Whitehead Mann Group Plc

Results for the year ended 31 March 2005

Preliminary announcement

9 June 2005

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Operational Highlights

- Successful completion of Placing and Open Offer raised £13.1m to strengthen the balance sheet and provide the necessary finance and working capital to implement the Strategic Plan

- Strategic Plan launched to ensure Whitehead Mann has the best people delivering the best service to the best clients within a high performance organisation

- New incentives arrangement put in place to retain key individuals and deliver growth in shareholder value

- Moved listing to Alternative Investment Market as more appropriate for size of Company

- Board strengthened with the appointment of two further Executive Directors, Jonathan Baines and Carol Leonard and Abdul Bhanji as a Non-Executive Director

- We have today appointed Mark Ground, previously Head of Finance, to the Board as Group Finance Director

Financial Summary *

	2005	**2004**
Turnover from continuing operations (£m)	47.2	55.0
Operating profit from continuing operations before exceptional items (£m)	2.0	9.1
Operating (loss) / profit (£m)	(9.0)	4.8
(Loss) / profit before tax (£m)	(19.6)	3.8
Dividend	1.5p	7.0p

* The reported results are in line with the directors forecast statement in the Placing and Open offer circular sent to shareholders on 30/03/05

Sir Colin Southgate, Chairman, commented:

"Following a period of considerable change and restructuring, we are making progress with implementing our Strategic Plan to take the business forward. Although there are considerable challenges ahead in delivering this plan, the Board now looks forward to a more stable future for the Group. We have reviewed our business, formulated a new strategy to build on our proven strengths, and are improving our operations to secure our position as the firm that leading organisations can rely upon to resolve their leadership challenges."

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Chris Merry, Chief Executive

Brunswick Group LLP 020 7404 5959
James Bradley / Rupert Young

Chairman's statement

Following a period of considerable change and restructuring, we are making progress with implementing our Strategic Plan to take the business forward. In April we completed a Placing and Open Offer to strengthen the balance sheet and provide the necessary finance and working capital to implement the plan. We have also successfully reorganised the business to safeguard the future of the Group for our shareholders and employees.

Group turnover for the year to 31 March 2005, from continuing operations, was £47.2million (2004: £55.0million). Operating profit from continuing operations before exceptionals was £2.0million (2004: £9.1million). Exceptional operating costs of £9.1million resulted in an operating loss after exceptionals for the year of £9.0million (2004: operating profit £4.8million).

On 2 February 2005, the Board announced that the trading performance of the Group in January 2005, an important month in our financial year, had weakened significantly.

We announced that we were undertaking a strategic review with the aim of strengthening the Group's financial position, maintaining our market leadership, and better aligning the interests of employees and shareholders.

On 30 March 2005 we announced that we had completed the strategic review and that we intended to raise additional funding for the business by means of a Placing and Open Offer, fully underwritten by Robert W Baird Limited. The Placing successfully raised £13.1million (£11.7million net of expenses) to provide the necessary finance to implement the Group's strategy.

We forecast that the Group would make a loss before taxation and exceptional items of not more than £1million for the year ended 31 March 2005. The final outturn was a loss before taxation and exceptional items of £0.7million.

The Placing and Open Offer

The Placing and Open Offer, completed after the year end, involved the issue of 32,694,910 New Ordinary Shares at 40 pence per share. The market capitalisation of the Group on completion of the Placing and Open Offer, at the Issue Price, was £24.3million.

Listing on AIM

The Board took the view that it would be in the best interests of the Company to de-list from the Official List and to apply instead for admission to the Alternative Investment Market of the London Stock Exchange, which is more appropriate for a company of Whitehead Mann's size. This decision was endorsed at the Extraordinary General Meeting held on 22 April 2005, and became effective after the year end on 28 April 2005.

Board Changes

On 14 October 2004, Stephen Lawrence stepped down as Chief Executive and left the Board. We appointed Chris Merry (then serving as Finance Director) as Managing Director of the Group and subsequently as Chief Executive. We have also strengthened our Board with the addition of two further Executive Directors experienced in search by appointing Jonathan Baines and Carol Leonard.

Hugh Collum, who has been on the Board since our flotation in 1997, announced his intention to step down from the Board at the Extraordinary General Meeting. I would like to thank Hugh for his support, his contribution to the Board and his Chairmanship of the Audit Committee during a period of significant change for the Group. We were delighted to welcome Abdul Bhanji, a former partner of PricewaterhouseCoopers, to the Board as a Non-Executive Director on 16 March 2005.

Dividend policy

As advised in the Placing and Open Offer document, the Board is not recommending a final dividend for the year ended 31 March 2005 and does not expect that the Company will pay a dividend during the first full financial year following the implementation of its Strategic Plan (the year to 31 March 2006). The total dividend for the year therefore remains at 1.5 pence per share, as declared and paid at the interim stage.

As the benefits of the Strategic Plan are achieved, the Board intends to consider adopting a progressive dividend policy which is commercially prudent in relation to the Company's ongoing profit and cash generation capabilities.

The Future

Although there are considerable challenges ahead in delivering the Strategic Plan, the Board now looks forward to a more stable future for the Group. Trading performance has steadied since January. We have reviewed our business, formulated a new strategy to build on our proven strengths, and are improving our operations to secure our position as the firm that leading organisations can rely upon to resolve their leadership challenges.

None of this would have been possible without the commitment of the high calibre people of Whitehead Mann. Over recent months I have seen many of the 290 people employed by the Group. I have been impressed by their energy, purpose and ambition and I extend my thanks to all of them for their contribution during what has been a challenging year.

Sir Colin Southgate
Chairman

Chief Executive’s review

Whitehead Mann aims to be the firm that leading organisations contact first to resolve their leadership challenges. Our strategy to achieve this is to have the best people delivering the best service to the best clients, within a high performance organisation.

Business overview

Whitehead Mann is an international leadership consulting group based in the United Kingdom, with offices overseas in Hong Kong, Paris and Frankfurt, and activities in North America through alliances with selected partners.

We aim to add value to our clients’ businesses by assisting them in the recruitment, evaluation and development of their key executives. We work with national and multinational organisations to advise on all aspects of leadership and to help them build and support the right teams. In delivering our services, our consultants develop strong relationships with clients and we benefit from high levels of repeat business. Clients include companies, governments and their agencies, professional services firms, and private equity firms and their investments.

Whitehead Mann has three core service lines: Executive Search; Executive Assessment; and Executive Development & Coaching.

Executive Search

Executive Search is the process through which Whitehead Mann attracts senior executives to leadership positions on behalf of clients. Our consultants will identify, interview and screen potential candidates before introducing a shortlist of individuals to the client. A critical skill is being able to persuade potential candidates to put their names forward for consideration for a role. Executive Search is founded upon detailed market intelligence, access to business leaders and a comprehensive research capability.

Our search activities are focused on both industry sectors and functional specialisms. Whitehead Mann’s industry sector specialisms are consumer and retail, professional services, financial services, healthcare, industry, public sector, and technology, media and telecommunications. Functional specialisms include Board appointments, finance and treasury, human resources, procurement, operations and logistics, sales and marketing, legal and compliance, and technology.

In the UK, Whitehead Mann is one of the leading search firms specialising in main Board and other senior executive appointments.

Executive Assessment

Our Executive Assessment services are designed to help organisations evaluate their existing management teams or to carry out due diligence when making senior appointments or when considering potential investments or acquisitions. The service combines two elements: first, market insights by Whitehead Mann’s executive search and specialist referencing team; second, psychometric profiles provided by Whitehead Mann’s corporate psychologists. The process enables clients to identify people with high potential, to create succession plans and to manage more effectively major organisational changes such as acquisitions, mergers or corporate restructurings.

Executive Development & Coaching

Whitehead Mann provides coaching to senior executives, customised to individual needs and designed to challenge business leaders to fulfil their potential, both individually and as part of a team. The Whitehead Mann Executive Development & Coaching business operates under The Change Partnership brand. Our coaches have first-hand experience of the pressures faced by Boards of listed companies and an awareness of the demanding regulatory and corporate governance environment within which executives have to operate. Services include coaching for executives with high potential, transition and integration coaching, executive team development and coaching for women leaders.

The Strategic Plan

Under our Strategic Plan, the Board aims to establish Whitehead Mann as the firm that leading organisations contact first to resolve their leadership challenges. Our strategy to achieve this is to have the best people delivering the best service to the best clients within a high performance organisation. The strategy has four core aspects: people, services, clients, and a high performance organisation.

(i) People

It is fundamental to the success of Whitehead Mann that we employ the best people in the human capital industry, and create a culture and reward system within the Group that motivates our people to perform. A key element of our Strategic Plan is to upgrade our existing talent management processes. This includes improvement of our hiring processes, training programmes and appraisal and development systems.

As we announced in the Placing and Open Offer, we have also introduced new incentive arrangements as part of the Strategic Plan. These are designed to increase employee share ownership and align better the interests of employees and shareholders.

(ii) Services

We believe there is an opportunity for Whitehead Mann to exploit further the synergies between the Group's three service lines: Executive Search, Executive Assessment, and Executive Development & Coaching. We intend to grow the non-search elements of the business and deliver a more integrated service proposition.

To help achieve this, we have started to standardise quality processes and systems on a Group-wide basis. This uniform approach will improve the integration of the Group and enhance marketing and selling opportunities. In addition, we are formalising the Group's client feedback processes to focus more clearly on quality of service.

(iii) Clients

A critical factor in our success is the strength and depth of our strategic client relationships. To develop these further, we are formalising the client management process, improving information flows to client teams, increasing training and establishing standard client management methodologies. We also regularly review our target market and prioritise resources to meet our clients' needs.

We intend to reinforce the Whitehead Mann brand by continually demonstrating thought leadership and more actively managing marketing and public relations. For example, during the year we produced the successful major thought piece 'What Makes a Great Board Chair?' based on in-depth interviews with 215 of the UK's top Directors.

(iv) High performance organisation

Our success depends on managing and maintaining a high performance organisation. To achieve this, our Strategic Plan involves a number of key actions. First, we have put in place a strong management structure that supports the new leadership team. Second, we are relocating all our London team to operate from one building (Ryder Court) in order to foster a team environment and a single culture. We will complete this relocation by the end of the summer.

Third, to deliver the Strategic Plan, we have reorganised our business into two operating divisions: Financial Services and General Industries. The reorganisation gave us the opportunity to integrate all search, assessment and development and coaching staff within these two divisions. Our objective is to improve client service as a result of closer alignment between the service lines. As we announced in the

Placing and Open Offer document, this planned reorganisation and integration will result in a smaller coaching business. We remain committed to the coaching practice as a key part of our integrated service offering to clients.

Finally, we are introducing a new performance management system to measure performance against both the financial and non-financial milestones and goals within the Strategic Plan.

Business Performance

Executive Search
Executive Search revenues were down by 24%. Steady performances in financial services, healthcare and consumer/retail were offset by:

- deterioration in USA search revenues
- the November/December offer period causing trading performance to weaken significantly in January 2005
- rebuilding the Technology and Media practice in the UK

Executive Assessment
Executive Assessment revenues were down by 5%. Overall performance was largely consistent with the prior year, but with some variations in timing of large assessment projects.

Executive Development & Coaching
Executive Development & Coaching revenues improved by 7% resulting from:

- a strong performance in the UK
- offset by tough trading conditions in the USA

Interim Management
Interim Management achieved revenues of £1.7million in its first full year of operation.

New Incentive Arrangements
As a business, we recognise the need to incentivise and retain key individuals in order to deliver growth in shareholder value. We have amended our existing Employee Share Schemes to introduce New Incentive Arrangements, as set out in detail in the Placing and Open Offer document issued in March 2005, and subsequently approved by Shareholders at the Extraordinary General Meeting on 22 April 2005.

In summary, a significant number of employees have been identified as key to the success of the Group, and they have been awarded options under the Whitehead Mann (No 2) Executive Share Option Scheme and a newly established Whitehead Mann Enterprise Management Incentive Scheme, with an exercise price of 40 pence per share. The options will vest in the event that earnings per share targets are met in the period to 31 March 2008. The options are also subject to continued employment by the Group and to an underlying share price performance measure, such that the share price must have averaged 90 pence or above during any three month period in the period to 31 December 2008. The Board believes that this will help to incentivise participants to grow earnings and align their interests with those of shareholders.

In addition, all UK employees and certain overseas employees have been offered the opportunity to subscribe for New Ordinary Shares at the prevailing market price pursuant to an Employee Offer, aiming to encourage a culture of share ownership within the Company. As an incentive to acquire and retain New Ordinary Shares, employees were offered a matching award by the Company of up to a maximum of £10,000 of their investment, provided they retain their New Ordinary Shares for three years and subject to continued employment.

A fresh start
The refinancing of the business and the implementation of the Strategic Plan represent a fresh start for Whitehead Mann. There are considerable challenges ahead; we will meet them with enthusiasm.

Chris Merry
Chief Executive

Consolidated profit and loss account for the year ended 31 March 2005

	Notes	2005 Before exceptional items £000	2005 Exceptional items (note 3) £000	2005 Total £000	2004 Total £000
Turnover					
Continuing operations		47,158	–	47,158	54,952
Discontinued operations		3,976	–	3,976	6,278
	2	51,134	–	51,134	61,230
Staff costs		(28,385)	(1,812)	(30,197)	(31,195)
Operating charges		(19,975)	(2,976)	(22,951)	(22,383)
Depreciation		(893)	(623)	(1,516)	(1,400)
Goodwill charges		(1,779)	(3,716)	(5,495)	(1,435)
Operating (loss)/profit		102	(9,127)	(9,025)	4,817
Continuing operations		1,958	(9,127)	(7,169)	6,076
Discontinued operations		(1,856)	-	(1,856)	(1,259)
Loss on termination of operations		–	(9,801)	(9,801)	–
Net interest payable		(821)	–	(821)	(988)
(Loss)/profit on ordinary activities before taxation		(719)	(18,928)	(19,647)	3,829
Tax (charge)/credit on (loss)/profit on ordinary activities	4	(1,358)	1,012	(346)	(1,833)
(Loss)/profit on ordinary activities after taxation and (loss)/profit for the year		(2,077)	(17,916)	(19,993)	1,996
Dividends paid and proposed				(425)	(1,923)
Retained (loss)/profit for the year				(20,418)	73
Basic (loss)/earnings per share			5	(71.96p)	7.57p
(Loss)/earnings per share before goodwill amortisation and exceptional items			5	(1.07p)	24.12p
Diluted (loss)/earnings per share			5	(71.96p)	7.23p

Statement of total recognised gains and losses	2005 £000	2004 £000
(Loss)/profit for the financial year	(19,993)	1,996
Currency translation differences on foreign currency investments	133	(353)
	(19,860)	1,643

Consolidated balance sheet as at 31 March 2005

	Notes	Consolidated 2005 £000	Consolidated 2004 Restated £000
Fixed assets			
Intangible assets		15,942	24,042
Tangible assets		1,942	4,639
Investments		–	–
		17,884	28,681
Current assets			
Debtors		11,204	15,544
Cash at bank and in hand		762	2,615
		11,966	18,159
Creditors: amounts falling due within one year		(18,672)	(19,400)
Net current (liabilities)/assets		(6,706)	(1,241)
Total assets less current liabilities		11,178	27,440
Creditors: amounts falling due after more than one year		(6,309)	(4,267)
Provisions for liabilities and charges		(5,423)	(3,728)
Net (liabilities)/assets		(554)	19,445
Capital and reserves			
Called up share capital		1,401	1,400
Shares to be issued		–	184
Share premium account		7,860	7,822
Employee Benefit Trust reserve		(429)	(821)
Merger reserve		3,488	7,054
Profit and loss account		(12,874)	3,806
Equity shareholders' (deficit)/funds	8	(554)	19,445

Consolidated cash flow statement for the year ended 31 March 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Net cash inflow from operating activities	6		2,844		7,723
Returns on investments and servicing of finance					
Interest received		10		7	
Interest paid		(599)		(891)	
Net cash outflow from returns on investments and servicing of finance			(589)		(884)
Taxation			(2,119)		(3,685)
Capital expenditure					
Purchase of tangible fixed assets		(277)		(147)	
Sale of tangible fixed assets		3		116	
Net cash outflow from capital expenditure			(274)		(31)
Acquisitions and disposals					
Purchase of subsidiary undertakings		(2,815)		(1,297)	
Cash acquired with subsidiary undertakings		104		–	
Sale of 49.9% share of subsidiary		102		–	
Closure of US business		(192)		–	
Cash disposed with US business		(63)		–	
Net cash outflow from acquisitions and disposals			(2,864)		(1,297)
Equity dividends paid			(1,528)		(1,461)
Cash (outflow)/inflow before financing			(4,530)		365
Financing					
Issue of ordinary share capital			39		3,910
Expenses on the issue of shares			–		(98)
New bank loan			3,050		–
Repayment of bank loan			(900)		(1,763)
(Decrease)/increase in cash in the period	7		(2,341)		2,414

Notes to the preliminary statement of audited results as at 31 March 2005

1 Basis of preparation

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2005 and 2004, but is derived from those accounts. Statutory accounts for 2004 have been delivered to the Registrar of Companies and those for 2005 will be delivered following the Company's Annual General Meeting. The auditors have reported on these accounts; their reports were unqualified and did not contain statements under s237 (2) or (3) of the Companies Act 1985.

This preliminary announcement has been prepared on the basis of the accounting policies laid down in those statutory accounts. The accounting policies adopted in respect of the period are consistent with those of the previous period, with the exception of the accounting for the Employee Benefit Trust. The Group changed its accounting policy to comply with UITF 38 and reclassified shares owned by the Employee Benefit Trust of £821,000 to reserves. The effect on the profit and loss account is immaterial and therefore the comparative profit and loss account has not been restated.

The preliminary announcement was approved by the Directors on 8 June 2005.

2 Turnover

Analysis of turnover by origin

	Continuing £000	Discontinuing £000	Total £000	Continuing £000	Discontinuing £000	Total £000
United Kingdom	42,050	1,694	43,744	49,755	6	49,761
North America	-	2,282	2,282	-	6,272	6,272
Rest of World	5,108	-	5,108	5,197	-	5,197
Total	47,158	3,976	51,134	54,952	6,278	61,230

An analysis of turnover by destination is not materially different from the analysis of turnover by origin and so has not been presented separately.

Analysis of turnover by type

	Continuing £000	Discontinuing £000	Total £000	Continuing £000	Discontinuing £000	Total £000
Executive Search	36,434	1,411	37,845	45,207	4,818	50,025
Executive Assessment	3,263	-	3,263	3,428	-	3,428
Executive Development and Coaching	7,461	871	8,332	6,317	1,454	7,771
Interim Management	-	1,694	1,694	-	6	6
Total	47,158	3,976	51,134	54,952	6,278	61,230

The Directors have decided not to disclose profit before tax and net assets, by origin or by type, as they consider the disclosure of this information to be prejudicial to the interests of the Group.

3 Exceptional items

	2005 £000	2004 £000
Loss on termination of operations	9,801	–
Impairment in carrying value of goodwill	3,716	–
Provisions for vacant UK property and related asset write down	3,014	2,005
Redundancy and related people costs	1,812	1,847
Other costs	697	–
Profit on sale of 49.9% interest in Whitehead Mann SAS	(112)	–
Total exceptional items	18,928	3,852

Loss on termination of operations mainly relates to the closure of the US operations and also includes closure costs of Interim Management. On 31 March 2005 the Board of Whitehead Mann Inc. applied to the court in New York, for protection under Chapter 11 of the US Bankruptcy Code as the first stage in the liquidation of that business. Taken together with the exceptional item charge of £9,354,000 made at 30 September 2004, the charge relating to the US comprises closure costs, provision for any residual property liabilities, elimination of all relevant inter-company balances, write off of any residual goodwill of £5,953,000, and reflects the impact of deconsolidating current and prior period losses.

As a result of a number of coaches leaving the coaching business there is a charge of £3,716,000 to reflect the impairment in the goodwill value of The Change Partnership Limited.

The charge of £3,014,000 relates to the decision to co-locate all London offices and close the small Cirencester office. This charge includes £623,000 in respect of an impairment charge to the fixed assets in these offices. Where applicable provision has been made in full for vacated property costs less any anticipated revenue from tenants.

Other costs of £697,000 refer to professional fees incurred as part of the strategic review process and third party costs incurred during the discussions with interested parties in November and December 2004 after which no offers were forthcoming.

4 Tax on (loss)/profit on ordinary and exceptional activities

(a) The tax charge comprises:

	2005 £000	2004 £000
Current tax		
UK corporation tax on (losses)/profits for the year	(143)	2,300
Adjustments in respect of previous years	62	67
Total current tax (credit)/charge	(81)	2,367
Deferred tax		
Origination and reversal of timing differences:		
Current year	493	(79)
Adjustment for previous years	(66)	(455)
Total deferred tax charge/(credit)	427	(534)
Tax charge on (loss)/profit on ordinary activities	346	1,833
Tax relief on exceptional items	1,012	919
Tax on ordinary activities before exceptional items	1,358	2,752

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The difference is explained below.

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before tax	(19,647)	3,829
Corporation tax standard rate	30.0%	30.0%
(Loss)/profit on ordinary activities taxed at the standard rate of corporation tax in the UK	(5,894)	1,149
Effects of:		
Goodwill amortisation and impairment not deductible for tax purposes	3,440	431
Other expenditure not deductible for tax purposes	2,135	230
Depreciation (lower than)/higher than capital allowances	(13)	39
Other timing differences	(461)	80
Unrealised overseas tax losses	650	371
Adjustments in prior periods	62	67
Current tax (credit)/charge for the year	(81)	2,367

5 Earnings per share

	2005	2004
Basic (loss)/earnings per share	(71.96p)	7.57p
Adjusted (loss)/earnings per share before goodwill amortisation and exceptional items	(1.07p)	24.12p
Diluted (loss)/earnings per share	(71.96p)	7.23p

The calculation of basic earnings per share and adjusted earnings per share is based on 27,782,597 shares (2004: 26,382,113) being the weighted average number of shares in issue during the year (excluding the shares held by the Whitehead Mann Group Plc Employee Benefit Trust).

Diluted earnings per share for the year is based on a loss for the year of £19,993,000 (2004 profit: £1,996,000) and on 27,782,597 shares (2004: 27,599,331). In the prior year these figures are after taking into account the dilutive effect of share options of 1,217,218.

	2005 (Loss)/ Earnings per share	2005 (Loss)/ Earnings £000	2004 Earnings per share	2004 Earnings £000
Basic (loss)/earnings per share	(71.96p)	(19,993)	7.57p	1,996
Adjusted for:				
Goodwill amortisation	6.40p	1,779	5.43p	1,435
Exceptional items, net of tax	64.49p	17,916	11.12p	2,933
Adjusted (loss)/earnings per share before goodwill amortisation and exceptional items	(1.07p)	(298)	24.12p	6,364

6 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2005 £000	2004 £000
Operating (loss)/profit	(9,025)	4,817
Depreciation	1,516	1,400
Goodwill charges	5,495	1,435
Decrease /(increase) in debtors	4,176	(1,794)
(Decrease)/increase in creditors	(148)	1,639
Increase in provisions	624	38
Share option costs charged in the year	247	185
Profit on sale of 49.9% of Whitehead Mann SAS	(112)	-
Loss on disposal of fixed assets	71	3
Net cash inflow from operating activities	2,844	7,723

7 Analysis and reconciliation of net (debt)/funds

2005	Cash at bank and in hand £000	Overdraft £000	Sub total £000	Bank loan £000	Total net debt £000
At 1 April 2004	664	(879)	(215)	(5,850)	(6,065)
Cash flow	(375)	(1,966)	(2,341)	(2,150)	(4,491)
Exchange movement	11	–	11	–	11
At 31 March 2005	300	(2,845)	(2,545)	(8,000)	(10,545)

The cash flow excludes amounts in respect of restricted cash of £58,000 which is held to guarantee loan note repayments due on an acquisition (2004: £95,000). The decrease in this balance in the year was due to repayments of these loan notes. The remaining balance of restricted cash at 31 March 2005 was £404,000 (2004: £1,856,000) and is held in foreign currencies to guarantee rental payments overseas. The movement on this balance is due to a provision against this balance and to foreign exchange movements.

Exceptional items gave rise to a cash outflow in the year of £3,876,000 (2004: £1,261,000).

8 Reconciliation of movement in equity shareholders' funds

2005	Group £000
Loss for the financial year	(19,993)
Other recognised gains and losses relating to the year (net)	133
	(19,860)
Dividends paid and proposed	(425)
New shares issued	39
Shares to be issued	(184)
Employee Benefit Trust credit in respect of profit and loss charge for the year	431
Net increase in equity shareholders' funds	(19,999)
Opening equity shareholders' funds (as previously stated)	20,266
Prior year adjustment	(821)
Opening equity shareholders' funds (restated)	19,445
Closing equity shareholders' (deficit)/funds	(554)

The Company retained loss as at 31 March 2005 was £3,879,000 (2004 profit: £10,020,000).

9 Post balance sheet events

The Placing and Open Offer announced on 30 March 2005 was approved by shareholders at an Extraordinary General Meeting on 22 April 2005. 32,694,910 New Ordinary Shares were issued at 40p per share for total net proceeds of £11.7 million with the cash received in early May 2005.

At the Extraordinary General Meeting on 22 April 2005, shareholders also approved New Incentive Arrangements, as set out in detail in the Placing and Open Offer document issued in March 2005. A summary of these arrangements is set out in the Chief Executive's Review.

On 28 April 2005 the company de-listed from the Official List and was admitted to trade on the Alternative Investment Market of the London Stock Exchange.

In conjunction with the Placing and Open Offer, the Group agreed to refinance its term loan facility of £8 million and overdraft facility of up to £3 million with the Royal Bank of Scotland (RBS) with a new term loan of up to £5 million and a new invoice discounting facility of up to £4 million. The existing facilities were repaid in full on completion of the Placing and Open Offer. In connection with these new banking facilities, Whitehead Mann Group Plc issued to West Register (Investments) Limited, a wholly owned subsidiary of RBS, warrants entitling the holders to subscribe in cash for 1,200,000 Ordinary Shares at their nominal value, in the time period between 22 April 2006 and 21 April 2015.