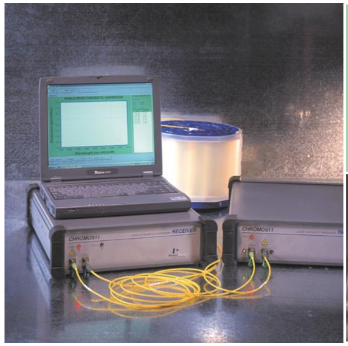
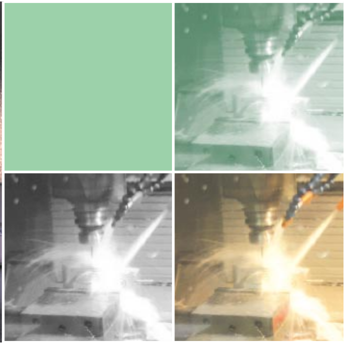
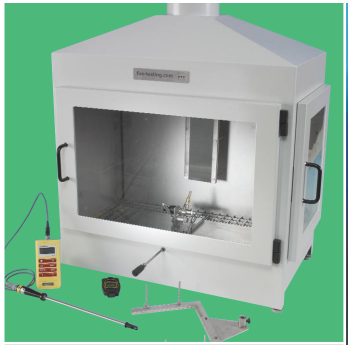




Annual Report and Accounts 2006



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 Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

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

Auditor
Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
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

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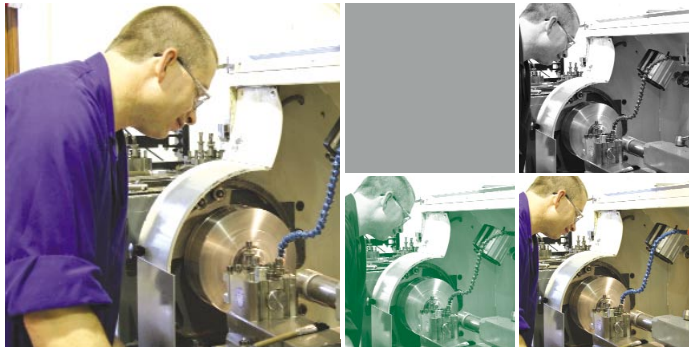


Trading Activities

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

FTT owns Aitchee Engineering Limited, which makes a variety of engineering parts and finished products for a variety of industries.

Website: www.aitchee.co.uk

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

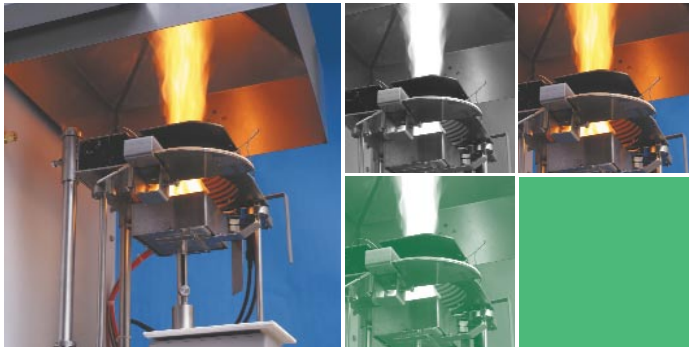
UHV Design

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 have much pleasure in reporting your company's results for 2006, its first full year as a scientific instruments group. Sales reached £5.2 million (2005: £2.2 million) while profit before tax but after goodwill amortisation amounted to £350,000 (2005: £163,000). This resulted in an increase in earnings per share to 3.9p (2005: 1.6p). Before goodwill amortisation, pre-tax profit rose from £267,000 to £510,000 and earnings per share from 5.3p to 9.4p; similarly, on a fully diluted basis, earnings per share rose from 4.8p to 8.2p. Your Board is delighted to propose a final dividend of 2p, making a total distribution of 3p for the year.

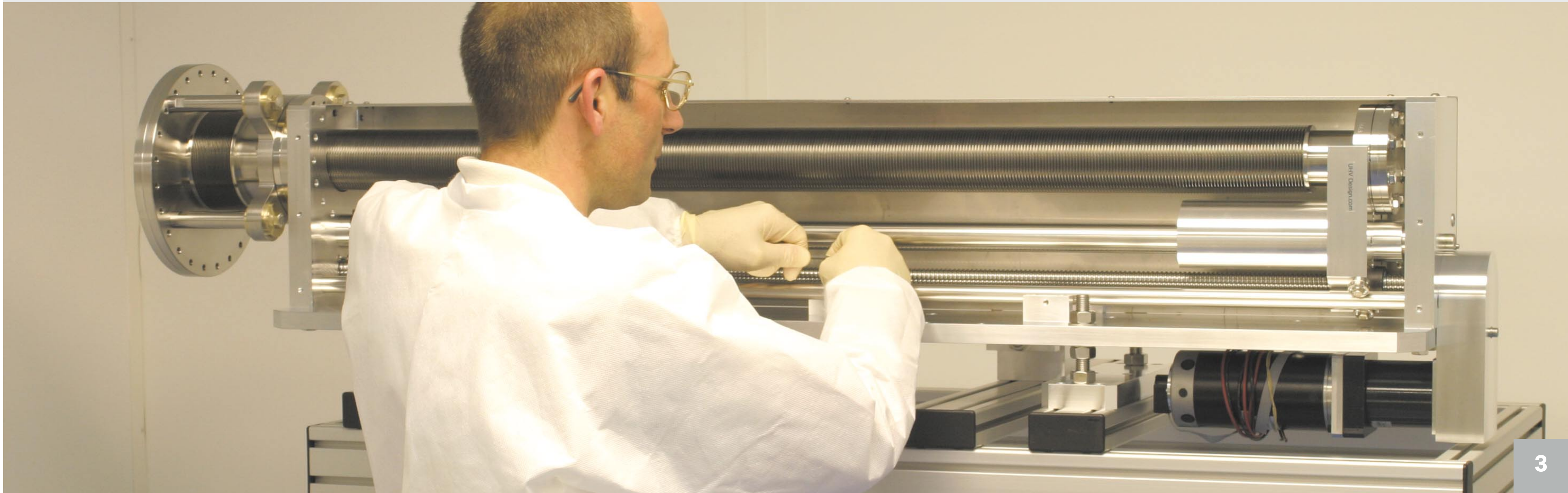
Constitution of the Group

Judges Capital is the holding company for a group of companies that specialise in the design and production of scientific instruments. Operations are all based in the UK but the group is a world player in certain niche markets, with exports currently representing 86% of total turnover.

The results include a full year's contribution from Fire Testing Technology ("FTT"), the world's leading manufacturer of instruments designed to test the reaction of various materials to fire and heat, and from PE fiberoptics ("PFO"), our 51% owned subsidiary, which specialises in the production of instruments that test the properties of fibre optic and fibre optic networks.

During the year two additional businesses were purchased. The acquisition of UHV Design ("UHV") was completed in February 2006 and 10 months of trading are included in these accounts. At the beginning of September 2006, FTT bought the trade of Aitchee Engineering ("Aitchee"), the contribution in this instance being four months.

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 in Judges and an £86,000 earn-out; in addition a £205,000 cash payment was made to reflect excess working capital at completion. The cash element of the purchase price was financed by an extension of the company's senior term loan.



The business of Aitchee, which manufactures engineering parts and is one of FTT's principal sub-contractors, was acquired by FTT for a maximum consideration of £230,000. FTT is the company's largest customer.

Trading

After a strong start to 2006, both FTT and PFO experienced a slow-down in orders towards the summer. This trading pattern proved relatively short-lived and the second half of the year ended favourably on the back of a solid recovery in the order book. UHV experienced strong growth throughout the year and Aitchee performed well during the four months following its purchase.

All operations have shown flexibility and resilience and have produced significant profits and cash-flows.

Financial Performance

In addition to the strong profits performance referred to above, net cash inflow from operating activities (before interest and tax) nearly doubled from £345,000 in 2005 to £614,000 in 2006. Net debt rose from £1.2 million to £2.2 million as a result of acquisitions.

During the year the company continued to realise the investment portfolio built up through its former business activity and divested its holding in Dickinson Legg plc. The book value of the remaining investments has been reduced to £220,000, almost entirely attributable to the company's holding in Poole Investments Plc.

Dividend

After paying a maiden interim dividend of 1p, your Board is delighted to propose a final dividend of 2p payable, subject to approval at the forthcoming Annual General Meeting, on Friday 6 July 2007 to shareholders on the record on 8 June 2007. The shares will go ex-dividend on 6 June 2007. The total distribution for the year is 3p, which is more than three times covered by undiluted adjusted earnings per share.

Current trading and prospects

The group started 2007 with an improved order book and trading activity has been satisfactory. Results for the current financial year will benefit from a full 12 months' contribution from UHV and Aitchee.

The company is actively looking for new acquisitions in the scientific instruments sector.

Our recent acquisitions have doubled the average number of employees within the Judges group and I would like to take this opportunity to thank them all for their dedication and hard work which was integral to our achievements during 2006. I would also like to thank our shareholders, both long-standing and more recent, for their invaluable support.

Alex Hambro
Chairman
Date: 22 March 2007

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2006.

Principal activities

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

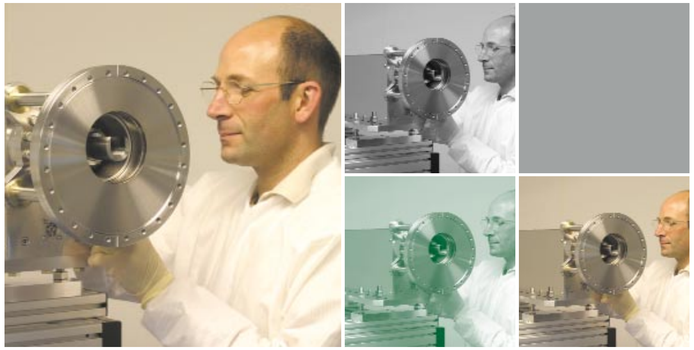
Business review

The company's business model calls for a steady increase in the scope of its operations, achieved through acquisitions of companies operating in its chosen fields 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 EBITA with the investment in fixed and net current assets (excluding surplus cash). In 2006, the overall return computed in this manner amounted to 21.5% (before taking account of parent company costs).

- **Acquisitions:** UHV Design Limited ("UHV") was acquired in February 2006 and has significantly out-performed the targets established at that time. In September 2006, the company's subsidiary, Fire Testing Technology Limited ("FTT"), acquired the goodwill and certain assets of an important supplier of engineering services, Aitchee Engineering Associates. This acquisition, too, has more than fulfilled its budgets in the short time since it was acquired. Further information on both of these acquisitions is set out in the Chairman's Statement and in notes 26 and 27 to the financial statements.
- **Ongoing performance:** the directors regard the trend of adjusted diluted earnings per share and the company's ability to pay dividends to its shareholders as key indicators of overall group performance. These indicators are monitored closely. In addition to 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:
  - (a) sales trends: sales at FTT in 2006 were 10% below those in 2005 (the year of handover from the previous owners of the business), while sales at UHV were 42% above those for 2005, both measured in 12 month totals irrespective of the dates of acquisition.
  - (b) sales order intake: improvements in manufacturing efficiency, particularly at FTT, have resulted in a reduction in the order backlog, resulting in a higher degree of sensitivity to the timing of receipt of orders. The directors regard the rate of order intake as a more consistent indicator of performance. At FTT, order intake in 2006 registered a 15% increase compared with 2005; at UHV, the increase was 43%.
  - (c) operating profits: as percentages of sales, the group achieved 10.6% in 2006 compared with 5.7% in 2005, reflecting steady performance by the companies and the dilution of head office costs as the group grows, as referred to above. In absolute terms, growth in consolidated operating profits in 2006 amounted to some 330%.
  - (d) cash generation and management: consolidated gross cashflow from operating activities amounted to £756,000, of which £142,000 was reinvested in working capital leaving net cash inflow from operating activities of £614,000.
- **Commercial risks and uncertainties:** in general, the group's activities are concentrated in niche markets, serving a worldwide customer base. The principal drivers of the individual businesses within the group are as follows:
  - FTT is the world's major producer of instruments designed to measure the reaction of materials to fire; the long-term growth of the business is supported by the development of related safety regulations internationally and by the globalisation of trade.
  - PE.fiberoptics Limited ("PFO") is a significant provider to the telecoms industry and is influenced by the cyclical nature of this sector.
  - UHV 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.

  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.

- **Financial risk management objectives and policies:** the group utilises 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'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 summarised below. The policies have remained unchanged from previous periods, subject to the implementation in 2006 of a currency hedging strategy as described below.



Interest rate risk

The group finances its operations through a mixture of bank and hire purchase borrowings (predominantly at floating rates), equity and retained profits. Exposure to interest rate fluctuations in respect of its borrowings 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 available since the group adopted its new strategy as an industrial enterprise in 2005.

Credit risk

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 facilities 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). During 2006, the group adopted a strategy to hedge against this risk in whole or in part by maintaining a proportion of the group's bank loans in these currencies. The directors review the value of this 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.

Results and dividends

The results for the financial year to 31 December 2006 are set out on page 9. The company paid a maiden dividend of 1p per Ordinary share on 3 November 2006. At the forthcoming Annual General Meeting, the directors will recommend payment of a final dividend for the year of 2p per Ordinary share to be paid on Friday 6 July 2007 to shareholders on the register on Friday 8 June 2007. The shares will go ex-dividend Wednesday 6 June 2007.

Directors

The following directors have held office during the year:

Hon AR Hambro[1] - non-executive
Mr DE Cicurel
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			
	31 December 2006		1 January 2006	
	Shares	Options	Shares	Options
Hon AR Hambro	25,000	-	-	-
Mr DE Cicurel*	526,356	-	526,356	-
Mr RL Cohen	-	37,000	-	-
Mr RJ Elman	20,000	-	20,000	-
Mr GC Reece	-	-	-	-

*Held through David Cicurel Securities Limited, except for 40 shares held directly.

Details of share options are set out in note 17 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 2006	1 January 2006
	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

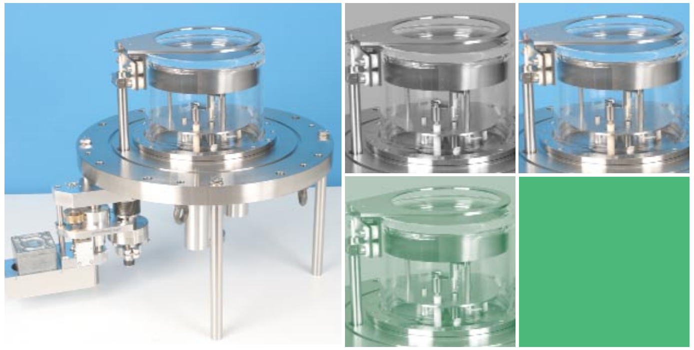
* Held through David Cicurel Securities Limited.

The conversion terms of the Convertible Redeemable shares are detailed in note 18 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 2006 would have been as follows:

	Ordinary Shares
Hon AR Hambro	65,465
Mr DE Cicurel	931,001
Mr RL Cohen	-
Mr RJ Elman	40,232
Mr GC Reece	20,232

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 34 days (2005: 6 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 UK 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.

In as far as the directors are 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 company's auditor is aware of that information.

The maintenance and integrity of the Judges Capital website is the responsibility of the directors: the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts 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

The group is required to issue its financial statements for the year ending 31st December 2007 in accordance with IFRS, including the June 2007 interims, in line with mandatory AIM rules. The directors have started to consider the implications of these requirements, and in particular which areas of the group's balance sheet and results would be significantly affected by the adoption of IFRS. This process has not been completed to date, but the key areas where differences in treatment between UK GAAP and IFRS may arise include:

IFRS 3	Business Combinations
IAS 12	Income Taxes (Deferred Tax)
IAS 39	Financial Instruments: Recognition and Measurement

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 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.

Auditor

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

On behalf of the board
RL Cohen
Director and Company Secretary
22 March 2007

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 2006 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement and associated notes a to c and notes 1 to 28. 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 directors and auditor

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the 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 other transactions is not disclosed.

We read other information contained within the Annual Report and consider whether it is consistent with the audited parent company financial statements. The 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 audit 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's 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 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Leicester
22 March 2007

Consolidated Profit and Loss Account

	Notes	2006 Continuing activities £	2006 Acquisitions £	2006 Total £	2005 £
Turnover	2	3,900,477	1,294,848	5,195,325	2,211,521
Operating costs	3	(3,546,856)	(936,996)	(4,483,852)	(1,981,776)
Goodwill amortisation		(105,741)	(54,215)	(159,956)	(103,750)
Total operating costs		(3,652,597)	(991,211)	(4,643,808)	(2,085,526)
Operating profit		247,880	303,637	551,517	125,995
(Loss)/profit on disposal of investments				(6,145)	89,842
Net interest payable	5			(195,377)	(52,632)
Profit on ordinary activities before taxation	4			349,995	163,205
Tax on profit on ordinary activities	6			(173,265)	(100,777)
Profit on ordinary activities after taxation				176,730	62,428
Minority interests				(36,440)	(15,499)
Profit for the year	19			140,290	46,929
Earnings per share	7				
Basic				3.9p	1.6p
Diluted				3.6p	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

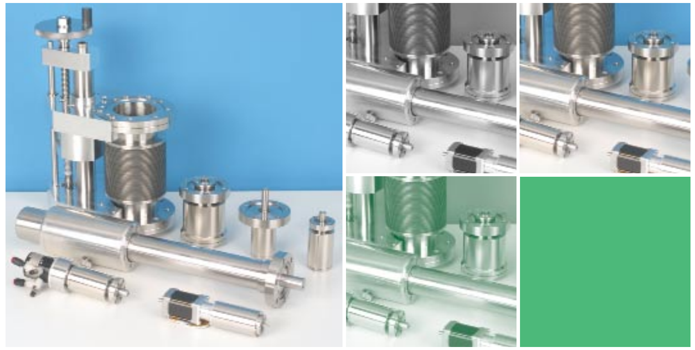
	Notes	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Fixed assets					
Intangible assets	8	4,430,826	-	3,638,059	-
Tangible assets	9	295,468	-	114,336	-
Investments in subsidiaries	10	-	5,620,080	-	4,579,564
		4,726,294	5,620,080	3,752,395	4,579,564
Current assets					
Stocks	11	402,941	-	413,130	-
Debtors	12	1,249,039	384,878	692,350	145,242
Investments	13	219,155	219,155	427,911	427,911
Cash in hand and at bank		824,156	218,514	1,148,619	742,337
		2,695,291	822,547	2,682,010	1,315,490
Creditors: amounts falling due within one year	14	(1,463,239)	(513,838)	(1,044,264)	(305,776)
Net current assets		1,232,052	308,709	1,637,746	1,009,714
Total assets less current liabilities		5,958,346	5,928,789	5,390,141	5,589,278
Creditors: amounts falling due after more than one year	15	(2,835,940)	(2,799,775)	(2,528,959)	(2,528,959)
Provisions for liabilities	16	(43,676)	-	(23,557)	-
Minority interests		(51,992)	-	(15,548)	-
Total net assets		3,026,738	3,129,014	2,822,077	3,060,319
Capital and reserves					
Called up share capital	17	178,044	178,044	173,118	173,118
Share premium	19	2,501,430	2,501,430	2,501,430	2,501,430
Merger reserve	19	475,074	-	380,000	-
Profit and loss account	19	(127,810)	449,540	(232,471)	385,771
Shareholders' funds	20	3,026,738	3,129,014	2,822,077	3,060,319

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the board on 22 March 2007

D.E. Cicurel
Director

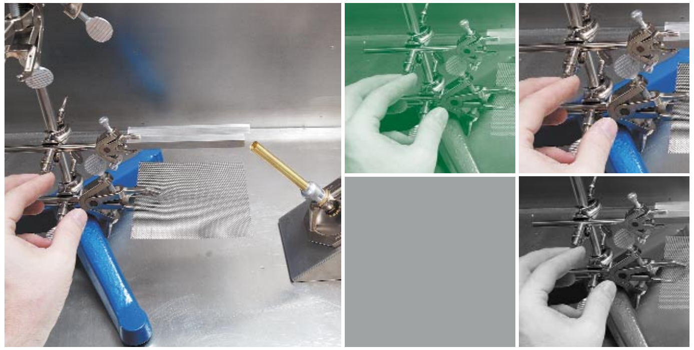
R.L. Cohen
Director

Consolidated Cash Flow Statement



	Notes	2006		2005	
		£	£	£	£
Net cash inflow from operating activities	a		613,983		345,217
Returns on investments and servicing of finance					
Interest received		32,041		54,462	
Interest paid		(227,418)		(107,094)	
			(195,377)		(52,632)
Taxation paid			(294,693)		-
Capital expenditure					
Purchases of fixed assets		(31,336)		(11,704)	
Proceeds from sale of fixed assets		15,655		-	
			(15,681)		(11,704)
Acquisitions and disposals					
Investments in subsidiaries		(1,215,090)		(4,059,564)	
Net cash from purchase of subsidiary undertaking		178,867		579,949	
			(1,036,223)		(3,479,615)
Net cash outflow before management of liquid resources and financing			(927,991)		(3,198,734)
Management of liquid resources					
Sales of investments			202,611		1,364,006
Equity dividend paid			(35,629)		-
Net cash outflow before financing			(761,009)		(1,834,728)
Financing					
Issue of Ordinary shares		-		956,000	
Expenses paid in connection with share issues		-		(102,264)	
Bank loans drawn down		700,000		2,448,959	
Loan repayments		(263,454)		(164,000)	
Repayments of Contracts for Differences		-		(451,421)	
Net cash inflow from financing			436,546		2,687,274
(Decrease)/increase in cash in the year	c		(324,463)		852,546

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



Notes to the Consolidated Cash Flow Statement

a Reconciliation of operating profit to net cash inflow from operating activities

	2006 £	2005 £
Operating profit	551,517	125,995
Depreciation of fixed assets	53,644	10,767
Amortisation of goodwill	159,956	103,750
Profit on disposal of fixed assets	(2,078)	-
Decrease/(increase) in stocks	104,775	(60,880)
Exchange differences on foreign currency bank loans	(7,335)	-
Increase in debtors	(364,429)	(43,247)
Increase in creditors due within one year	117,933	208,832
Net cash inflow from operating activities	613,983	345,217

b Analysis of net debt

Analysis of net debt	1 January 2006 £	Acquisitions £	Cash flow £	Other movements £	31 December 2006 £
Net cash:					
Cash at bank and in hand	1,148,619	-	(324,463)	-	824,156
Liquid resources:					
Current asset investments	427,911	-	-	(208,756)	219,155
Debt due < one year	(256,000)	(100,000)	(48,000)	-	(404,000)
Debt due > one year	(2,528,959)	(600,000)	304,000	25,184	(2,799,775)
Hire purchase	-	-	7,454	(61,432)	(53,978)
	(2,784,959)	(700,000)	263,454	(36,248)	(3,257,753)
Net debt	(1,208,429)	(700,000)	(61,009)	(245,004)	(2,214,442)

Other movements reflect disposals of current asset investments (£208,756), non-cash debt adjustments (£25,184) comprising foreign exchange differences and interest accrual changes, and the inception of hire purchase obligations.

c Reconciliation of net cash flow to movement in net debt

	2006 £	2005 £
(Decrease) / increase in cash in the year	(324,463)	852,546
Cash flow from decrease in liquid resources	(202,611)	(1,364,006)
(Loss) / profit on disposal of investments	(6,145)	89,842
Amount repaid under Contracts for Differences	-	451,421
New loans entered into, net of repayments	(436,546)	(2,284,959)
Non cash debt adjustments (2005: issue of loan notes)	25,184	(500,000)
Inception of hire purchase obligation	(56,550)	-
Hire purchase obligation acquired with subsidiary	(4,882)	-
Movement in net debt in the year	(1,006,013)	(2,755,156)
Opening net (debt) / funds	(1,208,429)	1,546,727
Closing net debt	(2,214,442)	(1,208,429)

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 (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

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 20. This change is described in more detail below.

Change in accounting policy

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

FRS 20 – Share based payments

The adoption of FRS 20 has resulted in a change in accounting policy in respect of share options granted since the incorporation of the company that had not vested prior to 1 January 2006. The standard requires share-based payments to be recognised at fair value as an expense commencing in the year of grant. Previously share-based payments had not been recognised in the profit and loss account. This change in accounting policy had no material effect on figures previously reported or on the results for the year.

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 UHV Design 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, within the following ranges:

Plant and machinery:	15% on written down value to 20% on cost
Fixtures, fittings and equipment:	15% on written down value to 33% on cost
Motor vehicles:	25% on written down value to 25% on cost
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 impairment. 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. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

1.14 Convertible redeemable shares

In accordance with FRS 4, the convertible redeemable shares have been recorded as a liability at the net proceeds received and the future conversion into Ordinary shares has not been taken into account.

2 Turnover and profit on ordinary activities before taxation

Turnover and profit 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:

	2006 £	2005 £
United Kingdom	710,496	103,416
Europe	1,731,933	891,050
United States / Canada	1,075,996	475,886
Rest of the World	1,676,900	741,169
	5,195,325	2,211,521

3 Operating costs

	2006 Continuing activities £	2006 Acquisitions £	2006 Total £	2005 Total £
Raw materials and consumables	1,322,051	297,169	1,619,220	761,433
Other external charges	906,304	177,997	1,084,301	573,191
Staff costs	1,246,104	426,331	1,672,435	631,371
Depreciation	25,102	28,542	53,644	10,767
Other operating charges	47,295	6,957	54,252	5,014
	3,546,856	936,996	4,483,852	1,981,776

4 Profit on ordinary activities before taxation

	2006 £	2005 £
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Loss/(profit) on disposal of investments	6,145	(89,842)
Profit on disposal of fixed assets	(2,078)	-
Fees payable to the company's auditor		
for the audit of the company's annual accounts	12,400	10,500
Fees payable to the company's auditor for other services:		
for the audit of the company's subsidiaries, pursuant to legislation	18,320	12,500
for tax services	7,450	5,650
for all other services	800	2,300
Depreciation	53,644	10,767
Goodwill amortisation	247,519	113,050
Release of negative goodwill	(87,563)	(9,300)
Operating lease rentals - land and buildings	162,068	62,026

In addition fees were paid to the auditor in 2006 in respect of corporate finance transaction work undertaken in connection with the acquisition of UHV Design Limited. The costs of £28,727 plus VAT were charged to investments in subsidiaries.

5 Net interest payable

	2006 £	2005 £
Interest receivable	32,041	54,462
Interest payable - bank and hire purchase loans and overdrafts	(194,219)	(87,077)
Interest payable - loan notes	(33,199)	(20,017)
	(195,377)	(52,632)

6 Taxation

	2006 £	2005 £
UK Corporation tax at 30% (2005: 30%)		
- current year	160,305	100,559
- prior years	852	-
	161,157	100,559
Deferred tax - origination and reversal of timing differences:		
Current year	11,138	218
Prior years	970	-
	12,108	218
Tax on profit on ordinary activities	173,265	100,777
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	349,995	163,205
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%	104,998	48,961
Goodwill charges not deductible for tax purposes	67,401	33,915
Losses carried forward	-	19,238
Provisions and expenditure not deductible for tax purposes	8,587	(813)
Marginal relief	(10,559)	(524)
Capital allowances in excess of depreciation	(10,122)	(218)
Adjustment in respect of prior years	852	-
	161,157	100,559

The group and company have unrelieved tax losses at 31 December 2006 of £325,259 (2005 £311,000). The group and company have not recognised a deferred tax asset (2006: £97,578, 2005: £93,300) 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.

7 Earnings per share

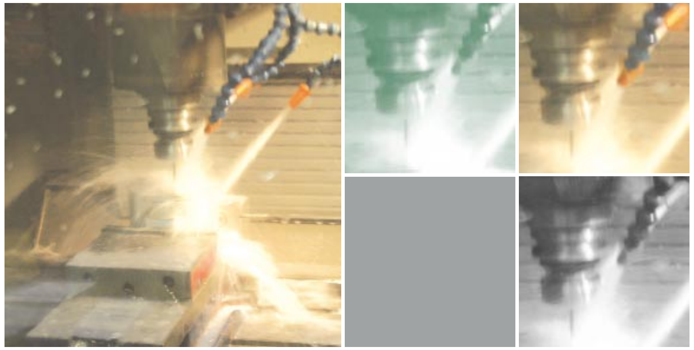
Options and warrants over Ordinary shares and rights of conversion of the Convertible Redeemable shares are described in notes 17 and 18.

	2006		2005	
	Basic	Diluted	Basic	Diluted
Earnings				
Basic: profit for the financial year	140,290	140,290	46,929	46,929
Notional taxed interest income accruing on dilution	-	16,685	-	11,744
Diluted profit	140,290	156,975	46,929	58,673
Adjusted: Add back goodwill charge, net of £36,051 (2005: £4,557) relating to tax and minority interest in negative goodwill write back	196,007	196,007	108,307	108,307
Adjusted profit - basic / diluted	336,297	352,982	155,236	166,980
Number of shares				
Basic: weighted average in year	3,544,953	3,544,953	2,931,101	2,931,101
Adjusted: weighted average increase on dilution	-	718,852	-	513,593
	3,544,953	4,263,805	2,931,101	3,444,694
Earnings per share				
Basic / diluted	3.9	3.6	1.6	1.7
Adjusted - basic / diluted	9.4	8.2	5.3	4.8

8 Intangible assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
1 January 2006	3,875,374	(133,565)	3,741,809
Arising during the year	952,723	-	952,723
31 December 2006	4,828,097	(133,565)	4,694,532
Amortisation			
1 January 2006	113,050	(9,300)	103,750
Charge / (credit) for the year	247,519	(87,563)	159,956
31 December 2006	360,569	(96,863)	263,706
Net book value – 31 December 2006	4,467,528	(36,702)	4,430,826
Net book value – 31 December 2005	3,762,324	(124,265)	3,638,059

Goodwill arose in the year in connection with the acquisition of UHV Design Limited and of a trade and certain business assets by Aitchee Engineering Limited, as set out in notes 26 and 27 respectively.



9 Tangible assets

Group	Plant & machinery	Fixtures, fittings & equipment	Motor vehicles	Building improvements	Total
	£	£	£	£	£
Cost / deemed cost					
1 January 2006	71,736	127,928	31,739	29,367	260,770
Acquisitions	181,143	18,369	19,450	25,125	244,087
Additions	72,880	12,706	2,300	-	87,886
Disposals	(26,000)	-	(14,550)	-	(40,550)
31 December 2006	299,759	159,003	38,939	54,492	552,193
Depreciation					
1 January 2006	50,039	39,017	28,011	29,367	146,434
Acquisitions	61,634	6,805	7,911	7,270	83,620
Charge	36,759	9,169	3,406	4,310	53,644
Disposals	(13,840)	-	(13,133)	-	(26,973)
31 December 2006	134,592	54,991	26,195	40,947	256,725
Net book value 31 December 2006	165,167	104,012	12,744	13,545	295,468
Net book value 31 December 2005	21,697	88,911	3,728	-	114,336

Included above are plant & machinery assets held under hire purchase contracts with a net book value at 31 December 2006 of £68,110 (2005: nil). The depreciation charge in the year on these assets was £3,440 (2005: nil).

10 Investments in subsidiaries

	£
Company:	
Cost	
1 January 2006	4,579,564
Acquisition in year (see note 26)	1,046,214
Adjustment in respect of prior year acquisition	(5,698)
31 December 2006	5,620,080

The group's trading subsidiaries at 31 December 2006, 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%

All of the above companies are owned directly by Judges Capital plc, with the exception of Aitchee Engineering Limited, which is owned directly by Fire Testing Technology Limited (see note 27).

11 Stocks

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
Raw materials	288,839	253,462	-	-
Work in progress	100,646	159,668	-	-
Finished goods	13,456	-	-	-
	402,941	413,130	-	-

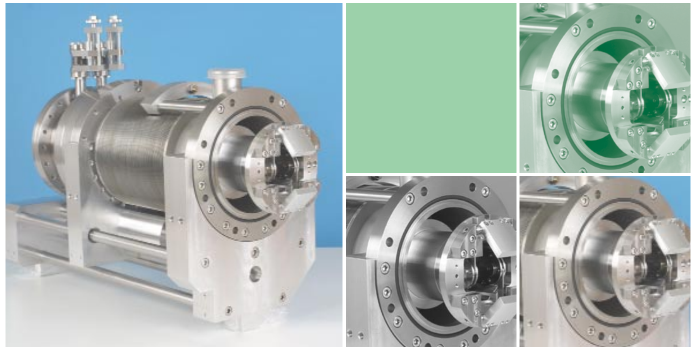
12 Debtors

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
Trade debtors	1,137,693	559,436	-	-
Amounts owed by group companies	-	-	275,125	111,978
Corporation tax - group relief	-	-	106,857	28,853
Other debtors	45,680	44,942	-	-
Prepayments and accrued income	65,666	87,972	2,896	4,411
	1,249,039	692,350	384,878	145,242

13 Current asset investments

Group and company	Historical cost	Period end value: Market valuation	Period end value: Directors' valuation	Period end value: Total valuation
	£	£	£	£
Unquoted investments	19,373	-	45,500	45,500
Quoted investments	199,782	190,950	-	190,950
At 31 December 2006	219,155	190,950	45,500	236,450
Net unrealised (loss) / gain at 31 December 2006	-	(8,832)	26,127	17,295

Details of the investments held at 31 December 2006 are: quoted investment - 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%).



	Historical cost	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)

14 Creditors: amounts falling due within one year

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
Trade creditors	339,377	224,203	43,000	-
Accruals and deferred income	298,036	111,096	39,970	33,284
Social security and other taxes	101,795	47,073	14,368	3,992
Corporation tax	261,718	315,798	-	-
Bank loan	404,000	256,000	404,000	256,000
Net obligations under hire purchase contracts	17,813	-	-	-
Other creditors	40,500	90,094	12,500	12,500
	1,463,239	1,044,264	513,838	305,776

Other creditors include £12,500 of non equity shares classed as financial liabilities (see note 18).

15 Creditors: amounts falling due after more than one year

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
Bank loan	2,299,775	2,028,959	2,299,775	2,028,959
Subordinated loan notes	500,000	500,000	500,000	500,000
Net obligations under hire purchase contracts	36,165	-	-	-
	2,835,940	2,528,959	2,799,775	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 $2\frac{1}{4}$% above LIBOR-related rates. The subordinated loan notes are unsecured, repayable on 23 May 2010 and bear interest at Bank of Scotland base rate plus 2%. The hire purchase obligations are secured on the related assets. The repayment profile of borrowings is as follows:

	Bank loan	Subordinated loan notes	Hire purchase	Total
	£	£	£	£
Repayable in less than 1 year	404,000	-	17,813	421,813
Repayable in years 1 to 2	508,000	-	17,156	525,156
Repayable in years 2 to 5	1,791,775	500,000	19,009	2,310,784
	2,703,775	500,000	53,978	3,257,753

During the year, a proportion of the group's bank loans were converted into foreign currencies to provide a hedge against assets denominated in those currencies. The sterling equivalent at 31 December 2006 of loans denominated in US$ was £144,436 and in Euros was £148,229. These amounts are included in the figures above for bank loans, repayable in years 2 to 5.

16 Provisions for liabilities

Deferred tax – group	£
1 January 2006	23,557
Acquisitions	8,011
Charge	12,108
31 December 2006	43,676

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

17 Equity share capital

(Group and Company)	2006	2005
	£	£
Authorised		
10,000,000 Ordinary shares of 5p each	500,000	500,000
Allotted, called up and fully paid		
3,560,878 (2005: 3,462,356) Ordinary shares of 5p each	178,044	173,118

The increase in 2006 in the number of shares issued amounted to 98,522, representing shares which were issued on 6 March 2006 at a fair value of £1.015 in respect of the acquisition of UHV Design Limited. 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.

Equity share options and warrants

Options issued under Employee Share Option Plans

Options were granted on 20 October 2005 under the company's Unapproved Plan 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

Further options were granted on 22 March 2006 at £1.035 per share, exercisable between the third and tenth anniversaries of grant, over 28,000 shares under the company's Approved Plan (conditional on achievement of group earnings targets in the case of 10,000 shares) and over 14,000 shares under the Unapproved Plan. None of these options was granted to directors of the company.

The market price of the company's Ordinary shares on 31 December 2006 was £0.975, the highest price during 2006 was £1.04 on 3 to 13 January, the lowest price during 2006 was £0.95 on 3 July and 23 September and the price on 15 March 2007 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 18 would have resulted in the issue of 485,574 Ordinary shares if conversion of all the Convertible Redeemable shares had taken place on 31 December 2006.

18 Shares classed as financial liabilities

(Group and Company)	2006 £	2005 £
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 are classified as financial liabilities and included in other creditors (see note 14).

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.

19 Statement of movements on reserves

Group	Share premium account £	Merger reserve £	Profit and loss account £
1 January 2006	2,501,430	380,000	(232,471)
Profit for the year	-	-	140,290
Dividend paid in the year	-	-	(35,629)
Merger reserve arising on shares issued	-	95,074	-
Balance at 31 December 2006	2,501,430	475,074	(127,810)

The company paid its maiden dividend of 1p per Ordinary share on 3 November 2006.

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 UHV Design Limited (98,522 shares at a fair value of £1.015 per 5p share) at nominal value.

	Share premium account	Profit and loss account
Company	£	£
1 January 2006	2,501,430	385,771
Profit for the year	-	99,398
Dividend paid in the year	-	(35,629)
Balance at 31 December 2006	2,501,430	449,540

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 £99,398 (2005: £665,171).

20 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	140,290	46,929
Dividend paid in the year	(35,629)	-
Issue of shares	100,000	1,253,736
Net addition to shareholders' funds	204,661	1,300,665
Opening shareholders' funds	2,822,077	1,521,412
Closing shareholders' funds	3,026,738	2,822,077

21 Directors' emoluments

	2006 £	2005 £
Emoluments	178,660	89,110
Defined contribution pension scheme contributions	3,792	-
	182,452	89,110

During the year one director participated in a defined contribution pension scheme (2005 nil).

22 Employees

Group	2006 no.	2005 no.
Number of employees - manufacturing	25	11
- sales and administration	26	11
	51	22

Employment costs	2006 £	2005 £
Wages and salaries	1,471,845	560,781
Social security costs	166,021	57,284
Pension costs	34,569	13,306
	1,672,435	631,371

23 Related Party Transactions

The company entered into the following transactions during the year with its 51%-owned subsidiary, PE.fiberoptics Limited ("PFO"):

(a) in January 2006, PFO repaid the outstanding balance of £25,000 of a loan facility of £250,000 (reducing annually by £62,500) granted by the company in 2005. No further drawdowns were made during the year. Interest of £1,702, calculated at the rate of 7% per annum on outstanding amounts, was paid by PFO on 2 September 2006. Any amounts outstanding under this loan facility are secured by way of a first charge over the assets and undertaking of PFO.

(b) an additional loan to PFO amounting to £40,800 was outstanding on 1 January and 31 December 2006. This loan is unsecured, does not bear interest and is repayable at the discretion of the directors of PFO.

24 Financial Instruments

The group's policies on treasury management and financial instruments are given in the Directors' Report. As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosures below, except as set out in relation to foreign currencies.

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 2006 the group had debtors denominated in foreign currency as follows: Euros - £197,558 (2005: £155,492) and US Dollars - £294,228 (2005: £91,743)

Financial liabilities

The group's principal financial liabilities are bank debt and the unsecured loan notes issued in connection with the acquisition of Fire Testing Technology Limited in 2005. A proportion of the bank debt is denominated in foreign currencies to provide a hedge against currency risk on group assets, as described in note 15.

Fair value of financial instruments

Financial instruments include the borrowings above. All financial instruments denominated in foreign currencies are translated into sterling at market prices at balance sheet dates. The directors believe that there is no material difference between the book value and fair value of such financial instruments.

Borrowing facilities

The group had an undrawn committed overdraft facility of £500,000 at 31 December 2006 (2005: £500,000).

25 Dividends

	2006 p/share	2006 £	2005 p/share	2005 £
Paid in the year, on 3 November 2006	1.0	35,629	-	-
Accrued at the year-end	-	-	-	-
Proposed after the year-end, for payment on 6 July 2007	2.0	71,258	-	-

26 Acquisition of UHV Design Limited ("UHV")

On 21 February 2006 the company acquired 100 Ordinary shares of £1 each in UHV Design Limited ("UHV"), being 100% of its issued share capital. Goodwill arising on the acquisition of UHV has been capitalised and the purchase 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 UHV (see note 17).

UHV drew up statutory accounts for the period from 1 April 2005 to 20 February 2006, the day immediately prior to the acquisition. These showed turnover of £899,465, operating profit of £321,229, profit before tax of £326,001, tax of £77,113 and profit after tax of £248,888. The profit after tax for the year ended 31 March 2005 was £231,742.

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

	Book and fair values £
Fixed assets	127,602
Current assets	460,713
Current liabilities	(191,797)
Long term liabilities	(8,011)
Total net assets at date of acquisition	388,507
Consideration paid or provided for, including transaction costs	1,141,288
Goodwill	752,781
Consideration satisfied by:	
Cash falling due on completion, including transaction costs	750,288
Cash paid subsequently - earn-out	43,000
- working capital adjustment	205,000
Estimate of cash payable in 2007 – earn-out	43,000
Cash consideration paid or provided for	1,041,288
Issue of shares – 98,522 Ordinary 5p shares at fair value of £1.015 each	100,000
Total fair value of consideration	1,141,288
Less: merger relief	(95,074)
Company - cost of investment recorded	1,046,214

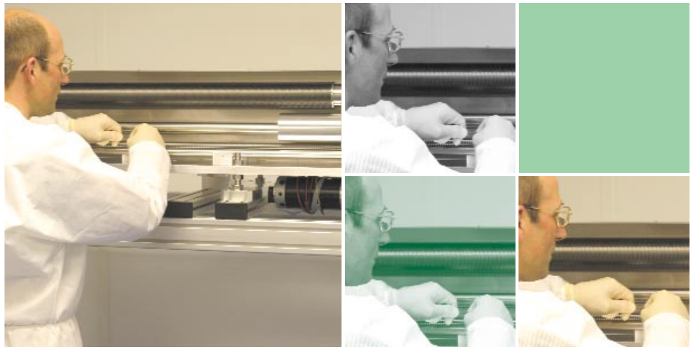
UHV made the following contributions to, and utilisations of, group cash flow:

	2006 post acquisition £
Net cash inflow from operating activities	363,294
Returns on investment and servicing of finance	3,715
Capital expenditure and financial investment	(61,144)
Financing	53,977
Increase in cash	359,842

Analysis of net outflow of cash in respect of the purchase of UHV:	£
Cash at bank and in hand at the date of acquisition	178,867
Cash consideration (excluding expected 2007 payment of £43,000)	(998,288)
Net cash outflow (excluding expected 2007 payment of £43,000)	(819,421)

27 Acquisition of Aitchee Engineering Limited ("Aitchee")

On 4 September 2006 the company's subsidiary, Fire Testing Technology Limited ("FTT"), subscribed in cash and at par for 2 ordinary shares of £1 each in Aitchee Engineering Limited ("Aitchee"), being 100% of its issued share capital. On commencement of its trade on 4 September 2006, Aitchee acquired the goodwill and certain assets of Aitchee Engineering Associates, a business previously carried on by its proprietors in the manufacture of a variety of engineering parts and finished products for a variety of industries. Goodwill arising on the acquisition of these assets has been capitalised within the consolidated accounts of Judges Capital plc. The purchase of Aitchee has been accounted for by the acquisition method of accounting.



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

	Fair values £
Fixed assets	32,865
Stocks	5,000
Total net assets at date of acquisition	37,865
Consideration paid or provided for, including transaction costs	243,500
Goodwill	205,635
Consideration satisfied by:	
Cash falling due on completion, including transaction costs	222,500
Estimate of cash payable in 2007 – earn-out and transaction costs	21,000
Total fair value of consideration	243,500

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

	2006 post acquisition £
Net cash inflow from operating activities	4,415
Returns on investment and servicing of finance	(63)
Increase in cash	4,352

Analysis of net outflow of cash in respect of the purchase of Aitchee:	£
Cash consideration for shares	2
Net cash outflow	2

28 Operating lease commitments

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as follows:

	2006 £	2005 £
Expiry date:		
Land and buildings - between one and five years	164,691	93,000
- after five years	-	-

Notice of Annual General Meeting

Notice is hereby given that the fourth Annual General Meeting of Judges Capital plc ("the Company") will be held at 17 Grosvenor Gardens, London SW1W 0BD on 21 May 2007 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 the reports of the directors and the auditor and the audited financial statements of the Company for the year ended 31 December 2006.

2 To re-appoint Hon Alexander Hambro, who retires by rotation, as a director.

3. To re-appoint Ralph Elman, who retires by rotation, as a director.

4 To approve a final dividend of 2 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.

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 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 £178,043 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 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 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 6 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 £178,043.

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.

8 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) Companies Act 1985) of Ordinary shares of 5p each in the capital of the Company ("Ordinary Shares") provided that:-

(a) the maximum number of Ordinary Shares authorised to be acquired is 356,087;

(b) the minimum price which may be paid for each Ordinary Share is 5p (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the middle market quotations of Ordinary Shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the contract of purchase is made;

(d) this authority will (unless renewed) expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, 18 months after that date; and

(e) the Company may make a contract of purchase of Ordinary Shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration.

By Order of the Board
RL Cohen
Company Secretary
23 April 2007

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 herein 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 12.00 noon on 19 May 2007 (being not more than 48 hours prior to the time fixed for the Meeting) or, if the Meeting is adjourned, such time being not more than 48 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 12.00 noon on 19 May 2007 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 21 May 2007 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 21 May 2007, and at any adjournment(s) of that meeting.

		For	Against	Vote Withheld
1	Approval of Annual Report and Accounts			
2	Re-appointment of Hon Alexander Hambro			
3	Re-appointment of Ralph Elman			
4	Approval of final dividend			
5	Re-appointment of auditor			
6	Authority to allot relevant securities			
7	Authority to disapply pre-emption rights *			
8	Authority to purchase own shares *			

*Special resolutions

If this proxy is signed by someone else on your behalf, his/her 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 once you have completed it to the address printed overleaf. 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 The Company Secretary, Judges Capital plc, Unit 19, Charlwoods Road, East Grinstead, West Sussex RH19 2HL

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

Fold here


Cone Calorimeter
Fire Testing Technology
Servomex

Judges Capital plc

Judges Capital plc, Unit 19, Charlwoods Road, East Grinstead, West Sussex RH19 2HL
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Website: www.judges.uk.com