

WYATT GROUP PLC

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

CHAIRMAN'S STATEMENT

It is a pleasure to be able to report on yet another positive period for the Group. In the 6 months to 30 September 2007 the Group made an operating profit before joint venture, and interest of £222,836 (2006: £63,746). This was on a turnover of £2,109,753 (2006: £1,172,136) which represents an increase of 80%.

It has been a period of significant activity and I can report on each subsidiary as follows:

PES provides a range of employment related consultancy and support services focused around human resources, reward and employment tax. The team has again made tremendous progress in the first half of the year. As well as producing an excellent set of results for the period PES has added to its impressive client list and has continued to develop its range of products and services. A change of legislation following the recent pre budget report has significantly reduced the income stream from one of its tax products. This loss of revenue has impacted the company and therefore the Group's second half performance. However, the long term prospects for the company are still encouraging and the management team can now develop the business in a more predictable environment.

On 28th September 2007 the Group announced the acquisition of Health & Safety Department Limited. Now trading as **PES Health & Safety** the business provides specialist health and safety support for UK companies. The team works very closely alongside PES and has helped to broaden the range of consultancy services offered to employers. The transition into the Group has been very smooth and the trading outlook is positive.

Risksmart provides an on-line fire risk assessment solution for small and medium sized businesses. As previously reported the long awaited Fire Safety legislation became effective on 1st October 2006. This was hoped to be the turning point that the team was waiting for. However, despite its best efforts Risksmart has not made the progress that we were expecting resulting in a loss in the first half which has continued into the second half. This performance coupled with the Group reassessing its longer term strategy means that the Board now believes that it is in the best interests of shareholders to review the position of Risksmart in the Group. We have considered a number of options including a management buy out and we expect to be able to announce further news on this in the very near future.

Wyatt Biotech is the Group's drug testing operation. On 28th September we announced that the business would now be run as a joint venture between Wyatt and the US inventor. Since then some of the problems with production have been overcome and we have been able to demonstrate live working products at a recent exhibition. The results are encouraging and we are keeping a close eye on developments. In the meantime Wyatt has limited its exposure in this business.

AMS is a regional medical screening business based in the South West of England. At the time of the flotation the Group made a small investment in this company. However the Group has recently decided to end its investment in this sector and as a result has impaired its investment in AMS.

Prospects

Overall the Group has made significant strides forward over the last 18 months. This has largely been due to the continued success of PES. Having transferred Wyatt Biotech into a joint venture and taken steps to dispose of Risksmart the Group is now building its strategy around PES and is continuing to build on its success. We are currently exploring a number of opportunities to acquire businesses to help grow the customer base and service offering. All of the target businesses are in the employment services space and have been strategically identified to fit alongside PES. We believe that building on the success of the Group to date is in the best interests of shareholders and we look forward to some exciting times ahead.

R Holt
Chairman
21 December 2007

Enquiries:

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

www.wyattgroup.co.uk
07778798816
0845 450 9110

Blue Oar Securities Plc
John Wakefield / Marc Davies

www.blueoarsecurities.co.uk
0117 933 0020

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the period ended 30 September 2007

	Note	6 months to 30 September 2007 £	6 months to 30 September 2006 £	12 months to 31 March 2007 £
Revenue		2,109,753	1,172,136	2,971,100
Cost of sales		<u>(531,959)</u>	<u>(384,258)</u>	<u>(781,047)</u>
Gross profit		1,577,794	787,878	2,190,053
Administrative expenses		(1,287,384)	(724,132)	(1,836,391)
Impairment of investments		<u>(67,574)</u>	<u>-</u>	<u>-</u>
Operating profit		222,836	63,746	353,662
Share of operating loss in joint venture		(16,114)	(43,037)	(31,963)
Finance costs		<u>(20,016)</u>	<u>(39,523)</u>	<u>(80,427)</u>
Profit/(loss) before taxation		186,706	(18,814)	241,272
Income tax expense		(12,908)	-	-
Profit/(loss) after taxation		173,798	(18,814)	241,272
Attributable to:				
Equity holders of the company		188,955	(17,538)	254,660
Minority interests		<u>(15,157)</u>	<u>(1,276)</u>	<u>(13,388)</u>
Profit/(loss) for the period		<u>173,798</u>	<u>(18,814)</u>	<u>241,272</u>
Basic and diluted earnings per share	2	<u>1.37p</u>	<u>(0.14)p</u>	<u>2.01p</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
As at 30 September 2007

Note	As at 30 September 2007 £	As at 30 September 2006 £	As at 31 March 2007 £
ASSETS			
Non-current assets			
Intangible assets	1,285,007	1,254,163	1,285,007
Property, plant and equipment	183,121	231,722	207,312
Investments	24,127	67,574	67,574
Investment in joint venture:			
Share of gross assets	12,356		
Share of gross liabilities	(28,469)		
Transfer to current liabilities	<u>16,113</u>		
	-	-	-
	<u>1,492,255</u>	<u>1,553,459</u>	<u>1,559,893</u>
Current assets			
Inventories	33,274	19,118	15,500
Trade and other receivables	748,446	594,333	586,904
Total current assets	<u>781,720</u>	<u>613,451</u>	<u>602,404</u>
Total assets	<u>2,273,975</u>	<u>2,166,910</u>	<u>2,162,297</u>
LIABILITIES			
Current liabilities			
Trade and other payables	(900,447)	(462,641)	(685,157)
Current tax liabilities	(12,908)	-	-
Borrowings	(527,680)	(1,034,236)	(629,568)
Provisions	(200,000)	-	(360,000)
Total current liabilities	<u>(1,641,035)</u>	<u>(1,496,877)</u>	<u>(1,674,725)</u>
Non-current liabilities			
Borrowings	-	(46,728)	(28,430)
Provisions	(920,835)	(1,280,835)	(920,835)
Total non-current liabilities	<u>(920,835)</u>	<u>(1,327,563)</u>	<u>(949,265)</u>
Total liabilities	<u>(2,561,870)</u>	<u>(2,824,440)</u>	<u>(2,623,990)</u>
Net liabilities	<u>(287,895)</u>	<u>(657,530)</u>	<u>(461,693)</u>
EQUITY			
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
Other reserve	(45,640)	-	(45,640)
Profit and loss account	(2,157,231)	(2,618,384)	(2,346,186)
	<u>131,775</u>	<u>(547,288)</u>	<u>(320,730)</u>
Minority interests	(156,120)	(110,242)	(140,963)
Total Equity	<u>(287,895)</u>	<u>(657,530)</u>	<u>(461,693)</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the period ended 30 September 2007

	Note	6 months to 30 September 2007 £	6 months to 30 September 2006 £	12 months to 31 March 2007 £
Cash flows from operating activities				
Operating profit		222,836	63,746	353,662
Depreciation		66,222	59,971	123,580
Impairment of investments		67,574	-	-
(Increase)/decrease in inventories		(17,774)	32,909	36,527
Increase in trade and other receivables		(161,542)	(348,318)	(328,772)
Increase in trade payables		199,176	96,465	270,203
Increase in other reserves		-	-	(45,460)
Decrease in provisions		(160,000)	-	-
Cash generated from operations		<u>216,492</u>	<u>(95,227)</u>	<u>409,740</u>
Interest paid		(20,016)	(39,523)	(80,427)
Net cash from operating activities		<u>196,476</u>	<u>(134,750)</u>	<u>329,313</u>
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired		-	-	(3,106)
Purchase of property, plant and equipment		(42,031)	(51,747)	(89,738)
Payments to acquire investments		(24,127)	-	-
Net cash used in investing activities		<u>(66,158)</u>	<u>(51,747)</u>	<u>(92,844)</u>
Cash flows from financing activities				
Repayments of borrowings		(26,569)	(22,274)	(42,236)
Net cash used in financing activities		<u>(26,569)</u>	<u>(22,274)</u>	<u>(42,236)</u>
Net increase/(decrease) in cash and cash equivalents	3	103,749	(208,771)	194,233
Cash and cash equivalents at beginning of the period		<u>(578,687)</u>	<u>(772,920)</u>	<u>(772,920)</u>
Cash and cash equivalents at end of the period		<u><u>(474,938)</u></u>	<u><u>(981,691)</u></u>	<u><u>(578,687)</u></u>

UNAUDITED NOTES TO THE ACCOUNTS

For the period ended 30 September 2007

1 BASIS OF PREPARATION

These interim condensed consolidated financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2007.

These condensed consolidated interim statements have been prepared under the historical cost convention.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 March 2008 or are expected to be adopted and effective at 31 March 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Wyatt Group PLC's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 March 2007. The date of transition to IFRS was 1 April 2006. The comparative figures have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 4.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

2 EARNINGS PER SHARE

The basic earnings per share is based upon an equity profit of £188,955 (2006: £17,538 loss) and 12,659,444 (2006: 12,659,444) 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 as the profit 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 price of all the share options in issue during the year was greater than the average market price of the share throughout the year. In the prior year, the diluted loss per share was identical to the basic loss per 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.

3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	6 months to 30 September 2007 £	6 months to 30 September 2006 £	12 months to 31 March 2007 £
Increase/(decrease) in cash and cash equivalents in the period	103,749	(208,771)	194,233
Cash outflow from borrowings	26,569	22,274	42,236
Change in net debt resulting from cash flows	130,318	(186,497)	236,469
Net debt at 1 April 2007	(657,998)	(894,467)	(894,467)
Net debt at 30 September 2007	<u>(527,680)</u>	<u>(1,080,964)</u>	<u>(657,998)</u>

4 ADOPTION OF INTERNATIONAL REPORTING STANDARDS (IFRS)

This note explains how Wyatt Group PLC's financial performance for the six months ended 30 September 2007 and its financial position as at that date presented under IFRS differs to that reported under UK GAAP.

	As at 30 September 2006	As at 31 March 2007
	£	£
Net liabilities under UK GAAP	(727,536)	(594,764)
Adjustments:		
Add back of goodwill amortisation	<u>70,006</u>	<u>133,071</u>
Net liabilities under IFRS	(657,530)	(461,693)
Profit/(loss) for the period under UK GAAP	(87,544)	121,589
Adjustments:		
Add back of goodwill amortisation	<u>70,006</u>	<u>133,071</u>
Profit/(loss) under IFRS	(17,538)	254,660

IFRS are new financial reporting standards applicable to the Group for the first time in the interim report for the six months to 30 September 2007. The Group is required to apply these new standards retrospectively to the Group's results for all comparative financial information, as if the Group had reported under IFRS in previous accounting periods.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations prior to the transition date of £1,560,027 has not been restated other than as set out below.

Goodwill recognised by the Group on the acquisitions of Risksmart Limited and Premier Employer Solutions Limited and Premier Employee Benefits Limited under UK GAAP was amortised over a period of 10 years. Under IFRS goodwill is not amortised, but tested annually for impairment. The goodwill amortisation charge recognised in accordance with UK GAAP in 2006 was written back. The result of these adjustments is to increase the profit in the income statement for the six months ending 30 September 2006 by £70,006 and by £133,071 for the year ending 31 March 2007 and increase the carrying value of the goodwill by the same amounts.

Wyatt Group PLC performed an impairment review of goodwill as at 30 September 2007. As a result of this review no charge has been recognised in retained earnings as at that date.

There is no change to the underlying performance of the Group. Restatements arise only as a result of the above changes to the treatment of goodwill.

This statement has been prepared by management using its best knowledge of the expected standards and interpretations of the International Accounting Standards Board (IASB), facts, circumstances and accounting policies that will be applied when the company prepares its first set of IFRS financial statements as at 31 March 2008. Until this time it is possible that the IFRS comparatives for 2006 and the accompanying opening balance sheet in this document may require adjustment.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES UNDER IFRS

The significant accounting policies adopted in the preparation of the Group's IFRS financial information are set out below:

Basis of preparation

The consolidated financial information has been prepared on the historical cost basis. The consolidated financial information is presented substantially in accordance with IAS 1 – Presentation of financial statements. However this format and presentation may require modification as best practice develops and any further guidance is issued.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Wyatt Group PLC and all of its subsidiaries. The financial statements of the subsidiaries are prepared in accordance with UK GAAP. Adjustments are made in the consolidated accounts to bring into line any dissimilar accounting policies that may exist between UK GAAP and IFRS.

All intercompany balances and transactions have been eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Associates/Joint ventures

Entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group are accounted for using the equity method.

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment. Leasehold property is included in property, plant and equipment only where it is held under a finance lease.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives and is calculated on a straight line basis as follows:

Plant and machinery	25% – 33%
Fixtures, fittings and equipment	20%

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequently, they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Pension Costs

The amount of pension contributions payable in the period is charged to the profit and loss account as incurred.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share-based payments

The Group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral conditions.

6 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.

7 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.