

WYATT GROUP PLC

INTERIM REPORT AND

ACCOUNTS FOR THE PERIOD ENDED

30 SEPTEMBER 2006

Company no: 4022406

CHAIRMAN'S STATEMENT

I am delighted to report upon a period of significant progress for the Wyatt Group. The Group achieved an operating profit before amortisation of goodwill of £63,746 (2005: loss of £318,621). Turnover increased in the period to £1,172,136 (2005:£519,058) an increase of 126%.

Shareholders have been very patient and I am genuinely delighted to report our first period of making an operating profit.

The subsidiaries and investments performed as follows.

RISKS MART

The first investment made by the Group was in the provision of fire risk assessments online. It was anticipated that the business which was formed to benefit from the Workplace Regulations Act would show significant growth following the Fire safety Order which was widely expected to become law in 2004. After several delays the legislation was finally enacted in October 2006. This legislation removes the responsibility to provide fire certification away from the Fire Brigade Services and onto building occupiers. The Risksmart product provides a cost effective option, particularly for small businesses, of complying with this new legislation. A Government advertising campaign and our partnership approach to the Regional Fire Services has resulted in a strong improvement in the performance of this company.

AMS

At the time of the flotation the Group made a small investment in a regional medical screening business based in the South West of England. The business is still very small and we continue to review whether the Group will still look to invest in this sector.

PES

The personnel consultancy business which was acquired by the Group in 2004 has had a spectacular period providing a contribution to the Group of £176,140 (2005:loss £51,583). The general employment consultancy division continues to build long term partnerships with a number of commercial organisations. Of particular mention is the performance of the tax advisory division which has secured a number of substantial contracts. The company has also entered into a Joint Venture with an employee benefit provider which it is hoped will extend the range of services provided.

BIOTEC/FINGERPRINT

Shareholders will recall that the Group made a modest investment in a drug testing device from a USA inventor. Sadly the device is still not ready for the UK market and we are in discussions with the inventor to ascertain a likely date when all the modifications will be complete. We are still hopeful of the product being available for trial by the UK Home Office in early 2007.

SUMMARY

Overall I am delighted with the progress in the period.

Your Directors are confident of continued improvement in the Group's performance for the current financial year. The Group has been profitable on a month by month basis since September for which I thank all employees for their loyalty and commitment during some difficult periods.

I should like to wish all stakeholders compliments of the season.

R Holt
Chairman
21 December 2006

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the period ended 30 September 2006

	Note	6 months to 30 September 2006 £	6 months to 30 September 2005 £	12 months to 31 March 2006 £
Turnover		1,172,136	519,058	1,262,230
Cost of sales		<u>(384,258)</u>	<u>(172,229)</u>	<u>(458,272)</u>
Gross profit		787,878	346,829	803,958
Administrative expenses		<u>(794,138)</u>	<u>(702,096)</u>	<u>(1,477,309)</u>
Operating loss		(6,260)	(355,267)	(673,351)
Share of operating loss in joint venture		(43,037)	(10,479)	(6,153)
Net interest		<u>(39,523)</u>	<u>(9,022)</u>	<u>(37,755)</u>
Loss on ordinary activities before taxation		(88,820)	(374,768)	(717,259)
Tax on loss on ordinary activities	1	-	-	-
Loss on ordinary activities after taxation		<u>(88,820)</u>	<u>(374,768)</u>	<u>(717,259)</u>
Equity minority interests		<u>1,276</u>	<u>11,198</u>	<u>29,979</u>
Loss for the period		<u>(87,544)</u>	<u>(363,570)</u>	<u>(687,280)</u>
Basic loss per share	2	<u>(0.35)p</u>	<u>(2.87)p</u>	<u>(5.43)p</u>

UNAUDITED CONSOLIDATED BALANCE SHEET
As at 30 September 2006

	Note	As at 30 September 2006 £	As at 30 September 2005 £	As at 31 March 2006 £
Fixed assets				
Intangible assets	3	1,184,157	1,309,483	1,254,163
Tangible assets		231,722	277,894	239,943
Investments		67,574	67,574	67,574
		<u>1,483,453</u>	<u>1,654,951</u>	<u>1,561,680</u>
Current assets				
Stock		19,118	39,625	52,027
Debtors		594,333	226,134	246,015
		<u>613,451</u>	<u>265,759</u>	<u>298,042</u>
Creditors: amount falling due within one year		<u>(1,496,877)</u>	<u>(884,164)</u>	<u>(1,147,328)</u>
Net current liabilities		<u>(883,426)</u>	<u>(618,405)</u>	<u>(849,286)</u>
Total assets less current liabilities		<u>600,027</u>	<u>1,036,546</u>	<u>712,394</u>
Creditors: amount falling due after more than one year		<u>(1,327,563)</u>	<u>(1,332,771)</u>	<u>(1,351,110)</u>
		<u>(727,536)</u>	<u>(296,225)</u>	<u>(638,716)</u>
Capital and reserves				
Called up share capital		126,594	126,594	126,594
Share premium account		1,902,700	1,902,700	1,902,700
Merger reserve		41,802	41,802	41,802
Profit and loss account		(2,688,390)	(2,277,136)	(2,600,846)
Equity shareholders' funds		<u>(617,294)</u>	<u>(206,040)</u>	<u>(529,750)</u>
Equity minority interests		(110,242)	(90,185)	(108,966)
		<u>(727,536)</u>	<u>(296,225)</u>	<u>(638,716)</u>

UNAUDITED CONSOLIDATED CASHFLOW STATEMENT
For the period ended 30 September 2006

	Note	6 months to 30 September 2006 £	6 months to 30 September 2005 £	12 months to 31 March 2006 £
Net cash outflow from operating activities	4	(95,227)	(323,377)	(538,398)
Returns on investments and servicing of finance				
Interest paid		(39,523)	(9,022)	(37,755)
Net cash outflow from returns on investments and servicing of finance		<u>(39,523)</u>	<u>(9,022)</u>	<u>(37,755)</u>
Taxation		-	-	-
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(51,747)	(24,003)	(42,315)
Net cash outflow from capital expenditure and financial investment		<u>(51,747)</u>	<u>(24,003)</u>	<u>(42,315)</u>
Financing				
Repayments of borrowings		<u>(22,274)</u>	<u>(28,240)</u>	<u>(60,088)</u>
Net cash outflow from financing		<u>(22,274)</u>	<u>(28,240)</u>	<u>(60,088)</u>
Decrease in cash	5	<u>(208,771)</u>	<u>(384,642)</u>	<u>(678,556)</u>

UNAUDITED NOTES TO THE ACCOUNTS
For the period ended 30 September 2006

1 TAXATION

There was no tax charge for the period ended 30 September 2006.

2 EARNINGS PER SHARE

The basic loss per share is based upon an equity loss of £87,544 (2005: £363,570) and 12,659,444 (2005: 12,659,444) 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 2006 and at 30 September 2006	<u>1,529,183</u>	<u>186,434</u>	<u>1,715,617</u>
Amortisation			
At 1 April 2006	461,454	-	461,454
Charge for the period	70,006	-	70,006
At 30 September 2006	<u>531,460</u>	<u>-</u>	<u>531,460</u>
Net book amount at 30 September 2006	<u>997,723</u>	<u>186,434</u>	<u>1,184,157</u>
Net book amount at 31 March 2006	<u>1,067,729</u>	<u>186,434</u>	<u>1,254,163</u>

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

4 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months to 30 September 2006	6 months to 30 September 2005	12 months to 31 March 2006
	£	£	£
Operating loss	(6,260)	(355,267)	(673,351)
Depreciation and amortisation	129,977	126,877	238,459
Decrease/(increase) in stocks	32,909	(5,651)	(18,055)
(Increase) in debtors	(348,318)	(84,900)	(104,779)
Increase/(decrease) in creditors	<u>96,465</u>	<u>(4,436)</u>	<u>19,328</u>
Net cash outflow from operating activities	<u>(95,227)</u>	<u>(323,377)</u>	<u>(538,398)</u>

UNAUDITED NOTES TO THE ACCOUNTS
For the period ended 30 September 2006

5 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	6 months to 30 September 2006 £	6 months to 30 September 2005 £	12 months to 31 March 2006 £
Decrease in cash in the period	(208,771)	(384,642)	(678,556)
Cash outflow from borrowings	22,274	28,240	60,088
Change in net debt resulting from cash flows	<u>(186,497)</u>	<u>(356,402)</u>	<u>(618,468)</u>
Net debt at 1 April 2006	(894,467)	(275,999)	(275,999)
Net debt at 30 September 2006	<u><u>(1,080,964)</u></u>	<u><u>(632,401)</u></u>	<u><u>(894,467)</u></u>

6 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	6 months to 30 September 2006 £	6 months to 30 September 2005 £	12 months to 31 March 2006 £
Loss for the financial period	(87,544)	(363,570)	(687,280)
Issue of shares	-	-	-
Net (decrease)/increase in shareholders funds	<u>(87,544)</u>	<u>(363,570)</u>	<u>(687,280)</u>
Shareholders' funds at 1 April 2006	(529,750)	157,530	157,530
Shareholders' funds at 30 September 2006	<u><u>(617,294)</u></u>	<u><u>(206,040)</u></u>	<u><u>(529,750)</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 2006 to 30 September 2006. The figures for the year ended 31 March 2006 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 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in the report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

9 INTERIM FINANCIAL STATEMENTS

Further copies of the interim statements are available from the registered office of Wyatt Group PLC at Parkway House, Hambrook Lane, Stoke Gifford, Bristol, BS34 8QB.