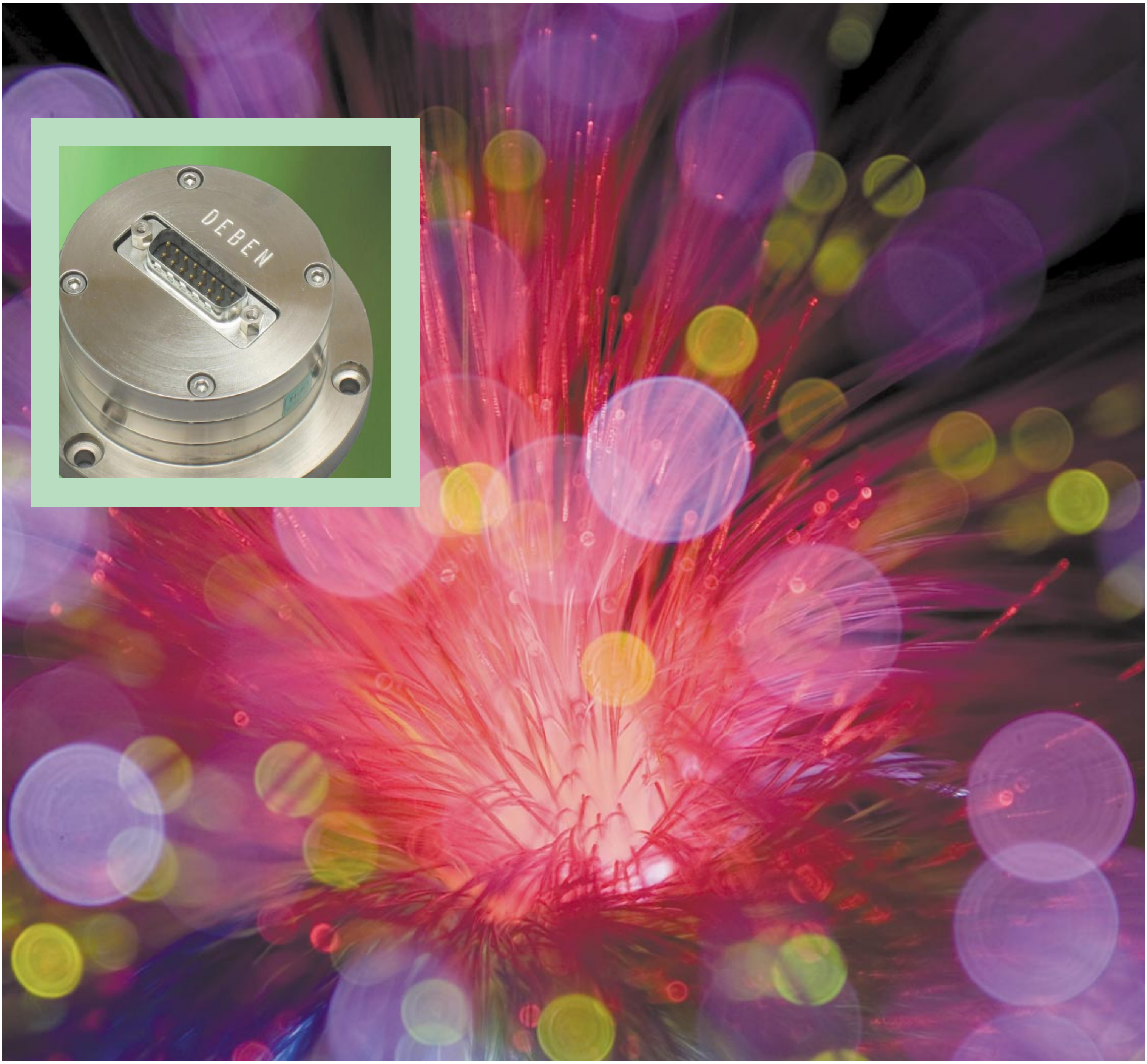
Judges Scientific plc



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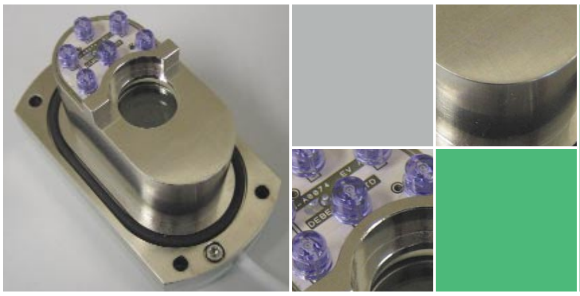

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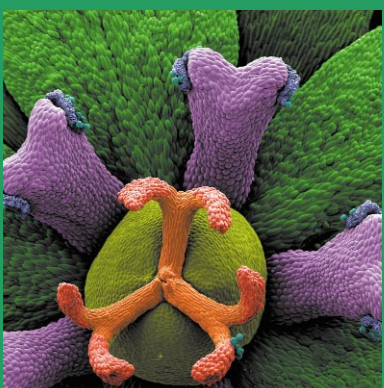
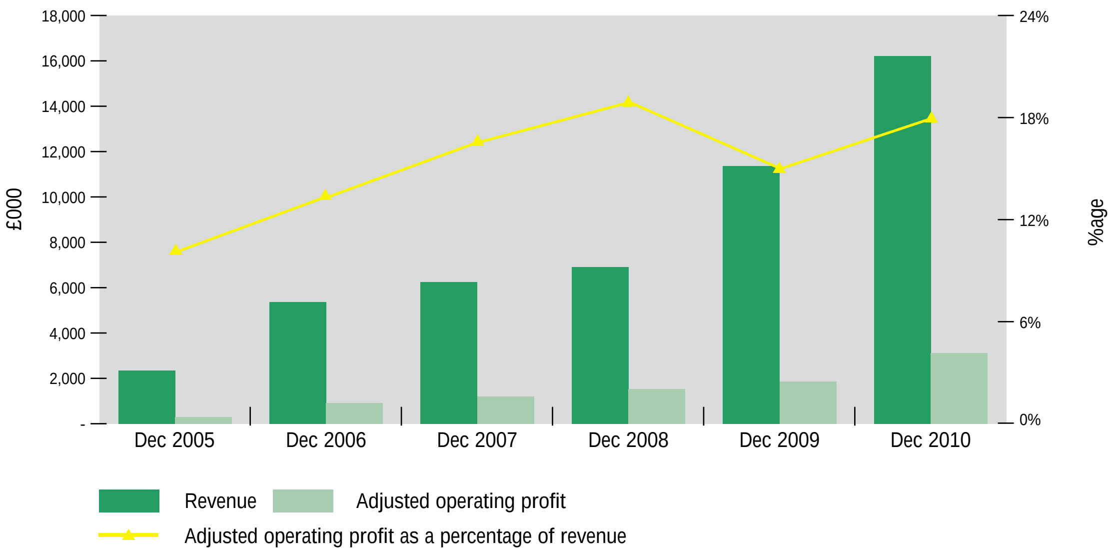
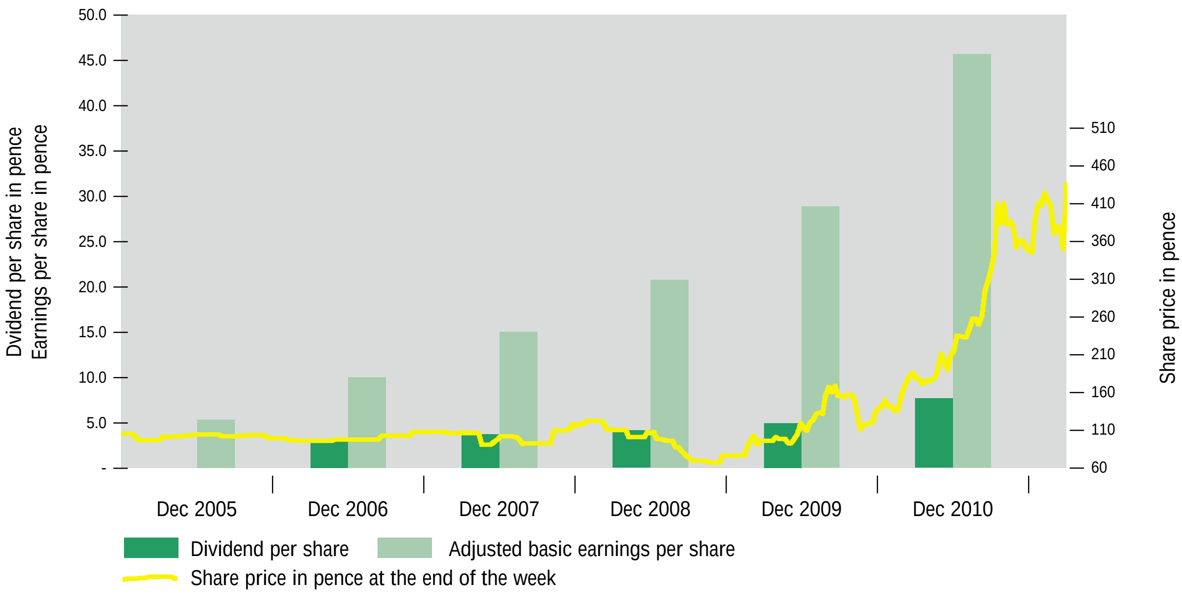


Revenue and adjusted operating profit

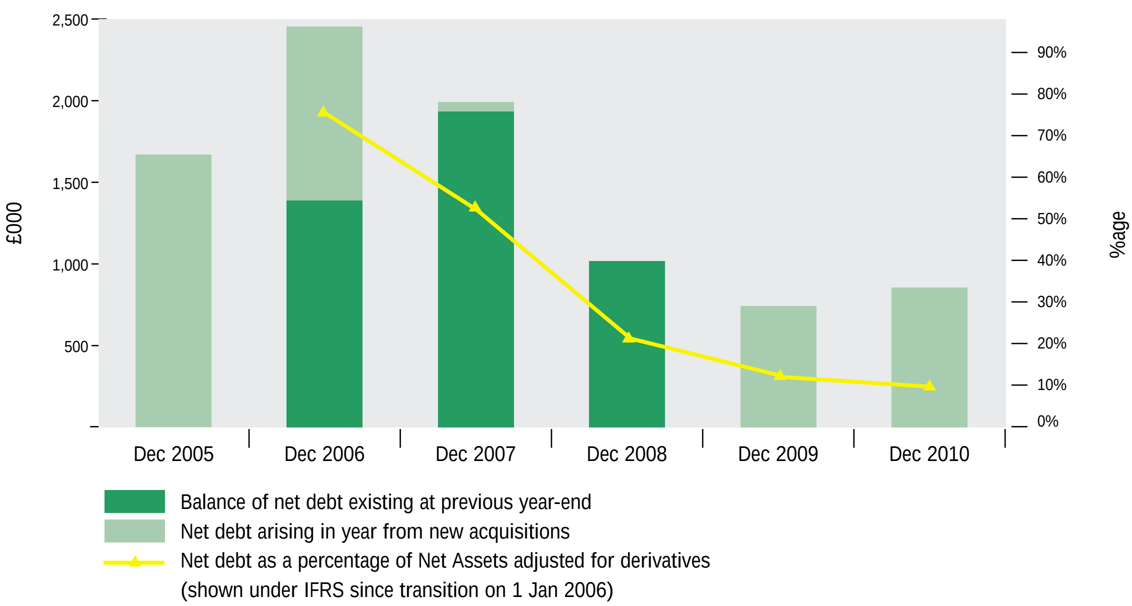


The decline in 2009 in the operating profit percentage resulted in part from the acquisition of Quorum Technologies Limited

Earnings, dividends and share price



Net debt



All net debt at 31 December 2010 attributable to acquisition in 2010

CHAIRMAN'S STATEMENT

I am delighted to report an excellent set of results for the year to 31 December 2010. Revenues advanced 42% to £16 million compared with £11.3 million in 2009 (organic growth, excluding Quorum's and Sircal's revenues for both years, was 14%). Profit before tax and minorities, adjusted to exclude amortisation of intangible assets and other exceptional items, rose by 75% from £1.57 million in 2009 to a record £2.75 million in 2010 (the operating contribution of the businesses owned on 1 January 2009 grew by 12%). Basic earnings per share, similarly adjusted, rose from 28p to 45p.

Exceptional items include amortisation of intangible assets and, for the first time, acquisition expenses. They also reflect the difference in valuation, from one year-end to the next, of the Convertible Redeemable shares; the strong increase in the Company's share price during the year resulted in a sizeable charge which your Board regards as unrelated to the Group's operating performance and which is therefore treated as an exceptional item. Profit including exceptional items but before tax and minorities amounted to £0.67 million (2009: £1.16 million). This equates to basic earnings per share, including exceptional items, of 8.1p (2009: 20.6p).

Corporate activity

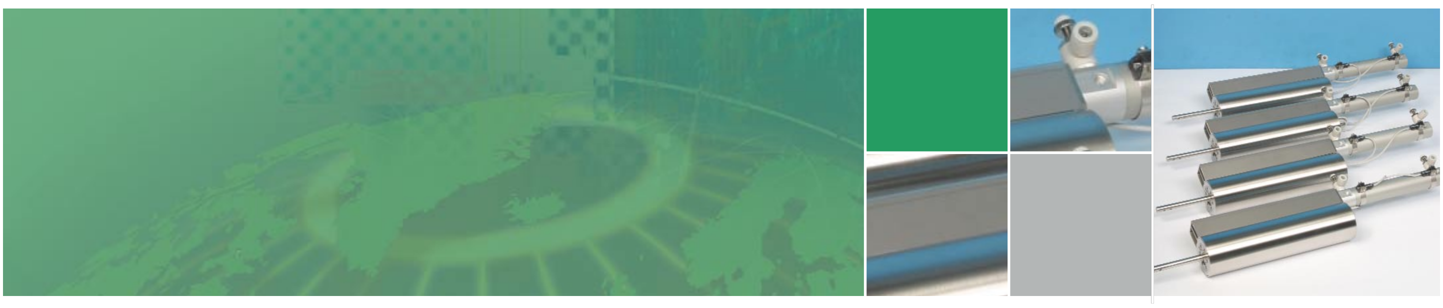
On 18 March 2010, the Group acquired Sircal Instruments (UK) Limited, a company which designs, manufactures and sells rare gas purifiers for use in metals analysis. The basic consideration for the purchase was £1 million, payable in cash and financed by an additional bank loan. In its last year as an independent company, Sircal generated adjusted operating profits of £270,000 on sales of £785,000. Following the relocation of the business, with the help of the vendors, to our East Grinstead facility, the company enjoyed growing sales and a solid profit contribution.

On 18 March 2011, the Group acquired a 51% interest in Deben UK Limited, a company based in Suffolk which makes instruments used in electron microscopy. The vendors retain a 49% non-controlling interest in the acquisition vehicle set up for the purpose of the transaction and will continue to manage and expand its activities. This acquisition, viewed in the context of the 2009 purchase of Quorum, gives the Group an increasingly strong presence in the field of electron microscopy. The purchase price in respect of 100% of Deben was £3.26 million, reflecting the company's adjusted operating profit of £707,000 and the £517,000 value of the freehold property from which it operates. To finance the purchase Lloyds Bank provided the acquisition vehicle with a £2.42 million loan, which is guaranteed by Judges. The Company did not issue any shares to finance the transaction.

Trading

The operations of the Group delivered satisfactory results in terms of order intake, sales, margins and cash flow. The year started with a healthy order book and demand remained generally robust in our niches; those of our businesses that are more exposed to the private sector benefited from an improved climate, with the Far East continuing to be an important and growing market. Much effort has been invested in updating and upgrading many of the Group's products.

Quorum had an excellent year; the success of the new sample-coater model, launched in the spring, was reflected in a good flow of orders in this segment of its business, which represents 80% of its turnover. The sample-freezing ("cryo") range is also being replaced by a superior product, a development that will complete the upgrade of almost all of Quorum's product offering during the last two years.



Images (pictured below and page 33) were prepared using the Quorum cryogenic preparation system for scanning electron microscopy (SEM). Fresh specimen was rapidly frozen in supercritical ("slushy") liquid nitrogen and then transferred under vacuum into the cryo preparation chamber which is attached directly to the SEM. A liquid nitrogen cooled stage in the preparation chamber maintains the specimen at a low temperature, normally in the range of -140°C. A typical specimen process could include fracturing the specimen with a cooled knife to reveal internal information, sublimation – raising the specimen temperatures for a short time to selectively remove surface ice and coating with a thin layer of metal using the built-in sputter coater. The specimen can then be transferred through into the SEM where a nitrogen gas cooled stage holds the specimen at low temperature during observation and photography. Both specimens were examined in this way, except that the sublimation stage was omitted.

Lavender leaf. Shows branching trichrome structures which help to protect the plant from predation. On the surface of the leaf are stomata (with their distinctive sausage shaped guard cells) through which gaseous exchange occurs (carbon dioxide in, oxygen out). The characteristic lavender oil droplets can be seen on the leaf surface.

Drosera Adelae (the Adelaide sundew) is pictured on page 33.

The positive trading performance has enabled the Group to further improve our key performance indicator of Return On Total Invested Capital in 2010 to 45% (2009: 40%).

Financial position

Net debt as at 31 December 2010 stood at £788,000; this compared with £1 million at the previous year-end (adjusted to include the earn-out on the Quorum acquisition that had not been paid as of that date). This decline in net debt was achieved despite the net cash outlay arising on the acquisition of Sircal. As usual, a significant proportion of our debt is denominated in foreign currency to hedge against the impact of exchange rate fluctuations on our export activities. Year-end cash balances amounted to £2.5 million (2009: £2.5 million).

Dividends

Your Board is pleased to recommend a final dividend of 5p per share (2009: 3.7p per share) which, subject to approval at the forthcoming Annual General Meeting on 31 May 2011, will make a total distribution of 7.5p per share for 2010 (2009: 5p per share). Despite the increase, the dividend total is covered 6 times by adjusted earnings per share, similar to 2009.

The proposed final dividend will be payable on 1 July 2011 to shareholders on the register on 3 June 2011 and the shares will go ex-dividend on 1 June 2011.

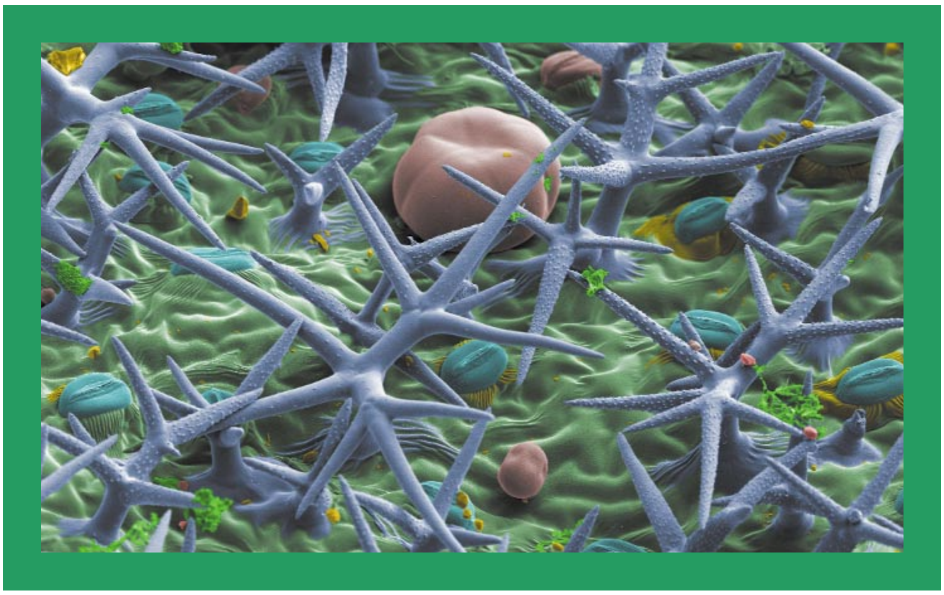
Current trading and prospects

The current year has started with a solid order book and a new acquisition. This, together with the enhanced product development focus of recent months, should serve to underpin the Group's performance. The main challenges remain Sterling's burgeoning revival and public sector budget cuts in the developed world. Judges' financial position is robust and the bank remains supportive of the Group's prudent acquisition policy.

Personnel

Once again I would like to pay tribute to the efforts of all the Group's executives and employees which have made it possible to break our previous record.

Alex Hambro
Chairman
Date: 29 March 2011



DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2010.

Principal activities

The company is the parent of a trading group involved in the design and manufacture of scientific instruments.

Business review

The group's trading activities proved to be remarkably resilient in 2010 in the face of continuing turmoil in the world economy. Profits in the previous year had been considered exceptionally high at the time and the directors were particularly pleased to note that, on a like-for-like basis, increases were seen in 2010 in both revenue and profits. In addition to this organic growth, Quorum Technologies Limited (acquired in mid-2009) performed well above expectations, as did Sircal Instruments (UK) Limited (acquired in March 2010). This combination of organic growth and earnings enhancement through acquisitions fuelled a 61% increase in earnings per share (undiluted, excluding exceptional items).

A significant proportion of group output is sold to customers financed directly or indirectly by the public sector, albeit in a diversified portfolio of regions and countries. The immediate future holds challenges for the group's businesses as governments in many parts of the developed world struggle to bring public sector debt and spending under control. Movements in exchange rates also influence international competitiveness and trading margins. In this context, the modest strengthening of Sterling in recent months may have a dampening effect on profitability.

The company's business model calls for a steady increase in the scope of its operations, achieved both through acquisitions of companies operating in its chosen field of activity and through the ongoing performance of its established subsidiaries. In addition to the dilution of head office costs that results from acquisitions, the company closely monitors the return it derives on the capital invested in its subsidiaries. The annual rate of return on total invested capital ("ROTIC") is computed monthly, both overall and in respect of each subsidiary, by comparing attributable earnings before interest, tax and amortisation ("EBITA") with the investment in property, plant and equipment, goodwill and other intangibles and net current assets (excluding surplus cash). In 2010, the overall return computed in this manner amounted to 44.8%, before taking account of parent company costs (other than foreign exchange losses resulting from the hedging of subsidiary companies' equivalent exposure) – (2009: 40.3%).

- **Acquisitions:** the directors reported the acquisition on 18 March 2010 of Sircal Instruments (UK) Limited ("Sircal"). Sircal designs, manufactures and distributes rare gas purifiers for use in metals analysis utilising the Arc Spark spectrometry technique. Its trading performance since the acquisition has been entirely satisfactory. It is regarded as paramount that acquisitions are completed only when the directors are satisfied that the target business has sound long-term strength.

- **Post Balance Sheet Event – Acquisition:** on 18 March 2011, the company acquired a 51% interest in Deben UK Limited, a company which designs, manufactures and sells devices used to enable or to improve the observation of objects under microscopes. Further information is set out in note 32 to the consolidated financial statements.

- **Ongoing performance:** the directors regard the trend of earnings per share (excluding exceptional items), reduction in net debt and the company's ability to pay dividends to its shareholders as key indicators of overall group performance. Undiluted earnings per share (excluding exceptional items) rose from 28.0p in 2009 to 45.0p in 2010; the directors consider undiluted earnings to be a better measure than diluted because, under current accounting standards, volatility in the share price affects the latter in a way that is not necessarily correlated with the company's performance. Net debt, adjusted in 2009 to include deferred consideration potentially payable in respect of acquisitions, reduced slightly from £1 million at 31 December 2009 to £788,000 at 31 December 2010, despite the financing during 2010 of the acquisition of Sircal and the effects of accelerated payments of Corporation Tax under the quarterly payments regime which the group has now entered. Dividends totalling 7.5p per share (2009: 5p) will be recommended in respect of 2010 (including those that have already been paid at the interim stage); these are covered 5.2 times by earnings excluding the derivative charge (2009: 4.1 times) and 6.0 times (2009: 5.6 times) by earnings adjusted as set out in note 13 to the financial statements, despite the proposed 50% increase in the dividend.

  In addition to these trends and the above "ROTIC" measure for the rate of return on investments, the company measures the performance of its individual subsidiaries in a number of ways:

Revenue trends

- The Materials Sciences equipment group ("Materials Sciences"): revenue rose by 16.8%, due in part to the acquisition of Sircal Instruments (UK) Limited ("Sircal") which was added to this segment in March 2010 and which traded much in line with expectations.

- Fibre optic testing equipment ("Fibre Optic"): the very challenging business environment which the segment endured during the previous year gave way to a strong recovery in 2010. Revenue nearly doubled in the year, enabling this segment to post a significant improvement in profits from the break-even of the previous year.

- Ultra high vacuum manipulation equipment ("Vacuum"): revenue rose by 6% in 2010, building further on the substantial gains of recent years. While this growth appears modest, the underlying technical achievements required to service increasingly complex customer needs bode well for the business in the future. Order intake, particularly in the latter part of the year, was strong, leaving this segment with a healthy order backlog at the start of the new year.

- Sample preparation for electron microscopy ("Microscopy"): in its last annual accounts prior to acquisition, the company that constitutes this segment generated revenue of £4 million. This has risen sharply since acquisition, reaching £5.6 million in 2010. The successful launch of an upgraded range of sample coater products helped to deliver this 40% increase.

Profitability

The group's adjusted EBITA margin progressed from 14.9% in 2009 to 18.0% in 2010, reflecting an improved performance from Microscopy following the acquisition of this business segment in 2009, the results of Sircal (acquired in 2010) and a return to more normal trading patterns at Fibre Optic.

Cash generation and management

Cash generated from operations amounted to £2,508,000 (2009: £2,005,000). This benefited from a material increase in profits before exceptional items and in particular before the charge relating to derivative financial instruments which did not represent a cash flow item in the year. Cash generated was partly offset by a net increase in working capital and was adversely affected by the quarterly Corporation Tax payments regime referred to above. The other material cash flows related to acquisitions: the loan notes issued in 2005 on the acquisition of FTT were redeemed in the year (£500,000), the Quorum deferred consideration was earned in full (£300,000) and the Sircal purchase cost amounted to £835,000, net of inherited cash (financed by an increase in bank loans). Consolidated net debt at 31 December 2010 amounted to £788,000 (2009: £1 million adjusted to include deferred consideration potentially payable in respect of acquisitions), a level considered by the directors to reflect encouraging financial strength.

Commercial risks and uncertainties

An important element of the group's business model is development through acquisition; the group is exposed to the risk of an insufficient availability of target companies of requisite quality and to the risk that an acquired company does not meet its expected profitability. The group manages this risk by maintaining relationships with organisations that market appropriate targets and by performing research into potential acquisitions.

As regards the group's existing businesses, activities are concentrated in niche markets, serving a worldwide customer base. As such, all the group's exporting subsidiaries are exposed to possible adverse impacts on the international competitiveness of their activities caused by fluctuations in exchange rates. Across all the group's activities lies the exposure to human resource shortages. This reflects the small niche-serving nature of the group's businesses and the impracticality at this stage of the group's development of providing significant back-up support in respect of key roles.

The principal drivers of each of the segments within the group, together with their individual commercial risks and uncertainties, are as follows:

- The materials sciences equipment group supplies measurement equipment across both public and private sectors. The principal risks relate to the degree of funding available to public-sector customers and those private sector industries with a history of cyclicality and therefore at risk of periodic downturns in activity. The long-term growth of the business is supported by the development of related safety regulations internationally and by the globalisation of trade, as well as by maintaining a strong global presence

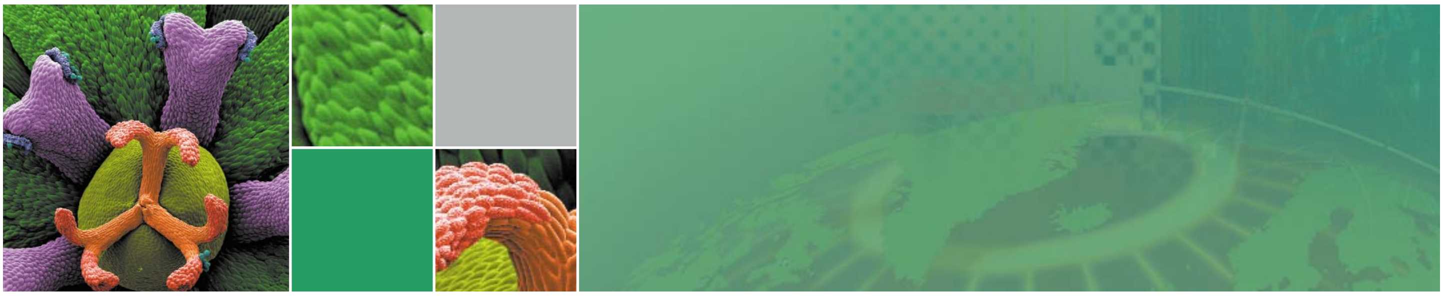
- Fibre optic is a significant provider to the telecoms industry of equipment to test the properties of fibre optic and fibre optic networks. The principal risk derives from the cyclical nature of capital expenditure in this sector.

- Vacuum designs and manufactures instruments to create motion, heating and cooling within ultra high vacuum chambers. It is benefiting from the buoyancy of the high-tech markets which it serves and their requirements for ultra high vacuum products. The directors consider that there is scope to improve the company's output and market share through technical innovation and increased production capability. Vacuum is engaged in a high level of development work, with the attendant risk of technical failure or delays. The directors seek to mitigate this risk through the quality of the company's technical skills base and through its contractual arrangements with its customers. The degree of funding available to its largely public-sector customer base also represents a risk.

- Microscopy designs, manufactures and distributes instruments that prepare samples for examination in electron microscopes. It is well advanced with its programme of redesign, modernisation and consolidation of its product ranges. Such a programme, which involves the redesign of almost the entire product portfolio, brings with it the inevitable risk of delay and technical failure. As with Vacuum, the directors seek to mitigate this risk through the quality of the company's technical skills base and through its contractual arrangements with its customers. The degree of funding available to its largely public-sector customer base also represents a risk.

Financial risk management objectives and policies

The group utilises financial instruments, other than derivatives (see note 28), comprising borrowings, cash and cash equivalents and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments relate to interest rates, liquidity, credit and foreign currency exposure. The directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in note 29 to the consolidated financial statements and which are summarised below. The policies have remained unchanged from previous years.



- **Interest rate risk**
  The group finances its operations through a mixture of bank borrowings (at floating rates), equity and retained profits. With net debt of just £788,000 at 31 December 2010, exposure to interest rate fluctuations is not considered to be a major threat to the group.
- **Liquidity risk**
  The group seeks to manage liquidity risk by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans arranged at group level. Short term flexibility is achieved through the availability of overdraft facilities and through the significant cash balances that the group currently holds.
- **Credit risk**
  The group reviews the credit risk relating to its customers by ensuring, wherever possible, that it deals with long established trading partners, agents and government / university backed bodies, where the risk of default is considered low. Where considered appropriate, the group insists on up-front payment and requires letters of credit to be provided.
- **Currency risk**
  With exports representing a significant proportion of its sales, the main risk area to which the group is exposed is that of foreign currencies (principally US$ and Euros). The group adopts a strategy to hedge against this risk in whole or in part by maintaining a proportion of its bank loans in these currencies, although this does not represent a hedge under IAS 39. The directors review the value of this economic hedge on a regular basis. There remains, nevertheless, an ongoing threat to the group's competitive position in international markets from any sustained period of Sterling strength.
- **Price risk**
  The conversion terms of the Convertible Redeemable shares give rise to a derivative financial instrument, which is affected by fluctuations in the group's share price.
- **Cash flow risk**
  The group manages its cash flow through a mixture of working capital, bank borrowings (at floating rates), equity and retained profits. With net debt of just £788,000 and cash and cash equivalents at 31 December 2010 of £2,542,000 (2009: £2,540,000) cash flow is not considered to be a major threat to the group.

Capital management objectives

The group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the balance sheet. Judges Scientific manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain its capital structure the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The directors seek to maintain a conservative gearing position (15% at 31 December 2010, 2009: 14%) as they utilise bank funding to support their acquisition strategy.

The directors' capital management objectives are to ensure the group's ability to continue as a going concern and to provide an adequate return to shareholders. The parent and subsidiary companies' boards meet regularly to review performance and discuss future opportunities and threats with the aim of optimising sustainable returns and minimising risk.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The directors have taken note of guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements. The group's principal operating companies experienced a strong trading environment in 2010 and overall the group enjoys good visibility for 2011, albeit that the global economic environment remains uncertain. The directors consider the financial position of the group to be healthy, with cash balances at 31 December 2010 in excess of £2.5 million and net debt of just £788,000. As a consequence, the directors believe that the parent company and group are well placed to manage their business risks successfully despite the uncertainties surrounding the current economic outlook.

The directors have a reasonable expectation that the parent company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Results and dividends

The results for the financial year to 31 December 2010 are set out in the Statement of Comprehensive Income. The company paid an interim dividend of 2.5p per Ordinary share on 5 November 2010. At the forthcoming Annual General Meeting, the directors will recommend payment of a final dividend for the year of 5p per Ordinary share to be paid on Friday 1 July 2011 to shareholders on the register on Friday 3 June 2011. The shares will go ex-dividend on Wednesday 1 June 2011.

Directors

The following directors have held office during the year:

Hon AR Hambro [1] - non-executive
Mr DE Cicurel
Mr D Barnbrook
Mr RL Cohen
Mr RJ Elman [1] - non-executive
Mr GC Reece [1] - non-executive

[1] Member of the audit and remuneration committees

Directors' interests

The directors' interests in the Ordinary shares of the company were as stated below:

	Ordinary of 5p each 1 January and 31 December 2010 Shares	Options
Hon AR Hambro	100,000	-
Mr DE Cicurel *	526,356	-
Mr D Barnbrook	15,000	50,000
Mr RL Cohen	10,000	67,000
Mr RJ Elman	75,791	-
Mr GC Reece	3,000	-

* Held at 1 January 2010 by David Cicurel Securities Limited, except for 40 shares held directly and at 31 December 2010 all held directly.

Dividends paid in the year to directors who hold shares amounted to £45,000 in aggregate (2009: £27,000).

Details of share options are set out in note 24 to the financial statements.

In addition to the above holdings of Ordinary shares, the following directors had interests in the Convertible Redeemable share capital of the company:

	Convertible Redeemable of 1p each (quarter-paid) 1 January and 31 December 2010 Shares
Hon AR Hambro	468,751
Mr DE Cicurel *	4,166,667
Mr D Barnbrook	52,083
Mr RL Cohen	52,083
Mr RJ Elman	260,416

* Held at 1 January 2010 by David Cicurel Securities Limited and at 31 December 2010 held directly.

The conversion terms of the Convertible Redeemable shares are detailed in note 25 to the financial statements. Following a full conversion of the Convertible Redeemable shares to Ordinary shares, the directors' interests in the enlarged share capital of the company as at 31 December 2010 would have been as follows:

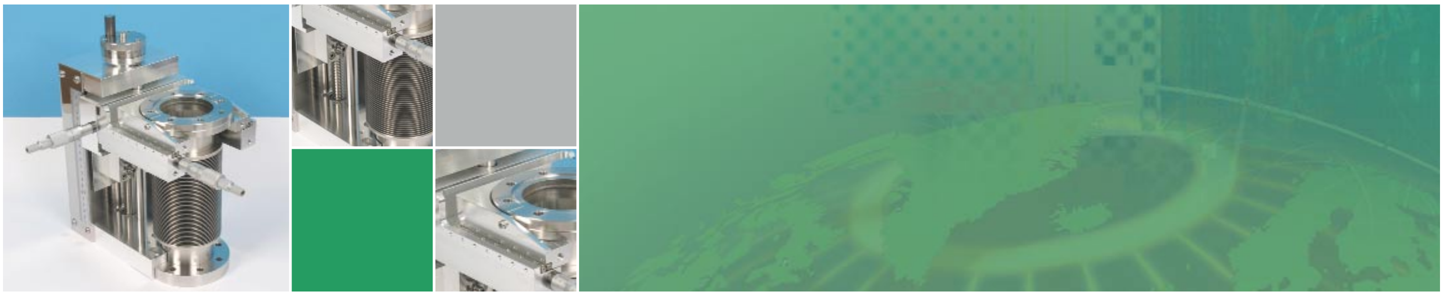
	Ordinary Shares
Hon AR Hambro	153,441
Mr DE Cicurel	1,001,384
Mr D Barnbrook	20,938
Mr RL Cohen	15,938
Mr RJ Elman	105,480
Mr GC Reece	3,000

There is a deemed Concert Party including David Cicurel and others which holds 26.8% of the Ordinary share capital. Certain authorities were granted in previous years through a Takeover Panel 'whitewash' in relation to any requirement on the Concert Party to make an offer pursuant to Rule 9 of the City Code on Takeovers and Mergers; these authorities remain in place to cover any conversion by members of the Concert Party of their Convertible Redeemable shares.

Directors' remuneration

The remuneration paid to or receivable by each person who served as a director during the year was as follows:

	Base salary/fees	Performance related bonus	Contributions to pension schemes	Benefits	2010 Total	2009 Total
	£000	£000	£000	£000	£000	£000
Executive Directors						
Mr DE Cicurel	103	20	-	3	126	121
Mr D Barnbrook	98	20	5	9	132	123
Mr RL Cohen	98	20	5	2	125	121
Non-Executive Directors						
Hon AR Hambro	14	-	-	-	14	14
Mr RJ Elman	12	-	-	-	12	12
Mr GC Reece	6	-	-	-	6	18
Total	331	60	10	14	415	409



Payment policy

The group's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditor days of the company at the end of the year represented 24 days (2009: 27 days).

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards or IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The directors have established an audit committee and a remuneration committee with formally delegated duties and responsibilities. The members of both committees are the non-executive directors.

The audit committee determines the terms of engagement of the company's auditor and, in consultation with the company's auditor, the scope of the audit. The audit committee has unrestricted access to the company's auditor. The remuneration committee has delegated authority to determine the scale and structure of the executive directors' remuneration and the terms of their service contracts. The remuneration of the non-executive directors is determined by the board as a whole.

Auditor

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

On behalf of the board

RL Cohen
Director and Company Secretary
Judges Scientific plc
Company registration number: 4597315
29 March 2011

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements of Judges Scientific plc for the year ended 31 December 2010 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Judges Scientific plc for the year ended 31 December 2010.

Paul Houghton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
29 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2010 Before exceptional items £000	2010 Exceptional items £000	2010 Total £000	2009 Before exceptional items £000	2009 Exceptional items £000	2009 Total £000
Revenue	7	16,005	-	16,005	11,295	-	11,295
Operating costs excluding exceptional items	8	(13,123)	-	(13,123)	(9,613)	-	(9,613)
Operating profit excluding exceptional items		2,882	-	2,882	1,682	-	1,682
Exceptional items							
Charge relating to derivative financial instruments	25	-	(1,752)	(1,752)	-	-	-
Amortisation of intangible assets	16	-	(254)	(254)	-	(415)	(415)
Acquisition costs	31	-	(77)	(77)	-	-	-
Operating profit/(loss)	9	2,882	(2,083)	799	1,682	(415)	1,267
Interest receivable	10	7	-	7	3	-	3
Interest payable	10	(137)	-	(137)	(110)	-	(110)
Profit/(loss) before tax		2,752	(2,083)	669	1,575	(415)	1,160
Taxation	11	(725)	556	(169)	(441)	116	(325)
Profit/(loss) and total comprehensive income for the year		2,027	(1,527)	500	1,134	(299)	835
Attributable to:							
Equity holders of the parent company		1,860	(1,527)	333	1,131	(299)	832
Non-controlling interest		167	-	167	3	-	3
Earnings per share – total and continuing							
Basic	13	45.0p	-	8.1p	28.0p	-	20.6p
Diluted	13	41.0p	-	7.8p	27.3p	-	20.1p

There are no items of other comprehensive income for the two years in question.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	2010 £000	2009 £000
ASSETS			
Non-current assets			
Property, plant and equipment	14	956	921
Goodwill	15	5,290	4,497
Other intangible assets	16	419	594
Deferred tax asset	23	348	-
		7,013	6,012
Current assets			
Inventories	17	1,923	1,241
Trade and other receivables	18	2,515	1,803
Cash and cash equivalents		2,542	2,540
		6,980	5,584
Total assets		13,993	11,596
LIABILITIES			
Current liabilities			
Trade and other payables	19	(2,730)	(2,197)
Derivative financial instruments	28	(1,752)	-
Current portion of long-term borrowings	20	(800)	(650)
Current tax payable		(550)	(638)
		(5,832)	(3,485)
Non-current liabilities			
Long-term borrowings	21	(2,530)	(2,590)
Deferred tax liabilities	23	-	(188)
		(2,530)	(2,778)
Total liabilities		(8,362)	(6,263)
Net assets		5,631	5,333
EQUITY			
Share capital	24	209	202
Share premium account		3,092	2,959
Merger reserve		475	475
Retained earnings		1,606	1,532
Equity attributable to equity holders of the parent company		5,382	5,168
Non-controlling interest		249	165
Total equity		5,631	5,333

The accompanying notes form an integral part of these consolidated financial statements.

The financial statements were approved by the board on 29 March 2011

D.E. Cicurel
Director

R.L. Cohen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total* £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2010		202	2,959	475	1,532	5,168	165	5,333
Dividends	12	-	-	-	(259)	(259)	(83)	(342)
Issue of share capital	24	7	133	-	-	140	-	140
Transactions with owners		7	133	-	(259)	(119)	(83)	(202)
Profit for the year		-	-	-	333	333	167	500
Total comprehensive income for the year		-	-	-	333	333	167	500
Balance at 31 December 2010		209	3,092	475	1,606	5,382	249	5,631
Balance at 1 January 2009		202	2,956	475	849	4,482	162	4,644
Dividends	12	-	-	-	(149)	(149)	-	(149)
Issue of share capital	24	-	3	-	-	3	-	3
Transactions with owners		-	3	-	(149)	(146)	-	(146)
Profit for the year		-	-	-	832	832	3	835
Total comprehensive income for the year		-	-	-	832	832	3	835
Balance at 31 December 2009		202	2,959	475	1,532	5,168	165	5,333

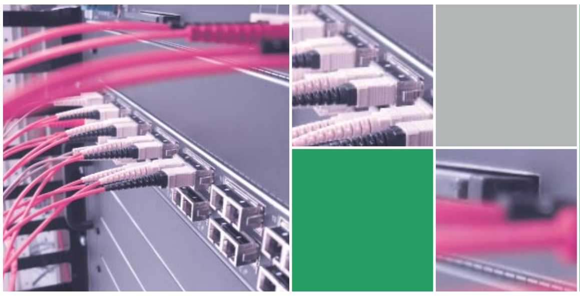
* - Total represents amounts attributable to equity holders of the parent company.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	2010	2009
	£000	£000
Cash flows from operating activities		
Profit after tax	500	835
Adjustments for:		
Charge relating to derivative financial instruments	1,752	-
Depreciation	151	107
Amortisation of intangible assets	254	415
Loss on disposal of property, plant and equipment	11	3
Foreign exchange losses/(gains) on foreign currency loans	4	(92)
Interest receivable	(7)	(4)
Interest payable	137	110
Tax expense recognised in income statement	169	325
(Increase)/decrease in inventories	(638)	144
(Increase)/decrease in trade and other receivables	(651)	257
Increase/(decrease) in trade and other payables	826	(95)
Cash generated from operations	2,508	2,005
Interest paid	(136)	(107)
Tax paid	(930)	(401)
Net cash from operating activities	1,442	1,497
Cash flows from investing activities		
Paid on acquisition of new subsidiary	(1,316)	(1,914)
Gross cash inherited on acquisition	481	889
Acquisition of subsidiaries, net of cash acquired	(835)	(1,025)
Payment of deferred consideration	(300)	-
Purchase of property, plant and equipment	(207)	(125)
Proceeds from disposal of equipment	12	1
Interest received	7	4
Net cash used in investing activities	(1,323)	(1,145)
Cash flows from financing activities		
Proceeds from issue of share capital	140	3
Repayments of borrowings	(415)	(730)
Proceeds from bank loans	1,000	1,443
Repayment of loan notes	(500)	-
Dividends paid – equity share holders	(259)	(149)
Dividends paid – non-controlling interest in subsidiary	(83)	-
Net cash (used in)/from financing activities	(117)	567
Net increase in cash and cash equivalents	2	919
Cash and cash equivalents at beginning of year	2,540	1,621
Cash and cash equivalents at end of year	2,542	2,540

The accompanying notes form an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Judges Scientific plc is the ultimate parent company of the group, whose principal activities comprise the design, manufacture and sale of scientific instruments.

2. Registered office

The address of the registered office and principal place of business of Judges Scientific plc is Unit 19, Charlwoods Road, East Grinstead, West Sussex RH19 2HL.

3. Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

Being listed on the Alternative Investment Market of the London Stock Exchange, the company is required to present its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, these financial statements have been prepared in accordance with the accounting policies set out below which are based on the IFRS in issue as adopted by the European Union (EU) and in effect at 31 December 2010.

4. Use of accounting estimates and judgements

Many of the amounts included in the consolidated financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

- the directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, as set out in note 6.4 below, have been met;

Sources of estimation uncertainty:

- depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see note 6.6);
- estimates of future profitability are required for the decision whether or not to create a deferred tax asset (see note 23);
- estimates are required as to intangible asset carrying values and goodwill impairment charges. These are assessed by reference to budgeted profits and cash flows for future periods for the relevant income generating units and an estimate of their values in use (see notes 15 and 16.)
- warranty provisions are based on estimates of the likely cost of repairing or replacing faulty units.

5. Changes in accounting policies

5.1 Standards adopted for the first time

The group has adopted IFRS 3 Business Combinations (Revised 2008) in its consolidated financial statements, and it has been applied prospectively. The new standard has introduced changes to the accounting requirements for business combinations, but still requires use of the purchase method. In particular, transaction costs must be expensed in the Income Statement rather than previously when these were capitalised and dealt with as part of the acquisition accounting.

The group has also adopted IAS 27 Consolidated and Separate Financial Statements (Revised 2008) in its consolidated financial statements, and again this has been applied prospectively, in accordance with the transitional provisions. The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the group's interest in subsidiaries. There is no immediate effect on the group's financial statements.

IAS 1 (Revised 2007) requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. The directors consider that this is not necessary this year because the 2008 balance sheet is the same as that previously published.

5.2 Standards, amendments and Interpretations to existing Standards that are not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published as listed below but are not yet effective, and have not been adopted early by the group.

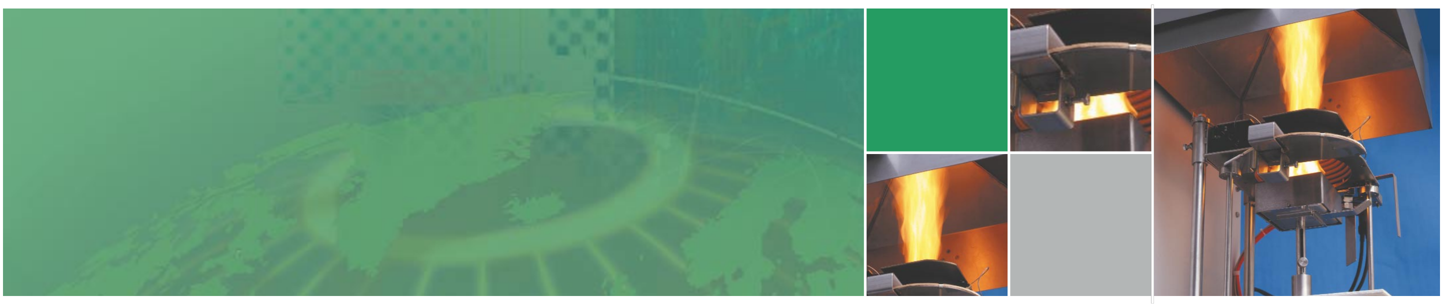
Management anticipates that all of the pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. None of these new standards, amendments and interpretations is expected to have a significant impact on the group's financial statements.

IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)

6. Accounting policies

6.1 Basis of consolidation

The consolidated financial statements include those of the parent company and its subsidiaries, all drawn up to 31 December 2010. Subsidiaries are entities over which the



group has the power to control the financial and operating policies so as to obtain benefits from their activities. The group obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-group balances arising from transactions within the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. In the case of acquisitions after 31 December 2005, goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The revised standard (IFRS 3R) introduced changes to the accounting requirements for business combinations. It has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant change in IFRS 3R that had an impact on the group's consolidated financial statements in 2010 is that acquisition-related transaction costs of the combination are now recorded as an expense in the income statement. Previously, these costs would have been capitalised as part of the cost of the acquisition.

The parent company is entitled to the merger relief that was offered by section 131 of the Companies Act 1985 in respect of the fair value of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Fire Testing Technology Limited and UHV Design Limited.

6.2 Business combinations completed prior to the date of transition to IFRS

The group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS on 1 January 2006. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amounts immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Amounts recorded as goodwill under UK GAAP have not been re-assessed to identify intangible assets. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

6.3 Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill (where the fair value of net assets acquired exceeds the purchase price) is recognised immediately after acquisition in the income statement.

The carrying value of negative goodwill at the date of transition has been credited to reserves. There is no reinstatement of goodwill or negative goodwill that was amortised prior to transition to IFRS.

6.4 Revenue

Revenue from the sale of goods is measured by reference to the fair value of consideration received or receivable by the group for goods supplied, excluding Value Added Tax, and is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods and effective control over them, generally on despatch or delivery;
- the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the group.

Interest income is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. Dividend income is recognised when the shareholder's right to receive payment is established.

6.5 Intangible assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the group.

Amortisation charges are included as adjusting items in operating costs in the income statement. Amortisation begins when the intangible asset is first available for use and is provided at rates calculated to write off the cost of each intangible asset over its expected useful life, as follows:

Customer relationships	Between 2 and 3 years
Non-competition agreements	5 years
Distribution agreements	3 years
Research and development	5 years
Sales order backlog	On shipment
Advertising	Between 1 and 3 years
Domain names	5 years

Subsequent to initial recognition, intangible assets are stated at deemed cost less accumulated amortisation and impairment charges.

6.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Disposal of assets: the gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation: Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, within the following ranges:

- Property: 2% straight-line on cost of buildings (excluding the estimated cost of land)
- Plant and machinery: 15% on written down value to 25% straight-line on cost
- Fixtures, fittings and equipment: 15% on written down value to 33% straight-line on cost
- Motor vehicles: 25% on written down value to 25% straight-line on cost
- Building improvements: 20% straight-line on cost

Material residual value estimates and expected useful lives are updated as required but at least annually.

6.7 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on estimated future cash flows from each cash-generating unit, discounted at a suitable rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the group's latest approved budgets, adjusted as necessary to exclude any future restructuring to which the group is not yet committed. Discount rates are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the directors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in operating costs in the income statement. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

6.8 Leases

For finance leases, in accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised as an asset in the balance sheet at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the period of the lease term. Lease incentives are spread over the term of the lease.

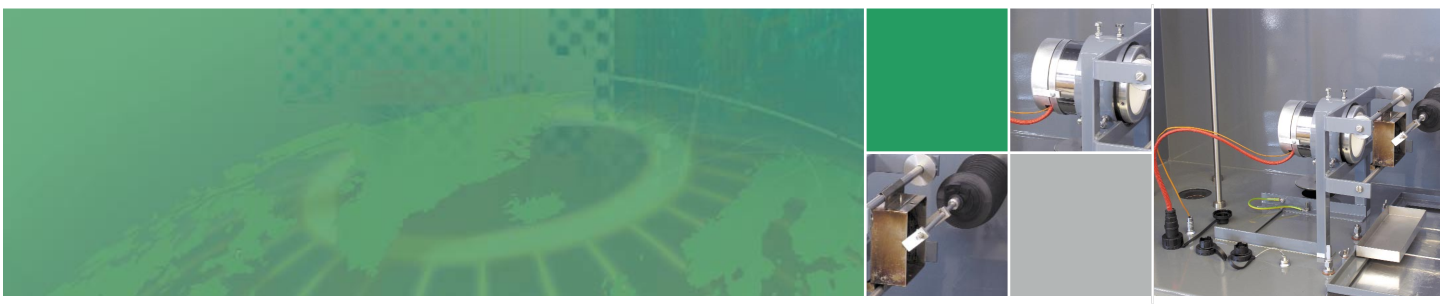
6.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first-in, first-out cost formula. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

6.10 Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of those temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition,



tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except

- where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or
- where items are recognised in other comprehensive income, in which case the related deferred tax is recognised in other comprehensive income.

6.11 Share-based payments

IFRS 2 has been applied, in accordance with IFRS 1 and where the effect is material, to equity-settled share options granted on or after 7 November 2002 and not vested prior to 1 January 2006.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement, with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. The impact of the revision of the original estimates, if any, is recognised in the income statement over the remaining vesting period, with a corresponding adjustment to the appropriate reserve.
No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

6.12 Financial assets

Financial assets are assigned to relevant categories by management on initial recognition, depending on the purpose for which they were acquired. At the balance sheet date, the group held only loans and receivables.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Loans and receivables are recognised initially at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in operating costs in the income statement.

Provision against trade and other receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

6.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value net of direct issue costs if they are not held at fair value through profit or loss. Derivatives are recorded at fair value through profit or loss. The fair value of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

All financial liabilities with the exception of Convertible Redeemable shares (see paragraph 6.19) are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance

cost in the income statement. These financial liabilities include trade and other payables and borrowings, including bank loans, subordinated loan notes and hire purchase commitments. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

6.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

6.15 Pensions

Companies in the group operate defined contribution pension schemes for employees and directors. The assets of the schemes are held by investment managers separately from those of the group. The pension costs charged against profits are the contributions payable to the schemes in respect of the accounting period.

6.16 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

6.17 Dividends

Dividend distributions payable to equity shareholders are included in trade and other payables when the dividends are approved in general meeting but not paid prior to the balance sheet date.

6.18 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" represents the fair value of the consideration received in excess of the nominal value of equity shares issued in connection with acquisitions where the company has exercised entitlement to the merger relief that was offered by section 131 of the Companies Act 1985.
- "Retained earnings" represents retained profits and losses.
- "Revaluation reserve" represents gains and losses due to the revaluation of certain financial assets.
- "Non-controlling interest" represents retained profits and losses attributable to minority shareholders in subsidiary companies.

6.19 Convertible Redeemable shares

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.

6.20 Exceptional items

The fair value charge for the Convertible Redeemable shares (see note 25) and the related deferred tax asset represent accounting adjustments reflecting fluctuations in the company's share price rather than the underlying trading performance of the group. As such the directors have concluded that they should be treated as exceptional items for the purposes of presenting results and earnings per share figures. Exceptional items are those which by their size or nature are considered by the directors to be necessary to be disclosed separately so as to inform users of the financial statements. Amortisation of goodwill and acquisition costs expensed under IFRS 3R have been treated in a similar fashion.

7. Segment reporting

7.1 Identification of reportable segments

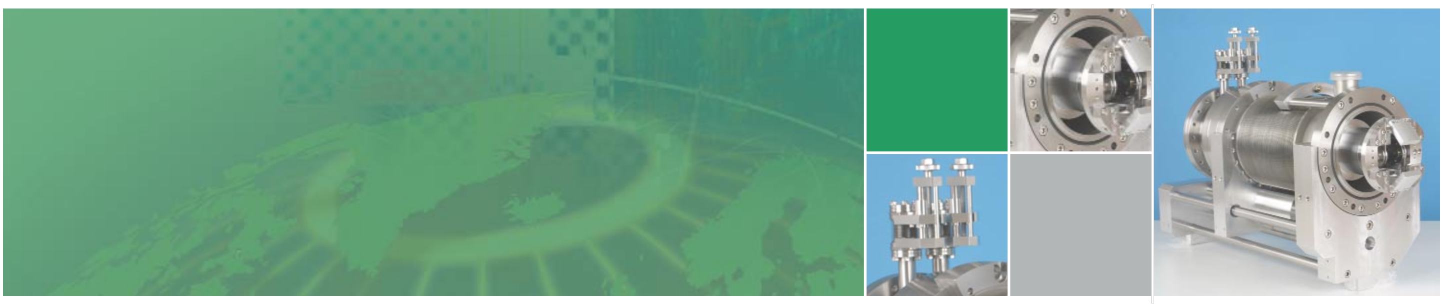
The group's activities are predominantly in or in support of the design and manufacture of scientific instruments. Separate subsidiary companies operate to produce the different ranges of instruments that fall within the group's portfolio and these subsidiaries are considered by the board of directors to constitute the group's reportable segments. The group operates four main business segments: materials sciences equipment, fibre optic testing equipment, ultra high vacuum manipulation equipment and sample preparation for electron microscopy.

7.2 Management of operating segments

Each of the operating segments is managed independently, each range of instruments having its individual requirements in terms of design, manufacture and marketing.

7.3 Measurement policies

The results of operating segments are prepared by reference to their contributions to group earnings before interest, tax and amortisation of goodwill and intangible assets ("group EBITA"). This is stated before the allocation of head office costs and after elimination of minority interest. Assets and liabilities directly attributable to the activities of the operating segments are included in their respective balance sheets; corporate assets and liabilities held by the parent company are not allocated to subsidiaries.



7.4 Segment analysis

Segment analysis is as follows:

2010	Materials sciences equipment £000	Fibre optic testing equipment £000	Ultra high vacuum manipulation equipment £000	Sample preparation for electron microscopy £000	Total £000
Consolidated group revenues from external customers	5,659	1,879	2.901	5,566	16,005
Contributions to group EBITA	1,609	229	636	925	3,399
Depreciation	35	9	49	50	143
Amortisation of intangible assets	26	-	4	224	254
Segment assets	2,122	811	1,279	2,726	6,938
Segment liabilities	1,436	275	583	1,403	3,697
Intangible assets - goodwill	4,664	-	512	114	5,290
Other intangible assets	53	-	1	365	419
Additions to non-current assets	913	13	41	113	1,080

2009	Materials sciences equipment £000	Fibre optic testing equipment £000	Ultra high vacuum manipulation equipment £000	Sample preparation for electron microscopy £000	Total £000
Consolidated group revenues from external customers	4,844	973	2,729	2,749	11,295
Contributions to group EBITA	1,404	2	706	234	2,346
Depreciation	29	14	47	9	99
Amortisation of intangible assets	13	-	4	398	415
Segment assets	1,489	612	1,059	1,838	4,998
Segment liabilities	1,236	247	333	820	2,636
Intangible assets - goodwill	3,871	-	512	114	4,497
Other intangible assets	-	-	5	589	594
Additions to non-current assets	49	5	40	1,177	1,271

Segmental revenue is presented on the basis of the destination of the goods where known, failing which on the geographical location of customers. Segment assets are based on the geographical location of assets.

	2010		2009	
	Revenue £000	Non-current assets £000	Revenue £000	Non-current assets £000
United Kingdom (domicile)	1,899	6,665	1,564	6,012
Rest of Europe	5,916	-	4,042	-
United States/Canada	2,514	-	2,157	-
Rest of the world	5,676	-	3,532	-
Total	16,005	6,665	11,295	6,012

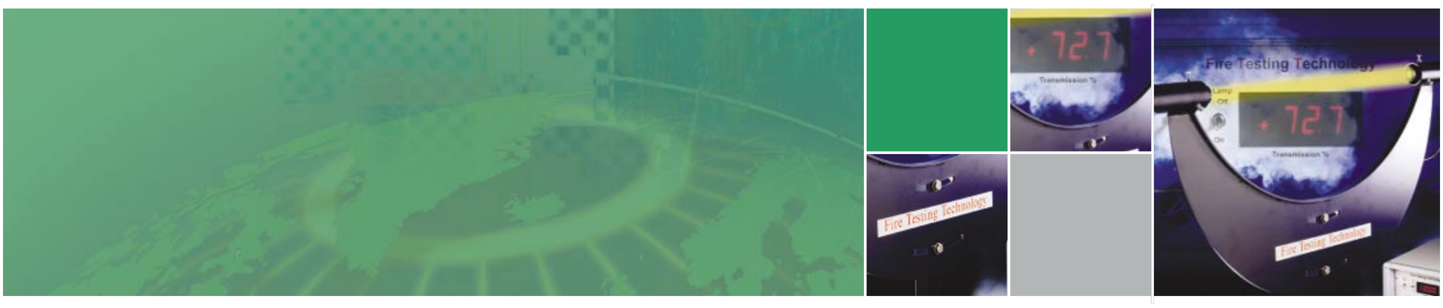
7.4 Segment analysis - continued

Reconciliations between totals presented by operating segment and the group's consolidated figures are as follows:

	2010	2009
	£000	£000
Contribution to group EBITA		
Total contribution to group EBITA	3,399	2,346
Expenses not allocated	(737)	(666)
Charge relating to derivative financial instruments	(1,752)	-
Amortisation of intangible assets	(254)	(415)
Expensed acquisition costs	(77)	-
Elimination of non-controlling interest adjustment in contribution to group EBITA	220	2
Operating profit after exceptional items	799	1,267
Interest receivable	7	3
Interest payable	(137)	(110)
Profit before tax	669	1,160
Depreciation		
Total segment depreciation charge	143	99
Head office depreciation not allocated	8	8
Consolidated depreciation charge	151	107
Segment assets and liabilities		
Total segment assets	6,938	4,998
Parent company assets	3,062	1,864
Assets eliminated on consolidation	(2,064)	(357)
Other assets - goodwill	5,290	4,497
Other assets - intangible assets	419	594
Deferred tax	348	-
Consolidated total assets	13,993	11,596
Total segment liabilities	3,697	2,636
Parent company liabilities	3,536	3,672
Derivative financial instruments	1,752	-
Liabilities eliminated on consolidation	(2,042)	(306)
Acquisition related loans	1,316	-
Other liabilities	119	83
Convertible Redeemable shares	12	12
Deferred tax	(28)	166
Consolidated total liabilities	8,362	6,263

Revenues are derived from the sale of manufactured products; revenues from installation and support services are not material. There are no major customers which make up 10% or more of the group's revenues.

Expenses not allocated comprise head office costs. Parent company assets include £569,000 (2009: £577,000) in respect of a freehold property partly let at open market value to a member of the materials sciences equipment segment.



8. Operating costs

	2010 £000	2009 £000
Raw materials and consumables	6,316	4,340
Other external charges	1,959	1,488
Staff costs (note 27)	4,697	3,678
Depreciation	151	107
Other operating costs, excluding exceptional items	13,123	9,613
Charge relating to derivative financial instruments	1,752	-
Amortisation of intangible assets	254	415
Acquisition costs	77	-
Total operating costs, including exceptional items	15,206	10,028

9. Operating profit

	2010 £000	2009 £000
Operating profit is stated after charging:		
Loss on disposal of property, plant and equipment	11	3
Fees payable to the company's auditor		
for the audit of the company's annual accounts	21	20
Fees payable to the company's auditor for other services:		
for the audit of the company's subsidiaries, pursuant to legislation	43	37
for tax services	10	14
for corporate finance transactions	14	-
for all other services	21	4
Depreciation	151	107
Loss/(profit) on foreign exchange	85	(11)
Amortisation of intangible assets	254	415
Operating lease rentals - land and property	224	195
Operating lease rentals - vehicles	23	9

In addition, fees of £39,000 were paid to the auditor in 2009 in respect of work undertaken in connection with the acquisition of subsidiary companies. These costs were included in investments in subsidiaries in the parent company's financial statements. Equivalent fees paid in 2010 were expensed as required by IFRS 3R and are shown above.

10. Interest receivable and payable

	2010 £000	2009 £000
Interest receivable - short-term bank deposits	7	3
Interest payable - bank and hire purchase loans	(132)	(97)
Interest payable - loan notes	(5)	(13)
	(137)	(110)
Net interest payable	130	107

11. Taxation

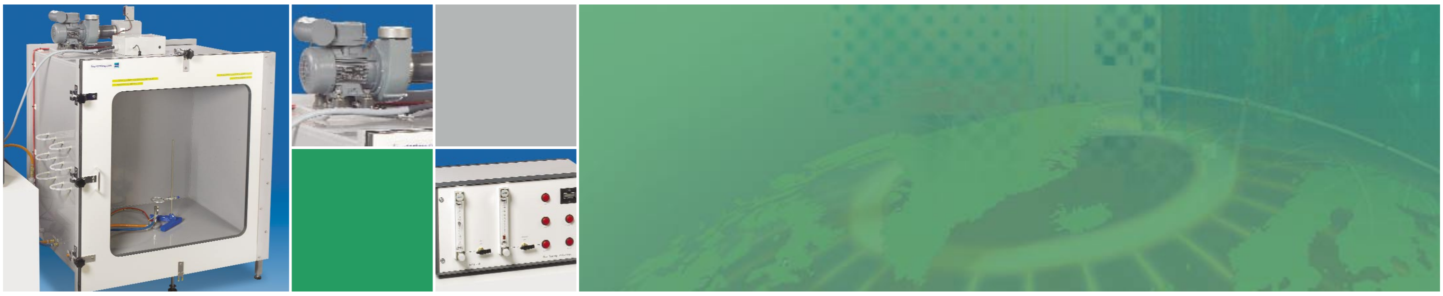
	2010 £000	2009 £000
UK corporation tax at 28% (2009: 28%)		
- current year	775	460
- prior years	(48)	(1)
	727	459
Deferred tax - origination and reversal of temporary differences:		
Current year - excluding derivative financial instruments	(74)	(132)
- derivative financial instruments	(473)	-
	(547)	(132)
Prior years	(11)	(2)
	(558)	(134)
Tax on profit for the year - current year	228	328
- prior years	(59)	(3)
	169	325
Factors affecting the tax charge for the year:		
Profit before tax	669	1,160
Profit before tax multiplied by standard rate of UK corporation tax of 28% (2009 – 28%)	187	325
Tax relief available on purchased goodwill	-	(12)
Provisions and expenditure not deductible for tax purposes	47	19
Marginal relief	-	(4)
Change in the rate of corporation tax (28% to 27% for deferred tax)	(6)	-
Tax on profit for the year - current year	228	328
- prior years	(59)	(3)
Total net taxation charge	169	325

12. Dividends

	2010 p/share	2010 £000	2009 p/share	2009 £000
Final dividend for the previous year	3.7	154	2.4	97
Interim dividend for the current year	2.5	105	1.3	52
	6.2	259	3.7	149

The directors will propose a final dividend of 5.0p per share, amounting to £209,000, for payment on 1 July 2011. As this remains conditional on shareholders' approval, provision has not been made in these consolidated financial statements.

Dividends declared by the group's 51% owned subsidiary are paid to the non-controlling interest in the period they are declared and amounted to £83,300 in the year (2009: nil).



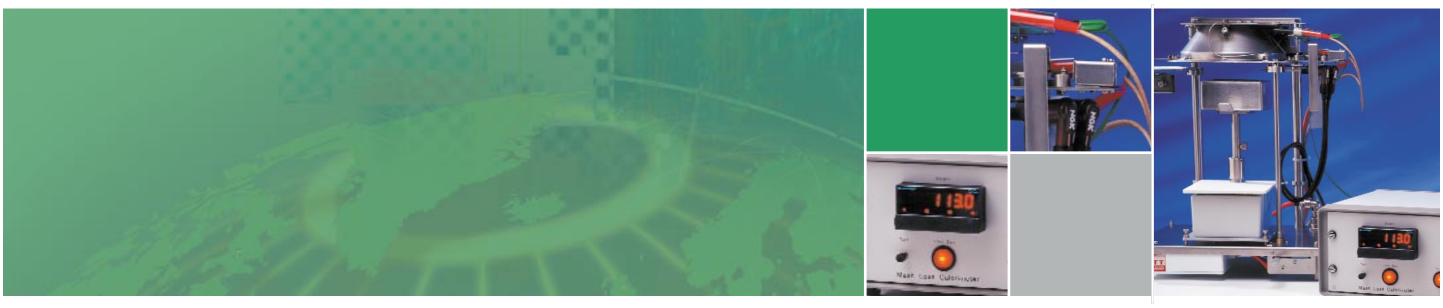
13. Earnings per share

Options and warrants over Ordinary shares and rights of conversion of the Convertible Redeemable shares are described in notes 24 and 25. The calculation of the basic earnings per share is based on the earnings attributable to Ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based 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 in line with the treasury method prescribed in IAS 33. This regards the assumed proceeds from these instruments as having been received from the issue of Ordinary shares at the average market price of Ordinary shares during the period. The difference between the number of ordinary shares issued on the assumed exercise of the dilutive options and warrants and the number of Ordinary shares that would have been issued at the average market price of Ordinary shares during the period is treated as an issue of Ordinary shares for no consideration, and thus dilutive.

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

Year to 31 December 2010	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	333		
Add-back exceptional items:			
Charge relating to derivative financial instruments, net of tax	1,279		
Amortisation of intangible assets, net of tax	183		
Acquisition-related transaction costs, net of tax	65		
Basic and diluted profit after tax, excluding exceptional items	1,860		
Number of shares for calculation of basic earnings per share including exceptional items		4,131,588	
Dilutive effect of potential shares		134,197	
Number of shares for calculation of diluted earnings per share including exceptional items		4,265,785	
Dilutive effect of potential derivative financial instruments		265,603	
Number of shares for calculation of diluted earnings per share excluding exceptional items		4,531,388	
Basic earnings per share (including exceptional items)			8.1
Diluted earnings per share (including exceptional items)			7.8
Basic earnings per share (excluding exceptional items)			45.0
Diluted earnings per share (excluding exceptional items)			41.0

Year to 31 December 2009	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	832		
Add-back exceptional items: amortisation of intangible assets, net of tax	299		
Basic and diluted profit after tax, excluding exceptional items	1,131		
Number of shares for calculation of basic earnings per share		4,038,434	
Dilutive effect of potential shares		108,212	
Number of shares for calculation of diluted earnings per share		4,146,646	
Basic earnings per share (including exceptional items)			20.6
Diluted earnings per share (including exceptional items)			20.1
Basic earnings per share (excluding exceptional items)			28.0
Diluted earnings per share (excluding exceptional items)			27.3



14. Property, plant and equipment

	Plant & machinery £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Property & building improvements £000	Total £000
Cost / deemed cost					
1 January 2009	341	215	51	645	1,252
Additions	5	93	14	13	125
Acquisitions	8	38	-	-	46
Disposals	-	(6)	(13)	-	(19)
31 December 2009	354	340	52	658	1,404
Additions	122	52	34	-	208
Acquisitions	-	1	-	-	1
Disposals	-	(69)	(19)	-	(88)
31 December 2010	476	324	67	658	1,525
Depreciation					
1 January 2009	229	90	23	49	391
Charge	47	46	9	5	107
Disposals	-	(4)	(11)	-	(15)
31 December 2009	276	132	21	54	483
Charge	47	83	12	9	151
Disposals	-	(56)	(9)	-	(65)
31 December 2010	323	159	24	63	569
Net book value – 31 December 2010	153	165	43	595	956
Net book value – 31 December 2009	78	208	31	604	921

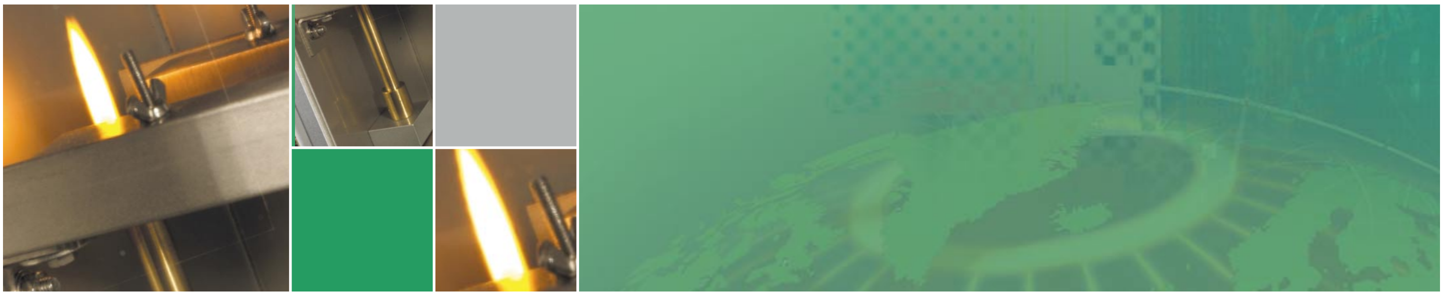
15. Goodwill

	2010 £000	2009 £000
Cost		
1 January	4,497	4,383
Addition in year	793	114
31 December	5,290	4,497

An analysis of goodwill by business segment is given in note 7. The increase in goodwill during 2010 related to the acquisition of Sircal Instruments (UK) Limited.

There have been no impairment charges in either 2010 or 2009. Goodwill is tested annually for impairment by reference to the value in use of the relevant cash generating units, which are the group's business segments. This is calculated on the basis of projected cash flows for the following five years derived from detailed budgets for the ensuing year based on past experience, with subsequent years including modest nominal rates of sales and cost growth of 3% per annum and generally steady gross margins. These cash flows are adjusted to present day values at a discount rate based on a weighted average cost of capital of 11.88% (2009: 12.04%) per annum, calculated by reference to year-end data on equity values and interest, dividend and tax rates. The residual value at the end of the five years, computed by reference to projected year six cash flows and discounted, is also included. There was no requirement for any impairment provision at 31 December 2010.

The directors have considered the sensitivity of the key assumptions and have concluded that any possible changes that may be reasonably contemplated in these key assumptions would not result in the value in use falling below the carrying value of goodwill, given the amount of headroom available.



16. Other intangible assets

	Non-compete agreement £000	Distribution agreements £000	Research and development £000	Sales order backlog £000	Brand and domain names £000	Customer relationships £000	Total £000
Gross carrying amount							
1 January 2009	23	98	-	91	6	209	427
Additions	-	398	180	244	164	-	986
31 December 2009	23	496	180	335	170	209	1,413
Additions	-	-	-	7	72	-	79
31 December 2010	23	496	180	342	242	209	1,492
Amortisation and impairment							
1 January 2009	14	98	-	91	6	195	404
Charge for the year	4	74	20	244	59	14	415
31 December 2009	18	172	20	335	65	209	819
Charge for the year	4	133	36	7	74	-	254
31 December 2010	22	305	56	342	139	209	1,073
Carrying amount 31 December 2010	1	191	124	-	103	-	419
Carrying amount 31 December 2009	5	324	160	-	105	-	594

An analysis of other intangible assets by business segment is given in note 7. The additions to other intangible assets during 2010 related to the acquisition of Sircal Instruments (UK) Limited.

17. Inventories

	2010 £000	2009 £000
Raw materials	1,521	959
Work in progress	349	253
Finished goods	53	29
	1,923	1,241

In 2010, a total of £6,316,000 of inventories was included in the income statement as an expense (2009: £4,340,000). This includes an amount of £85,000 (2009: £15,000) resulting from write-downs of inventories. The carrying amount of inventories held at fair value less costs to sell is £23,000 (2009: £10,000). There were no reversals of previous write-downs that were recognised in the income statement in either 2010 or 2009. All group inventories form part of the assets pledged as security in respect of bank loans.

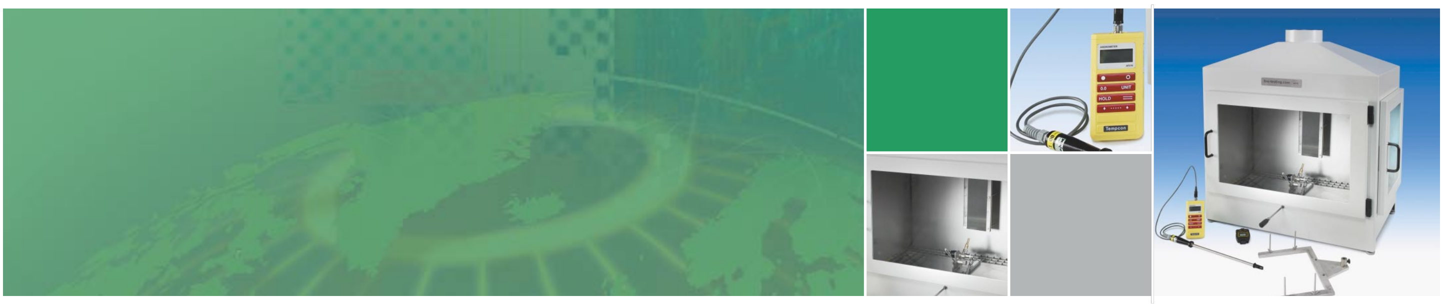
18. Trade and other receivables

	2010 £000	2009 £000
Trade receivables	2,199	1,557
Prepayments and accrued income	160	140
Other receivables	156	106
	2,515	1,803

The carrying value of receivables, all of which are short-term, is considered a reasonable approximation of fair value. All trade and other receivables have been reviewed for impairment with no material provision being required.

In addition, some of the unimpaired trade receivables were past due at the balance sheet date as follows:

	2010 £000	2009 £000
Not more than 3 months	958	479
More than 3 months but not more than 6 months	43	17
More than 6 months but not more than 1 year	-	1
Greater than one year	-	12
	1,001	509



19. Trade and other payables

Trade and other payables	2010 £000	2009 £000
Trade payables	1,368	675
Accruals and deferred income	891	753
Social security and other taxes	241	231
Other payables	230	538
	2,730	2,197

All amounts are short-term and their carrying values are considered reasonable approximations of fair value. Other payables also include £12,500 of non equity shares classed as financial liabilities (see note 25).

20. Current portion of long-term borrowings

	2010 £000	2009 £000
Bank loan	800	150
Subordinated loan notes	-	500
	800	650

All amounts are short-term and their carrying values are considered reasonable approximations of fair value. The subordinated loan notes were repaid during the year.

21. Long-term borrowings

	2010 £000	2009 £000
Bank loan	2,530	2,590

The bank loan is secured on assets of the group, is repayable in quarterly instalments over the period ending 30 June 2014 and bears interest at $3\frac{1}{4}$% above LIBOR-related rates. The repayment profile of borrowings is as set out in note 22.

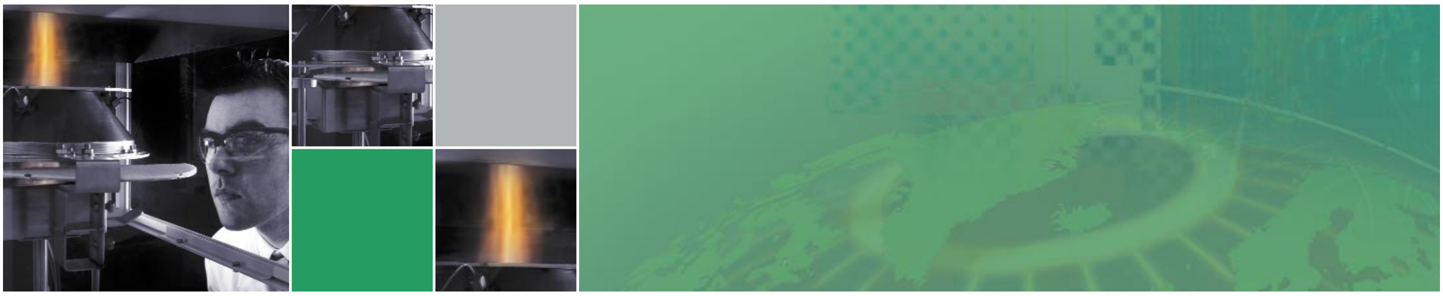
22. Maturity of borrowings and net debt

31 December 2010	Bank loan £000	Subordinated loan notes £000	Total £000
Repayable in less than 6 months	475	-	475
Repayable in months 7 to 12	466	-	466
Current portion of long-term borrowings	941	-	941
Repayable in years 1 to 5	2,708	-	2,708
Total borrowings	3,649	-	3,649
Less: interest included above			319
cash and cash equivalents			2,542
Total net debt			788

31 December 2009	Bank loan £000	Subordinated loan notes £000	Total £000
Repayable in less than 6 months	120	505	625
Repayable in months 7 to 12	170	-	170
Current portion of long-term borrowings	290	505	795
Repayable in years 1 to 5	2,927	-	2,927
Total borrowings	3,217	505	3,722
Less: interest included above			482
cash and cash equivalents			2,540
Total net debt			700

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 2010 of loans denominated in US$ was £1,094,000 (2009: £765,000) and in Euros was £652,000 (2009: £777,000). These amounts are included in the figures above for bank loans, repayable in years 1 to 5.

The subordinated loan notes were repaid in 2010.



23. Deferred tax assets/(liabilities)

	2010 £000	2009 £000
1 January	(188)	(34)
Acquisition in year – amount recognised	-	(11)
Acquisition in year – attributable to intangible assets	(22)	(277)
Credit to income statement in the year	85	134
Attributable to the derivative financial instruments	473	-
31 December	348	(188)
Deferred tax balances relate to temporary differences as follows:		
Accelerated capital allowances	(27)	(39)
Provisions allowable for tax in subsequent period	16	17
Goodwill and other intangible assets	(114)	(168)
Fair value adjustment arising on acquisition of FTT	-	2
Attributable to the derivative financial instruments	473	-
Total	348	(188)

Amounts provided in respect of deferred tax are computed at 27% (2009: 28%).

The group has unrelieved tax losses at 31 December 2010 of £325,000 (2009: £325,000). The group has not recognised a deferred tax asset (2010: £88,000; 2009: £91,000) in respect of these losses as it is not considered probable that taxable profits will be available in the near term against which they can be utilised. However they are available to be offset against future profits of the parent company.

24. Share capital

	2010 £000	2009 £000
Authorised - Ordinary shares of 5p each		
10,000,000 shares	500	500
Allotted, called up and fully paid - Ordinary shares of 5p each		
1 January: 4,040,678 shares (2009: 4,037,678)	202	202
Exercise of share options: 6,000 shares (2009: 3,000)	-	-
Exercise of warrants to subscribe: 133,564 shares	7	-
31 December: 4,180,242 shares (2009: 4,040,678)	209	202

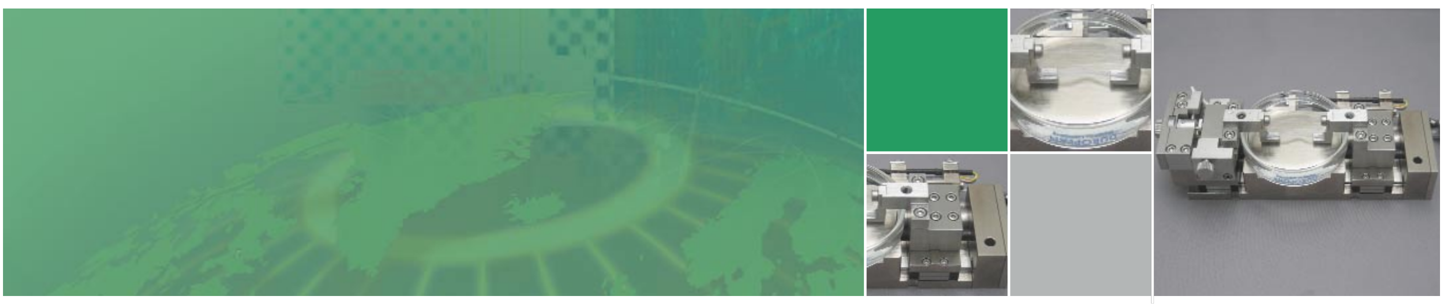
Allotments of shares in 2010 were made to satisfy the exercise of 3,000 share options on each of 27 September 2010 and 19 November 2010 when the share price was 322p and 410p respectively and to satisfy the exercise of warrants to subscribe for 133,564 shares on 20 May 2010 when the share price was 180p. The allotment in 2009 was made to satisfy the exercise of share options on 20 October 2009 when the share price was 177p.

Equity share options and warrants

At 31 December 2010, options had been granted and remained outstanding in respect of 307,000 Ordinary shares in the company, all priced by reference to the mid-market price of the shares on the date of grant and all exercisable, following a 3-year vesting period, between the third and tenth anniversaries of grant, as below:

	2010		2009	
	Number	Weighted average exercise price p/share	Number	Weighted average exercise price p/share
2005 Approved Plan				
Outstanding at 1 January	179,850	104.8	141,450	109.2
Granted in year	22,000	169.2	44,400	92.0
Exercised or lapsed in year	(3,000)	94.0	(6,000)	113.8
Outstanding at 31 December	198,850	112.1	179,850	104.8
Of which exercisable at 31 December	84,000	100.8	25,000	103.5
2005 Unapproved Plan				
Outstanding at 1 January	111,150	104.6	95,550	106.7
Granted in year	-	-	15,600	92.0
Exercised or lapsed in year	(3,000)	103.5	-	-
Outstanding at 31 December	108,150	104.7	111,150	104.6
Of which exercisable at 31 December	67,000	100.3	56,000	102.0
Total				
Outstanding at 1 January	291,000	104.7	237,000	108.2
Granted in year	22,000	169.2	60,000	92.0
Exercised or lapsed in year	(6,000)	98.8	(6,000)	113.8
Outstanding at 31 December	307,000	109.5	291,000	104.7
Of which exercisable at 31 December	151,000	100.6	81,000	102.5

Exercise prices at 31 December 2010 ranged from 92p/share to 191.5p/share (2009: 92p/share to 124p/share), with a weighted average remaining contractual life of 6.92 years (2009: 7.83 years). Options over 37,000 shares were conditional upon the achievement of earnings targets in 2009 and 2010.



24. Share capital - continued

Options have been granted to two directors as follows:

	Number of shares	
	Mr D Barnbrook	Mr R L Cohen
20 October 2005 at 101.5p	5,000	37,000
22 March 2006 at 103.5p	10,000	-
23 March 2007 at 106.5p	10,000	-
24 September 2007 at 94p	5,000	10,000
28 April 2008 at 124p	10,000	10,000
23 July 2009 at 92p	10,000	10,000
	50,000	67,000

The market price of the company's Ordinary shares on 31 December 2010 was 367.5p, the highest price during 2010 was 446.5p on 4 November, the lowest price during 2010 was 119.5p on 4 to 7 January and the price on 25 March 2011 was 462.5p.

In accordance with IFRS 2, a Black Scholes valuation model has been used. This has indicated that no material expense is required to be charged for the years ended 31 December 2010 and 31 December 2009. As such, no adjustment has been made to either the consolidated or parent company financial statements.

Warrants to subscribe

Under an agreement dated 22 October 2004, Invex Capital LLP was granted unquoted warrants to subscribe for Ordinary shares in the company in connection with the acquisition of Fire Testing Technology Limited. These warrants had an exercise price of £1 per share, related to 133,564 shares and were exercised on 20 May 2010.

Loeb Aron & Company Limited, the brokers who conducted a share placing in 2008, were granted unquoted warrants to subscribe for Ordinary shares in the company at an exercise price of £1.10 per share, expiring on 20 May 2013 and relating to 23,840 shares. The Loeb Aron warrants have not been accounted for in accordance with IFRS 2 on the grounds of materiality.

Convertible Redeemable shares

The conversion rights set out in note 25 would have resulted in the issue of 570,033 Ordinary shares if conversion of all the Convertible Redeemable shares had taken place on 31 December 2010.

25. Shares classed as financial liabilities

	2010 £000	2009 £000
Authorised		
5,000,000 Convertible Redeemable shares of 1p each	50	50
Allotted, called up and fully paid		
5,000,000 Convertible Redeemable shares of 1p each – quarter paid	12	12

In accordance with IAS 32, Financial Instruments: Presentation, the Convertible Redeemable shares are classified as financial liabilities. Under the terms of IAS 39 Financial Instruments, Recognition and Measurement, the conversion feature within the Convertible Redeemable shares is deemed to represent an embedded derivative financial instrument. 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 recent increase in the market price of the company's Ordinary shares has correspondingly increased the fair value of the Convertible Redeemable shares, resulting in a £1,752,000 charge before tax (£1,279,000 after tax) in the year ended 31 December 2010 relating to the derivative financial instrument (2009: nil).

Under the Articles of Association the principal conditions attached to the Convertible Redeemable shares are as follows:

- There is no right to participate in the profits of the company.
- On a winding up or other return of capital, any surplus assets remaining after payment of liabilities shall be applied:
  - i) Firstly in equally repaying the paid up capital on both the Ordinary shares and the Convertible Redeemable shares;
  - ii) Secondly in distributing the remainder amongst the holders of the Ordinary shares according to the amounts paid up.
- The holders of the Convertible Redeemable shares are not entitled to attend or vote at General Meetings of the company unless the meeting is to consider a resolution for the winding up of the company.
- The Convertible Redeemable shares are convertible no later than 31 December 2014 into such number of Ordinary shares as would represent 12% of the company's Ordinary share capital as enlarged if all convertible shares were converted; the exercise price is 95p per Ordinary share less amounts already paid on the Convertible Redeemable shares.
- The holders of Convertible Redeemable shares shall (subject to the provisions of the Companies Acts) be entitled at any time to redeem all or any of the Convertible Redeemable shares outstanding out of any profits or monies of the company which may lawfully be applied for such purpose.

26. Emoluments of directors and key management personnel

	2010 no.	2009 no.
Executive directors	3	3
Non-executive directors	3	3
	6	6

	£000	£000
Total directors' emoluments:		
Emoluments	405	399
Defined contribution pension scheme contributions	10	10
	415	409
Emoluments of the highest paid director:		
Emoluments	127	118
Defined contribution pension scheme contributions	5	5
	132	123

During the year two directors participated in a defined contribution pension scheme (2009: two)

Compensation of key management personnel

	2010 £000	2009 £000
Emoluments, benefits, pension contributions and social security costs	871	797
Short term employee benefits:		
Salaries including bonuses and social security costs	820	751
Company car allowance and other benefits	25	19
Total short term employee benefits	845	770
Post-employment benefits:		
Defined contribution pension plans	26	27
Total post-employment benefits:	26	27
Total remuneration	871	797

Key management personnel comprise directors of the parent company and the managing directors of the principal operating companies. The compensation of the non-executive directors of the parent company is determined by the Board of directors as a whole, that of the executive directors of the parent company is determined by the Remuneration Committee of the Board (comprising the non-executive directors) and that of the managing directors of the principal operating companies is determined by the group Chief Executive.

27. Employees

	2010 no.	2009 no.
Number of employees		
By function – manufacturing	56	45
– sales and administration	61	45
	117	90
By business segment		
materials sciences equipment	39	33
fibre optic testing equipment	11	9
ultra high vacuum manipulation equipment	27	23
sample preparation for electron microscopy (pro-rata for 2009 – 30 at end of 2009)	32	17
head office (including 3 non-executive directors in both years)	8	8
	117	90

Employment costs	2010 £000	2009 £000
Wages and salaries	4,147	3,248
Social security costs	438	348
Pension costs	112	82
	4,697	3,678

28. Financial instruments

The group's policies on treasury management and financial instruments are given in the directors' report.

Fair value of financial instruments

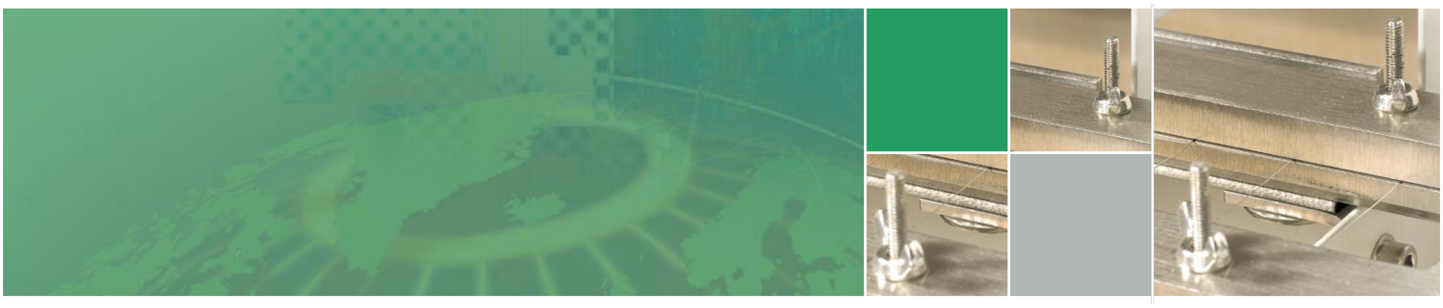
Financial instruments include the borrowings set out in note 22. All financial instruments denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The directors believe that there is no material difference between the book value and fair value of all financial instruments.

Borrowing facilities

The group had an undrawn committed overdraft facility of £500,000 at 31 December 2010 (2009: £500,000).

Trade payables

All amounts are short-term (all payable within six months) and their carrying values are considered reasonable approximations of fair value. The values are set out in note 19.



Fair value hierarchy

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The derivative financial instruments in respect of the Convertible Redeemable shares are measured at fair value in accordance with the fair value hierarchy and are classed as level 2.

Summary of financial assets and financial liabilities by category

	2010 £000	2009 £000
Financial Assets		
Trade and other receivables	2,355	1,663
Cash and cash equivalents	2,542	2,540
Loans and receivables	4,897	4,203
Financial Liabilities		
Derivative financial instruments	1,752	-
Financial liabilities designated at fair value through profit or loss	1,752	-
Trade payables	1,368	675
Accruals	891	753
Other payables	230	538
Current portion of long-term borrowings	800	650
Long-term borrowings	2,530	2,590
Financial liabilities measured at amortised cost	5,819	5,206
Other financial liabilities	7,571	5,206
Net financial liabilities	(2,674)	(1,003)
Non financial assets and financial liabilities not within the scope of IAS 39		
Property, plant and equipment	956	921
Goodwill	5,290	4,497
Other intangible assets	419	594
Inventories	1,923	1,241
Prepayments and accrued income	160	140
Social security and other taxes	(241)	(231)
Current tax payable	(550)	(638)
Deferred tax assets/(liabilities)	348	(188)
	8,305	6,336
Total equity	5,631	5,333

Financial assets

The group's financial assets (which are summarised in note 29 – credit risk) comprise cash and cash equivalents and trade and other receivables.

- The amounts derived from these assets and included as interest income in the income statement are £7,000 (2009: £3,000).
- Cash and cash equivalents are principally denominated in sterling and earn interest at floating rates.
- There is no material difference between the book and fair values of the financial assets.
- At 31 December 2010 the group had trade receivables denominated in foreign currency as follows: Euros - £118,000 (2009: £358,000), US Dollars - £598,000 (2009: £408,000) and Japanese Yen - £2,000 (2009: £35,000).

Financial liabilities

The group's principal financial liabilities are bank loans, trade and other payables, derivative financial instruments and Convertible Redeemable shares classed as financial liabilities:

- The costs attributable to these liabilities and included as interest expense in the income statement amounted to £137,000 (2009: £110,000), as analysed in note 10. Foreign exchange losses attributable to bank loans (see below) and included as operating costs in the income statement amounted to £4,000 (2009: gain of £93,000); this approximately equates to the foreign exchange gains arising in the subsidiary companies whose currency exposure the foreign exchange bank loans are designed to hedge.
- A proportion of the bank loans are denominated in foreign currencies to provide a hedge against currency risk on group assets, as described in note 22.

29. Risk management objectives and policies

The group is exposed to market risks, arising predominantly from currency exposure resulting from its export activities, interest rate fluctuation on its loans and deposits and credit and liquidity risks. Risk management strategies are co-ordinated by the board of directors of the parent company.

Foreign currency sensitivity

The group exports a substantial proportion of its sales, frequently denominated in foreign currencies (principally in US$ and Euros). Exposure to currency rate fluctuations exists from the moment a sales order is confirmed through to the time when the related remittance is converted into Sterling. This exposure is computed monthly (along with offsetting exposure on purchases, generally of minimal amounts) and counter-balanced by the conversion of a proportion of the group's bank loans into equivalent foreign currencies. The net exposure to risk is therefore substantially reduced. Residual exposure is the difference between the net exposure and the converted bank loans, both translated into Sterling at each date of measurement.

29. Risk management objectives and policies - continued

31 December 2010	Sterling equivalent of US$ £000	Sterling equivalent of € £000
Sterling loans denominated in foreign currencies at year-end	1,094	652
Residual exposure at year-end – short	(29)	(14)
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	1	1
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	1	1

31 December 2009	Sterling equivalent of US$ £000	Sterling equivalent of € £000
Sterling loans denominated in foreign currencies at year-end	765	777
Residual exposure at year-end – (short)/long	(57)	486
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	3	24
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	2	18

Interest rate sensitivity

The group's interest rate exposure arises in respect of its bank loans, which are LIBOR-linked for interest rate purposes and its surplus funds, which are bank base-rate-linked. The group's sensitivity to interest rate changes is as follows:

	2010 £000	2009 £000
Bank loans outstanding at year-end	3,330	2,740
Impact on pre-tax profits of a 1% change in LIBOR	33	27
Impact on equity of a 1% change in LIBOR	24	19
Surplus funds at year-end (2009: less subordinated loan notes)	2,542	2,040
Impact on pre-tax profits of a 1% change in bank base rates	25	20
Impact on equity of a 1% change in bank base rates	18	14

Credit risk

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as follows:

	2010 £000	2009 £000
Cash and cash equivalents	2,542	2,540
Trade and other receivables	2,515	1,803
	5,057	4,343

The group reviews the credit risk relating to its customers by ensuring wherever possible that it deals with long established trading partners, and agents and government / university backed bodies, where the risk of default is considered low. Where considered appropriate, the group insists on up-front payment and requires letters of credit to be provided. The directors consider that all the group's financial assets that are not impaired at each of the reporting dates under review are of good credit quality, including those that are past due (see note 18). None of the financial assets are secured by collateral or other credit enhancements.

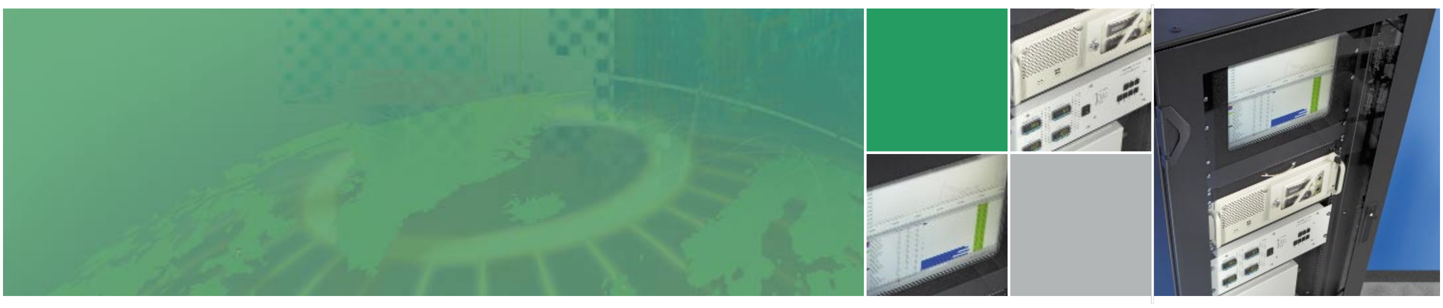
Group companies generally trade through overseas agents and credit exposure to an individual agent can be significant at times. At 31 December 2010, one counterparty owed more than 10% of the group's total trade and other receivables, being the China agent of Fire Testing Technology Limited (19.1%) (2009: none).

The credit risk for liquid funds and other short-term financial assets is considered small. The substantial majority of these assets is deposited with Bank of Scotland, part of the Lloyds Banking Group. The British Government holds a substantial interest in this group.

Liquidity risk

The group's longer-term financing needs, principally in respect of business acquisitions, are satisfied by bank loans, with the objective of servicing repayments from the cash flow arising from the businesses acquired. For short and medium term financial needs, the group regularly compares its projected requirements with available cash and borrowing facilities; the directors continue to augment existing cash surpluses with a £500,000 borrowing facility from the group's bank to provide an additional margin of liquidity.

The periods of maturity of the group's borrowings are set out in note 22. The maturity of all trade and other payables is within the period of less than six months.



Price risk

The group's price risk exposure arises in respect of the value of the derivative financial instrument which is affected by fluctuations in the company's share price. The group's sensitivity to such changes is as follows:

	2010 £000	2009 £000
Operating profit	799	1,267
Impact on pre-tax profits of a 10% change in share price	236	n/a

30. Operating lease commitments

	2010 £000	2009 £000
Operating lease payments expensed during the year:		
Land and property	224	195
Vehicles	23	9
	247	204
Minimum operating lease commitments falling due:		
Within one year – Land and property	213	184
Within one year – Vehicles	18	21
	231	205
Between one and five years – Land and property	375	346
Between one and five years – Vehicles	17	39
	392	385
Total commitment	623	590

Land and property leases represent operating sites leased at East Grinstead, Laughton, Ashford, Ringmer and Wokingham. The earliest exits to these leases fall during May 2013, February 2014, March 2013, June 2011 and September 2014 respectively.

31. Acquisition of Sircal Instruments (UK) Limited

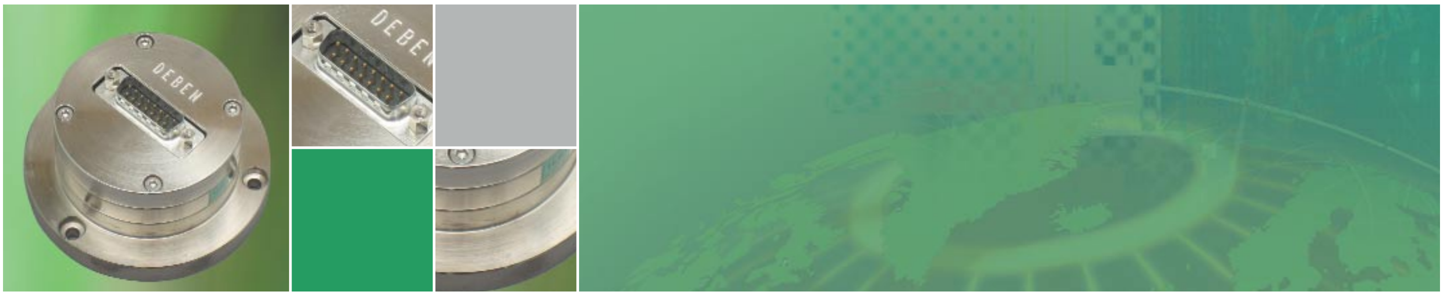
On 18 March 2010, the company's subsidiary, Fire Testing Technology Limited ("FTT") acquired the entire issued share capital of Sircal Instruments (UK) Limited ("Sircal"), a company based in the UK. The total cost of acquisition, all of which was paid in cash, includes the components stated below.

Consideration	£000
Payment to vendors	1,000
Gross cash inherited on acquisition	481
Cash retained in the business	(165)
Payment to vendors in respect of surplus working capital	316
Total consideration transferred	1,316
Acquisition-related transaction costs charged in the Income Statement	77

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 £000	Adjustment to fair value £000	Recognised at acquisition date £000
Property, plant and equipment	1	-	1
Intangible assets (note 16)	-	79	79
Inventories	44	-	44
Trade and other receivables	61	-	61
Cash and cash equivalents	481	-	481
Total assets	587	79	666
Deferred tax liabilities	-	(22)	(22)
Trade payables	(7)	-	(7)
Current tax liability	(114)	-	(114)
Total liabilities	(121)	(22)	(143)
Net identifiable assets and liabilities	466	57	523
Goodwill arising on acquisition			793
Total cost of acquisition			1,316

The goodwill that arose on the combination can be attributed to Sircal's profitability. The intangible assets identified include brand names and sales order backlog (note 16). Sircal made a contribution to group profit of £176,000 in the 41 weeks from 18 March 2010 to the reporting date. After amortisation of intangible assets, Sircal's contribution to the group results amounted to a profit of £194,000, both figures stated after tax and before allocating head office costs.



If Sircal had been acquired on 1 January 2010, based on pro-forma 2009 results revenue for the group for the period to 31 December 2010 would have increased by £166,000 and profit after tax would have increased by £38,000 after allowing for interest costs but before charging amortisation of intangible assets (an increase of £36,000 after charging additional amortisation of intangible assets of £2,000).

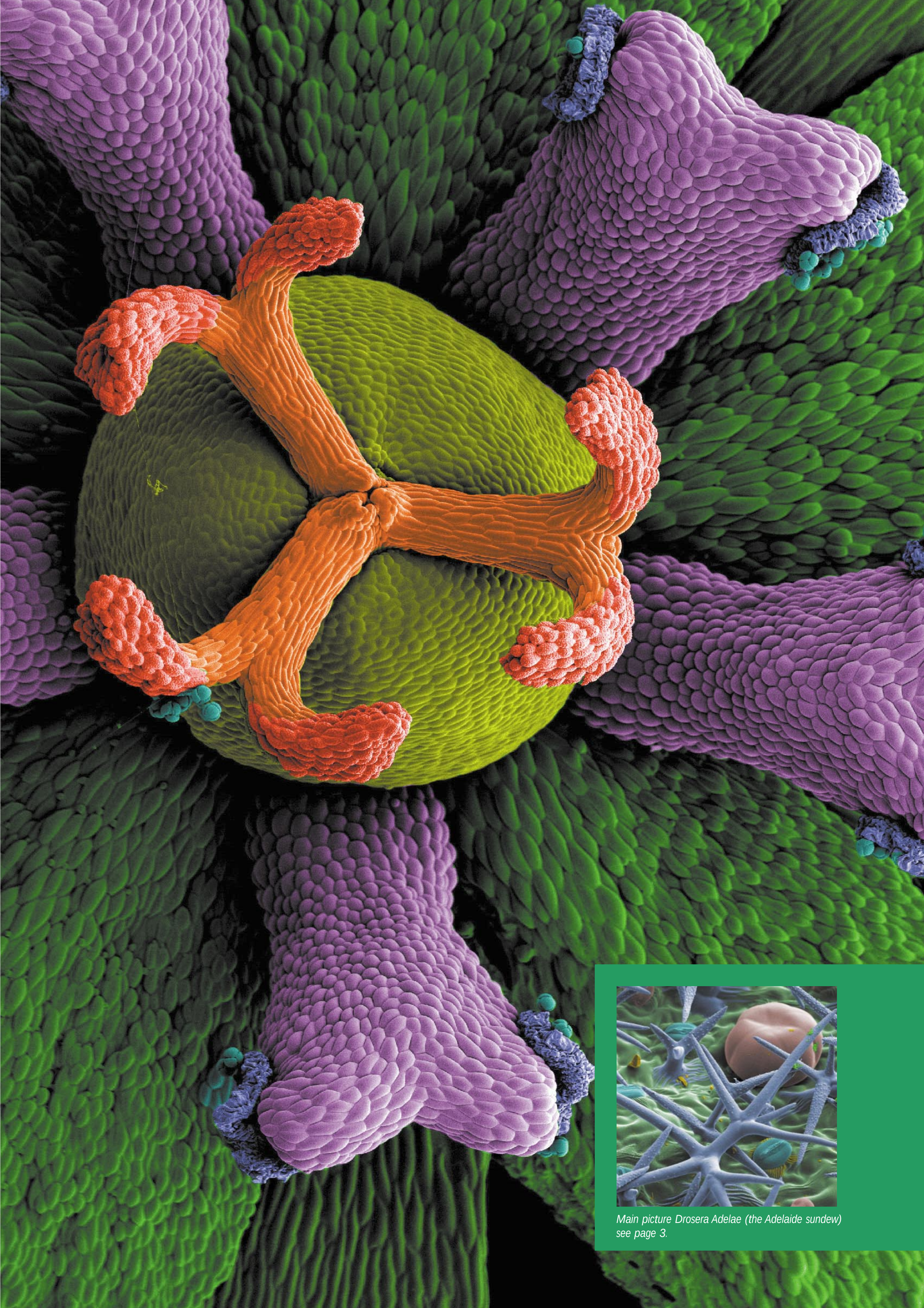
32. Post balance sheet event

On 18 March 2011, the company acquired a 51% interest in Deben UK Limited ("Deben"), a company which designs, manufactures and sells devices used to enable or to improve the observation of objects under microscopes. The acquisition was structured through the creation of a sub-holding company, Bordeaux Acquisition Limited ("BAL" - 51% owned by the company), which acquired the entirety of the share capital of Deben. The minority shareholders in BAL are the former owners of Deben.

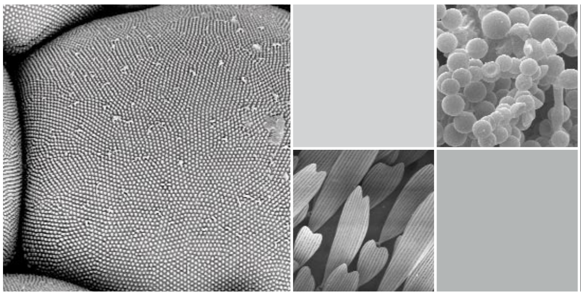
The consideration for the purchase was £3,260,000 and an additional payment will be made to reflect the working capital available at completion in excess of the ongoing requirements of the business. The purchase by BAL was financed by bank borrowings of £2,422,000 (guaranteed by Judges Scientific plc), an injection of funds into the sub-holding company by the vendors (£497,000) and cash.

Deben's unaudited financial statements for the year ended 31 October 2010 showed net tangible assets of £2,250,000. Sales amounted to £2,000,000, on which the company generated operating profits of £862,000. The directors believe that, had the business been owned by the group during that year and excluding one-off items, it would have generated operating profits in the order of £707,000 (before interest, tax, amortisation of intangible assets and expensed transaction costs), of which the group's 51% share would have amounted to £361,000.

Accounts to the date of completion will be drawn up promptly. However at the time of finalising these financial statements the information required under IFRS 3R concerning the net identifiable assets and liabilities acquired was not yet available.



Main picture Drosera Adelae (the Adelaide sundew) see page 3.



INDEPENDENT AUDITOR'S REPORT

We have audited the parent company financial statements of Judges Scientific plc for the year ended 31 December 2010 which comprise the parent company balance sheet and notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

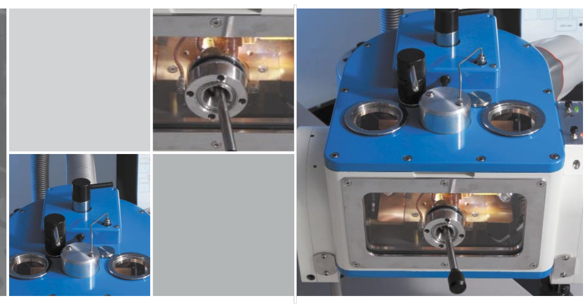
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the consolidated financial statements of Judges Scientific plc for the year ended 31 December 2010.

Paul Houghton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
29 March 2011

PARENT COMPANY BALANCE SHEET



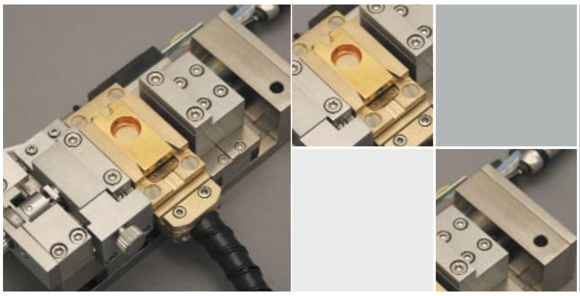
	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	3	569	577
Investments in subsidiaries	4	7,834	7,834
		8,403	8,411
Current assets			
Debtors	5	1,902	365
Cash in hand and at bank		610	1,013
		2,512	1,378
Creditors: amounts falling due within one year	6	(1,037)	(1,164)
Net current assets		1,475	214
Total assets less current liabilities		9,878	8,625
Creditors: amounts falling due after more than one year	7	(2,530)	(2,590)
Deferred tax liabilities	8	-	(5)
		(2,530)	(2,595)
Total net assets		7,348	6,030
Capital and reserves			
Called up share capital	9	209	202
Share premium	10	3,092	2,959
Profit and loss account	10	4,047	2,869
Shareholders' funds	10	7,348	6,030

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented.

These parent company financial statements were approved by the board on 29 March 2011.

D.E. Cicurel
Director

R.L. Cohen
Director



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. General information

These separate financial statements of the parent company have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

2. Accounting policies

2.1 Tangible fixed assets

Property is stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life at the following rate:

- Property: 2% straight-line on cost of buildings (excluding the estimated value of land).

2.2 Investments

Fixed asset investments in subsidiaries are stated at cost less provision for impairment.

2.3 Taxation

Current tax is provided at amounts expected to be paid or recovered either directly or through group relief arrangements.

Deferred tax is the taxation attributable to timing differences between the results computed for tax purposes and those stated in the parent company financial statements. It is recognised on all timing differences where the transaction or event which gives the company an obligation to pay more tax or the right to pay less tax in the future has occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Current and deferred tax assets and liabilities are calculated at rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

2.4 Pensions

The company operates defined contribution pension schemes for employees and directors. The assets of the schemes are held by investment managers separately from those of the company and group. The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

2.5 Share-based payments

FRS 20 has been applied, where the effect is material, to equity-settled share options granted on or after 7 November 2002 and not vested prior to 1 January 2006. The Black Scholes valuation model is used and, up to 31 December 2010, has indicated that no material adjustment to profits is required. The impact of a material adjustment would be reflected in the accounts of any affected subsidiary company.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All material equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account, with a corresponding credit to "other reserve".

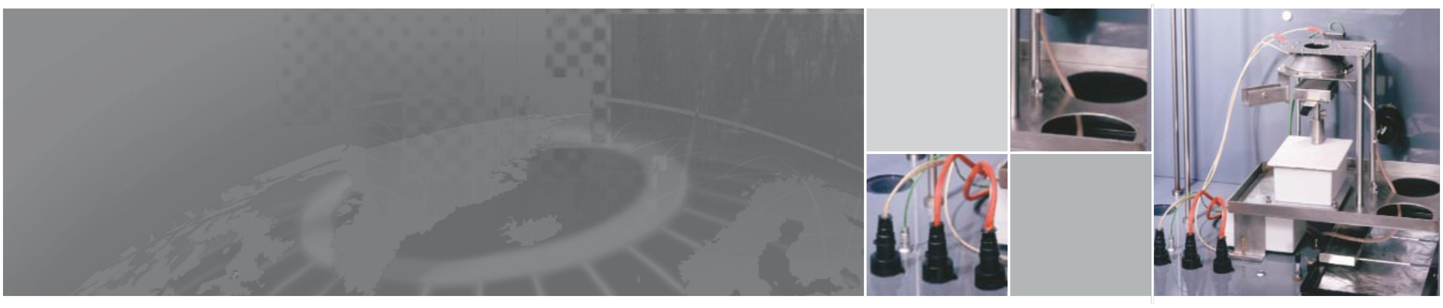
If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. The impact of the revision of the original estimates, if any, is recognised in the profit and loss account over the remaining vesting period, with a corresponding adjustment to the appropriate reserve.
No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

2.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction. All differences are taken to the profit and loss account.

2.7 Convertible Redeemable shares

In accordance with FRS 25, the Convertible Redeemable shares have been recorded as a current liability at the net proceeds received and any future conversion into Ordinary shares has not been taken into account. The underlying finance cost is not reflected until conversion takes place.



3. Tangible assets

	Property £000
Cost	
1 January 2010	591
Additions in 2010	-
31 December 2010	591
Depreciation	
1 January 2010	14
Charge	8
31 December 2010	22
Net book value - 31 December 2010	569
Net book value - 31 December 2009	577

4. Investments in subsidiaries

	2010 £000	2009 £000
Cost		
1 January	7,834	5,620
Additions	-	2,214
31 December	7,834	7,834

The group's trading subsidiaries at 31 December 2010, all of which were incorporated and operate in the United Kingdom, were as follows:

Company	Principal activity	Class of shares	% held
Fire Testing Technology Limited	Design and assembly of fire testing instruments	Ordinary £1	100%
PE.fiberoptics Limited	Design and assembly of fibre-optic testing instruments	"A" Ordinary £1	100% of "A" class; being 51% of total equity
UHV Design Limited	Design and manufacture of instruments used to manipulate objects in ultra high vacuum chambers	Ordinary £1	100%
Aitchee Engineering Limited	Manufacture of engineering parts and finished products	Ordinary £1	100%
Quorum Technologies Limited	Design, manufacture and distribution of instruments that prepare samples for examination in electron microscopes	Ordinary £1	100%
Sircal Instruments (UK) Limited	Design, manufacture and distribution of rare gas purifiers for use in metals analysis	Ordinary £1	100%

All of the above companies are owned directly by Judges Scientific plc, with the exception of Aitchee Engineering Limited and Sircal Instruments (UK) Limited, both of which are owned directly by Fire Testing Technology Limited.

5. Debtors

	2010 £000	2009 £000
Amounts owed by group companies	1,777	269
Corporation tax - group relief owed by group companies	95	74
Prepayments and accrued income	30	22
	1,902	365

Included in amounts owed by group companies are:

- the sum of £244,000 (2009: £204,000) which is repayable on demand at any time after 30 June 2012 provided that all liabilities to third parties falling due on or before that date have been met; and
- a loan to Fire Testing Technology Limited, made during 2010 to finance the acquisition of Sircal Instruments (UK) Limited, amounting to £1,316,000 at 31 December 2010. This loan is unsecured, repayable on demand and bears interest at the rate of 7½% per annum.

Except as stated, all amounts are recoverable in less than 1 year.

6. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Accruals and deferred income	166	457
Social security and other taxes	59	45
Current portion of bank loan	800	150
Subordinated loan notes	-	500
Other creditors	12	12
	1,037	1,164

Other creditors comprise £12,500 of non equity shares classed as financial liabilities (see note 25 to the consolidated financial statements).

7. Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Bank loan	2,530	2,590

The bank loan is secured on assets of the group (including the assets of the parent company), is repayable in quarterly instalments over the period ending 30 June 2014 and bears interest at $3\frac{1}{4}$% above LIBOR-related rates. The repayment profile of borrowings is as follows:

	Bank loan £000
Repayable in less than 1 year	941
Repayable in years 1 to 5	2,708
	3,649

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 2010 of loans denominated in US$ was £1,094,000 (2009: £765,000) and in Euros was £652,000 (2009: £777,000). These amounts are included in the figures above for bank loans, repayable in years 1 to 5.

The parent company has a contingent liability in respect of its cross-guarantees of bank overdraft facilities made available to its subsidiary companies amounting in aggregate to £500,000.

8. Deferred tax asset/(liability)

	2010 £000	2009 £000
1 January	(5)	(5)
Credit	5	-
31 December	-	(5)

Amounts provided in respect of deferred tax are computed at 27% (2009: 28%) and related to accelerated capital allowances.

The parent company had unrelieved tax losses at 31 December 2010 of £325,000 (2009: £325,000) but has not recognised a deferred tax asset (2010: £88,000, computed at 27%; 2009: £91,000 computed at 28%) in respect of these losses as it is not considered probable that taxable profits will be available in the near term against which they can be utilised. However they are available to be offset against future profits of the parent company.

9. Share capital

Details relating to the parent company's share capital are set out in notes 24 and 25 to the consolidated financial statements.

10. Statement of movements in shareholders' funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Total share-holders' funds £000
1 January 2010	202	2,959	2,869	6,030
Profit for the year	-	-	1,437	1,437
Shares issued in the year	7	133	-	140
Dividends paid in the year	-	-	(259)	(259)
31 December 2010	209	3,092	4,047	7,348

The profit for the financial year in the accounts of the parent company amounted to £1,437,000 (2009: £2,058,000).

Details relating to the dividends paid in the year are set out in note 12 to the consolidated financial statements.

11. Related party transactions

In September 2005, the parent company entered into a loan facility agreement with its 51%-owned subsidiary, PE.fiberoptics Limited ("PFO") under which PFO was able to draw up to £250,000. The outstanding balance of this loan was repaid during 2010 (balance at 31 December 2009: £17,000). The loan was unsecured and repayable at the discretion of the directors of PFO. It was interest-free until 1 January 2007, since which date interest has been charged at the rate of $7\frac{1}{2}$% per annum (2010: £1,000; 2009: £1,000).

The company is exempt under the terms of FRS 8 from disclosing transactions with its wholly owned subsidiaries.

Dividends paid in the year to directors who hold shares amounted to £45,000 in aggregate (2009: £27,000).

12. Directors and employees

	2010 £000	2009 £000
Total directors' emoluments		
Emoluments	405	399
Defined contribution pension scheme contributions	10	10
	415	409
Emoluments of the highest paid director		
Emoluments	127	118
Defined contribution pension scheme contributions	5	5
	132	123

During the year, two directors participated in a defined contribution pension scheme (2009: two)

	2010 no.	2009 no.
Employees		
Number of directors	6	6
Administrative staff	2	2
Total	8	8

13. Post balance sheet event

On 18 March 2011, the company acquired a 51% interest in a newly-incorporated company, Bordeaux Acquisition Limited ("BAL"), which in turn acquired the entire issued share capital of Deben UK Limited ("Deben"). Deben designs, manufactures and sells devices used to enable or to improve the observation of objects under microscopes. The minority shareholders in BAL are the former owners of Deben.

The company's investment in BAL amounted to £517,000 and took the form of equity and subordinated debt. The company also guaranteed bank loans drawn by BAL to finance the acquisition and amounting at the date of acquisition to £2,422,000. Further details of the transaction are set out in note 32 to the consolidated financial statements.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighth Annual General Meeting of Judges Scientific plc (the "Company") will be held at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD on Tuesday 31 May 2011 at 12.00 noon for the purpose of dealing with the following business of which items 6, 7 and 8 are special business.

Ordinary Business

1. To receive and adopt the reports of the directors and the auditor and the audited financial statements of the Company for the year ended 31 December 2010.

2. To re-appoint Glynn Reece, who retires by rotation, as a director.

3. To re-appoint David Cicurel, who retires by rotation, as a director.

4. To approve a final dividend of 5 pence per Ordinary Share.

5. To re-appoint Grant Thornton UK LLP as auditor to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the directors to fix the remuneration of the auditor for the year ending 31 December 2011.

Special Business

To consider and, if thought fit, to pass the following resolutions, as to the resolution numbered 6 as an Ordinary Resolution and as to the resolutions numbered 7 and 8 as Special Resolutions:

Ordinary Resolution

6. That the directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £209,012 provided that this authority unless renewed shall expire at the close of the next Annual General Meeting of the Company, save that the Company may before such expiry make any offer, agreement or other arrangement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the directors of the Company may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired, this authority to replace any previous authority which is hereby revoked with immediate effect.

Special Resolutions

7. That:

(a) subject to and conditional upon the passing of resolution 6 above, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined for the purposes of section 560 of the Act) for cash, pursuant to the authority granted by resolution 6 above, as if section 561 of the Act did not apply to any such allotment, provided that such power shall be limited to:

(i) the allotment of equity securities in connection with a relevant rights issue or open offer in favour of Ordinary Shareholders where the equity securities attributable to the respective interests of all Ordinary Shareholders are proportionate to the respective numbers of Ordinary Shares held by them on the record date for such allotment, but subject to such exclusions as the directors may deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any recognised regulatory body or stock exchange; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal amount of £209,012,

and, unless previously renewed, revoked or varied, such power shall expire at the close of the next Annual General Meeting of the Company, save that the Company may before such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer, agreement or other arrangement as if the power conferred hereby had not expired.

(b) For the purposes of this resolution:

(i) "relevant rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors of the Company to holders on the register on a fixed record date of Ordinary Shares in the Company in proportion (or as nearly as may be practicable) to their respective holdings but subject in any case to such exclusions or other arrangements as the directors of the Company may deem necessary or desirable to deal with fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or stock exchange; and

(ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares, which may be allotted pursuant to such rights.

8. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of 5 pence each in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 626,618 (representing approximately 14.99 per cent. of the Company's issued share capital);

(b) the minimum price which may be paid for such shares is the nominal value of 5 pence per Ordinary Share (exclusive of expenses);

(c) unless the Company makes market purchases of its own Ordinary Shares by way of a tender or partial offer made to all holders of Ordinary Shares on the same terms, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than five per cent. above the average of the market values for an Ordinary Share as derived from the AIM Appendix to the London Stock Exchange Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 or 15 months from the date of passing of this resolution, whichever shall be the earlier; and

(e) the Company may validly make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By Order of the Board

RL Cohen	Registered Office:
Company Secretary	Unit 19, Charlwoods Road
	East Grinstead
6 May 2011	West Sussex RH19 2HL

Notes:

1 A member entitled to attend, speak and vote at the meeting convened by the Notice set out above is entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company. A Form of Proxy is enclosed for your use. Please carefully read the instructions on how to complete the form.

2 To be valid, the instrument appointing a proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company not less than 48 weekday hours before the time fixed for holding the meeting or any adjournment thereof.

3 To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which he/she is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4 The completion and return of a form of proxy will not preclude a member of the Company from subsequently attending and voting in person at the meeting should he/she so wish. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

5 Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those members registered in the Register of Members of the Company as at 12 noon on 27 May 2011 (being not more than 48 weekday hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 weekday hours prior to the time fixed for the adjourned meeting are entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6 In the case of joint holders the vote of the first-named holder on the Register of Members (whether voting in person or proxy) will be accepted to the exclusion of the votes of the other joint holders.

7 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate member attends the meeting but the corporate member has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Company Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details on this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

8 David Cicurel and a number of other shareholders deemed to be acting in concert with him together hold at the date of this Notice 1,120,830 Ordinary shares representing 26.8% of the issued Ordinary share capital of the Company ("the Concert Party"). The directors note that Resolution 8, if passed by shareholders, cannot be implemented in full until either the Concert Party's shareholding in the Company is appropriately diluted by an issue of new shares or the composition of the Concert Party is narrowed or shareholders pass a resolution to approve a "Rule 9" waiver from the Panel on Takeovers and Mergers, though no such waiver is currently being sought.

Form of Proxy

for the Annual General Meeting of Judges Scientific plc on 31 May 2011 at 12.00 noon at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD

If you are unable to attend the Annual General Meeting, you may appoint a proxy to exercise all or any of your rights to attend, speak and vote in your place. A proxy need not be a member of Judges Scientific plc but must attend the meeting to represent you. A proxy must vote as you have instructed. If you wish to appoint a proxy other than the Chairman of the meeting you may do so by crossing out the words 'Chairman of the meeting' and writing another proxy's name and address in the space provided. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. Please indicate for each Resolution how you wish your proxy to vote by placing a tick in the relevant box. If you do not tell your proxy how to vote, your proxy may vote or withhold his/her vote as he/she thinks fit on the Resolutions or any other business at the meeting (including amendments to Resolutions).

I/We ______________________________ (Block Letters)

of ______________________________ appoint the

Chairman of the meeting or ______________________________ as my/our proxy in

respect of ______________________________ Ordinary Shares to attend and, on a poll, to vote on my/our behalf at the Annual General Meeting of Judges Scientific plc to be held at 12.00 noon on 31 May 2011, and at any adjournment(s) of that meeting.

		For	Against	Vote Withheld
1	Approval and adoption of Annual Report and Accounts			
2	Re-appointment of Glynn Reece			
3	Re-appointment of David Cicurel			
4	Approval of final dividend			
5	Re-appointment of auditor			
6	Authority to allot shares			
7	Authority to disapply pre-emption rights			
8	Authority to make market purchases			

If this proxy is signed by someone else on your behalf, their authority must also be returned with this form. In the case of joint holdings, any one holder may sign this form. In the case of a corporation, the proxy must be executed under its common seal or under the hand of a duly authorised officer or attorney. Even if you complete and return this proxy form, you may still attend the meeting and vote in person should you later decide to do so.

Please sign here: ______________________________ Date: ______________

Please indicate here with an 'X' if this proxy is one of multiple appointments being made. ☐

Please post this form once you have completed it to the address printed overleaf. **To be valid, this form must be received no later than 48 weekday hours before the time fixed for holding the meeting or any adjournment thereof.**

Please refer to the notes in the Notice of Meeting to which this proxy relates if you require any assistance.

Any alterations to this form must be initialled.

Mailing address for Form of Proxy The Company Secretary, Judges Scientific plc, Unit 19, Charlwoods Road East Grinstead, West Sussex RH19 2HL

Mailing address for Form of Proxy
The Company Secretary, Judges Scientific plc, Unit 19, Charlwoods Road,
East Grinstead, West Sussex RH19 2HL

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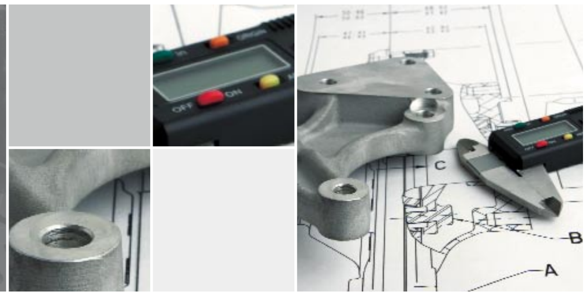
Fold here

COMPANY INFORMATION



Directors
The Hon. Alexander Robert Hambro (Non-Executive Chairman)
David Elie Cicurel (Chief Executive)
David Barnbrook (Chief Operating Officer)
Ralph Leslie Cohen (Finance Director)
Ralph Julian Elman (Non-Executive Director)
Glynn Carl Reece (Non-Executive Director)

Company Secretary
Ralph Leslie Cohen

Registered Office
Unit 19, Charlwoods Road
East Grinstead
West Sussex RH19 2HL

Registrar
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Nominated Adviser
Shore Capital and Corporate Ltd
Bond Street House
14 Clifford Street
London W1S 4JU

Stockbroker
Shore Capital Stockbrokers Ltd
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London W1S 4JU

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Statutory Auditor
Chartered Accountants
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Registered in England and Wales, Company No. 4597315

Judges Scientific plc

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