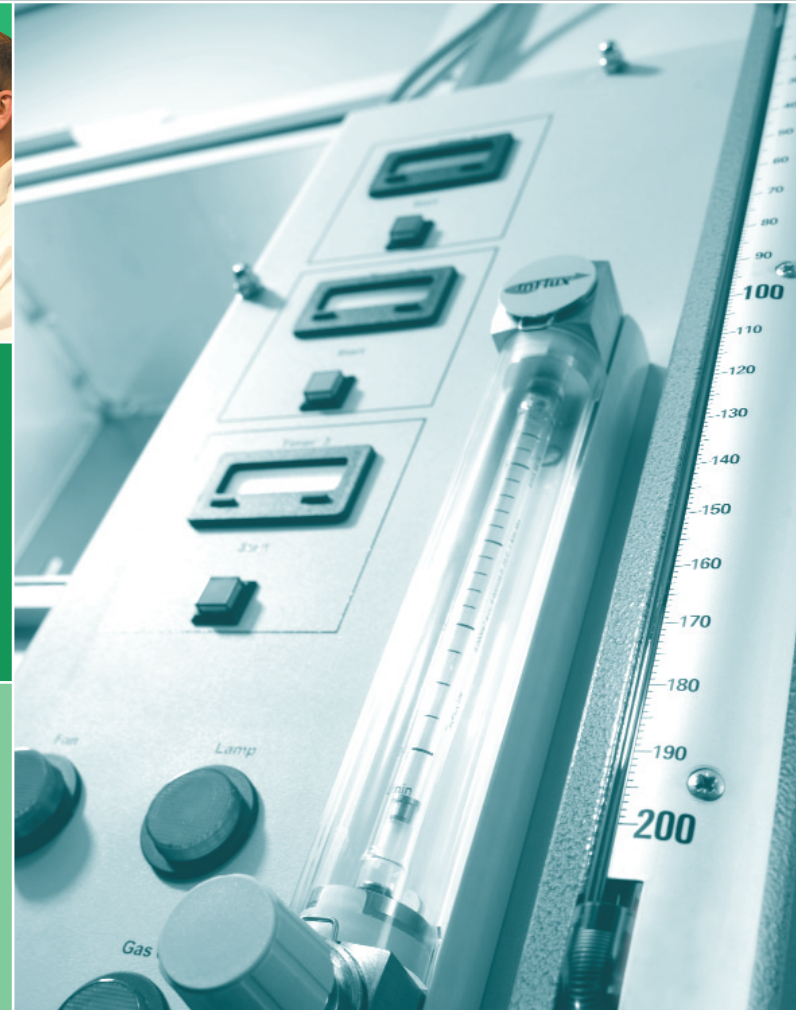
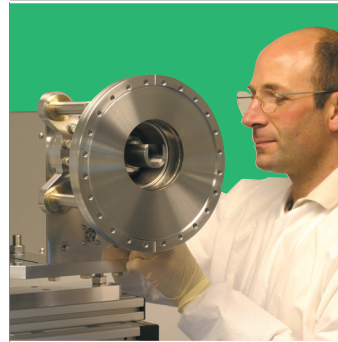


Interim Report and Accounts 2006



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





Chairman's Statement

I have much pleasure in announcing your Company's results for the six months ended 30 June 2006. Profit before tax increased to £122,000 compared to £12,000 for the corresponding period of 2005 on sales of £2,406,000 (2005: £265,000), while operating profit before goodwill amortisation reached £273,000. Fully diluted earnings per share amounted to 0.9p (2005: 0.08p), and before goodwill amortisation totalled 2.8p. As a result your Company will, for the first time, pay a dividend.

The period under review includes a full six-month contribution from our recent acquisitions Fire Testing Technology ("FTT") and PE.fiberoptics ("PFO") and a four-month contribution from UHV Design ("UHV"). The figures continue to be reported under UK GAAP and the Company is in the process of reviewing the implications of reporting under IFRS, to be implemented on publication of the 2007 full year results.

UHV, which designs and manufactures instruments that manipulate objects in ultra high vacuum chambers, was acquired on 21

February 2006. The £836,000 purchase price comprised £650,000 in cash, the issue of 98,522 new ordinary shares and an earn-out arrangement of up to a maximum £86,000 of which the first instalment of £43,000 was earned and paid in cash during the period under review. In addition £205,000 was paid in cash to reflect excess working capital at completion. The cash element was financed by an extension of the Company's senior loan. The unaudited accounts of UHV for the 11 months prior to completion of the acquisition show an operating profit of £321,000 on sales of £900,000.

FTT and PFO enjoyed solid first quarter trading followed by a quieter second quarter; subsequent to which both companies have experienced a strong order intake. UHV has performed well following the acquisition and has achieved excellent order levels, sales and profits.

During the period, our shares in Dickinson Legg were sold at a small loss compared to their written-down value, a divestment that leaves Poole Investments PLC (book value

£200,000) as the Company's only material portfolio investment.

Subsequent to the period under review, FTT purchased the business and assets of Aitchee Engineering, one of its key suppliers, for £220,000 cash plus a maximum earn-out of £10,000.

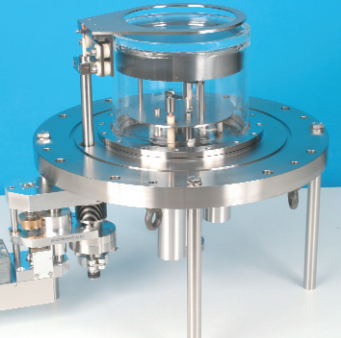
Our balance sheet, with £1.2 million cash balances and net debt of £2.1 million, leaves the Company in a strong position to pursue further acquisitions in line with our strategy.

Although the subdued trading activity in the second quarter is likely to result in earnings slightly below our earlier expectations for the full year, your Board is encouraged by the healthy order intake experienced by all three businesses since the onset of second half trading and is confident that the results for the full year will be satisfactory.

Against this background your Board is delighted that the Company's progress in the period to 30 June 2006, a little more than a year after adopting its new strategy, will

enable the distribution of an interim dividend of 1p, which will be paid on Friday 3 November to shareholders on the register on Friday 6 October. The shares will go ex-dividend on Wednesday 4 October and the dividend will be paid on Friday 3 November to shareholders on the register on Friday 6 October.

The Hon. Alexander Robert Hambro
Chairman
26 September 2006



Consolidated profit and loss account for the six months ended 30 June 2006

	£000 Continuing activities	£000 Acquisitions	Six months ended 30 June 2006 (unaudited) £000 Total	Six months ended 30 June 2005 (unaudited) £000	Year ended 31 Dec 2005 (audited) £000
Turnover	1,946	460	2,406	265	2,212
Operating costs	(1,802)	(331)	(2,133)	(322)	(1,982)
Goodwill amortisation	(41)	(13)	(54)	(16)	(104)
Total operating costs	(1,843)	(344)	(2,187)	(338)	(2,086)
Operating profit/(loss)	<u>103</u>	<u>116</u>	219	(73)	126
Profit/(loss) on disposal of investments			(6)	226	90
Provision against investments			-	(150)	-
Net interest (payable)/receivable			(91)	9	(53)
Profit on ordinary activities before taxation			<u>122</u>	<u>12</u>	<u>163</u>
Tax on profit on ordinary activities			(62)	(10)	(101)
Profit on ordinary activities after taxation			<u>60</u>	<u>2</u>	<u>62</u>
Minority interests			(29)	-	(15)
Profit for the financial period retained			<u>31</u>	<u>2</u>	<u>47</u>
Earnings per share:					
Basic			<u>0.9p</u>	<u>0.08p</u>	<u>1.6p</u>
Diluted			<u>0.9p</u>	<u>0.08p</u>	<u>1.7p</u>

Consolidated Balance Sheet at 30 June 2006

Notes	30 June 2006 (unaudited) £000	30 June 2005 (unaudited) (restated) £000	31 December 2005 (audited) £000
Fixed assets			
Intangible assets	4,331	3,946	3,638
Tangible assets	232	60	114
	<u>4,563</u>	<u>4,006</u>	<u>3,752</u>
Current assets			
Stocks	541	210	413
Debtors	737	922	692
Investments	219	428	428
Cash in hand and at bank	1,230	1,702	1,149
	<u>2,727</u>	<u>3,262</u>	<u>2,682</u>
Creditors: amounts falling due within one year	(1,214)	(2,075)	(1,044)
Net current assets	<u>1,513</u>	<u>1,187</u>	<u>1,638</u>
Total assets less current liabilities	6,076	5,193	5,390
Creditors: amounts falling due after more than one year	(3,048)	(2,393)	(2,529)
Provisions for liabilities	(31)	(23)	(23)
Minority interests	(44)	-	(16)
Total net assets	<u>2,953</u>	<u>2,777</u>	<u>2,822</u>
Capital and reserves			
Called up share capital	2	178	173
Share premium	2,501	2,501	2,501
Merger reserve	3	475	380
Profit and loss account	(201)	(277)	(232)
Shareholders' funds	<u>2,953</u>	<u>2,777</u>	<u>2,822</u>



Consolidated Cashflow statement for the six months ended 30 June 2006

Note	Six months ended 30 June 2006 (unaudited) £000	Six months ended 30 June 2005 (unaudited) £000	Year ended 31 Dec 2005 (audited) £000	
Net cash inflow/(outflow) from operating activities	4	425	(114)	345
Return on investments and servicing of finance				
Interest paid		(93)	(1)	(107)
Interest received		19	23	54
		(74)	22	(53)
Capital expenditure		(11)	-	(11)
Tax paid		(220)	-	-
Acquisitions and disposals				
Investments in subsidiaries		(993)	(2,715)	(4,060)
Net cash inherited on investments in subsidiaries		179	580	580
		(814)	(2,135)	(3,480)
Net cash outflow before management of liquid resources and financing		(694)	(2,227)	(3,199)
Management of liquid resources				
Sale of investments		203	780	1,364
Net cash outflow before financing		(491)	(1,447)	(1,835)
Financing				
Issue of ordinary share capital		-	956	956
Expenses paid in connection with share issues		-	(102)	(102)
Loans drawn down		700	1,880	2,449
Loan repayments		(128)	-	(164)
Receipts/(payments) for CFDs		-	119	(451)
Net cash inflow from financing		572	2,853	2,688
Increase in cash in the period	5/6	81	1,406	853

Notes to the interim accounts

1 Basis of accounts

The financial information for the six months to 30 June 2006 is unaudited and has been prepared using accounting policies and presentation consistent with those applied in the preparation of the statutory accounts of the Group. These figures have been prepared in accordance with applicable United Kingdom Accounting Standards, up to and including FRS 28, and under the historical cost convention. The principal accounting policies remain unchanged from those adopted in the financial statements for the year to 31 December 2005.

In line with the presentation adopted in the December 2005 accounts and in accordance with FRS 25, the preference shares totalling £12,500 have been reclassified as financial liabilities and included in other creditors. In addition, the shares issued in connection with the acquisition of Fire Testing Technology Limited (400,000 shares at a fair value of £1 per 5p share) were accounted for in accordance with the principles of merger relief under section 131 of the Companies Act 1985. The prior year figures to 30 June 2005 have accordingly been restated to reflect this.

This financial information, together with the comparative information, does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2005 has been extracted from the statutory accounts to that date which have been reported on by the company's auditors and delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Equity share capital

	At 30 June 2006 (unaudited)	At 30 June 2005 (unaudited) (restated)	At 31 December 2005 (audited)
Authorised: 10,000,000 Ordinary shares of 5p each	£000 500	£000 500	£000 500
Allotted, called up and fully paid: Number of Ordinary shares of 5p each	3,560,878	3,462,356	3,462,356
	£000	£000	£000
Nominal value	178	173	173

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



3 Merger reserve

	At 30 June 2006 (unaudited) £000	At 30 June 2005 (unaudited) (restated) £000	At 31 December 2005 (audited) £000
Balance	475	380	380

The company has taken advantage of the relief available under section 131 of the Companies Act 1985 and recorded the shares issues in connection with the acquisition of UHV Design Limited (98,522 shares at a fair value of £1.015 per 5p share) at nominal value.

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

	At 30 June 2006 (unaudited) £000	At 30 June 2005 (unaudited) £000	At 31 December 2005 (audited) £000
Operating profit/(loss)	219	(73)	126
Depreciation	21	3	10
Amortisation of goodwill	54	16	104
(Increase)/decrease in stocks	(38)	33	(61)
Decrease/(increase) in debtors	147	(225)	(43)
Increase/(decrease) in creditors within one year	16	132	209
Translation differences on foreign currency loans	6	-	-
Net cash inflow/(outflow) from operating activities	425	(114)	345

5 Analysis of net funds

	31 Dec 2005 £000	Acquisitions £000	Cashflow £000	Other movements £000	30 June 2006 £000
Cash in hand and at bank	1,149	-	81	-	1,230
Liquid resources (current asset investments)	428	-	-	(209)	219
Debt (bank and subordinated loans)	(2,785)	(700)	128	(20)	(3,377)
Net debt	(1,208)	(700)	209	(229)	(1,928)

Other movements reflect disposals of current asset investments (£209,000) and non-cash debt adjustments (£20,000).

6 Reconciliation of net cashflow to movement in net funds

	£000
Increase in cash in the period	81
Current asset investments realised	(209)
Change in debt in the period	(592)
Movement in net funds in the period	(720)
Opening net debt	(1,208)
Closing net debt	(1,928)

7 Acquisition of UHV Design Limited

	Book value of assets and liabilities at the date of acquisition £000	Fair value adjustments £000	Total £000
Fixed assets	128	-	128
Current assets	461	-	461
Current liabilities	(192)	-	(192)
Long term liabilities	(8)	-	(8)
Total net assets at date of acquisition	389	-	389
Consideration paid including acquisition costs	1,141	-	1,141
Goodwill arising on acquisition	752	-	752

The goodwill is being amortised over a period of 20 years, on a straight line basis.



Company Information

Directors

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

Company Secretary

Ralph Leslie Cohen

Registered Office

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

Registrar

Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Nominated Adviser

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

Stockbroker

Shore Capital Stockbrokers Ltd
Bond Street House
14 Clifford Street
London W1S 4JU

Auditors

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

Principal Bankers

Bank of Scotland
14 Friar Lane
Leicester LE1 5RA

Solicitors

Faegre & Benson LLP
7 Pilgrim Street
London EC4V 6LB

Registered in England and Wales,
Company No. 4597315

