

RNS Announcement

Company: Wyatt Group Plc
Date: 28 September 2007
Subject: Acquisition

Announcement text

Wyatt Group Plc ("Wyatt") announced on 13 July 2007 that it was in discussions which, if successful, would result in an acquisition which would be deemed a reverse takeover under the AIM Rules for Companies and accordingly trading in the group's shares on AIM was suspended pending shareholders' approval or an announcement that the discussions had been terminated.

After appropriate due diligence both parties have decided not to proceed with the acquisition. Accordingly the Company has requested the London Stock Exchange to lift the suspension and enable trading in the Company's shares to resume. It is expected that the trading facility will be restored later today, 28 September 2007.

On 12 July 2007 the Company announced record results for the year ended 31 March 2007 with an operating profit of £353,662 compared to a loss of £541,571 in the previous year. Turnover had increased by 131% to £2,990,863 producing a profit attributable to shareholders of £121,589 (2006: £687,280 loss).

Trading in the first half of the current year has continued to be buoyant with Premier Employer Solutions ("PES") in particular showing strong growth.

In his statement accompanying the accounts, the Chairman stated that the Company had now built a platform from which it could build and achieve further growth to take Wyatt to the next level. This continues to be the case and in addition to a number of proposals currently in the discussion stage the Company has, during the suspension period, continued to grow and has completed the following transactions,:

a) Health and Safety Dept Limited

Wyatt has acquired 100% of the share capital of specialist health and safety advisors, the Health and Safety Dept for zero initial consideration plus an earnout based on 5x average net profit of the Health and Safety Dept over a consecutive 3 year period up to 31 March 2013, capped at a maximum of £2 million. The business will operate alongside PES to further broaden the range of consultancy services that can be offered to employers.

The most recent abbreviated financial statements, covering the 12 months to 30 November 2006, show the Health and Safety Dept making a loss on ordinary activities of £(9,280) on turnover of £30,850, and having net liabilities of £(9,278).

Olivia Van Der Werff, founder of The Health and Safety Dept, will join PES with immediate effect, based at its Bristol office. Her team of consultants across the country will also become PES franchisees.

Ian Rummels, Wyatt director and PES managing director commented:

"This is a very positive move for PES as there are clear synergies between both companies. Olivia has successfully built a team of well-qualified and experienced health and safety consultants who will be a valuable addition to the PES team."

"Health and safety is becoming an increasingly important consideration for businesses of all sizes as they try to comply with a growing number of workplace health and safety regulations. The penalties for getting it wrong can be extremely costly. For clients of PES therefore, the acquisition means that we can offer another valuable area of advice."

b) Wyatt Biotech

As previously referred to in the preliminary results announcement for the year ended 31 March 2007, the Group has taken steps to limit its exposure to providing further funding for ongoing costs. Running costs will now be shared with the US inventor/developer who has injected funds into the business to bring the product up to the point where it can be taken to market. In return, the company has become a joint venture between Wyatt and the US inventor. We believe that this course of action is in the best interests of our shareholders.

c) Premier Employer Solutions Limited (PES)

Wyatt also announces that it has reached agreement with the vendors of PES on a revision to the earn-out agreement originally entered into when PES was acquired in May 2004.

Under the revised arrangements, Wyatt has agreed to pay deferred consideration equivalent to six times average earnings of PES for the three years ending 31 December 2010, plus £250,000, subject to a cap of £2.0 million.

Under the original earn-out, any deferred consideration payable was to be calculated by reference to six times the average pre-tax profit of PES adjusted by a notional tax charge for any three consecutive financial years out of the ten financial years between 1 January 2004 and the year ended 31 March 2010, subject to a cap of £2.0 million.

As consideration for the variation to the terms of the earn-out, Wyatt has issued 1,405,975 Ordinary Shares of 1 pence in Wyatt ("Ordinary Shares") to directors and employees, including 1,066,085 to Mr Ian Rummels Managing Director of PES and a director of Wyatt. These shares have been issued at a price equivalent to the average mid-market price per share for the 20 business days preceding the date of this agreement of 14.225 pence which represents a total value of £200,000. A further £160,000 in cash has been paid as part of the revised earn-out arrangements, taking the total value of the consideration to £360,000.

Following the issue of the new shares, Mr Rummels holds 1,066,085 ordinary shares of Wyatt, representing approximately 7.6 per cent of Wyatt's share capital.

The £2.0 million cap on any deferred consideration payable in respect of the results for the three years ending March 2010 is reduced by the £360,000 payment made under the revised arrangements.

Application has been made for the new shares to be admitted to AIM and it is expected that admission will take place and dealings will commence in the new shares on Wednesday 3 October 2007..

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