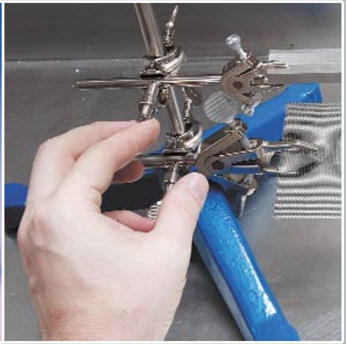
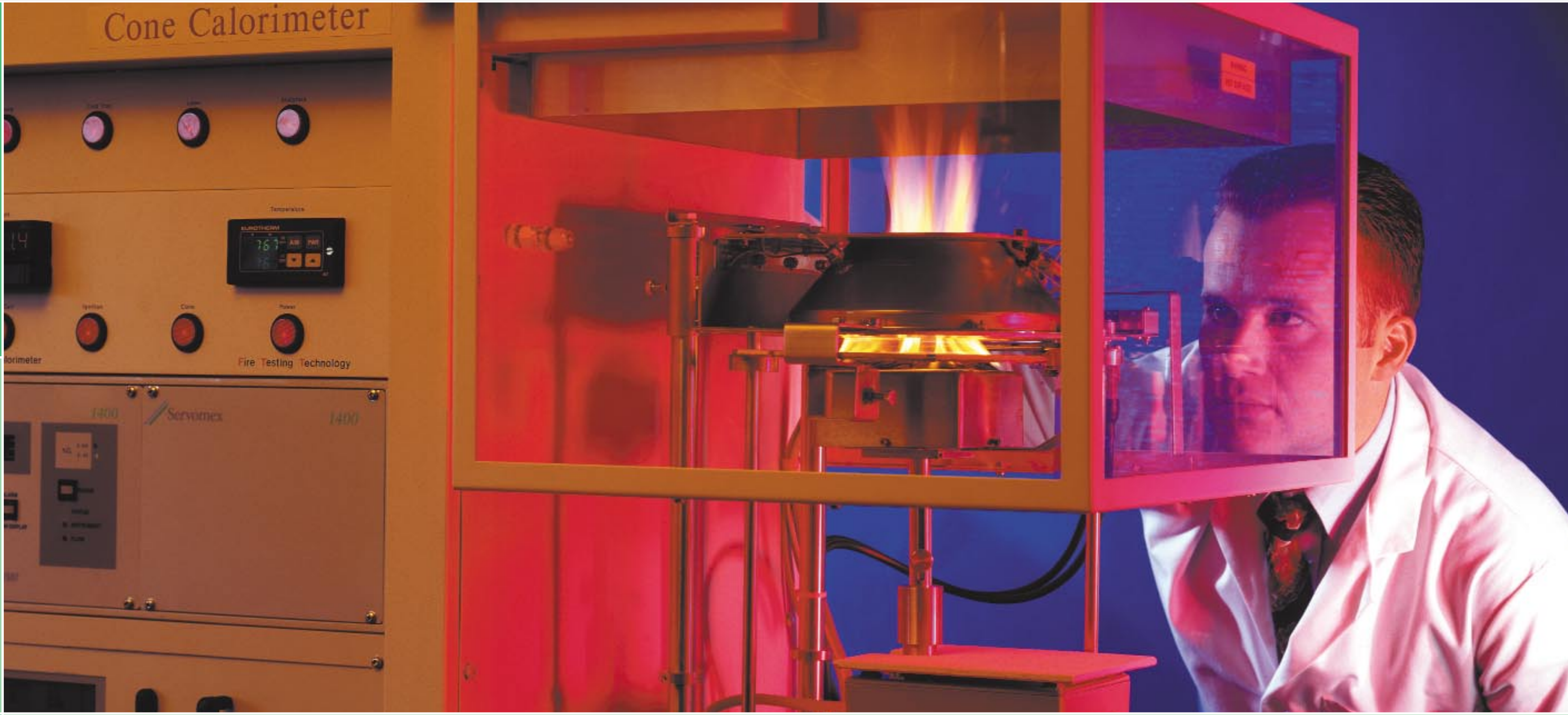
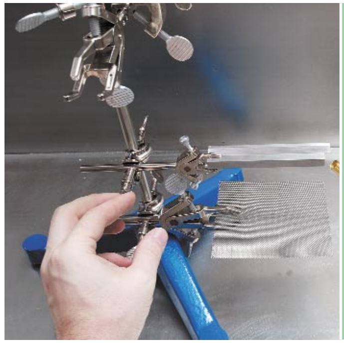
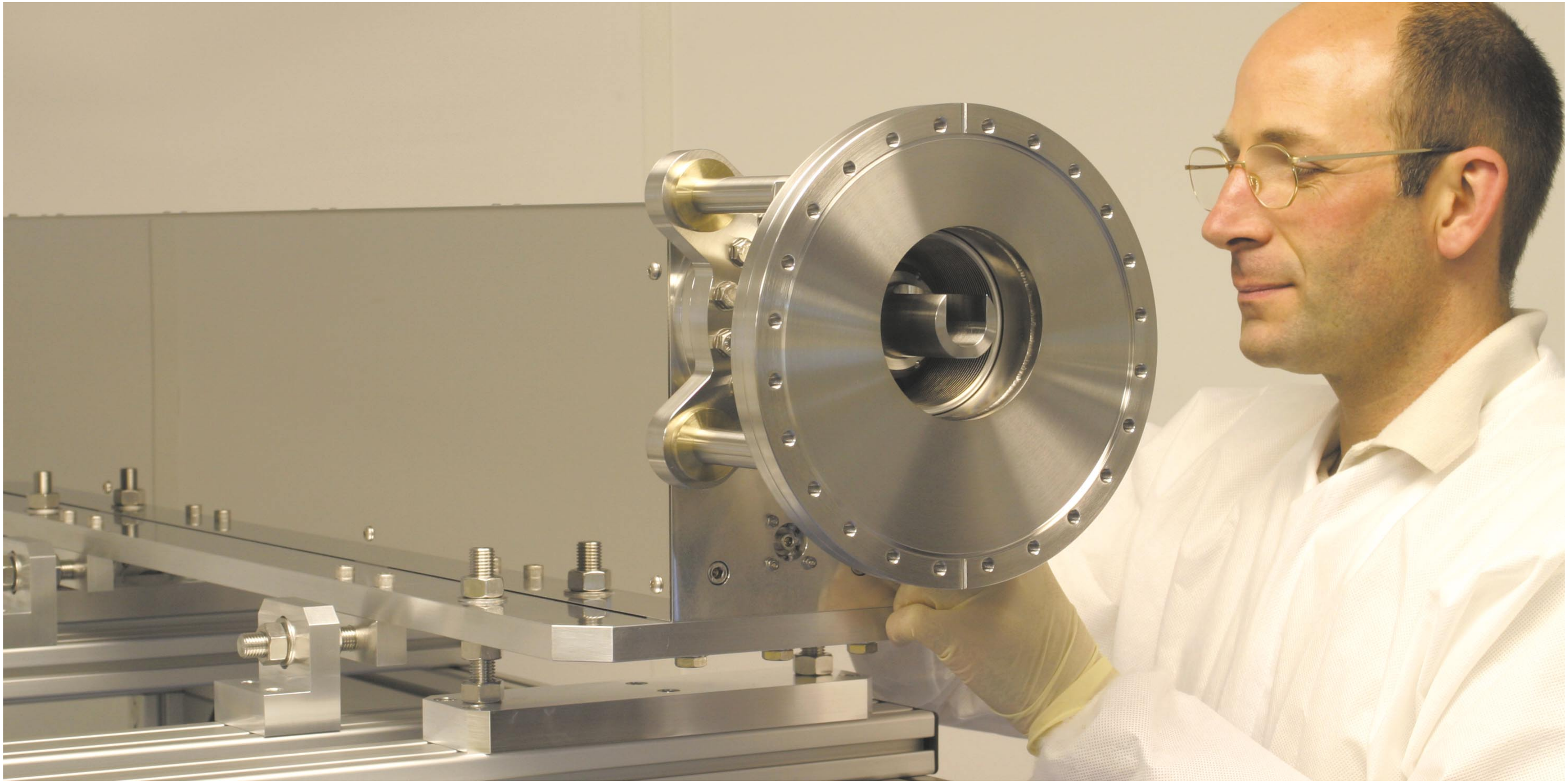


Annual Report and Accounts 2005



Judges Capital plc





Company Information

Directors
The Hon. Alexander Robert Hambro (Non-Executive Chairman)
David Elie Cicurel (Chief Executive)
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 IRG plc
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
Bond Street House
14 Clifford Street
London W1S 4JU

Auditors
Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
8 West Walk
Leicester LE1 7NH

Principal Bankers
Bank of Scotland
55 Temple Row
Birmingham B2 5LS

Solicitors
Faegre & Benson LLP
7 Pilgrim Street
London EC4V 6LB

Registered in England and Wales, Company No. 4597315

Contents

Trading Activities

Fire Testing Technology

Established in 1989 and strongly focused on the global export market, FTT has become the world's leading producer of fire testing instrumentation. With a portfolio of more than 35 instruments, FTT possesses an unrivalled product range and has supplied numerous fire research institutions and testing laboratories. The company's scientists are recognised authorities on fire testing issues and, as such, are members of national and international Fire and Safety Standards Committees.

FTT designs and assembles its product range at its base in East Grinstead, Sussex. Instruments include the Cone Calorimeter, which measures specific fire properties of materials such as rate of heat release and time to ignition, and the NBS Smoke Density Chamber, which measures the density of smoke emission from heated materials. A recent innovation is the Micro Calorimeter, developed in co-operation with the Federal Aviation Administration, which measures fire properties pertaining to specimens that weigh no more than a few milligrams.

The principal industries served by FTT are manufacturers of construction, electro-technical and furnishing products together with manufacturers of transport systems. With almost all of its output exported, the company's products are in everyday use in every continent, supported by a worldwide network of agents and a team of service engineers based at the Sussex HQ.

Website: www.fire-testing.com

PE.fiberoptics

PE.fiberoptics is a leading provider to the telecommunications industry of a wide range of specialised equipment designed to test the properties of fibre optic and fibre optic networks. Superior technology, design and manufacture serve to ensure that its innovative products play a vital role in resolving fibre characterisation and network problems quickly and efficiently.

Recognised for its award winning products, PFO provides customers with equipment that will respond to and resolve the day-to-day challenges experienced in both optical network applications and quality assurance laboratories. Such products include the CHROMOS11-CL-PMD, a unique portable optical analyser which has performed over a world record distance of 15,500 km on a US-Europe-US submarine link involving hundreds of optical amplifiers.

PFO's customers include manufacturers of fibre, cable and telecommunications equipment together with network operators. Exports currently account for more than 90% of sales.

Website: www.pefiberoptics.com

UHV Design

UHV Design specialises in the development and manufacture of instruments used to create motion, heating and cooling within ultra high vacuum chambers where pressure is several trillion times less than the atmosphere. Designs include the patented MagiGear rotary feedthrough, which enables rotary motion to be transferred into a vacuum system utilising magnetic technology. Complex customised assemblies are also designed and manufactured, tailored to meet customers' specific requirements.

The company's dedication to innovation and quality has established UHV Design as a major force in its field on a worldwide basis, with overseas markets currently accounting for more than 70% of sales. End-users include academic and research establishments (both public and private sector) and industrial enterprises in sectors such as semiconductors, aerospace, defence and nanotechnology.

Website: www.uhvdesign.com

Chairman's Statement

I am pleased to report that in 2005 your company achieved its maiden pre-tax profit for a full year amounting to £163,000 (2004: loss £153,000) on turnover of £2.2 million (2004: nil).

A New Direction

In 2005 your company adopted a new strategy focused on the development of a scientific instrumentation group. Our previous activity, effectively operating as a catalyst in relation to public to private transactions, proved incompatible with the revival of interest in quoted 'small cap' shares.

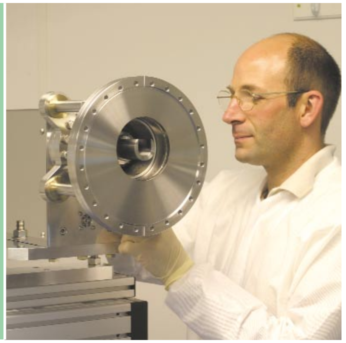
During the year, your company purchased Fire Testing Technology ("FTT") and supported a management buy-out of PE.fiberoptics ("PFO"). Subsequent to the year-end, Judges has completed the acquisition of UHV Design ("UHV").

FTT

FTT, acquired on 24 May 2005, is a world leader in the manufacture of instruments designed to measure the reaction of a variety of materials to fire. FTT's business is largely driven by the need to comply with regulation and more than 95% of its sales are overseas. The purchase price amounted to £3.7 million, including 400,000 Ordinary shares and £500,000 in vendor subordinated loan notes, plus an £803,000 adjustment for excess working capital on completion. The cash consideration was financed by a £2.4 million senior term loan from HBoS and a £956,000 placing of Ordinary shares at 100p per share. In the year ended 31 May 2005, FTT generated sales of £3.3 million and an operating profit of £700,000.

PFO

On 2 September 2005 your company supported the management buy-out by PFO of the fibre optic testing instruments division of PerkinElmer. The subscription price for our 51% shareholding was a nominal £51 plus a £40,800 subordinated loan and a £250,000 senior working capital facility, of which £75,000 was drawn down on completion. PFO makes instruments designed to check the performance



of fibre optic used in telecommunications. The acquired business suffered in the aftermath of the telecom boom and its future success will be influenced by a resumption of normal spending within the sector. PFO has made an encouraging start and proved profitable and cash generative during its first four months' trading. The majority of the senior facility was repaid at the year-end with the remainder repaid shortly thereafter.

UHV

The acquisition of UHV was completed on 21 February 2006. UHV designs and manufactures instruments capable of manipulating objects in ultra high vacuum chambers. The £836,000 purchase price comprised £650,000 in cash, 98,522 Ordinary shares and an earn-out up to a maximum of £86,000; a further cash payment will become due, reflecting excess working capital at completion. The cash element was financed by an extension of our senior term loan. In the year ended 31 March 2005, UHV generated an unaudited operating profit of £295,000 from a £954,000 turnover.

Investment Portfolio

Our investment portfolio was drastically reduced during the year from a book value of £1.7 million to £428,000. The net contribution from disposals amounted to £90,000. At the year-end the book value of our portfolio included £228,000 of shares in companies that are either in the process of being liquidated or, in the case of Dickinson Legg, received a takeover offer post our balance sheet date (in March 2006). The only on-going investment is Poole Investments (book value: £200,000).

Financial Performance

The Profit & Loss account therefore reflects seven months' trading at FTT, four months' trading at PFO and our residual investment activity. Basic earnings per share were 1.6p and 1.7p on a fully diluted basis (2004: loss per share of 7.3p). This encompasses the profits from our reducing investment activity and a full year of overheads, while our new trading activity only contributed for part of the year. Earnings per share, excluding goodwill amortisation, amounted to 5.3p and 4.8p on a fully diluted basis.

Our year-end financial position was strong with £1.15 million of cash in hand (excluding the investment portfolio).

Board

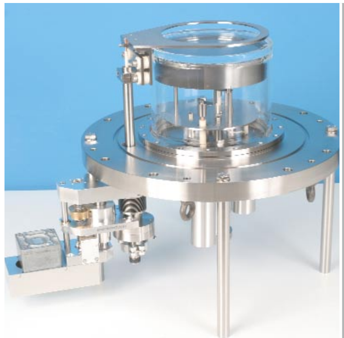
Your Board was strengthened towards the end of the year by the recruitment of Ralph Cohen as a full-time Finance Director. Ralph Elman remains on the Board as a non-executive director and the Board would like to take this opportunity to thank him for his contribution as a part-time Finance Director.

Prospects

Your Board is confident that the company's new strategy will result in increased shareholder value over time. We are delighted with the acquisitions completed during the past nine months and we are actively looking for new opportunities to achieve further consolidation within the instrumentation sector.

I would like to take this opportunity to thank both our longer standing and new shareholders for their continued support and also our group employees for their dedication and valued efforts throughout a year of organisational change.

Alex Hambro
Chairman
Date: 21 March 2006



Directors' Report

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company changed during the year. Judges Capital plc has become the parent company of a trading group involved in the design and manufacture of scientific instruments. Prior to this change of direction, the principal activity was that of undertaking investments.

A review of the group's activities during the year and its prospects is contained within the Chairman's statement.

Results and dividends

The results for the year are set out on page 9. The directors do not recommend payment of a dividend for the year.

Directors

The following directors have held office at any time during the year:
Hon AR Hambro[1] – non-executive
Mr DE Cicurel
Mr RL Cohen – appointed 20 October 2005
Mr RJ Elman[2] – non-executive (executive until 20 October 2005)
Mr GC Reece[1] – non-executive

[1] Member of the audit and remuneration committees

[2] Member of the audit and remuneration committees since 20 October 2005

Directors' interests

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

	Ordinary of 5p each			
	31 December 2005		1 January 2005 (or date of appointment if later)	
	Shares	Options	Shares	Options
Hon AR Hambro	25,000	-	-	-
Mr DE Cicurel*	526,356	-	526,356	-
Mr RL Cohen	-	37,000	-	-
Mr RJ Elman	-	-	-	-
Mr GC Reece	-	-	-	-

* Held through David Cicurel (Investments) Limited ('DCIL'), except for 40 shares held directly. It is intended that the Ordinary shares held by DCIL will be distributed in specie to David Cicurel Securities Limited ('DCSL') once the close period has ended. DCSL owns 100% of the ordinary shares of DCIL.

Details of share options are set out in note 18 to the financial statements.

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

	Convertible Redeemable of 1p each (quarter-paid)	
	31 December 2005	1 January 2005 (or date of appointment if later)
	Shares	Shares
Hon AR Hambro	416,667	416,667
Mr DE Cicurel*	4,166,667	4,166,667
Mr RL Cohen	-	-
Mr RJ Elman	208,333	208,333
Mr GC Reece	208,333	208,333

* Held through DCIL at 31 December 2005. On 23 February 2006 DCIL distributed in specie the 4,166,667 convertible redeemable shares in the company to DCSL.

The conversion terms of the Convertible Redeemable shares are detailed in note 19 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 2005 would have been as follows:

	Ordinary Shares
Hon AR Hambro	39,345
Mr DE Cicurel	919,805
Mr RL Cohen	-
Mr RJ Elman	19,672
Mr GC Reece	19,672

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 6 days (2004: 4 days).

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. 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 accounting standards 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 group and company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of both the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Judges Capital website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

International Financial Reporting Standards

Judges Capital plc intends to adopt IFRS in line with the AIM mandatory adoption timetable (ie for the year ending 31 December 2007).

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 auditors and, in consultation with the company's auditors, the scope of the audit. The audit committee has unrestricted access to the company's auditors. The remuneration committee reviews 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. No directors participate in setting their own pay.

Post balance sheet events

On 21 February 2006, the company announced the acquisition of the entire issued share capital of UHV Design Limited for a maximum consideration of £836,000 (plus a working capital adjustment). This company designs and manufactures instruments used to manipulate objects in ultra high vacuum chambers. On 6 March 2006 the company issued 98,522 Ordinary shares of 5p at a fair value of £1.015 in respect of the acquisition of UHV Design Limited.

In addition, a formal takeover offer was received on 3 March 2006 by Dickinson Legg Group plc, a quoted company in which Judges Capital plc holds 3.01%, valuing the shares at 17.75p.

Financial risk management objectives and policies

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors 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 financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The group finances its operations through a mixture of bank borrowings, equity and retained profits. The group's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is 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 by overdraft facilities.

Credit risk

The group reviews the credit risk relating to its customers by ensuring wherever possible 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 facilities to be provided.

Currency risk

With a significant proportion of the group's sales being exported, the main risk area to which the group is exposed is that of foreign currencies (mainly US$ and Euros). It is not the group's practice for this risk to be hedged but the directors review this on a regular basis.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

On behalf of the board
RL Cohen
Director and Company Secretary
21 March 2006

Report of the Independent Auditor to the Members of Judges Capital plc

We have audited the group and parent company financial statements (the 'financial statements') of Judges Capital plc for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cashflow statement and associated notes a to c and notes 1 to 29 to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group and company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Leicester
21 March 2006

Consolidated Profit and Loss Account

	Notes	Continuing activities	2005 Acquisitions	Total	2004
		£	£	£	£
Turnover	2	-	2,211,521	2,211,521	-
Operating costs	3	(244,426)	(1,737,350)	(1,981,776)	(175,535)
Goodwill amortisation		-	(103,750)	(103,750)	-
Total operating costs		(244,426)	(1,841,100)	(2,085,526)	(175,535)
Operating (loss) / profit		(244,426)	370,421	125,995	(175,535)
Profit on disposal of investments				89,842	57,654
Provision against investments				-	(100,000)
Investment income	5			-	61,912
Net interest (payable) / receivable	6			(52,632)	2,441
Profit / (loss) on ordinary activities before taxation	4			163,205	(153,528)
Tax on profit / (loss) on ordinary activities	7			(100,777)	-
Profit / (loss) on ordinary activities after taxation				62,428	(153,528)
Minority interests				(15,499)	-
Profit / (loss) for the financial year retained	20			46,929	(153,528)
Earnings / (loss) per share	8				
Basic				1.6p	(7.3)p
Diluted				1.7p	-

There are no recognised gains and losses other than the results for the year set out above.

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

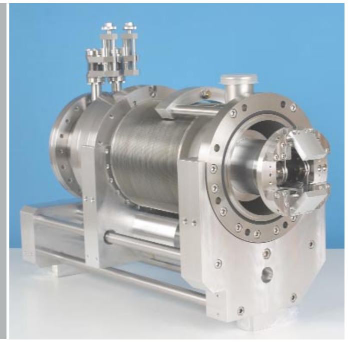
Balance Sheets

	Notes	2005 Group	2005 Company	2004 Group (restated)	2004 Company (restated)
		£	£	£	£
Fixed assets					
Intangible assets	9	3,638,059	-	-	-
Tangible assets	10	114,336	-	-	-
Investments	11	-	4,579,564	-	-
		3,752,395	4,579,564	-	-
Current assets					
Stocks	12	413,130	-	-	-
Debtors	13	692,350	145,242	8,230	8,230
Investments	14	427,911	427,911	1,702,075	1,702,075
Cash in hand and at bank		1,148,619	742,337	296,073	296,073
		2,682,010	1,315,490	2,006,378	2,006,378
Creditors: amounts falling due within one year	15	(1,044,264)	(305,776)	(484,966)	(484,966)
Net current assets		1,637,746	1,009,714	1,521,412	1,521,412
Total assets less current liabilities		5,390,141	5,589,278	1,521,412	1,521,412
Creditors: amounts falling due after more than one year	16	(2,528,959)	(2,528,959)	-	-
Provisions for liabilities	17	(23,557)	-	-	-
Minority interests		(15,548)	-	-	-
Total net assets		2,822,077	3,060,319	1,521,412	1,521,412
Capital and reserves					
Called up share capital	18	173,118	173,118	105,318	105,318
Share premium	20	2,501,430	2,501,430	1,695,494	1,695,494
Merger reserve	20	380,000	-	-	-
Profit and loss account	20	(232,471)	385,771	(279,400)	(279,400)
Shareholders' funds	21	2,822,077	3,060,319	1,521,412	1,521,412

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the Board on 21 March 2006

D.E. Cicurel
Director

R.L. Cohen
Director



Consolidated Cash Flow Statement

	Notes		2005		2004
		£	£	£	£
Net cash inflow / (outflow) from operating activities	a		345,217		(195,365)
Returns on investments and servicing of finance					
Interest received		54,462		25,279	
Interest paid		(107,094)		(360)	
Dividends received		-		58,462	
			(52,632)		83,381
Capital expenditure					
Purchases of fixed assets			(11,704)		-
Acquisitions and disposals					
Investments in subsidiaries		(4,059,564)		-	
Net cash from purchase of subsidiary undertaking		579,949		-	
			(3,479,615)		-
Net cash outflow before management of liquid resources and financing			(3,198,734)		(111,984)
Management of liquid resources					
Purchases of investments			-		(650,790)
Sales of investments			1,364,006		412,500
Net cash outflow before financing			(1,834,728)		(350,274)
Financing					
Issue of Ordinary shares		956,000		-	
Expenses paid in connection with share issues		(102,264)		-	
Loans drawn down		2,448,959		-	
Loan repayments		(164,000)		-	
Payments for CFDs		-		(57,300)	
Repayments of CFDs		(451,421)		-	
Net cash inflow / (outflow) from financing			2,687,274		(57,300)
Increase / (decrease) in cash in the year	c		852,546		(407,574)

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

Notes to the Consolidated Cash Flow Statement

a Reconciliation of operating profit / (loss) to net cash inflow / (outflow) from operating activities

	2005 £	2004 £
Operating profit / (loss)	125,995	(175,535)
Depreciation of fixed assets	10,767	-
Amortisation of goodwill	103,750	-
Increase in stocks	(60,880)	-
Increase in debtors	(43,247)	(4,068)
Increase / (decrease) in creditors due within one year	208,832	(15,762)
Net cash inflow / (outflow) from operating activities	345,217	(195,365)

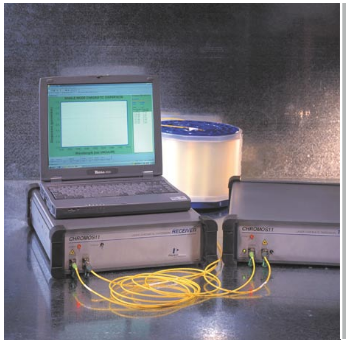
b Analysis of net funds / (debt)

	1 January 2005 £	Acquisitions £	Cash flow £	Investment realisations (net) £	31 December 2005 £
Net cash:					
Cash at bank and in hand	296,073	-	852,546	-	1,148,619
Liquid resources:					
Current asset investments	1,702,075	-	-	(1,274,164)	427,911
Amount outstanding under CFDs	(451,421)	-	-	451,421	-
	1,250,654	-	-	(822,743)	427,911
Debt due < one year	-	-	(256,000)	-	(256,000)
Debt due > one year	-	(500,000)	(2,028,959)	-	(2,528,959)
Net funds / (debt)	1,546,727	(500,000)	(1,432,413)	(822,743)	(1,208,429)

c Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase / (decrease) in cash in the year	852,546	(407,574)
Cash flow from increase / (decrease) in liquid resources	(1,364,006)	238,290
Profit on disposal of investments	89,842	57,654
Transactions in investments under CFDs	-	498,795
Amount repaid / (outstanding) under CFDs	451,421	(451,421)
Provision against investments	-	(100,000)
New loans entered into (net of repayments)	(2,284,959)	-
Non cash movement - issue of loan notes	(500,000)	-
Movement in net funds / (debt) in the year	(2,755,156)	(164,256)
Opening net funds	1,546,727	1,710,983
Closing net (debt) / funds	(1,208,429)	1,546,727

Notes to the Financial Statements



1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention. The format used for the profit and loss account has been changed from Format 1 to Format 2 of Schedule 4 of the Companies Act 1985. This has been done by the directors to reflect more accurately the operations of the group.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year, apart from the adoption of FRS 21 – Events After the Balance Sheet Date, and FRS 25 – Financial Instruments: Disclosure and Presentation. These changes are described in more detail below.

Changes in Accounting Policy

In preparing the financial statements for the current year, the group has adopted the following Financial Reporting Standards:

FRS 21 - Events After the Balance Sheet Date

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. Previously had equity dividends been proposed after the balance sheet date but before authorisation of the financial statements they would have been recorded as liabilities at the balance sheet date. Any aggregate amount of equity dividends proposed before approval of the financial statements, which would not be shown as liabilities at the balance sheet date, would be disclosed in the notes to the financial statements. This change in accounting policy had no effect on figures previously reported or on the results for the period, as set out in note 20.

FRS 25 - Financial Instruments: Disclosure and Presentation

The adoption of FRS 25 has resulted in a change in the presentation of non-equity shares, which are now disclosed as financial liabilities, and as a result the 2004 balance sheets have been restated accordingly. The financial effect of this change in classification is set out in notes 15 and 19.

1.2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiaries, drawn up to a coterminous accounting date. The results of companies acquired during the year are consolidated from the date of acquisition. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

The company is entitled to the merger relief 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.

The share of net assets of subsidiaries which are not wholly owned are disclosed as minority interests.

1.3 Goodwill

Goodwill arising on the acquisition of subsidiary companies or of business undertakings is the difference between the fair value of the purchase consideration and the fair value of the net assets acquired. Goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years for acquisitions of subsidiary companies.

Negative goodwill is written back to the profit and loss account to match the consumption of the non-monetary assets acquired.

1.4 Cashflow statement

Movement of liquid resources relates to net cash cost of current investments acquired and sold in the year. All current asset investments are held as liquid resources.

1.5 Turnover

- Revenue recognition policies in respect of the group's principal revenue streams are as follows:
- Sales of instruments and spares are recognised at the point of despatch.
- Installation revenues are deferred and recognised on completion of installation.

All revenues are stated exclusive of value added tax.

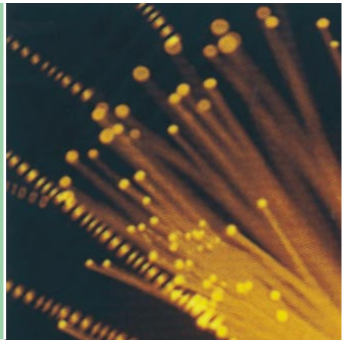
1.6 Investment income

Investment income comprises dividends declared during the accounting period and interest receivable on quoted and unquoted investments.

1.7 Tangible fixed assets

Fixed assets are stated at cost or at fair value if part of an acquisition, net of any depreciation and any provision for impairment. Depreciation is provided at annual rates calculated to write off the cost or fair value less residual value of each asset over its expected useful life, as follows:

Plant and machinery	: 15% on written down value or 20% on cost



Fixtures, fittings and equipment	:	15% on written down value
Motor vehicles	:	25% on written down value
Building improvements	:	20% on cost

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value or at fair value if part of an acquisition. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

1.9 Investments

Fixed asset investments in subsidiaries are stated at cost less provision for permanent diminution in value. Other investments are treated as current assets, reflecting the group's strategic investment policy actively to pursue appropriate exit routes on all such investments. Current asset investments are stated at the lower of cost and the directors' estimate of near-term net realisable value.

1.10 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group and the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is not discounted and is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.11 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 company and group. The annual contributions payable are charged to the profit and loss account.

1.12 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.

1.13 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.14 Contracts for Differences

To facilitate its former investment purchases, the group periodically funded the acquisition of rights over shares by the use of Contracts for Differences (CFDs). CFDs are a financing tool, in that they provide access to economic benefits (the underlying investments) in return for an ongoing financing cost. Investments purchased using CFDs are therefore treated as owned investments, with the gross CFD liability treated as debt. The carrying costs of CFDs are treated as finance costs and charged to the profit and loss account as incurred.

2 Turnover and profit / (loss) on ordinary activities before taxation

Turnover and profit / (loss) on ordinary activities before taxation are attributable to the Group's continuing activities of the design and manufacture of scientific instruments and undertaking of investments, as set out on the face of the profit and loss account. An analysis of turnover by destination for the group is set out below:

	2005 £	2004 £
United Kingdom	103,416	-
Europe	891,050	-
United States / Canada	475,886	-
Australasia	490,711	-
Rest of the World	250,458	-
	2,211,521	-

3 Operating costs

	2005 Continuing activities £	2005 Acquisitions £	2005 Total £	2004 £
Raw materials and consumables	-	761,433	761,433	-
Other external charges	145,613	427,578	573,191	109,468
Staff costs	98,813	532,558	631,371	66,067
Depreciation	-	10,767	10,767	-
Other operating charges	-	5,014	5,014	-
	244,426	1,737,350	1,981,776	175,535

4 Profit / (loss) on ordinary activities before taxation

	2005 £	2004 £
Profit / (loss) on ordinary activities before taxation is stated after charging / (crediting):		
Profit on disposal of investments	(89,842)	(57,654)
Provision against investments	-	100,000
Auditors' remuneration - audit services (Company - £10,500; 2004 - £7,000)	35,800	7,000
Remuneration of auditors for non-audit work (tax compliance)	5,650	1,500
Depreciation	10,767	-
Goodwill amortisation	113,050	-
Release of negative goodwill	(9,300)	-
Operating lease rentals - land and buildings	62,026	-

In addition fees were paid to the auditors in 2005 in respect of work undertaken in connection with the acquisition of Fire Testing Technology Limited. The costs of £48,000 plus VAT were charged to investments in subsidiaries.

5 Investment income

	2005 £	2004 £
Income from current asset investments	-	61,912

6 Net interest (payable) / receivable

	2005 £	2004 £
Interest receivable	54,462	27,465
CFD finance charges	-	(24,664)
Interest payable - bank loans and overdrafts	(87,077)	(360)
Interest payable - loan notes	(20,017)	-
	(52,632)	2,441

7 Taxation

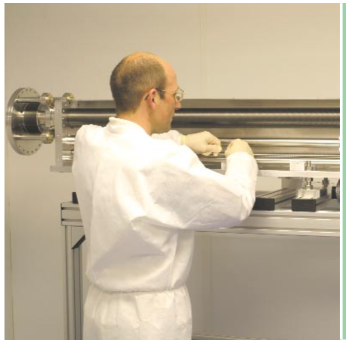
	2005 £	2004 £
Current tax	100,559	-
Deferred tax	218	-
Tax on profit / (loss) on ordinary activities	100,777	-
Factors affecting the tax charge for the year:		
Profit / (loss) on ordinary activities before taxation	163,205	(153,528)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%.	48,961	(46,058)
Goodwill charges not deductible for tax purposes	33,915	-
Losses carried forward	19,238	16,058
Provisions and expenditure not deductible for tax purposes	(813)	30,000
Marginal relief	(524)	-
Capital allowances in excess of depreciation	(218)	-
	100,559	-

The group and company have unrelieved tax losses at 31 December 2005 of £311,000 (2004: £247,000). The group and company have not recognised a deferred tax asset in respect of these losses as the timing and extent of recovery is insufficiently certain. These losses are available to be offset against future profits of the parent company.

8 Earnings / (loss) per share

Options and warrants over Ordinary shares and rights of conversion of the Convertible Redeemable shares are described in notes 18 and 19 but had no dilutive effect on earnings per share in 2004.

	2005 Basic	2005 Diluted	2004 Basic
Earnings			
Basic: Profit / (loss) for the financial year	46,929	46,929	(153,528)
Adjusted:			
Add back goodwill charge, net of £4,557 minority interest in negative goodwill write back	108,307	108,307	
Notional taxed interest income accruing on dilution	-	11,744	
Adjusted profit / (loss)	155,236	166,980	
Number of shares			
Basic: weighted average in year	2,931,101	2,931,101	2,106,356
Adjusted: weighted average increase on dilution	-	513,593	
	2,931,101	3,444,694	
Earnings / (loss) per share			
Basic (no dilution effect in 2004)	1.6	1.7	(7.3)
Adjusted (no dilution effect in 2004)	5.3	4.8	



9 Intangible assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
1 January 2005	-	-	-
Arising during the year	3,875,374	(133,565)	3,741,809
31 December 2005	3,875,374	(133,565)	3,741,809
Amortisation			
1 January 2005	-	-	-
Charge / (credit) for the year	113,050	(9,300)	103,750
31 December 2005	113,050	(9,300)	103,750
Net book value – 31 December 2005	3,762,324	(124,265)	3,638,059

Goodwill arose in connection with the acquisition of Fire Testing Technology Limited, and negative goodwill arose in connection with the purchase of the trade and assets of PE.fiberoptics Limited, as set out in notes 27 and 28 respectively.

10 Tangible assets

Group	Plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Building improve-ments £	Total £
Cost / deemed cost					
1 January 2005	-	-	-	-	-
Acquisitions	69,326	118,634	31,739	29,367	249,066
Additions in year	2,410	9,294	-	-	11,704
31 December 2005	71,736	127,928	31,739	29,367	260,770
Depreciation					
1 January 2005	-	-	-	-	-
Acquisitions	48,699	30,227	27,374	29,367	135,667
Charge for year	1,340	8,790	637	-	10,767
31 December 2005	50,039	39,017	28,011	29,367	146,434
Net book value - 31 December 2005	21,697	88,911	3,728	-	114,336

11 Investments in subsidiaries

	£
Company:	
Cost	
1 January 2005	-
Acquisitions in year (see notes 27 and 28)	4,579,564
31 December 2005	4,579,564

The company's trading subsidiaries at 31 December 2005, both 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 equipment	Ordinary £1	100%
PE.fiberoptics Limited	Design and assembly of fibre-optic testing equipment	"A" Ordinary £1	100% of "A" class; being 51% of total equity

12 Stock

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Raw materials	253,462	-	-	-
Work in progress	159,668	-	-	-
	413,130	-	-	-

13 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	559,436	-	-	-
Amounts owed by Group companies	-	-	111,978	-
Corporation tax - group relief	-	-	28,853	-
Other debtors	44,942	3,875	-	3,875
Prepayments and accrued income	87,972	4,355	4,411	4,355
	692,350	8,230	145,242	8,230

14 Current asset investments

Group and Company	Historical cost £	Period end value Market valuation £	Period end value Directors' valuation £	Total Valuation £
Unquoted investments	19,373	-	45,500	45,500
Quoted investments	508,538	318,825	-	318,825
Less: provision against investments	(100,000)	-	-	-
At 31 December 2005	427,911	318,825	45,500	364,325
Net unrealised (loss) / gain at 31 December 2005	-	(89,713)	26,127	(63,586)

A formal takeover offer was received by Dickinson Legg Group plc, a quoted company in which Judges Capital plc holds 3.01%, on 3 March 2006, valuing the shares at 17.75p. This has the effect of reducing the unrealised loss shown above on quoted investments by £46,537 to £43,176.

Details of the investments held at 31 December 2005 are as follows: quoted investments - Dickinson Legg Group plc - 1,095,000 shares (representing 3.01%), Poole Investments plc - 5,700,000 shares (representing 3.08%, part of a 13% concert party). Unquoted investments - Fortress Holdings plc (in members' voluntary liquidation) - 800,100 shares (representing 1.68%), Lionheart plc (in members' voluntary liquidation) - 275,000 shares (representing 3.81%), SP Holdings plc (in administration) - 1,250,000 shares (representing 2.43%).

	Historical cost	Period end value Market valuation	Directors' valuation	Total Valuation
	£	£	£	£
Unquoted investments	227,399	-	260,000	260,000
Quoted investments	1,574,676	1,693,601	-	1,693,601
Less: provision against investments	(100,000)	-	-	-
At 31 December 2004	1,702,075	1,693,601	260,000	1,953,601
Net unrealised gain at 31 December 2004	-	218,925	32,601	251,526

15 Creditors: amounts falling due within one year

	Group 2005	Group 2004 (restated)	Company 2005	Company 2004 (restated)
	£	£	£	£
Trade creditors	224,203	453,517	-	453,517
Accruals and deferred income	111,096	16,174	33,284	16,174
Social security and other taxes	47,073	2,775	3,992	2,775
Corporation tax	315,798	-	-	-
Bank loan	256,000	-	256,000	-
Other creditors	90,094	12,500	12,500	12,500
	1,044,264	484,966	305,776	484,966

Included within trade creditors in 2004 is £451,421 representing the gross amount outstanding in respect of Contracts for Differences.

Other creditors include £12,500 of non equity shares classed as financial liabilities (see note 19).

16 Creditors: amounts falling due after more than one year

	Group 2005	Group 2004	Company 2005	Company 2004
	£	£	£	£
Bank loan	2,028,959	-	2,028,959	-
Subordinated loan notes	500,000	-	500,000	-
	2,528,959	-	2,528,959	-

The bank loan is secured on assets of the group, is repayable in quarterly instalments over a 6 year period ending 31 March 2011 and bears interest at 2¼% above LIBOR-related rates. The subordinated loan notes are unsecured, repayable on 23 May 2010 and bear interest at 7% per annum. The repayment profile of these borrowings is as follows:

	Bank loan	Subordinated loan notes	Total
	£	£	£
Repayable in less than 1 year	256,000	-	256,000
Repayable in years 1 to 2	304,000	-	304,000
Repayable in years 2 to 5	1,548,000	500,000	2,048,000
Repayable after year 5	176,959	-	176,959
	2,284,959	500,000	2,784,959

17 Provisions for liabilities

Deferred tax - Group	£
1 January 2005	-
Arising on acquisitions in the year	23,339
Charge for the year	218
31 December 2005	23,557

Amounts provided in respect of deferred tax are computed at 30% and relate to accelerated capital allowances.

18 Equity share capital

(Group and Company)	2005	2004 (restated)
	£	£
Authorised		
10,000,000 Ordinary shares of 5p each	500,000	500,000
Allotted, called up and fully paid		
3,462,356 (2004: 2,106,356) Ordinary shares of 5p each	173,118	105,318

The increase in 2005 in the number of shares issued amounted to 1,356,000. Of these, 400,000 were allotted to the vendors of Fire Testing Technology Limited on 24 May 2005 as part consideration. The company has taken advantage of the merger relief available under section 131 of the Companies Act 1985 and recorded the issue of these shares at nominal value. The remaining 956,000 shares were issued by way of a placement on 24 May 2005, to raise finance for the acquisition at a price of £1 per 5p share.

On 6 March 2006 the company issued 98,522 Ordinary shares of 5p at a fair value of £1.015 in respect of the acquisition of UHV Design Limited.

Equity share options and warrants

Options issued under Employee Unapproved Share Option Plan

Options were issued on 20 October 2005 at £1.015 per share, exercisable between the third and tenth anniversaries of grant and conditional on achievement of group earnings targets, as follows:

- to a director of the company (Mr R.L. Cohen) 37,000 shares
- other 5,000 shares

The market price of the Company's ordinary shares on 31 December 2005 was £1.04 and the high and low prices during the year were £1.065 and £0.99 on 6 May 2005 and 11 July 2005 respectively. The share price on 14 March 2006 was £1.025.

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. This warrant has an exercise price of £1 per share, expires on 23 May 2010 and relates to 133,564 shares.

Convertible Redeemable shares

The conversion rights set out in note 19 would have resulted in the issue of 472,139 Ordinary shares if conversion of all the Convertible Redeemable shares had taken place on 31 December 2005.

19 Shares classed as financial liabilities

(Group and Company)	2005 £	2004 (restated) £
Authorised		
5,000,000 Convertible Redeemable shares of 1p each	50,000	50,000
Allotted, called up and fully paid		
5,000,000 Convertible Redeemable shares of 1p each – quarter paid	12,500	12,500

In accordance with FRS 25 - Financial Instruments: Disclosure and Presentation, the preference shares have been reclassified as financial liabilities and included in other creditors (see note 15).

The principal terms of 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 the surplus assets remaining after payment of liabilities shall be applied:

i) First in repaying the capital paid up on the Ordinary shares;

ii) Secondly in repaying the capital paid up on the Convertible Redeemable Shares; and

iii) Thirdly distributed 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 considers a resolution for winding up the company.
- On payment to the company of the aggregate of (i) a sum equal to any amount which has not been called or which is otherwise unpaid in respect of all of the Convertible Redeemable Shares to be converted and (ii) a further sum equal to 95 pence multiplied by the number of Ordinary Shares to be issued as a result of the conversion less the amount paid up or deemed paid up (including the amount referred to in (i) above) in respect of the Convertible Redeemable Shares to be converted ("Conversion Price"), each holder of Convertible Redeemable Shares shall be entitled to convert all or any of his Convertible Redeemable Shares into such number of fully paid Ordinary Shares which represents 0.24 per cent of the number of Ordinary Shares in issue, assuming that all the Convertible Redeemable Shares remaining capable of being convertible into Ordinary Shares at the date of which the conversion takes place had been converted at the time, for every 100,000 Convertible Redeemable Shares so converted and in proportion for any greater or lesser number of Convertible Redeemable Shares ("Conversion Rate").
- The holders of Convertible Redeemable Shares shall (subject to the provisions of the Companies Act) 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 that purpose.

20 Statement of movements on reserves

Group	Merger reserve £	Share premium account £	Profit and loss account £
1 January 2005	-	1,695,494	(279,400)
Retained profit for the year	-	-	46,929
Premium on shares issued in the year	-	805,936	-
Merger reserve arising on shares issued	380,000	-	-
Balance at 31 December 2005	380,000	2,501,430	(232,471)

In the current year, no dividends have been proposed after the balance sheet date. Under the previous accounting policy any such dividends would have been shown as a liability and deducted from the profit for the year. Under the new accounting policy these are not accrued. No dividends had been declared by the company in respect of the year ended 31 December 2004, and thus the implementation of FRS 21 has had no impact on previously reported results and balance sheets.

The premium on shares issued is stated after charging costs of £102,264 relating to the share placing in the year.

The company has taken advantage of the relief available under section 131 of the Companies Act 1985 and recorded the shares issued in connection with the acquisition of Fire Testing Technology Limited (400,000 shares at a fair value of £1 per 5p share) at nominal value.

Company	Share premium account £	Profit and loss account £
1 January 2005	1,695,494	(279,400)
Retained profit for the year	-	665,171
Premium on shares issued in the year	805,936	-
Balance at 31 December 2005	2,501,430	385,771

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £665,171 (2004: loss of £153,528).

21 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit / (loss) for the year	46,929	(153,528)
Proceeds from issue of shares (net)	1,253,736	-
Net addition to / (decrease from) shareholders' funds	1,300,665	(153,528)
Opening shareholders' funds	1,521,412	1,674,940
Closing shareholders' funds	2,822,077	1,521,412

22 Directors' emoluments

	2005 £	2004 £
Emoluments	89,110	62,000

During the year no directors participated in defined contribution pension schemes (2004: nil).

23 Employees

Group	2005 no.	2004 no.
Number of employees - manufacturing	11	-
- sales and administration	11	4
	22	4

Employment costs	2005 £	2004 £
Wages and salaries	560,781	60,825
Social security costs	57,284	5,242
Pension costs	13,306	-
	631,371	66,067

24 Related Party Transactions

In addition to the amounts paid to the directors the following transactions took place:

Mr D.E. Cicurel

The sum of £12,500 (2004: £25,000) was paid to David Cicurel (Investments) Limited, a company indirectly controlled by The David Cicurel Settlement, of which Mr D.E. Cicurel is a potential beneficiary. This represented a contribution towards the costs of using the offices and administrative services of that company. This arrangement terminated on 30 June 2005 but prior to that date was monitored by the non-executive Directors.

Mr R.J. Elman

Mr R.J. Elman is a partner of Elman Wall, a firm of Chartered Accountants who provided bookkeeping and accounting services to the company at a cost of £21,000 (2004: £12,000). This arrangement terminated on 31 December 2005.

25 Financial Instruments

Financial instruments relating to investment activities

To facilitate its former investment purchases, the group has used financial instruments, other than derivatives, comprising borrowings (including Contracts for Differences), cash and various items such as short term debtors and creditors that arose directly from its operations. The main purpose of these financial instruments was to raise finance for the group's investment operations.

Interest was received during 2005 and earlier periods on bank balances based on a floating rate which represented base less 0.25 per cent. Interest was paid on the gross amount outstanding in respect of Contracts for Differences based on a floating rate which represented approximately 7 per cent.

The main risk arising from the group's investment related financial instruments was liquidity risk. The board reviewed and agreed policies for managing each of these risks and they are summarised below.

Management of liquid resources

Judges Capital plc endeavoured to balance its investment portfolio with approximately five positions at any one time. These special situations would, ideally, be at different stages of maturity, in different sectors and would involve different levels of management co-operation.

The group had used CFDs (i) to increase its investment in equities up to the level of its own shareholders' funds and still keep prudent cash balances and (ii) to enhance returns on one particular holding where the risk was low but the potential uplift was less than the company's target.

Judges Capital plc have in the past invited co-investors to participate in an individual transaction for which they would pay Judges Capital plc a share of their profits. This served to boost the return on the funds invested in a target and enabled Judges Capital plc to pursue a strategy, such as an outright bid for a target, that would otherwise have lead to an imbalance in the investment portfolio.

Financial instruments relating to scientific instrumentation activities

The group's policies on treasury management and financial

instruments are given in the Report of the Directors. As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosures below.

Financial assets

The group's financial assets comprise cash at bank, which is principally denominated in sterling and earns interest at floating rates. There is no difference between the book and fair values of the financial assets. At 31 December 2005 the group had debtors denominated in foreign currency as follows: Euros – £155,492 and US Dollars – £91,743 (2004: Nil).

Financial liabilities

The group's principal financial liabilities are the bank debt and unsecured loan notes assumed in connection with the acquisition of Fire Testing Technology Limited, further details of which are given in Note 16.

Fair value of financial instruments

Financial instruments include the borrowings above. The directors believe that there is no material difference between the book value and fair value of such financial instruments. All financial instruments are sterling denominated.

Borrowing facilities

The Group had an undrawn committed overdraft facility of £500,000 at 31 December 2005 (2004: nil).

26 Post balance sheet events

On 21 February 2006, the company announced the acquisition of the entire issued share capital of UHV Design Limited for a maximum consideration of £836,000 (plus a working capital adjustment). This company designs and manufactures instruments used to manipulate objects in ultra high vacuum chambers. On 6 March 2006 the company issued 98,522 Ordinary shares of 5p at a fair value of £1.015 in respect of the acquisition of UHV Design Limited.

In addition, a formal takeover offer was received on 3 March 2006 by Dickinson Legg Group plc, a quoted company in which Judges Capital plc holds 3.01%, valuing the shares at 17.75p.

27 Acquisition of Fire Testing Technology Limited ("FTT")

On 24 May 2005 the company acquired 3,000 ordinary shares of £1 each in Fire Testing Technology Limited ("FTT"), being 100% of its issued share capital. Goodwill arising on the acquisition of FTT has been capitalised. The purchase of FTT has been accounted for by the acquisition method of accounting. Advantage has been taken of Section 131 of the Companies Act 1985 to take merger relief in respect of the premium on the issue of shares to the vendors of FTT.

FTT's results for the period from 1 June 2004, the beginning of its financial year, to the date of acquisition were as follows: turnover of £3,261,286, operating profit of £685,435, profit before tax of £698,820, tax of £215,737 and profit after tax of £483,083. The profit after tax for the year ended 31 May 2004 was £461,486.

The assets and liabilities of FTT at the date of acquisition were as follows:

	Book value £	Fair value adjustment £	Fair value £
Fixed assets	335,083	(271,684)	63,399
Current assets	1,489,509	-	1,489,509
Current liabilities	(445,430)	-	(445,430)
Long term liabilities	(23,339)	-	(23,339)
Total net assets at date of acquisition	1,355,823	(271,684)	1,084,139
Consideration paid, including transaction costs			4,959,513
Goodwill			3,875,374
Consideration satisfied by:			
Cash falling due on completion, including transaction costs			2,756,850
Cash paid subsequently - earn-out			500,000
- working capital adjustment			802,663
Cash consideration paid			4,059,513
Issue of shares - 400,000 ordinary 5p shares at fair value of £1			400,000
Issue of subordinated loan notes			500,000
Total fair value of consideration			4,959,513
Less: merger relief			(380,000)
Company - cost of investment recorded			4,579,513

The fair value adjustment related to leasehold improvements on premises rented by FTT. The directors assessed that these improvements did not have a fair value since the company was paying an open market rental for the premises.

FTT made the following contributions to, and utilisations of, group cash flow:

	2005 post acquisition £
Net cash inflow from operating activities	507,155
Returns on investment and servicing of finance	16,363
Capital expenditure and financial investment	(4,182)
Increase in cash	519,336
Analysis of net outflow of cash in respect of the purchase of FTT:	£
Cash at bank and in hand at the date of acquisition	579,949
Cash consideration	(4,059,513)
Net cash outflow	(3,479,564)

28 Acquisition of interest in PE.fiberoptics Limited ("PFO")

On 2 September 2005 the company subscribed in cash and at par for 51 "A" ordinary shares of £1 each in PE.fiberoptics Limited ("PFO"), being 51% of its issued share capital, prior to its commencement of trade. PFO acquired the goodwill and certain assets of a business previously carried on by PerkinElmer (UK) Limited in the field of scientific instruments for use in the fibre-optic industry. Negative goodwill arising on the acquisition of these assets has been capitalised within the accounts of PFO. The purchase of PFO has been accounted for by the acquisition method of accounting.

Apart from cash raised on subscription for its shares, PFO had no assets or liabilities at the date of acquisition of its shares by Judges Capital plc, nor any accumulated profits or losses. The fair values attributed by the directors of PFO to the assets acquired from PerkinElmer were as follows:

	Purchase value £	Fair value adjustment (negative goodwill) £	Fair value £
Fixed assets	1	49,999	50,000
Stocks	8,429	83,566	91,995
Total net assets purchased by PFO following acquisition	8,430	133,565	141,995

The fair value adjustment reflects the directors assessment of the value of the assets acquired to the business.

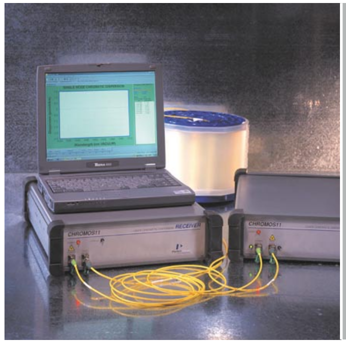
PFO made the following contributions to, and utilisations of, group cash flow, before accounting for minority interests:

	2005 post acquisition £
Net cash inflow from operating activities	115,984
Returns on investment and servicing of finance	(1,566)
Capital expenditure and financial investment	(7,522)
Increase in cash	106,896
Analysis of net outflow of cash in respect of the purchase of PFO:	£
Cash consideration for shares	51
Net cash outflow	51

29 Operating lease commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Expiry date:		
land and buildings - between one and five years	93,000	-
- after five years	-	-



Notice of Annual General Meeting

Notice is hereby given that the third Annual General Meeting of Judges Capital plc ("the Company") will be held at 17 Grosvenor Gardens, London SW1W 0BD on 18 May 2006 at 12.00 noon for the purpose of dealing with the following business of which items 5 and 6 are special business.

Ordinary Business

1 To receive the reports of the directors and the auditors and the audited financial statements of the Company for the year ended 31 December 2005.

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

3 To re-appoint Ralph Cohen, who was appointed since the last Annual General Meeting, as a director.

4 To re-appoint Grant Thornton UK LLP as auditors 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 auditors.

Special Business

To consider and, if thought fit, to pass the following resolutions as to the resolution numbered 5 as an Ordinary Resolution and as to the resolution numbered 6 as a Special Resolution:

Ordinary Resolution

5 THAT the directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined for the purposes of section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £89,022 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 relevant securities to be allotted after such expiry and the directors of the Company may allot the relevant securities in pursuance of such offer, agreement or other arrangements as if the authority conferred hereby had not expired, this authority to replace any previous authority under section 80 of the Act which is hereby revoked with immediate effect.

Special Resolution

6 THAT:

(a) subject to and conditional upon the passing of resolution 5 above, the directors of the Company be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (as defined for the purposes of section 95 of the Act) for cash, pursuant to the authority granted by resolution 5 above, as if section 89(1) 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 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 £44,511.

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 an 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, or the requirements of, any recognised regulatory body or any stock exchange in any territory; 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.

By Order of the Board
RL Cohen
Company Secretary
24 April 2006

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

Notes:

1 A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her place. A proxy need not be a member of the Company.

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 that 48 hours before the time fixed for holding the meeting or any adjournment thereof.

3 The completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting should he/she so wish.

4 Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 only those members registered in the Register of Members of the Company as at 6 pm on 16 May 2006 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 6pm on 16 May 2006 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Form of Proxy

for the Annual General Meeting of Judges Capital plc on 18 May 2006 at 12.00 noon at 17 Grosvenor Gardens, London SW1W 0BD

If you are unable to attend the Annual General Meeting, you may appoint a proxy to attend and vote in your place. A proxy need not be a member of Judges Capital plc. A proxy must vote as you have instructed and cannot vote on a show of hands. 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. 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 to attend and, on a poll, to vote on my/our behalf at the Annual General Meeting of Judges Capital plc to be held at 12.00 noon on 18 May 2006, and at any adjournment(s) of that meeting.

		For	Against	Vote Withheld
1	Approval of Annual Report and Accounts			
2	Re-appointment of David Cicurel			
3	Re-appointment of Ralph Cohen			
4	Re-appointment of auditors			
5	Authority to allot relevant securities			
6	Authority to disapply pre-emption rights *			

*Special resolution

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 post this form in an envelope once you have completed it to the address below. To be valid, this form must be received no later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

Mailing address for Form of Proxy: Capita Registrars, Proxy Department, The Registry, 34, Beckenham Road, Beckenham, Kent BR3 4TU

Mailing address for Form of Proxy
Capita Registrars, Proxy Department, The Registry, 34, Beckenham Road, Beckenham, Kent BR3 4TU

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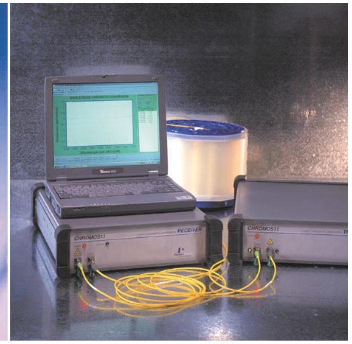

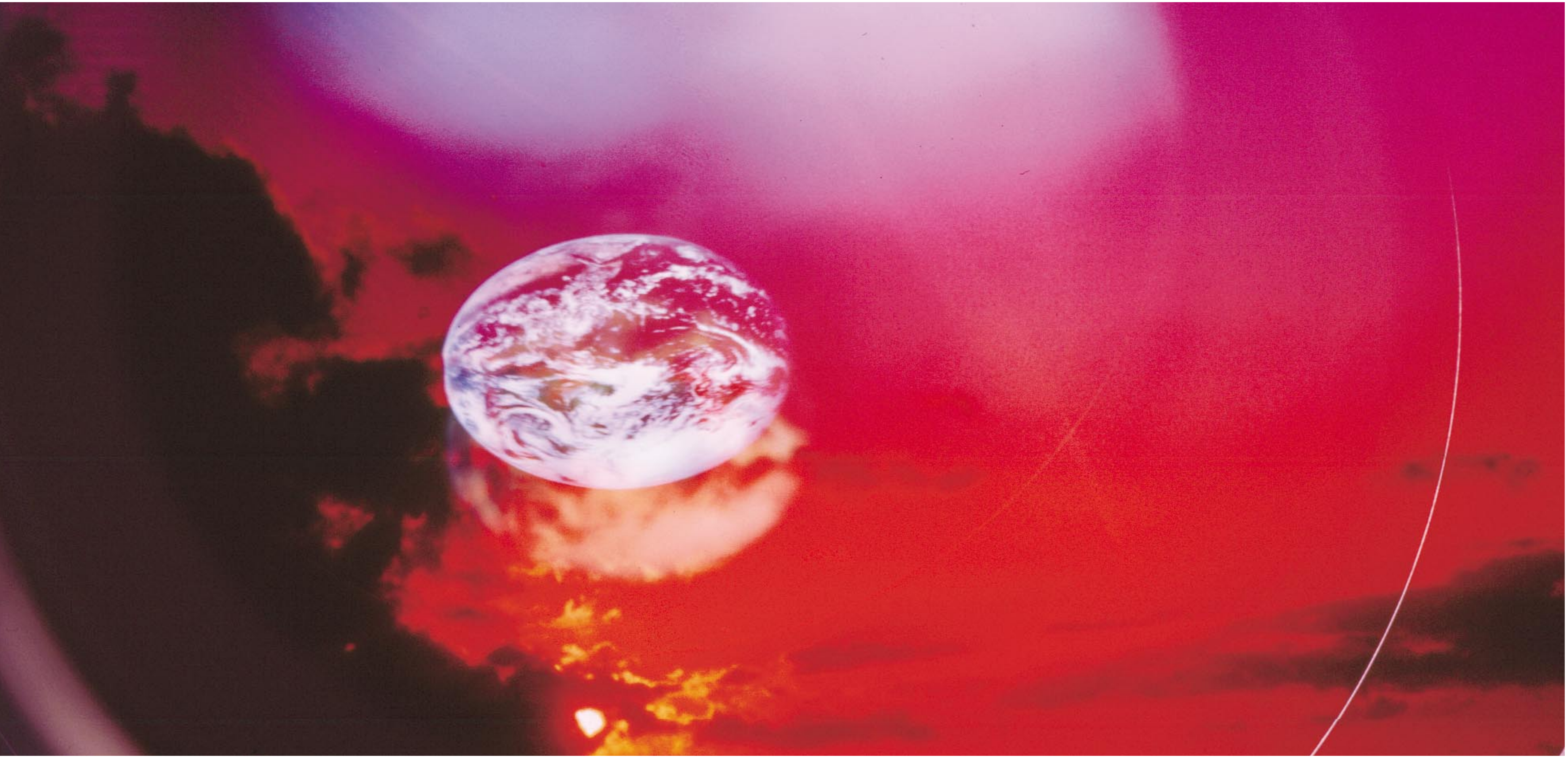

Judges Capital plc

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