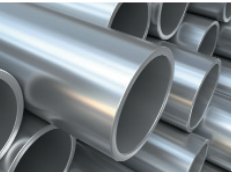


Interim Report and Accounts 2008



Chairman's Statement



I am delighted to announce the interim results for the six months ended 30 June 2008. Your Company achieved record sales of £3,484,000 (six months ended 30 June 2007: £2,836,000), pre-tax profits of £672,000 (2007: £190,000) and basic earnings per share of 11.8p (2007: 3.2p). Adjusted basic earnings per share (before amortisation of intangible assets) amounted to 12.6p (2007: 4.6p).

The current year started with a robust order book which resulted in a strong trading performance by all subsidiaries. Each of our three operating divisions produced higher sales and increased their respective EBITA contributions to central costs and interest charges. During the last 12 months the annual return on total invested capital ("ROIC") in the Company's operations rose from 20% to 34%.

Order intake for the period was similar to the figures recorded in the first half of 2007 and the order book at 30 June 2008 stood slightly above the level of June 2007, albeit below the exceptionally high level reached at the end of 2007.

The Group's trading performance has resulted in increased earnings per share and cash balances. Adjusted fully diluted EPS reached 12.5p compared to 4.6p in the first half of 2007, the latter figure being restated to comply with the "treasury method" requirements of accounting standard IAS 33. Cash in hand stood at £1,575,000 at 30 June 2008, compared

to £910,000 at 31 December 2007, despite the purchase of the freehold property ("Unit 18") with our own funds. Net debt was reduced to £1,067,000 (31 December 2007: £1,932,000).

Our markets remain strong and we have an encouraging pipeline of orders. However, as previously highlighted by the Directors, the first half performance should not be extrapolated in respect of the full-year.

The Board is pleased to declare an interim dividend of 1.2p (2007: 1.1p), which is 10 times covered by earnings. This will be paid on Friday 3 October 2008 to shareholders on the register on Friday 5 September 2008. The shares will go ex-dividend on Wednesday 3 September 2008.

The first-half trading performance and the improved cash balances put the Company in a strong position to pursue further suitable acquisitions, a strategy that is a priority for your Board.

The Hon. Alexander Robert Hambro
Chairman

26 August 2008



Condensed consolidated interim income statement



Unaudited		6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
	Note	£	£	£
Continuing operations				
Revenue		3,484,254	2,836,251	6,191,965
Operating costs		(2,738,517)	(2,539,961)	(5,267,084)
Profit from operations		745,737	296,290	924,881
Profit on disposal of available-for-sale investments		-	-	142,217
Finance income		26,546	15,060	32,987
Finance costs		(100,669)	(121,015)	(241,772)
Profit before tax		671,614	190,335	858,313
Taxation		(177,207)	(54,608)	(231,496)
Profit for the period		494,407	135,727	626,817
Attributable to:				
Equity holders of the parent company		431,372	113,334	552,468
Minority interest		63,035	22,393	74,349
		494,407	135,727	626,817
Earnings per share		Pence	Pence	Pence
Basic	4	11.8	3.2	15.5
Diluted (restated - see Note 4)	4	11.7	3.2	15.5



Condensed consolidated interim balance sheet

Unaudited		30 June 2008	30 June 2007	31 December 2007
	Note	£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment		804,205	279,469	274,626
Goodwill		4,383,347	4,389,963	4,383,347
Other intangible assets	3	34,671	123,547	75,909
Available-for-sale investments		20,000	267,950	20,000
		<u>5,242,223</u>	<u>5,060,929</u>	<u>4,753,882</u>
Current assets				
Inventories		695,947	489,134	553,311
Trade and other receivables		1,143,172	1,240,222	1,543,011
Cash and cash equivalents		1,575,329	648,317	910,366
		<u>3,414,448</u>	<u>2,377,673</u>	<u>3,006,688</u>
Total assets		<u>8,656,671</u>	<u>7,438,602</u>	<u>7,760,570</u>
LIABILITIES				
Current liabilities				
Trade and other payables		(825,987)	(705,453)	(877,226)
Current portion of long-term borrowings		(596,877)	(492,721)	(527,008)
Current tax payable		(483,712)	(229,548)	(299,771)
		<u>(1,906,576)</u>	<u>(1,427,722)</u>	<u>(1,704,005)</u>
Non-current liabilities				
Long-term borrowings		(2,065,355)	(2,568,958)	(2,335,751)
Deferred tax liabilities		(33,697)	(86,539)	(35,934)
		<u>(2,099,052)</u>	<u>(2,655,497)</u>	<u>(2,371,685)</u>
Total liabilities		<u>(4,005,628)</u>	<u>(4,083,219)</u>	<u>(4,075,690)</u>
Net assets		<u>4,651,043</u>	<u>3,355,383</u>	<u>3,684,880</u>
EQUITY				
Share capital		201,884	178,044	178,044
Share premium account		2,956,346	2,501,430	2,501,430
Merger reserve		475,074	475,074	475,074
Retained earnings		839,824	79,705	408,452
Revaluation reserve		450	34,156	450
Equity attributable to equity holders of the parent company		<u>4,473,578</u>	<u>3,268,409</u>	<u>3,563,450</u>
Minority interest		177,465	86,974	121,430
Total equity		<u>4,651,043</u>	<u>3,355,383</u>	<u>3,684,880</u>

Condensed consolidated interim statement of changes in equity



Unaudited	Share capital	Share premium	Merger reserve	Profit & loss account	Revaluation reserve	Total	Minority interest	Total equity
Note	£	£	£	£	£	£	£	£
Balance at 1 January 2007	178,044	2,501,430	475,074	(33,629)	(5,743)	3,115,176	64,581	3,179,757
Changes in equity for first half of 2007								
Gains/(losses) on revaluation of available-for-sale investments	-	-	-	-	57,000	57,000	-	57,000
Tax on revaluation gains/(losses) taken directly to equity	-	-	-	-	(17,101)	(17,101)	-	(17,101)
Net income recognised directly in equity	-	-	-	-	39,899	39,899	-	39,899
Profit for the period	-	-	-	113,334	-	113,334	22,393	135,727
Total recognised income and expense for the period	-	-	-	113,334	39,899	153,233	22,393	175,626
Balance at 30 June 2007	178,044	2,501,430	475,074	79,705	34,156	3,268,409	86,974	3,355,383
Balance at 1 January 2007	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	-	-	-	(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
Balance at 1 January 2008	178,044	2,501,430	475,074	408,452	450	3,563,450	121,430	3,684,880
Changes in equity for first half of 2008								
Profit for the period	-	-	-	431,372	-	431,372	63,035	494,407
Total recognised income and expense for the period	-	-	-	431,372	-	431,372	63,035	494,407
Dividends	-	-	-	-	-	-	(7,000)	(7,000)
Issue of share capital	23,840	454,916	-	-	-	478,756	-	478,756
Balance at 30 June 2008	201,884	2,956,346	475,074	839,824	450	4,473,578	177,465	4,651,043



Condensed consolidated interim cash flow statement

Unaudited		6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
	Note	£	£	£
Cash flows from operating activities				
Profit after tax		494,407	135,727	626,817
Adjustments for:				
Depreciation		36,047	33,517	70,289
Amortisation of intangible assets		41,238	72,377	120,015
Profit on disposal of property, plant and equipment		-	-	(611)
Profit on disposal of available-for-sale investments		-	-	(142,217)
Foreign exchange (gains)/losses		44,809	(3,616)	27,443
Finance income		(26,546)	(15,060)	(32,987)
Finance costs		100,669	121,015	241,772
Tax expense recognised in income statement		177,207	54,609	231,496
Increase in inventories		(142,636)	(86,193)	(150,370)
Decrease/(increase) in trade and other receivables		399,839	8,817	(293,972)
(Decrease)/increase in trade and other payables		(51,239)	(73,683)	161,518
Cash generated from operations		1,073,795	247,510	859,193
Finance costs paid		(82,655)	(102,694)	(242,399)
Tax recovered/(paid)		4,497	(106,847)	(249,651)
Net cash from operating activities		995,637	37,969	367,143
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		-	-	(57,384)
Purchase of property, plant and equipment		(565,626)	(17,518)	(57,032)
Proceeds from disposal of equipment		-	-	8,196
Proceeds from disposal of available-for-sale investments		-	-	342,000
Finance income received		26,546	15,060	32,987
Net cash (used in)/ generated from investing activities		(539,080)	(2,458)	268,767
Cash flows from financing activities				
Issue of share capital		478,756	-	-
Repayments of borrowings		(263,350)	(211,350)	(421,813)
Dividends paid (including to minorities)	6	(7,000)	-	(127,887)
Net cash from/(used in) financing activities		208,406	(211,350)	(549,700)
Net increase/(decrease) in cash and cash equivalents		664,963	(175,839)	86,210
Cash and cash equivalents at beginning of period		910,366	824,156	824,156
Cash and cash equivalents at end of period		1,575,329	648,317	910,366

Notes to the condensed consolidated interim financial statements



1. General information

The financial information set out in these condensed consolidated interim financial statements for the six months ended 30 June 2008 and the comparative figures for the six months ended 30 June 2007 are unaudited. This financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The group's statutory financial statements for the year ended 31 December 2007, prepared under International Financial Reporting Standards (IFRS), received an unqualified audit report, did not contain statements under sections 237(1) and 237(2) of the Companies Act 1985 and have been filed with the Registrar of Companies.

2. Basis of preparation

These June 2008 condensed consolidated interim financial statements of Judges Capital plc are for the six months ended 30 June 2008. They have been prepared taking into account the requirements of IAS 34 "Interim Financial Reporting". They do not contain all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group for the year ended 31 December 2007, which have been prepared in accordance with IFRS. The financial policies applied are largely consistent with those of the consolidated financial statements for the group for the year ended 31 December 2007, as described in those financial statements. The only exception relates to the taxation policy where for the purpose of the interims the tax charge on underlying business performance is calculated by reference to the estimated effective rate for the full year.

As explained more fully in Note 4, comparative figures for diluted and adjusted diluted earnings per share have been restated.



3. Additions and amortisation of intangible assets

The following tables show the significant additions to and amortisation of intangible assets:

	Carrying amount at 1 January 2008	Additions	Amortisation	Carrying amount at 30 June 2008
	£	£	£	£
Customer relationships	61,655	-	38,989	22,666
Non-competition agreements	14,254	-	2,249	12,005
Total	75,909	-	41,238	34,671

	Carrying amount at 1 January 2007	Additions	Amortisation	Carrying amount at 30 June 2007
	£	£	£	£
Advertising contracts	2,488	-	1,867	621
Distribution agreements	16,333	-	16,333	-
Customer relationships	158,348	-	51,927	106,421
Non-competition agreements	18,755	-	2,250	16,505
Total	195,924	-	72,377	123,547

	Carrying amount at 1 January 2007	Additions	Amortisation	Carrying amount at 31 December 2007
	£	£	£	£
Advertising contracts	2,488	-	2,488	-
Distribution agreements	16,333	-	16,333	-
Customer relationships	158,348	-	96,693	61,655
Non-competition agreements	18,755	-	4,501	14,254
Total	195,924	-	120,015	75,909



4. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

The company has adopted a more rigorous approach in its assessment of whether options or similar instruments are dilutive, in line with the treasury method prescribed in IAS 33. As a result, certain options previously considered to be dilutive at 30 June 2007 and 31 December 2007 are no longer considered to be so. Comparative figures have been restated accordingly. The treasury method regards the assumed proceeds from these instruments as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period is treated as an issue of ordinary shares for no consideration.

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

6 months to 30 June 2008	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	431,372		
Notional taxed interest income accruing on dilution	12,286		
Profit after tax for calculation of diluted earnings per share	443,658		
Add-back amortisation of intangible assets, net of tax	29,486		
Adjusted diluted profit before amortisation of intangible assets	473,144		
Number of shares for calculation of basic earnings per share		3,658,341	
Dilutive effect of potential shares		534,548	
Number of shares for calculation of diluted earnings per share		4,192,889	
Basic earnings per share			11.8
Diluted earnings per share			11.7
Adjusted basic earnings per share			12.6
Adjusted diluted earnings per share			12.5



6 months to 30 June 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	113,334		
Notional taxed interest income accruing on dilution	-		
Profit after tax for calculation of diluted earnings per share	113,334		
Add-back amortisation of intangible assets, net of tax	50,664		
Adjusted diluted profit before amortisation of intangible assets	163,998		
Number of shares for calculation of basic earnings per share		3,560,878	
Dilutive effect of potential shares		-	
Number of shares for calculation of diluted earnings per share		3,560,878	
Basic earnings per share			3.2
Diluted earnings per share (restated)			3.2
Adjusted basic earnings per share			4.6
Adjusted diluted earnings per share (restated)			4.6

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	-		
Profit after tax for calculation of diluted earnings per share	552,468		
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	535,408		
Number of shares for calculation of basic earnings per share		3,560,878	
Dilutive effect of potential shares		-	
Number of shares for calculation of diluted earnings per share		3,560,878	
Basic earnings per share			15.5
Diluted earnings per share (restated)			15.5
Adjusted basic earnings per share			15.0
Adjusted diluted earnings per share (restated)			15.0

5. Changes in net debt in the 6 months ended 30 June 2008 were as follows:

	1 January 2008	Cash flow	Non-cash items	30 June 2008
	£	£	£	£
Cash at bank and in hand	910,366	664,963	-	1,575,329
Available-for-sale investments	20,000	-	-	20,000
Debt (bank, subordinated loan notes and hire purchase)	(2,862,759)	263,350	(62,823)	(2,662,232)
Net debt	<u>(1,932,393)</u>	<u>928,313</u>	<u>(62,823)</u>	<u>(1,066,903)</u>

Non-cash items represent foreign exchange differences on bank loans and interest accruals.

6. Dividends

The company paid an interim dividend of 1.1p per share (£39,170) on 2 November 2007 and a final dividend of 2.2p per share (£78,339) on 4 July 2008, both relating to the financial year ended 31 December 2007.



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