Whitehead Mann Group PLC
11 November 2005

Whitehead Mann Group Plc
Interim Results for the six months ended 30 September 2005

Financial summary

Group turnover
£20.3 million (2004: £26.9 million)

Exceptional charges
£0.1 million (2004: £9.5 million)

Loss before tax
£1.8 million (2004: loss £8.9 million)

Net assets
as at 30 September 2005: £10.1 million (31 March 2005: net liabilities of £0.6 million)

Interim dividend
Nil (2004: 1.5p)

Operational highlights

- Results in line with expectations
- Reduced overheads by over 25% year on year. Restructuring substantially complete
- 6 partners, 8 consultants and 12 researchers recruited since January 2005

Sir Colin Southgate, Chairman, commented:

'We continue to make progress in implementing our Strategic Plan. The Board believes that the Group is now entering a more stable period and is starting to see the benefits of concentrating on its strengths. We have, however, set ourselves tough targets for the second half and will need to maintain our focus and commitment if we are to meet them.'

For further information, please contact:

Whitehead Mann Group Plc 020 7290 2000
Chris Merry, Chief Executive
Mark Ground, Finance Director
www.wmann.com

Brunswick Group LLP 020 7404 5959
Rupert Young

Chairman's statement

I am pleased to report results for the period to 30 September 2005 in line with expectations. We continue to make progress in implementing our Strategic Plan and in overcoming the 'considerable challenges' that I referred to in the Annual Report. The Board believes that the Group is now entering a more stable period and is starting to see the benefits of concentrating on its strengths.

Results

Turnover for the period was in line with expectations at £20.3 million (2004: £26.9 million). This change was the result of the closure of our operations in North America and our interim management business, the reduced size of our coaching business, fewer people in our UK recruitment business and the overall impact of operating in a period of substantial change. However, compared to the second half of last year, turnover from continuing operations, including the impact of the reduced size of our coaching business, has been unchanged.

During the period, management has worked hard to implement the restructuring and therefore reduce costs. Compared to the same period last year staff costs have been reduced by 11% to £12.5m and operating charges have fallen by 21% to £8.2 million.

Overall loss before taxation (after goodwill charges of £0.6 million and interest of £0.4 million) was
£1.8 million (2004 loss £8.9 million). Basic loss per share was 3.24p (2004: loss 34.98p). Net exceptional charges of £0.1m (see note 6) consist of the cost of settling a claim against the Company following High Court proceedings, offset by lower than expected restructuring costs. Net debt has reduced from £10.5 million at 31 March 2005 to £4.9 million at 30 September 2005.

As stated in the prospectus for the placing and open offer, the Board has decided not to pay dividends for the year ending 31 March 2006.

Business review

Overall, the business has performed in line with our expectations with a strong performance in the UK. However, our Continental European and Asian operations, small in terms of contribution, experienced some underperformance.

In our Executive Search operations, we have seen increased demand from clients across all sectors in the UK. This is especially so in Financial Services where we are benefiting from increased recruitment by City institutions; Consumer and Retail, a sector impacted by significant change; and the Public Sector, which continues to seek expertise from the private sector.

Our Leadership Solutions business has been restructured into a single unit, bringing coaching and development and assessment into a single management structure.

Strategic plan

In March the Company set out demanding strategic plan targets to establish Whitehead Mann as the firm leading organisations contact first to resolve their leadership challenges.

Since January, we have recruited 6 partners, 8 consultants and 12 researchers. We have proved that we can attract high quality people: their fresh ideas and enthusiasm have already been of enormous benefit in driving the business forward. Overall staff numbers across our continuing operations are stable at 234. Partner and consultant numbers are slightly up. Underlying income per fee earner has increased by 5%, compared to the second half of last year and by over 14% in UK recruitment.

We have introduced a new reward system based on performance and a new appraisal system. We believe we are unique amongst search firms in tying individual reward to collective results, an essential step in putting clients first.

We closed our interim management business, managed the smooth exit of 20 coaches, put our US business into Chapter 11 and reduced staff in the back office. We have cut overheads by 25% year on year.

Since August, all of our people in London have been together in a single building for the first time in 8 years. This is already improving teamwork and communication.

Outlook

The business has been restructured and reorganised, allowing our consultants to focus on our clients and generate future growth. I continue to be grateful to all of our people for making this progress possible. Their energy, enthusiasm, skill and professionalism have been essential to the Group's development over the past few months. We have, however, set ourselves tough targets for the second half and will need to maintain our focus and commitment if we are to meet them.

Sir Colin Southgate, Chairman
10 November 2005

Independent Review Report to Whitehead Mann Group Plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2005 which comprises the profit and loss account, statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

Deloitte & Touche LLP
Chartered Accountants
London
10 November 2005

Consolidated profit and loss account
For the period ended 30 September 2005

	Notes	For the six months ended 30 September 2005	For the six months ended 30 September 2004	For the year ended 31 March 2005
		Unaudited	Unaudited Restated	Audited
		£'000	£'000	£'000
Turnover				
Continuing operations		19,578	24,853	47,158
Discontinued operations		699	2,045	3,976
		20,277	26,898	51,134
Staff costs		(12,526)	(14,134)	(28,385)
Exceptional staff costs	6	(809)	-	(1,812)
Operating charges		(8,159)	(10,353)	(19,975)
Exceptional operating charges	6	312	(3,487)	(2,976)
Depreciation		(287)	(612)	(893)
Exceptional depreciation charges	6	-	(1,394)	(623)
Goodwill charges		(599)	(881)	(1,779)
Exceptional goodwill impairment charges	6	-	(4,584)	(3,716)
Operating loss		(1,791)	(8,547)	(9,025)
Continuing operations		(1,741)	2,054	(6,771)
Discontinued operations		(50)	(10,601)	(2,254)
Loss on termination of				

operations	6	348	-	(9,801)
Net interest payable		(363)	(346)	(821)
Loss on ordinary activities before taxation		(1,806)	(8,893)	(19,647)
Tax on loss on ordinary activities	2	-	(819)	(346)
Loss on ordinary activities after taxation		(1,806)	(9,712)	(19,993)
Dividends paid	3	-	-	(425)
Retained loss for the period		(1,806)	(9,712)	(20,418)
Basic and fully diluted loss per share (continuing and discontinued)	4	(3.24p)	(34.98p)	(71.96p)
Basic and fully diluted (loss)/earnings per share from continued operations	4	(3.15p)	3.20p	(28.57p)

Statement of total recognised gains and losses
For the period ended 30 September 2005

	£'000	£'000	£'000
Loss for the period on ordinary activities after tax	(1,806)	(9,712)	(19,993)
Currency translation differences on foreign currency investments	(5)	(57)	133
	(1,811)	(9,769)	(19,860)

Consolidated balance sheet
As at 30 September 2005

	Notes	As at 30 September 2005 Unaudited £'000	As at 30 September 2004 Unaudited Restated £'000	As at 31 March 2005 Audited £'000
Fixed Assets				
Goodwill		15,342	21,944	15,942
Tangible fixed assets		2,663	2,865	1,942
		18,005	24,809	17,884
Current assets				
Debtors		10,057	13,094	11,204
Cash at bank and in hand		865	2,517	762
		10,922	15,611	11,966
Creditors: amounts falling due within one year		(10,698)	(19,826)	(18,672)
Net current assets/ (liabilities)		224	(4,215)	(6,706)
Total assets less current liabilities		18,229	20,594	11,178
Creditors: amounts falling due after more than one year		(3,844)	(3,682)	(6,309)
Provisions for liabilities and charges		(4,277)	(7,166)	(5,423)

Net assets/(liabilities)		10,108	9,746	(554)
Capital and reserves				
Called up share capital		3,064	1,402	1,401
Share premium account		18,034	7,859	7,860
EBT reserve		(328)	(607)	(429)
Merger reserve		3,101	4,612	3,488
Other reserves		622	-	-
Profit and loss account		(14,385)	(3,520)	(12,874)
Equity shareholders' funds and total capital employed	9	10,108	9,746	(554)

Consolidated cash flow
For the period ended 30 September 2005

	Notes	For the six months ended 30 September 2005 Unaudited £'000	For the six months ended 30 September 2004 Unaudited £'000	For the year ended 31 March 2005 Audited £'000
Net cash (outflow)/inflow from operating activities	7	(4,740)	883	2,844
Return on investments and servicing of finance				
Interest received		64	3	10
Interest paid		(636)	(333)	(599)

Net cash outflow from returns on investment and servicing of finance	(572)	(330)	(589)
Taxation			
UK taxation repaid/(paid)	345	(1,879)	(2,119)
Capital expenditure			
Purchase of tangible fixed assets	(1,008)	(212)	(277)
Sale of tangible fixed assets	-	-	3
Net cash outflow from capital expenditure	(1,008)	(212)	(274)
Acquisitions and disposals			
Purchase of subsidiary undertakings in previous periods	(789)	(1,867)	(2,815)
Cash acquired with subsidiary undertakings	-	104	104
Sale of 49.9% share of subsidiary	-	-	102
Closure of US business	-	-	(192)
Cash balance acquired with subsidiary	-	-	(63)
Net cash outflow from acquisitions and disposals	(789)	(1,763)	(2,864)
Equity dividends paid	-	(1,111)	(1,528)
Cash outflow before financing	(6,764)	(4,412)	(4,530)
Financing			
Issue of ordinary share capital	13,253	39	39
Expenses on issue of share			

capital		(1,416)	-	-
Repayment of bank loan		(8,000)	(900)	(900)
New bank loan		5,000	-	3,050
Increase/(decrease) in cash in the period	8	2,073	(5,273)	(2,341)

Notes to the accounts
For the period ended 30 September 2005

1 These accounts comply with relevant United Kingdom accounting standards and have been prepared using the accounting policies set out in the Annual Report 2005, except for post balance sheet events and earning per share. The Group has adopted Financial Reporting Standard 21 (Events after the balance sheet date) in the current period. In accordance with this standard, when dividends are declared after the balance sheet date, the entity shall not recognise these dividends as a liability at the balance sheet date. The balance sheet and profit & loss account at 30 September 2004 has been restated to reflect this change in accounting policy. The impact is to reduce creditors, retained loss for the period and net assets by £425,000 being the proposed dividend for that period.
The Group has also adopted Financial Reporting Standard 22 (Earnings per share) which does not have an effect on the results of the current or prior periods.

2 The taxation charge for the six months ended 30 September 2005 is based on the expected annual tax rate.

3 The Board do not propose to pay an interim dividend (2004: 1.5p per share. As stated in note 1, the results for the six months ended 30 September 2004 have been restated to recognise this dividend in the second half of that year as required by new accounting standards).

Notes to the accounts
For the period ended 30 September 2005

4 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share and adjusted earnings per share is calculated using 55,681,343 shares (30 September 2004: 27,767,594; year ended 31 March 2005: 27,782,597) being the weighted average number of shares in issue during the period (excluding the shares held by the EBT). There is no difference between the basic and diluted loss per share figures as the Group was loss making in all periods.

	Six months ended 30 September 2005 Unaudited Earnings per share	Earnings £'000	Six months ended 30 September 2004 Unaudited Earnings per share	Earnings £'000	31 Ma Earnin s
Basic and fully diluted loss per share	(3.24p)	(1,806)	(34.98p)	(9,712)	(7
Adjusted for: Discontinued operations	0.09p	50	38.18p	10,601	4
Basic and fully diluted (loss)/ earnings per share from continuing operations	(3.15p)	(1,756)	3.20p	889	(2

Basic and fully diluted loss per share	(3.24p)	(1,806)	(34.98p)	(9,712)	(7
Adjusted for:					
Goodwill amortisation	1.08p	599	3.17p	881	
Exceptional items	0.26p	149	33.95p	9,426	6
Adjusted (loss)/ earnings per share before goodwill amortisation and exceptional items	(1.90p)	(1,058)	2.14p	595	(

5 The financial information included in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The accounts for the year ended 31 March 2005, which have been filed with the Registrar of Companies, received an unqualified audit report and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The financial information contained herein in respect of the six month period to 30 September 2005 is unaudited. The financial information was approved by the Board on 10 November 2005.

Notes to the accounts
For the period ended 30 September 2005

6 Exceptional items

	For the six months ended 30 September 2005	For the six months ended 30 September 2004	For the year ended 31 March 2005
	Unaudited £'000	Unaudited £'000	Audited £'000
Loss on termination of operations	(348)	-	9,801
(Release)/provision for vacant properties and related write downs	(293)	4,881	3,014
Impairment in the carrying value of goodwill	-	4,584	3,716
Redundancy and related people costs	809	-	1,812
Other costs	(19)	-	697
Profit on sale of 49.9% interest in Whitehead Mann SAS	-	-	(112)
Total exceptional items	149	9,465	18,928

In the period ended 30 September 2005 the charge of £809,000 includes costs associated with the potential settlement of the court case with Cheverney Consulting Limited (refer to note 10, Post balance sheet events). This charge also includes an amount of £189,000 relating to an under provision of redundancy payments provided for at 31 March 2005. The remaining exceptional credits, relate to provisions estimated at 31 March 2005 for the closure of the US operations (£348,000) vacant Group properties (£293,000) and other restructuring operating costs (£19,000) where the actual cost has been less than the original estimate.

In the year ended 31 March 2005 the Group provided £9,801,000 for losses to be incurred on the closure of the US operations and also the closure of Interim Management. Provisions were also made for impairment of goodwill, the potential costs of vacant properties and redundancy and related people costs.

Notes to the accounts
For the period ended 30 September 2005

7 Reconciliation of operating loss to cash flows

	For the six months ended 30 September 2005	For the six months ended 30 September 2004	For the year ended 31 March 2005
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Operating (loss)	(1,791)	(8,547)	(9,025)
Depreciation	287	612	1,516
Goodwill charges	599	5,465	5,495
Decrease in debtors	1,182	2,772	4,176
(Decrease) in creditors	(4,280)	(2,987)	(148)
Movements on provisions	(887)	2,143	624
Impairment/loss on sale of fixed assets	-	1,394	71
Profit on sale of 49.9% interest in Whitehead Mann SAS	-	-	(112)
Share option costs charged in the period	150	31	247
Net cash (outflow)/inflow from	(4,740)	883	2,844

operating activities

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Net cash outflows from operating activities include £2,970,000 of exceptional cash flows relating to costs accrued in the prior year.

8 Analysis of net debt

	Cash at bank and in hand	Bank overdraft	Invoice discounting	Sub total	Bank loan <1 year	Bank
	£'000	£'000	£'000	£'000	£'000	£
At 1 April 2005	300	(2,845)	-	(2,545)	(2,000)	(6
Cash flow	164	2,845	(936)	2,073	1,000	2
Non cash flow movements	-	-	-	-	290	
At 30 September 2005	464	-	(936)	(472)	(710)	(3

The cash flow excludes amounts in respect of restricted cash of £Nil (31 March 2005: £58,000) which had been held to guarantee loan note repayments due on an acquisition. The remaining balance of restricted cash at 30 September 2005 was £401,000 (31 March 2005: £404,000) and is held in foreign currencies to guarantee rental payments overseas. The movement in this balance is due to foreign exchange movements.

Notes to the accounts
For the period ended 30 September 2005

9 Reconciliation of movements in equity shareholders' funds

	Total equity shareholders' funds Unaudited £'000
Loss for the period	(1,806)
Currency translation in differences on foreign currency investments	(5)
	(1,811)
New shares issued	11,837
Other reserves - shares to be issued in respect of options and warrants	622
Employee Benefit Trust credit in respect of profit and loss charge	14
Net increase to equity shareholders' funds	10,662
Equity shareholders' funds at 31 March 2005	(554)
Equity shareholders' funds at 30 September 2005	10,108

10 Post balance sheet event

We noted in the prospectus for our Placing and Open Offer in March 2005 that Cheverney Consulting Limited had issued High Court proceedings against Whitehead Mann Limited, in relation to a small acquisition in France in July 2000. The case concerned financial targets triggering the transfer of ordinary shares in Whitehead Mann Group Plc. On 8 November 2005 we were informed by the High Court that judgement had been awarded in favour of the claimant. We are actively considering whether to appeal. A provision of

£0.7m has been included as an exceptional operating charge for the 6 months ending 30 September 2005.

Directors

Sir Colin Southgate	Non-Executive Chairman
Chris Merry	Chief Executive
Jonathan Baines	Director
Carol Leonard	Director
Mark Ground	Finance Director
Alan Smith	Non-Executive Director
Abdul Bhanji	Non-Executive Director

Company Number
1725219

Company Secretary
M G Ground

Registered Office
Ryder Court
14 Ryder Street
London
SW1Y 6QB