



A GDS Instruments triaxial cell allows pressure and load to be applied to soil and rock samples for the assessment of strength properties for the civil engineering industry.

CHAIRMAN'S STATEMENT



It is gratifying to be able to announce a record set of interim results for the seventh consecutive year. Revenues for the six months ended 30 June 2012 rose 39% to £13.4 million compared with £9.7 million in the first half of 2011. The businesses which were owned by the Group throughout the first half periods of both 2011 and 2012 achieved organic growth of 8%. The balance of the increase was attributable to the acquisition of an indirect 51% interest in Deben UK Limited (“Deben”) in March 2011 and of Global Digital Systems Limited (“GDS”) and the business of KE Developments Limited (“KED”) in March 2012. The £7.65 million purchase of GDS, which designs, manufactures and sells instruments used to test the mechanical properties of soil and rock, represents the Group’s largest transaction to date. The acquisition by Deben of KED, which specialises in the production of accessories for electron microscopes, further reinforces our presence in microscopy; this small acquisition is not expected to contribute to profitability in the current year.

Adjusted pre-tax profit for the first half of 2012 recorded a 47% increase to £2.6 million (H1-2011: £1.8 million). Organic growth in EBITA contribution amounted to 19%, with the balance being attributable to acquisitions, all of which have performed according to the Board’s expectations. KED was successfully integrated into Deben’s operations during the period.

Adjusted basic earnings per share rose 40% to 38.4p (H1-2011: 27.3p). Adjusted diluted earnings per share amounted to 33.5p (H1-2011: 23.4p). The return on total invested capital (“ROTIC”) softened from 42% to 39%, the unavoidable consequence of a large acquisition.

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 to clarify the Group’s trading performance. These items comprise the transaction costs arising on acquisitions (£444,000) and two non-cash items, being the amortisation of intangible assets (£1.9 million) and a £1.35 million charge arising in respect of the Convertible Redeemable shares; the latter charge arose as a result of the further increase in the market value of the Company’s Ordinary shares during the reporting period.

The Directors, having recognised that the Group’s results are significantly distorted by these accounting quirks, proposed measures designed to accelerate the redemption and/or conversion of the Convertible



Redeemable shares; these proposals were adopted by shareholders at the last Annual General Meeting. Several Directors have since used these measures with regard to their respective holdings and, as a result, the current financial year will be the last to be significantly affected by this distortion. After inclusion of these IFRS-related charges, profit before tax is turned into a £1.1 million loss (H1-2011: profit £226,000) and earnings per share into a 36.4p loss basic and diluted (H1-2011: profits of 2.7p basic and 2.6p diluted).

Order intake during the six-month period registered organic growth of 14%. The order book at 30 June 2012 represented ten weeks of sales, somewhat ahead of the level at the beginning of the year.

After having borrowed £8 million to purchase GDS, the Company raised £3 million (£2.8 million net of costs) in May through the placing of 500,000 new Ordinary shares with one existing and several new institutions as well as various private investors. It was pleasing that the discount to the then market price was less than 5% and that the placing was almost three times subscribed; applications were scaled down to strike the right balance between the desire to restore the Group's ability to pursue further acquisitions and the wish to limit earnings dilution. As a result of

the placing and healthy cash flow in the first half, the balance sheet remains prudent with £3.9 million adjusted cash balances at 30 June 2012 (H1-2011: £4.1 million) and adjusted net debt of £4.3 million (H1-2011: £3.1 million).

The Group's dividend policy is to set payments at a level that leaves good visibility of future progression. The Board views the level of cover as sufficient to justify a further step increase and, accordingly, an interim dividend of 5p (2011: 3.3p) will be paid on Friday 2 November 2012 to shareholders on the register on Friday 5 October 2012. The shares will go ex-dividend on Wednesday 3 October 2012.

Trading at the start of the second half of the year has been satisfactory and order intake has been comfortably consistent with management's expectations for the year. The scientific instruments sector has continued to show resilience in the face of European public sector austerity, question marks in relation to China's growth prospects, doubts over the future of the Euro and a strong domestic currency; these threats remain but the Group is in a solid position to weather them.

The Hon. Alexander Hambro
Chairman
24 September 2012



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME



Unaudited			6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
	Note	£000	£000	£000	£000
		Before exceptional items	Exceptional items	Total	
Revenue		13,468	-	13,468	20,810
Operating costs excluding exceptional items		(10,719)	-	(10,719)	(16,677)
Operating profit excluding exceptional items		2,749	-	2,749	4,133
Exceptional items					
Amortisation of intangible assets	5	-	(1,928)	(1,928)	(1,155)
Net insurance recovery		-	-	-	596
Charge relating to derivative financial instruments		-	(1,350)	(1,350)	(304)
Acquisition costs	9, 10	-	(444)	(444)	(196)
Operating profit/(loss)		2,749	(3,722)	(973)	3,074
Interest receivable		3	-	3	7
Interest payable		(152)	-	(152)	(195)
Profit/(loss) before tax		2,600	(3,722)	(1,122)	2,886
Taxation (charge)/credit		(698)	212	(486)	(807)
Profit/(loss) and total comprehensive income for the period		1,902	(3,510)	(1,608)	2,079
Attributable to:					
Equity holders of the parent company		1,701	(3,317)	(1,616)	1,920
Non-controlling interest		201	(193)	8	159
Earnings per share – total and continuing (including exceptional items)				Pence	Pence
Basic	6			(36.4)	45.2
Diluted	6			(36.4)	42.9
Earnings per share – total and continuing (excluding exceptional items)					
Basic	6			38.4	61.0
Diluted	6			33.5	52.7

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



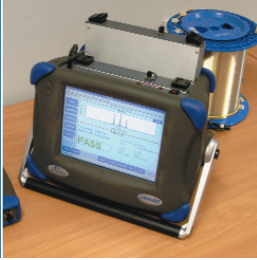
Unaudited		30 June 2012	30 June 2011	31 December 2011
	Note	£000	£000	£000
ASSETS				
Non-current assets				
Property, plant and equipment		2,226	1,870	1,940
Goodwill		5,809	5,316	5,316
Other intangible assets	5	8,462	2,696	2,133
		<u>16,497</u>	<u>9,882</u>	<u>9,389</u>
Current assets				
Inventories		3,150	2,662	2,052
Trade and other receivables		5,293	3,754	3,674
Cash and cash equivalents		3,941	4,060	3,954
		<u>12,384</u>	<u>10,476</u>	<u>9,680</u>
Total assets		<u>28,881</u>	<u>20,358</u>	<u>19,069</u>
LIABILITIES				
Current liabilities				
Trade and other payables		(5,016)	(3,637)	(3,465)
Derivative financial instruments		(3,089)	(2,196)	(1,739)
Trade and other payables relating to acquisitions		(639)	(1,362)	-
Current portion of long-term borrowings		(2,009)	(1,165)	(1,762)
Current tax payable		(1,127)	(1,137)	(851)
		<u>(11,880)</u>	<u>(9,497)</u>	<u>(7,817)</u>
Non-current liabilities				
Long-term borrowings		(6,032)	(4,609)	(3,419)
Deferred tax liabilities		(1,981)	(192)	(122)
		<u>(8,013)</u>	<u>(4,801)</u>	<u>(3,541)</u>
Total liabilities		<u>(19,893)</u>	<u>(14,298)</u>	<u>(11,358)</u>
Net assets		<u>8,988</u>	<u>6,060</u>	<u>7,711</u>
EQUITY				
Share capital		243	214	214
Share premium		6,051	3,192	3,195
Capital redemption reserve		3	3	3
Merger reserve		475	475	475
Retained earnings		1,873	2,035	3,489
Equity attributable to equity holders of the parent company		<u>8,645</u>	<u>5,919</u>	<u>7,376</u>
Non-controlling interest		<u>343</u>	<u>141</u>	<u>335</u>
Total equity		<u>8,988</u>	<u>6,060</u>	<u>7,711</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY



Unaudited		Share capital	Share premium	Capital redemption reserve	Merger reserve	Retained earnings	Total *	Non- controlling interest	Total equity
	Note	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2012		214	3,195	3	475	3,489	7,376	335	7,711
Issue of share capital	7	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 2011		209	3,092	-	475	1,606	5,382	249	5,631
Issue of share capital		5	100	-	-	-	105	-	105
Arising on conversion of Convertible Redeemable shares		-	-	3	-	314	317	-	317
Transactions with owners		5	100	3	-	314	422	-	422
Profit for the period		-	-	-	-	115	115	(108)	7
Total comprehensive income for the period		-	-	-	-	115	115	(108)	7
Balance at 30 June 2011		214	3,192	3	475	2,035	5,919	141	6,060
Balance at 1 January 2011		209	3,092	-	475	1,606	5,382	249	5,631
Dividends	11	-	-	-	-	(351)	(351)	(73)	(424)
Issue of share capital		5	103	-	-	-	108	-	108
Arising on conversion of Convertible Redeemable shares		-	-	3	-	314	317	-	317
Transactions with owners		5	103	3	-	(37)	74	(73)	1
Profit for the period		-	-	-	-	1,920	1,920	159	2,079
Total comprehensive income for the period		-	-	-	-	1,920	1,920	159	2,079
Balance at 31 December 2011		214	3,195	3	475	3,489	7,376	335	7,711

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



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

Unaudited		6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
	Note	£000	£000	£000
Cash flows from operating activities				
(Loss)/profit after tax		(1,608)	7	2,079
Adjustments for:				
Charge relating to derivative financial instruments		1,350	761	304
Depreciation		111	76	170
Amortisation of intangible assets		1,928	592	1,155
Foreign exchange (gains)/losses on foreign currency loans		(25)	13	3
Interest receivable		(3)	(4)	(7)
Interest payable		152	91	195
Tax expense recognised in income statement		486	219	807
(Increase)/decrease in inventories		(202)	(390)	220
Increase in trade and other receivables		(1,028)	(666)	(577)
Increase in trade and other payables		325	573	401
Cash generated from operations		1,486	1,272	4,750
Interest paid		(140)	(86)	(190)
Tax paid		(493)	(193)	(1,136)
Net cash from operating activities		853	993	3,424
Cash flows from investing activities				
Paid on acquisition of new subsidiaries	9	(7,650)	(3,260)	(4,622)
Gross cash inherited on acquisition	9	1,378	1,655	1,655
Acquisition of subsidiaries, net of cash acquired		(6,272)	(1,605)	(2,967)
Paid on the acquisition of trade and assets	10	(73)	-	-
Purchase of property, plant and equipment		(310)	(405)	(579)
Interest received		3	4	7
Net cash used in investing activities		(6,652)	(2,006)	(3,539)
Cash flows from financing activities				
Proceeds from issue of share capital		2,885	105	108
Proceeds from paying up nominal value of Convertible Redeemable shares		29	-	-
Repaid on conversion of Convertible Redeemable shares		-	(2)	(1)
Repayments of borrowings		(2,604)	(491)	(1,075)
Proceeds from bank loans		5,476	2,422	2,422
Issue of loan notes		-	497	497
Dividends paid – equity shareholders		-	-	(351)
Dividends paid – non controlling interests in subsidiary		-	-	(73)
Net cash from financing activities		5,786	2,531	1,527
Net (decrease)/increase in cash and cash equivalents		(13)	1,518	1,412
Cash and cash equivalents at beginning of period		3,954	2,542	2,542
Cash and cash equivalents at end of period		3,941	4,060	3,954

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.

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 2012 and the comparative figures for the six months ended 30 June 2011 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 2011, which have been prepared in accordance with IFRS as adopted by the European Union.

The financial information for the year ended 31 December 2011 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 2011 have been filed with the Registrar of Companies. The auditor's report on 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 24 September 2012.

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 2011, 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.

3.1 Derivative financial instruments

Under the terms of IAS 39 Financial Instruments – Recognition and Measurement, the Convertible Redeemable shares in the company are deemed to represent embedded derivative financial instruments. As such, it is a requirement that they be fair-valued at each accounting date, with changes in fair-value being recognised through the Statement of Comprehensive Income. The fair value is calculated by reference to the market price of the company's Ordinary shares and the exercise price. In accordance with IAS 32 Financial Instruments: Presentation, on conversion the fair value of the Convertible Redeemable shares converted is transferred direct to equity.

4. Significant events and transactions

The Group recorded a solid trading

performance during the six-month period ended 30 June 2012. Organic growth in revenues of companies which were owned throughout the first half of both 2011 and 2012 amounted to some 8%. This figure rose to 39% when the results of companies acquired after 1 January 2011 are taken into account. Adjusted operating profits increased to £2.7 million, a rise of 47% compared with the first half of 2011.

Global Digital Systems Limited ("GDS") was acquired on 6 March 2012 for the sum of £8.1 million, including transaction costs but excluding payments in respect of surplus cash. This was financed by an increase in Bank loan and overdraft facilities and by the use of existing cash resources. Since its acquisition, GDS has traded in line with expectations.

With a view to restoring the company's ability to complete further acquisitions following the GDS deal, the company undertook a placing of 500,000 new Ordinary shares in May 2012 at a price of 600p per share, raising £2.8 million net of costs.

At the May 2012 Annual General Meeting, the company's shareholders approved a resolution to amend the redemption terms of the Convertible Redeemable shares. The revised terms were intended to encourage early conversion and/or redemption. During June, conversion and redemption notices were received by the company, for execution in the second half of the year, in a combination that will be cash-neutral for the company. These notices covered the major part of the outstanding share capital of this class; as a result, few of these shares will still be outstanding at the end of the current year and the accounting adjustments that go with them will cease to distort the figures thereafter.

5. Additions to and amortisation of intangible assets

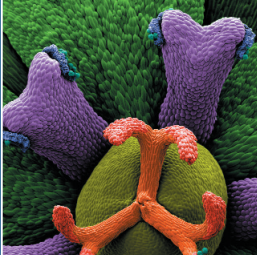
The following tables show the significant additions to and amortisation of intangible assets:

	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	1,862	433	2,426
Sales order backlog	-	792	792	-
Brand and domain names	359	2,300	208	2,451
Total	2,133	8,257	1,928	8,462

Additions in the period include £7,957,000 in relation to the acquisition of Global Digital Systems Limited (see note 9) and £300,000 in relation to KE Developments Limited (see note 10).

	Carrying amount at 1 January 2011	Additions	Amortisation	Carrying amount at 30 June 2011
	£000	£000	£000	£000
Non-competition agreements	1	474	70	405
Distribution agreements	191	221	98	314
Research and development	124	250	32	342
Customer relationships	-	1,354	132	1,222
Sales order backlog	-	220	220	-
Brand and domain names	103	350	40	413
Total	419	2,869	592	2,696

	Carrying amount at 1 January 2011	Additions	Amortisation	Carrying amount at 31 December 2011
	£000	£000	£000	£000
Non-competition agreements	1	474	188	287
Distribution agreements	191	220	219	192
Research and development	124	250	76	298
Customer relationships	-	1,354	357	997
Sales order backlog	-	221	221	-
Brand and domain names	103	350	94	359
Total	419	2,869	1,155	2,133



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 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	1,699		
Amortisation of intangible assets	1,260		
Acquisition-related transaction costs	358		
Basic and diluted profit after tax, excluding exceptional items	<u>1,701</u>		
Number of shares for calculation of basic earnings per share including exceptional items		4,432,790	
Dilutive effect of potential shares		<u>218,350</u>	
Number of shares for calculation of diluted earnings per share including exceptional items		4,651,140	
Dilutive effect of potential derivative financial instruments		<u>421,576</u>	
Number of shares for calculation of diluted earnings per share excluding exceptional items		<u>5,072,716</u>	
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)			<u>33.5</u>

6. Earnings per share (continued)

6 months to 30 June 2011	Earnings attributable to equity holders of the parent company	Weighted average number of shares	Earnings per share
	£000	no.	pence
Profit after tax including exceptional items for calculation of basic and diluted earnings per share	115		
Add-back exceptional items net of tax and non-controlling interest, as applicable:			
Charge relating to derivative financial instruments	675		
Amortisation of intangible assets	260		
Acquisition-related transaction costs	95		
Basic and diluted profit after tax, excluding exceptional items	<u>1,145</u>		
Number of shares for calculation of basic earnings per share including exceptional items		4,197,931	
Dilutive effect of potential shares		<u>240,013</u>	
Number of shares for calculation of diluted earnings per share including exceptional items		4,437,944	
Dilutive effect of potential derivative financial instruments		<u>459,285</u>	
Number of shares for calculation of diluted earnings per share excluding exceptional items		<u>4,897,229</u>	
Basic earnings per share (including exceptional items)			2.7
Diluted earnings per share (including exceptional items)			2.6
Basic earnings per share (excluding exceptional items)			27.3
Diluted earnings per share (excluding exceptional items)			<u>23.4</u>





6. Earnings per share (continued)

Year to 31 December 2011	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	1,920		
Add-back exceptional items net of tax and non-controlling interest, as applicable:			
Charge relating to derivative financial instruments	351		
Net insurance recovery	(224)		
Amortisation of intangible assets	481		
Acquisition-related transaction costs	95		
Utilisation of prior year tax losses	(35)		
Basic and diluted profit after tax, excluding exceptional items	<u>2,588</u>		
Number of shares for calculation of basic earnings per share including exceptional items		4,243,571	
Dilutive effect of potential shares		<u>231,433</u>	
Number of shares for calculation of diluted earnings per share including exceptional items		4,475,004	
Dilutive effect of potential derivative financial instruments		<u>432,959</u>	
Number of shares for calculation of diluted earnings per share excluding exceptional items		<u>4,907,963</u>	
Basic earnings per share (including exceptional items)			45.2
Diluted earnings per share (including exceptional items)			42.9
Basic earnings per share (excluding exceptional items)			61.0
Diluted earnings per share (excluding exceptional items)			<u>52.7</u>

7. Share issue

During the first six months of 2012 the following allotments took place:

- to satisfy the exercise of share options as follows:
 - 29,000 share options on 29 March 2012 when the mid-market share price was 655.0p
 - 12,000 share options on 16 April 2012 when the mid-market share price was 626.5p
 - 20,000 share options on 22 May 2012 when the mid-market share price was 647.5p
 - 500,000 shares were issued at 600.0p per share in a Placing on 10 May 2012 when the mid-market share price was 628.5p

Ordinary shares authorised and issued are summarised as follows:

	6 months to June 2012	6 months to June 2011	Year to 31 December 2011
	no.	no.	no.
Ordinary shares of 5p each			
Authorised	10,000,000	10,000,000	10,000,000
Issued and fully paid			
Beginning of the period	4,289,967	4,180,242	4,180,242
Conversion of Convertible Redeemable shares	-	82,885	82,885
Share placing	500,000	-	-
Exercise of share options	61,000	-	3,000
Exercise of warrants to subscribe	-	23,840	23,840
End of the period	4,850,967	4,286,967	4,289,967



8. Changes in net debt in the 6 months ended 30 June 2012 were as follows:

	1 January 2012	Cash flow	Non-cash items	30 June 2012
	£000	£000	£000	£000
Cash at bank and in hand	3,954	(13)	-	3,941
Debt	(4,684)	(2,872)	12	(7,544)
Net senior debt	(730)	(2,885)	12	(3,603)
Effect of payments relating to the acquisition of Global Digital Systems Limited not settled at 30 June 2012 (included within current liabilities)	-	(372)	-	(372)
Effect of payments relating to the acquisition of the trade and certain assets of KE Developments Limited not settled at 30 June 2012 (included within current liabilities)	-	(267)	-	(267)
Adjusted net senior debt	(730)	(3,524)	12	(4,242)
Subordinated loans	(497)	-	-	(497)
Total net debt	(1,227)	(3,524)	12	(4,739)

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

9. Acquisition of Global Digital Systems Limited

On 6 March 2012 the company acquired the entire issued share capital of Global Digital Systems Limited (“GDS”), a company based in the UK. The total cost of acquisition, all of which was paid in cash, includes the components stated below.

Consideration	£000
Payment to vendors	7,650
Gross cash inherited on acquisition	1,378
Cash retained in the business	(1,006)
Payment to vendors in respect of surplus working capital (paid in July 2012)	372
Total consideration transferred	<u>8,022</u>
Acquisition-related transaction costs charged in the Income Statement	<u>411</u>

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	48	-	48
Intangible assets	-	7,957	7,957
Inventories	896	-	896
Trade and other receivables	591	-	591
Cash and cash equivalents	1,378	-	1,378
Total assets	<u>2,913</u>	<u>7,957</u>	<u>10,870</u>
Deferred tax liabilities	(3)	(1,989)	(1,992)
Trade payables	(1,197)	-	(1,197)
Current tax liability	(151)	-	(151)
Total liabilities	<u>(1,351)</u>	<u>(1,989)</u>	<u>(3,340)</u>
Net identifiable assets and liabilities	<u>1,562</u>	<u>5,968</u>	<u>7,530</u>
Goodwill arising on acquisition			492
Total cost of acquisition			<u>8,022</u>

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



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

The acquisition of GDS resulted in a profit after tax (before exceptional items) attributable to equity holders of the parent company of £306,000 in the 17 weeks from 6 March 2012 to the reporting date. After amortisation of intangible assets, the contribution to the equity holders of the parent company's results amounted to a loss of £712,000 after tax.

If GDS had been acquired on 1 January 2012, based on pro-forma 2011 results, revenue for the group for the period to 30 June 2012 would have increased by £873,000 and profit after tax attributable to equity holders of the parent company would have increased by £118,000 after allowing for interest costs but before charging amortisation of intangible assets (a reduction of £104,000 after charging additional amortisation of intangible assets of £222,000).

10. Acquisition of certain assets and the trade of KE Developments Limited

On 6 March 2012, the company's indirect subsidiary, Deben UK Limited ("Deben") acquired certain assets and the trade of KE Developments Limited ("KED"), a company based in the UK.

KED was based in Toft, Cambridgeshire and, like

Deben, designs and manufactures accessories for electron microscopy. Management transferred KED's business operations to Deben's premises in Woolpit, Suffolk, and all of KED's employees were offered the opportunity to continue their employment at Deben.

Deben purchased KED's fixed assets for £40,000 and will make a contingent goodwill payment capped at £300,000 based on the existing customer relationships. The payment, spread over a period of five years, will be determined by the sales of the business post completion. In the year to 30 June 2011, KED's sales totalled £975,000 and normalised profit was around break-even.

Acquisition-related transaction costs charged in the Income Statement amounted to £33,000.

11. Dividends

The company paid an interim dividend of 3.3p per share (£141,470) on 3 November 2011 and a final dividend of 6.7p per share (£325,015) on 5 July 2012, both relating to the financial year ended 31 December 2011.

The company will pay an interim dividend for 2012 of 5p per share on 2 November 2012 to shareholders on the register on 5 October 2012. The shares will go ex-dividend on 3 October 2012.



*FTI Cone Calorimeter, ISO 5660 ASTM E 1354.
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. These measurements can be used directly by researchers or as data for input into correlation or mathematical models used to predict fire development.*



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