

WYATT GROUP PLC

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHAIRMAN'S STATEMENT

This has been a year of significant change for the Group. We have seen a move away from the original strategy and the transition has not been without its challenges. However, I am very pleased to announce that the Group was still able to make a profit on continuing activities before taxation of £415,026 (£410,923 - 2007). This was on turnover from continuing activities of £2,249,136 (£1,810,775 - 2007).

Discontinued Activities

We have finally divested all interest in **Risksmart**. Despite many years of hard work and some significant investment, the business failed to hit the targets that were set. It was not helped by continuing delays in legislation however it was considered that it was in the best interests of Wyatt Group and its shareholders if Risksmart continued its activities outside the Group.

Similarly there have been difficulties in the Group's drug testing operation, **Wyatt Biotech**. We announced on 28th September that this business is now being run as a joint venture and that we have drawn a line under our investment. Since then there have been some signs of progress with the production issue, however this has been incredibly slow, with a number of deadlines still not being met. This vindicates our decision to remove this from our core business.

Continuing Activities

Our employment consultancy and support business **Premier Employer Solutions Limited** ('PES') represents our primary trading subsidiary, the other being the newly acquired **Health and Safety Department Limited**. PES has enjoyed a period of significant success and is solely responsible for the Group's turnaround. The business was hit by a change in tax legislation at the end of 2007 which will have a significant adverse affect on Group's trading in the current year. However, the management is busy building up the core business and have some exciting things in the pipeline. We remain confident that the long term prospects for PES are positive despite the current challenging economic climate.

Next Steps

In December of last year I announced that the Group's strategy was to build the future around the success of PES and to look for opportunities for growth in the employment services and other service sectors. We have now successfully disposed of the non performing businesses and have some exciting opportunities in prospect.

The employment services market is very fragmented and we believe that there is a tremendous opportunity for growth in this sector. I am therefore delighted to announce the acquisition of the employee benefits consultancy, TEBC Limited. The business fits in neatly with the PES existing service offering. It is a profitable business with a strong management team and a healthy client list. With scope for development it neatly fits the criteria that we set for our acquisition targets and represents our first step toward our commitment to growth in this area.

We are committed to building the Group and are also looking at opportunities in the wider service sector where, in the opinion of the Board, there are synergies with our core business. I look forward to bringing you news on this in the future.

R HOLT
Chairman
31 July 2008

For Further Enquiries:

Enquiries:

Wyatt Group PLC
Bob Holt, Chairman
David Curtis, Finance Director

www.wyattgroup.co.uk
07778 798 816
0845 450 9110

Blue Oar Securities Plc
John Wakefield / Marc Davies

www.blueoarsecurities.co.uk
0117 933 0020

CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the year ended 31 March 2008

	note	2008 £	2007 £
Continuing operations			
Revenue		2,249,136	1,810,775
Cost of sales		<u>(661,571)</u>	<u>(529,171)</u>
Gross profit		1,587,565	1,281,604
Administrative expenses		<u>(1,096,023)</u>	<u>(802,502)</u>
Operating profit		491,542	479,102
Share of operating loss in joint venture		(37,891)	(31,963)
Finance costs		<u>(38,625)</u>	<u>(36,216)</u>
Profit from continuing operations before tax expense		415,026	410,923
Tax expense		<u>-</u>	<u>-</u>
Profit for the period from continuing operations		415,026	410,923
Discontinued operations			
Loss for the period from discontinued operations	3	<u>(935,461)</u>	<u>(169,651)</u>
(Loss)/profit for the period		(520,435)	241,272
Attributable to:			
Equity holders of the company		(450,694)	254,660
Minority interests		<u>(69,741)</u>	<u>(13,388)</u>
(Loss)/profit for the period		<u><u>(520,435)</u></u>	<u><u>241,272</u></u>
Basic and diluted (loss)/earnings per share on discontinued activities (pence)			
	2	(6.49)	(1.23)
Basic and diluted earnings per share on continuing activities (pence)			
		3.11	3.25
Basic and diluted earnings per share on all activities (pence)		<u><u>(3.38)</u></u>	<u><u>2.01</u></u>

CONSOLIDATED BALANCE SHEET – UNAUDITED

As at 31 March 2008

	2008 £	2007 £
ASSETS		
Non-current assets		
Intangible assets	1,223,578	1,330,647
Property, plant and equipment	101,449	207,312
Investments	-	67,574
	<u>1,325,027</u>	<u>1,605,533</u>
Current assets		
Inventories	31,516	15,500
Trade and other receivables	628,850	586,904
Total current assets	<u>660,366</u>	<u>602,404</u>
Total assets	<u>1,985,393</u>	<u>2,207,937</u>
LIABILITIES		
Current liabilities		
Trade and other payables	(705,926)	(685,157)
Share of joint venture net liabilities	(34,230)	-
Borrowings	(821,058)	(629,568)
Deferred consideration	-	(360,000)
Total current liabilities	<u>(1,561,214)</u>	<u>(1,674,725)</u>
Non-current liabilities		
Borrowings	(29,128)	(28,430)
Deferred consideration	(920,835)	(920,835)
Total non-current liabilities	<u>(949,963)</u>	<u>(949,265)</u>
Total liabilities	<u>(2,511,177)</u>	<u>(2,623,990)</u>
Net liabilities	<u>(525,784)</u>	<u>(416,053)</u>
EQUITY		
Share capital	140,654	126,594
Share premium account	2,088,640	1,902,700
Merger reserve	41,802	41,802
Minority interests	-	(140,963)
Profit and loss account	(2,796,880)	(2,346,186)
Total Equity	<u>(525,784)</u>	<u>(416,053)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Minority Interest £	Total Equity £
Balance 1 April 2006	126,594	1,902,700	41,802	(2,600,846)	(127,575)	(657,325)
Profits for the period	-	-	-	254,660	(13,388)	241,272
Balance 31 March 2007	126,594	1,902,700	41,802	(2,346,186)	(140,963)	(416,053)
Balance 1 April 2007	126,594	1,902,700	41,802	(2,346,186)	(140,963)	(416,053)
Loss for the period	-	-	-	(450,694)	(69,741)	(520,435)
Disposal of subsidiary	-	-	-	-	210,704	210,704
Sub-total recognised gains and losses	126,594	1,902,700	41,802	(2,796,880)	-	(725,784)
Issue of shares	14,060	185,940	-	-	-	200,000
Balance 31 March 2008	140,654	2,088,640	41,802	(2,796,880)	-	(525,784)

CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the year ended 31 March 2008

	2008 £	2007 £
Cash flows from operating activities		
(Loss)/profit after taxation	(520,435)	241,272
Adjustments for:		
Depreciation & Impairment charges	575,696	123,580
Share of JV operating loss	37,891	31,963
Interest expense	79,130	80,427
Taxation expense recognized in profit and loss	-	-
Increase in trade and other receivables	(31,377)	(328,772)
Decrease/(increase) in inventories	(16,016)	36,527
(Decrease)/increase in trade payables	(346,994)	224,743
Loss on disposal of fixed assets	20,010	-
Cash generated from operations	<u>(202,095)</u>	<u>409,740</u>
Interest paid	(79,130)	(80,427)
Income taxes paid	-	-
Net cash from operating activities	<u>(281,225)</u>	<u>329,313</u>
Cash flows from investing activities		
Acquisition of subsidiary Health & Safety Department Limited	29,807	3,106
Purchase of property, plant and equipment	<u>50,552</u>	<u>89,738</u>
Net cash used in investing activities	<u>80,359</u>	<u>92,844</u>
Cash flows from financing activities		
Proceeds from issue of share capital	200,000	-
Payment of finance lease liabilities	<u>(30,604)</u>	<u>-</u>
Net cash used in financing activities	<u>169,396</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(192,188)	236,469
Cash and cash equivalents at beginning of the period	<u>(657,998)</u>	<u>(894,467)</u>
Cash and cash equivalents at end of the period	<u>(850,186)</u>	<u>(657,998)</u>

NOTES

For the year ended 31 March 2008

1. BASIS OF PREPARATION

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 March 2008 or 2007. The financial information for the year ended 31 March 2007 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s.237 (2) or (3) Companies Act 1985.

The summarised balance sheet at 31 March 2008 and the summarised profit and loss account, summarised cash flow statement, the statement of changes in equity and associated notes for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar, nor have the auditors reported on them.

The consolidated financial statements for the year ended 31 March 2008 will be prepared in accordance with applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as adopted by the EU.

The policies have changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS.

2. EARNINGS PER SHARE

The basic earnings per share is based upon an equity loss of £450,694 (2007: £254,660 profit) and 13,348,952 (2007: 12,659,446) ordinary shares of 1p each, being the weighted average number of shares in issue during the period.

The diluted earnings per share is identical to the basic earnings per share because the exercise price of all the share options in issue during the year was greater than the average market price of the share throughout the year. Therefore, the share options are not considered to be dilutive.

3. DISCONTINUED OPERATIONS

During the year ended 31 March 2008 the management of Wyatt Group PLC revisited and evolved its strategy, concluding to concentrate solely on the more successful employment services segment of the business. As a result of the Group carried out the following transactions:

Risksmart Limited

On 2 February 2008 the trade and selected assets of Risksmart Limited were sold to Risksmart Services Limited, a company owned and run by the former management team of Risksmart Limited. Wyatt initially retained all other assets including the intellectual property rights for the three main website products: Firesmart, Health & Safety Smart and Business Smart. These products were licensed back to Risksmart Services Limited who are responsible for the websites hosting and development costs and pay Wyatt a commission per sale.

The consideration for the transaction was £1.00 (one pound) payable at completion, and the assumption of certain liabilities, including commission payments totalling approximately £70,000 and those in relation to

the occupation of the premises from which the business trades. Wyatt further announced on 21 February 2008 that it had agreed to sell the Risksmart debtor book to Risksmart Services Limited for a consideration of a maximum of £100,000 payable in instalments (over a maximum period of 12 months) plus an additional 25% of all receipts collected in excess of £100,000.

Wyatt Biotech Limited

During the year, the Group took steps to limit its exposure to providing further funding for ongoing costs in the Biotech business and sold 50% of its shareholding to the US inventor, creating a joint venture. Running costs are now shared with the US inventor/developer who injected funds into the business during the year to bring the product up to the point where it can be taken to market.

	2008	2007
	£	£
Operating activities of discontinued operations		
Revenue	708,589	1,160,325
Cost of sales	(233,653)	(251,876)
Operating expenses	(1,021,886)	(1,032,689)
Finance costs	(40,505)	(53,894)
Net operating result from discontinued operations	(587,455)	(178,134)
Disposal of 50% of shares in Wyatt Biotech at nil consideration	(3,661)	-
50% share of net liabilities of Wyatt Biotech no longer recognised	168,409	-
Impairment of investment in Biotech distribution agreement	(186,434)	-
Costs of disposal of Risksmart Limited business for £1	(38,137)	-
Impairment of Risksmart Limited goodwill	(182,732)	-
Impairment of investment in Audio Medical Services Limited	(67,574)	-
Loan to Audio Medical Services Limited written off	(37,877)	-
Net result from discontinued operations	(935,461)	(178,134)