21 March 2017

Judges Scientific plc

(“Judges Scientific”, “Judges”, the “Company” or the “Group”)

PRELIMINARY STATEMENT OF RESULTS

Judges Scientific, a group involved in the buy and build of scientific instrument businesses, is pleased to announce its Preliminary Results for the year ended 31 December 2016.

Highlights:

- Revenues up 2% to a record £57.3 million (2015: £56.2 million), including 2.5% organic growth;
- A record four acquisitions completed during the year: CoolLED, Dia-Stron, Fire Instrumentation and Research Equipment ("FIRE") and EWB Solutions for £9.0 million;
- Final dividend of 18.5p, making a total 27.5p for the year, an increase of 10%; covered 3.1 times by adjusted earnings;
- Adjusted***** operating profit of £7.1 million (2015: £9.3 million);
- Statutory operating profit of £1.0 million (2015: £1.8 million);
- Organic order intake up 2.9% compared with 2015;
- Organic order book at 14.7 weeks (1 January 2016: 11.4 weeks);
- Adjusted***** basic earnings per share 84.8p (2015: 109.2p);
- Cash generated from operations of £6.2 million (2015: £8.5 million);
- Adjusted***** net debt of £9.9 million as at 31 December 2016 (31 December 2015: £4.0 million);
- Cash balances of £7.9 million as at 31 December 2016 (31 December 2015: £8.5 million).

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

Alex Hambro, Chairman of Judges Scientific, commented:

“Although 2016 was a year of contrasts for Judges with the completion of a record four acquisitions but a disappointing trading performance, Judges commences 2017 with a solid financial position, four new businesses, a strong order book and positive order intake since the start of the year, all of which provides a platform for a year of progress.”

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Notes to editors:

Judges Scientific plc (AIM: JDG), is a group involved in the buy and build of scientific instrument businesses. The Group currently consists of 15 businesses acquired since it was first admitted to AIM in 2003.

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

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

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

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

CHAIRMAN'S STATEMENT

2016 was a year of contrasts for Judges. A record of four acquisitions were completed but the overall trading performance of the Group was disappointing. The Group currently consists of 13 trading businesses; the excellent progress of five of our organic businesses and the contribution of the newly acquired ones only partially compensated for the underperformance of three of the Group's businesses. The Group as a whole achieved modest revenue growth in 2016 to a new record of £57.3 million (2015: £56.2 million).

While the long-term growth drivers of the scientific instrumentation sector remain excellent, the volatile demand observed in the previous three to four years has continued to be a feature of our business; weak demand throughout the Group in the first half gave way to a good recovery and a strong order book by the year-end of 13.9 weeks (31 December 2015: 11.4 weeks).

Acquisitions

The year under review saw the completion of the acquisitions of:

- 100% of the issued share capital of CoolLED Limited ("CoolLED") on 18 February 2016 for a total consideration of £3.6 million (including an earn out payment of £0.1 million) plus excess cash. CoolLED designs, manufactures and markets illumination systems for fluorescence microscopy, which is a technique used in life sciences;
- the business and assets of Fire Instrumentation & Research Equipment ("FIRE") on 29 March 2016. This business manufactures instruments which test reaction to fire and has been integrated into Fire Testing Technologies;
- 100% of the issued share capital of Dia-Stron Limited ("Dia-Stron") on 1 April 2016 for a total consideration of £2.7 million plus excess cash. The company designs, manufactures and sells systems to test the mechanical properties of fibres; and
- 100% of the issued share capital of EWB Solutions Limited ("EWB") on 29 November 2016 for £1.8 million plus excess cash. The company manufactures edge-welded bellows used in Ultra High Vacuum systems and other scientific, medical and defence applications.

I am pleased to report that these new additions to the Group have performed well and further diversified our revenue streams and mitigated our risk profile.

Performance

Group revenues increased from £56.2 million to £57.3 million. This included organic growth of 2.5% and the 2016 acquisitions, offset to a degree by lower sales at Armfield. Adjusted operating profits reduced from £9.3 million in 2015 to £7.1 million. Statutory operating profit was £1.0 million (2015: £1.8 million).

Despite a disappointing trading performance, the Group's financial position remains strong and the Board recommends a final dividend of 18.5p, making a total of 27.5p in respect of 2016 (2015: 25.0p), representing a 10.0% increase.

Strategy

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

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

The underlying market for scientific instruments remains robust and the sector's long-term growth drivers provide comfort that the Group will continue to deliver strong and durable returns for shareholders despite, as we have seen this year, the potential for some short-term variability in performance. Long-term market drivers are rooted in the general global expansion of higher education and the need for improved measurement to support the relentless worldwide search for optimisation across science and industry.

Our team

The Group has highly specialised and skilled employees who constantly strive to improve and perfect their products and services in a rapidly changing technical world. Their intimate knowledge of their niche markets and customers, most of which are international to the UK, has allowed your Company to weather some changeable economic circumstances over the past few years and we are fortunate to benefit from their dedication and sheer hard work. Our thanks go out to them and to all our stakeholders for their continued and important contributions to the achievements reported during the year.

Alex Hambro
Chairman
20 March 2017

CHIEF EXECUTIVE'S REPORT

Group revenues for the financial year ended 31 December 2016 progressed modestly from £56.2 million to £57.3 million, an increase of 2%. This reflects organic growth of 2.5%, and the contribution of the four businesses acquired during 2016 and the full-year albeit reduced contribution from Armfield (2015: 11 months). For the year as a whole and excluding the businesses acquired since 1 January 2015 (this is the meaning of "organic" in this Report and Accounts), revenues declined 14% in the UK, 14% in the rest of Europe and 5% in China/Hong Kong but North America was strong, with USA/Canada up 34%.

Profit before tax and adjusting items receded to £6.6 million (2015: £8.8 million). Organic operating contribution was down 19.8% due to the underperformance of two businesses in the Group's Vacuum division; one was impacted by a reduction in demand from end customers in its niche, whilst the other suffered production and supply chain issues. Five organic businesses made excellent progress and increased the amount of their contribution by 29% but this only partially compensated the shortfall at the two organic underperformers. All operating subsidiaries combined (including Armfield and the 2016 acquisitions) produced a Return on Total Invested Capital of 15.2% (2015: 24.1%).

Basic earnings per share before adjusting items decreased by 22.3% to 84.8p from 109.2p, while fully diluted earnings per share before adjusting items declined 22.0% to 83.7p (2015: 107.3p).

For the third consecutive year, order intake started slowly and, in 2016, it only began to improve in June. The recovery was particularly strong in the third quarter and organic intake finished up 2.9% for the full year. Armfield also had a poor start and a strong third quarter but was behind last year in the fourth quarter and well behind for the year as a whole. Order intake in the newly acquired subsidiaries was in line with Judges' expectations. The organic order book grew from 11.4 weeks, as at 1 January 2016, to 14.7 weeks as at 31 December 2016; total order book at the year-end reached 13.9 weeks.

The trading issues experienced during 2016 impacted cashflow. Cash generated from operations, which amounted to £6.2 million (2015: £8.5 million), was also affected by the production problems mentioned previously. Adjusted net debt as at 31 December 2016, excluding subordinated debt owed to non-controlling shareholders and including sums still due in respect of an acquisition, amounted to £9.9 million (2015: £4.0 million); the main contribution to the increase is the £9.0 million spent on acquisitions. Year-end cash balances totalled £7.9 million (2015: £8.5 million).

Dividends

The Company is returning to the practice of paying only one interim dividend. Your Board is recommending a final dividend of 18.5p per share which, subject to approval at the forthcoming Annual General Meeting on 24 May 2017, will make a total distribution of 27.5p per share in respect of 2016 (2015: 25.0p per share). Despite the proposed 10.0% increase, the total dividend is covered over three times by adjusted earnings per share.

The proposed final dividend will be payable on 7 July 2017 to shareholders on the register on 9 June 2017 and the shares will go ex-dividend on 8 June 2017.

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

Trading environment

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

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

As a large percentage of the Group's sales are overseas, exchange rates have a significant influence on the Group's business: Judges' manufacturing costs are largely denominated in Sterling and most of its revenue originates from countries where the standard of value is the Euro (one-third of total revenue) or the US Dollar (half of total revenue). The currency movements in the run-up to the Brexit vote and since have had a positive influence (mitigated to an extent by hedging) on our margins or our competitiveness. Current exchange rates are the most favourable we have seen since 2009.

We are always seeking to maintain and develop market share through the creation of new and improved products. This is evidenced by our significant investment in research and development. Your Group's investment towards achieving these goals increased to £3.8 million during 2016, equivalent to 6.6% of Group revenue (2015: £3.0 million; 5.4%). We have budgeted to maintain this level of investment in 2017 reflecting the importance we place in providing our customers with innovative, state-of-the-art, products.

Acquisitions

As a buy and build group, the acquisition of new businesses is a fundamental feature of our strategy. Executing this effectively is required to ensure that long-term value is generated for shareholders. In 2016 we acquired four businesses: CoolLED in February, FIRE in March, Dia-Stron in April and EWB Solutions in November.

The industry in which we operate consists of a multitude of small global niches as highlighted by the diverse nature of the new entrants to our Group. The UK is recognised as a centre of excellence for product innovation and manufacturing with world-leading businesses in this arena. Our Group has built a reputation over the past decade as a worthwhile home for businesses in our sector whose owners wish to sell. We are trusted to act decisively and to complete deals under the initial terms agreed. Consequently, we continue to see many opportunities; affording us a high degree of selectivity.

CoolLED

CoolLED specialises in the design, manufacture and marketing of LED illumination systems for fluorescence microscopy and is based in Andover, Hampshire. The purchase consideration included an initial £3.5 million cash payment, a payment reflecting excess cash at completion and a potential £1.0 million earn-out payable to the extent that adjusted EBIT for the financial year ended 30 June 2016 exceeded £0.78 million. In line with the Board's expectations at completion £0.1 million was paid to settle the earn-out in August 2016. The trailing twelve months adjusted operating profit for CoolLED to 30 September 2015 was £0.75 million arising from £2.8 million of revenue. The £3.5 million paid at completion was drawn from the Group's acquisition facility.

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

FIRE

Our subsidiary, Fire Testing Technology ("FTT") acquired the business and certain assets of FIRE, which manufactures products similar in nature to FTT. Post-acquisition, FIRE has been integrated into FTT's operations.

Dia-Stron

Dia-Stron, which is based in Andover, Hampshire and with a sales office in the USA, manufactures systems to test the mechanical properties of fibres. Their instruments are predominantly used in the testing of human hair, where approximately 75% of its sales are achieved and they are the world leader. The balance comprises industrial fibres, skin testing instruments and contract testing for third parties. The company was acquired for a cash consideration of £2.7 million plus a separate payment to reflect excess cash at completion. Dia-Stron's adjusted operating profits for the 12-month period ended 30 August 2015 totalled £0.66 million on sales of £1.67m. This acquisition was financed from existing cash resources.

EWB

EWB is a company based in Hemel Hempstead, Hertfordshire, that manufactures edge-welded bellows used in Ultra High Vacuum ("UHV") systems and various other applications. EWB was acquired for a cash consideration of £1.76 million plus a payment to reflect excess cash at completion. The company's adjusted operating profit for the year ended 30 April 2016 was £0.5 million and its average adjusted operating profit for the five years ended on 30 April 2016 was £0.44 million. The acquisition was financed partly from the Judges acquisition facility and partly from existing cash resources.

The majority of EWB's products are bespoke but repetitive and sold directly to original equipment manufacturers ("OEMs") for integration into UHV systems; these provide high tech surface analysis and processing techniques, for use in semi-conductor manufacturing, nanotechnology, nuclear science and general research. Other applications include aerospace, medical and industrial devices. The acquisition reinforces the Group's pre-eminent position in the UHV field.

Current trading and prospects

2017 has commenced in a positive fashion with overall order intake for the first ten weeks of the year in line with our yearly budget, and organic order intake substantially ahead of the same period at the start of 2016. This continues the momentum of order intake experienced in the second half of 2016. This early start to 2017 is in contrast to the weak beginning observed in the previous three years.

Since the year-end we have taken further steps to address the production challenges in one of our businesses. However we expect that these actions will take some time before bearing fruit.

As a business which exports a significant amount of its output, we are benefitting from the weakness in Sterling resulting from the Brexit vote and we are now enjoying the most favourable foreign exchange environment since 2009. In spite of the continuing influence of some of the difficulties experienced in 2016, Judges commences 2017 with a solid financial position, four new businesses, a strong order book and positive order intake since the start of the year, all of which provides a platform for a year of progress.

David Cicurel
Chief Executive
20 March 2017

FINANCE DIRECTOR'S REPORT

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

The Group's Key Performance Indicators, which are aligned with the ability to repay acquisition debt and fund dividend payments to shareholders, are earnings per share, return on capital and cashflow generation. All three KPIs have suffered as a result of the underperformance of three of our businesses this year.

Revenue

Group revenues only rose 2.0% by £1.1 million to £57.3 million (2015: £56.2 million). These revenues included organic sales growth of 2.5% in the year (2015: 4.9%), which was a mixture of strong performance at five of our businesses partially offset by weak performance at two others. The benefits of revenues from our new acquisitions were counterbalanced by weak performance at Armfield in 2016. Armfield will be measured as part of the organic businesses in 2017.

The Materials Sciences segment revenues remained stable at £28.2 million (2015: £28.3 million) and Vacuum revenues increased by 4.5% to £29.1 million compared to £27.9 million in 2015. Within the Material Sciences segment, poor performance at Armfield offset good organic performance and revenue from new acquisitions. The growth in Vacuum revenues is attributable to new acquisitions partially offset by sluggish organic sales.

Profits

2016's adjusted operating profits decreased by £2.2 million to £7.1 million (2015: £9.3 million). This decrease of 22.8% reflects the weak performance at three of our businesses, which more than offset the benefit from our new acquisitions and the good performance at five of our other businesses. Adjusted operating margins consequently reduced to 12.5% (2015: 16.5%) particularly impacted by the production issues at one of our businesses. Adjusted profit before tax was £6.6 million compared to £8.8 million in 2015.

Statutory operating profit reduced by £0.8 million to £1.0 million (2015: £1.8 million), and statutory profit before tax was £0.4 million compared to £1.3 million in 2015.

Adjusting items

Total adjusting items recorded in 2016 were £6.2 million compared to £7.5 million in 2015. Amortisation of intangible assets recognised upon acquisition, as required under IFRS, totalled £5.2 million compared to £6.7 million in 2015 and acquisition costs increased by £0.2 million to £0.7 million (2015: £0.5 million) as a consequence of the increased number of completed acquisitions this past year.

Finance costs

Net finance costs (excluding adjusting items) totalled £0.5 million (2015: £0.5 million). Statutory net finance costs were £0.6 million, the difference due to the £0.1 million net finance cost of the defined benefit pension scheme acquired with Armfield in 2015.

Taxation

The Group's tax charge arising from adjusted profit before tax was £0.8 million compared to £1.8 million in 2015. The effective tax rate for adjusted profit is 11.6% (2015: 20.0%). This significant reduction is due to three reasons: reduced UK corporation tax rates; significantly improved claims for research and development tax credits; and achieving lower profitability in the US than originally expected. The latter was impacted by weaker demand at Armfield and a longer set-up period than expected following the opening of our new US subsidiary at Scientifica. As and when US profitability recovers this will weigh against the overall tax rate. At the same time, whilst we remain an SME for R&D tax credits the Group will derive the benefit from this scheme.

Earnings per share

Adjusted basic earnings per share reduced by 22.3% to 84.8p compared to 109.2p in 2015, while adjusted diluted earnings per share receded to 83.7p (2015: 107.3p), a decrease of 22.0%.

Statutory basic earnings per share, after reflecting adjusting items which were heavily influenced by the amortisation of intangible assets arising from recent acquisitions, was 1.3p (2015: 12.8p) and statutory diluted earnings per share totalled 1.3p (2015: 12.6p).

Order intake

Organic order intake in 2016 was weak for the first quarter, similar to the previous two years. However, this weakness continued until the end of May 2016 when order intake then rebounded strongly and remained satisfactory for the rest of the year, resulting in a small increase in overall organic intake of 2.9% for 2016 (2015: 12.7%). If Armfield (which was acquired in January 2015 and is hence not part of organic growth on a like-for-like basis) was included, order intake would have shown a 2.3% decline. Your Board considers order intake and the resultant year-end order book as an important bellwether to the Group's ability to achieve its expected results. Our organic order book at 1 January 2017 was a robust 14.7 weeks of budgeted sales (1 January 2016: 11.4 weeks). Total order book which includes Armfield and our 2016 acquisitions totalled 13.9 weeks.

Return on Capital

The Group closely monitors the return it derives on the capital invested in its subsidiaries. At 31 December 2016 the annual rate of Return on Total Invested Capital ("ROTIC") was 15.2% compared with 24.1% at the end of 2015, which is disappointing. The reduction illustrates the impact of the three underperforming companies.

The annual rate of ROTIC is calculated by comparing attributable earnings excluding central costs, adjusting items and before interest, tax and amortisation ("EBITA") with the investment in property, plant and equipment, goodwill and unamortised intangibles and net current assets (excluding cash).

ROTIC is influenced by the overall performance of our businesses and the size of, and multiple paid for, acquisitions. We continue to strive to improve ROTIC although we remain cognisant of the downward impact that acquiring businesses at higher multiples has on overall ROTIC.

Dividends
In relation to the financial year ended 31 December 2016 the Company paid an interim dividend of 9.0p per share in November 2016. The Board is recommending a final dividend of 18.5p per share which will, in aggregate, total 27.5p per share (2015: 25.0p per share), subject to shareholder approval, which is an increase of 10%. Dividend cover remains more than three times adjusted earnings per share.

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

Headcount
The Group's total number of employees at year end stood at 417 (2015: 335). The growth in staff during the year is largely due to the 2016 acquisitions.

Share capital and share options
The Group's issued share capital at 31 December 2016 totalled 6,107,628 Ordinary shares (2015: 6,098,549). The issued shares arose from the exercise of share options by various members of staff during the year.

Share options issued during the year under the 2015 scheme totalled 29,500 (2015: 144,172) and the total share options in issue under both the 2005 and 2015 schemes amounted to 268,411 (2015: 256,176).

Defined benefit pension scheme
The Group has a defined benefit pension scheme which was assumed as part of the acquisition of Armfield in 2015. This scheme has been closed to new members from 2001 and closed to new accrual in 2006. As part of the scheme's 2014 full actuarial valuation the annual contributions to the scheme were increased to £0.2 million subject to the next full actuarial valuation in 2017. At 31 December 2016 the net pension liability was £1.8 million (31 December 2015: £1.1 million). This increase in pension deficit is primarily attributable to the significant decrease in discount rates during 2016 from 3.9% to 2.8% offset partially by increases in the returns achieved on fund assets. Armfield takes its responsibility seriously to ensure the pension is adequately funded whilst also continuing to keep under review appropriate methods to control the deficit.

Cashflow and net debt
Cash generated from operations totalled £6.2 million (2015: £8.5 million), with reduced cash conversion of 87% (2015: 92%) due to additional working capital usage arising from the operational difficulties at one of our businesses. Total capital expenditure on property, plant and equipment amounted to £0.8 million compared to £0.5 million in 2015. Year-end cash balances totalled £7.9 million (2015: £8.5 million).

Adjusted net debt at 31 December 2016 was £9.9 million compared to £4.0 million at 31 December 2015. This increase of £5.9 million is explained by the four acquisitions offset by the Group's overall cash generation. Gearing at 31 December 2016 was 1.39 times adjusted operating profit (31 December 2015: 0.43 times). We remain committed to maintaining a conservative gearing position whilst at the same time taking the opportunities of acquiring strong, sound businesses at disciplined multiples as illustrated over this past year.

The Group remains in a strong financial position. The existing five-year banking arrangements with Lloyds Bank Corporate Markets which were put in place in December 2014, have enabled the Group to pursue its acquisitive strategy. Our historical acquisition loans were consolidated into one single five-year amortising loan, which is repaid at over £2 million per annum, and a £10.0 million revolving acquisition facility, which following the four acquisitions made during the year is now drawn to £9.3 million (2015: £2.8 million). As and when opportunities arise for further acquisitions, we may activate the uncommitted and undrawn accordion facility of £10 million with the bank.

Overall, whilst your Group has had a positive year for acquisitions but a disappointing year for performance, it remains well placed to continue with its enduring strategy of achieving growth in earnings via selective acquisitions of strong niche businesses in the scientific instruments sector, alongside the ongoing performance of its existing businesses.

Brad Ormsby
Group Finance Director
20 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 Adjusted £000	2016 Adjusting items £000	2016 Total £000	2015 Adjusted £000	2015 Adjusting items £000	2015 Total £000
Revenue	2	**57,285**	**-**	**57,285**	56,203	-	56,203
Operating costs	2	**(50,141)**	**-**	**(50,141)**	(46,953)	-	(46,953)
Adjusted operating profit	2	**7,144**	**-**	**7,144**	9,250	-	9,250
Adjusting items	3	**-**	**(6,153)**	**(6,153)**	-	(7,443)	(7,443)
Operating profit/(loss)		**7,144**	**(6,153)**	**991**	9,250	(7,443)	1,807
Interest income		**9**	**-**	**9**	28	-	28
Interest expense		**(523)**	**(60)**	**(583)**	(523)	(60)	(583)
Profit/(loss) before tax		**6,630**	**(6,213)**	**417**	8,755	(7,503)	1,252
Taxation (charge)/credit		**(767)**	**1,091**	**324**	(1,753)	1,615	(138)
Profit/(loss) for the year		**5,863**	**(5,122)**	**741**	7,002	(5,888)	1,114
Attributable to:							
Owners of the parent		**5,173**	**(5,092)**	**81**	6,614	(5,839)	775
Non-controlling interests		**690**	**(30)**	**660**	388	(49)	339

	Note	2016 Adjusted £000	2016 Adjusting items £000	2016 Total £000	2015 Adjusted £000	2015 Adjusting items £000	2015 Total £000
Profit/(loss) for the year		**5,863**	**(5,122)**	**741**	7,002	(5,888)	1,114
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Retirement benefits actuarial (loss)/gain				**(776)**			113
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign subsidiaries				**126**			13
Other comprehensive income for the year, net of tax				**(650)**			126
Total comprehensive income for the year				**91**			1,240
Attributable to:							
Owners of the parent				**(569)**			901
Non-controlling interests				**660**			339
Earnings per share – adjusted				**Pence**			Pence
Basic	1			**84.8**			109.2
Diluted	1			**83.7**			107.3
Earnings per share – total							
Basic	1			**1.3**			12.8
Diluted	1			**1.3**			12.6

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
ASSETS			
Non-current assets			
Goodwill		**13,337**	10,927
Other intangible assets		**9,736**	9,088
Property, plant and equipment		**5,288**	4,787
Deferred tax assets		**776**	351
		29,137	25,153
Current assets			
Inventories		**9,939**	7,922
Trade and other receivables		**11,341**	11,040
Cash and cash equivalents	4	**7,909**	8,530
		29,189	27,492
Total assets		**58,326**	52,645
LIABILITIES			
Current liabilities			
Trade and other payables		**(11,682)**	(10,807)
Trade and other payables relating to acquisitions		**(1,648)**	(85)
Borrowings	4	**(2,693)**	(3,361)
Current tax liabilities		**(1,195)**	(1,436)
		(17,218)	(15,689)
Non-current liabilities			
Borrowings	4	**(13,855)**	(9,556)
Deferred tax liabilities		**(2,310)**	(1,922)
Retirement benefit obligations		**(2,198)**	(1,394)
		(18,363)	(12,872)
Total liabilities		**(35,581)**	(28,561)
Net assets		**22,745**	24,084
EQUITY			
Share capital		**305**	305
Share premium account		**14,472**	14,441
Other reserves		**2,130**	2,004
Retained earnings		**4,425**	6,532
Equity attributable to owners of the parent company		**21,332**	23,282
Non-controlling interests		**1,413**	802
Total equity		**22,745**	24,084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total attributable to owners of the parent £000	Non-controlling interests £000	Total equity £000
At 1 January 2016	**305**	**14,441**	**2,004**	**6,532**	**23,282**	**802**	**24,084**
Dividends	-	-	-	(1,581)	(1,581)	(49)	(1,630)
Issue of share capital	-	31	-	-	31	-	31
Share-based payments	-	-	-	169	169	-	169
Transactions with owners	**-**	**31**	**-**	**(1,412)**	**(1,381)**	**(49)**	**(1,430)**
Profit for the year	-	-	-	81	81	660	741
Retirement benefit actuarial loss	-	-	-	(776)	(776)	-	(776)
Foreign exchange differences	-	-	126	-	126	-	126
Total comprehensive income for the year	**-**	**-**	**126**	**(695)**	**(569)**	**660**	**91**
At 31 December 2016	**305**	**14,472**	**2,130**	**4,425**	**21,332**	**1,413**	**22,745**
At 1 January 2015	**300**	**14,294**	**1,374**	**6,910**	**22,878**	**512**	**23,390**
Dividends	-	-	-	(1,385)	(1,385)	(49)	(1,434)
Issue of share capital	5	147	617	-	769	-	769
Share-based payments	-	-	-	119	119	-	119
Transactions with owners	**5**	**147**	**617**	**(1,266)**	**(497)**	**(49)**	**(546)**
Profit for the year	-	-	-	775	775	339	1,114
Retirement benefit actuarial gains	-	-	-	113	113	-	113
Foreign exchange differences	-	-	13	-	13	-	13
Total comprehensive income for the year	**-**	**-**	**13**	**888**	**901**	**339**	**1,240**
At 31 December 2015	**305**	**14,441**	**2,004**	**6,532**	**23,282**	**802**	**24,084**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£000	£000
Cash flows from operating activities		
Profit after tax	**741**	1,114
Adjustments for:		
Financial instruments measured at fair value:		
Hedging contracts	**21**	10
Contingent consideration measured at fair value	**-**	25
Share-based payments	**241**	119
Depreciation	**592**	482
Amortisation of intangible assets	**5,155**	6,736
Loss on disposal of property, plant and equipment	**30**	30
Foreign exchange gain on foreign currency loans	**166**	(15)
Interest income	**(9)**	(28)
Interest expense	**523**	523
Retirement benefit obligation net finance cost	**60**	60
Contributions to defined benefit plans	**(198)**	(198)
Tax (credit)/expense recognised in income statement	**(324)**	138
(Increase)/decrease in inventories	**(1,442)**	617
Decrease/(increase) in trade and other receivables	**620**	(2,759)
Increase in trade and other payables	**37**	1,638
Cash generated from operations	**6,213**	8,492
Finance costs paid	**(522)**	(528)
Tax paid	**(1,080)**	(1,387)
Net cash from operating activities	**4,611**	6,577
Cash flows from investing activities		
Paid on acquisition of new subsidiary	**(9,847)**	(11,421)
Gross cash inherited on acquisition	**3,714**	3,904
Acquisition of subsidiaries, net of cash acquired	**(6,133)**	(7,517)
Paid on the acquisition of trade and certain assets	**(261)**	(33)
Purchase of property, plant and equipment	**(835)**	(530)
Interest received	**9**	28
Net cash used in investing activities	**(7,220)**	(8,052)
Cash flows from financing activities		
Proceeds from issue of share capital	**31**	150
Repayments of borrowings	**(3,945)**	(4,626)
Proceeds from bank loans	**7,545**	4,755
Repayment of loan notes	**(117)**	-
Equity dividends paid	**(1,581)**	(1,385)
Dividends paid – non-controlling interest in subsidiary	**(49)**	(49)
Net cash from/(used in) financing activities	**1,884**	(1,155)
Net change in cash and cash equivalents	**(725)**	(2,630)
Cash and cash equivalents at the start of the year	**8,530**	11,148
Exchange movements	**104**	12
Cash and cash equivalents at the end of the year	**7,909**	8,530

1. Earnings per share

		2016	2015
		£000	£000
Profit attributable to owners of the parent			
Adjusted profit		**5,173**	6,614
Adjusting items	**3**	**(5,092)**	(5,839)
Profit for the year		**81**	775
		Pence	pence
Earnings per share – adjusted			
Basic		**84.8**	109.2
Diluted		**83.7**	107.3
Earnings per share – total			
Basic		**1.3**	12.8
Diluted		**1.3**	12.6
		Number	Number
Issued ordinary shares at the start of the year		**6,098,549**	5,996,211
Movement in ordinary shares during the year		**9,079**	102,338
Issued ordinary shares at the end of the year		**6,107,628**	6,098,549
Weighted average number of shares in issue		**6,102,463**	6,054,699
Dilutive effect of share options		**80,957**	109,140
Weighted average shares in issue on a diluted basis		**6,183,420**	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 year.

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

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

2. Segment analysis

For the year ended 31 December 2016	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Revenue	**28,162**	**29,123**	**-**	**57,285**
Operating costs	**(22,937)**	**(25,731)**	**(1,473)**	**(50,141)**
Adjusted operating profit	**5,225**	**3,392**	**(1,473)**	**7,144**
Adjusting items				**(6,153)**
Operating profit				**991**
Net interest expense				**(574)**
Profit before tax				**417**
Income tax credit				**324**
Profit for the year				**741**

For the year ended 31 December 2015	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Revenue	28,347	27,856	-	56,203
Operating costs	(22,894)	(22,957)	(1,102)	(46,953)
Adjusted operating profit	5,453	4,899	(1,102)	9,250
Adjusting items				(7,443)
Operating profit				1,807
Net interest expense				(555)
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 31 December 2016	Materials Sciences £000	Vacuum £000	Unallocated items £000	Total £000
Assets	14,963	22,445	20,918	58,326
Liabilities	(6,622)	(7,482)	(21,477)	(35,581)
Net assets	8,341	14,963	(559)	22,745
Capital expenditure	305	523	7	835
Depreciation	223	289	80	592
Amortisation	2,865	2,290	-	5,155

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.

2. Segment analysis (continued)

Geographic analysis	**Year to 31 December 2016 £000**	Year to 31 December 2015 £000
UK (domicile)	**8,732**	9,303
Rest of Europe	**13,794**	13,822
North America	**15,489**	12,526
Rest of the world	**19,270**	20,552
Total Revenue	**57,285**	56,203

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

3 Adjusting items

	Year to 31 December 2016	Year to 31 December 2015
	£000	£000
Amortisation of intangible assets	**5,155**	6,736
Contingent consideration measured at fair value	-	25
Financial instruments measured at fair value:		
Hedging contracts	**21**	10
Share-based payments	**241**	119
Acquisition costs	**736**	553
Total adjusting items in operating profit	**6,153**	7,443
Retirement benefits obligation net interest cost	**60**	60
Total adjusting items	**6,213**	7,503
Taxation	**(1,091)**	(1,615)
Total adjusting items net of tax	**5,122**	5,888
Attributable to:		
Owners of the parent	**5,092**	5,839
Non-controlling interest	**30**	49
	5,122	5,888

4. Maturity of borrowings and net debt

Borrowings mature as follows:

31 December 2016	Bank loans £000	Subordinated loan £000	Hire purchase £000	Total £000
Repayable in less than six months	**1,387**	**379**	**5**	**1,771**
Repayable in months seven to twelve	**1,352**	-	**3**	**1,355**
Current portion of long-term borrowings	**2,739**	**379**	**8**	**3,126**
Repayable in years one to five	**14,404**	-	**3**	**14,407**
Total borrowings	**17,143**	**379**	**11**	**17,533**
Less: interest included above	**(985)**	-	-	**(985)**
Less: cash and cash equivalents	**(7,909)**	-	-	**(7,909)**
Total net debt	**8,249**	**379**	**11**	**8,639**
Adjusting items				
Subordinated debt to non-controlling shareholders				**(379)**
Accrued deferred consideration				**1,648**
Adjusted net debt				**9,908**

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

A proportion of the group's bank loans is drawn in foreign currencies to provide a hedge against assets denominated in those currencies. The Sterling equivalent at 31 December 2016 of loans denominated in Euros was £1,217,000 (2015: £1,050,000). These amounts are included in the figures above for bank loans, repayable in years 1 to 5.

5. Acquisitions

During the financial year to 31 December 2016, the Group completed four separate acquisitions, namely the purchase of CoolLED Limited, Dia-Stron Limited and EWB Solutions 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 £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.

On 29 November 2016 the Group acquired 100% of the issued share capital of EWB Solutions Limited, a manufacturer of edge-welded bellows used in Ultra High Vacuum systems and various other applications. EWB is based in Hemel Hempstead, Hertfordshire. EWB was acquired for a cash consideration of £1.8 million and 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	8,223
Deferred consideration	100
	8,323
Gross cash inherited on acquisition	3,714
Cash retained in the business	(367)
Payment in respect of surplus working capital*	3,347
Total consideration	11,670
Acquisition-related transaction costs charged to the income statement	736

*Of the £3,347,000 payment in respect of surplus working capital, £1,598,000 is payable in 2017.

The consideration and associated transaction costs for these transactions were financed from existing cash resources and £4.5 million was drawn down from the Group's existing £10 million acquisition loan facility.

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	267	-	267
Intangible assets	-	5,803	5,803
Deferred tax assets	115	28	143
Inventories	830	(255)	575
Trade and other receivables	921	-	921
Cash and cash equivalents	3,714	-	3,714
Total assets	5,847	5,576	11,423
Deferred tax liabilities	(21)	(1,109)	(1,130)
Trade payables	(728)	(71)	(799)
Current tax liability	(234)	-	(234)
Total liabilities	(983)	(1,180)	(2,163)
Net identifiable assets and liabilities	4,864	4,396	9,260
Total consideration			11,670
Goodwill recognised			2,410

5. Acquisitions (continued)

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 £908,000 in the period post-acquisition. After amortisation of intangible assets, the contribution to owners of the parent company's results amounted to a gain of £127,000 after tax.

If the acquisitions had been acquired on 1 January 2016, based on pro-forma results, revenue for the Group for the year ended 31 December 2016 would have increased by £1,091,000 and profit after tax (before adjusting items) attributable to owners of the parent company would have increased by £265,000 after allowing for interest costs but before charging amortisation of intangible assets (a reduction of £375,000 after charging additional amortisation of intangible assets of £640,000).

Armfield acquisition

There have been no amendments to the fair values presented in the 2015 consolidated financial statements. As part of the terms of the acquisition, there is a further contingent payment of £360,000 which may become due if the triennial actuarial valuation of Armfield's defined benefit pension fund as at 31 March 2017 shows a reduction in the yearly contribution required to eliminate its funding deficit. The fair value of this consideration has been recorded at £nil as the Directors consider that it is unlikely that the Company will be required to settle this potential payment.

6. Dividends

	2016		2015	
	pence per share	**£000**	pence per share	£000
Second interim dividend for the previous year	**15.9**	**970**	-	-
Final dividend for the previous year	**1.0**	**61**	14.7	892
First interim dividend for the current year	**9.0**	**550**	8.1	493
	25.9	**1,581**	22.8	1,385

The Directors will propose a final dividend of 18.5p per share, amounting to £1,130,000, for payment on 7 July 2017. As the final dividend remains conditional on shareholders' approval at the Annual General Meeting, provision has not been made for this dividend in these consolidated financial statements.

Dividends declared by subsidiaries that are not wholly owned are paid to the non-controlling interest in the period in which they are declared and amounted to £49,000 in the year (2015: £49,000).

7. Preliminary Announcement

This preliminary announcement, which has been agreed with the auditors, was approved by the Board of Directors on 20 March 2017. It is not the Group's statutory accounts. Copies of the Group's audited statutory accounts for the year ended 31 December 2016 will be available at the Company's website, www.judges.uk.com, promptly after the release of this preliminary announcement and a printed version will be dispatched to shareholders shortly. Copies will also be available to the public at the Company's Registered Office at 52c Borough High Street, London SE1 1XN.

The audit reports for the years ended 31 December 2016 and 31 December 2015 did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2015 have been delivered to the Registrar of Companies, but the 31 December 2016 accounts have not yet been filed.