per share – adjusted				
Basic	5	**33.2**	41.1	109.2
Diluted	5	**32.7**	40.3	107.3
Earnings per share – total				
Basic	5	**(16.5)**	(24.7)	12.8
Diluted	5	**(16.5)**	(24.7)	12.6

Condensed consolidated interim balance sheet

	Note	**30 June 2016 £000**	30 June 2015 £000	31 December 2015 £000
ASSETS				
Non-current assets				
Goodwill		**12,860**	**10,927**	10,927
Other intangible assets	6	**10,675**	**11,491**	9,088
Property, plant and equipment		**5,335**	**4,704**	4,787
Deferred tax assets		**625**	**369**	351
		29,495	**27,491**	25,153
Current assets				
Inventories		**9,275**	**8,751**	7,922
Trade and other receivables		**10,091**	**8,650**	11,040
Cash and cash equivalents		**5,963**	**8,242**	8,530
		25,329	**25,643**	27,492
Total assets		**54,824**	**53,134**	52,645
LIABILITIES				
Current liabilities				
Trade and other payables		**(10,059)**	**(8,584)**	(10,807)
Trade and other payables relating to acquisitions		**(905)**	**(103)**	(85)
Borrowings		**(2,813)**	**(3,527)**	(3,361)
Current tax liabilities		**(1,672)**	**(1,341)**	(1,436)
		(15,449)	**(13,555)**	(15,689)
Non-current liabilities				
Borrowings		**(13,033)**	**(12,689)**	(9,556)
Deferred tax liabilities		**(2,188)**	**(2,413)**	(1,922)
Retirement benefit obligations		**(2,296)**	**(1,535)**	(1,394)
		(17,517)	**(16,637)**	(12,872)
Total liabilities		**(32,966)**	**(30,192)**	(28,561)
Net assets		**21,858**	**22,942**	24,084
EQUITY				
Share capital	7	**305**	**304**	305
Share premium		**14,450**	**14,380**	14,441
Other reserves		**2,046**	**1,974**	2,004
Retained earnings		**3,975**	**5,657**	6,532
Equity attributable to owners of the parent		**20,776**	**22,315**	23,282
Non-controlling interests		**1,082**	**627**	802
Total equity		**21,858**	**22,942**	24,084

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 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 (expense)/income for the period	**-**	**-**	**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 2015	300	14,294	1,374	6,910	22,878	512	23,390
Share-based payments	-	-	-	75	75	-	75
Issue of share capital	4	86	616	-	706	-	706
Transactions with owners	4	86	616	75	781	-	781
(Loss)/profit for the period	-	-	-	(1,490)	(1,490)	115	(1,375)
Retirement benefit actuarial gains	-	-	-	162	162	-	162
Foreign exchange differences	-	-	(16)	-	(16)	-	(16)
Total comprehensive (expense)/income for the period	-	-	(16)	(1,328)	(1,344)	115	(1,229)
At 30 June 2015	**304**	**14,380**	**1,974**	**5,657**	**22,315**	**627**	**22,942**

	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 2015	300	14,294	1,374	6,910	22,878	512	23,390
Dividends	-	-	-	(1,385)	(1,385)	(49)	(1,434)
Share based payments	-	-	-	119	119	-	119
Issue of share capital	5	147	617	-	769	-	769
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

The movement in Other reserves of £617,000 arises from the issue of 36,738 shares as part of the consideration for the acquisition of Armfield Ltd.

Condensed consolidated interim cash flow statement

	Six months to 30 June 2016 £000	Six months to 30 June 2015 £000	Year to 31 December 2015 £000
Cash flows from operating activities			
(Loss)/profit after tax	**(675)**	**(1,375)**	1,114
Adjustments for:			
Financial instruments measured at fair value:			
Hedging contracts	**48**	**(172)**	10
Contingent consideration measured at fair value	**-**	**25**	25
Share-based payments	**117**	**75**	119
Depreciation	**281**	**223**	482
Amortisation of intangible assets	**2,871**	**4,333**	6,736
Loss on disposal of property, plant and equipment	**11**	**16**	30
Foreign exchange gains on foreign currency loans	**134**	**(40)**	(15)
Interest income	**(8)**	**(12)**	(28)
Interest expense	**275**	**246**	523
Retirement benefit obligation net interest cost	**27**	**29**	60
Contributions to defined benefit plans	**-**	**-**	(198)
Tax recognised in income statement	**10**	**(128)**	138
(Increase)/decrease in inventories	**(823)**	**(212)**	617
Decrease/(increase) in trade and other receivables	**1,623**	**(187)**	(2,759)
(Decrease)/increase in trade and other payables	**(1,480)**	**(570)**	1,638
Cash generated from operations	**2,411**	**2,251**	8,492
Finance costs paid	**(275)**	**(251)**	(528)
Tax paid	**(512)**	**(723)**	(1,387)
Net cash from operating activities	**1,624**	**1,277**	6,577
Cash flows from investing activities			
Paid on acquisition of new subsidiaries	**(7,248)**	**(11,421)**	(11,421)
Gross cash inherited on acquisition	**2,036**	**3,904**	3,904
Acquisition of subsidiaries, net of cash acquired	**(5,212)**	**(7,517)**	(7,517)
Paid on the acquisition of trade and assets	**(243)**	**(15)**	(33)
Purchase of property, plant and equipment	**(571)**	**(182)**	(530)
Interest received	**8**	**12**	28
Net cash used in investing activities	**(6,018)**	**(7,702)**	(8,052)
Cash flows from financing activities			
Proceeds from issue of share capital	**9**	**88**	150
Repayments of borrowings	**(2,693)**	**(1,313)**	(4,626)
Proceeds from bank loans	**5,500**	**4,755**	4,755
Equity dividends paid	**(970)**	**-**	(1,385)
Dividends paid – non controlling interest in subsidiary	**(49)**	**-**	(49)
Net cash from/(used in) financing activities	**1,797**	**3,530**	(1,155)
Net change in cash and cash equivalents	**(2,597)**	**(2,895)**	(2,630)
Cash and cash equivalents at start of period	**8,530**	**11,148**	11,148
Exchange movements	**30**	**(11)**	12
Cash and cash equivalents at end of period	**5,963**	**8,242**	8,530

Notes to the interim report

1. General information and basis of preparation

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: Materials Sciences and Vacuum. The results of the Group's recent acquisitions of Dia-Stron Limited ("Dia-Stron") and the trade and assets of Fire Instrumentation and Research Equipment ("FIRE") are included in the Materials Sciences segment and CoolLED Limited ("CoolLED") is included in the Vacuum segment.

The financial information set out in this interim report for the six months ended 30 June 2016 and the comparative figures for the six months ended 30 June 2015 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 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

The financial information for the year ended 31 December 2015 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 2015 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. Its 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 19 September 2016.

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 2015, except for the taxation policy where, for the purposes of the interims, the tax charge on adjusted business performance is calculated by reference to the estimated effective rate for the full year.

3. Segmental analysis

For the period ended 30 June 2016	Note	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
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 period ended 30 June 2015	Note	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Revenue		**11,652**	**13,281**	**-**	**24,933**
Operating costs		**(10,027)**	**(10,931)**	**(401)**	**(21,359)**
Adjusted operating profit		**1,625**	**2,350**	**(401)**	**3,574**
Adjusting items	4				**(4,843)**
Operating loss					**(1,269)**
Net interest expense					**(234)**
Loss before tax					**(1,503)**
Income tax credit					**128**
Loss for the period					**(1,375)**

3. Segmental analysis (continued)

For the year ended 31 December 2015	Note	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	4				(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

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

Segment assets and liabilities

At 30 June 2016	**Materials Sciences £000**	**Vacuum £000**	**Unallocated items £000**	**Total £000**
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 30 June 2015	**Materials Sciences £000**	**Vacuum £000**	**Unallocated items £000**	**Total £000**
Assets	**14,877**	**13,223**	**25,034**	**53,134**
Liabilities	**(5,576)**	**(6,048)**	**(18,568)**	**(30,192)**
Net assets	**9,301**	**7,175**	**6,466**	**22,942**
Capital expenditure	**42**	**115**	**25**	**182**
Depreciation	**75**	**120**	**28**	**223**
Amortisation	**3,090**	**1,243**	**-**	**4,333**

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

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

Geographic analysis	**Six months to 30 June 2016 £000**	Six months to 30 June 2015 £000	Year to 31 December 2015 £000
UK (domicile)	**4,263**	**4,679**	9,303
Rest of Europe	**6,459**	**6,036**	13,822
United States/Canada	**7,427**	**4,833**	12,526
Rest of the world	**9,109**	**9,385**	20,552
Revenue	**27,258**	**24,933**	56,203

4. Adjusting items

	Six months to 30 June 2016 £000	Six months to 30 June 2015 £000	Year to 31 December 2015 £000
Amortisation of intangible assets	**2,871**	**4,333**	6,736
Contingent consideration measured at fair value	**-**	**25**	25
Financial instruments measured at fair value:			
Hedging contracts	**48**	**(172)**	10
Share-based payments	**117**	**75**	119
Acquisition costs	**562**	**553**	553
Total adjusting items within operating profit	**3,598**	**4,814**	7,443
Retirement benefits obligation net interest cost	**27**	**29**	60
Total adjusting items	**3,625**	**4,843**	7,503
Taxation	**(575)**	**(845)**	(1,615)
Total adjusting items net of tax	**3,050**	**3,998**	5,888
Attributable to:			
Owners of the parent	**3,028**	**3,967**	5,839
Non-controlling interests	**22**	**31**	49
	3,050	**3,998**	5,888

5. Earnings per share

	Note	**Six months to 30 June 2016 £000**	Six months to 30 June 2015 £000	Year to 31 December 2015 £000
Profit/(loss) for the period attributable to owners of the parent				
Adjusted profit		**2,024**	**2,477**	6,614
Adjusting items	4	**(3,028)**	**(3,967)**	(5,839)
(Loss)/profit for the period		**(1,004)**	**(1,490)**	775
		Pence	Pence	Pence
Earnings per share – adjusted				
Basic		**33.2**	**41.1**	109.2
Diluted		**32.7**	**40.3**	107.3
Earnings per share – total				
Basic		**(16.5)**	**(24.7)**	12.8
Diluted		**(16.5)**	**(24.7)**	12.6
		Number	Number	Number
Issued Ordinary shares at start of the period	7	**6,098,549**	**5,996,211**	5,996,211
Movement in Ordinary shares during the period	7	**3,500**	**72,238**	102,338
Issued Ordinary shares at end of the period	7	**6,102,049**	**6,068,449**	6,098,549
Weighted average number of shares in issue		**6,100,557**	**6,024,498**	6,054,699
Dilutive effect of share options		**83,414**	**121,213**	109,140
Weighted average shares in issue on a diluted basis		**6,183,971**	**6,145,711**	6,163,839

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 2016 £000	Acquisition £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**

	Carrying amount at 1 January 2015 £000	Acquisition £000	Amortisation £000	**Carrying amount at 30 June 2015 £000**
Distribution agreements	562	707	(250)	**1,019**
Research and development	2,199	1,905	(584)	**3,520**
Customer relationships	1,700	402	(658)	**1,444**
Brand and domain names	4,201	2,201	(894)	**5,508**
Sales order backlog	**-**	1,947	(1,947)	**-**
Total	8,662	7,162	(4,333)	**11,491**

	Carrying amount at 1 January 2015 £000	Acquisition £000	Amortisation £000	Carrying amount at 31 December 2015 £000
Distribution agreements	562	**707**	**(519)**	750
Research and development	2,199	**1,905**	**(1,201)**	2,903
Customer relationships	1,700	**402**	**(1,244)**	858
Brand and domain names	4,201	**2,201**	**(1,825)**	4,577
Sales order backlog	**-**	**1,947**	**(1,947)**	**-**
Total	**8,662**	**7,162**	**(6,736)**	9,088

7. Share capital

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

Ordinary shares of 5p each	**Six months to 30 June 2016 Number**	Six months to 30 June 2015 Number	Year to 31 December 2015 Number
Issued and fully paid			
Start of the period	**6,098,549**	**5,996,211**	**5,996,211**
Shares issued as part of the Armfield earn-out	**-**	**36,738**	**36,738**
Exercise of share options	**3,500**	**35,500**	**65,600**
End of the period	**6,102,049**	**6,068,449**	**6,098,549**

During the first six months of 2016 the following allotments took place:

- 3,500 Ordinary shares were issued to satisfy the exercise of share options as follows:
  - on 23 February 2016 when the mid-market share price was 1,517.5p;
  - on 1 April 2016 when the mid-market share price was 1,682.5p; and
  - on 3 May 2016 when the mid-market share price was 1,857.5p.

8. Changes in net debt

Changes in net debt for the six months ended 30 June 2016 were as follows:

	1 January 2016 £000	Cash flow £000	Non-cash items £000	**30 June 2016 £000**
Cash at bank and in hand	**8,530**	**(2,596)**	**29**	**5,963**
Bank debt	**(12,390)**	**(2,807)**	**(134)**	**(15,331)**
Net senior debt	**(3,860)**	**(5,403)**	**(105)**	**(9,368)**
Effect of payments relating to the acquisition of CoolLED Limited not settled at 30 June 2016 (included within current liabilities)	**-**	**(101)**	**-**	**(101)**
Effect of payments relating to the acquisition of Dia-Stron Limited not settled at 30 June 2016 (included within current liabilities)	**-**	**(742)**	**-**	**(742)**
Effect of payments relating to the 2012 acquisition of the trade and certain assets of KE Developments Limited not settled at 30 June 2016 (included within current liabilities)	**(85)**	**23**	**-**	**(62)**
Adjusted net debt	**(3,945)**	**(6,223)**	**(105)**	**(10,273)**
Subordinated loans	**(497)**	**-**	**-**	**(497)**
Total net debt	**(4,442)**	**(6,223)**	**(105)**	**(10,770)**

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

9. Acquisitions

During the six months to 30 June 2016, the Group completed 3 separate acquisitions namely the purchase of CoolLED Limited, Dia-Stron Limited and the trade and assets of Fire Instrumentation and Research Equipment.

On 18 February 2016, the Group acquired 100% of the issued share capital of CoolLED Limited, an instrument maker based in Andover, Hampshire. CoolLED designs, manufactures and markets illumination systems for fluorescence microscopy. CooLED was acquired for an initial cash consideration of £3.5 million, a payment to reflect excess working capital and an earn-out capped at £1.0 million calculated via achievement of 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. On 8 August 2016 £0.1 million was paid in full settlement of the earn-out.

On 29 March 2016, the Group acquired the trade and certain assets of FIRE, a fire testing equipment manufacturing and servicing business. The purchase consideration is not material in the context of the overall Judges group.

On 1 April 2016 the Group acquired 100% of the issued share capital of Dia-Stron Limited a company which designs and manufactures systems to test the mechanical properties of fibres and is based in Andover, Hampshire. Dia-Stron was acquired for a cash consideration of £2.75 million plus a payment to reflect excess working capital.

The summary provisional fair value of the costs of these acquisitions includes the components stated below:

Consideration	£000
Initial cash consideration	6,467
Deferred consideration to be paid in cash	101
	6,568
Gross cash inherited on acquisition	2,036
Cash retained in the business	(293)
Payment in respect of surplus working capital	1,743
Total consideration	8,311
Acquisition-related transaction costs charged to the income statement	562

The consideration and associated transaction costs for these transactions were financed from existing cash resources and £3.5 million was drawn down from the Group's existing £10 million acquisition loan facility.

9. Acquisitions (continued)

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

	Book value £000	Fair value adjustments £000	Fair value £000
Property, plant and equipment	256	-	256
Intangible assets	-	4,458	4,458
Deferred tax assets	94	18	112
Inventories	734	(204)	530
Trade and other receivables	621	-	621
Cash and cash equivalents	2,036	-	2,036
Total assets	3,741	4,272	8,013
Deferred tax liabilities	-	(854)	(854)
Trade payables	(569)	(50)	(619)
Current tax liability	(162)	-	(162)
Total liabilities	(731)	(904)	(1,635)
Net identifiable assets and liabilities	3,010	3,368	6,378
Total consideration			8,311
Goodwill recognised			1,933

Management performed a detailed review of each of the acquiree's intangible assets. The intangible assets recognised reflect recognition of acquired customer relationships, the value of the acquired future committed order books, 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 provisions and accruals and related deferred tax assets. The deferred tax liabilities recognised represent 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.

The acquisitions resulted in a profit after tax (before adjusting items) attributable to owners of the parent company of £327,000 in the period post-acquisition. After amortisation of intangible assets, the contribution to owners of the parent company's results amounted to a loss of £61,000 after tax.

If the acquisitions had been acquired on 1 January 2016, based on pro-forma results, revenue for the group for the period to 30 June 2016 would have increased by £792,000 and profit after tax (before adjusting items) attributable to owners of the parent company would have increased by £199,000 after allowing for interest costs but before charging amortisation of intangible assets (a reduction of £132,000 after charging additional amortisation of intangible assets of £331,000).

10. Defined Benefit Scheme

The Group's defined benefit pension scheme liability has increased to £2.3 million compared to £1.4 million at 31 December 2015. This increase in liability is mainly attributable to a significant reduction of 0.9% in the Discount rate to 3.00% from 3.90% at 31 December 2015.

11. Dividends

During the period, the Company paid a second interim dividend of 15.9p per share (£1.0 million) on 22 March 2016 relating to the financial year ended 31 December 2015 (2015: £nil).

The Company also paid a final dividend of 1.0p per share (£0.1 million) on 8 July 2016 relating to the financial year ended 31 December 2015.

The Company will pay an interim dividend for 2016 of 9.0p per share on 4 November 2016 to shareholders on the register on 7 October 2016. The shares will go ex-dividend on 6 October 2016.