Registration number: 4597315

JUDGES CAPITAL plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

JUDGES CAPITAL plc

COMPANY INFORMATION

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

Company Secretary
Ralph Leslie Cohen

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Registrar
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Registered Auditor
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Principal Bankers
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Faegre & Benson LLP
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London EC4V 6LB

Registered in England and Wales, Company No. 4597315

JUDGES CAPITAL plc

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JUDGES CAPITAL plc

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

I am delighted to report that your Company achieved record results for 2007 Revenue advanced from £5 2 million in 2006 to £6 2 million and generated profit of £836,000 before tax, gains on the disposal of securities and amortisation, compared with £516,000 in the previous year Earnings per share, similarly adjusted, rose from 8 6p to 12 9p (fully diluted) and from 9 9p to 15 0p (basic)

After gains and amortisation, pre tax profit totalled £858,000 (2006 £281,000) This equates to fully diluted earnings per share of 13 3p (2006 4 8p) and basic earnings per share of 15 5p (2006 5 4p)

IFRS

With effect from 1 January 2007, the company is required to present its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) The financial information in these financial statements has been prepared in accordance with accounting policies which are based on IFRS and comparatives have been restated accordingly

Constitution of the Group
All Group subsidiaries were owned throughout the financial year to 31 December 2007 The accounts for the previous year included a 10-month contribution from UHV Design and a four-month contribution from Aitchee

Trading
All our operations traded strongly during the year and achieved increases in sales and EBIT Activity proved particularly buoyant towards the end of the year, a momentum that enabled the Group to enter 2008 with an order book almost double the level in hand at the onset of 2007

Despite the relative strength of sterling, the robust performance of the Group in terms of sales, margins and orders is testament to our acquired companies' solid niche positioning in their respective world markets

Financial Performance
Favourable trading contributed to a satisfactory increase in our year-end cash balances which stood at £910,000 (2006 £824,000) and to the reduction in net debt from £2 4 million to £2 0 million A significant proportion of our debt is denominated in foreign currency to alleviate the impact of exchange fluctuations on export activity

During the year our last significant investment in securities was sold an offer for Poole Investments became unconditional in August, a development which resulted in cash proceeds of £342,000 and a pre-tax gain of £142,000

Dividends
Your Board is pleased to recommend a final dividend of 2 2p (2006 2p) which, subject to approval at the forthcoming Annual General Meeting on 22 May 2008, would make a total distribution of 3 3p for the year (2006 3p) The level of cover by adjusted basic earnings per share has risen from 3 times to 4 times, notwithstanding the proposed 10 per cent increase

The proposed dividend will be payable on Friday 4 July 2008 to shareholders on the register on 6 June 2008 and the shares will go ex-dividend on 4 June 2008

Current trading and prospects
Benefiting from a strong order book, the Group experienced a favourable start to 2008 and, in the opinion of your Directors, enjoys good visibility for the first half of the year Your Directors are optimistic about the prospects for 2008, always bearing in mind the uncertain macro-economic climate currently pertaining in global markets and the high proportion of the Group's turnover which is derived from overseas

Since the year-end, the Company has contracted to purchase a freehold property that adjoins the FTT factory for £490,000 This will enable Aitchee to be relocated into larger, more suitable premises and will serve to enhance the ongoing cooperation between Aitchee and FTT

JUDGES CAPITAL plc

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Your Board is progressing with the 'whitewash' resolution referred to in last January's trading statement, in order to enable the Company to purchase its own shares without an obligation being incurred by certain shareholders to make an offer for the entire share capital Such a proposal to shareholders forms part of the Board's efforts to improve the liquidity of the Company's shares

Consolidation has been the hallmark of 2007 and, in the wake of an excellent trading performance reflected in record sales and profits, your Board is conscious of the benefits to be derived from a significant expansion in the scale of the Group To this end your Directors are working hard to convert an encouraging pipeline of prospective deals into tangible and value enhancing transactions

I would like to take this opportunity to convey the Board's thanks and appreciation to all our employees for their invaluable contributions to a first class trading result

Alex Hambro
Chairman
Date 27 March 2008

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007

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 fixed and net current assets (excluding surplus cash) In 2007, the overall return computed in this manner amounted to 24 6%, before taking account of parent company costs (2006 21 5%)

- **Acquisitions** although no acquisitions were made during 2007, the directors actively investigated a number of opportunities that came to the attention of the directors and 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 and the company's ability to pay dividends to its shareholders as key indicators of overall group performance These indicators are monitored closely and both showed strong gains in the year, with the former rising from 8 6p per share in 2006 to 12 9p in 2007 Dividend cover remained constant over the 2 years at a factor of 5, despite the dividend in 2006 being only the maiden interim payment of 1p per share, compared with payments totalling 3 1p per share in 2007

  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 5% in 2007 compared with 2006 Order intake rose more significantly in the closing stages of 2007, with the result that the order backlog at the end of the year was £900,000 compared with less than £400,000 at 31 December 2006 Sales at Aitchee Engineering Limited, though slightly below budget, remained at a high level compared with recent years' averages,

  (b) sales at PE fiberoptics ("PFO") rose by almost one third in 2007 as the company continued to establish a strong position in its slowly re-emerging market The year-end order backlog was 80% up on the previous year-end,

  (c) sales at UHV Design ("UHV") were 12% above the annualised rate for the previous accounting period, building further on the 42% gain of the previous year The year-end order backlog was 38% up on the previous year-end

  Earnings:
  Rising sales on a relatively fixed cost base enabled the group to post a 16 9% EBITA margin (excluding the gain arising on the disposal of available-for-sale investments), compared with 13 7% on a comparable basis in 2006

  Cash generation and management·
  Consolidated gross cash flow from operating activities amounted to £859,000 (2006 £614,000) after a net investment in working capital of £283,000 (2006 £142,000) The proceeds of £342,000 received on the sale of the group's last significant available-for-sale investment added materially to the group's cash flow

Business review - continued

- **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 following the acquisition of Aitchee Engineering Associates in 2006
    - 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 £2 million at 31 December 2007, 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 available since the group adopted its new strategy as an industrial enterprise in 2005

  Credit risk
  The group reviews the credit risk relating to its customers by ensuring wherever possible that it deals with long established trading partners, 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

JUDGES CAPITAL plc

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

Results and dividends
The results for the financial year to 31 December 2007 are set out in the income statement The company paid an interim dividend of 1 1p per Ordinary share on 2 November 2007 At the forthcoming Annual General Meeting, the directors will recommend payment of a final dividend for the year of 2 2p per Ordinary share to be paid on Friday 4 July 2008 to shareholders on the register on Friday 6 June 2008 The shares will go ex-dividend on Wednesday 4 June 2008

Directors
The following directors have held office during the year

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

[1] Member of the audit and remuneration committees

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

	Ordinary of 5p each			
	31 December 2007		1 January 2007	
	Shares	Options	Shares	Options
Hon AR Hambro	25,000	-	25,000	-
Mr DE Cicurel *	526,356	-	526,356	-
Mr RL Cohen	10,000	47,000	-	37,000
Mr RJ Elman	45,791	-	20,000	-
Mr GC Reece	3,000	-	-	-

* Held through 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 2007	1 January 2007
	Shares	Shares
Hon AR Hambro	416,667	416,667
Mr DE Cicurel *	4,166,667	4,166,667
Mr RL Cohen	-	-
Mr RJ Elman	208,333	208,333
Mr GC Reece	208,333	208,333

* Held through David Cicurel Securities Limited

Directors' interests – continued

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 2007 would have been as follows

	Ordinary Shares
Hon AR Hambro	65,465
Mr DE Cicurel	931,001
Mr RL Cohen	10,000
Mr RJ Elman	66,023
Mr GC Reece	23,232

Payment policy
The group's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment Trade creditor days of the company at the end of the year represented 20 days (2006 34 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 and parent company 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 the directors are aware

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

The maintenance and integrity of the 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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

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

The audit committee determines the terms of engagement of the company's auditor and, in consultation with the company's auditor, the scope of the audit The audit committee has unrestricted access to the company's auditor The remuneration committee reviews the scale and structure of the executive directors' remuneration and the terms of their service contracts The remuneration of the non-executive directors is determined by the board as a whole No directors participate in setting their own pay

Post balance sheet event

On 20 March 2008, the parent company exchanged contracts for the purchase for £490,000 of a freehold property at Unit 18, Charlwoods Road, East Grinstead, West Sussex This site comprises a factory unit with ancillary offices and is located adjacent to the parent company's head office and premises of its principal subsidiary, FTT The activities of FTT's subsidiary, Aitchee Engineering Limited, will be relocated into Unit 18

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

On behalf of the board

RL Cohen
Director and Company Secretary
27 March 2008

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JUDGES CAPITAL plc

We have audited the consolidated financial statements of Judges Capital plc for the year ended 31 December 2007 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 35 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 2007

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JUDGES CAPITAL plc

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 2007 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

Grant Thornton UK LLP

Leicester
27 March 2008

JUDGES CAPITAL plc

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		£	£
Revenue	7	**6,191,965**	5,195,325
Operating costs	8	**(5,267,084)**	(4,712,635)
Operating profit	9	**924,881**	482,690
Profit/(loss) on disposal of available-for-sale investments	10	**142,217**	(6,145)
Interest receivable	11	**32,987**	32,041
Interest payable	11	**(241,772)**	(227,418)
Profit before tax		**858,313**	281,168
Taxation	12	**(231,496)**	(84,653)
Profit for the year		**626,817**	196,515
Attributable to			
Equity holders of the parent company		**552,468**	190,105
Minority interest		**74,349**	6,410
Earnings per share – total and continuing			
Basic	14	**15 5p**	5 4p
Diluted	14	**13 3p**	4 8p

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

JUDGES CAPITAL plc

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
ASSETS			
Non-current assets			
Property, plant and equipment	15	**274,626**	295,468
Goodwill	16	**4,383,347**	4,389,963
Other intangible assets	17	**75,909**	195,924
Available-for-sale investments	18	**20,000**	210,950
		4,753,882	5,092,305
Current assets			
Inventories	19	**553,311**	402,941
Trade and other receivables	20	**1,543,011**	1,249,039
Cash and cash equivalents		**910,366**	824,156
		3,006,688	2,476,136
Total assets		**7,760,570**	7,568,441
LIABILITIES			
Current liabilities			
Trade and other payables	21	**(877,226)**	(779,708)
Current portion of long-term borrowings	22	**(527,008)**	(421,813)
Current tax payable		**(299,771)**	(261,718)
		(1,704,005)	(1,463,239)
Non-current liabilities			
Long-term borrowings	23	**(2,335,751)**	(2,835,940)
Deferred tax liabilities	25	**(35,934)**	(89,505)
		(2,371,685)	(2,925,445)
Total liabilities		**(4,075,690)**	(4,388,684)
Net assets		**3,684,880**	3,179,757
EQUITY			
Share capital	26	**178,044**	178,044
Share premium account		**2,501,430**	2,501,430
Merger reserve		**475,074**	475,074
Retained earnings		**408,452**	(33,629)
Revaluation reserve		**450**	(5,743)
Equity attributable to equity holders of the parent company		**3,563,450**	3,115,176
Minority interest		**121,430**	64,581
Total equity		**3,684,880**	3,179,757

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

The financial statements were approved by the board on 27 March 2008

D E Ocurel
Director

R L Cohen
Director

JUDGES CAPITAL plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Revaluation reserve £	Total** £	Minority interest £	Total equity £
1 January 2006		173,118	2,501,430	380,000	(188,109)	(58,510)	2,807,929	58,171	2,866 100
Changes in equity for 2006									
Gains/(losses) on revaluation of available-for-sale investments		-	-	-	-	19,950	19,950	-	19,950
Tax on revaluation gains/(losses) taken directly to equity		-	-	-	-	(5,985)	(5,985)	-	(5,985)
Transferred to profit or loss on disposal of available-for-sale investments		-	-	-	-	38,802	38,802	-	38,802
Net income recognised directly in equity		-	-	-	-	52,767	52,767	-	52,767
Profit for the year		-	-	-	190,105	-	190,105	6,410	196,515
Total recognised income and expense for the year		-	-	-	190,105	52,767	242,872	6,410	249,282
Dividends	13	-	-	-	(35,625)	-	(35,625)	-	(35,625)
Issue of share capital		4,926	-	95,074	-	-	100,000	-	100,000
Balance at 31 December 2006		178,044	2,501,430	475,074	(33,629)	(5,743)	3,115,176	64,581	3,179,757
Changes in equity for 2007									
Transferred to profit or loss on disposal of available-for-sale investments		-	-	-	-	6,193	6,193	-	6,193
Net income recognised directly in equity		-	-	-	-	6,193	6,193	-	6,193
Profit for the year		-	-	-	552,468	-	552,468	74,349	626,817
Total recognised income and expense for the year		-	-	-	552,468	6,193	558,661	74,349	633,010
Dividends	13	-	-	-	(110,387)	-	(110,387)	(17,500)	(127,887)
Balance at 31 December 2007		**178,044**	**2,501,430**	**475,074**	**408,452**	**450**	**3,563,450**	**121,430**	**3,684,880**

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

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

JUDGES CAPITAL plc

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£	£
Cash flows from operating activities		
Profit after tax	**626,817**	196,515
Adjustments for		
Depreciation	**70,289**	53,644
Amortisation of intangible assets	**120,015**	228,783
Profit on disposal of property, plant and equipment	**(611)**	(2,078)
(Profit)/loss on disposal of available-for-sale investments	**(142,217)**	6,145
Foreign exchange losses/(gains) on foreign currency loans	**27,443**	(7,335)
Interest receivable	**(32,987)**	(32,041)
Interest payable	**241,772**	227,418
Tax expense recognised in income statement	**231,496**	84,653
(Increase)/decrease in inventories	**(150,370)**	104,775
Increase in trade and other receivables	**(293,972)**	(364,429)
Increase in trade and other payables	**161,518**	117,929
Cash generated from operations	**859,193**	613,979
Interest paid	**(242,399)**	(227,418)
Tax paid	**(249,651)**	(294,693)
Net cash from operating activities	**367,143**	91,868
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**(57,384)**	(1,036,223)
Purchase of property, plant and equipment	**(57,032)**	(31,336)
Proceeds from disposal of equipment	**8,196**	15,655
Proceeds from disposal of available-for-sale investments	**342,000**	202,611
Interest received	**32,987**	32,041
Net cash generated/(used) in investing activities	**268,767**	(817,252)
Cash flows from financing activities		
Proceeds from drawdown of long-term borrowings	**-**	700,000
Repayments of borrowings (including hire purchase contracts)	**(421,813)**	(263,454)
Dividends paid	**(127,887)**	(35,625)
Net cash (used in)/from financing activities	**(549,700)**	400,921
Net increase/(decrease) in cash and cash equivalents	**86,210**	(324,463)
Cash and cash equivalents at beginning of period	**824,156**	1,148,619
Cash and cash equivalents at end of period	**910,366**	824,156

The accompanying notes form an integral part of these 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 2007 Comparatives have been restated in compliance with the principles of IFRS Reconciliations of shareholders' equity under UK Generally Accepted Accounting Practice (UK GAAP) to that under IFRS at 1 January and 31 December 2006 and of the profit for the year ended 31 December 2006, together with an explanation of material adjustments to the cash flow statement, are given in notes 33 and 34 The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules presented in note 33

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

Amendment to IAS 1 Presentation of Financial Statements (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 2007 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,
- 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. Accounting policies - continued

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

- 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. Accounting policies - continued

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"

6 11 Share-based payments - continued

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 Accounting policies - continued

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, current tax payable 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
- "Profit and loss reserve" represents retained profits
- "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 2007	Fire testing equipment	Fibre optic testing equipment	Ultra high vacuum manipulation equipment	Central costs and consolidation	Group consolidated
	£	£	£	£	£
Revenue	3,650,041	1,036,279	1,505,645	-	6,191,965
Operating profit	636,341	215,602	312,980	(240,042)	924,881
Assets	1,771,520	494,803	840,112	4,654,135	7,760,570
Liabilities	951,840	247,472	347,707	2,528,671	4,075,690
Total capital employed	819,680	247,331	492,405	2,125,464	3,684,880
Goodwill	3,871,161	-	512,186	-	4,383,347
Other intangible assets	33,666	-	42,243	-	75,909
Capital expenditure	15,047	-	41,985	-	57,032
Depreciation	76,197	11,504	36,925	(54,337)	70,289
Amortisation of intangible assets	32,667	-	87,348	-	120,015

Year ended / at 31 December 2006	Fire testing equipment	Fibre optic testing equipment	Ultra high vacuum manipulation equipment	Central costs and consolidation	Group consolidated
	£	£	£	£	£
Revenue	3,247,979	787,817	1,159,529	-	5,195,325
Operating profit	495,499	95,763	282,839	(391,411)	482,690
Assets	2,037,890	278,635	840,355	4,411,561	7,568,441
Liabilities	1,141,002	172,531	421,143	2,654,008	4,388,684
Total capital employed	896,888	106,104	419,212	1,757,553	3,179,757
Goodwill	3,877,777	-	512,186	-	4,389,963
Other intangible assets	66,333	-	129,591	-	195,924
Capital expenditure	11,742	-	76,144	-	87,886
Depreciation	68,837	14,397	24,746	(54,336)	53,644
Amortisation of intangible assets	14,667	-	214,116	-	228,783

7 **Segmental reporting - continued**

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

	2007	2006
	£	£
United Kingdom	**988,451**	710,496
Europe	**2,501,724**	1,731,933
United States/Canada	**1,053,638**	1,075,996
Rest of the World	**1,648,152**	1,676,900
Total	**6,191,965**	5,195,325

8. **Operating costs**

	2007	2006
	£	£
Raw materials and consumables	**1,703,062**	1,619,220
Other external charges	**1,231,289**	1,138,553
Staff costs	**2,142,429**	1,672,435
Depreciation	**70,289**	53,644
Amortisation of intangible assets	**120,015**	228,783
	5,267,084	4,712,635

9 **Operating profit**

	2007	2006
	£	£
Operating profit is stated after charging / (crediting)		
Profit on disposal of property, plant and equipment	**(610)**	(2,078)
Fees payable to the company's auditor		
for the audit of the company's annual accounts	**24,353**	12,400
Fees payable to the company's auditor for other services		
for the audit of the company's subsidiaries, pursuant to legislation	**39,850**	18,320
for tax services	**7,750**	7,450
for all other services	**8,000**	800
Depreciation	**70,289**	53,644
Amortisation of intangible assets	**120,015**	228,783
Operating lease rentals - land and property	**164,700**	162,068

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

10 **Profit/(loss) on disposal of available-for-sale investments**

During the year, 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 During 2006, the parent company disposed of its holding in Dickinson Legg plc and received a final distribution on the liquidation of Lionheart plc, realising in aggregate £202,611 in cash and a loss before tax of £6,145

11 Interest receivable and payable

	2007	2006
	£	£
Interest receivable – short-term bank deposits	**32,987**	32,041
Interest payable - bank and hire purchase loans	**(202,836)**	(194,219)
- bank overdrafts and other short-term borrowings	**(1,282)**	-
Interest payable - loan notes	**(37,654)**	(33,199)
	(241,772)	(227,418)
Net interest payable	**208,785**	195,377

12. Taxation

	2007 £	2006 £
UK corporation tax at 30% (2006 30%) - current year	288,968	160,305
- prior years	(1,264)	852
	287,704	161,157
Deferred tax - origination and reversal of temporary differences		
Current year	(48,227)	(77,474)
Prior years	(7,981)	970
	(56,208)	(76,504)
Tax on profit for the year - current year	240,741	82,831
- prior years	(9,245)	1,822
	231,496	84,653

Factors affecting the tax charge for the year

	2007 £	2006 £
Profit before tax	858,313	281,168
Profit before tax multiplied by standard rate of UK corporation tax of 30%	257,494	84,350
Tax relief available on purchased goodwill	(19,682)	(6,855)
Provisions and expenditure not deductible for tax purposes	6,555	8,223
Marginal relief	(1,747)	(10,559)
Variances between capital allowances and depreciation	679	7,672
Change in the rate of deferred tax	(2,558)	-
Tax on profit for the year - current year	240,741	82,831
- prior years	(9,245)	1,822
Total net taxation charge	231,496	84,653

13. Dividends

	2007 p/share	2007 £	2006 p/share	2006 £
Final dividend for the previous year	2 0	71,217	-	-
Interim dividend for the current year	1 1	39,170	1 0	35,625
	3 1	110,387	1 0	35,625

The directors will propose a final dividend of 2 2p per share, amounting to £78,339, for payment on 4 July 2008 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

Year to 31 December 2007	**Earnings attributable to equity holders of the parent company**	**Weighted average number of shares**	**Earnings per share**
	£	**No.**	**pence**
Profit after tax for calculation of basic earnings per share	552,468		
Notional taxed interest income accruing on dilution	22,230		
Profit after tax for calculation of diluted earnings per share	574,698		
Add-back amortisation of intangible assets, net of tax	82,492		
Less profit on disposal of available-for-sale investments, net of tax	(99,552)		
Adjusted diluted profit before amortisation of intangible assets	557,638		
Number of shares for calculation of basic earnings per share		3,560,878	
Dilutive effect of potential shares		769,944	
Number of shares for calculation of diluted earnings per share		4,330,822	
Basic earnings per share			15.5
Diluted earnings per share			13.3
Adjusted basic earnings per share			15 0
Adjusted diluted earnings per share			12.9

14 Earnings per share - continued

Year to 31 December 2006	Earnings attributable to equity holders of the parent company	Weighted average number of shares	Earnings per share
	£	no	pence
Profit after tax for calculation of basic earnings per share	190,105		
Notional taxed interest income accruing on dilution	16,685		
Profit after tax for calculation of diluted earnings per share	206,790		
Add-back amortisation of intangible assets, net of tax	160,148		
Adjusted diluted profit before amortisation of intangible assets	366,938		
Number of shares for calculation of basic earnings per share		3,544,953	
Dilutive effect of potential shares		718,852	
Number of shares for calculation of diluted earnings per share		4,263,805	
Basic earnings per share			5 4
Diluted earnings per share			4 8
Adjusted basic earnings per share			9 9
Adjusted diluted earnings per share			8 6

15 Property, plant and equipment

	Plant & machinery	Fixtures, fittings & equipment	Motor vehicles	Building improvements	Total
	£	£	£	£	£
Cost / deemed cost					
1 January 2006	71,736	127,928	31,739	29,367	260,770
Additions through business combinations	181,143	18,369	19,450	25,125	244,087
Additions	72,880	12,706	2,300	-	87,886
Disposals	(26,000)	-	(14,550)	-	(40,550)
31 December 2006	299,759	159,003	38,939	54,492	552,193
Additions	7,950	19,092	29,990	-	57,032
Disposals	-	-	(18,950)	-	(18,950)
31 December 2007	307,709	178,095	49,979	54,492	590,275
Depreciation					
1 January 2006	50,039	39,017	28,011	29,367	146,434
Additions through business combinations	61,634	6,805	7,911	7,270	83,620
Charge	36,759	9,169	3,406	4,310	53,644
Disposals	(13,840)	-	(13,133)	-	(26,973)
31 December 2006	134,592	54,991	26,195	40,947	256,725
Charge	46,179	14,132	5,696	4,282	70,289
Disposals	-	-	(11,365)	-	(11,365)
31 December 2007	180,771	69,123	20,526	45,229	315,649
Net book value - 31 December 2007	**126,938**	**108,972**	**29,453**	**9,263**	**274,626**
Net book value - 31 December 2006	165,167	104,012	12,744	13,545	295,468

Included above are plant & machinery assets held under hire purchase contracts with a net book value at 31 December 2007 of £57,378 (2006 £68,110) The depreciation charge in the year on these assets was £10,732 (2006 £3,440)

16. Goodwill

	£
Cost	
1 January 2006	3,734,535
Acquisitions of subsidiary companies	655,428
31 December 2006	4,389,963
Adjustment in 2007 to purchase price of prior year acquisition	(6,616)
31 December 2007	4,383,347

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 arises from the payment of an earn-out instalment in a lesser amount than had been provided

There have been no impairment charges in either 2006 or 2007 Goodwill is tested annually for impairment by reference to the value in use of the relevant cash generating units 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 zero to 7 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 10 88% per annum 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 2007

17 Other intangible assets

	Advertising	Distribution agreements	Sales order backlog	Customer relationships	Non-competition agreement	Total
	£	£	£	£	£	£
Cost						
1 January 2006	-	-	-	-	-	-
Acquisitions	5,600	98,000	91,000	207,602	22,505	424,707
31 December 2006 and 2007	5,600	98,000	91,000	207,602	22,505	424,707
Amortisation						
1 January 2006	-	-	-	-	-	-
Charge for the year 2006	3,112	81,667	91,000	49,254	3,750	228,783
31 December 2006	3,112	81,667	91,000	49,254	3,750	228,783
Charge for the year 2007	2,488	16,333	-	96,693	4,501	120,015
31 December 2007	5,600	98,000	91,000	145,947	8,251	348,798
Net book value						
31 December 2007	**-**	**-**	**-**	**61,655**	**14,254**	**75,909**
31 December 2006	2,488	16,333	-	158,348	18,755	195,924

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

18. Available-for-sale investments

31 December 2007	Historical cost	Period end value Market valuation	Directors' valuation	Total valuation
	£	£	£	£
At 31 December 2007 – unquoted investment	**19,373**	**-**	**20,000**	**20,000**
Net unrealised gain at 31 December 2007	**-**	**-**	**627**	**627**

31 December 2006	Historical cost	Period end value Market valuation	Directors' valuation	Total valuation
	£	£	£	£
Unquoted investments	19,373	-	20,000	20,000
Quoted investments	199,782	190,950	-	190,950
At 31 December 2006	219,155	190,950	20,000	210,950
Net unrealised (loss) / gain at 31 December 2006	-	(8,832)	627	(8,205)

Investments held at 31 December 2007 comprise 800,100 shares (representing 1 68%) in Fortress Holdings plc (in members' voluntary liquidation – the directors' valuation is their estimate of the final distribution from the liquidator) During the year, the quoted investment held on 31 December 2006, comprising 5,700,000 shares in Poole Investments plc was disposed of for a consideration of £342,000

19. Inventories

	2007	2006
	£	£
Raw materials	**420,251**	288,839
Work in progress	**105,993**	100,646
Finished goods	**27,067**	13,456
	553,311	402,941

In 2007, a total of £1,703,062 of inventories was included in the income statement as an expense (2006 £1,619,220) This includes an amount of £3,352 (2006 £nil) resulting from write-downs of inventories There were no reversals of previous write-downs that were recognised in the income statement in either 2007 or 2006 All group inventories form part of the assets pledged as security in respect of bank loans

20 Trade and other receivables

	2007	2006
	£	£
Trade receivables	**1,384,707**	1,137,693
Prepayments and accrued income	**75,725**	65,666
Other receivables	**82,579**	45,680
	1,543,011	1,249,039

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 £876 (2006 £nil) has been made relating to the group's fire testing equipment market

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

	2007	2006
	£	£
Not more than 3 months	**532,734**	687,794
More than 3 months but not more than 6 months	**72,507**	4,262
More than 6 months but not more than 1 year	**5,727**	973
	610,968	693,029

21 Trade and other payables

	2007	2006
	£	£
Trade payables	**288,134**	339,377
Accruals and deferred income	**432,486**	298,036
Social security and other taxes	**78,196**	101,795
Other payables	**78,410**	40,500
	877,226	779,708

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

	2007	2006
	£	£
Bank loan	**508,000**	404,000
Net obligations under hire purchase contracts	**19,008**	17,813
	527,008	421,813

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

23. Long-term borrowings

	2007	2006
	£	£
Bank loan	**1,818,594**	2,299,775
Subordinated loan notes	**500,000**	500,000
Net obligations under hire purchase contracts	**17,157**	36,165
	2,335,751	2,835,940

The bank loan is secured on assets of the group, is repayable in quarterly instalments over a six year period ending 31 March 2011 and bears interest at 2¼% above LIBOR-related rates The subordinated loan notes are unsecured, repayable on 23 May 2010 and bear interest at 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 2007	Bank loan	Subordinated loan notes	Hire purchase	Total
	£	£	£	£
Repayable in less than 6 months	254,000	-	9,350	263,350
Repayable in months 7 to 12	254,000	-	9,658	263,658
Current portion of long-term borrowings	508,000	-	19,008	527,008
Repayable in years 1 to 2	608,000	-	17,157	625,157
Repayable in years 2 to 5	1,210,594	500,000	-	1,710,594
Long-term borrowings	1,818,594	500,000	17,157	2,335,751
Total borrowings	2,326,594	500,000	36,165	2,862,759
Cash and cash equivalents				(910,366)
Total net debt				1,952,393

24. Maturity of borrowings and net debt - continued

31 December 2006	Bank loan	Subordinated loan notes	Hire purchase	Total
	£	£	£	£
Repayable in less than 6 months	202,000	-	8,761	210,761
Repayable in months 7 to 12	202,000	-	9,052	211,052
Current portion of long-term borrowings	404,000	-	17,813	421,813
Repayable in years 1 to 2	508,000	-	19,009	527,009
Repayable in years 2 to 5	1,791,775	500,000	17,156	2,308,931
Long-term borrowings	2,299,775	500,000	36,165	2,835,940
Total borrowings	2,703,775	500,000	53,978	3,257,753
Cash and cash equivalents				(824,156)
Total net debt				2,433,597

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 2007 of loans denominated in US$ was £492,730 (2006 £144,436) and in Euros was £529,699 (2006 £148,229) These amounts are included in the figures above for bank loans, repayable in years 2 to 5

The components of the hire purchase debt are as follows

	2007	2006
	£	£
Future payments	**38,137**	58,939
Less interest component of future payments	**1,972**	4,961
Carrying amount – 31 December	**36,165**	53,978

25 Deferred tax liabilities

	2007	2006
	£	£
1 January 2007	**89,505**	7,972
Acquisitions - inherited deferred tax balance	**-**	8,011
- deferred tax on intangible assets acquired	**-**	127,412
Credit to income statement in the year	**(56,208)**	(76,504)
Charge against revaluation reserve	**2,637**	22,614
31 December 2007	**35,934**	89,505
Deferred tax balances relate to temporary differences as follows		
Accelerated capital allowances	**28,988**	43,676
Provisions allowable for tax in subsequent period	**(7,770)**	-
Goodwill and other intangible assets	**28,732**	69,788
Fair value adjustment arising on acquisition of FTT	**(14,192)**	(21,497)
Available-for-sale investments	**176**	(2,462)
	35,934	89,505

Amounts provided in respect of deferred tax are computed at 28% (2006 30%) The effect of the change in the rate of tax from 30% to 28% was a reduction in deferred tax at 31 December 2007 of £2,570, of which £2,558 was credited against profits for the year and £12 was credited in revaluation reserve

The group has unrelieved tax losses at 31 December 2007 of £431,000 (2006 £325,000) The group has not recognised a deferred tax asset (2007 £120,000, 2006 £97,000) 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

26. Share capital

	2007	2006
	£	£
Authorised		
10,000,000 Ordinary shares of 5p each	**500,000**	500,000
Allotted, called up and fully paid		
3,560,878 (2006 3,560,878) Ordinary shares of 5p each	**178,044**	178,044

26 Share capital - continued

Equity share options and warrants
At 31 December 2007 and at the date of this report, options have been granted and remain outstanding in respect of 160,000 Ordinary shares in the company, all priced by reference to the mid-market price of the shares on the date of grant, all exercisable between the third and tenth anniversaries of grant and none exercisable at 31 December 2006 or 2007, as below

	2007		2006	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		p/share		p/share
2005 Approved Plan				
Outstanding at 1 January	**28,000**	**103.5**	-	-
Granted in year	**62,000**	**99 4**	28,000	103 5
Outstanding at 31 December	**90,000**	**100.7**	28,000	103 5
2005 Unapproved Plan				
Outstanding at 1 January	**56,000**	**102.0**	42,000	101 5
Granted in year	**14,000**	**94.0**	14,000	103 5
Outstanding at 31 December	**70,000**	**100 4**	56,000	102 0
Total				
Outstanding at 1 January	**84,000**	**102.5**	42,000	101 5
Granted in year	**76,000**	**98 4**	42,000	103 5
Outstanding at 31 December	**160,000**	**100 6**	84,000	102 5

Exercise prices at 31 December 2007 ranged from 94p/share to 106 5p/share (2006 101 5p/share to 103 5p/share), with a weighted average remaining contractual life of 8 77 years (2006 9 04 years) Certain of the options were conditional upon the achievement of earnings targets, all of which had been met by 31 December 2007 Options have been granted to a director (Mr R L Cohen) amounting to 37,000 shares at 101 5p/share on 20 October 2005 and 10,000 shares at 94p/share on 24 September 2007

The market price of the company's Ordinary shares on 31 December 2007 was £0 91, the highest price during 2007 was £1 08 between 23 March and 6 May, the lowest price during 2007 was £0 90 between 22 August and 20 September and the price on 20 March 2008 was £1 165

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 2007 and 31 December 2006 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

Convertible Redeemable shares
The conversion rights set out in note 27 would have resulted in the issue of 485,574 Ordinary shares if conversion of all the Convertible Redeemable shares had taken place on 31 December 2007

27. **Shares classed as financial liabilities**	**2007**	2006
	£	£
Authorised		
5,000,000 Convertible Redeemable shares of 1p each	**50,000**	50,000
Allotted, called up and fully paid		
5,000,000 Convertible Redeemable shares of 1p each – quarter paid	**12,500**	12,500

In accordance with 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

28 Emoluments of directors and key management personnel

	2007	2006
	£	£
Total directors' emoluments		
Emoluments	201,601	178,660
Defined contribution pension scheme contributions	3,708	3,792
	205,309	182,452
Emoluments of the highest paid director.		
Emoluments	92,443	73,898
Defined contribution pension scheme contributions	3,708	3,792
	96,151	77,690

During the year one director participated in a defined contribution pension scheme (2006 one)

Compensation of key management personnel

Short-term benefits	437,239	373,090

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

	2007	2006
	no	no
Number of employees		
By function - manufacturing	35	25
- sales and administration	25	26
	60	51
By business segment - fire testing equipment	31	26
- fibre optic test equipment	8	8
- ultra high vacuum manipulation equipment	15	12
- head office	6	5
	60	51

Employment costs	2007	2006
	£	£
Wages and salaries	1,900,379	1,471,845
Social security costs	194,719	166,021
Pension costs	47,331	34,569
	2,142,429	1,672,435

30. Financial instruments

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

Financial assets

The group's financial assets (which are summarised in note 31 – credit risk) comprise available-for-sale investments, 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 £32,987 (2006 £32,041)
- 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 2007 the group had trade receivables denominated in foreign currency as follows Euros - £236,708 (2006 £197,558) and US Dollars - £357,779 (2006 £294,228)

30 **Financial instruments - continued**

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

	2007	2006
	£	£
Bank loans	**2,326,594**	2,703,775
Subordinated loan notes	**500,000**	500,000
Net obligations under hire purchase contracts	**36,165**	53,978
Trade and other payables	**877,226**	779,708
Convertible Redeemable shares classed as financial liabilities	**12,500**	12,500
	3,752,485	4,049,961

- The costs attributable to these liabilities and included as interest expense in the income statement amounted to £241,772 (2006 £227,418), 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 £27,443 (2006 £7,335 gain)
- 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

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

Borrowing facilities
The group had an undrawn committed overdraft facility of £500,000 at 31 December 2007 (2006 £500,000)

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. Risk management objectives and policies - continued

31 December 2007	Sterling equivalent of US$	Sterling equivalent of €
	£	**£**
Sterling loans denominated in foreign currencies at year-end	**493,000**	**530,000**
Residual exposure at year-end	**89,000**	**82,000**
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	**4,453**	**4,114**
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	**3,117**	**2,880**

31 December 2006	Sterling equivalent of US$	Sterling equivalent of €
	£	£
Sterling loans denominated in foreign currencies at year-end	144,436	148,229
Residual exposure at year-end	340,000	184,000
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	17,000	92,000
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	11,900	64,400

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

	2007	2006
	£	£
Bank loans outstanding at year-end	**2,326,594**	2,703,775
Impact on pre-tax profits of a 1% change in LIBOR	**23,266**	27,038
Impact on equity of a 1% change in LIBOR	**16,286**	18,927
Surplus funds less subordinated loan notes at year-end	**410,366**	324,156
Impact on pre-tax profits of a 1% change in bank base rates	**4,104**	3,242
Impact on equity of a 1% change in bank base rates	**2,873**	2,269

31 Risk management objectives and policies - continued

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

	2007	2006
	£	£
Available-for-sale investments	**20,000**	210,950
Cash and cash equivalents	**910,366**	824,156
Trade and other receivables	**1,543,011**	1,249,039
	2,473,377	2,284,145

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 No single counterparty owed more than 10% of the group's total trade and other receivables at 31 December 2007 At 31 December 2006, the USA and China agents of Fire Testing Technology Limited owed 15% and 11% respectively of the group's total trade and other receivables at that date

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high-quality external credit ratings

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

32 Operating lease commitments

	2007	2006
	£	£
Operating lease payments expensed during the year		
Land and property	**164,700**	162,068
Minimum operating lease commitments falling due		
Within 1 year	**152,750**	153,450
Between 1 and 5 years	**164,208**	298,008
Total commitment	**316,958**	451,458

33. Explanation of transition to IFRS

The consolidated financial statements for the year ended 31 December 2007 are the first full year figures to be presented under IFRS In accordance with the provisions of IFRS 1, "First time adoption of International Financial Reporting Standards", the group's transition date for adoption of IFRS was 1 January 2006 Comparative figures in respect of 2006 have been restated in these consolidated financial statements to reflect changes in accounting policies as a result of the adoption of IFRS The last consolidated financial statements to be prepared under UK GAAP were those for the year ended 31 December 2006

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period These consolidated financial statements have been prepared on the basis of taking the following exemptions

- business combinations prior to 1 January 2006, the group's date of transition to IFRS, have not been restated to comply with IFRS 3 Business Combinations Goodwill arising from these business combinations of £3,762,324 (net of amortisation to 31 December 2005) has not been restated other than as set out in note d below
- negative goodwill arising on business combinations prior to 1 January 2006 of £124,265 (net of amortisation to 31 December 2005) has been transferred to reserves as at the date of transition
- IFRS 2 has been applied, in accordance with IFRS 1, to equity-settled share options granted on or after 7 November 2002 and not vested at 1 January 2006

Reconciliation of equity at 1 January 2006

	UK GAAP	IFRS adjustments – 1 January 2006			IFRS
		Eliminate negative goodwill	State equity investments at market value	Deferred tax on FTT fair value adjustment	
Note		33a	33e	33f	
	£	£	£	£	£
Non-current assets					
Property, plant and equipment	114,336				114,336
Goodwill	3,762,324			(27,789)	3,734,535
Negative goodwill	(124,265)	124,265			-
Available-for-sale investments	427,911		(83,586)		344,325
Current assets					
Inventories	413,130				413,130
Trade and other receivables	692,350				692,350
Cash and cash equivalents	1,148,619				1,148,619
Current liabilities					
Trade and other payables	(472,466)				(472,466)
Current portion of long-term borrowings	(256,000)				(256,000)
Current tax payable	(315,798)				(315,798)
Non-current liabilities					
Long-term borrowings	(2,528,959)				(2,528,959)
Deferred tax	(23,557)	(37,280)	25,076	27,789	(7,972)
Net assets	2,837,625	86,985	(58,510)	-	2,866,100

Reconciliation of equity at 1 January 2006 (continued)

	UK GAAP	IFRS adjustments – 1 January 2006 Eliminate negative goodwill	State equity investments at market value	Deferred tax on FTT fair value adjustment	IFRS
Note		33a	33e	33f	
	£	£	£	£	£
Equity					
Share capital	(173,118)				(173,118)
Share premium	(2,501,430)				(2,501,430)
Merger reserve	(380,000)				(380,000)
Retained earnings	232,471	(44,362)			188,109
Revaluation reserve	-		58,510		58,510
Minority interests	(15,548)	(42,623)			(58,171)
Total equity	(2,837,625)	(86,985)	58,510	-	(2,866,100)

Reconciliation of equity at 31 December 2006

	UK GAAP	IFRS adjustments – 31 December 2006 Eliminate negative goodwill	Eliminate goodwill amortisation	Business combinations	Amortisation of intangibles	State equity investments at market values	Deferred tax on FTT fair value adj	IFRS
Note		33a	33d (iii)	33d (i)	33d (iii)	33e	33f	
	£	£	£	£	£	£	£	£
Non-current assets								
Property, plant and equipment	295,468							295,468
Goodwill	4,467,528		247,519	(297,295)			(27,789)	4,389,963
Negative goodwill	(36,702)	36,702						-
Other intangible assets	-			424,707	(228,783)			195,924
Available-for-sale investments	219,155					(8,205)		210,950
Current assets								
Inventories	402,941							402,941
Trade and other receivables	1,249,039							1,249,039
Cash and cash equivalents	824,156							824,156
Current liabilities								
Trade and other payables	(779,708)							(779,708)
Current portion of long-term borrowings	(421,813)							(421,813)
Current tax payable	(261,718)							(261,718)
Non-current liabilities								
Long-term borrowings	(2,835,940)							(2,835,940)
Deferred tax	(43,676)	(11,011)		(127,412)	68,635	2,462	21,497	(89,505)
Net assets	3,078,730	25,691	247,519	-	(160,148)	(5,743)	(6,292)	3,179,757

Reconciliation of equity at 31 December 2006 (continued)

	UK GAAP	IFRS adjustments – 31 December 2006						IFRS
		Eliminate negative goodwill	Eliminate goodwill amortisation	Business combinations	Amortisation of intangibles	State equity investments at market values	Deferred tax on FTT fair value adj	
		33a	33d (iii)	33d (i)	33d (iii)	33e	33f	
	£	£	£	£	£	£	£	£
Equity								
Share capital	(178,044)							(178,044)
Share premium	(2,501,430)							(2,501,430)
Merger reserve	(475,074)							(475,074)
Retained earnings	127,810	(13,102)	(247,519)		160,148		6,292	33,629
Revaluation reserve	-					5,743		5,743
Minority interests	(51,992)	(12,589)						(64,581)
Total equity	(3,078,730)	(25,691)	(247,519)	-	160,148	5,743	6,292	(3,179,757)

Reconciliation of profit for the year ended 31 December 2006

	UK GAAP	IFRS adjustments – 31 December 2006 Eliminate negative goodwill	Eliminate goodwill amortisation	Amortisation of intangibles	State equity investments at market values	Deferred tax on FTT fair value adj	IFRS
Note		33b	33d (iii)	33d (iii)	33e	33f	
	£	£	£	£	£	£	£
Revenue (continuing and acquisitions)	5,195,325						5,195,325
Operating costs	(4,483,852)						(4,483,852)
Goodwill amortisation - positive	(247,519)		247,519				-
Goodwill amortisation - negative	87,563	(87,563)					-
Amortisation of intangibles	-			(228,783)			(228,783)
Total operating costs	(4,643,808)	(87,563)	247,519	(228,783)			(4,712,635)
Operating profit/(loss)	551,517	(87,563)	247,519	(228,783)			482,690
Profit/(loss) on disposal and changes in market values of investments	(6,145)						(6,145)
Interest receivable	32,041						32,041
Interest (payable)	(227,418)						(227,418)
Profit on ordinary activities before taxation	349,995	(87,563)	247,519	(228,783)			281,168
Tax on profit on ordinary activities	(173,265)	26,269		68,635		(6,292)	(84,653)
Profit on ordinary activities after taxation	176,730	(61,294)	247,519	(160,148)		(6,292)	196,515
Minority interests	(36,440)	30,030					(6,410)
Profit attributable to equity holders of the parent company	140,290	(31,264)	247,519	(160,148)	-	(6,292)	190,105

33 Explanation of transition to IFRS - continued

Notes to the reconciliations

a) The group acquired 51% of the issued share capital of PE fiberoptics Limited ("PFO") on 2 September 2005 PFO acquired the goodwill and certain assets of a business previously carried on by PerkinElmer (UK) Limited Under UK GAAP, negative goodwill arising in connection with this acquisition was capitalised within the accounts of PFO Under IFRS, the amount of negative goodwill as at the date of transition was transferred to reserves The result of this adjustment is to decrease negative goodwill by £124,265 as at the date of transition to IFRS and to increase deferred tax, minority interest and reserves by the same amount in aggregate The value of the reduction in negative goodwill at 31 December 2006 was £36,702

b) Negative goodwill recognised by the group on the above acquisition under UK GAAP was written back to profit and loss to match the consumption of the non-monetary assets acquired Under IFRS, with the balance of negative goodwill as at the date of transition having been transferred to reserves, no amortisation or write-back is required The result of these adjustments is to eliminate the amortisation credit of £87,563 in the income statement for the year ended 31 December 2006 After 30% corporation tax and 49% minority interest, the net profit reduction in that year is £31,264

c) The group acquired UHV Design Limited on 21 February 2006 and the goodwill and certain trading assets of Aitchee Engineering Associates on 4 September 2006 Goodwill recognised by the group on these acquisitions under UK GAAP was amortised over a period of 20 years in the case of UHV Design Limited and 3 years in the case of the Aitchee business Under IFRS goodwill is not amortised but tested annually for impairment and therefore the amortisation charge recognised in accordance with UK GAAP in 2006 has been written back However, intangible assets identified on business combinations in accordance with IFRS as described above are amortised in accordance with the accounting policy explained above Application of IFRS 3 to these business combinations resulted in identification of a number of intangible assets, including customer relationships, distribution agreements and sales order backlogs Under IFRS these have been recognised separately in the balance sheet at their fair values at the dates of the combinations, along with the associated deferred tax Under UK GAAP these intangible assets were subsumed within goodwill and amortised in accordance with the group's accounting policy above

d) The result of these changes is
- (i) To decrease goodwill by £240,595 and increase intangible assets by £343,707 (with deferred tax of £103,112) as at the date of the combination in the case of UHV Design Limited and to decrease goodwill by £56,700 and increase intangible assets by £81,000 (with deferred tax of £24,300) in the case of Aitchee Engineering Associates
- (ii) At 31 December 2006 the value of these intangible assets, net of amortisation, was £195,924
- (iii) The goodwill amortisation charge in respect of these acquisitions and that of Fire Testing Technology Limited ("FTT" – acquired prior to the date of transition to IFRS) in the year ended 31 December 2006 was reduced in aggregate by £247,519 The equivalent intangible assets amortisation charge was increased by £228,783, stated prior to a 30% reduction to reflect the release of deferred taxation

e) Under UK GAAP, available-for-sale investments were stated at the lower of cost and the directors' estimates of near-term net realisable value Under IFRS, such investments are stated at open market values, with changes in value being transferred directly into equity, net of applicable taxation Amounts accumulated in equity are transferred to the income statement when an available-for-sale investment is sold This has had the effect of reducing the carrying value of such investments by £83,586 to £344,325 at 31 December 2005 and by £8,205 to £210,950 at 31 December 2006, with consequential changes to deferred tax and in equity

f) Under UK GAAP, no deferred tax was recognised in respect of fair value adjustments arising on the acquisition of FTT Notwithstanding that the date of the FTT acquisition was prior to the group's IFRS transition date, IFRS requires that deferred tax be recognised in respect of such fair value adjustments Accordingly a deferred tax liability of £27,789 has been recognised at the transition date, with a reversal of the provision of £6,292 in the year ended 31 December 2006

34 Explanation of material adjustments to the cash flow statement

Application of IFRS has resulted in the reclassification of certain items in the cash flow statement as follows

(i) Under UK GAAP, payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' Under IFRS, payments to acquire property, plant and equipment have been classified as part of 'Investing activities'

(ii) Income taxes are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under UK GAAP

(iii) Interest paid and interest received are classified as cash flows from investing activities under IFRS, but were included in the 'Returns on investments and servicing of finance' category in cash flows under UK GAAP

(iv) Equity dividends paid are classified as financing cash flows under IFRS, but were included in a separate category of dividend cash flows under UK GAAP

There are no other material differences between the cash flow statement presented under IFRS and that presented under UK GAAP

35 Post balance sheet event

On 20 March 2008, the parent company exchanged contracts for the purchase for £490,000 of a freehold property at Unit 18, Charlwoods Road, East Grinstead, West Sussex This site comprises a factory unit with ancillary offices and is located adjacent to the parent company's head office and premises of its principal subsidiary, FTT The activities of FTT's subsidiary, Aitchee Engineering Limited, will be relocated into Unit 18

JUDGES CAPITAL plc

PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JUDGES CAPITAL plc

We have audited the parent company financial statements of Judges Capital plc for the year ended 31 December 2007 which comprise the company balance sheet and notes 1 to 12 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 2007

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 2007,
- 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

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Leicester
27 March 2008

JUDGES CAPITAL plc

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments in subsidiaries	3	**5,620,080**	5,620,080
Current assets			
Debtors	4	**374,343**	384,878
Investments	5	**19,373**	219,155
Cash in hand and at bank		**335,919**	218,514
		729,635	822,547
Creditors amounts falling due within one year	6	**(592,231)**	(513,838)
Net current assets		**137,404**	308,709
Total assets less current liabilities		**5,757,484**	5,928,789
Creditors amounts falling due after more than one year	7	**(2,318,594)**	(2,799,775)
Total net assets		**3,438,890**	3,129,014
Capital and reserves			
Called up share capital	8	**178,044**	178,044
Share premium	9	**2,501,430**	2,501,430
Profit and loss account	9	**759,416**	449,540
Shareholders' funds	9	**3,438,890**	3,129,014

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 2008

D E Cicurel
Director

R L Cohen
Director

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 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

2.2 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

2.3 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

2.4 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 2007, 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

2.5 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

2.6 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. Investments in subsidiaries

	2007	2006
	£	£
Cost		
1 January	**5,620,080**	4,579,564
Acquisition in year	-	1,046,214
Adjustment in respect of prior year acquisition	-	(5,698)
31 December	**5,620,080**	5,620,080

The parent company's trading subsidiaries at 31 December 2007, 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

4 Debtors

	2007	2006
	£	£
Amounts owed by group companies	**274,844**	275,125
Corporation tax - group relief owed by group companies	**96,554**	106,857
Prepayments and accrued income	**2,945**	2,896
	374,343	384,878

Included in amounts owed by group companies is the sum of £203,853 (2006 £nil) which is repayable on demand at any time after 30 June 2009 provided that all liabilities to third parties falling due on or before that date have been met

5. Current asset investments

At 31 December 2007	Historical cost	Period end value Market valuation	Directors' valuation	Total valuation
	£	£	£	£
At 31 December 2007 – unquoted investment	**19,373**		**20,000**	**20,000**
Net unrealised gain at 31 December 2007	**-**	**-**	**627**	**627**

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

The unquoted investment held at 31 December 2007 is 800,100 shares (representing 1 68%) in Fortress Holdings plc (in members' voluntary liquidation – the directors' valuation is their estimate of the final distribution from the liquidator) The company's quoted investment in Poole Investments PLC, being 5,700,000 shares (representing 3 08%, part of a 13% concert party), was sold during the year, realising £342,000 in cash and a gain before tax of £142,217

6. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	-	43,000
Accruals and deferred income	61,884	39,970
Social security and other taxes	9,847	14,368
Bank loan	508,000	404,000
Other creditors	12,500	12,500
	592,231	513,838

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

7 Creditors. amounts falling due after more than one year

	2007	2006
	£	£
Bank loan	**1,818,594**	2,299,775
Subordinated loan notes	**500,000**	500,000
	2,318,594	2,799,775

The bank loan is secured on assets of the group, is repayable in quarterly instalments over a six year period ending 31 March 2011 and bears interest at 2¼% above LIBOR-related rates The subordinated loan notes are unsecured, repayable on 23 May 2010 and bear interest at Bank of Scotland base rate plus 2% The repayment profile of borrowings is as follows

	Bank loan	**Subordinated loan notes**	**Total**
	£	**£**	**£**
Repayable in less than 1 year	508,000	-	508,000
Repayable in years 1 to 2	608,000	-	608,000
Repayable in years 2 to 5	1,210,594	500,000	1,710,594
	2,326,594	500,000	2,826,594

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 2007 of loans denominated in US$ was £492,730 (2006 £144,436) and in Euros was £529,699 (2006 £148,229) These amounts are included in the figures above for bank loans, repayable in years 2 to 5

8 Share capital

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

9. Statement of movements in shareholders' funds

	Share capital	**Share premium account**	**Profit and loss account**	**Total shareholders' funds**
	£	**£**	**£**	**£**
1 January 2007	178,044	2,501,430	449,540	3,129,014
Profit for the year	-	-	420,263	420,263
Dividends paid in the year	-	-	(110,387)	(110,387)
31 December 2007	**178,044**	**2,501,430**	**759,416**	**3,438,890**

The profit for the financial year in the accounts of the parent company amounted to £420,263 (2006 £99,398)

10 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) an additional loan to PFO amounting to £40,800 was outstanding on 1 January and 31 December 2007 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 7½% per annum (2007 £3,060, 2006 £nil)

11 Directors and employees

	2007	2006
	£	£
Total directors' emoluments		
Emoluments	**201,601**	178,660
Defined contribution pension scheme contributions	**3,708**	3,792
	205,309	182,452
Emoluments of the highest paid director		
Emoluments	**92,443**	73,898
Defined contribution pension scheme contributions	**3,708**	3,792
	96,151	77,690

During the year one director participated in a defined contribution pension scheme (2006 one)

	no	no
Employees		
Number of directors	**5**	5
Administrative staff	**1**	-
Total	**6**	5

12 Post balance sheet event

On 20 March 2008, the parent company exchanged contracts for the purchase for £490,000 of a freehold property at Unit 18, Charlwoods Road, East Grinstead, West Sussex This site comprises a factory unit with ancillary offices and is located adjacent to the parent company's head office and premises of its principal subsidiary, FTT The activities of FTT's subsidiary, Aitchee Engineering Limited, will be relocated into Unit 18

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