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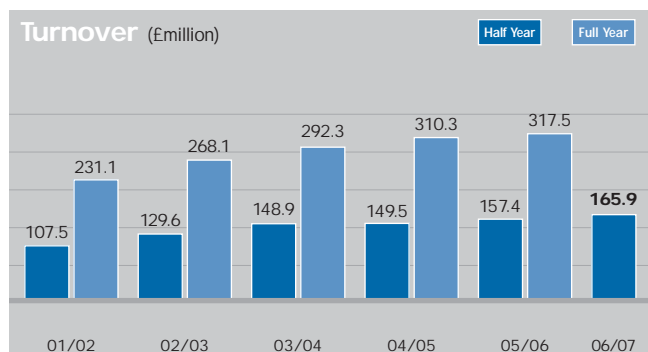
# Highlights

- Turnover up 5.5% to £165.9 m (2005: £157.4m)
- Profit before tax up 2.7% to £5.9m (2005: £5.8m pre exceptionals\*)
- Forward Facilities Management order book £724m (£716m at April 2006)
- Earnings per share up 11.2% to 19.8p (2005:17.8p pre exceptionals\*)
- Dividend per share up 6.7% to 4.8p (2005: 4.5p)

(\*2005 comparatives have been restated for the effect of adoption of FRS 20 – see note 2)

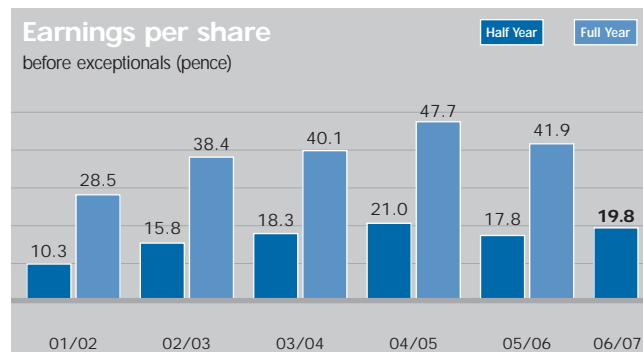
## Turnover increased

# +5.5%



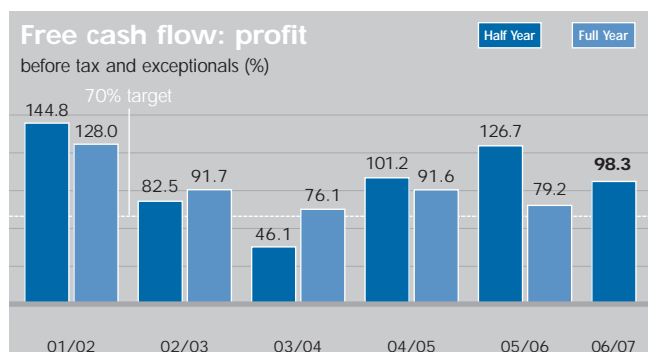
## Earnings per share increased

# +11.2%



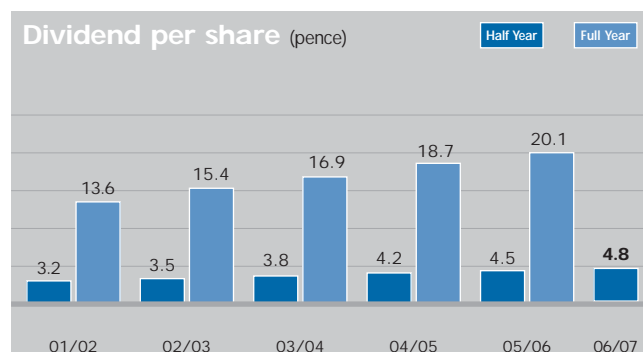
## Free cash flow: profit

# above 70%



## Dividend per share increased

# +6.7%





# Chairman's interim statement

for the six months ended 27 October 2006

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'The first half year has delivered to our expectations with steadily improving market conditions, increased sales and a gradual build up of new business prospects.'

The first half year has delivered to our expectations with steadily improving market conditions, increased sales and a gradual build up of new business prospects. The uncertainties surrounding private security regulation are lifting and we have seen improved market conditions and new business wins. Our facilities management and business process outsourcing activities, in which we are continuing to invest, have enjoyed increased sales in this large and growing market.

## Results

Turnover for the six months to 27 October 2006 increased by 5.5% to £165.9 million (2005: £157.4 million). Pre-tax profit was £5.9 million (2005: £5.8 million pre exceptionals) and earnings per share were 19.8p (2005: 17.8p pre exceptionals). Cash flow has again been strong and, with £1.6 million cash generated in the first half, we ended the half-year with net cash of £22.7 million (April 2006: £21.1 million). There were no exceptional items during the period (2005: £1.5 million, primarily relating to net costs incurred in preparing for security industry regulation).

## Dividend

The directors have decided to pay an increased interim dividend of 4.8p per share (2005: 4.5p), payable on 19 January 2007 to shareholders on the register at 29 December 2006.

## Security Services

Turnover was up 5.4% at £98.9 million (2005: £93.8 million). Segment operating profit was £1.6 million (2005: £1.3 million pre exceptional), reflecting a strong performance in our manned security business. As a result, operating margin, the ratio of segment profit to turnover, increased to 1.6% (2005: 1.3%).

Effective control over working capital, which excludes cash balances, resulted in net operating liabilities of £0.3 million (2005: £1.6 million).

The new management team is now fully established and has made excellent progress in bringing renewed vigour to our work to innovate in customer care, people development and teamwork. We have won important long-term contracts with Sainsbury's, Pilkington, DHL, Deloitte and others.

Regulation of the private security industry, which became effective in March 2006, continues to have a positive impact. With welcome support from our Regulator, the Security Industry Authority, recovery of the substantial additional costs incurred in complying with regulation has been negotiated with our customers and is now largely reflected in our terms of business. This new environment, whilst heralding higher costs for our customers, with increased pressure for substitution, has helped to widen the market for our services. It has given further impetus to the development of the 'wider policing' family and a mixed economy of public, private, charitable and 'not for profit' provision of policing and security services.

## Facilities Management

Turnover was up 5.5% at £67.1 million (2005: £63.6 million) due to both new contract starts and growth in existing contracts.

Segment operating profit was £4.2 million (2005: £3.9 million) and segment operating margin was 6.2% (2005: 6.1%). During the period we have improved the profitability of continuing contracts. Overheads increased, reflecting further investment in business development resources to drive continuing growth.

We maintained effective control over working capital and, with no significant increase in our contract start-up costs, we have reduced our operating assets over the past twelve months by 3.0%.

The first half has been a busy period; not only have we increased our pipeline of opportunities, but we have mobilised a number of important contracts, including with Infineum UK Limited, the AA, Panasonic, Slough Shopping Centre and Indesit. We also participated in the ground breaking ceremony for our new 30 year PFI contract with the Kent Police Authority.

At the end of the half-year, our forward order book (being the sales value of contracts currently in hand over the remaining life of those contracts) had increased slightly to £724 million (April 2006: £716 million).

## People

The Reliance Academy has continued to support the enhancement of our people's knowledge and performance. In September we were delighted to be recognised by the Corporate Research Foundation as one of the best companies in Britain to work for. We are profiled in Guardian Books 'Britain's Top Employers'.

As previously announced we welcomed Mark Harrison as Group Finance Director on 10 October 2006, having previously been chief financial officer of ACR Logistics UK (formerly Hays Logistics) until its sale earlier this year. Neil French our former Group Finance Director, and latterly non-executive director, resigned from the board on 6 October 2006. I take this opportunity to thank Neil for his fantastic support and his work in building the strong financial management regime that we now enjoy.

We continue to strengthen our operating company boards. In July 2006, we were delighted to welcome Mark Underwood as Managing Director of Reliance Secure Task Management Ltd. Mark has a record of success in setting up large, complex outsourced operations and brings us specialist experience in IT solutions. In September 2006 we welcomed Peter Fisher as Managing Director of Reliance Integrated Services Ltd. Peter, formerly with the AA, brings to the Group strong marketing skills and service industry branding expertise.

## Outlook

The security services market continues to adjust to the higher costs of a regulated environment. There are new market opportunities and a ready demand for substitution and technological change which the Group is well resourced to meet. We anticipate further improvement in market conditions favouring a greater emphasis on higher value added services, as well as longer term contractual relationships with customers.

Our markets in facilities management and business process outsourcing are large and diverse. We have continued to invest in new skills and technologies to meet customer demands for innovation and change and we look forward to continuing steady growth.

The Group remains well positioned for long-term growth and the board's expectations for the full year remain unchanged.

## Brian Kingham

Chairman  
30 November 2006

# Independent review report

to Reliance Security Group plc

## Introduction

We have been instructed by the company to review the financial information for the 26 week period ended 27 October 2006 which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

## 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 also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom.

A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed.

A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 week period ended 27 October 2006.

## Deloitte & Touche LLP

Chartered Accountants  
London

30 November 2006

# Consolidated profit and loss account

for the six months ended 27 October 2006

	Notes	Unaudited Six months to 27 October 2006 £'000	Unaudited Restated (*) Six months to 28 October 2005 £'000	Audited Restated (*) Year to 28 April 2006 £'000
Turnover: Group and share of joint venture				
– excluding exceptional item	3	165,948	157,360	317,483
– exceptional item	4	—	—	758
		165,948	157,360	318,241
Less: share of joint venture's turnover		(714)	—	(259)
<b>Group turnover</b>	3,4	165,234	157,360	317,982
Cost of sales – excluding exceptional item		(134,320)	(128,273)	(257,598)
– exceptional item	4	—	(1,244)	(3,828)
Total cost of sales		(134,320)	(129,517)	(261,426)
<b>Gross profit</b>		30,914	27,843	56,556
Administrative expenses				
– excluding exceptional items		(26,214)	(24,455)	(48,835)
– exceptional items	4	—	(264)	(398)
Total administrative expenses		(26,214)	(24,719)	(49,233)
<b>Group operating profit excluding share of joint venture and associate</b>		4,700	3,124	7,323
Share of joint venture's operating profit/(loss)	3	344	(90)	154
Share of associate's operating profit	3	755	598	1,274
Total share of operating profits of joint venture and associate		1,099	508	1,428
<b>Operating profit: Group and share of joint venture and associate</b>	3	5,799	3,632	8,751
Finance income/(charges)				
Group		480	632	1,050
Joint venture		(350)	—	(137)
Associate		8	8	13
Net finance income		138	640	926
<b>Profit on ordinary activities before taxation</b>		5,937	4,272	9,677
Tax on profit on ordinary activities	5	(1,784)	(1,281)	(2,830)
<b>Profit on ordinary activities after taxation and for the period</b>	7	4,153	2,991	6,847
<b>Earnings per ordinary share</b>				
Basic	6	19.8p	13.1p	30.9p
Diluted	6	19.4p	13.1p	30.9p
<b>Dividend per ordinary share for the period</b>		4.8p	4.5p	20.0p

All of the activities of the Group are classed as continuing.

(\*) The restatements relate to the adoption of FRS 20 as set out in note 2.

# Consolidated statement of total recognised gains and losses

for the six months ended 27 October 2006

	Note	Unaudited Six months to 27 October 2006 £'000	Unaudited Restated (*) Six months to 28 October 2005 £'000	Audited Restated (*) Year to 28 April 2006 £'000
Profit/(loss) for the period				
– Group		3,625	2,657	5,943
– Joint venture		(6)	(90)	17
– Associate		534	424	887
Total recognised gains and losses relating to the period		4,153	2,991	6,847
Prior year adjustment in respect of adoption of FRS 20	2	139		
Total recognised gain since last financial statements		4,292		

(\*) The restatements relate to the adoption of FRS 20 as set out in note 2.

# Consolidated balance sheet

as at 27 October 2006

	Note	Unaudited 27 October 2006 £'000	Unaudited Restated (*) 28 October 2005 £'000	Audited Restated (*) 28 April 2006 £'000
<b>Fixed assets</b>				
Tangible assets		5,511	5,702	5,445
<b>Investments</b>				
Share of gross assets of joint venture		10,402	10,290	10,602
Share of gross liabilities of joint venture		(10,524)	(10,513)	(10,718)
Share of net liabilities of joint venture		(122)	(223)	(116)
Associated undertaking		131	231	135
Others		1,702	467	1,701
Total investments		1,711	475	1,720
		7,222	6,177	7,165
<b>Current assets</b>				
Stocks		1,714	1,468	1,725
Debtors: amounts due within one year		40,755	34,841	36,488
Debtors: amounts due after more than one year		3,474	4,718	3,493
Cash at bank and in hand		22,831	33,452	24,557
		68,774	74,479	66,263
<b>Liabilities: amounts falling due within one year</b>				
Borrowings		(61)	(3,379)	(3,376)
Creditors		(45,985)	(41,630)	(41,250)
Corporation tax		(2,257)	(1,793)	(2,069)
		(48,303)	(46,802)	(46,695)
<b>Net current assets</b>		20,471	27,677	19,568
<b>Total assets less current liabilities</b>		27,693	33,854	26,733
<b>Liabilities: amounts falling due after more than one year</b>				
Borrowings		(93)	(154)	(124)
Other creditors		(60)	(23)	(44)
		(153)	(177)	(168)
<b>Net assets</b>		27,540	33,677	26,565
<b>Capital and reserves</b>				
Called up share capital		1,095	1,165	1,095
Capital redemption reserve		70	—	70
Share premium account		2,534	2,534	2,534
Own shares held		(5,025)	(2,825)	(5,025)
Revaluation reserve		232	152	232
Share option reserve		229	85	157
Profit and loss account		28,405	32,566	27,502
<b>Equity shareholders' funds</b>	7	27,540	33,677	26,565

(\*) The restatements relate to the adoption of FRS 20 as set out in note 2.

# Consolidated cash flow statement

for the six months ended 27 October 2006

	Notes	Unaudited Six months to 27 October 2006 £'000	Unaudited Six months to 28 October 2005 £'000	Audited Year to 28 April 2006 £'000
<b>Net cash inflow from operating activities</b>	8	<b>6,183</b>	8,367	11,835
<b>Dividends from associate</b>		<b>539</b>	441	1,005
<b>Returns on investment and servicing of finance</b>				
Interest received		602	710	1,238
Interest paid		(98)	(137)	(281)
Interest element of finance lease repayments		(8)	(22)	(31)
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>496</b>	551	926
<b>Taxation</b>				
UK corporation tax paid		(1,384)	(2,033)	(3,399)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(962)	(472)	(1,389)
Sale of tangible fixed assets		—	4	18
Loan advanced to joint venture		—	(1,122)	(1,122)
Purchase of fixed asset investment		(2)	—	—
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(964)</b>	(1,590)	(2,493)
<b>Equity dividends paid</b>		<b>(3,250)</b>	(3,301)	(4,245)
<b>Net cash inflow before financing</b>		<b>1,620</b>	2,435	3,629
<b>Financing</b>				
Payments to redeem equity shares		—	—	(7,660)
Payments to acquire treasury shares		—	—	(2,200)
Proceeds of expenses on redemption of equity shares and acquisition of treasury shares		—	—	(236)
Repayment of ESOP loan		(3,315)	—	—
Capital element of finance lease repayments		(31)	(90)	(83)
<b>Net cash outflow from financing</b>		<b>(3,346)</b>	(90)	(10,179)
<b>(Decrease)/increase in cash in the period</b>		<b>(1,726)</b>	2,345	(6,550)
<b>Reconciliation of net cash flow to movement in net cash</b>				
(Decrease)/increase in cash in the period		(1,726)	2,345	(6,550)
Repayment of ESOP loan		3,315	—	—
Cash flow from finance leases		31	(155)	(122)
<b>Movement in net cash in the period</b>		<b>1,620</b>	2,190	(6,672)
Net cash at start of period		21,057	27,729	27,729
<b>Net cash at end of period</b>	9	<b>22,677</b>	29,919	21,057

# Notes to the accounts

continued

## 1. Preparation of interim report

The financial information for the 26 weeks ended 27 October 2006 and ended 28 October 2005 is unaudited and does not constitute full accounts within the meaning of the Companies Act 1985. The financial information for the 52 weeks ended 28 April 2006 does not constitute statutory accounts but has been extracted from the full accounts for that year which have been delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

The financial years of all Group companies are the 52 or 53 weeks up to the Friday before, or falling on, the accounting reference date of 30 April.

## 2. Principal accounting policies

The results for the 26 weeks ended 27 October 2006 have been prepared using the same accounting policies set out in the Annual Report and Accounts for the year ended 28 April 2006 with the exception of the adoption of Financial Reporting Standard 20 Share-based payment (FRS 20).

The Group had previously estimated the value of its share options in accordance with UITF 17 Employee Share Schemes. The adoption of FRS 20 has resulted in the Group restating its operating profit, net assets and reserves for the prior periods to reflect the revised basis of calculating the charges and liabilities relating to its share options issued since November 2002. Under FRS 20 equity-settled share based payments are measured at fair value at the date of grant and this is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. In addition, the Group has estimated the corresponding charge to class 1A National Insurance Contributions (NIC) which will arise on its estimate of the number of shares which will eventually vest. Deferred tax is recognised in respect of the total charge made.

A transfer to a share option reserve is made each period to match the fair value of the share options which has been charged to the profit and loss account. The Group's estimated liability to NIC is held as a creditor on the balance sheet.

The adoption of FRS 20 has resulted in a lower profit and loss account charge than under UITF 17. The charges for the periods ended 28 April 2006 and 28 October 2005 are £70,000 and £63,000 lower before tax respectively and £49,000 and £44,000 lower after tax respectively.

The opening net assets and reserves for the periods ended 28 April 2006 and 28 October 2005 have been increased by £147,000 to reflect the cumulative effect of the implementation of FRS 20 on the prior periods, while the opening net asset position for the period ending 27 October 2006 has increased by £296,000. The increases in closing net assets and reserves for 28 April 2006 and 28 October 2005 were £149,000 and £72,000 respectively, reflecting the restatement of profit after tax and a transfer made to the share option reserve of £100,000 and £28,000 respectively.

The net impact of the cumulative effect of implementation of FRS 20 on the opening net assets, the restated profit after tax and the transfer to the share option reserve have created an opening balance for the six months ended 27 October 2006 on the share option reserve of £157,000 and increased the opening balance on the profit and loss reserve by £139,000, which has been recorded as a prior year adjustment in the statement of total recognised gains and losses.

# Notes to the accounts

continued

## 3. Segmental information

	Six Months to 27 October 2006			Restated (*) Six Months to 28 October 2005		
	Security Services	Facilities Management	Total	Security Services	Facilities Management	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group turnover</b>	<b>98,862</b>	<b>66,372</b>	<b>165,234</b>	93,790	63,570	157,360
Share of joint venture's turnover	—	714	714	—	—	—
<b>Turnover: Group and share of joint venture</b>	<b>98,862</b>	<b>67,086</b>	<b>165,948</b>	93,790	63,570	157,360
<b>Group operating profit before exceptional items, excluding share of joint venture and associate</b>	<b>1,631</b>	<b>3,069</b>	<b>4,700</b>	1,252	3,380	4,632
Share of joint venture's operating profit/(loss)	—	344	344	—	(90)	(90)
Share of associate's operating profit	—	755	755	—	598	598
<b>Total share of operating profits of joint venture and associates before exceptional items</b>	<b>—</b>	<b>1,099</b>	<b>1,099</b>	—	508	508
<b>Operating profit before exceptional items: Group and share of joint venture and associate</b>	<b>1,631</b>	<b>4,168</b>	<b>5,799</b>	1,252	3,888	5,140
Group operating exceptional items	—	—	—	(1,371)	(137)	(1,508)
<b>Profit/(loss) on ordinary activities before finance income/(charges)</b>	<b>1,631</b>	<b>4,168</b>	<b>5,799</b>	(119)	3,751	3,632

	Six Months to 27 October 2006			Restated (*) Six Months to 28 October 2005		
	Security Services	Facilities Management	Total	Security Services	Facilities Management	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group operating assets/(liabilities)	(252)	4,894	4,642	(1,607)	5,046	3,439
Share of joint venture's net liabilities	—	(122)	(122)	—	(223)	(223)
Share of associate's net assets	—	131	131	—	231	231
<b>Total operating assets/(liabilities)</b>	<b>(252)</b>	<b>4,903</b>	<b>4,651</b>	(1,607)	5,054	3,447

Reconciliation of total operating assets to total net assets:

Total operating assets	4,651	3,447
Items excluded:		
Net cash	22,677	29,919
Investments in other participating interests	581	467
Amounts due from joint venture	1,122	1,122
Taxation payable	(2,257)	(1,793)
Deferred taxation	710	402
Net interest receivable	56	113
<b>Total net assets (*)</b>	<b>27,540</b>	<b>33,677</b>

In accordance with the equity method adopted for accounting for associates, Group turnover excludes its share of turnover of its associated undertaking of £14,908,005 (2005: £10,502,000).

Operating assets are those net assets controlled by Reliance's operating divisions.

(\*) See note 2.

# Notes to the accounts

continued

## 4. Exceptional items

	Unaudited Six months to 27 October 2006 £'000	Unaudited Six months to 28 October 2005 £'000	Audited Year to 28 April 2006 £'000
<b>Turnover</b>			
Revenue received towards cost of implementation of Private Security Industry Act	—	—	758
<b>Cost of sales</b>			
Cost of preparation for implementation of Private Security Industry Act	—	(1,244)	(3,828)
<b>Administrative expenses</b>			
Cost of preparation for implementation of Private Security Industry Act	—	(179)	(312)
Legal and professional costs of re-listing on AIM	—	(85)	(86)
	—	(264)	(398)
<b>Total exceptional charge</b>	—	(1,508)	(3,468)
Tax credit on exceptional charge	—	453	1,040
	—	(1,055)	(2,428)

All revenue and expenditure relating to compliance with the Private Security Industry Act 2001 has been treated as regular, non-exceptional items within turnover, cost of sales and administrative expenses since the Act came into force on 20 March 2006.

## 5. Taxation

Corporation tax for the six months to 27 October 2006 has been calculated using an effective rate of 30% (six months ended 28 October 2005: 30%, year ended 28 April 2006: 29%).

## 6. Earnings per share

	Unaudited Six months ended 27 October 2006			Unaudited Restated (*) Six months ended 28 October 2005			Audited Restated (*) Year to 28 April 2006		
	£'000	Basic pence per share	Diluted pence per share	£'000	Basic pence per share	Diluted pence per share	£'000	Basic pence per share	Diluted pence per share
Profit for the period attributable to equity shareholders	4,153	19.8p	19.4p	2,991	13.1p	13.1p	6,847	30.9p	30.9p
Add back:									
Exceptional items (see note 4)	—	—	—	1,055	4.7p	4.7p	2,428	11.0p	11.0p
Earnings excluding exceptional items	4,153	19.8p	19.4p	4,046	17.8p	17.8p	9,275	41.9p	41.9p

(\*) See note 2

	Unaudited Six months ended 27 October 2006 Number	Unaudited Six months ended 28 October 2005 Number	Audited Year to 28 April 2006 Number
Weighted average number of shares	21,912,855	23,305,592	22,808,186
Weighted average number of shares held in treasury	(400,000)	—	(142,857)
Weighted average number of shares held in ESOP trust	(542,599)	(542,599)	(542,599)
Shares used to calculate basic earnings per share	20,970,256	22,762,993	22,122,730
Dilutive potential shares	417,170	—	—
Shares used to calculate diluted earnings per share	21,387,426	22,762,993	22,122,730

# Notes to the accounts

continued

## 7. Reconciliation of movement in equity shareholders' funds

	Unaudited Six months to 28 October 2005 £'000	Unaudited Year ended 28 April 2006 £'000	Unaudited Six months to 27 October 2006 £'000
At start of period as previously stated	33,812	33,812	26,269
Prior period adjustments as a result of adoption of FRS20 (*)	147	147	296
At start of period as restated (*)	33,959	33,959	26,565
Purchase of own shares	—	(10,096)	—
Profit on ordinary activities after taxation	2,991	6,847	4,153
Share based payments	28	100	72
Dividends paid	(3,301)	(4,245)	(3,250)
<b>At end of period as restated (*)</b>	<b>33,677</b>	<b>26,565</b>	<b>27,540</b>

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Own shares held £'000	Revaluation reserve £'000	Share option reserve £,000	Profit and loss account £'000	Six months to 27 October 2006 £'000
At start of the period as previously stated	1,095	70	2,534	(5,025)	232	—	27,363	26,269
Prior period adjustments as a result of adoption of FRS20 (*)	—	—	—	—	—	157	139	296
At start of period as restated (*)	1,095	70	2,534	(5,025)	232	157	27,502	26,565
Profit on ordinary activities after taxation	—	—	—	—	—	—	4,153	4,153
Share based payments	—	—	—	—	—	72	—	72
Dividends paid	—	—	—	—	—	—	(3,250)	(3,250)
<b>At end of the period as restated (*)</b>	<b>1,095</b>	<b>70</b>	<b>2,534</b>	<b>(5,025)</b>	<b>232</b>	<b>229</b>	<b>28,405</b>	<b>27,540</b>

In accordance with S.264 Companies Act 1985 the value of own shares held must be deducted from the profit and loss account of the Company in calculating its distributable reserves.

(\*) See note 2

# Notes to the accounts

continued

## 8. Reconciliation of operating profit to net cash inflow from operating activities

	<b>Unaudited Six months ended 27 October 2006 £'000</b>	Unaudited Restated (*) 28 October 2005 £'000	Audited Restated (*) 28 April 2006 £'000
Operating profit	4,700	3,124	7,323
Depreciation charges	893	1,151	2,272
Loss/(profit) on disposal of fixed assets	4	(2)	(3)
Share option expense	72	28	100
Decrease/(increase) in stocks	11	(3)	(260)
(Increase)/decrease in debtors	(4,248)	3,622	2,317
Increase in creditors	4,751	447	86
Net cash inflow from operating activities	<b>6,183</b>	8,367	11,835

(\*) See note 2

## 9. Analysis and reconciliation of net cash

	Audited 28 April 2006 £'000	Unaudited Cash flow £'000	Unaudited 27 October 2006 £'000
Cash at bank and in hand	24,557	(1,726)	22,831
Loan due within one year	(3,315)	3,315	—
Finance leases	(185)	31	(154)
Total borrowings	(3,500)	3,346	(154)
Net cash	21,057	1,620	22,677

## 10. Distribution

A copy of the financial information will be sent to all shareholders. Copies are available to the public from the Company's registered office at Boundary House, Cricketfield Road, Uxbridge, Middlesex, UB8 1QG or from the Company's website [www.reliancesecurity.co.uk](http://www.reliancesecurity.co.uk).

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