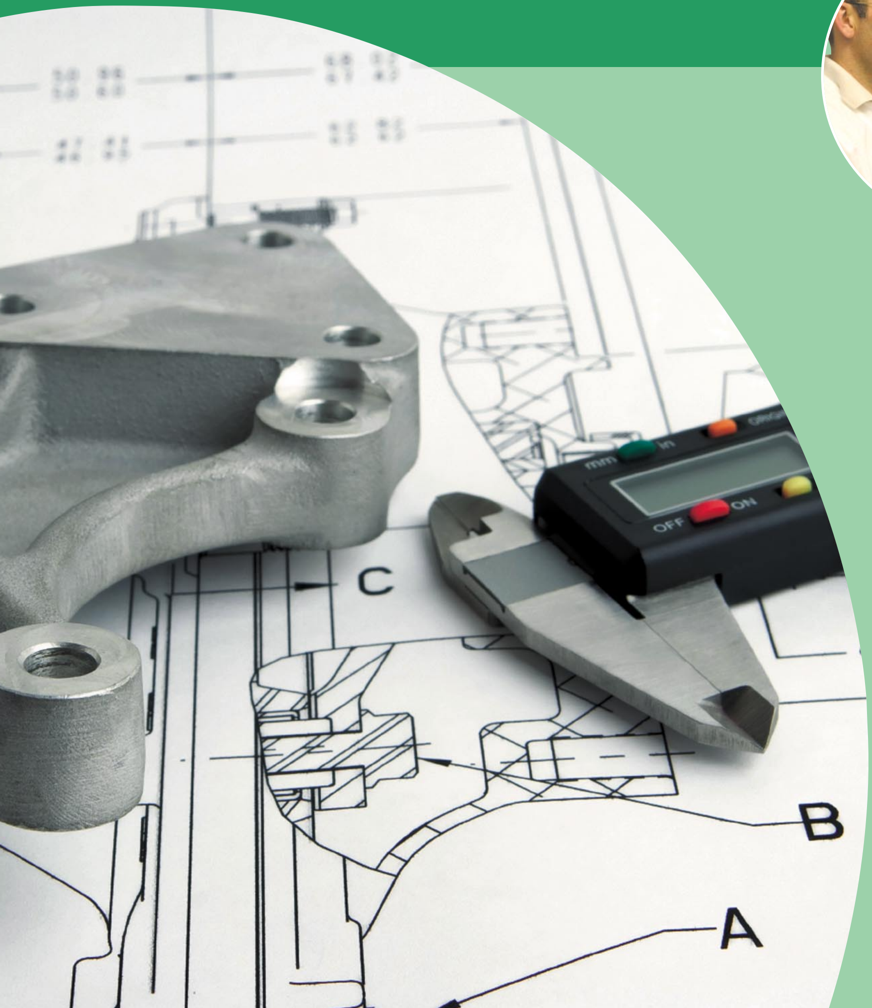
Annual Report and Accounts 2008



Judges Capital plc

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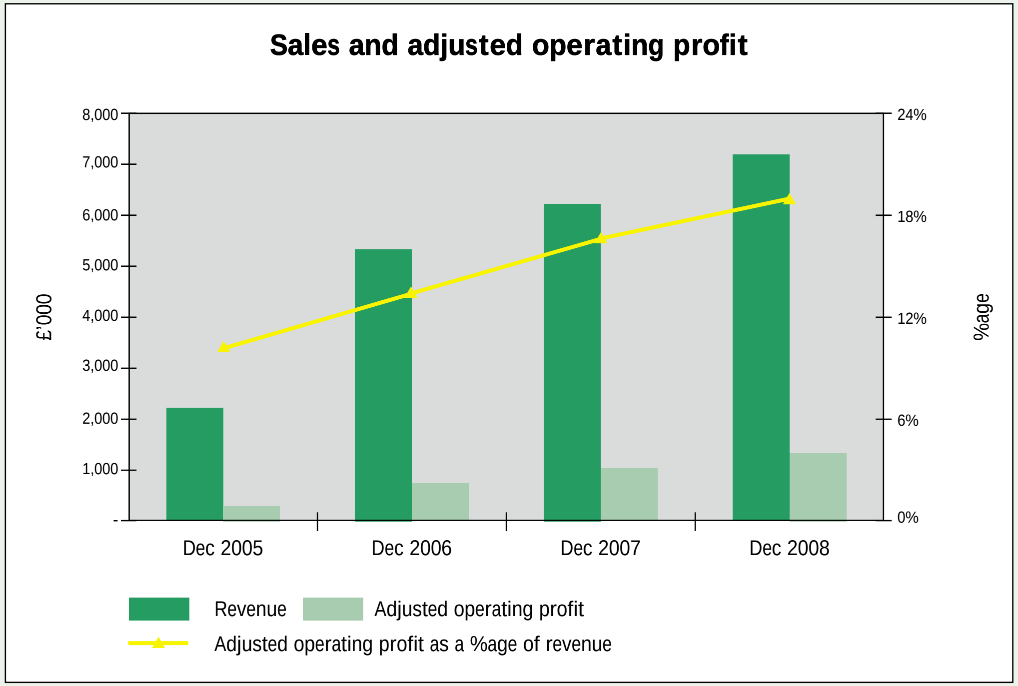
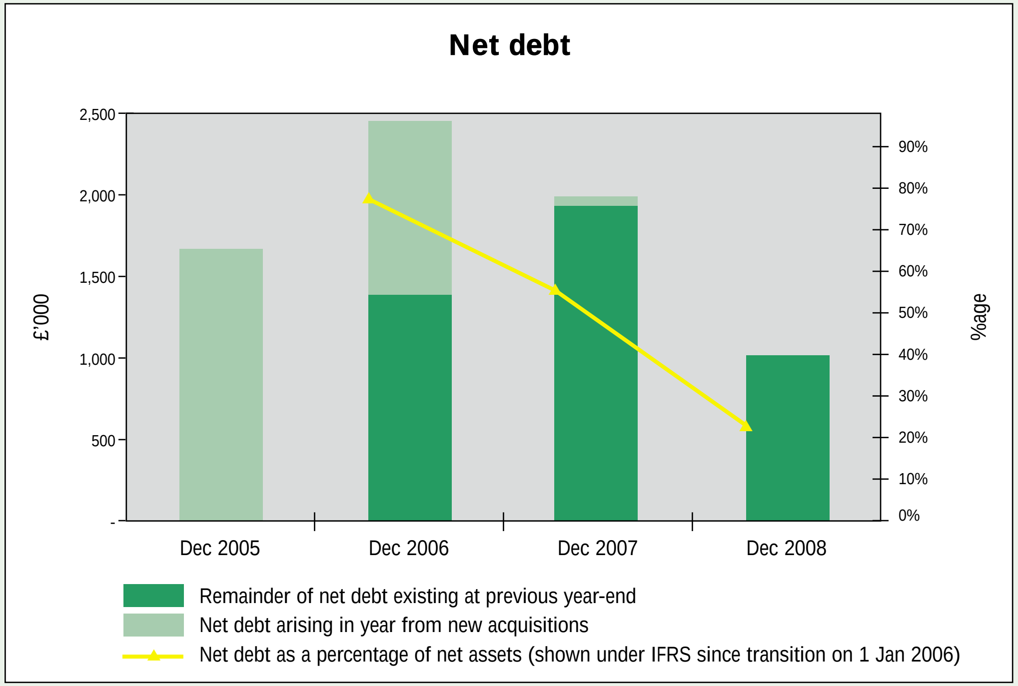
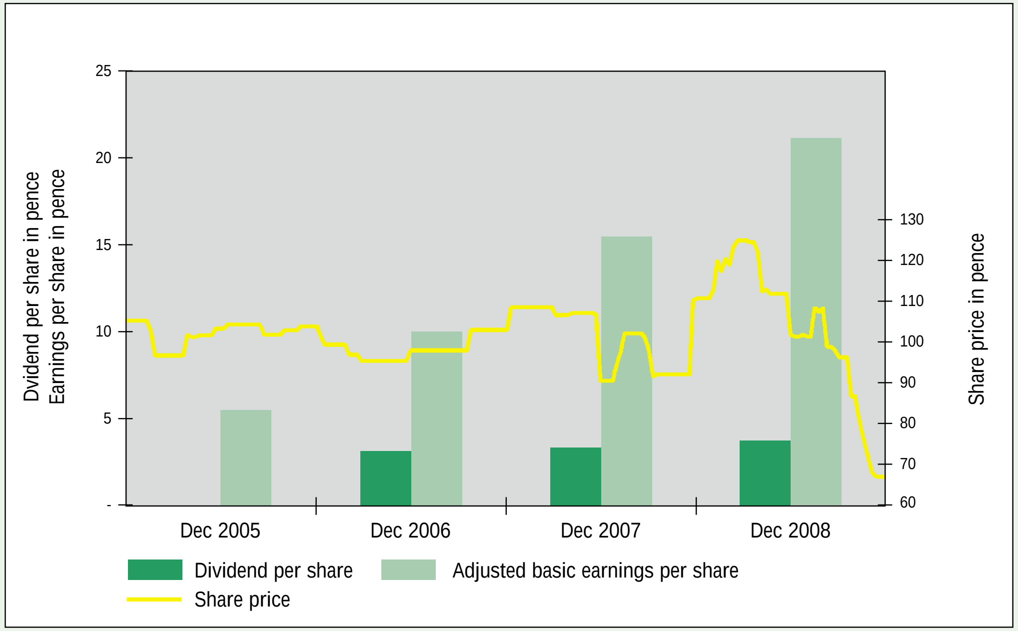






financial highlights

Chairman's Statement

I have great pleasure in reporting your company's results for 2008. Revenue advanced from £6.2 million in 2007 to £7.1 million and generated profit of £1.2 million before tax, abortive acquisition costs, a gain on the disposal of an investment and amortisation of intangible assets. This compares with £836,000 in 2007 on an equivalent basis. Earnings per share, similarly adjusted, rose from 15.0p (restated in respect of the calculation of dilution) to 21.1p.

Pre tax profit after abortive acquisition costs, investment gains and amortisation amounted to £869,000 (2007: £858,000). This equates to earnings per share of 14.7p (2007: 15.5p, restated).

Corporate activity

All group subsidiaries were owned throughout the financial year to 31 December 2008 and since the beginning of the comparative year, 2007.

During the financial year, the company raised £479,000 net of expenses through the placement of 476,800 new Ordinary shares at a price of 110p per share.

Regrettably, a significant acquisition project was thwarted at a late stage by the global financial upheavals during the second half of the year and consequently £310,000 of costs incurred in relation to the proposed acquisition process had to be written off.

In March 2008, the company purchased a freehold factory adjacent to FTT, into which its subsidiary, Aitchee Engineering, was relocated.

Trading

Despite the widespread economic malaise, our businesses enjoyed a successful year. The healthy order backlog at 1 January 2008 kick-started a robust performance in the first half. As the second half unfolded, commercial activity accelerated, which again resulted in a record order book at the year-end, standing at twice the level reached at the end of 2007. Your Board believes that the significant part of our revenue that is ultimately financed by government expenditure in a widely diversified range of countries has, up to now, been afforded some protection against the impact of the global economic slow-down.

After years of trading against the background of a relatively strong Sterling currency, our export driven business was enhanced by the strength of the Euro from the early part of 2008 and of the US Dollar after September 2008.

"despite the widespread economic malaise, our businesses enjoyed a successful year"

Financial position

Our financial position remains strong, with cash balances reaching £1.6 million at the year-end (2007: £0.9 million) and net debt reducing from £2.0 million to £1.0 million. This has been achieved in large part by our robust trading performance and by a reduction in working capital. As last year, a significant proportion of our debt is denominated in foreign currency to hedge against the impact of exchange fluctuations on export activity.

Dividends

Your Board is pleased to recommend a final dividend of 2.4p per share (2007: 2.2p per share) which, subject to approval at the forthcoming Annual General Meeting on 22 May 2009, would make a total distribution of 3.6p per share for the year (2007: 3.3p per share). The level of cover by adjusted earnings per share has risen from 4 times to 6 times, notwithstanding the proposed 9 per cent increase.

The proposed dividend will be payable on 3 July 2009 to shareholders on the register on 5 June 2009 and the shares will go ex-dividend on 3 June 2009.

Current trading and prospects

The group is again in a strong position, starting the year with a solid order book. The resulting visibility on revenue and the benign currency environment give your Board confidence in respect of the first half of 2009. However, your Board is conscious of the fact that the inherent strength of our businesses does not necessarily provide immunity against the worldwide recession and accordingly we view prospects for the second half of the year with caution at this stage.

The directors are adopting a prudent approach to acquisitions, focusing on those of a size that is manageable in the present financial climate. Nevertheless, we intend to capitalise on the company's strong financial position to expand the group's activities where attractive opportunities arise to acquire niche companies in the instrumentation sector. The company has worked hard at embedding and managing new subsidiaries, as evidenced by the 33% return currently achieved on total invested capital. Although this target will become increasingly challenging as the economic climate worsens, it remains one which the directors consider should be kept in their sights when assessing prospective acquisition opportunities.

Annual General Meeting

With the group now firmly established in its chosen field of activity, the directors intend to propose a resolution at the forthcoming Annual General Meeting to change the name of the company to one more closely reflecting its business, namely Judges Scientific plc. At the same meeting, it is intended to table new Articles of Association and to clarify the status of the Convertible Redeemable shares.

A "whitewash" resolution was passed at the last General Meeting, enabling the company to purchase its own shares without an obligation being incurred by certain shareholders to make an offer for the entire share capital. Although no shares were purchased using this authority, the directors intend to seek a renewal of this "whitewash" facility.

Personnel

My thanks must go out to all of the executives and employees of the group who have continued to drive their businesses forward with dedication and expertise despite the economic turbulence that affects all our export markets. Our solid performance bears testimony to their efforts.

Alex Hambro
Chairman
Date: 27 March 2009

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2008.

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 earnings before interest, tax and amortisation ("EBITA") with the investment in property, plant and equipment and net current assets (excluding surplus cash). In 2008, the overall return computed in this manner amounted to 33.5%, before taking account of parent company costs (other than foreign exchange losses resulting from the hedging of subsidiary companies' equivalent exposure) – (2007: 24.6%).

- **Acquisitions:** although no acquisitions were made during 2008, the directors actively investigated a number of opportunities that came to their attention. They were particularly disappointed that a prospect which would have constituted a reverse acquisition had to be abandoned because of financing constraints resulting from the recent turbulence in financial markets. Abortive transaction costs amounting to £310,000 before tax have been recognised in the 2008 consolidated income statement. There is a pipeline of interesting prospects that remain under investigation. It is regarded as paramount that acquisitions are completed only when the directors are satisfied that the target business has sound long-term strength.
- **Ongoing performance:** the directors regard the trend of adjusted diluted earnings per share, reduction in net debt and the company's ability to pay dividends to its shareholders as key indicators of overall group performance. These indicators are monitored closely; adjusted diluted earnings per share rose from 15.0p per share in 2007 (restated in line with the treasury method of calculation prescribed in IAS 33) to 21.1p in 2008, while net debt fell from £2 million at 31 December 2007 to £1 million at 31 December 2008. Dividend cover fell slightly from a factor of 5 in 2007 to 4.5 in 2008; however, adjusting for exceptional items in those years (primarily gains on investment disposals in 2007 and abortive acquisition costs in 2008), cover increased from a factor of 4.1 in 2007 to 6.1 in 2008.

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

Sales trends:

(a) sales at Fire Testing Technology ("FTT") rose by 15% in 2008 compared with 2007. As in the previous year, order intake rose significantly in the closing stages of 2008, with the result that the order backlog at the end of the year was £2,100,000 compared with £900,000 at 31 December 2007. Sales at Aitchee Engineering Limited rose by 14% in 2008, though the company noted a declining trend towards the end of the year;

(b) sales at PE.fiberoptics ("PFO") were steady in 2008, though the company continues to experience unpredictable fluctuations in line with uncertainties in global industrial markets;

(c) sales at UHV Design ("UHV") rose by 29% in 2008 compared with 2007, building further on the substantial gains of recent years. The year-end order backlog more than doubled compared to 2007, reaching £780,000 at 31 December 2008.

Earnings:

Rising sales on a relatively fixed cost base enabled the group to post a 19.3% EBITA margin in 2008 compared with 16.9% in 2007 (excluding gains on investment disposals and abortive acquisition costs).

Cash generation and management:

Consolidated gross cash flow from operating activities amounted to £1,923,000 (2007: £859,000), benefiting from a net reduction in working capital of £521,000 (2007: investment in working capital of £282,000). Other material cash flows included an outlay of £590,000 by the parent company on the acquisition of a freehold industrial property and the raising of £479,000 (net of expenses) through a share placing.

- **Commercial risks and uncertainties:** an important element of the group's business model is development through acquisition; the group is exposed to the risk of an insufficient flow of target companies of requisite quality. As regards the group's existing businesses, 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. The activity is supported through the in-house production of engineering parts by its subsidiary company, Aitchee Engineering Limited.
  - PFO is a significant provider to the telecoms industry of equipment to test the properties of fibre optic and fibre optic networks. Trading is strongly influenced by the cyclical nature of this sector.
  - UHV designs and manufactures instruments to create motion, heating and cooling within ultra high vacuum chambers. It is benefiting from the buoyancy of the high-tech markets which it serves and their requirements for ultra high vacuum products. The directors consider that there is scope to improve the company's output and market share through technical innovation and increased production capability.

  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 cash equivalents and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments relate to interest rates, liquidity, credit and foreign currency exposure. The directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in note 31 to the consolidated financial statements and which are summarised below. The policies have remained unchanged from previous periods.

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. With net debt of under £1 million at 31 December 2008, exposure to interest rate fluctuations is not considered to be a major threat to the group.

Liquidity risk

The group seeks to manage liquidity risk by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans arranged at group level. Short term flexibility is achieved through the availability of overdraft facilities and through the significant cash balances that the group currently holds.

Credit risk

The group reviews the credit risk relating to its customers by ensuring wherever possible that it deals with long established trading partners, agents and government / university backed bodies, where the risk of default is considered low. Where considered appropriate, the group insists on up-front payment and requires letters of credit 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). The group adopts a strategy to hedge against this risk in whole or in part by maintaining a proportion of its bank loans in these currencies. 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, though the latter part of 2008 saw the opposite trend.

Capital management objectives

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

Results and dividends

The results for the financial year to 31 December 2008 are set out in the income statement. The company paid an interim dividend of 1.2p per Ordinary share on 3 October 2008. At the forthcoming Annual General Meeting, the directors will recommend payment of a final dividend for the year of 2.4p per Ordinary share to be paid on Friday 3 July 2009 to shareholders on the register on Friday 5 June 2009. The shares will go ex-dividend on Wednesday 3 June 2009.

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

Mr D Barnbrook was appointed a director with effect from 1 January 2009.

Directors' interests

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

	Ordinary of 5p each			
	31 December 2008		1 January 2008	
	Shares	Options	Shares	Options
Hon AR Hambro	25,000	-	25,000	-
Mr DE Cicurel *	526,356	-	526,356	-
Mr RL Cohen	10,000	57,000	10,000	47,000
Mr RJ Elman	45,791	-	45,791	-
Mr GC Reece	3,000	-	3,000	-

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

Details of share options are set out in note 26 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 2008	1 January 2008
	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 by David Cicurel Securities Limited.

The conversion terms of the Convertible Redeemable shares are detailed in note 27 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 2008 would have been as follows:

	Ordinary Shares
Hon AR Hambro	70,883
Mr DE Cicurel	985,183
Mr RL Cohen	10,000
Mr RJ Elman	68,732
Mr GC Reece	25,941

On the date of his appointment to the board of directors on 1 January 2009, David Barnbrook had interests in 12,500 Ordinary shares and no interests in Convertible Redeemable shares.

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 22 days (2007: 20 days).

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent 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 parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

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

The maintenance and integrity of the corporate and financial information included on 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.

Corporate governance

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

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

Auditor

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

On behalf of the board

RL Cohen
Director and Company Secretary
27 March 2009

Report of the Independent Auditor

We have audited the consolidated financial statements of Judges Capital plc for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 32. These consolidated financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Judges Capital plc for the year ended 31 December 2008.

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 auditors

The directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated 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 consolidated financial statements give a true and fair view and whether the consolidated financial statements have been 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 consolidated financial statements.

In addition we report to you if, in our opinion, 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 in the Annual Report and consider whether it is consistent with the audited consolidated financial statements. The other information comprises only the directors' report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated 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 consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group'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 consolidated 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 consolidated financial statements.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the consolidated 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 consolidated financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Leicester
27 March 2009

Consolidated Income Statement

	Notes	2008 £000	2007 £000
Revenue	7	7,104	6,192
Abortive acquisition costs	8	(310)	-
Other operating costs	8	(5,806)	(5,267)
Operating profit	9	988	925
Profit on disposal of available-for-sale investments	10	21	142
Interest receivable	11	48	33
Interest payable	11	(188)	(242)
Profit before tax		869	858
Taxation	12	(230)	(231)
Profit for the year		639	627
Attributable to:			
Equity holders of the parent company		567	553
Minority interest		72	74
Earnings per share – total and continuing			
Basic	14	14.7p	15.5p
Diluted (restated – see Note 14)	14	14.7p	15.5p

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

Consolidated Balance Sheet

	Note	2008 £000	2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	15	861	275
Goodwill	16	4,383	4,383
Other intangible assets	17	23	76
Available-for-sale investments	18	-	20
		5,267	4,754
Current assets			
Inventories	19	672	554
Trade and other receivables	20	1,364	1,543
Cash and cash equivalents		1,621	910
		3,657	3,007
Total assets		8,924	7,761
LIABILITIES			
Current liabilities			
Trade and other payables	21	(1,337)	(877)
Current portion of long-term borrowings	22	(625)	(527)
Current tax payable		(292)	(300)
		(2,254)	(1,704)
Non-current liabilities			
Long-term borrowings	23	(1,992)	(2,336)
Deferred tax liabilities	25	(34)	(36)
		(2,026)	(2,372)
Total liabilities		(4,280)	(4,076)
Net assets		4,644	3,685
EQUITY			
Share capital	26	202	178
Share premium account		2,956	2,501
Merger reserve		475	475
Retained earnings		849	409
Revaluation reserve		-	1
Equity attributable to equity holders of the parent company		4,482	3,564
Minority interest		162	121
Total equity		4,644	3,685

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

The financial statements were approved by the board on 27 March 2009

D.E. Cicurel
Director

R.L. Cohen
Director

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium	Merger reserve	Retained earnings	Revaluation reserve	Total**	Minority interest	Total equity
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2007		178	2,501	475	(34)	(5)	3,115	65	3,180
Changes in equity for 2007									
Transferred to profit or loss on disposal of available-for-sale investments		-	-	-	-	6	6	-	6
Net income recognised directly in equity		-	-	-	-	6	6	-	6
Profit for the year		-	-	-	553	-	553	74	627
Total recognised income and expense for the year		-	-	-	553	6	559	74	633
Dividends	13	-	-	-	(110)	-	(110)	(18)	(128)
Balance at 31 December 2007		178	2,501	475	409	1	3,564	121	3,685
Changes in equity for 2008									
Transferred to profit or loss on disposal of available-for-sale investments		-	-	-	-	(1)	(1)	-	(1)
Net income recognised directly in equity		-	-	-	-	(1)	(1)	-	(1)
Profit for the year		-	-	-	567	-	567	72	639
Total recognised income and expense for the year		-	-	-	567	(1)	566	72	638
Dividends	13	-	-	-	(127)	-	(127)	(31)	(158)
Issue of share capital		24	455	-	-	-	479	-	479
Balance at 31 December 2008		202	2,956	475	849	-	4,482	162	4,644

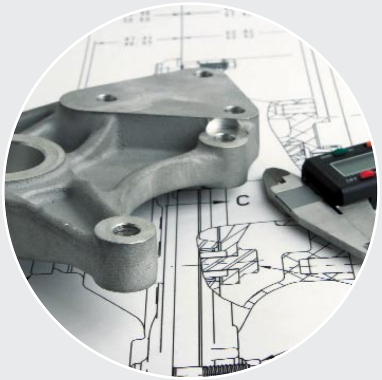
** - Total represents amounts attributable to equity holders of the parent company.

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

Consolidated Cash Flow Statement

	2008	2007
	£000	£000
Cash flows from operating activities		
Profit after tax	639	627
Adjustments for:		
Depreciation	81	70
Amortisation of intangible assets	53	120
Profit on disposal of property, plant and equipment	-	(1)
Profit on disposal of available-for-sale investments	(21)	(142)
Foreign exchange losses on foreign currency loans	280	27
Interest receivable	(48)	(33)
Interest payable	188	242
Tax expense recognised in income statement	230	231
Increase in inventories	(118)	(150)
Decrease/(increase) in trade and other receivables	179	(294)
Increase in trade and other payables	460	162
Cash generated from operations	1,923	859
Interest paid	(188)	(242)
Tax paid	(238)	(250)
Net cash from operating activities	1,497	367
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(57)
Purchase of property, plant and equipment	(668)	(57)
Proceeds from disposal of equipment	-	8
Proceeds from disposal of available-for-sale investments	40	342
Interest received	48	33
Net cash (used in)/generated from investing activities	(580)	269
Cash flows from financing activities		
Proceeds from issue of share capital	479	-
Repayments of borrowings (including hire purchase contracts)	(527)	(422)
Dividends paid	(158)	(128)
Net cash used in financing activities	(206)	(550)
Net increase in cash and cash equivalents	711	86
Cash and cash equivalents at beginning of period	910	824
Cash and cash equivalents at end of period	1,621	910

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



Notes to the Consolidated Financial Statements

1. General information

Judges Capital plc is the ultimate parent company of the group, whose principal activities comprise the design, manufacture and sale of scientific instruments. These are used in the measurement of the reaction of materials to fire, in the testing of the properties of fibre optic and fibre optic networks and in the creation of movement, heating and cooling of objects within ultra high vacuum chambers.

2. Registered office

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

3. Basis of accounting

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

The group's financial statements up to and including those for the year ended 31 December 2006 were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). With effect from 1 January 2007, the company, being listed on the Alternative Investment Market of the London Stock Exchange, is required to present its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, these financial statements have been prepared in accordance with the accounting policies set out below which are based on the IFRS in issue as adopted by the European Union (EU) and in effect at 31 December 2008.

As set out in note 14, comparative figures for diluted and adjusted diluted earnings per share have been restated.

4. Use of accounting estimates and judgements

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

Judgements in applying accounting policies:

- the directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, as set out in Note 6.4 below, have been met;
- the classification of financial assets as "available for sale" requires judgements concerning the likelihood and timing of realisation of sale;
- the directors must judge whether future profitability is likely in making the decision whether or not to create a deferred tax asset.

Sources of estimation uncertainty:

- depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- estimates of future profitability are required for the decision whether or not to create a deferred tax asset;
- estimates are required as to asset carrying values and impairment charges. These are assessed by reference to budgeted profits and cash flows for future periods for the relevant income generating units and an estimate of their values in use.

5. Change in accounting policies

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

At the date of authorisation of these consolidated financial statements, certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective. The group has not early-adopted any of these pronouncements. The new Standards, amendments and Interpretations that are expected to be relevant to the group's consolidated financial statements are as follows:

IAS 1 Presentation of Financial Statements (revised 2007) - effective from 1 January 2009, ie for reporting periods beginning on or after this date

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the group but will give rise to additional disclosures. Management are currently assessing the detailed impact of this amendment on the group's financial statements.

IFRS 8 Operating Segments - effective from 1 January 2009

This IFRS specifies how an entity should report information about its operating segments in its consolidated financial statements. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Implementation of this Standard is not expected to increase the number of reportable segments but will alter the manner in which these are reported to be consistent with the internal reporting provided to the chief operating decision-maker.

All the above pronouncements will be adopted in the group's financial statements for the period beginning 1 January 2009.

IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial Statements (revised 2008) – effective from 1 July 2009

The revised Standards introduced major changes to the accounting requirements for business combinations, transactions with non-controlling interests (a new term for “minority interests”) and a loss of control of a subsidiary. Management are currently assessing the detailed impact of this amendment on the group’s financial statements.

The revised Standards will be adopted in the group’s financial statements for the period beginning 1 January 2010.

Other new Standards and Interpretations have been issued but are not expected to have a material impact on the group's financial statements.

6. Accounting policies

6.1 Basis of consolidation

The consolidated financial statements include those of the parent company and its subsidiaries, all drawn up to 31 December 2008. Subsidiaries are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from their activities. The group obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-group balances arising from transactions within the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

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

The parent 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 and UHV Design Limited.

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

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

6.3 Goodwill

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

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

6.4 Revenue

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

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

Installation revenues are deferred and held on the balance sheet within trade and other payables pending recognition as revenue on completion of installation. Interest income is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. Dividend income is recognised when the shareholder’s right to receive payment is established.

6.5 Intangible assets acquired as part of a business combination

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

Amortisation begins when the intangible asset is first available for use and is provided at rates calculated to write off the cost of each intangible asset over its expected useful life, ranging from a few weeks in the case of sales order backlogs to five years in the case of non-competition agreements. Amortisation charges are included in operating costs in the income statement.

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

6.6 Property, plant and equipment

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

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

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

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

Material residual value estimates are updated as required but at least annually.

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

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

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

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

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

6.8 Leases

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised as an asset in the balance sheet at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

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

6.9 Inventories

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

6.10 Taxation

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

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

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

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

6.11 Share-based payments

IFRS 2 has been applied, in accordance with IFRS 1 and where the effect is material, to equity-settled share options granted on or after 7 November 2002 and not vested prior to 1 January 2006. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

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

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

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

6.12 Financial assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

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

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

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

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

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

6.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value net of direct issue costs.

All financial liabilities with the exception of Convertible Redeemable shares (see paragraph 6.19) are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. These financial liabilities include trade and other payables and borrowings, including bank loans, subordinated loan notes and hire purchase commitments. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

6.14 Cash and cash equivalents

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

6.15 Pensions

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

6.16 Foreign currencies

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

6.17 Dividends

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

6.18 Equity

Equity comprises the following:

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

6.19 Convertible Redeemable shares

In accordance with IAS 32, 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.

7. Segmental reporting

The group's primary reporting format is business segment and its secondary format is geographical segment by origin of revenue.

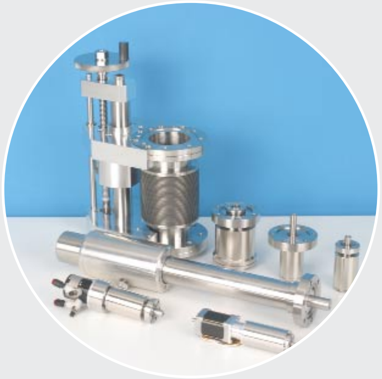
Business segment analysis: all of the group's operations are in the field of design and manufacture of scientific instruments. The financial performance of each of the business segments is summarised below. There are no material sales between business segments. All assets reside in the UK.

Year ended / at 31 December 2008	Fire testing equipment	Fibre optic testing equipment	Ultra high vacuum manipulation equipment	Central costs and consolidation	Group consolidated
	£000	£000	£000	£000	£000
Revenue	4,134	1,032	1,938	-	7,104
Operating profit	1,052	198	513	(776)	987
Assets	2,221	567	987	5,149	8,924
Liabilities	1,327	250	412	2,291	4,280
Total capital employed	894	317	575	2,858	4,644
Goodwill	3,871	-	512	-	4,383
Other intangible assets	13	-	10	-	23
Capital expenditure	21	4	52	591	668
Depreciation	79	12	38	(48)	81
Amortisation of intangible assets	21	-	32	-	53

Year ended / at 31 December 2007	Fire testing equipment	Fibre optic testing equipment	Ultra high vacuum manipulation equipment	Central costs and consolidation	Group consolidated
	£000	£000	£000	£000	£000
Revenue	3,650	1,036	1,506	-	6,192
Operating profit	636	216	313	(240)	925
Assets	1,772	495	840	4,654	7,761
Liabilities	952	248	348	2,528	4,076
Total capital employed	820	247	492	2,126	3,685
Goodwill	3,871	-	512	-	4,383
Other intangible assets	34	-	42	-	76
Capital expenditure	15	-	42	-	57
Depreciation	76	11	37	(54)	70
Amortisation of intangible assets	33	-	87	-	120

Geographical analysis: all the group's design, manufacturing and sales activities are located in the United Kingdom. Sales by geographical destination are as follows:

	2008	2007
	£000	£000
United Kingdom	940	988
Rest of Europe	2,665	2,502
United States/Canada	1,577	1,054
Rest of the World	1,922	1,648
Total	7,104	6,192



8. Operating costs

	2008	2007
	£000	£000
Raw materials and consumables	2,241	1,703
Other external charges	1,037	1,231
Staff costs (note 29)	2,394	2,143
Depreciation	81	70
Amortisation of intangible assets	53	120
Other operating costs	5,806	5,267
Abortive acquisition costs	310	-
Total	6,116	5,267

9. Operating profit

	2008	2007
	£000	£000
Operating profit is stated after charging / (crediting):		
Profit on disposal of property, plant and equipment	-	(1)
Fees payable to the company's auditor:		
for the audit of the company's annual accounts	18	24
Fees payable to the company's auditor for other services:		
for the audit of the company's subsidiaries, pursuant to legislation	32	40
for tax services	10	8
for all other services	4	8
Depreciation	81	70
Amortisation of intangible assets	53	120
Operating lease rentals - land and property	174	165

In addition, fees were paid to the auditor in 2008 in respect of corporate finance transaction work undertaken in connection with an acquisition project which, in the event, did not proceed. The costs of £85,000 plus VAT are included in operating costs in the income statement.

10. Profit on disposal of available-for-sale investments

During the year, the parent company realised the final distribution in the sum of £40,000 in relation to the last of its available-for-sale investments, being its 1.68% interest in Fortress Holdings plc. During 2007, the parent company disposed of its 3% holding in Poole Investments plc, realising £342,000 in cash and a profit before tax of £142,217.

11. Interest receivable and payable

	2008	2007
	£000	£000
Interest receivable - short-term bank deposits	48	33
Interest payable - bank and hire purchase loans	(155)	(203)
- bank overdrafts and other short-term borrowings	-	(1)
Interest payable - loan notes	(33)	(38)
	(188)	(242)
Net interest payable	140	209

12. Taxation

	2008	2007
	£000	£000
UK corporation tax at 28½% (2007: 30%) - current year	292	289
- prior years	(61)	(1)
	231	288
Deferred tax - origination and reversal of temporary differences:		
- current year	(9)	(49)
- prior years	8	(8)
	(1)	(57)
Tax on profit for the year - current year	283	240
- prior years	(53)	(9)
	230	231
Factors affecting the tax charge for the year:		
Profit before tax	868	858
Profit before tax multiplied by weighted average standard rate of UK corporation tax of 28½% (2007 – 30%)	247	257
Tax relief available on purchased goodwill	(19)	(20)
Provisions and expenditure not deductible for tax purposes	55	7
Marginal relief	(1)	(2)
Variances between capital allowances and depreciation	1	1
Change in the rate of deferred tax	-	(3)
Tax on profit for the year - current year	283	240
- prior years	(53)	(9)
Total net taxation charge	230	231

13. Dividends

	2008		2007	
	p/share	£000	p/share	£000
Final dividend for the previous year	2.2	78	2.0	71
Interim dividend for the current year	1.2	49	1.1	39
	3.4	127	3.1	110

The directors will propose a final dividend of 2.4p per share, amounting to £97,000, for payment on 3 July 2009. As this remains conditional on shareholders' approval, provision has not been made in these consolidated financial statements.

14. Earnings per share

Options and warrants over Ordinary shares and rights of conversion of the Convertible Redeemable shares are described in notes 26 and 27. The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of interest, on the assumed conversion of all dilutive options and other dilutive potential Ordinary shares.

The company has adopted a more rigorous approach in its assessment of whether options or similar instruments are dilutive, in line with the treasury method prescribed in IAS 33. As a result, certain options previously considered to be dilutive at 31 December 2007 are no longer considered to be so. Comparative figures have been restated accordingly. The treasury method regards the assumed proceeds from these instruments as having been received from the issue of Ordinary shares at the average market price of Ordinary shares during the period. The difference between the number of ordinary shares issued and the number of Ordinary shares that would have been issued at the average market price of Ordinary shares during the period is treated as an issue of Ordinary shares for no consideration.

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

Year to 31 December 2008	Earnings attributable to equity holders of the parent company	Weighted average number of shares	Earnings per share
	£000	No.	pence
Profit after tax for calculation of basic earnings per share	567		
Notional taxed interest income accruing on dilution	-		
Profit after tax for calculation of diluted earnings per share	567		
Add-back: amortisation of intangible assets, net of tax	38		
provision for abortive acquisition costs, net of tax	263		
Less: profit on disposal of available-for-sale investments, net of tax and tax adjustment in respect of prior year	(57)		
Adjusted diluted profit	811		
Number of shares for calculation of basic earnings per share		3,849,565	
Dilutive effect of potential shares		-	
Number of shares for calculation of diluted earnings per share		3,849,565	
Basic earnings per share			14.7
Diluted earnings per share			14.7
Adjusted basic earnings per share			21.1
Adjusted diluted earnings per share			21.1

Year to 31 December 2007	Earnings attributable to equity holders of the parent company	Weighted average number of shares	Earnings per share
	£000	no.	pence
Profit after tax for calculation of basic earnings per share	553		
Notional taxed interest income accruing on dilution	-		
Profit after tax for calculation of diluted earnings per share	553		
Add-back: amortisation of intangible assets, net of tax	82		
Less: profit on disposal of available-for-sale investments, net of tax	(100)		
Adjusted diluted profit	535		
Number of shares for calculation of basic earnings per share		3,560,878	
Dilutive effect of potential shares		-	
Number of shares for calculation of diluted earnings per share		3,560,878	
Basic earnings per share			15.5
Diluted earnings per share (restated)			15.5
Adjusted basic earnings per share			15.0
Adjusted diluted earnings per share (restated)			15.0

15. Property, plant and equipment

	Plant & machinery	Fixtures fittings & equipment	Motor vehicles	Property & building improve-ments	Total
	£000	£000	£000	£000	£000
Cost / deemed cost					
1 January 2007	300	159	39	54	552
Additions	8	19	30	-	57
Disposals	-	-	(19)	-	(19)
31 December 2007	308	178	50	54	590
Additions	33	37	7	591	668
Disposals	-	-	(6)	-	(6)
31 December 2008	341	215	51	645	1,252
Depreciation					
1 January 2007	135	55	25	41	256
Charge	46	14	6	4	70
Disposals	-	-	(11)	-	(11)
31 December 2007	181	69	20	45	315
Charge	48	21	8	4	81
Disposals	-	-	(5)	-	(5)
31 December 2008	229	90	23	49	391
Net book value - 31 December 2008	112	125	28	596	861
Net book value - 31 December 2007	127	109	30	9	275

Included above are plant & machinery assets held under hire purchase contracts with a net book value at 31 December 2008 of £47,000 (2007: £57,000). The depreciation charge in the year on these assets was £11,000 (2007: £11,000).

16. Goodwill

	£000
Cost	
1 January 2007	4,390
Adjustment in 2007 to purchase price of prior year acquisition	(7)
31 December 2007 and 2008	4,383

An analysis of goodwill by business segment is given in Note 7.

The adjustment in 2007 to the purchase price of a prior year acquisition arose from the payment of an earn-out instalment in a lesser amount than had been provided.

There have been no impairment charges in either 2007 or 2008. Goodwill is tested annually for impairment by reference to the value in use of the relevant cash generating units, which are the group's business segments. This is calculated on the basis of projected cash flows for the following five years derived from detailed budgets for the ensuing year, with subsequent years including modest nominal rates of sales and cost growth ranging from 3% to 5% per annum and steady gross margins. These cash flows are adjusted to present day values at a discount rate based on a weighted average cost of capital of 12.15% (2007: 10.88%) per annum, calculated by reference to year-end data on equity values and interest, dividend and tax rates. The residual value at the end of the five years, computed by reference to projected year six cash flows and discounted, is also included. There was no requirement for any impairment provision at 31 December 2008.

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

17. Other intangible assets

	Advertising	Distribution agreements	Sales order backlog	Customer relationships	Non-competition agreement	Total
	£000	£000	£000	£000	£000	£000
Cost						
1 January 2007 and 31 December 2007 and 2008	6	98	91	208	22	425
Amortisation						
1 January 2007	3	82	91	49	4	229
Charge for the year 2007	3	16	-	97	4	120
31 December 2007	6	98	91	146	8	349
Charge for the year 2008	-	-	-	48	5	53
31 December 2008	6	98	91	194	13	402
Net book value						
31 December 2008	-	-	-	14	9	23
31 December 2007	-	-	-	62	14	76

An analysis of other intangible assets by business segment is given in Note 7.

18. Available-for-sale investments

As described in Note 10, the group realised the last of its available-for-sale investments during 2008. The investments held at 31 December 2007 were:

31 December 2007	Historical cost	Period end value Market valuation	Directors' valuation	Total valuation
	£000	£000	£000	£000
At 31 December 2007 – unquoted investment	19	-	20	20
Net unrealised gain at 31 December 2007	-	-	1	1

Investments held at 31 December 2007 comprised 800,100 shares (representing 1.68%) in Fortress Holdings plc (in members' voluntary liquidation - the directors' valuation was their estimate of the final distribution from the liquidator).

19. Inventories

	2008	2007
	£000	£000
Raw materials	542	421
Work in progress	102	106
Finished goods	28	27
	672	554

In 2008, a total of £2,241,000 of inventories was included in the income statement as an expense (2007: £1,703,000). This includes an amount of £12,000 (2007: £3,000) resulting from write-downs of inventories. There were no reversals of previous write-downs that were recognised in the income statement in either 2008 or 2007. All group inventories form part of the assets pledged as security in respect of bank loans.

20. Trade and other receivables

	2008	2007
	£000	£000
Trade receivables	1,201	1,385
Prepayments and accrued income	92	76
Other receivables	71	82
	1,364	1,543

The carrying value of receivables, all of which are short-term, is considered a reasonable approximation of fair value. All trade and other receivables have been reviewed for impairment and a provision of £nil (2007: £1,000) has been made relating to the group's fire testing equipment segment.

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

	2008	2007
	£000	£000
Not more than 3 months	336	533
More than 3 months but not more than 6 months	18	72
More than 6 months but not more than 1 year	29	6
	383	611

21. Trade and other payables

	2008	2007
	£000	£000
Trade payables	386	288
Accruals and deferred income	758	433
Social security and other taxes	116	78
Other payables	77	78
	1,337	877

All amounts are short-term and their carrying values are considered reasonable approximations of fair value. Other payables include £12,500 of non equity shares classed as financial liabilities (see note 27).

22. Current portion of long-term borrowings

	2008	2007
	£000	£000
Bank loan	608	508
Net obligations under hire purchase contracts	17	19
	625	527

All amounts are short-term and their carrying values are considered reasonable approximations of fair value.

23. Long-term borrowings

	2008	2007
	£000	£000
Bank loan	1,492	1,819
Subordinated loan notes	500	500
Net obligations under hire purchase contracts	-	17
	1,992	2,336

The bank loan is secured on assets of the group, is repayable in quarterly instalments over the period ending 31 March 2012 and bears interest at 2¼% 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 set out below.

24. Maturity of borrowings and net debt

31 December 2008	Bank loan	Subordinated loan notes	Hire purchase	Total
	£000	£000	£000	£000
Repayable in less than 6 months	352	-	10	362
Repayable in months 7 to 12	347	15	7	369
Current portion of long-term borrowings	699	15	17	731
Repayable in years 1 to 2	792	506	-	1,298
Repayable in years 2 to 5	793	-	-	793
Long-term borrowings	1,585	506	-	2,091
Total borrowings	2,284	521	17	2,822
Less: interest included above				205
cash and cash equivalents				1,621
Total net debt				996

31 December 2007	Bank loan	Subordinated loan notes	Hire purchase	Total
	£000	£000	£000	£000
Repayable in less than 6 months	336	-	9	345
Repayable in months 7 to 12	326	33	10	369
Current portion of long-term borrowings	662	33	19	714
Repayable in years 1 to 2	699	-	17	716
Repayable in years 2 to 5	1,304	515	-	1,819
Long-term borrowings	2,003	515	17	2,535
Total borrowings	2,665	548	36	3,249
Less: interest included above				386
cash and cash equivalents				910
Total net debt				1,953

A proportion of the group's bank loans is drawn in foreign currencies to provide a hedge against assets denominated in those currencies. The Sterling equivalent at 31 December 2008 of loans denominated in US$ was £681,000 (2007: £493,000) and in Euros was £505,000 (2007: £530,000). These amounts are included in the figures above for bank loans, repayable in years 1 to 2 and 2 to 5.

The components of the hire purchase debt are as follows:

	2008	2007
	£000	£000
Future payments	17	38
Less: interest component of future payments	-	2
Carrying amount – 31 December	17	36

25. Deferred tax liabilities

	2008	2007
	£000	£000
1 January 2008	36	89
Credit to income statement in the year	(2)	(56)
Charge against revaluation reserve	-	3
31 December 2008	34	36
Deferred tax balances relate to temporary differences as follows:		
Accelerated capital allowances	32	29
Provisions allowable for tax in subsequent period	-	(8)
Goodwill and other intangible assets	11	29
Fair value adjustment arising on acquisition of FTT	(9)	(14)
	34	36

Amounts provided in respect of deferred tax are computed at 28% (2007: 28%).

The group has unrelieved tax losses at 31 December 2008 of £431,000 (2007: £431,000). The group has not recognised a deferred tax asset (2008 and 2007: £120,000) in respect of these losses as the timing and extent of recovery is uncertain. These losses are available to be offset against future profits of the parent company.

26. Share capital

	2008	2007
	£000	£000
Authorised - Ordinary shares of 5p each 10,000,000 shares	500	500
Allotted, called up and fully paid - Ordinary shares of 5p each		
1 January – 3,560,878 shares	178	178
Allotted in the year – 476,800 shares (2007 – nil)	24	-
31 December – 4,037,678 shares (2007 – 3,560,878)	202	178

The allotment of shares in 2008 was made pursuant to a placing in May 2008 at 110p per share, raising £479,000 net of expenses to provide additional working capital and to facilitate potential acquisition opportunities in line with the group's strategy.

Equity share options and warrants

At 31 December 2008 and at the date of this report, options have been granted and remain outstanding in respect of 237,000 Ordinary shares in the company, all priced by reference to the mid-market price of the shares on the date of grant and all exercisable, following a 3-year vesting period, between the third and tenth anniversaries of grant, as below:

	2008 Number	2008 Weighted average exercise price p/share	2007 Number	2007 Weighted average exercise price p/share
2005 Approved Plan				
Outstanding at 1 January	90,000	100.7	28,000	103.5
Granted in year	51,450	124.0	62,000	99.4
Outstanding at 31 December	141,450	109.2	90,000	100.7
Of which exercisable at 31 December	-	-	-	-
2005 Unapproved Plan				
Outstanding at 1 January	70,000	100.4	56,000	102.0
Granted in year	25,550	124.0	14,000	94.0
Outstanding at 31 December	95,550	106.7	70,000	100.4
Of which exercisable at 31 December	42,000	101.5	-	-
Total				
Outstanding at 1 January	160,000	100.6	84,000	102.5
Granted in year	77,000	124.0	76,000	98.4
Outstanding at 31 December	237,000	108.2	160,000	100.6

Exercise prices at 31 December 2008 ranged from 94p/share to 124p/share (2007: 94p/share to 106.5p/share), with a weighted average remaining contractual life of 8.28 years (2007: 8.77 years). Certain of the options were conditional upon the achievement of earnings targets, all of which had been met by 31 December 2008. Options have been granted to two directors as follows:

	Number of shares Mr D Barnbrook	Number of shares Mr R L Cohen
20 October 2005 at 101.5p	5,000	37,000
22 March 2006 at 103.5p	10,000	-
23 March 2007 at 106.5p	10,000	-
24 September 2007 at 94p	5,000	10,000
28 April 2008 at 124p	10,000	10,000
	40,000	57,000

The market price of the company's Ordinary shares on 31 December 2008 was 66p, the highest price during 2008 was 125p on 6 and 20 May, the lowest price during 2008 was 66p between 10 December and the year-end and the price on 18 March 2009 was 74p.

Subsequent to the year end, the company put in place an irrevocable non-discretionary share repurchase programme to purchase up to 533,775 Ordinary shares. At the date of approval of these financial statements, no repurchases had been made under this programme.

In accordance with IFRS 2, a Black Scholes valuation model has been used. This has indicated that no material expense is required to be charged for the years ended 31 December 2008 and 31 December 2007. As such, no adjustment has been made to either the consolidated or parent company financial statements.

Warrants to subscribe

Under an agreement dated 22 October 2004, Invex Capital LLP was granted unquoted warrants to subscribe for Ordinary shares in the company in connection with the acquisition of Fire Testing Technology Limited. This warrant has an exercise price of £1 per share, expires on 23 May 2010 and relates to 133,564 shares. Loeb Aron & Company Limited, the brokers who conducted the 2008 share placing, were granted unquoted warrants to subscribe for Ordinary shares in the company at an exercise price of £1.10

per share, expiring on 20 May 2013 and relating to 23,840 shares. The Invex warrants have not been accounted for in accordance with IFRS 2 as they were issued before the effective date of the Standard. The Loeb Aron warrants have not been accounted for in accordance with IFRS 2 on the grounds of materiality.

Convertible Redeemable shares

The conversion rights set out in note 27 would have resulted in the issue of 550,592 Ordinary shares if conversion of all the Convertible Redeemable shares had taken place on 31 December 2008.

27. Shares classed as financial liabilities

	2008 £000	2007 £000
Authorised		
5,000,000 Convertible Redeemable shares of 1p each	50	50
Allotted, called up and fully paid		
5,000,000 Convertible Redeemable shares of 1p each – quarter paid	12	12

In accordance with IAS 32, Financial Instruments: Presentation, the Convertible Redeemable shares are classified as financial liabilities and included in other payables – less than one year (see note 21).

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.

Conversion rights do not formally time-expire, though the company's founder directors had initially intended to set an end-date of December 2009. The directors intend to regularise the position by inviting shareholders at their next meeting to approve a resolution extending the current conversion rights to 31 December 2014.

28. Emoluments of directors and key management personnel

	2008 £000	2007 £000
Total directors’ emoluments:		
Emoluments	219	201
Defined contribution pension scheme contributions	4	4
	223	205
Emoluments of the highest paid director:		
Emoluments	104	92
Defined contribution pension scheme contributions	4	4
	108	96

During the year one director participated in a defined contribution pension scheme (2007: one).

Compensation of key management personnel		
Emoluments, benefits and pension contributions	478	437

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

29. Employees

	2008	2007
	no.	no.
Number of employees		
By function - manufacturing	33	35
- sales and administration	30	25
	63	60
By business segment - fire testing equipment	30	31
- fibre optic test equipment	9	8
- ultra high vacuum manipulation equipment	17	15
- head office	7	6
	63	60

Employment costs	2008	2007
	£000	£000
Wages and salaries	2,110	1,901
Social security costs	235	195
Pension costs	49	47
	2,394	2,143

30. Financial instruments

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

Fair value of financial instruments

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

Borrowing facilities

The group had an un-drawn committed overdraft facility of £500,000 at 31 December 2008 (2007: £500,000).

Summary of financial assets and financial liabilities by category	2008	2007
	£000	£000
Trade and other receivables	1,364	1,543
Cash and cash equivalents	1,621	910
Loans and receivables	2,985	2,453
Available-for-sale investments	-	20
Trade payables	386	288
Accruals and deferred income	758	433
Other payables	77	78
Current portion of long-term borrowings	625	527
Long term borrowings	1,992	2,336
Other financial liabilities	3,838	3,662
Net financial liabilities	(853)	(1,189)
Non financial assets and financial liabilities not within the scope of IAS 39		
Property, plant and equipment	861	275
Goodwill	4,383	4,383
Other intangible assets	23	76
Inventories	672	554
Social security and other taxes	(116)	(78)
Current tax payable	(292)	(300)
Deferred tax liabilities	(34)	(36)
	5,497	4,874
Total equity	4,644	3,685

Financial assets

The group's financial assets (which are summarised in note 31 – credit risk) comprise cash and cash equivalents and trade and other receivables.

- The amounts derived from these assets and included as interest income in the income statement are £48,000 (2007: £33,000).
- Cash and cash equivalents are principally denominated in sterling and earn interest at floating rates.
- There is no difference between the book and fair values of the financial assets.
- At 31 December 2008 the group had trade receivables denominated in foreign currency as follows: Euros - £257,000 (2007: £237,000), US Dollars - £345,000 (2007: £358,000) and Japanese Yen - £11,000 (2007: £2,000).

Financial liabilities

The group's principal financial liabilities are bank loans, subordinated loan notes issued in connection with the acquisition of Fire Testing Technology Limited in 2005, net obligations under hire purchase contracts, trade and other payables and Convertible Redeemable shares classed as financial liabilities, as follows:

- The costs attributable to these liabilities and included as interest expense in the income statement amounted to £187,000 (2007: £242,000), as analysed in note 11. Foreign exchange losses attributable to bank loans (see below) and included as operating costs in the income statement amounted to £282,000 (2007: £27,000); this approximately equates to the foreign exchange gains arising in the subsidiary companies whose currency exposure the foreign exchange bank loans are designed to hedge.
- A proportion of the bank loans are denominated in foreign currencies to provide a hedge against currency risk on group assets, as described in note 24.

31. Risk management objectives and policies

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

Foreign currency sensitivity

The group exports a substantial proportion of its sales, frequently denominated in foreign currencies (principally in US$ and Euros).

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

31 December 2008	Sterling equivalent of US$	Sterling equivalent of €
	£000	£000
Sterling loans denominated in foreign currencies at year-end	681	504
Residual exposure at year-end	522	160
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	26	8
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	19	6

31 December 2007	Sterling equivalent of US$	Sterling Equivalent of €
	£000	£000
Sterling loans denominated in foreign currencies at year-end	493	530
Residual exposure at year-end	89	82
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	4	4
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	3	3

Interest rate sensitivity

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

	2008	2007
	£000	£000
Bank loans outstanding at year-end	2,100	2,327
Impact on pre-tax profits of a 1% change in LIBOR	21	23
Impact on equity of a 1% change in LIBOR	15	16
Surplus funds less subordinated loan notes at year-end	1,616	410
Impact on pre-tax profits of a 1% change in bank base rates	16	4
Impact on equity of a 1% change in bank base rates	12	2

Credit risk

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

	2008	2007
	£000	£000
Available-for-sale investments	-	20
Cash and cash equivalents	1,616	910
Trade and other receivables	1,364	1,543
	2,980	2,473

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. The directors consider that all the group's financial assets that are not impaired at each of the reporting dates under review are of good credit quality, including those that are past due (see note 20). None of the financial assets are secured by collateral or other credit enhancements.

Group companies generally trade through overseas agents and credit exposure to an individual agent can be significant at times.

Three counterparties owed more than 10% each of the group's total trade and other receivables at 31 December 2008, being the USA agent of UHV Design (12.7%), the China agent of Fire Testing Technology Limited (10.8%) and an industrial customer of FTT (10.5%). At 31 December 2007, no counterparty owed more than 10% of the group's total trade and other receivables.

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

Liquidity risk

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

The periods of maturity of the group's borrowings are set out in note 24. The maturity of all trade and other payables is within the period of less than six months.

32. Operating lease commitments

	2008	2007
	£000	£000
Operating lease payments expensed during the year:		
Land and property	174	165
Minimum operating lease commitments falling due:		
Within 1 year	170	153
Between 1 and 5 years	645	164
Total commitment	815	317

Report of the Independent Auditor

We have audited the parent company financial statements of Judges Capital plc for the year ended 31 December 2008 which comprise the company balance sheet and notes 1 to 13. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the consolidated financial statements of Judges Capital plc for the year ended 31 December 2008.

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 auditors

The directors' responsibilities for preparing the Annual Report and the parent company 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 parent company 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 parent company financial statements give a true and fair view and whether the parent company financial statements have been 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 parent company financial statements.

In addition we report to you if, in our opinion, the parent 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 in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the directors' report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company 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 parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the parent 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 parent company 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 parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008;
- the parent company 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 parent company financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Leicester
27 March 2009

Parent Company Balance Sheet

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	3	585	-
Investments in subsidiaries	4	5,620	5,620
		6,205	5,620
Current assets			
Debtors	5	494	375
Investments	6	-	19
Cash in hand and at bank		239	336
		733	730
Creditors: amounts falling due within one year	7	(823)	(592)
Net current (liabilities)/assets		(90)	138
Total assets less current liabilities		6,115	5,758
Creditors: amounts falling due after more than one year	8	(1,992)	(2,319)
Deferred tax	9	(5)	-
		(1,997)	(2,319)
Total net assets		4,118	3,439
Capital and reserves			
Called up share capital	10	202	178
Share premium	11	2,956	2,501
Profit and loss account	11	960	760
Shareholders' funds	11	4,118	3,439

In accordance with the exemptions permitted by s230 of the Companies Act 1985, the profit and loss account of the parent company has not been presented.

These parent company financial statements were approved by the board on 27 March 2009

D.E. Cicurel
Director

R.L. Cohen
Director

Notes to the Parent Company Financial Statements

1. General information

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

2. Accounting policies

2.1 Tangible fixed assets

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

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

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

2.2 Investments

Fixed asset investments in subsidiaries are stated at cost less provision for impairment. Other investments are treated as current assets, reflecting the parent company'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.

2.3 Taxation

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

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

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

2.4 Pensions

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 pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

2.5 Share-based payments

FRS 20 has been applied, where the effect is material, to equity-settled share options granted on or after 7 November 2002 and not vested prior to 1 January 2006. The Black Scholes valuation model is used and, up to 31 December 2008, has indicated that no material adjustment to profits is required.

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

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

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

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

2.6 Foreign currencies

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

2.7 Convertible redeemable shares

In accordance with FRS 25, the convertible redeemable shares have been recorded as a current liability at the net proceeds received and any future conversion into Ordinary shares has not been taken into account.

3. Tangible assets

	Property
	£000
Cost	
1 January 2008	-
Additions	591
31 December 2008	591
Depreciation	
1 January 2008	-
Charge	6
31 December 2008	6
Net book value - 31 December 2008	585
Net book value - 31 December 2007	-

4. Investments in subsidiaries

	2008	2007
	£000	£000
Cost		
31 December 2006, 2007 and 2008	5,620	5,620

The parent company's trading subsidiaries at 31 December 2008, 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.

5. Debtors

	2008	2007
	£000	£000
Amounts owed by group companies	257	275
Corporation tax - group relief owed by group companies	218	97
Prepayments and accrued income	19	3
	494	375

Included in amounts owed by group companies is the sum of £204,000 (2007: £204,000) which is repayable on demand at any time after 30 June 2010 provided that all liabilities to third parties falling due on or before that date have been met. All other amounts are recoverable in less than 1 year.

6. Current asset investments

The company realised the last of its current asset investments during 2008. The investments held at 31 December 2007 were:

31 December 2007	Historical cost	Market valuation	Period end value Directors' valuation	Total valuation
	£000	£000	£000	£000
At 31 December 2007 - unquoted investment	19	-	20	20
Net unrealised gain at 31 December 2007	-	-	1	1

Investments held at 31 December 2007 comprised 800,100 shares (representing 1.68%) in Fortress Holdings plc (in members' voluntary liquidation – the directors' valuation was their estimate of the final distribution from the liquidator).

7. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Accruals and deferred income	193	62
Social security and other taxes	10	10
Bank loan	608	508
Other creditors	12	12
	823	592

Other creditors comprise £12,500 of non equity shares classed as financial liabilities (see note 27 to the consolidated financial statements).

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

	2008	2007
	£000	£000
Bank loan	1,492	1,819
Subordinated loan notes	500	500
	1,992	2,319

The bank loan is secured on assets of the group (including the assets of the parent company), is repayable in quarterly instalments over the period ending 31 March 2012 and bears interest at 2¼% 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 repayment profile of borrowings is as follows:

	Bank Loan	Subordinated loan notes	Total
	£000	£000	£000
Repayable in less than 1 year	608	-	608
Repayable in years 1 to 2	732	500	1,232
Repayable in years 2 to 5	760	-	760
	2,100	500	2,600

A proportion of the company's bank loans is drawn in foreign currencies to provide a hedge against assets within the group that are denominated in those currencies. The Sterling equivalent at 31 December 2008 of loans denominated in US$ was £681,000 (2007: £493,000) and in Euros was £505,000 (2007: £530,000). These amounts are included in the figures above for bank loans, repayable in years 2 to 5.

The parent company has a contingent liability in respect of its cross-guarantees of bank overdraft facilities made available to its subsidiary companies amounting in aggregate to £0.5 million.

9. Deferred tax liabilities

	2008	2007
	£000	£000
1 January 2008	-	-
Charge for the year	5	-
31 December 2008	5	-

Amounts provided in respect of deferred tax are computed at 28% (2007: 28%) and relate to accelerated capital allowances.

The parent company had unrelieved tax losses at 31 December 2008 of £431,000 (2007: £431,000) but has not recognised a deferred tax asset (2008 and 2007: £120,000) 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.

10. Share capital

Details relating to the parent company's share capital are set out in notes 26 and 27 to the consolidated financial statements.

11. Statement of movements in shareholders' funds

	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
1 January 2008	178	2,501	760	3,439
Profit for the year	-	-	327	327
Shares issued in the year	24	455	-	479
Dividends paid in the year	-	-	(127)	(127)
31 December 2008	202	2,956	960	4,118

The profit for the financial year in the accounts of the parent company amounted to £327,000 (2007: £420,000).

12. Related party transactions

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

(a) the parent company continued to make available to PFO a loan facility originally granted in the sum of £250,000 in September 2005 but reducing annually by £62,500. There were no amounts drawn or outstanding at any time during the year. Any amounts outstanding from time to time under this loan facility are secured by way of a first charge over the assets and undertaking of PFO and bear interest at the rate of 7% per annum.

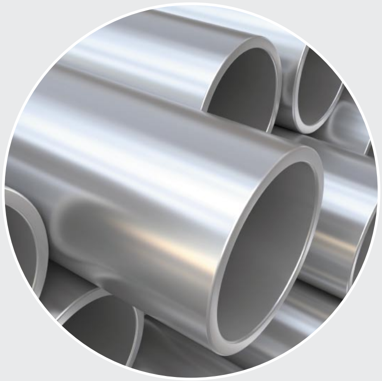
(b) a further loan facility was made available to PFO in September 2005; £31,000 was outstanding on 31 December 2008 (2007: £41,000). This loan is unsecured and repayable at the discretion of the directors of PFO. It was interest-free until 1 January 2007, since which date interest has been charged at the rate of $7^1/_2$% per annum (2008 and 2007: £3,000).

13. Directors and employees

	2008	2007
	£000	£000
Total directors' emoluments		
Emoluments	219	201
Defined contribution pension scheme contributions	4	4
	223	205
Emoluments of the highest paid director		
Emoluments	104	92
Defined contribution pension scheme contributions	4	4
	108	96

During the year, one director participated in a defined contribution pension scheme (2007: one)

	no.	no.
Employees		
Number of directors	5	5
Administrative staff	1	1
Total	6	6



Notice of Class Meeting of Ordinary Shareholders

Notice is hereby given that a class meeting of the Ordinary Shareholders of Judges Capital plc (the "Company") in accordance with Article 14 of the Articles of Association of the Company, will be held at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD on Friday 22 May 2009 at 11.30 am for the purpose of dealing with the following business:

Extraordinary Resolutions

To consider and, if thought fit, to pass the following resolutions:

1. That, subject to and conditional upon the approval of such adoption by the members of the Company by way of a special resolution to be proposed at the next Annual General Meeting (the "AGM"), consent is given by the Ordinary Shareholders of the Company for the adoption of the regulations presented to the meeting and signed by the Company Secretary for the purpose of identification (the "New Articles") as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

2. That, subject to and conditional upon the approval of such adoption by the members of the Company by way of a special resolution to be proposed at the next AGM, consent is given by the Ordinary Shareholders of the Company for the adoption of the New Articles as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company with the wording "31 December 2014" in article 10.1 of the New Articles being replaced by the wording "1 December 2009".

By Order of the Board

RL Cohen	Registered Office:
Company Secretary	Unit 19, Charlwoods Road, East Grinstead
29 April 2009	West Sussex RH19 2HL

Notes:

1. Resolutions 1 and 2 are being proposed in accordance with Article 14 of the current Articles of Association of the Company, which provides that the rights attached to a class of shares may only be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

   Ordinary Shareholders will have received in the same document as this Notice a separate notice of annual general meeting (the "AGM Notice"), and will note resolutions 9 and 10 in the AGM Notice which will be put to members of the Company at the annual general meeting which follows this class meeting. Resolution 9 in the AGM Notice proposes that the Company adopts the New Articles as its Articles of Association. If that resolution 9 is not passed, resolution 10 in the AGM Notice will be put to members of the Company, which proposes to adopt the New Articles with an amendment to the conversion rights of the Convertible Redeemable Shares.

   One effect of the New Articles is to alter the ranking of the Convertible Redeemable Shares so that on a winding-up or other return of capital (other than conversion or redemption of the Convertible Redeemable Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied first equally in repaying the capital paid up or credited as paid up on the Ordinary Shares and the Convertible Redeemable Shares. The board considers that this represents a change to the rights of the Ordinary Shares and therefore the purpose of resolutions 1 and 2 of this class meeting is to provide appropriate consent from the holders of Ordinary Shares to this change, to enable the Company (subject to approval by the members of the Company by way of a special resolution) to adopt the New Articles in accordance with resolution 9 or 10 in the AGM.

2. 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.

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

4. 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.

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

6. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those members registered in the Register of Members of the Company as at 6.00 pm on 20 May 2009 (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 6.00 pm on 20 May 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Company Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details on this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Form of Proxy

for the Class Meeting of the Ordinary Shareholders of Judges Capital plc on 22 May 2009 at 11.30 am
at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD

If you are unable to attend the Class 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

in respect of ______________________________ Ordinary Shares
to attend and, on a poll, to vote on my/our behalf at the Class Meeting of the Ordinary Shareholders of Judges Capital plc to be held at 11.30 am on 22 May 2009, and at any adjournment(s) of that meeting.

		For	Against	Vote Withheld
1	Adoption of New Articles *			
2	Adoption of alternative New Articles *			

*Extraordinary resolutions – shareholders should indicate their wishes in respect of both resolutions – see note 1 in the Notice of Class Meeting of Ordinary Shareholders which accompanies this Proxy Form.

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

Please sign here: ______________________________ Date: ______________

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

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

Please refer to the notes in the Notice of Meeting if you require any assistance.

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

Notice of Annual General Meeting

Notice is hereby given that the sixth Annual General Meeting of Judges Capital plc (the "Company") will be held at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD on Friday 22 May 2009 at 12.00 noon for the purpose of dealing with the following business of which items 7, 8, 9, 10, 11 and 12 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 2008.

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

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

4. To re-appoint David Barnbrook, who was appointed by the board on 1 January 2009.

5. To approve a final dividend of 2.4 pence per Ordinary Share.

6. 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 7 as an Ordinary Resolution and as to the resolutions numbered 8, 9 (see note 7 below), 10 (see note 8 below), 11 and 12 (see note 9 below) as Special Resolutions:

Ordinary Resolution

7. 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 £201,883 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

8. That the name of the Company be changed to Judges Scientific plc.

9. That, subject to the Company having obtained appropriate consent from the holders of the Ordinary Shares and the Convertible Redeemable Shares of the Company respectively in relation to the variation of the rights attaching thereto, the regulations presented to the meeting and signed by the Company Secretary for the purpose of identification (the "New Articles") are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

10. That, subject to the Company having obtained appropriate consent from the holders of the Ordinary Shares and the Convertible Redeemable Shares of the Company respectively in relation to the variation of the rights attaching thereto, the New Articles are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company with the wording "31 December 2014" in article 10.1 of the New Articles being replaced by the wording "1 December 2009".

11. That:

(a) subject to and conditional upon the passing of resolution 7 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 7 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 recognised regulatory body or stock exchange; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal amount of £201,883.

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

(b) For the purposes of this resolution:

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

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

12. That the Company be generally and unconditionally authorised for the purpose of Section 166 of the Act to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 5 pence each in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 605,247 (representing approximately 14.99 per cent. of the Company's issued share capital);
(b) the minimum price which may be paid for such shares is the nominal value of 5 pence per ordinary Share (exclusive of expenses);
(c) unless the Company makes market purchases of its own Ordinary Shares by way of a tender or partial offer made to all holders of Ordinary Shares on the same terms, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than five per cent. above the average of the market values for an Ordinary Share as derived from the AIM Appendix to the London Stock Exchange Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2010 or 15 months from the date of passing of this resolution, whichever shall be the earlier; and
(e) the Company may validly make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By Order of the Board

RL Cohen	Registered Office:
Company Secretary	Unit 19, Charlwoods Road, East Grinstead
29 April 2009	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. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

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

5. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those members registered in the Register of Members of the Company as at 6.00 pm on 20 May 2009 (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 6.00 pm on 20 May 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Company Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details on this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

7. Resolution 9 is being proposed by the board to enable the Company to reflect in its articles of association the provisions of the Companies Act 2006 and to alter the ranking of the Convertible Redeemable Shares so that on a winding-up or other return of capital (other than conversion or redemption of the Convertible Redeemable Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied first equally in repaying the capital paid up or credited as paid up on the Ordinary Shares and the Convertible Redeemable Shares.

   Additionally, it was intended on the admission of the issued share capital of the Company to AIM on 7 January 2003 (the "Admission") that the Convertible Redeemable Shares would have a final date on which the conversion rights attaching to them could be exercised, that date being in December 2009. It has now emerged that the articles of association of the Company adopted on Admission did not establish such a final date. The board is therefore proposing resolution 9 to resolve the situation and establish a final date for conversion.

   By way of background, the Convertible Redeemable Shares were designed so that the conversion rights attaching to them would align the interests of the directors holding those shares with the Ordinary Shareholders of the Company towards growth in the Company's size and an increase in the market price of the Ordinary Shares. The board notes that the current turmoil in world financial markets has contributed to a fall in the market price of the Ordinary Shares which, at the time of printing this Notice, remains in the region of the Conversion Price at which the Convertible Redeemable Shares can be converted into Ordinary Shares.

   Therefore, to prolong this alignment of interest between Ordinary Shareholders and the holders of the Convertible Redeemable Shares (who are directors of the Company), the board is proposing resolution 9. This proposes the adoption of the New Articles as the Articles of Association of the Company which, inter alia, establish a final date for conversion of the Convertible Redeemable Shares of 31 December 2014. A fuller summary of the differences between the New Articles and the current Articles of Association of the Company is attached to this Notice as Annex 1.

8. Resolution 10 will be withdrawn if resolution 9 is approved by the members. This resolution proposes that the Company adopts new articles of association which are identical to the New Articles proposed by Resolution 9, save that the final date for conversion of the Convertible Redeemable Shares shall be 1 December 2009. Consent for the adoption of resolutions 9 and 10 (as appropriate) by the Company will be sought from the holders of the Convertible Redeemable Shares (by way of written consent) and the holders of the Ordinary Shares (by way of an extraordinary resolution passed at a class meeting of the holders of the Ordinary Shares).

9. The directors note that Resolution 12, if passed by shareholders, cannot be implemented in full until either the Concert Party's shareholding in the Company is appropriately diluted by an issue of new shares or shareholders pass a resolution to approve a "Rule 9" waiver from the Panel on Takeovers and Mergers, which is being sought at the time of printing this Notice. The Concert Party comprises David Cicurel Securities Limited; David Cicurel; ForwardIssue Limited; Totalassist Company Limited; Guy Naggar and the Naggar Family Pension Scheme.

Annex 1

Explanatory Notes of Principal Changes to the Company's Articles of Association

1. Articles which duplicate statutory provisions

Provisions in the current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

For your reference a copy of the proposed articles of association (the "New Articles") can be accessed at the weblink, www.judges.uk.com.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

3. Convening extraordinary and annual general meetings

The provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006.

4. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

5. Age of directors on appointment

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now conflict with the requirements of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

6. Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision and second, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

7. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

8. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

9. Convertible Redeemable Shares

The ranking of the Convertible Redeemable Shares on a winding-up or other return of capital (other than conversion or redemption of the Convertible Redeemable Shares) is altered in the New Articles so that the surplus assets of the Company remaining after payment of its liabilities shall be applied first equally in repaying the capital paid up or credited as paid up on the Ordinary Shares and the Convertible Redeemable Shares.

Depending on which resolution is adopted by the members at the AGM, a final date for conversion of the Convertible Redeemable Shares of either 31 December 2014 or 1 December 2009 will be established or, if either date cannot be met because the Company is in a close period, such date as is no more than 10 working days (plus any relevant notice period) following the end of that close period.

10. Winding-up

It has been determined that articles 166 and 167 in the current Articles, which provide for a winding-up resolution to be put to members at specified intervals, are no longer appropriate for the strategy of the Company, which has changed from that of an investment group to that of a trading group. Accordingly, these articles do not appear in the New Articles.

Form of Proxy

for the Annual General Meeting of Judges Capital plc on 22 May 2009 at 12.00 noon at The Lansdowne Club, 9 Fitzmaurice Place, London W1X 6JD

If you are unable to attend the Annual General Meeting, you may appoint a proxy to 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

in respect of ____________________________________ Ordinary Shares
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 22 May 2009, 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 David Cicurel			
4	Re-appointment of David Barnbrook			
5	Approval of final dividend			
6	Re-appointment of auditor			
7	Authority to allot relevant securities			
8	Change of Company name *			
9	Adoption of New Articles *			
10	Adoption of alternative New Articles *			
11	Authority to disapply pre-emption rights *			
12	Authority to purchase own shares *			

*Special resolutions – shareholders should indicate their wishes in respect of both resolutions 9 and 10 – see notes 7 and 8 in the Notice of Annual General Meeting which accompanies this Proxy Form.

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

Please sign here: ____________________________ Date: ______________

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

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

Please refer to the notes in the Notice of Meeting if you require any assistance.

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

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Fold here

Company Information

Directors

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

Company Secretary

Ralph Leslie Cohen

Registered Office

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

Registrar

Capita Registrars
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
Regent House
80 Regent Road
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

Judges Capital plc

Judges Capital plc, Unit 19, Charlwoods Road, East Grinstead, West Sussex RH19 2HL
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