

Reflec plc
Interim Statement for the half year
ended 31 August 2007

REFLEC PLC
("Reflec" of "the Group")

INTERIM RESULTS
FOR THE HALF YEAR ENDED 31 AUGUST 2007

Reflec (AIM ticker: REF) is a specialist developer and manufacturer of retro-reflective inks, fabrics, ancillary products and powder processing. The Group moved into the security consultancy sector in 2006 with a majority stake in Perseus Consulting.

Operational and Financial Review

In line with management expectations, Group revenue for the six months ended 31 August 2007 was 11% lower at £2.25m (2006: £2.53m). Profit before tax was also in line with expectations at £101,166 compared with a profit of £207,016 in the same half year last year.

As indicated in the full year statement earlier this year, demand for Powders and Media products remained slow. At Evolution turnover was 14% lower at £702,669 and profits reduced by 28% to £200,974. Currently we see few signs of an upturn in this sector.

Within Media, turnover was 4% lower at £661,314, while profit fell 10% to £163,829 compared to the previous half year. The principle factor moderating the first half sales and profits for Media was the focus on two significant product development projects aimed more at the consumer market where the Board believes it will see significant growth potential. Costs associated with the development of these two products, which amounted to £73,802 in the period, have been capitalised and sales are expected to commence during 2008.

I am pleased to report that our recently-acquired security business, Perseus, achieved profitability of £12,050 on sales of £226,438. Our relationship with Serco Plc and development of the risk analysis systems is making good progress and we expect Perseus to expand further during next year.

Paul Holdcroft was appointed Group Managing Director with effect from 3 December 2007. We are also appointing Angus MacPherson on 3 December as a non-executive Director. Angus is an experienced international banker with over 20 years experience in the corporate finance business. We believe that Angus will greatly assist in the future development of the Group.

On 24 October 2007 the Share Premium Account was cancelled as confirmed by Order of the High Court.

Current Trading & Outlook

Perseus has recently commenced a number of discussions with companies which it believes may lead to contracts in 2008. The broad scope and nature of this division means it is working within a number of industries, including: defence, government, security, infrastructure and industrial, in both domestic and international markets.

As announced earlier in the year, the Group is pursuing acquisition opportunities within the security sector, which will bolster our presence in this large and fast expanding market. Negotiations are in progress for the acquisition of an established, growing and profitable business which would enable Reflec to establish and develop a new Homeland Security division. We hope to make a further announcement on this in the New Year.

The Board remains positive for the full year and looks forward to 2008 with confidence.

Tim Hearley
Executive Chairman
Reflec Plc

30 November 2007

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Reflec Plc

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Condensed consolidated income statement for the half year ended 31 August 2007
(unaudited)

	Half year ended 31 August 2007	Half year ended 31 August 2006	Year ended 28 February 2007		Total £'000
	£'000	£'000	Existing Business £'000	New Business £'000	
Revenue	2,252	2,539	4,259	580	4,839
Cost of sales	(1,036)	(1,167)	(2,125)	(363)	(2,488)
Gross Profit	1,216	1,372	2,134	217	2,351
Distribution costs	(7)	-	(20)	-	(20)
Administrative costs	(1,107)	(1,164)	(1,803)	(353)	(2,156)
Loss on partial disposal of subsidiary	-	-	-	(75)	(75)
Finance costs	(1)	(2)	(1)	(2)	(3)
Finance income	-	1	5	-	5
Profit/(loss) before tax	101	207	315	(213)	102
Income tax	-	-	123	-	123
Profit for the period	101	207	438	(213)	225
Earnings per share					
- Basic (pence)	0.91	1.85			2.01
- Diluted (pence)	0.90	1.84			2.00

There were no new businesses during the current period or the prior comparative period

All activities relate to continuing operations

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Condensed consolidated statement of recognised income and expense for the half year ended 31 August 2007
(unaudited)

	Half year ended 31 August 2007	Half year ended 31 August 2006	Year to 28 February 2007
	£'000	£'000	£'000
Exchange differences on translation of the financial statements of foreign entities	(28)	88	(141)
Exchange differences realised in year transferred to income statement	-	-	39
Net gains/(losses) not recognised in income statement	(28)	88	(102)
Profit for the period	101	207	225
Total recognised income and expense for the period	73	295	123

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Condensed consolidated balance sheet at 31st August 2007
(unaudited)

	Half year ended 31 August 2007	Half year ended 31 August 2006	Year to 28 February 2007
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	953	1,096	995
Intangible assets	1,024	815	888
Deferred tax asset	123	-	123
Total non-current assets	2,100	1,911	2,006
Current assets			
Inventories	410	684	372
Trade and other receivables	1,690	1,369	1,387
Cash and cash equivalents	-	340	356
Total current assets	2,100	2,393	2,115
Total assets	4,200	4,304	4,120
Current liabilities			
Bank overdraft	87	139	1
Trade and other payables	517	581	536
Total current liabilities	604	720	537
Total net assets	3,596	3,584	3,584
Capital and reserves attributable to equity holders of the company			
Share capital	558	558	558
Share premium reserve	13,688	13,749	13,749
Foreign exchange reserve	(128)	(87)	(100)
Retained earnings	(10,522)	(10,636)	(10,623)
Total equity	3,596	3,584	3,584

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Condensed consolidated cash flow statement for the half year ended 31 August 2007

	Half year ended 31 August 2007	Half year ended 31 August 2006	Year to 28 February 2007
	£'000	£'000	£'000
Operating activities			
Profit before tax	102	207	102
Adjustments for:			
Amortisation	5	10	22
Depreciation	55	42	136
Exchange differences	3	-	13
Effect of joint venture - exchange differences realised	-	-	(39)
- intercompany write down	-	-	(36)
	63	52	96
Operating profit before changes in working capital and provisions	165	259	198
Increase in trade and other receivables	(303)	(381)	(388)
(Increase)/decrease in inventories	(38)	53	415
Decrease/(increase) in trade and other payables	(19)	29	(29)
	(360)	(299)	(2)
Cash (absorbed by)/generated from operating activities	(195)	(40)	196
Investing activities			
Purchases of property, plant and equipment	(13)	(125)	(222)
Purchase of intangibles	(67)	-	-
Disposals	-	-	103
Research and development expenditure	(74)	(305)	(383)
Interest received	-	-	5
	(154)	(430)	(497)
Financing activities			
Interest (paid)/received	(1)	2	(3)
Share consolidation costs	(61)	-	-
(Decrease) in cash and cash equivalents	(411)	(468)	(304)
Changes in foreign exchange	(31)	(3)	(13)
Cash and cash equivalents at beginning of year	355	672	672
Cash and cash equivalents at end of year	(87)	201	355

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Notes to the interim statement

1. The interim statement for Reflec plc relates to the consolidated results for the six months ended 31 August 2007 and the comparative results for the year ended 28 February 2007 and the six months ended 31 August 2006. This statement is unaudited but has been reviewed by the group's auditors, whose report is enclosed below.

The comparative figures for the year ended 28 February 2007 are not the group's statutory accounts for the financial year. Those accounts have been reported on by the group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

2. The interim statement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 28 February 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The balance sheet at 28 February 2007 and the results for the year then ended have been abridged from the audited accounts for the year ended 28 February 2007.

The comparative figures for the half year ended 31 August 2006 have been restated from those previously reported under UK GAAP to International Financial Reporting Standards as adopted by the European Union on a basis consistent with the restatement adjustments set out in the accounts for the full year ended 28 February 2007. The impact of the restatement on profit before tax and net assets was an increase of £10,000 and an increase of £75,000 respectively.

3. An Extraordinary General Meeting of Reflec plc was held on 26th April 2007 and resolutions were passed consolidating the shares of the company so that 50 shares of 0.1 pence became one new share of 5 pence.

A resolution was also passed, subject to Court approval, cancelling the share premium account which amounted to £13,688,000. Final approval to this change was obtained from the Court on 24 October 2007 after the Balance Sheet date. If Court Approval had been obtained prior to the 31st August, 2007 the group's retained earnings would have amounted to a positive balance of £3,166,000.

Costs associated with the consolidation of shares amounted to £61,215 and has been written off to the Share Premium account.

4. As a result of the share consolidation effective 26 April 2007 and in accordance with the provisions of IAS 33 Earnings per share, the weighted average number of ordinary shares in issue has been restated as if the share consolidation had occurred prior to 31 August 2006. Therefore the calculation of earnings per share for the period to 31 August 2007 is based upon earnings of £101,166 and a weighted average number of ordinary shares in issue during the period of 11,268,257. The calculation of the earnings per share for the year ended 28 February 2007 is based on a profit of £225,000 and a weighted average number of ordinary shares of 11,268,257. The calculation of the earnings per share for the period ended 31 August 2006 is based on a profit of £211,860 and on a weighted average number of ordinary shares of 11,268,257.

5. Copies of the interim statement will be posted on the Reflec.com web site and are available from the Company Secretary at the Registered Office, Road One, Winsford Industrial Estate, Winsford, Cheshire, CW7 3QQ

Reflec plc
Independent Review Report to Reflec PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2007 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Total Recognised Income and Expense, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash flow Statement and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2007 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Manchester

30 November 2007