



WYATTGROUP

Interim Report and Accounts for the period ended 30 September 2005

Chairman's statement

I confirm that the Group results for the six months to 30 September 2005 show an operating loss of £278,807 (2004: £191,322) before amortisation of goodwill amounting to £76,460 (2004: £114,007), on turnover of £519,058 (2004: £330,481). The Board does not propose to pay a dividend.

Operations

The Group's operating subsidiaries, RiskSmart, PES and Wyatt Biotech continue to make good progress as referred to in my statement with the 2005 accounts.

PES is trading at break even on a month-by-month basis.

RiskSmart is now at a critical stage in its development. It has recently undergone reductions in its cost base and the outcome of this exercise is expected to impact on the 2006 results. We now expect the Fire Safety Legislation to become effective in April 2006 and RiskSmart is positioning itself to capitalise on the opportunity which this will present.

Wyatt Biotech is currently introducing prototype products to potential customers.

I expect some further improvement in the second half and for this to continue for 2006.

R Holt
Chairman
21 December 2005

Unaudited Consolidated Profit & Loss Account
For the period ended 30 September 2005

	Note	6 months to 30 September 2005 £	6 months to 30 September 2004 £	12 months to 31 March 2005 £
Turnover		519,058	330,481	636,280
Cost of sales		<u>(172,229)</u>	<u>(20,532)</u>	<u>(124,571)</u>
Gross profit		346,829	309,949	511,709
Administrative expenses		<u>(702,096)</u>	<u>(615,278)</u>	<u>(1,499,191)</u>
Operating loss		(355,267)	(305,329)	(987,482)
Share of operating loss in joint venture		(10,479)	-	(7,345)
Interest paid		<u>(9,022)</u>	<u>(14,641)</u>	<u>(19,480)</u>
Loss on ordinary activities before taxation		(374,768)	(319,970)	(1,014,307)
Tax on loss on ordinary activities	1	-	-	-
Loss on ordinary activities after taxation		<u>(374,768)</u>	<u>(319,970)</u>	<u>(1,014,307)</u>
Equity minority interests		<u>11,198</u>	<u>8,320</u>	<u>60,738</u>
Loss retained		<u><u>(363,570)</u></u>	<u><u>(311,650)</u></u>	<u><u>(953,569)</u></u>
Basic loss per share	2	<u>(2.87)p</u>	<u>(3.51)p</u>	<u>(9.85)p</u>

Unaudited Consolidated Balance Sheet
As at 30 September 2005

	Note	As at 30 September 2005 £	As at 30 September 2004 £	As at 31 March 2005 £
Fixed assets				
Intangible assets	3	1,309,483	2,450,490	1,385,943
Tangible assets		277,894	344,364	304,307
Investments		67,574	100,673	67,574
		<u>1,654,951</u>	<u>2,895,527</u>	<u>1,757,824</u>
Current assets				
Stock and work in progress		39,625	-	33,972
Debtors		226,134	412,355	141,236
		<u>265,759</u>	<u>412,355</u>	<u>175,208</u>
Creditors: amount falling due within one year		(884,164)	(516,566)	(452,578)
Net current liabilities		<u>(618,405)</u>	<u>(104,211)</u>	<u>(277,370)</u>
Total assets less current liabilities		<u>1,036,546</u>	<u>2,791,316</u>	<u>1,480,454</u>
Creditors: amount falling due after more than one year		(1,332,771)	(2,589,280)	(1,401,911)
		<u>(296,225)</u>	<u>202,036</u>	<u>78,543</u>
Capital and reserves				
Called up share capital		126,594	93,900	126,594
Share premium account		1,902,700	1,364,550	1,902,700
Merger reserve		41,802	41,802	41,802
Profit and loss account		(2,277,136)	(1,271,647)	(1,913,566)
Equity shareholders' funds	6	<u>(206,040)</u>	<u>228,605</u>	<u>157,530</u>
Equity minority interests		(90,185)	(26,569)	(78,987)
		<u>(296,225)</u>	<u>202,036</u>	<u>78,543</u>

**Unaudited Notes to the Accountants
For the period ended 30 September 2005**

	Note	6 months to 30 September 2005 £	6 months to 30 September 2004 £	12 months to 31 March 2005 £
Net cash outflow from operating activities	4	(323,377)	(309,314)	(607,701)
Returns on investments and servicing of finance				
Interest paid		(9,022)	(15,141)	(19,480)
Net cash outflow from returns on investments and servicing of finance		<u>(9,022)</u>	<u>(15,141)</u>	<u>(19,480)</u>
Taxation		-	-	-
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(24,003)	(6,470)	(30,081)
Purchase of intangible fixed assets		-	-	(153,335)
Net cash outflow from capital expenditure and financial investment		<u>(24,003)</u>	<u>(6,470)</u>	<u>(183,416)</u>
Acquisitions				
Purchase of subsidiary undertaking		-	(62,671)	(62,671)
Net cash acquired with subsidiary undertaking		-	(9,056)	(9,056)
Net cash outflow from acquisitions		<u>-</u>	<u>(71,727)</u>	<u>(71,727)</u>
Financing				
Receipts from issue of shares less issue costs		-	533,500	1,104,344
Increase in short term borrowings		-	-	8,000
Repayments of borrowings		(28,240)	(19,785)	(32,365)
Net cash (outflow) / inflow from financing		<u>(28,240)</u>	<u>513,715</u>	<u>1,079,979</u>
(Decrease) / increase in cash	5	<u>(384,642)</u>	<u>111,063</u>	<u>197,655</u>

**Unaudited Notes to the Accountants
For the period ended 30 September 2005**

1 Taxation

There was no tax charge for the period ended 30 September 2005.

2 Earnings per share

The basic loss per share is based upon an equity loss of £363,570 (2004: £311,650) and £12,659,446 (2004: £8,876,264) ordinary shares of 1p each, being the weighted average number of shares in issue during the period.

The diluted loss per share is identical to the basic loss per share as the loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of FRS 14 Earnings per Share.

3 Intangible fixed assets

	Goodwill on consolidation £	Licences £	Total £
Cost			
At 1 April 2005 and at 30 September 2005	<u>1,529,183</u>	<u>186,434</u>	<u>1,715,617</u>
Amortisation			
At 1 April 2005	329,674	-	329,674
Charge for the period	76,460	-	76,460
At 30 September 2005	<u>406,134</u>	<u>-</u>	<u>406,134</u>
Net book amount at 30 September 2005	<u>1,123,049</u>	<u>186,434</u>	<u>1,309,483</u>
Net book amount at 31 March 2005	<u>1,199,509</u>	<u>186,434</u>	<u>1,385,943</u>

Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life.

4 Net cash outflow from operating activities

	6 months to 30 September 2005 £	6 months to 30 September 2004 £	12 months to 31 March 2005 £
Operating loss	(355,267)	(305,329)	(987,482)
Depreciation and amortisation	126,877	148,434	258,660
(Increase) in stocks	(5,651)	-	(33,972)
(Increase)/decrease in debtors	(84,900)	(83,090)	188,032
Decrease in creditors	<u>(4,436)</u>	<u>(69,329)</u>	<u>(32,939)</u>
Net cash outflow from operating activities	<u>(323,377)</u>	<u>(309,314)</u>	<u>(607,701)</u>

**Unaudited Notes to the Accountants
For the period ended 30 September 2005**

5 Reconciliation of net cash flow to movement in net debt

	6 months to 30 September 2005 £	6 months to 30 September 2004 £	12 months to 31 March 2005 £
(Decrease) / increase in cash in the period	(384,642)	111,063	197,655
Cash outflow/(inflow) from borrowings	28,240	19,785	24,365
Change in net debt resulting from cash flows	<u>(356,402)</u>	<u>130,848</u>	<u>222,020</u>
Loans acquired with subsidiary undertaking	-	(30,000)	(56,000)
Net debt at 1 April 2005	<u>(275,999)</u>	<u>(442,019)</u>	<u>(442,019)</u>
Net debt at 30 September 2005	<u><u>(632,401)</u></u>	<u><u>(341,171)</u></u>	<u><u>(275,999)</u></u>

6 Reconciliation of movements in equity shareholders' funds

	6 months to 30 September 2005 £	6 months to 30 September 2004 £	12 months to 31 March 2005 £
Loss for the financial period	(363,570)	(311,650)	(953,569)
Issue of shares	-	533,500	1,104,344
Net (decrease)/increase in shareholders funds	<u>(363,570)</u>	<u>221,850</u>	<u>150,775</u>
Shareholders' funds at 1 April 2005	<u>157,530</u>	<u>6,755</u>	<u>6,755</u>
Shareholders' funds at 30 September 2005	<u><u>(206,040)</u></u>	<u><u>228,605</u></u>	<u><u>157,530</u></u>

7 Preparation of interim financial information

The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention. The interim financial information covers the period from 1 April 2005 to 30 September 2005. The figures for the year ended 31 March 2005 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

8 Interim financial statements

Further copies of the interim statements are available from the registered office of Wyatt Group PLC at The Leaze, Salter Street, Berkeley, Gloucestershire GL13 9DB.