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Close Brothers Corporate Finance Limited, which is regulated in the UK by The Securities and Futures Authority Limited, is acting for Whitehead Mann Group Plc and no one else in relation to the matters described in the document and will not be responsible to any other person for providing the protections afforded to customers of Close Brothers Corporate Finance Limited or for providing advice in relation to the matters referred to herein.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States, Canada, Japan, Australia or the Republic of Ireland.

A copy of this document, which comprises listing particulars relating to Whitehead Mann Group Plc prepared in accordance with the Listing Rules made under section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration as required by section 149 of that Act. ✓

Whitehead Mann Group Plc ✓

(incorporated and registered in England and Wales under the Companies Act 1985 Registered No. 1725219) ✓

**Listing Particulars relating to the proposed issue of
2,800,000 new ordinary shares of 5p each
in connection with the acquisition of the entire issued share capital of**

Baines Gwinner Holdings Limited

and

**Unaudited interim results for the
six months ended 30 September 2001**

The Consideration Shares are not being offered to the public and have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state of the United States or under the applicable securities laws of Canada, Japan, Australia or the Republic of Ireland. Subject to certain limited exceptions, the Consideration Shares may not be offered, sold, taken up, renounced or delivered directly or indirectly in or into the United States, Canada, Australia, Japan or the Republic of Ireland or to or by any national, resident or citizen of such countries.

Applications have been made to the UK Listing Authority and to the London Stock Exchange for the Consideration Shares to be admitted to the Official List and to be admitted to trading on the main market of the London Stock Exchange respectively. It is expected that Admission of the Consideration Shares will become effective and that dealings will commence on 23 November 2001. Ordinary Shares of the same class as the Consideration Shares are already listed on the Official List and traded on the main market of the London Stock Exchange.



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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and Completion

23 November 2001

DIRECTORS AND ADVISERS

Directors	Peter Foy Clive William Mann Gerard Clery-Melin Matthew John Brassington Durant Adams Hunter Austin Philip Marsden Hugh Robert Collum Edgar Pendleton James Dame Stella Rimington Alan Keith Patrick Smith Sir Colin Grieve Southgate	<i>Non-executive Chairman</i> <i>Executive Deputy Chairman</i> <i>Chief Executive</i> <i>Finance Director</i> <i>Executive Director (US)</i> <i>Deputy Chief Executive</i> <i>Non-executive Director</i> <i>Non-executive Director (US)</i> <i>Non-executive Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i>
Registered office and business address	Whitehead Mann Group Plc 11 Hill Street London W1J 5LG	
Company Secretary	Matthew John Brassington	
Financial adviser and sponsor	Close Brothers Corporate Finance Limited 10 Crown Place London EC2A 4FT	
Stockbrokers	Granville Baird Limited Mint House 77 Mansell Street London E1 8AF	
Auditors	Arthur Andersen 20 Old Bailey London EC4M 7AN	
Solicitors to the Company	Clifford Chance Limited Liability Partnership 200 Aldersgate Street London EC1A 4JJ	
Principal bankers	The Royal Bank of Scotland plc 28 Cavendish Square London W1M 0DB	
Registrars and paying agents	Computershare Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Act"	the Companies Act 1985, as amended
"Admission"	admission of the Consideration Shares to the Official List and admission to trading on the main market of the London Stock Exchange
"Baines Gwinner Acquisition"	the acquisition of the entire issue share capital of Baines Gwinner
"Baines Gwinner"	Baines Gwinner Holdings Limited
"Baines Gwinner Shareholders"	the holders of the 1,118,965 ordinary shares of 1p each in the capital of Baines Gwinner
"Close Brothers"	Close Brothers Corporate Finance Limited, sponsor and financial adviser to the Company
"Consideration Shares"	the 2,800,000 new Ordinary Shares to be issued as part of the consideration for the Baines Gwinner Acquisition
"Completion"	completion of the Baines Gwinner Acquisition
"Completion Date"	the date on which Completion takes place
"CREST"	the computerised settlement system operated by CRESTCo Limited to facilitate the transfer of title to shares in uncertificated form
"Directors" or "Board"	the directors of the Company whose names are set out in paragraph 1 of Part V of this document
"Enlarged Group"	the Whitehead Mann Group, as enlarged by the acquisition of Baines Gwinner
"Existing Ordinary Shares"	the 22,472,709 Ordinary Shares currently in issue
"Listing Particulars"	this document
"Listing Rules"	the Listing Rules of the UK Listing Authority
"Loan Notes"	the 2002 Loan Notes, the 2003 Loan Notes and the 2004 Loan Notes
"2002 Loan Notes"	the £943,395 6 per cent. unsecured loan notes 2002/2003 issued by Whitehead Mann in connection with the Baines Gwinner Acquisition
"2003 Loan Notes"	the £889,994 6 per cent. unsecured loan notes 2003/2004 issued by Whitehead Mann in connection with the Baines Gwinner Acquisition
"2004 Loan Notes"	the £940,375 6 per cent. unsecured loan notes 2004/2005 issued by Whitehead Mann in connection with the Baines Gwinner Acquisition
"London Stock Exchange"	London Stock Exchange Plc
"Official List"	the Official List of the UK Listing Authority
"Ordinary Share"	an ordinary share of 5p each in the capital of the Company
"Regulations"	the Uncertificated Securities Regulations 1995 (SI 1995/3272)
"Sale and Purchase Agreement"	the conditional agreement dated 20 November 2001 and made between, <i>inter alia</i> , the Baines Gwinner Shareholders (1) and the Company (2) a summary of the principal terms and conditions of which is set out in Part IV of this document
"Shareholder"	a holder of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986 and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part IV of the Financial Services Act 1986

“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America
“Whitehead Mann” or “the Company”	Whitehead Mann Group Plc
“Whitehead Mann Group” or “Group”	the Company and its subsidiary undertakings
“Whitehead Mann Employee Share Schemes”	The Whitehead Mann (No. 1) Executive Share Option Scheme, the Whitehead Mann (No. 2) Executive Share Option Scheme, the Whitehead Mann Equity Participation Plan and the Whitehead Mann Restricted Stock Scheme

PART I – GENERAL INFORMATION

1. Introduction

The Board announced today that Whitehead Mann has entered into a conditional agreement to acquire the entire issued share capital of Baines Gwinner, a leading financial services search firm. The Directors believe that the Baines Gwinner Acquisition will significantly strengthen and broaden the Group's existing capability in the financial services search market. In addition, the Baines Gwinner Acquisition provides the Enlarged Group with a presence in the legal search market, access to a well established Hong Kong office and will reinforce the Group's strength in New York.

The consideration for the Baines Gwinner Acquisition will be satisfied at Completion by the issue of the 2,800,000 Consideration Shares (representing approximately 12.5 per cent. of Whitehead Mann's existing issued share capital), the issue of the Loan Notes and the payment of £0.25 million in cash. This values Baines Gwinner at approximately £9.95 million on the basis of the closing price of an Ordinary Share of 247.5p on 7 November 2001 (the day before the announcement that Whitehead Mann was in discussions regarding the Baines Gwinner Acquisition). On the basis of the closing price of an Ordinary Share of 285.0p on 20 November 2001 (the latest practicable date prior to the posting of this document) the consideration values Baines Gwinner at approximately £11.0 million.

The Board believes that the retention and motivation of certain of the Baines Gwinner Shareholders is important to the future success of Baines Gwinner as part of the Enlarged Group. Therefore, the terms of the Sale and Purchase Agreement provide that if any such Baines Gwinner Shareholder leaves the Enlarged Group within three years of Completion (subject to certain exceptions) then Whitehead Mann is entitled to reclaim a cash amount from such Baines Gwinner Shareholder equal to the value of his or her Consideration Shares at a price of 247.5 pence per share and to repurchase any outstanding Loan Notes held by such Baines Gwinner Shareholder for a nominal sum. In addition, such Baines Gwinner Shareholders have agreed except in certain circumstances to retain all of their Consideration Shares for a minimum of three years from completion.

The cash element of the consideration for the Baines Gwinner Acquisition payable at Completion and the costs associated with the Baines Gwinner Acquisition will be funded from Whitehead Mann's existing bank facilities. It is expected that any cash payments due in relation to the redemption of the Loan Notes will be satisfied from the future cash flows of the Enlarged Group.

The Baines Gwinner Acquisition is conditional upon Admission becoming effective but it is not conditional upon Shareholder approval. As required by the Listing Rules, this document has been prepared as the Consideration Shares to be issued in connection with the Baines Gwinner Acquisition represent more than 10 per cent. of Whitehead Mann's existing issued share capital. It is expected that Admission will become effective and dealings will commence on 23 November 2001.

Shareholders should read the whole of this document and should not rely solely on the summarised information in this Part I.

2. Information on Whitehead Mann

Whitehead Mann's objective is to add value to its clients' businesses by assisting them in the recruitment, evaluation and development of key executives. In the UK, Whitehead Mann is one of the leading senior level executive search firms, and focuses on the market for main board, non-executive and other senior executive appointments. The Group also has a significant presence in the US following the acquisition of Pendleton James & Associates, Inc. in August 2000 and a growing capability in continental Europe with offices in Paris and Frankfurt.

Development

Whitehead Mann Limited was incorporated in December 1976 as a joint venture between Dr. Anna Mann and Whitehead Consulting Group Limited ("Whitehead Consulting"), a firm of management consultants, with the objective of building an executive search business using Whitehead Consulting's client base. In April 1978, Dr. Anna Mann acquired control of Whitehead Consulting's shares in Whitehead Mann Limited. Whitehead Mann was admitted to the Official List in March 1997.

During 2000, Whitehead Mann consolidated its position in the UK executive search market with the acquisition of GKR Group Limited and significantly expanded its US presence with the acquisition of

GKR's US partner, Pendleton James & Associates, Inc. The Group has also developed its presence in certain other key global markets with the opening of offices in Paris and Frankfurt, both of which have been funded from the Group's internal resources. It is expected that an office will be opened in Munich in the near future. In February 2001, the Group broadened its ability to offer executive development services through the acquisition of The Change Partnership Limited, an executive coaching organisation.

Executive search

The Group's executive search practice conducts searches for board directors (including non-executive directors) and senior executives, mainly on behalf of listed company clients, to fill posts (excluding non-executive appointments) with average annual salaries in excess of £140,000. The executive search practice is organised into six global business units, namely:

- Financial services;
- Consumer/Retail;
- Industrial and business services;
- Telecommunications, media and technology;
- Professional services, healthcare and public services; and
- The Board practice.

Each group has responsibility for determining strategy and targets, co-ordinating and promoting marketing activities and managing and developing client relationships. Through these business units, the Group aims to focus marketing and client management on those companies and market sectors where demand is growing.

Whitehead Mann is one of a small number of executive search firms which have the experience and capability to advise and act for boards of major listed companies and other organisations in the search for and selection of chief executives and other executive board members. Further, Whitehead Mann has been using executive search techniques to find non-executive directors and chairmen for over 10 years.

Executive development

The Group's executive development business provides one-to-one coaching and customised development programmes for senior executives. Following the acquisition of The Change Partnership Limited, Whitehead Mann has 29 coaches in six locations in the UK and access to the Global Coaching Partnership's international network.

Executive evaluation

The executive evaluation business, which focuses on management audit and assessment and advice on board remuneration, has grown significantly since the launch of Management Asset Valuation ("MAV") in 1997. MAV allows clients to benchmark their management against that of competitors and the global market for top executives and draws on Whitehead Mann's expertise in both consulting and executive search. MAV was originally introduced to help chief executives make the right appointments following mergers and acquisitions. However, the Company is increasingly winning mandates from companies undergoing restructuring or reorganisation where there is a need to review management development and succession strategies.

Whitehead Mann also offers psychometric assessment and executive due diligence services to its clients, which incorporates information checks and structuring and critically evaluating references.

Financial information

In the year ended 31 March 2001, Whitehead Mann reported a profit on ordinary activities before taxation of £7.3 million (2000: £5.0 million) and basic earnings per share of 22.73p (2000: 22.27p) on turnover of £58.1 million (2000: £27.7 million). Net assets as at 31 March 2001 were £32.5 million.

Further financial information on Whitehead Mann is contained in Parts II and III of this document.

Shareholders should read the whole of this document and not rely solely on the summarised information set out above.

3. Background to and reasons for the Baines Gwinner Acquisition

The Board believes that the Baines Gwinner Acquisition represents an excellent opportunity to acquire a team of experienced professionals that will:

- complement and strengthen the Group's existing capability in financial services;
- provide access to a legal practice, which will become the focus for the development of the Enlarged Group's professional service practice; and
- significantly strengthen Whitehead Mann's presence in Hong Kong and New York, which the Board has identified as two of the Group's key global markets.

Baines Gwinner's training and consulting divisions will become part of Whitehead Mann's existing executive development and evaluation operations following Completion.

4. Information on Baines Gwinner

Since its foundation by Jonathan Baines in 1986, Baines Gwinner has become a leading financial and professional services executive search firm with offices in London, New York and Hong Kong. The executive search practice is organised into five practices areas:

- Investment banking;
- Debt and credit markets;
- Equities;
- Investment management; and
- Legal, compliance and professional services.

The Economist Intelligence Unit rates Baines Gwinner as one of the leading financial services executive search firms in the UK. In addition, Baines Gwinner provides training and career consultancy services.

Financial information

In the year ended 30 November 2000, Baines Gwinner reported turnover of £15.5 million (1999: £7.6 million). Baines Gwinner reported a profit before tax of £0.9 million in the year ended 30 November 2000 (1999: profit of £0.1 million), reflecting the firm's general policy of paying profits as bonuses to staff. Net assets at 30 November 2000 were £2.2 million. Baines Gwinner's performance in the year ended 30 November 2000 benefited from the strength of the financial services market in that period. Although recent market conditions have been more difficult in the current financial year revenue is still expected to be significantly ahead of the year ended 30 November 1999.

Shareholders are requested to read the whole of this document and not just rely on the summarised information set out above.

5. Principal terms and conditions of the Baines Gwinner Acquisition

The consideration for the Baines Gwinner Acquisition will be satisfied at Completion as follows:

- £0.25 million will be paid in cash;
- approximately £2.77 million will be satisfied by the issue of the Loan Notes; and
- the balance of the consideration will be satisfied by the issue of the 2,800,000 Consideration Shares.

The consideration values Baines Gwinner at approximately £9.95 million on the basis of the closing price of an Ordinary Share of 247.5p on 7 November 2001 (the day before the announcement that Whitehead Mann was in discussions regarding the Baines Gwinner Acquisition). On the basis of the closing price of an Ordinary Share of 285.0p on 20 November 2001 (the latest practicable date prior to the posting of this document) the consideration values Baines Gwinner at approximately £11.0 million.

The Board believes that the retention and motivation of certain Baines Gwinner Shareholders is important to the future success of Baines Gwinner as part of the Enlarged Group. In the event that any such Baines Gwinner Shareholder leaves the Enlarged Group within three years of Completion (subject to certain exceptions), Whitehead Mann will be able to:

- reclaim an amount in cash equal to the value of the Consideration Shares originally issued to such Baines Gwinner Shareholder at a price of 247.5 pence per share; and

- repurchase any Loan Notes which are held by such Baines Gwinner Shareholder at that time for a nominal sum.

In addition, such Baines Gwinner Shareholders have agreed, except in certain circumstances, to retain all their Consideration Shares for a minimum of three years from Completion. Further details of these provisions are set out in paragraphs 6 and 7 of Part IV of this document.

The Consideration Shares will rank *pari passu* in all respects with Whitehead Mann's Existing Ordinary Shares, save that the Consideration Shares will not rank for the dividend declared in respect of the six months ended 30 September 2001. The Baines Gwinner Acquisition is conditional upon Admission but it is not conditional upon Shareholder approval. It is expected that Admission will become effective and that dealings in the Consideration Shares will commence on 23 November 2001.

The 2002 Loan Notes, 2003 Loan Notes and 2004 Loan Notes can be redeemed on or after the first, second and third anniversaries of Completion respectively. The Loan Notes will bear interest at 6 per cent. per annum.

A summary of the principal terms of the Sale and Purchase Agreement is set out in Part IV of this document.

6. Funding for the Baines Gwinner Acquisition

The cash element of the consideration for the Baines Gwinner Acquisition payable at Completion of £0.25 million and the costs associated with the Baines Gwinner Acquisition will be funded from Whitehead Mann's existing bank facilities. It is expected that any cash payments due in relation to the redemption of the Loan Notes will be satisfied from the future cash flows of the Enlarged Group.

Whitehead Mann has existing bank facilities of approximately £11.0 million with the Royal Bank of Scotland plc which will be used to fund the future development of the Enlarged Group and to provide additional working capital. Further details of these facilities are set out in paragraphs 8(a)(viii) and (ix) of Part V of this document.

7. Current trading and prospects

As set out in Part II of this document, the Group reported unaudited turnover for the six months ended 30 September 2001 of £31.5 million (2000: £23.5 million). However, after adjusting for the impact of the acquisitions made by the Group during the year ended 31 March 2001, turnover in the first half of the current financial year was marginally ahead of the first half of the previous year.

The Directors believe that the Group's cost base is firmly under control and the Board continues to pay particular attention to this aspect of the business. Although the Board does not expect revenue in the second half of the year to be significantly ahead of the first half of the year, the Directors believe that Whitehead Mann's focus on higher margin executive search and consulting and the flexibility of its cost base provides considerable scope for the Group to respond to changing market conditions.

Further information on current trading and prospects is contained in the unaudited interim results for the six months ended 30 September 2001, which are set out in full in Part II of this document.

8. Taxation

Your attention is drawn to paragraph 11 of Part V of this document which contains information regarding UK taxation. **Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult their independent financial adviser without delay.**

9. Further information

Your attention is drawn to the additional information set out in Parts II to V of this document.

PART II – UNAUDITED INTERIM RESULTS FOR WHITEHEAD MANN FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

The following is the text of the unaudited interim results of Whitehead Mann for the six months ended 30 September 2001, which were announced on 8 November 2001:

“CHAIRMAN’S STATEMENT

Whitehead Mann is a premier executive search and leadership consultancy. Our strong competitive position and focus on acting for clients only at senior levels has enabled us to continue to progress despite difficult market conditions.

Following last year’s acquisitions, turnover for the six months ended 30 September 2001 was up 34 per cent. at £31.5 million (2000 – £23.5 million). Profit before tax and amortisation of goodwill rose 50 per cent. to £5.2 million (2000 – £3.5 million) and earnings per share before goodwill amortisation increased 21 per cent. to 15.49p.

Adjusting for the timings of acquisitions, turnover in the first half was marginally ahead of the first half of last year.

Dividend

An interim dividend of 5.6p per share (2000 – 5.2p) has been declared and will be paid on 31 January 2002 to shareholders on the register on 21 December 2001.

Proposed Acquisition

Discussions are at an advanced stage regarding the acquisition of the entire issued share capital of Baines Gwinner Holdings Limited, a financial services and professional services search firm with offices in London, Hong Kong and New York.

The transaction will not require shareholder approval and the consideration will comprise a mixture of shares, cash and loan notes. We anticipate completing the transaction before the end of November and a further announcement will be made in due course.

Business Review

Both the Board Practice and Industrial Business Units have exceeded expectations to date and trends in those sectors remain favourable. Demand for coaching, a business we acquired in February 2001, has also been buoyant and continues to grow strongly.

We have experienced a fall in demand in investment banking whilst our assessment business started the year slowly, although it has improved significantly in recent months. In general, demand in other business sectors has held up well in difficult market conditions.

The search market in the US deteriorated in the first half of 2001 and trading has been tough. However, the US is as yet a relatively small part of our overall business and current trends within our US business are stable.

Our core UK business is complemented by our French operation, which continues to progress and is substantially ahead of last year.

We are pleased also to be able to report that we have now opened an office in Frankfurt and are looking to expand further in Germany in line with our overall strategy.

Cashflow

Following the payment of deferred consideration on acquisitions completed last year of £2.6 million, and £3.5 million of capital expenditure necessitated by the expansion of the Group’s offices in London, New York and Paris and the consolidation of regional offices in the UK, we finished the period with borrowings of £5.7 million (2000 – Cash balance £2.9 million). Our operating cashflow remains strong and we expect to return to net cash in the early months of 2002.

Outlook

Our cost base is firmly under control following the transactions of last year and the Board continues to pay particular attention to this aspect of the business.

Although we do not expect revenue in the second half of the year to be significantly ahead of the first half of the year, our focus on higher margin executive search and consulting and the flexibility of our cost base affords us considerable scope to respond to changing market conditions.

Peter Foy
Chairman

**Consolidated profit and loss account
for the six months ended 30 September 2001**

	<i>For the six months ended 30 September 2001 Unaudited £'000</i>	<i>For the six months ended 30 September 2000 Unaudited £'000</i>	<i>For the year ended 31 March 2001 Audited £'000</i>
<i>Notes</i>			
Turnover			
Continuing operations	31,494	18,022	37,527
Acquisitions	—	5,445	20,551
	<u>31,494</u>	<u>23,467</u>	<u>58,078</u>
Staff costs	(14,664)	(12,749)	(31,657)
Depreciation and goodwill amortisation	(1,480)	(621)	(1,955)
Operating charges and exceptional costs	<u>(11,056)</u>	<u>(7,029)</u>	<u>(17,248)</u>
Operating profit before amortisation of goodwill and exceptional costs	5,183	3,364	8,633
Goodwill amortisation and exceptional costs	<u>(889)</u>	<u>(296)</u>	<u>(1,415)</u>
Operating profit	4,294	3,068	7,218
Net interest receivable	<u>52</u>	<u>113</u>	<u>119</u>
Profit on ordinary activities before taxation	4,346	3,181	7,337
Tax on profit on ordinary activities	<u>2 (1,850)</u>	<u>(1,195)</u>	<u>(2,900)</u>
Profit for the period	2,496	1,986	4,437
Dividends	<u>(1,258)</u>	<u>(1,084)</u>	<u>(2,749)</u>
Retained profit for the period	<u>1,238</u>	<u>902</u>	<u>1,688</u>
Earnings per share	3		
Basic	11.42p	11.15p	22.73p
Fully diluted	10.93p	10.93p	21.76p
Earnings per share before amortisation	15.49p	12.81p	28.14p
 Statement of total recognised gains and losses			
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit for the financial year	2,496	1,986	4,437
Currency translation differences on foreign currency investments	<u>(64)</u>	<u>(115)</u>	<u>76</u>
Total recognised gains and losses for the period	<u>2,432</u>	<u>1,871</u>	<u>4,513</u>

**Consolidated balance sheet
as at 30 September 2001**

		<i>As at 30 September 2001 Unaudited £'000</i>	<i>As at 30 September 2000 Unaudited £'000</i>	<i>As at 31 March 2001 Audited £'000</i>
	<i>Notes</i>			
Fixed assets				
Goodwill		32,582	25,572	33,417
Tangible fixed assets		8,288	4,016	5,422
Investments		1,041	1,212	1,251
		<u>41,911</u>	<u>30,800</u>	<u>40,090</u>
Current assets				
Debtors		16,275	13,673	17,886
Cash at bank and in hand	6	—	2,890	3,102
		<u>16,275</u>	<u>16,563</u>	<u>20,988</u>
Creditors: amounts falling due within one year		<u>(17,931)</u>	<u>(20,649)</u>	<u>(23,339)</u>
Net current liabilities		<u>(1,656)</u>	<u>(4,086)</u>	<u>(2,351)</u>
Total assets less current liabilities		<u>40,255</u>	<u>26,714</u>	<u>37,739</u>
Creditors: amounts falling due after more than one year		<u>(6,596)</u>	<u>(3,426)</u>	<u>(5,254)</u>
Net assets		<u>33,659</u>	<u>23,288</u>	<u>32,485</u>
Capital and reserves				
Called up share capital		1,124	1,072	1,124
Shares to be issued		50	—	50
Share premium account		3,947	—	3,947
Merger reserve		19,625	15,454	19,625
Profit and loss account		8,913	6,762	7,739
Equity shareholders' funds	7	<u>33,659</u>	<u>23,288</u>	<u>32,485</u>

**Consolidated cashflow statement
for the six months ended 30 September 2001**

		<i>Six months ended 30 September 2001 Unaudited £'000</i>	<i>Six months ended 30 September 2000 Unaudited £'000</i>	<i>For the year ended 31 March 2001 Audited £'000</i>
	<i>Notes</i>			
Net cash (outflow)/inflow from operating activities	5	(136)	4,473	6,607
Returns on investments and servicing of finance				
Interest received		89	113	179
Interest paid		(37)	—	(60)
Net cash inflow from returns on investments and servicing of finance		52	113	119
Taxation				
UK taxation paid		(785)	(462)	(1,569)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(3,466)	(1,058)	(3,026)
Sale of tangible fixed assets		5	40	61
Purchase of own shares		—	(516)	(826)
Net cash outflow from capital expenditure and financial investment		(3,461)	(1,534)	(3,791)
Acquisitions and disposals				
Purchase of subsidiary undertakings		(2,610)	(6,731)	(8,669)
Cash balance acquired with subsidiary		—	2,973	3,539
Net cash outflow from acquisitions and disposals		(2,610)	(3,758)	(5,130)
Equity dividends paid		(1,659)	(920)	(2,010)
Cash outflow before financing		(8,599)	(2,088)	(5,774)
Financing				
Bank loan		5,000	—	—
Issue of shares		—	81	4,001
Decrease in cash in the period	6	<u>(3,599)</u>	<u>(2,007)</u>	<u>(1,773)</u>

Notes to the accounts

- These accounts comply with relevant accounting standards and have been prepared using the accounting policies set out in the Annual Report 2000/01 with the exception of deferred taxation. The Group has changed its accounting policy to comply with the new accounting standard FRS19 Deferred Tax. This change in policy does not have a material effect on the results of the Group and as a result the comparatives have not been restated.
- The taxation charge for the six months ended 30 September 2001 is based on an estimated tax charge for the full year.
- Basic earnings per share is calculated using the weighted average number of shares in issue during the period and ranking for dividend of 21,847,428 (2000 – 17,810,905) and earnings after taxation of £2,496,000 (2000 – £1,986,000). Earnings per share before amortisation is calculated using the weighted average number of shares in issue during the period and ranking for dividend of 21,847,428 (2000 – 17,810,905) and earnings after taxation of £3,385,000 (2000 – £2,282,000).
- The financial information included in this document does not constitute statutory accounts. The accounts for the year ended 31 March 2001, 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.
- Reconciliation of operating profit to operating cash flows**

	<i>Six months ended 30 September 2001 £'000</i>	<i>Six months ended 30 September 2000 £'000</i>	<i>Year ended 31 March 2001 £'000</i>
Operating profit	4,294	3,068	7,218
Exchange differences	—	(115)	—
	<u>4,294</u>	<u>2,953</u>	<u>7,218</u>
Depreciation	591	324	900
Amortisation of goodwill	889	296	1,055
Write off on value of investments	210	21	292
Decrease/(increase) in debtors	1,672	139	(3,014)
(Decrease)/increase in creditors	(7,795)	700	(57)
Loss on disposal of fixed assets	3	40	213
Net cash (outflow)/inflow from operating activities	<u>(136)</u>	<u>4,473</u>	<u>6,607</u>

6. Analysis of net debt

	<i>As at 31 March 2001 £'000</i>	<i>Cash flow £'000</i>	<i>Exchange movements £'000</i>	<i>As at 30 September 2001 £'000</i>
Cash at bank and in hand	3,102	(3,091)	(11)	—
Overdraft	—	(508)	—	(508)
	<u>3,102</u>	<u>(3,599)</u>	<u>(11)</u>	<u>(508)</u>
Debt due in less than one year	(200)	(1,000)	—	(1,200)
Debt due in more than one year	—	(4,000)	—	(4,000)
	<u>2,902</u>	<u>(8,599)</u>	<u>(11)</u>	<u>(5,708)</u>

7. **Reconciliation of movements in shareholders funds**

	<i>Total equity</i>
	<i>Shareholders'</i>
	<i>funds</i>
	<i>£'000</i>
Profit for the period	2,496
Currency translation differences on foreign currency net investments	(64)
	<hr/> 2,432
Dividends	(1,258)
	<hr/> 1,174
Net addition to shareholders' funds	
Shareholders' funds as at 31 March 2001	32,485
	<hr/>
Shareholders' funds as at 30 September 2001	33,659"
	<hr/>

PART III – FINANCIAL INFORMATION RELATING TO WHITEHEAD MANN

1. Nature of financial information

The following financial information relating to Whitehead Mann has been extracted, without material adjustment, from the audited consolidated financial statements of Whitehead Mann for each of the three years ended 31 March 1999, 31 March 2000 and 31 March 2001. The information set out in Part III does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Audited statutory accounts have been delivered to the Registrar of Companies for each of the three years ended 31 March 1999, 31 March 2000 and 31 March 2001. For the three years ended 31 March 1999, 2000 and 2001 unqualified audit reports, as defined by section 235 of the Companies Act 1985, and which did not contain a statement under section 237(2) or (3) of the Companies Act 1985, have been given by Arthur Andersen, Chartered Accountants and Registered Auditors of 20 Old Bailey, London EC4M 7AN, being the auditors of Whitehead Mann for the relevant financial periods.

2. Profit and loss accounts

The consolidated profit and loss accounts of Whitehead Mann Group for the years ended 31 March 2001, 31 March 2000 and 31 March 1999 are set out below:

	Notes	2001 £'000	2000 £'000	1999 £'000
Turnover	7(1)	58,078	27,712	25,600
Staff costs	7(2)	(31,657)	(14,897)	(14,030)
Depreciation and goodwill amortisation	7(6), 7(7)	(1,955)	(526)	(531)
Operating charges				
Other operating charges (excluding exceptional costs)		(16,888)	(7,579)	(7,177)
Exceptional costs		(360)	—	(400)
Operating profit before exceptional costs and goodwill amortisation		8,633	4,710	3,862
Exceptional costs	7(4), 7(10)	(360)	—	(400)
Goodwill amortisation	7(6)	(1,055)	—	—
Operating profit		7,218	4,710	3,462
Interest receivable		179	298	349
Interest payable and other charges		(60)	—	—
Profit on ordinary activities before taxation		7,337	5,008	3,811
Tax on profit on ordinary activities	7(5)	(2,900)	(1,650)	(1,301)
Profit for the financial year		4,437	3,358	2,510
Dividends	7(15)	(2,749)	(1,584)	(1,355)
Retained profit for the year	7(16)	1,688	1,774	1,155
Earnings per share	7(17)	22.73p	22.27p	16.53p
Diluted earnings per share	7(17)	21.76p	22.05p	16.42p
Earnings per share before goodwill amortisation	7(17)	28.14p	22.27p	16.53p
Earnings per share before exceptional property costs	7(17)	—	—	18.34p

All the Group's activities are regarded as continuing.

3. Statement of total recognised gains and losses

	2001	2000	1999
	£'000	£'000	£'000
Profit for the financial year	4,437	3,358	2,510
Currency translation differences on foreign currency investments	76	—	—
	<u>4,513</u>	<u>3,358</u>	<u>2,510</u>

4. Balance sheets

The consolidated balance sheets of the Whitehead Mann Group as at 31 March 2001, 31 March 2000 and 31 March 1999 are set out below:

	Notes	2001 £'000	2000 £'000	1999 £'000
Fixed Assets				
Goodwill	7(6)	33,417	—	—
Tangible fixed assets	7(7)	5,422	1,869	1,648
Investments	7(8)	1,251	717	745
		<u>40,090</u>	<u>2,586</u>	<u>2,393</u>
Current assets				
Debtors	7(9)	17,886	7,107	5,292
Cash at bank and in hand		3,102	4,898	4,694
		<u>20,988</u>	<u>12,005</u>	<u>9,986</u>
Creditors: amounts falling due within one year	7(10)	(23,339)	(7,632)	(7,103)
Net current (liabilities)/assets		<u>(2,351)</u>	<u>4,373</u>	<u>2,883</u>
Total assets less current liabilities		<u>37,739</u>	<u>6,959</u>	<u>5,276</u>
Creditors: amounts falling due after more than one year	7(11)	(5,254)	(208)	(299)
Net assets		<u>32,485</u>	<u>6,751</u>	<u>4,977</u>
Capital and reserves				
Called up share capital	7(14)	1,124	776	776
Shares to be issued	7(16)	50	—	—
Share premium account	7(16)	3,947	—	—
Merger reserve	7(16)	19,625	—	—
Profit and loss account	7(16)	7,739	5,975	4,201
Equity shareholders' funds	7(21)	<u>32,485</u>	<u>6,751</u>	<u>4,977</u>

5. Cash flow statements

The cash consolidated cash flow statements of the Whitehead Mann Group for the years ended 31 March 2001, 31 March 2000 and 31 March 1999 are set out below:

		2001	2000	1999
	Notes	£'000	£'000	£'000
Net cash inflow from operating activities	7(19)	6,607	3,733	3,445
Returns on investments and servicing of finance				
Interest received		179	298	349
Interest paid		(60)	—	—
Net cash inflow from returns on investments and servicing of finance		119	298	349
Taxation				
UK taxation paid		(1,569)	(1,579)	(1,200)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(3,026)	(1,012)	(332)
Purchase of own shares		(826)	—	(493)
Sale of tangible fixed assets		61	242	131
Net cash outflow from capital expenditure and financial investment		(3,791)	(770)	(694)
Acquisitions and disposals				
Purchase of subsidiary undertakings		(8,669)	—	—
Cash acquired with subsidiary undertakings		3,539	—	—
Net cash outflow from acquisitions and disposals		(5,130)	—	—
Equity dividends paid		(2,010)	(1,478)	(1,231)
Cash (outflow)/inflow before management of liquid resources and financing		(5,774)	204	669
Management of liquid resources				
Money market withdrawals	7(20)	—	—	1,003
Financing				
Issue of ordinary share capital		4,001	—	—
(Decrease)/Increase in cash in the period	7(20)	<u>(1,773)</u>	<u>204</u>	<u>1,672</u>

6. Accounting Policies

The principal accounting policies of the Whitehead Mann Group, which have been consistently applied throughout the period under review are set out below. The policies have remained unchanged throughout the period.

a Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its principal subsidiary undertakings for the years ended 31 March 2001, 31 March 2000 and 31 March 1999.

Entities acquired during the year have been consolidated using the acquisition method of accounting from the date of completion.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account has not been presented for the company. £2,032,000 (2000: £2,806,000) (1999: £1,047,000) of the total consolidated profit for the financial year attributable to shareholders of Whitehead Mann Group Plc has been dealt with in the financial statements of the company.

c Turnover

Turnover represents the invoiced amount of services provided in the year net of value added tax. Income derived from executive coaching assignments is deferred and released to turnover in equal instalments over the life of the project. All other income is recognised when invoiced during the course of an assignment.

d Tangible fixed assets and depreciation

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life at the following rates:

Leasehold properties and improvements	over the lease term
Fixtures and fittings	15% p.a.
Motor vehicles	20% p.a.
Office equipment	25% p.a.

e Pension costs

The Group makes contributions to various defined contribution pension schemes on behalf of certain employees. Pension costs are charged to the profit and loss account as incurred.

f Operating lease costs

Rentals under operating leases are charged on a straight line basis over the lease terms, even if the payments are not made on such a basis. Benefits received or receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used. The Group provides for the known future cost, being the shortfall between rental outgoings and rental income, in respect of sublet properties when the liability crystallises.

g Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

h Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

i Employee Benefit Trust

The results and net assets of the Employee Benefit Trust have been included in the accounts. Shares owned by the Employee Benefit Trust are included in the balance sheet at cost less provisions for impairment in value. The cost of grants made by the Employee Benefit Trust are written off to the profit and loss account over the period from the date of grant until the shares vest.

j Goodwill

Goodwill arising on the acquisitions of subsidiary undertakings and businesses, representing an excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between five and twenty years. Provision is made for any impairment.

k Investments

The Company has taken advantage of S.133 Companies Act 1985 in accounting for shares issued on acquisition. On consolidation the premium on shares issued is recognised as part of the fair value of the consideration given and has been credited to the merger reserve.

7. Notes to the financial information

1. Turnover

An analysis of turnover by origin is given below

	2001 £'000	2000 £'000	1999 £'000
United Kingdom	49,340	27,712	23,853
Overseas	8,738	—	1,747
Total	<u>58,078</u>	<u>27,712</u>	<u>25,600</u>

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

	2001 £'000	2000 £'000
Executive recruitment	51,351	22,585
Executive evaluation and development	6,727	5,127
Total	<u>58,078</u>	<u>27,712</u>

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. The Group did not provide an analysis of turnover by type prior to the year ended 31 March 2000.

2. Employees

Number of employees

	2001 Number	2000 Number	1999 Number
The average monthly number of employees, including directors, split by function, during the year was:			
Professional staff	148	65	60
Support staff	115	55	54
Total	<u>263</u>	<u>120</u>	<u>114</u>

Employment costs

	2001 £'000	2000 £'000	1999 £'000
Wages and salaries	27,811	12,522	12,171
Social security costs	2,570	1,553	1,181
Other pension costs	1,276	822	678
Total	<u>31,657</u>	<u>14,897</u>	<u>14,030</u>

The Group contributes to defined contribution pension schemes in respect of eligible employees, the costs of which are shown above.

3. Information regarding directors

	2001 £'000	2000 £'000	1999 £'000
Emoluments			
The emoluments of the directors of the company were:			
Emoluments	2,706	945	965
Compensation for loss of office	—	—	294
Pension contributions to defined contribution schemes	70	54	91
Total	<u>2,776</u>	<u>999</u>	<u>1,350</u>

	<i>Fees/ remuneration £'000</i>	<i>Benefits in kind £'000</i>	<i>Bonuses £000</i>	<i>Pension contributions £'000</i>	<i>Total £'000</i>
2001					
<i>Non-executive directors</i>					
Sir Peter Parker (resigned 31 December 2000)	23	—	—	—	23
P Foy (appointed 1 January 2001)	19	—	—	—	19
HR Collum	20	—	—	—	20
AKP Smith	20	—	—	—	20
Sir Colin Southgate	20	—	—	—	20
HE St. Leger King (appointed 30 June 2000)	15	—	—	—	15
Dame Stella Rimington (appointed 30 June 2000)	15	—	—	—	15
EP James (appointed 30 August 2000)	66	—	—	—	66
DE Tagg (resigned 25 July 2000)	7	—	—	—	7
<i>Executive directors</i>					
CW Mann	200	3	175	36	414
G Clery-Melin	400	62	400	—	862
DA Hunter (appointed 1 August 2000)	155	—	279	—	434
AP Marsden (appointed 30 June 2000)	210	2	380	21	613
MJ Brassington	130	1	104	13	248
Total	1,300	68	1,338	70	2,776

	<i>Fees/ remuneration £'000</i>	<i>Benefits in kind £'000</i>	<i>Bonuses £000</i>	<i>Pension contributions £'000</i>	<i>Total £'000</i>
2000					
<i>Non-executive directors</i>					
Sir Peter Parker	30	—	—	—	30
HR Collum	20	—	—	—	20
AKP Smith	20	—	—	—	20
Sir Colin Southgate	20	—	—	—	20
DE Tagg	20	—	—	—	20
<i>Executive directors</i>					
CW Mann	220	10	201	36	467
IG Butcher (resigned 25 January 2000)	171	12	91	16	290
G Clery-Melin (appointed 25 January 2000)	48	13	44	—	105
MJ Brassington (appointed 25 January 2000)	15	—	10	2	27
Total	564	35	346	54	999

	<i>Fees/ remuneration £'000</i>	<i>Benefits in kind £'000</i>	<i>Bonuses £000</i>	<i>Pension contributions £'000</i>	<i>Total £'000</i>
1999					
<i>Non-executive directors</i>					
Sir Peter Parker	30	—	—	—	30
HR Collum	20	—	—	—	20
AKP Smith	20	—	—	—	20
Sir Colin Southgate	20	—	—	—	20
DE Tagg	15	—	—	—	15
<i>Executive directors</i>					
CW Mann	220	19	252	36	527
IG Butcher (appointed 31 December 1998)	50	8	50	5	113
D Harris (resigned 31 December 1998)	131	10	120	50	311
Total	506	37	422	91	1,056

Annual bonuses for directors, and senior executives, are determined by the remuneration committee.

D Harris received compensation for loss of office of £294,000 following his resignation on 31 December 1998.

Emoluments detailed above do not include any amounts for the value of options to acquire ordinary shares. CW Mann, AP Marsden and MJ Brassington are members of defined contribution pension schemes. G Clery-Melin has waived his entitlement to pension contributions. DA Hunter has no entitlement to pension contributions.

Share options

P Foy holds 20,000 (2000: nil; 1999: nil) share options at an exercise price of 423p, exercisable after January 2004. G Clery-Melin holds 400,000 (2000: nil; 1999: nil) share options at exercise prices between 298p and 320p. 50,000 of these options are exercisable after June 2003, the remainder after August 2003. MJ Brassington holds 50,000 (2000: nil; 1999: nil) share options at an exercise price of 320p, exercisable after August 2003. Other employees hold in total 1,046,075 (2000: 345,000; 1999: 225,000) share options. 10,000 options (2000: 80,000; 1999: 35,000) were cancelled during the year. Exercise of all options is dependent on criteria relating to the growth in earnings per share. The closing share price on 31 March 2001 was 342.5p with a high of 467.5p and a low of 255p during the year.

<i>Date of grant</i>	<i>Exercise price</i>	<i>First date of exercise</i>	<i>Last date of exercise</i>	<i>Exercise during the year</i>	<i>Number of options cancelled during year</i>	<i>Number of options outstanding 31 March 2001</i>
1997	136p	March 2000	March 2010	108,500	—	116,500
1999	205p	June 2002	June 2009	—	—	140,000
2000	298p-360p	June 2003	Nov 2010	—	10,000	1,144,575
2001	423p-458p	Jan 2004	March 2011	—	—	115,000

National Insurance has been provided on unapproved options to 31 March 2001.

4. *Operating profit is stated after charging/ (crediting):*

	2001	2000	1999
	£'000	£'000	£'000
Auditors' remuneration	50	28	27
Property lease rentals	2,368	1,042	690
Loss/(profit) on disposal of tangible fixed assets	213	23	(1)

Auditors' remuneration for other services was £219,200 in 2001 (2000: £31,600) (1999: £29,000).

An analysis of operating profit split between continuing activities and acquisitions has not been given as the acquired and existing entities were merged on completion and are therefore no longer separately identifiable.

One off exceptional costs of £360,000 (2000: nil) (1999: £400,000) relate primarily to the disposal of properties that became surplus to the Group's requirements following acquisition.

5. *Taxation*

The tax charge comprises:

	2001	2000	1999
	£'000	£'000	£'000
UK corporation tax at 30% (2000: 30%) (1999: 31%)	2,894	1,655	1,363
Overseas taxation	30	—	—
Deferred tax	—	103	(62)
Prior year adjustments	(24)	(108)	—
Total	2,900	1,650	1,301

6. *Goodwill*

	2001	2000	1999
	£'000	£'000	£'000
Group			
Cost			
Opening balance	16	16	16
Additions	34,472	—	—
Closing balance	34,488	16	16
Amortisation			
Opening balance	16	16	16
Charge for the year	1,055	—	—
Closing balance	1,071	16	16
Net book value			
Opening balance	—	—	—
Closing balance	33,417	—	—

7. *Tangible fixed assets*

<i>Group</i>	<i>Leasehold property and improvements £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Office equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
1 April 2000	519	995	1,558	390	3,462
Additions	1,166	613	1,161	106	3,046
Acquisition of subsidiary undertakings	799	426	426	29	1,680
Disposals	(73)	(100)	(484)	(136)	(793)
Change in value due to currency translations	—	—	—	—	—
31 March 2001	2,411	1,934	2,661	389	7,395
Depreciation					
1 April 2000	139	518	806	130	1,593
Charge for the year	174	187	462	77	900
Disposals	—	(48)	(394)	(78)	(520)
Change in value due to currency translations	—	—	—	—	—
31 March 2001	313	657	874	129	1,973
Net book value					
31 March 2001	2,098	1,277	1,787	260	5,422
31 March 2000	380	477	752	260	1,869

<i>Group</i>	<i>Leasehold property and improvements £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Office equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
1 April 1999	259	889	1,176	703	3,027
Additions	260	106	443	203	1,012
Disposals	—	—	(61)	(516)	(577)
31 March 2000	519	995	1,558	390	3,462
Depreciation					
1 April 1999	88	408	598	285	1,379
Charge for the year	51	110	257	108	526
Disposals	—	—	(49)	(263)	(312)
31 March 2000	139	518	806	130	1,593
Net book value					
31 March 2000	380	477	752	260	1,869
31 March 1999	171	481	578	418	1,648

<i>Group</i>	<i>Leasehold property and improvements £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Office equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
1 April 1998	254	895	1,075	875	3,099
Additions	5	34	225	68	332
Disposals	—	(40)	(124)	(240)	(404)
31 March 1999	259	889	1,176	703	3,027
Depreciation					
1 April 1998	64	341	466	251	1,122
Charge for the year	24	107	244	156	531
Disposals	—	(40)	(112)	(122)	(274)
31 March 1999	88	408	598	285	1,379
Net book value					
31 March 1999	171	481	578	418	1,648
31 March 1998	190	554	609	624	1,977

The Group had unprovided capital commitments of £1,100,000 (2000: £188,000) (1999: nil) at the year end.

8. Investments

	2001 £'000	2000 £'000	1999 £'000
Group			
Investment – own shares (i)	1,251	717	745
Total	<u>1,251</u>	<u>717</u>	<u>745</u>
Company			
Investment – own shares (i)	1,251	717	745
Whitehead Mann Limited (100% ordinary holding) (ii)	56	56	56
Whitehead Selection Limited (100% ordinary holding) (iii)	5	5	5
GKR Group Limited (100% ordinary holding) (iv)	9,016	—	—
Whitehead Mann Inc. (100% ordinary holding) (v)	2,697	—	—
The Change Partnership Limited (100% ordinary holding) (vi)	4,337	—	—
Whitehead Mann SARL (100% ordinary holding) (vii)	4	—	—
Total	<u>17,366</u>	<u>778</u>	<u>806</u>

- (i) The investment in own shares relates to the Employee Benefit Trust, which at 31 March 2001, held 649,762 ordinary shares in Whitehead Mann Group Plc to meet options granted to employees, and shares allocated for award to employees under the Whitehead Mann Group Plc Equity Participation Plan. The market value of the shares owned by the Employee Benefit Trust at the mid-market price on 31 March 2001 was £2,225,400 (2000: £1,137,300; 1999: £798,417).

The Company has an obligation to make regular contributions to the trust to enable it to meet its financing costs. Rights to dividends on shares held by the trust have been waived by the trustees. £292,000 (2000: £28,000; 1999: £23,000) was written off through the profit and loss account during the year in accordance with the accounting policy relating to the Employee Benefit Trust.

The net assets of the Employee Benefit Trust which are included in the accounts are:

	2001 £	2000 £	1999 £
Whitehead Mann Group Plc shares at cost	1,251,000	717,000	745,000
Bank and intercompany loans	(1,227,000)	(693,000)	(693,000)
Net assets	<u>24,000</u>	<u>24,000</u>	<u>52,000</u>

- (ii) This company is registered in England and Wales. Its principal activity is the provision of consultancy services concerned with the recruitment of executive personnel, management assessment and executive coaching and development. All trading for Whitehead Mann Group Plc takes place through this company, which shares the same registered address as Whitehead Mann Group Plc.
- (iii) This company is dormant and registered in England and Wales.
- (iv) GKR Group Limited was acquired on 30 June 2000 and is registered in England and Wales. The trade was transferred to Whitehead Mann Limited on 30 June 2000 and since that time the company has not traded.
- (v) Whitehead Mann Inc. is registered in Delaware, USA. It was formed in conjunction with the acquisition of Pendelton James Associates Inc. with which it was merged on completion. Its principal activity is the provision of consultancy services concerned with the recruitment of executive personnel and management assessment in the United States.
- (vi) The Change Partnership Limited was acquired in February 2001. Since that time the trade has been transferred to Whitehead Mann Limited and the company has now ceased to trade.
- (vii) Whitehead Mann SARL is incorporated in France. Its principal activity is the same as Whitehead Mann Limited.

9. Debtors

	2001	2000	1999
	£'000	£'000	£'000
Trade debtors	15,332	6,072	4,414
ACT recoverable	—	—	136
Other debtors	602	606	98
Prepayments and accrued income	1,884	429	541
Deferred tax (note 7(12))	68	—	103
Total	<u>17,886</u>	<u>7,107</u>	<u>5,292</u>

10. Creditors: amounts falling due within one year

	2001	2000	1999
	£'000	£'000	£'000
Bank loan	200	200	200
Trade creditors	2,253	456	658
Corporation tax	2,583	1,193	1,225
Other taxation and social security	3,501	3,756	3,136
ACT payable	—	—	136
Other creditors	8,682	289	290
Accruals and deferred income	1,917	818	644
Deferred consideration	2,544	—	—
Proposed dividend	1,659	920	814
Total	<u>23,339</u>	<u>7,632</u>	<u>7,103</u>

In February 1995, the Group moved to newly leased premises, vacating the properties it previously occupied.

As at 31 March 1999 and 2000, the Group continued to hold a lease on a property it does not occupy, which expires in 2003. The property was let during 1998/9 and an amount equal to the difference between the rental income and the rental outgoings until the Group's lease expires, of £400,000, charged against profits.

As at 31 March 2000, £66,000 (1999: £77,000) of this amount is included within other creditors falling due within one year and £187,000 (1999: £299,000) within creditors falling due after more than one year. As at 31 March 2001 the amounts involved were not material and no disclosure was made.

11. Creditors: amounts falling due after more than one year

	2001	2000	1999
	£'000	£'000	£'000
Deferred consideration	4,877	—	—
Other creditors	377	208	299
	<u>5,254</u>	<u>208</u>	<u>299</u>

Deferred consideration due in both less than and after more than one year relates to further amounts payable in respect of acquisitions in note 7(22) and has been provided for in full. The provision is guaranteed by £2.3 million in cash, which is held in a separate bank account not immediately accessible by the rest of the Group.

12. Deferred taxation

Deferred tax unprovided for in the group is as follows:

	2001
	£'000
Accelerated capital allowances	17
Other timing differences	22
Total	<u>39</u>

Unprovided deferred tax as at 1 April 2000 in the group totalled £20,000 (1999: £nil)

As at 31 March 1999, a deferred tax asset of £103,000 was included in the accounts in relation to future property costs. This amount was written back in full in the year ended 31 March 2000.

13. Derivatives and other financial instruments

The Group's financial assets at 31 March 2001 comprise sterling current account deposits and French franc and US dollar current accounts. The sterling current account balance of £2,632,000 was on call at a rate of 5.77%. £194,000 of the current account was denominated in French francs at 31 March 2001 (31 March 2000: nil, 31 March 1999: nil). £276,000 of the Group's cash was denominated in US dollars at 31 March 2001 (31 March 2000: nil, 31 March 1999: nil).

The loan of £200,000 relates to the Employee Benefit Trust and is at LIBOR plus 1%. It is repayable within one year.

14. Share capital

	2001 £'000	2000 £'000	1999 £'000
Authorised			
21,000,000 5p ordinary shares	—	1,050	1,050
26,500,000 5p ordinary shares	1,325	—	—
Allotted, called up and fully paid			
15,525,000 5p ordinary shares	—	776	776
22,472,709 5p ordinary shares	1,124	—	—

5,849,209 ordinary shares were allotted during the year in connection with acquisitions. 108,500 shares were allotted to meet exercised share options. 990,000 new shares were placed in January 2001 to fund the acquisition of The Change Partnership Ltd.

15. Dividends

	2001 £'000	2000 £'000	1999 £'000
Interim dividend 5.2p per share (2000: 4.4p per share) (1999: 3.6p per share)	1,090	664	541
Final dividend 7.6p per share (2000: 6.1p per share) (1999: 5.4p per share)	1,659	920	814
	2,749	1,584	1,355

The interim dividend per share of 5.2p and the final dividend per share of 7.6p are based on a dividend of £1,090,000 and a proposed dividend of £1,659,000 respectively and the 21,822,947 (interim – 20,847,447) 5p ordinary shares in issue and ranking for dividend (excluding shares held by the Whitehead Mann Group Plc Employee Benefit Trust which has waived its right to dividends).

16. Reserves

	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Profit and loss reserve £'000	Total £'000
The group					
Balance at 1 April 2000	—	—	—	5,975	5,975
Change due to currency fluctuations	—	—	—	76	76
Retained profit for the year	—	—	—	1,688	1,688
Shares issued	—	3,947	15,375	—	19,322
Shares to be issued	50	—	4,250	—	4,300
Balance at 31 March 2001	50	3,947	19,625	7,739	31,361

	<i>Group Profit and loss account £'000</i>	<i>Company Profit and loss account £'000</i>
1 April 1999	4,201	1,255
Retained profit for the year	1,774	1,222
31 March 2000	5,975	2,477

	<i>Group Profit and loss account £'000</i>	<i>Group Goodwill reserve £'000</i>	<i>Company Profit and loss account £'000</i>
1 April 1998	3,062	(16)	1,563
Transfer from goodwill reserve	(16)	16	—
Restated 1 April 1998	3,046	—	1,563
Retained profit/(loss) for the year	1,155	—	(308)
31 March 1999	4,201	—	1,255

In accordance with FRS 10 a transfer of £16,000 was made from the goodwill reserve to the profit and loss account reserve in the year ended 31 March 1999.

17. Earnings per share

	<i>2001</i>	<i>2000</i>	<i>1999</i>
Basic earnings per share	22.73p	22.27p	16.53p
Earnings per share before goodwill amortisation	28.14p	22.27p	—
Earnings per share before exceptional property costs	—	—	18.34p
Diluted earnings per share	21.76p	22.05p	16.42p

The calculation of basic earnings per share of 22.73p (2000: 22.27p) (1999: 16.53p) is based on a profit for the year of £4,437,000 (2000: £3,358,000) (1999: £2,510,000) and on 19,519,734 shares (2000: 15,078,957) (1999: 15,189,260) 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 is based on a profit for the year of £4,437,000 (2000: £3,358,000) (1999: £2,510,000) and on 20,391,217 shares (2000: 15,228,087) (1999: 15,294,389) reflecting the effect of outstanding share options and allocations made by the Employee Benefit Trust. Earnings per share before goodwill amortisation is based on a profit for the year of £5,492,000 after adding back amortisation of £1,055,000 and 19,519,734 shares, being the weighted average number of shares in issue during that year. The directors consider this figure to be helpful in giving a better understanding of the underlying business.

18. Financial commitments

	<i>2001 £'000</i>	<i>2000 £'000</i>	<i>1999 £'000</i>
The Group is committed to paying the following annual amounts on operating leases on properties expiring:			
In less than one year	113	143	7
In two to five years	476	150	150
In more than five years	5,054	1,138	823
	5,643	1,431	980

19. Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000	1999
	£'000	£'000	£'000
Operating profit	7,218	4,710	3,462
Depreciation	900	526	531
Amortisation of goodwill	1,055	—	—
Increase in debtors	(3,014)	(2,054)	(827)
(Decrease)/Increase in creditors	(57)	500	257
Loss/(profit) on disposal of fixed assets	213	23	(1)
Movement on investments	292	28	23
Net cash inflow from operating activities	6,607	3,733	3,445

20. Analysis and reconciliation of net funds

	Cash at bank and in hand £'000	Money Market deposit £'000	Sub total £'000	Bank loan £'000	Total net funds £'000
2001					
At 1 April 2000	3,398	1,500	4,898	(200)	4,698
Cash outflow	(273)	(1,500)	(1,773)	—	(1,773)
Exchange movement	(23)	—	(23)	—	(23)
At 31 March 2001	3,102	—	3,102	(200)	2,902

As discussed in note 7(11), £2.3 million of the cash at bank and in hand is held in a separate bank account.

	Cash at bank and in hand £'000	Money Market deposit £'000	Sub total £'000	Bank loan £'000	Total net funds £'000
2000					
At 1 April 1999	3,194	1,500	4,694	(200)	4,494
Cash inflow	204	—	204	—	204
At 31 March 2000	3,398	1,500	4,898	(200)	4,698

	Cash at bank and in hand £'000	Money Market deposit £'000	Sub total £'000	Bank loan £'000	Total net funds £'000
1999					
At 1 April 1998	1,522	2,503	4,025	(200)	3,825
Cash inflow/(outflow)	1,672	(1,003)	669	—	669
At 31 March 1999	3,194	1,500	4,694	(200)	4,494

21. *Reconciliation of movement in shareholders' funds*

	2001 £'000	2000 £'000	1999 £'000
Profit for the financial year	4,437	3,358	2,510
Other recognised gains and losses relating to the year (net)	76	—	—
	<u>4,513</u>	<u>3,358</u>	<u>2,510</u>
Dividends paid and proposed	(2,749)	(1,584)	(1,355)
New shares issued	19,670	—	—
Shares to be issued	4,300	—	—
	<u>25,734</u>	<u>1,774</u>	<u>1,155</u>
Net addition to shareholders' funds	25,734	1,774	1,155
Opening shareholders' funds	6,751	4,977	3,822
Closing shareholders' funds	<u>32,485</u>	<u>6,751</u>	<u>4,977</u>

22. *Acquisitions of subsidiary undertakings*

The following tables set out the book values of the identifiable assets and liabilities acquired and their fair value to the Group.

GKR Limited – acquired 30 June 2000

	Book value £'000	Accounting policy alignment £'000	Other significant items £'000	Fair value to group £'000
Tangible fixed assets	1,340	—	—	1,340
Debtors	5,003	—	—	5,003
Cash	3,001	—	—	3,001
Creditors due within one year	(7,719)	—	(186)	(7,905)
Creditors due after more than one year	(23)	—	—	(23)
Net assets	<u>1,602</u>	<u>—</u>	<u>(186)</u>	<u>1,416</u>
Goodwill				18,659
Total				<u>20,075</u>
Satisfied by				
Shares issued – 4,360,626 at 258.6p				11,276
Cash				4,161
Deferred cash consideration				3,865
Acquisition costs				773
Total				<u>20,075</u>

Pendleton James, Associates Inc. – acquired 1 August 2000

	<i>Book value £'000</i>	<i>Accounting policy alignment £'000</i>	<i>Other significant items £'000</i>	<i>Fair value to group £'000</i>
Tangible fixed assets	149	—	—	149
Debtors	1,580	—	—	1,580
Cash	—	—	—	—
Creditors due within one year	(1,663)	—	—	(1,663)
Creditors due after more than one year	—	—	—	—
Net Assets	66	—	—	66
Goodwill				6,948
Total				7,014
Satisfied by				
Shares issued – 1,488,583 at 295p				4,391
Cash				1,251
Deferred cash consideration				1,182
Acquisition costs				190
Total				7,014

The Change Partnership Limited – acquired 1 February 2001

	<i>Book value £'000</i>	<i>Accounting policy alignment £'000</i>	<i>Other significant items £'000</i>	<i>Fair value to group £'000</i>
Tangible fixed assets	191	—	—	191
Debtors	1,182	—	—	1,182
Cash	539	—	—	539
Creditors due within one year	(1,812)	—	—	(1,812)
Creditors due after more than one year	—	—	—	—
Net assets	100	—	—	100
Goodwill				8,487
Total				8,587
Satisfied by				
Cash				1,626
Deferred loan notes				2,374
Deferred share consideration – 1,000,000 at 430p				4,300
Acquisition costs				287
Total				8,587

PART IV – SUMMARY OF THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement contains the following terms:

1. The Baines Gwinner Shareholders (the “Sellers”) agree to sell and Whitehead Mann agrees to buy the entire issued share capital of Baines Gwinner. The purchase price will be satisfied (i) by the allotment of the Consideration Shares, (ii) by a cash payment of £250,000, and (iii) by the issuing of 2002 Loan Notes, 2003 Loan Notes and 2004 Loan Notes (the Loan Notes having an aggregate principal amount of £2,773,764).
2. The Sale and Purchase Agreement is conditional on Admission becoming effective on or before 30 November 2001. The Sellers have given undertakings not to do anything or to procure that anything is done which would cause the warranties to be inaccurate if repeated at Completion.
3. The Consideration Shares will rank *pari passu* in all respects with the Ordinary Shares save that the Consideration Shares will not rank for any dividend declared in respect of the six months ended 30 September 2001.
4. The 2002 Loan Notes may be redeemed on the first anniversary of Completion and thereafter at three monthly intervals in the period from (and including) the first anniversary of Completion to (and including) the second anniversary of Completion. Outstanding 2002 Loan Notes will be redeemed by Whitehead Mann on the second anniversary of Completion, the 2003 Loan Notes may be redeemed on the second anniversary of Completion and thereafter at three monthly intervals in the period from (and including) the second anniversary of Completion to (and including) the third anniversary of Completion. Outstanding 2003 Loan Notes will be redeemed by Whitehead Mann on the third anniversary of Completion and the 2004 Loan Notes may be redeemed on the third anniversary of Completion and thereafter at three monthly intervals in the period from (and including) the third anniversary of Completion to (and including) the fourth anniversary of Completion. Outstanding 2004 Loan Notes will be redeemed by Whitehead Mann on the fourth anniversary of Completion.
5. The Sellers give warranties to Whitehead Mann under the Agreement. The tax warranties expire seven years from 30 November 2000 and the other warranties expire 18 months from Completion. The Sellers and (in certain circumstances) Whitehead Mann have the right to require that an amount due pursuant to a warranty claim is satisfied by way of sale of Loan Notes to a member of the Whitehead Mann Group for £1 (with the warranty claim being deemed to be satisfied to the extent of the difference between the outstanding principal amount of the relevant Loan Notes and £1). The Sellers may sell Consideration Shares to satisfy the amount due in relation to a warranty claim.
6. Save as agreed with Whitehead Mann, if any of those Baines Gwinner Shareholders whose continued employment is believed by Whitehead Mann to be particularly important to the future success of Baines Gwinner as part of the Enlarged Group (a “Key Employee”) leaves the Whitehead Mann Group before the third anniversary of Completion (otherwise than as a result of redundancy, death, disability, ill health, retirement at normal retirement age of the relevant Key Employee or a transfer of the business and undertaking in which the Key Employee is employed to which the Transfer of Undertakings Protection of Employment Regulations 1981 apply or the company which employs the Key Employee ceasing to be a member of the Whitehead Mann Group or termination of the relevant Key Employees’ employment (including the giving of notice to terminate) by Whitehead Mann other than for gross misconduct, or the constructive dismissal of the relevant Key Employee by Whitehead Mann), (a “Bad Leaver”), Whitehead Mann shall be entitled to (i) recover from the relevant Bad Leaver a cash amount equal to the value of those Consideration Shares at £2.475 per share forming the share element of the relevant Bad Leaver’s allocation of the purchase consideration, less any amount paid by the Bad Leaver in relation to a warranty claim, and (ii) require the relevant Bad Leaver to sell any outstanding Loan Notes to a member of the Whitehead Mann Group for £1.
7. The Sale and Purchase Agreement contains undertakings by each of the Key Employees to Whitehead Mann that if he or she is a Bad Leaver he or she will not:
 - (a) for a period of 12 months starting on the date of Completion be engaged in a business which competes with the Whitehead Mann Group or solicit or seek to do business with employees or customers of Baines Gwinner; and

- (b) subject to certain exceptions for a period of three years, transfer, or dispose of any Consideration Share or any interest in any Consideration Share. The exceptions are:
 - (i) where there is a general offer or potential offer for the Company; or
 - (ii) with the prior written consent of Whitehead Mann; or
 - (iii) if Whitehead Mann makes an offer to its shareholders to purchase its own shares or proposes a scheme or arrangement, a disposal or agreement to dispose of any Consideration Shares to Whitehead Mann to that offer or scheme; or
 - (iv) in the event of an intervening court order or the death of the relevant Seller; or
 - (v) to a Seller's family trust.
- 8. Employees of Baines Gwinner will be paid bonuses, subject to certain restrictions, by 31 January 2002 in respect of the trading of the Baines Gwinner Group up to the Completion Date.

PART V – ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and business addresses appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors (each of whose business address is the registered office of the Company) are:

Peter Foy	<i>Non-executive Chairman</i>
Clive William Mann	<i>Executive Deputy Chairman</i>
Gerard Clery-Melin	<i>Chief Executive</i>
Matthew John Brassington	<i>Finance Director</i>
Durant Adams Hunter	<i>Executive Director (US)</i>
Austin Philip Marsden	<i>Deputy Chief Executive</i>
Hugh Robert Collum	<i>Non-executive Director</i>
Edgar Pendleton James	<i>Non-executive Director (US)</i>
Alan Keith Patrick Smith	<i>Non-executive Director</i>
Dame Stella Rimington	<i>Non-executive Director</i>
Sir Colin Grieve Southgate	<i>Non-executive Director</i>

2. Share capital

- (a) Set out below are details of the authorised and issued share capital of the Company as at 20 November 2001 (the latest practicable date prior to the publication of this document) and the authorised and issued share capital of the Company as it will be following Completion.

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Present</i>	<i>Following Completion</i>	<i>Present</i>	<i>Following Completion</i>
Ordinary Shares (number)	26,500,000	26,500,000	22,472,709	25,272,709
Nominal value (£)	1,325,000	1,325,000	1,123,635	1,263,635

- (b) The Existing Ordinary Shares are and the Consideration Shares will be in registered form and are capable of being held in uncertificated form. Application has been made for the Consideration Shares to be admitted to the Official List. The Consideration Shares have not been marketed and are not being made available to the public in whole or in part.

3. Service contracts and emoluments of the Directors

- (a) The following are summary particulars of the service agreements and terms of appointment of the Directors:

(i) Gerard Clery-Melin

Gerard Clery-Melin entered into a service agreement with Whitehead Mann Limited dated 12 June 2000 (effective on 25 January 2000) for an indefinite period (until his 65th birthday or such other agreed age), terminable by either party on 12 months' notice in writing.

Whitehead Mann Limited has an absolute discretion to terminate the employment with immediate effect by paying to Gerard Clery-Melin 125 per cent. of his annual base salary as at the date of termination plus such additional payments which Whitehead Mann Limited in its absolute discretion decides. If Gerard Clery-Melin's employment is terminated by Whitehead Mann Limited or if Gerard Clery-Melin gives notice to Whitehead Mann Limited within 12 months of a change of control of the Company, he will be entitled (subject to adjustments and the circumstances of the termination) to one year's basic salary as at the date of termination, and a sum of one and a half times his bonus for the financial year immediately preceding the termination. In such a case, Whitehead Mann Limited will allow Gerard Clery-Melin to exercise the remainder of his options which remain unexercised.

Gerard Clery-Melin was entitled to receive a base salary of £400,000 per annum, although, by agreement with Whitehead Mann Limited, this sum was reduced to £340,000 effective from 1 October 2001. In addition to the base salary Gerard Clery-Melin is entitled to receive an annual bonus as the Board and/or remuneration committee decide. Gerard Clery-Melin also has the benefit of either Whitehead Mann Limited's approved occupational pension scheme or an approved personal pension scheme, private medical insurance, a car and reimbursement of six months' rental charges (up to a maximum of £4,000 per month) in respect of an apartment in London.

(ii) Clive William Mann

Clive Mann entered into a service agreement with Whitehead Mann Limited dated 28 November 1997 (effective on 1 April 1997) for an indefinite period (or until his 65th birthday or such other agreed age), terminable by either party on 12 months' notice in writing. Whitehead Mann Limited has absolute discretion to terminate the employment with immediate effect by paying to Clive Mann 125 per cent. of his annual base salary as at the date of termination plus such additional payments which Whitehead Mann Limited in its absolute discretion decides.

Clive Mann was entitled to receive a base salary of £200,000 per annum, although, by agreement with Whitehead Mann Limited, this sum was reduced to £170,000 effective from 1 October 2001. In addition to the base salary, Clive Mann is entitled to receive a discretionary Christmas bonus of not more than one month's salary and/or a Year End Bonus based on the Group's profit performance in that year. Clive Mann also has the benefit of either Whitehead Mann Limited's approved occupational pension scheme or an approved personal pension scheme, private medical insurance, permanent health insurance, a car and payment of his home telephone bill.

(iii) Matthew John Brassington

Matthew Brassington entered into a service agreement with Whitehead Mann Limited dated 12 June 2000 (effective on 25 January 2000) for an indefinite period (or until his 65th birthday or such other agreed age), terminable by either party on 12 months' notice in writing.

Whitehead Mann Limited has an absolute discretion to terminate the employment with immediate effect by paying to Matthew Brassington 125 per cent. of his annual base salary as at the date of termination plus such additional payments which Whitehead Mann Limited in its absolute discretion decides.

Matthew Brassington was entitled to receive a base salary of £130,000 per annum, although, by agreement with Whitehead Mann Limited, this sum was reduced to £110,500 effective from 1 October 2001. In addition to the base salary Matthew Brassington is entitled to an annual bonus as the Board and/or remuneration committee decide. Matthew Brassington also has the benefit of either Whitehead Mann Limited's approved occupational pension scheme or an approved personal pension scheme, private medical insurance and permanent health insurance.

(iv) Durant Adams Hunter

Durant Hunter entered into an agreement with the Company dated 27 July 2000 by which he became employed by Whitehead Mann Inc. with effect from 1 August 2000 for an indefinite period (or until his 65th birthday or such other agreed age) terminable by either party on 12 months' notice in writing.

Whitehead Mann Inc. has an absolute discretion to terminate the employment with immediate effect by paying to Durant Hunter 125 per cent. of his annual base salary at the date of termination plus such additional payments as Whitehead Mann Inc. in its absolute discretion decides.

Durant Hunter was entitled to receive a base salary of US\$350,000 per annum, although, by agreement with Whitehead Mann Inc., this sum was reduced to US\$297,500 effective from 1 October 2001. In addition to the base salary Durant Hunter is entitled to an annual bonus as the Board and/or remuneration committee decide. Durant Hunter is also entitled to enhanced sick pay, family medical cover, disability cover and life insurance.

(v) Austin Philip Marsden

Philip Marsden entered into a service agreement with Whitehead Mann Limited dated 12 June 2000 (effective on 30 June 2000) for an indefinite period (or until his 60th birthday or such other agreed age), terminable by either party on 12 months' notice in writing.

Whitehead Mann Limited has an absolute discretion to terminate the employment with immediate effect by paying to the Philip Marsden 125 per cent. of his annual base salary as at the date of termination, such sums to be pro-rated in lieu of the notice period or any unexpired part of the notice period which is shorter than 12 months.

Philip Marsden was entitled to receive a base salary of £280,000 per annum, although, by agreement with Whitehead Mann Limited, this sum was reduced to £238,000 effective from 1 October 2001. In addition to his base salary Philip Marsden is entitled to receive an annual bonus at such times and subject to conditions as the Board and/or remuneration committee may in its absolute discretion decide. Philip Marsden also has the benefit of either Whitehead Mann Limited's approved occupational pension scheme or an approved personal pension scheme, private medical insurance, permanent health insurance and life insurance at four times annual salary (subject to the specified maximum) for death in service before his 60th birthday.

- (b) The non-executive directors are not employees of the Company, and as such do not have service contracts. The following are summary particulars of the terms and conditions of the appointment of the non-executive directors of the Company:

(i) Peter Foy

By a letter dated 25 October 2000, and subsequent approval of the Board, Peter Foy was appointed as a non-executive director of the Company for an unspecified term. No notice period is specified in the letter of appointment, and subsequent reappointment is subject to the Articles of Association and to any necessary shareholder ratification.

While a director, Peter Foy is entitled to receive a director's fee of £75,000 per annum, together with reimbursement for all expenses reasonably incurred by him in the course of his duties. If his appointment is terminated by resolution of shareholders in general meeting, or if he fails to be reappointed as a result of a decision of the shareholders in general meeting, Peter Foy is not entitled to receive any compensation or other payment.

(ii) Hugh Robert Collum

By a letter dated 20 February 1997, and subsequent approval of the Board, Hugh Collum was appointed as a non-executive director of the Company for an unspecified term. No notice period is specified in the letter of appointment, and subsequent reappointment is subject to the Articles of Association and to any necessary shareholder ratification.

While a director, Hugh Collum is entitled to receive a director's fee of £20,000 per annum, together with reimbursement for all expenses reasonably incurred by him in the course of his duties. If his appointment is terminated by resolution of shareholders in general meeting, or if he fails to be reappointed as a result of a decision of the shareholders in general meeting, Hugh Collum is not entitled to receive any compensation or other payment.

(iii) Edgar Pendleton James

By a letter dated 27 July 2000 and deemed to take effect from 1 August 2000 Edgar Pendleton James was appointed as a non-executive director of the Company for as long as Durant Hunter remains a director of the Company. No notice period is specified in the letter of appointment and subsequent reappointment is subject to the Articles of Association and any necessary shareholder ratification.

While a director, Edgar Pendleton James is entitled to receive a director's fee of US\$30,000 per annum and an additional fee of US\$120,000 per annum in respect of the provision of certain consultancy services to Whitehead Mann Inc., together with all expenses reasonably incurred by him in the performance of his duties. If his appointment is terminated by resolution of shareholders in general meeting, or if he fails to be reappointed as a result of a decision of the shareholders in general meeting, he is not entitled to receive any compensation or other payment.

(iv) Dame Stella Rimington

By a letter dated 12 June 2000, and subsequent approval of the Board, Dame Stella Rimington was appointed as a non-executive director of Whitehead Mann for an unspecified term. No notice period is specified in the letter of appointment, and appointment and subsequent reappointment will be subject to the Articles of Association and to any necessary shareholder ratification.

While a director, Dame Stella Rimington is entitled to receive a director's fee of £20,000 per annum, together with reimbursement for all expenses reasonably incurred by her in the course of her duties. If her appointment is terminated by resolution of shareholders in general meeting, or if she fails to be reappointed as a result of a decision of the shareholders in general meeting, Dame Stella Rimington is not entitled to receive any compensation or other payment.

(v) Alan Keith Patrick Smith

By a letter dated 20 February 1997, and subsequent approval of the Board, Alan Smith was appointed as a non-executive director of Whitehead Mann for an unspecified term. No notice period is specified in the letter of appointment, and subsequent reappointment is subject to the Articles of Association and to any necessary shareholder ratification.

While a director, Alan Smith is entitled to receive a director's fee of £20,000 per annum, together with reimbursement for all expenses reasonably incurred by him in the course of his duties. If his appointment is terminated by resolution of shareholders in general meeting, or if he fails to be reappointed as a result of a decision of the shareholders in general meeting, Alan Smith is not entitled to receive any compensation or other payment.

(vi) Sir Colin Grieve Southgate

By a letter dated 20 February 1997, and subsequent approval of the Board, Sir Colin Southgate was appointed as a non-executive director of Whitehead Mann for an unspecified term. No notice period is specified in the letter of appointment, and subsequent reappointment is subject to the Articles of Association and to any necessary shareholder ratification.

While a director, Sir Colin Southgate is entitled to receive a director's fee of £20,000 per annum, together with reimbursement for all expenses reasonably incurred by him in the course of his duties. If his appointment is terminated by resolution of shareholders in general meeting, or if he fails to be reappointed as a result of a decision of the shareholders in general meeting, Sir Colin is not entitled to receive any compensation or other payment.

- (c) Save as disclosed above, there are no existing or proposed service agreements, consultancy agreements or other contracts between the Directors and the Company or any of its subsidiaries.
- (d) The aggregate of the remuneration paid and benefits in kind granted to the Directors by any member of the Group during the year ended 31 March 2001 was £2,776,000.
- (e) Save as disclosed in paragraph 3(a) of this Part V there is no other arrangement under which any Director has waived or has agreed to waive future emoluments nor has there been any other waiver of emoluments by any Director during the financial year immediately preceding the date of this document.
- (f) The total emoluments receivable by the Directors will not be varied in consequence of the Baines Gwinner Acquisition.

4. Directors and other interests

- (a) The interests (all of which are beneficial) of the Directors and their immediate families in the securities of the Company which (i) have been notified to the Company pursuant to sections 324 or 328 of the Act or (ii) are required to be entered in the register maintained under section 325 of the Act or (iii) so far as the Directors are aware having made due and proper enquiry of such persons connected with each Director (within the meaning of section 346 of the Act) are interests of a connected person of a Director which would, if the connected person were a director of the Company be required to be disclosed under (i) or (ii) above, as they currently are and as they will be following Completion are shown in this paragraph and paragraph 4(b) below:

	<i>Present</i>		<i>Following Completion</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
CW Mann*	3,303,900	14.70	3,303,900	13.07
DA Hunter**	859,154	3.82	859,154	3.40
AP Marsden***	300,000	1.33	300,000	1.19
G Clery-Melin	270,000	1.20	270,000	1.07
Sir Colin Southgate	38,462	0.17	38,462	0.15
HR Collum	30,000	0.13	30,000	0.12
AKP Smith	20,000	0.09	20,000	0.08
Peter Foy	12,000	0.05	12,000	0.05
MJ Brassington	5,500	0.02	5,500	0.02
EP James	—	—	—	—
Dame Stella Rimington	—	—	—	—

*Including the ordinary shares owned by his wife, Dr AR Mann.

**Including 117,822 shares held on trust for the benefit of his children.

***In addition, AP Marsden is interested in a trust established for the benefit of certain employees of GKR Group Limited, prior to that company's acquisition by the Company, which holds a further 3,155,409 Ordinary Shares.

- (b) As at the date of this document the following options were held by Directors over shares in the Company: P Foy holds 20,000 (2000: nil) share options at an exercise price of 423p, exercisable after January 2004; G Clery-Melin holds 400,000 (2000: nil) share options at exercise prices between 298p and 320p; 50,000 of these options are exercisable after June 2003, the remainder after August 2003; and MJ Brassington holds 50,000 (2000: nil) share options at an exercise price of 320p, exercisable after August 2003.
- (c) Apart from the interests shown in paragraph 4(a) above as at 20 November 2001, being the latest practicable date prior to the publication of this document, so far as the Company is aware, the interests of persons (direct or indirect) in 3 per cent. or more of the issued ordinary share capital of the Company were and following Completion will be as follows:

	<i>Present</i>		<i>Following Completion</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Dr AR Mann*	1,953,900	8.69	1,953,900	7.73
Jonathan Baines	—	—	1,111,138	4.40
MCS Leslie	923,000	4.11	923,000	3.65
Invesco English and International Trust plc	834,000	3.71	834,000	3.30
3i Smaller Companies Trust plc	832,000	3.70	832,000	3.29
NV Smith†	821,675	3.66	821,675	3.25
Standard Life	764,241	3.40	764,241	3.02

*Dr AR Mann is married to CW Mann. The interests registered in her name are also included in sub-paragraph (a) above.

†Includes 12,348 shares held in a Trust jointly by NV Smith and IG Butcher for the benefit of NV Smith's infant children.

- (d) So far as the Directors are aware, there are no persons who directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- (e) There are no outstanding loans granted by any member of the Group to any of the Directors, nor is any guarantee provided by any member for the benefit of any of the Directors.
- (f) Other than pursuant to options granted under the Whitehead Mann Employee Share Schemes, details of which are set out in paragraph 7 of this Part V, no share or loan capital of the Whitehead Mann Group undertakings is under option or agreed conditionally to be put under option.
- (g) Clive Mann is interested in 30 per cent. of the ordinary shares of Woodburn Mann Group (pty) Limited ("Woodburn Mann"), a South African firm of executive search consultants. This interest was acquired in 1982 when there was a trading relationship between Woodburn Mann and the Company. This relationship ceased in 1991. Clive Mann now has no involvement in Woodburn Mann other than as a shareholder. Clive Mann confirmed to the Company in writing that he will not allow his interest in Woodburn Mann to create a situation where he would have a conflict of interest with the business of the Enlarged Group. He has also confirmed that he will bring all executive search opportunities of which he becomes aware to the attention of the Board and that he will not involve himself in the

management of Woodburn Mann and that his shareholding therein is held as a passive investment only. Future transactions with Woodburn Mann, if any, will be conducted at arms length on a normal commercial basis.

- (h) No Director is interested in any transaction which is or was unusual in its nature or conditions or which is or was significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected during any earlier financial year and remains in any respect outstanding or unperformed.

5. Memorandum and Articles of Association

- (a) The principal objects of the Company are, among other things, to carry on the business of a holding company and to carry on the business of management consultants and advisers of each and any description and to carry on a secretarial and employment agency. The objects of the Company are set out in full in clause 4 of the Company's Memorandum of Association which is available for inspection at the address specified in paragraph 14 below.
- (b) The Articles of Association of the Company ("the Articles") contain, among other things, provisions to the following effect:

- (i) Directors' authority to allot shares

- (1) The directors of the Company are given general and unconditional authority pursuant to section 80 of the Act to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount equal to £258,750 for the period from the date of adoption of the Articles to the date of the annual general meeting in 1998 or fifteen months after the date of adoption of the Articles, whichever is the earlier, and any subsequent period for which that power is renewed by ordinary or special resolution. This authority was renewed by an ordinary resolution passed on 18 July 2001 in respect of a nominal amount equal to £201,364, such authority expiring on the conclusion of the next annual general meeting.
 - (2) The Articles give the directors of the Company general power pursuant to section 95 of the Act to allot equity securities as if section 89(1) of the Act did not apply to such allotment for the period from the date of adoption of the Articles to the date of the annual general meeting in 1998 or 15 months after the date of adoption of the Articles, whichever is the earlier, and any subsequent period for which that power is renewed by special resolution; the power is limited to allotments of equity securities offered to holders of Ordinary Shares made in proportion to existing holdings but subject to the directors of the Company having a right to make exclusions or other arrangements to deal with fractional entitlements and legal or regulatory requirements and in addition to make allotments of equity securities for cash up to an aggregate nominal amount equal to £38,812.50. This power was renewed by a special resolution passed on 18 July 2001, the amount allotable under such power being £56,181, such power expiring on the conclusion of the next annual general meeting.

The Company remains subject to the continuing obligations of the UK Listing Authority with regard to the issue of securities for cash and the provisions of section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) in respect of the balance of the authorised but unissued share capital of the Company which is not the subject of the disapplication referred to in sub-paragraph 5(b)(i)(2) above.

- (ii) Voting rights of members

Subject to disenfranchisement, in particular in the event of non-payment of any call or other sum due and payable in respect of any share and subject to any special rights or restriction as to voting for the time being attached to any class of shares (as to which there are none at present), on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative (not being himself a member) has one vote and on a poll every member present in person, by proxy or by representative has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(iii) Dividends

Subject to the rights attached to any shares issued on any special terms and conditions (as to which there are none at present) dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for these purposes as paid up on the share. In particular:

- (1) the Company may by, ordinary resolution, declare dividends, as long as they do not exceed the amount recommended by the directors;
- (2) the directors of the Company may, with the sanction of an ordinary resolution, offer shares, credited as fully paid, instead of cash in respect of the whole or any part of any dividend;
- (3) the Company may cease to send dividend warrants and cheques by post to any person where such have been returned undelivered or left uncashed on at least two consecutive occasions;
- (4) any dividend unclaimed for a period of twelve years after becoming due for payment shall be forfeited and cease to remain owing by the Company.

(iv) Distribution of assets on winding-up

On a voluntary winding-up of the Company, the liquidator may, on obtaining any sanction required by law, divide amongst members in kind the whole of any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For such purpose, the liquidator may set the value he deems fair on any class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of the members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent, any asset to which there is attached a liability or potential liability for the owner.

(v) Transfer of shares

The shares of the Company may be transferred by an instrument in any usual form or in such other form as the directors of the Company may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. Subject to the requirements of the UK Listing Authority and the Articles, the directors of the Company may, in their absolute discretion and without giving any reason, refuse to register any transfer of any share which is not fully paid up or any share on which the Company has a lien. If that share has been admitted to the Official List, the directors of the Company may not refuse to register the transfer if this would prevent dealings in the share taking place upon an open and proper basis. Subject to the requirements of the UK Listing Authority and the Articles, the directors of the Company may also in their absolute discretion and without giving a reason refuse to register any transfer unless:

- (1) it is in respect of only one class of shares;
- (2) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (3) it is duly stamped (if required); and
- (4) it is delivered for registration to the office or such other place as the directors of the Company may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person (broadly, a market nominee) where a certificate has not been issued, or in the case of renunciation) and such other evidence as the directors of the Company may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

(vi) Changes in capital

The Company may by way of ordinary resolution passed at a general meeting of the Company:

- (1) consolidate and divide all or any of its share capital into shares of a larger amount; and
- (2) subdivide all or part of its share capital into shares of a smaller amount.

Subject to the Act and the requirements of the London Stock Exchange, the Company may also by ordinary resolution:

- (1) cancel any shares which have not, at the date of the ordinary resolution, been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled; and
- (2) increase its share capital.

Subject to the Act and the requirement of the London Stock Exchange, the Company may also:

- (1) purchase its own shares; and
- (2) by special resolution reduce its share capital and capital redemption reserve or share premium account.

(vii) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of share may (unless otherwise provided by the terms of issue of the shares of that class) be varied, as provided by those rights or, if there is no such provision, then either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

(viii) Notices

A notice or other document may be served by the Company on any member personally or by post at his address stated in the register of members (or another address notified for the purpose) or by leaving it at such address. If postal services in the United Kingdom are suspended or curtailed, a general meeting may be convened by advertisement in at least one United Kingdom national daily newspaper. A member whose address in the register of members of the Company is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices or other documents may be served on him shall be entitled to have notices or other documents served on him at that address but, unless he does so, shall not be entitled to receive any notice or other document from the Company.

(ix) Directors

- (1) The number of directors of the Company (other than alternate directors) shall, unless otherwise determined by an ordinary resolution of the Company, be not less than two nor more than fifteen.
- (2) A director of the Company need not be a member of the Company.
- (3) The directors of the Company (but not alternate directors) shall be paid out of the funds of the Company by way of remuneration for their services as directors, such fees not exceeding in aggregate £300,000 per annum as the directors of the Company may from time to time determine or such larger sum as the Company may, by ordinary resolution, determine. Such fees shall be divided among them in such proportion and manner as they may agree or, failing agreement, equally.
- (4) The directors of the Company shall also be paid out of the funds of the Company all reasonable expenses properly incurred by them in and about the discharge of their duties, including their expenses of travelling to and from the meetings of the directors of the Company, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.
- (5) The directors of the Company may grant any director of the Company who provides any special or extra services to or at the request of the Company additional remuneration (subject to such remuneration being reasonable), in addition to any ordinary remuneration such director receives as a director of the Company.

- (6) The directors of the Company may provide pensions or other retirement or superannuation benefits and death, disability or other allowances or gratuities to a person who is or has at any time been a director of the Company or a director of any company which is or was a subsidiary undertaking of or allied to or associated with the Company or a predecessor in business of the Company or a subsidiary undertaking of the Company and to any member of his family (including a spouse or former spouse) or dependants of any such person. For that purpose the directors of the Company may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums.
 - (7) At each annual general meeting of the Company any director of the Company who has been appointed by the board of directors of the Company since the previous annual general meeting shall retire from office together with one-third of the other directors for the time being. All retiring directors of the Company shall be eligible for reappointment.
 - (8) A director of the Company who is in any way, whether directly or indirectly, interested in a contract with the Company shall declare the nature of his interest at a meeting of the directors of the Company.
 - (9) Subject to any applicable statutory provisions and the Articles, a director of the Company may, notwithstanding his office, enter into any contract with the Company and may be employed by a body corporate in which the Company is interested and is not liable to account to the Company for a profit or other benefit deriving from such contract or employment.
 - (10) A director of the Company shall not vote in respect of any contract in which he has an interest which (together with any interest of a connected person) is to his knowledge a material interest, subject to the following exceptions, in relation to: (1) the giving of security, a guarantee or indemnity to the director, or by the director to a third party, for the benefit of the Company; (2) the director being or intending to become involved in the underwriting or sub-underwriting of an offer of shares or other securities of the Company or its subsidiaries; (3) any arrangement for the benefit of employees which does not award him a benefit not generally awarded to the employees to whom the arrangement relates; (4) any contract concerning another company, in which he and any connected person do not to his knowledge hold an interest representing 1 per cent. or more of the issued shares of any class of such company or of the voting rights of that company; and (5) any arrangement concerning the purchase or maintenance of insurance under which he may benefit.
 - (11) A director of the Company shall not vote or be counted in the quorum at a meeting in respect of any resolution concerning his own appointment (including fixing and varying its terms or its termination) as the holder of any office with the Company or any other company in which the Company is interested, those proposals shall be divided and considered in relation to each director separately; and in such case each of the directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
 - (12) No person is incapable of being appointed as a director by reason of his age and no director of the Company is required to vacate his office because he has reached the age of seventy or any other age and section 293 of the Act does not apply to the Company.
- (x) **Borrowing powers**
- The directors of the Company may, subject to the Act and to any directions given by special resolution of the members, and the Memorandum and Articles, exercise all the powers of the Company, which includes the power to borrow money and to mortgage or charge all or part of its undertaking, property and assets (present and future).
- The directors of the Company must restrict the borrowings of the Company and shall exercise all powers of control exercisable by the Company in relation to its subsidiaries so as to ensure (as regards subsidiaries, to the extent possible) that the aggregate principal amount outstanding in respect of monies borrowed (as defined in the Articles) of the Group does not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to five times the adjusted capital and reserves (as defined in the Articles).

6. Premises

Details of the principal properties of the Group are as follows:

<i>Location</i>	<i>Description</i>	<i>Area (approx. sq.ft.)</i>	<i>Tenure</i>	<i>Annual rent</i>
11 Hill Street London W1J 5LG	Offices	13,300	Lease expiring 11 October 2009 Rent review and break clause 11 October 2004.	£616,000
1 Hill Street London W1X 7FA	Offices	3,910	Lease expiring 12 September 2011 Rent reviews 13 September 2001 and 13 September 2006.	£150,000. Rent review for September 2001 ongoing.
3 Hill Street London W1X	Offices	4,600	Lease expiring 11 July 2010 Rent review July 2005.	£202,650
14 Hayes Mews London W1X	Offices	7,400	Lease expires 25 December 2009 Rent review 25 December 2004.	£315,000
Barfords Kenilworth Road Meriden Warwickshire	Offices	8,470	Lease expiring 11 May 2015 Rent reviews 12 May 2005 and 12 May 2010.	£145,000
Queensberry House 3 Old Burlington Street London W1S 3AE	Offices	12,359	Lease expiring 24 March 2013 Rent reviews 25 March 2003 and 25 March 2008.	£640,068
Ryder Court 14 Ryder Street London SW1Y 6OB	Offices	11,963	Lease expiring 19 December 2015 Rent reviews 20 December 2005 and 20 December 2010.	£777,595
3 The Embankment Sovereign Street Leeds LS1 4BP	Offices	6,136	Lease expiring 23 June 2011 Rent review 24 June 2006.	£131,652
52 Rue de Bassano 75008 Paris France	Offices	14,320	Lease starting 1 January 2001 and expiring 31 December 2009 (statutory period of 9 years) Termination by tenant at the end of each three-year period but not before 31 December 2006. Rent review by either party at the end of each three-year period.	FF5,000,000
280 Park Avenue East Tower, 25th Floor New York, NY 10017-1216	Offices	23,801	Lease expiring 31 May 2016. Fixed rent increases 5 May 2006 and 5 May 2011.	\$1,939,782
One International Place Suite 1100 Bost, MA 02110-2600	Offices	5,035	Lease expiring 30 April 2003. Tenant has additional option to renew for a 5 year term. Tenant's right to renew is subject and subordinate to Landlord's right to lease all or a portion of the premises for all or a portion of the term to another tenant leasing at least 12,000 s.f. of the rentable floor area on the 23rd Floor of the Building.	\$261,820
Regina House, 5 Queen Street London	Offices	2,480	Lease expiring 8 January 2006.	£85,000
50 Wellbeck Street, London W1M 7HE	Offices	3,300	Lease expiring 17 November 2003	£150,000

7. Whitehead Mann Employee Share Schemes

The Company has established an executive share option scheme designed for Inland Revenue approval, The Whitehead Mann (No. 1) Executive Share Option Scheme ("the Approved Share Option Scheme"), and an unapproved executive share option scheme, The Whitehead Mann (No. 2) Executive Share Option Scheme ("the Unapproved Share Option Scheme").

The Company has also established two equity participation plans, The Whitehead Mann Equity Participation Plan ("the Equity Participation Plan") and the Whitehead Mann Restricted Stock Scheme ("the Restricted Stock Scheme"). In addition, Whitehead Mann has established an Employee Benefit Trust to be used in conjunction with the Approved Share Option Scheme, the Unapproved Share Option Scheme and the Equity Participation Plan.

(a) The Approved Share Option Scheme

The Approved Share Option Scheme has been designed for approval by the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988.

(i) Eligibility

The directors of the Company may select any employee, or any director who is obliged to devote not less than 25 hours a week to the performance of his duties, of any member of the Group (other than anyone within two years of retirement) to participate in the Approved Share Option Scheme.

(ii) Grant of options

Options to acquire Ordinary Shares may normally only be granted in the period of six weeks commencing on each of the dates below:

- (1) the date on which the Approved Share Option Scheme is approved and adopted by the Company in general meeting;
- (2) the date on which the Approved Share Option Scheme is approved by the Inland Revenue; and
- (3) the dealing day next following the date on which the Company announces its results for any period.

No option may be granted more than ten years after the date of adoption of the Approved Share Option Scheme. Options granted under the Approved Share Option Scheme are personal to the option holder and, except on the death of an option holder, may not be transferred. No payment will be required for the grant of an option.

(iii) Price

The price payable for each Ordinary Share under an option will be determined by the directors of the Company before the grant of the option, provided that it will not be less than the middle market quotation for such shares as derived from the Official List for the date of grant (or if that date is not a dealing day, the dealing day immediately preceding the date of grant).

(iv) Limits

The Approved Share Option Scheme is subject to the following limits:

- (1) no options shall be granted which would, at the time they are granted, cause the number of Ordinary Shares which shall have been or may be issued in any ten year period under the Whitehead Mann Employee Share Schemes or under any other employee share scheme adopted by the Company to exceed 20 per cent. of the Company's issued ordinary share capital in issue at that time save that, for the purposes of this limit, options granted under any employee share scheme adopted by the Company prior to the Company's 2000 annual general meeting shall be disregarded;
- (2) no person shall be granted options which would, at the time they are granted, cause the market value of the Ordinary Shares for which he may subscribe in pursuance of options granted to him in any ten year period ending at that time (excluding options which have been exercised) under the Approved Share Option Scheme, the Unapproved Share Option Scheme or any other executive share option scheme, to exceed four times the higher of (i) the

total remuneration (expressed as an annual rate payable by the Group to the executive) at that time and (ii) the total remuneration paid by the Group to the executive in any twelve month period ending within the previous three years. Executives may be granted options to replace those which have been exercised, but in granting such replacement options, the remuneration committee of the board of the Company will be expected to satisfy itself that the grant of such options is justified by the Group's performance in the previous two to three years; and

- (3) the aggregate market value of Ordinary Shares which may be acquired in pursuance of options granted to any executive under the Approved Share Option Scheme or any other Inland Revenue approved scheme may not exceed £30,000.

(v) Exercise of options

An option may not normally be exercised unless a performance target, specified by the board of the Company before the grant, has been satisfied and, if no condition is specified, the condition shall be that the Company's earnings per share must increase over a three year period by an amount equal to or greater than the increase in the Retail Prices Index plus three per cent. per annum. Once the performance target has been satisfied, the option may be exercised at any time within the lifetime of the option, subject to any restrictions contained in the scheme rules or any applicable laws or regulations. If it is decided to adopt a different performance target for subsequent grants of options, such target will be notified to shareholders in the Annual Report. In normal circumstances, an option granted under the Approved Share Option Scheme may not be exercised earlier than three years or more than ten years after the grant. However, early exercise of an option granted under the Approved Share Option Scheme is allowed if an option holder ceases to be employed by reason of death, injury, disability, redundancy or retirement or because the company or business for which he works is transferred out of the Group. If an option holder ceases employment for any other reason his option will normally lapse unless the directors of the Company decide otherwise. Special provisions also allow early exercise in the circumstances of a takeover, reconstruction or winding-up of the Company. Ordinary Shares issued on exercise of options will rank *pari passu* with existing Ordinary Shares except for any rights attaching to those shares by reference to a record date prior to their allotment.

(vi) Adjustments following variation of capital

In the event of a variation in the share capital of the Company, the directors of the Company may make such adjustments as they consider appropriate to the number of Ordinary Shares under option and the price at which they may be acquired. Adjustments to the terms of options granted under the Approved Share Option Scheme must first be approved by the Inland Revenue.

(vii) Amendments

The directors of the Company may at any time amend the Approved Share Option Scheme (although the Approved Share Option Scheme will cease to be approved by the Inland Revenue if any amendment is not subsequently accepted by the Inland Revenue). However, the prior approval of the Company in general meeting must be obtained in the case of amendments to the advantage of option holders to the provisions concerning eligibility, the limits, the adjustments following a variation of capital, and to the performance condition contained within the Schedule unless the amendment is a minor one to benefit the administration of the Approved Share Option Scheme or is an alteration or addition to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any member of the Group. Any amendment that is to the disadvantage of option holders requires the consent of a majority of them who vote on the matter.

(b) *The Unapproved Share Option Scheme*

(i) General

The Unapproved Share Option Scheme is not approved by the Inland Revenue. The rules of the Unapproved Share Option Scheme are the same as the rules of the Approved Share Option Scheme except for the provisions discussed below.

(ii) Eligibility

A person is eligible to be granted an option under the Unapproved Share Option Scheme if he or she is a director or employee of any member of the Group who is required to devote the whole or substantially the whole of his working time to the service of the Group.

(iii) Limits

The limits on participation are set out in sub-paragraph (iv)(1) and (2) above.

(iv) Exercise of options

In normal circumstances an option granted under the Unapproved Share Option Scheme may not be exercised earlier than three years or more than seven years after the grant and then only if a performance target, specified by the board of directors of the Company before the grant, has been satisfied. If no condition is specified by the board of directors, the condition shall be that the Company's earnings per share must increase over a three year period by an amount equal to or greater than the Retail Prices Index plus three per cent. per annum. Once the performance target has been satisfied, the option may be exercised at any time, subject to any restrictions contained in the scheme rules or any applicable laws or regulations.

(v) Cash alternative

Where an option has been exercised under the Unapproved Share Option Scheme, the directors may elect, instead of issuing Ordinary Shares, to pay cash to the executive concerned. The amount to be paid shall be equal to the amount by which the market value of shares subject to the option (as determined by reference to the middle market quotation for such shares derived from the Official List on the day before the option was exercised) exceeds the exercise price (after deduction of tax or similar liabilities).

(c) *Equity Participation Plan*

(i) General

The Equity Participation Plan enables selected directors and senior executives of the Company to invest such proportion of their after-tax annual bonus in Ordinary Shares as the trustee of the Employees Benefit Trust shall determine. These Ordinary Shares are then deposited with the trustee of the Employee Benefit Trust ("the Deposited Ordinary Shares"), who grants the director or senior executive ("the Participant") a provisional allocation of Ordinary Shares ("the Award"). The level of allocation can fall into one of three bands depending on the Company's earnings per share growth over a three year period. The maximum allocation is 1.65 Ordinary Shares for every Deposited Ordinary Share and the level of allocation within each band is at the discretion of the remuneration committee.

(ii) Withdrawal of Ordinary Shares by a participant

A Participant may withdraw Deposited Ordinary Shares at any time. However, if he or she does withdraw all of the Deposited Ordinary Shares within three years of depositing them, he or she will forfeit the Award related to the Deposited Ordinary Shares. If he or she withdraws a proportion of the Deposited Ordinary Shares, he or she will forfeit the same proportion of the Award.

(iii) Vesting of an Award

The Award will vest on the third anniversary of the Award being granted and the Ordinary Shares subject to the Award will be transferred to the Participant, provided that the relevant Participant is still an employee of the Group and he or she has complied with the Company's shareholding guidelines.

If a Participant ceases to be an employee of the Group because of death, injury, disability, redundancy or retirement before the third anniversary of the grant of the Award, the Award will vest upon cessation of employment.

If a Participant ceases to be an employee of the Group for any other reason the Award will not vest at all unless the trustee of the Employee Benefit Trust decides otherwise.

(iv) Benefit of dividends

The Participant will receive the dividends on the Deposited Ordinary Shares as if he or she owns those Ordinary Shares. The Participant will not receive any dividends on the Ordinary Shares received under the Award until the Award vests and he or she owns the shares.

(v) **Issue of Ordinary Shares to the trustees of the Employee Benefit Trust**

The trustee of the Employee Benefit Trust may subscribe for or purchase shares in the Company for the purposes of the Equity Participation Plan. The Company may grant an option to the trustee of the Employee Benefit Trust to subscribe for Ordinary Shares. The subscription price under any option granted to the trustee of the Employee Benefit Trust will be equal to the middle market quotation of Ordinary Shares (as derived from the Official List) on the dealing day last preceding the date of grant.

Any shares issued to the trustee of the Employee Benefit Trust other than pursuant to an option will be issued at the middle market quotation of Ordinary Shares (as derived from the Official List) on the dealing day before the date of issue. In addition, the limit set out in sub-paragraph (a)(iv)(1) applies to the Equity Participation Plan.

(vi) **Amendments**

The directors of the Company may at any time amend the Equity Participation Plan. However, the prior approval of the Company in general meeting must be obtained in the case of amendments to the advantage of participants to the provisions concerning eligibility, the limits and the adjustments following a variation of capital, unless the amendment is a minor one to benefit the administration of the Equity Participation Plan, or is an alteration or addition to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Group. Any amendment that is to the disadvantage of participants requires the consent of a majority of them who vote on the matter.

(d) *The Restricted Stock Scheme*

(i) **General**

The operation of the Restricted Stock Scheme is supervised by the remuneration committee.

(ii) **Eligibility**

Selected employees of the Group (including employees who are directors), who are not within one year of their contractual retirement age, are eligible to participate in the Restricted Stock Scheme at the discretion of the remuneration committee. Directors must be required to devote the whole, or substantially the whole, of their working time to the Company's business.

(iii) **Grant of Awards**

No awards have yet been granted under the Restricted Stock Scheme. Subject to the rules of the Restricted Stock Scheme, an award will consist of either a right to acquire Ordinary Shares at nil cost at a future date or an acquisition of Ordinary Shares subject to forfeiture if the conditions subject to which the award is made are not met at a future date. Where this summary refers to awards becoming exercisable (or lapsing) therefore, it may equally be read as referring to shares previously acquired ceasing to be subject to forfeiture (or being forfeited).

Awards may only be granted in the six weeks following the approval of the Restricted Stock Scheme by shareholders, the announcement of the Company's results or at other times in exceptional circumstances.

No awards may be granted later than ten years after the approval of the Restricted Stock Scheme, although the continuing suitability of the Restricted Stock Scheme for the Company will be reviewed after five years.

Awards are personal to the participant and may not be transferred except on death. Benefits under the Restricted Stock Scheme are not pensionable.

(iv) **Limits**

No awards may be granted under the Restricted Stock Scheme which would cause the number of Ordinary Shares issued or issuable under all rights to acquire Ordinary Shares granted during the ten years beginning with the Company's 2001 annual general meeting, or issued in that period otherwise than in pursuance of a previously granted right, under any employee share scheme adopted by the Company to exceed 20 per cent. of the Company's issued share capital from time to time (but excluding any such rights which cease to be exercisable). Shares issued to a third party for the purpose of satisfying employees' rights are included within this limitation.

(v) Exercise of Awards

An award will normally be exercisable during whatever period is specified by the remuneration committee when the award is made, but the remuneration committee currently anticipates that awards will only vest in full after three years.

An award will normally lapse on cessation of employment. Exercise is, however, permitted for a limited period (irrespective of the period for which the award has been held) following death, cessation of employment by reason of ill-health, injury, disability, redundancy, normal retirement or where the participant's employer ceases to be within the Group or in other circumstances at the discretion of the remuneration committee. Early exercise is also permitted in the event of an amalgamation, takeover, reconstruction or winding-up of the Company.

Alternatively, a discretion is reserved under the Restricted Stock Scheme for a participant to be paid a cash sum equivalent to the value of an award when it is exercised.

The remuneration committee is empowered to attach performance targets to awards if it thinks fit.

Ordinary Shares allotted under the Restricted Stock Scheme will rank equally with all other shares of the same class for the time being in issue (except for rights arising by reference to a record date prior to their allotment).

(vi) Adjustments following variation of capital

In the event of any increase or variation of share capital, payment of a capital dividend or demerger or like event affecting the Company, appropriate adjustments may be made to the total number of Ordinary Shares subject to an award.

(vii) Amendments

The Restricted Stock Scheme may at any time be altered by the remuneration committee in any respect provided that the prior approval of shareholders in general meeting must be obtained for alterations or additions to the advantage of participants to the rules governing eligibility, limits on participation, terms of exercise and adjustment of awards, except for minor amendments to benefit the administration of the Restricted Stock Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Group.

(e) *The Whitehead Mann Employee Benefit Trust*

The trustee of the Employee Benefit Trust is Mourant & Co. Trustees Limited, an independent professional trustee situated in Jersey. The Employee Benefit Trust is a discretionary trust for the benefit of such employees of the Group as the trustee decides to benefit. It is intended that the Employee Benefit Trust will acquire Ordinary Shares for the purposes of the Company's Employee Share Schemes, and in particular the Equity Participation Plan and the Restricted Stock Scheme. The Employee Benefit Trust will not acquire more than 10 per cent. of the issued ordinary share capital for the time being of the Company without obtaining prior approval of Shareholders.

8. Material Contracts

(a) The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Whitehead Mann either within the two years immediately preceding the date of this document and are, or may be material, or at any time under which the Whitehead Mann Group has any obligation or entitlement which is or may be, material as at the date of this document:

- (i) The Sale and Purchase Agreement (the "Agreement") made between the persons set out in Schedule 2 Part A of the Agreement (1) and Whitehead Mann (2), as described in Part IV above.
- (ii) Pursuant to an agreement dated 19 January 2001 (the "ING-Barings Placing Agreement") made between ING-Barings Limited (the "Underwriter") and Whitehead Mann, the Underwriter agreed, as agent for Whitehead Mann, to use all reasonable endeavours to procure subscribers for, and failing which, itself to subscribe for 990,000 Ordinary Shares for a subscription price of 401.5p per share. Whitehead Mann agreed to pay to the Underwriter a fee of £76,923 and an underwriting commission of 0.5 per cent. on the aggregate amount of the placing price together, in each case, with applicable VAT.

Pursuant to the ING-Barings Placing Agreement, Whitehead Mann gave warranties to the Underwriter and agreed to indemnify the Underwriter in relation to any losses caused by a breach of the warranties, the performance by the Underwriter of any of its obligations under the ING-Barings Placing Agreement, any failure to comply with United Kingdom law or regulations in relation to the placing and the press announcement in respect of the placing being inaccurate in each case unless and to the extent that such losses result from the negligence or wilful default of the Underwriter.

- (iii) Pursuant to an agreement dated 1 July 2000 (the "French Transfer of Business Agreement") made between Accord Group Beigbeder & Partners SA ("AGB") (1), Whitehead Mann SARL (2), Jean-Michel Beigbeder as guarantor (3) and Maître Arnaud Dubois as escrow agent (the "Escrow Agent") (4), Whitehead Mann SARL agreed to buy AGB's business and assets with effect from 1 June 2000 for a purchase price of FRF 5,000,000, to be satisfied as follows: (i) at completion by the payment to the Escrow Agent of FRF 4,000,000; and (ii) on 31 December 2003 by the payment to AGB of FRF 1,000,000 in cash or in listed shares. The French Transfer of Business Agreement contains representations and warranties including a specific warranty relating to the transferred employment contracts. The warranties will expire on 31 December 2003.
- (iv) Pursuant to an agreement dated 12 June 2000 (the "GKR Agreement") made between, Rothschild Trust Cayman Limited (the "GKR" Trust) (1), the persons named in Schedule 2 Part A of the GKR Agreement (2) and Whitehead Mann (3), Whitehead Mann agreed to buy the entire issued share capital of GKR Group Limited for £19,263,428, which was satisfied as follows: (i) at completion, by the allotment of 4,360,626 Ordinary Shares to the trustee of the GKR Trust and by the payment at completion to the trustee of GKR Trust of £4,121,448 in cash; (ii) on the day after the first anniversary of completion, by the payment to the trustee of the GKR Trust of £1,952,700 in cash; and (iii) on the second anniversary of completion, by the payment to the trustee of the GKR Trust of £1,912,700 in cash.

Pursuant to the GKR Agreement, the trustee of the GKR Trust and certain of the Key Employees (as defined in the GKR Agreement) gave tax warranties which expire on 12 June 2006 and other warranties which expire on 12 December 2001.

Pursuant to the GKR Agreement, Whitehead Mann agreed, provided that such persons were directors of GKR Group Limited immediately prior to completion to appoint (i) Philip Marsden to sit on the board of directors of Whitehead Mann as an executive director (ii) Dame Stella Rimington to sit on the board of directors of Whitehead Mann as a non-executive director, and (iii) for a period of one year from completion, Henry King to sit on the board of Whitehead Mann as a non-executive director.

- (v) Pursuant to an agreement dated 27 July 2000 (the "Pendleton James Agreement") made between Whitehead Mann (1), Whitehead Mann Inc. (2), Pendleton James & Associates, Inc. ("Pendleton James") (3), Durant A Hunter (4), Pell Rudman Trust Company (Atlantic) N.A., Trustee of the Durant A Hunter 2000 Family Trust for the benefit of John R Hunter (the "Hunter Trust I") and Abigail A Hunter (the "Hunter Trust II") (5), the parties agreed that at the effective time ("Effective Time") Pendleton James will be merged with Whitehead Mann Inc. and the stock held by the stockholders of Pendleton James, including Durant A Hunter, the Hunter Trust I and the Hunter Trust II, immediately before the Effective Time would be converted into the right to receive the following amounts (divided between each of the stockholders in accordance with the provisions of the Pendleton James Agreement): (i) 1,488,583 Ordinary Shares allotted on the Closing Date (as defined in the Pendleton James Agreement); (ii) \$1,492,100 in cash payable on the Closing Date; (iii) \$400,000 within 60 days of the Closing Date; (iv) \$892,500 in cash payable on the first anniversary of the Closing Date; and (v) \$892,500 in cash payable on the second anniversary of the Closing Date.

It was a condition of closing that Durant A Hunter be appointed to sit on the board of Whitehead Mann as an executive director and further that Durant A Hunter be entitled to designate a person to sit on the board of Whitehead Mann as a non-executive director.

The Pendleton James Agreement included tax and other warranties given by Durant A Hunter, the Hunter Trust I and the Hunter Trust II.

- (vi) Pursuant to an agreement dated 9 February 2001 (the "Change Partnership Agreement") made between the persons named in Schedule 2 Part A of the Change Partnership Agreement ("Sellers") (1); and Whitehead Mann (2), Whitehead Mann agreed to buy the shares owned by each of the Sellers in The Change Partnership Limited for (i) the sum of £3,999,999.90 which was satisfied at completion by the payment to the Sellers of £1,626,198.90 in cash and £2,373,801 in loan notes; and (ii) the allotment and issue, credited as fully paid, of up to 1,000,000 Ordinary Shares to certain of the Sellers in accordance with certain earn-out provisions set out in schedule 5 of the Change Partnership Agreement.

Pursuant to the Change Partnership Agreement the Sellers and certain of the Key Employees gave tax warranties expiring on 30 April 2007 and other warranties expiring on 31 July 2002.

- (vii) Pursuant to an agreement dated March 1997 between Mourant & Co Trustees Limited as borrower (the "Borrower") and as trustees for Whitehead Mann Group Employee Share Trust (the "Trust") and the Royal Bank of Scotland plc ("Bank") the Bank has agreed to make available to the Borrower, a loan of £200,000 which was granted to provide funding to the Trust for the acquisition of Ordinary Shares (the "Agreement").

Pursuant to the Agreement the Borrower has given security over a £200,000 guarantee by Whitehead Mann, supported by a memorandum of cash deposit in respect of a sum of £200,000.

- (viii) Pursuant to an agreement dated 1 October 2001 (the "Loan Agreement") between Whitehead Mann Limited (1), Whitehead Mann Group Plc (2) and the Royal Bank of Scotland ("RBS") (3), RBS made available to Whitehead Mann Limited a loan of £5,000,000 for Whitehead Mann's general business purposes. The loan may be drawn in one amount and once drawn shall be repaid by 20 instalments of £250,000 plus interest which is equal to the aggregate of 1.5% above LIBOR and the percentage rate which represents the cost to RBS, relative to the loan, of compliance with certain lending requirements. Should the loan not be drawn within 3 months from 1 October 2001, RBS shall be entitled to cancel the Loan Agreement.

The Loan Agreement included warranties given by Whitehead Mann and the Whitehead Mann Group Plc. The obligations of Whitehead Mann Limited to RBS were secured.

(ix) (1) *Overdraft Facility*

By a letter dated 28 September 2001, RBS has made available to Whitehead Mann Limited a renewed overdraft facility up to a limit of £4,000,000. The facility is repayable on demand. Interest is chargeable at 1 per cent. per annum over RBS's base rate. A renewal fee of £20,000 was payable. The facility is secured by:

- (a) a debenture by Whitehead Mann Limited dated 13 June 2000 which charges all monies due or to become due from Whitehead Mann Limited to RBS on any account by means of fixed and floating charges over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital buildings fixtures, fixed plant and machinery;
- (b) an unlimited inter company composite guarantee between Whitehead Mann Limited and Whitehead Mann Group plc;
- (c) a charge over cash deposited by Whitehead Mann Limited with RBS on 9 February 2001 in the sum of £2,373,801 which charges all monies due or to become due from the Company to the RBS on any account whatsoever; and
- (d) all further available security which RBS may in the future obtain.

(2) *Revolving advance facility*

By an agreement dated 12 June 2000, RBS has made available to Whitehead Mann Limited a revolving advance facility of £2,000,000. The facility is initially made available until 31 May 2003, but may be extended by RBS at its discretion on request. Monies advanced under the facility shall bear interest at 1.25 per cent. above LIBOR plus expenses. The obligations of Whitehead Mann Limited are secured by all existing and future security held and to be held by RBS in respect of the borrower, and by a debenture. An arrangement fee of £20,000 was payable, together with expenses incurred in connection with the facility, and a commitment commission of 0.625 per cent. per annum is payable on that part of the facility amount that remains unutilised from time to time during the period of the facility.

(x) *Summary of undertaking given by Clive and Anna Mann*

By way of a deed dated 13 June 2000, Clive and Anna Mann jointly and severally undertook that, for a period of two years commencing on 13 June 2000, they would not transfer Ordinary Shares held or owned by them or any interests in such Ordinary Shares such that they would together own fewer than 2,000,000 Ordinary Shares. This figure shall be adjusted in the event of a reorganisation or subdivision of the Company's share capital.

The undertaking shall cease to have any further effect on an offer being made for all the Ordinary Shares, in which case Clive and Anna Mann have the right to accept such offer and give an irrevocable undertaking in relation to such offer and sell their Ordinary Shares, conditional on such potential offeror announcing a firm intention to make an offer for all the Ordinary Shares.

The undertaking shall cease to have any further effect in the event of an intervening court order, on the death of either Clive or Anna Mann, if Clive Mann is removed from the Board, or if the figure of 2,000,000 Ordinary Shares represents less than 8 per cent. of the issued share capital of the Company. Following Completion, 2,000,000 Ordinary Shares will represent approximately 7.9 per cent. of the issued share capital of the Company and accordingly this undertaking shall cease to have effect.

Save as disclosed above, no other contracts (being contracts entered into in the ordinary course of business) have been entered into by Whitehead Mann either within the two years preceding the date of this document and are, or may be, material or at any time under which the Whitehead Mann Group has any obligation or entitlement which is, or may be, material as at the date of this document.

9. Litigation

No member of the Group is nor has been engaged in any legal or arbitration proceedings which may have or have had during the period of 12 months preceding the date of this document a significant effect on the Group's financial position nor, so far as the Company is aware, are any such proceedings pending or threatened.

10. Working capital

In the opinion of the Company, taking into account the bank facilities available to the Enlarged Group, the working capital available to the Enlarged Group is sufficient for its present requirements, that is, for at least the next twelve months from the date of this document.

11. United Kingdom taxation

The comments below are intended only as a guide to the general tax position as at the date of this document for Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes holding Ordinary Shares as investments and not as securities to be realised in the course of the trade, and are based on current United Kingdom legislation and Inland Revenue practice. **Shareholders who are in any doubt as to their tax position or are subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser without delay.**

Taxation of dividends

The Company does not withhold tax at source on dividends.

A non-corporate Shareholder who is resident (for tax purposes) in the United Kingdom (other than a UK resident pension fund) and who receives a dividend from the Company will generally be entitled to receive a tax credit in relation to that dividend. The tax credit in respect of dividends is currently 10 per cent. of the aggregate of the dividend and the tax credit (known as "the gross dividend"). The gross dividend will be treated for UK income tax purposes as the individual Shareholder's top slice of income. Individual Shareholders who are subject to UK income tax at the lower and basic rate only will be liable to income tax at 10 per cent. on their gross dividend income and their tax credit will therefore totally discharge their liability to income tax. The higher rate of income tax on dividend income is now 32.5 per cent. against which higher rate taxpayers will be able to offset their 10 per cent. tax credit. Individual Shareholders will not be able to reclaim any part of the tax credit from the Inland Revenue (subject to limited exceptions for individual savings accounts and personal equity plans). Charities, will receive compensation for loss of the tax credit so that their entitlement to reclaim tax credits will effectively be phased out over five years from 6 April 1999, although they may claim compensation for the loss of the tax credit in certain circumstances.

Shareholders who are resident outside the UK will not generally be entitled to the benefits of any tax credit in respect of dividends received, although any person who may be resident (for tax purposes) outside the UK should consult his own tax advisor on whether he is entitled to reclaim any part of the tax credit and, if so, the procedure for doing so and whether any double taxation relief is due in any country in which he is subject to tax.

Subject to certain restrictions for some insurance companies, a corporate Shareholder which is resident in the UK (for tax purposes) is not usually liable to UK corporation tax in respect of dividends received from the Company.

Shareholders who are in any doubt as to their taxation position should take appropriate independent advice.

The above comments are intended as a general guide to certain aspects of UK law and Inland Revenue practice. Shareholders who are in any doubt as to their taxation position or who are subject to taxation in any other jurisdiction should consult an independent professional adviser.

12. The Company

- (a) The Company was incorporated on 20 May 1983 in England and Wales with limited liability under the Companies Acts 1948 to 1981 with the name Flangeview Limited. The Company changed its name to Whitehead Mann International Limited on 15 November 1983. The Company's registered number is 1725219. On 4 November 1988 the Company was re-registered as a public limited company under the name Whitehead Mann Group Plc. Its registered office and principal place of business is at 11 Hill Street, London W1J 5LH.
- (b) The principal activity of the Company and each of the trading subsidiaries referred to below is the provision of consultancy services concerned with the recruitment of executive personnel, management assessment and executive development.

At the date of this document, the Company is the parent company of the Group. The Company is a non-trading holding company. The Company has three wholly owned trading subsidiaries which are: Whitehead Mann Limited, Whitehead Mann SARL and Whitehead Mann Inc., which are consolidated into the Group's financial statements and which may be significant to the assets, liabilities, financial position or profits and losses of the Enlarged Group. Whitehead Mann Limited is incorporated in England and Wales and has the same registered office as the Company. Whitehead Mann SARL is incorporated in France and has its registered office at 52 Rue de Bassano, Paris, France. Whitehead Mann Inc. is incorporated in Delaware, USA and has its registered office at One International Place, Boston, USA.

13. Miscellaneous

- (a) Other than as described in paragraph 7 of Part I, there has been no significant change in the financial or trading position of the Company since 30 September 2001, the date to which the unaudited interim results of Whitehead Mann for the six months ended 30 September 2001 of the Company were published.
- (b) In addition to being directors of the Company (and excluding subsidiaries of the Company), the Directors have held directorships of companies during the five years preceding the date of this document as follows:

<i>Name</i>	<i>Existing Directorships or Partnerships</i>	<i>Former Directorships or Partnerships in the five years ending on the date of this document</i>
Peter Foy	Pepsico Inc. Omnicom Inc. P&O Princess Cruises PLC Safeway plc	—
Clive William Mann	Clive Mann & Associates Limited A.I.P. Holdings Limited Brewer Properties (Maintenance) Limited Saint Felix School	Alderburgh Lodge Management Company Limited
Gerard Clery-Melin	—	—

<i>Name</i>	<i>Existing Directorships or Partnerships</i>	<i>Former Directorships or Partnerships in the five years ending on the date of this document</i>
Matthew John Brassington	A.I.P. Holdings Limited	—
Hugh Robert Collum	Safeway plc Invensys Plc Benenden School (Kent) Limited South African Breweries Plc Celltech Group Plc British Nuclear Fuels Plc	SmithKline Beecham Pension Trustees Limited Hilton Group Plc Beecham Group Plc M & G Limited M & G Group Plc M & G Trust Company Limited SmithKline Beecham Plc SmithKline Beecham Finance Plc SmithKline Beecham Capital Plc SmithKline Beecham Overseas (No. 2) Limited SmithKline Beecham Overseas Limited SmithKline Beecham (Investments) Limited SmithKline Beecham (H) Limited SBF Holdings Limited Beecham International Holdings S.A. Chiroscience Group Limited
Alan Keith Patrick Smith	Colefax and Fowler Plc Iceland Plc The South Bank Board Limited Mothercare Plc Smith Peregrine Limited Space NK Limited The Health Clinic plc Arts & Business Limited Mothercare.com Limited	Racing Green Limited Scopezoom Limited Civilpoint Limited Planet Organic Limited Marks & Spencer plc
Sir Colin Grieve Southgate	RADDA Limited Royal Opera House Covent Garden Limited Royal Opera House Foundation The Royal Ballet School The Terence Chapman Group plc Tiga Films Limited Remote Business Solutions Limited Adepra Limited (formerly RealCall Limited) Singer & Friedlander AIM 2 VCT plc Sibelius Software Limited Virtual Music Stores Limited Cognisco Limited	Bank of England EMI Group plc EMI Group Senior Executive Pension Trust Limited PowerGen plc The EMI Group Archive Trust Thorn Executive Pension Trustees Limited Thorn Limited
Austin Philip Marsden	Flinton House Educational Trust St Andrew's University Campaign Board	—
Durant Adams Hunter	Boys and Girls Club of Boston Massachusetts Cultural Council Fessenden School	—
Edgar Pendleton James	Citizens Democracy Corps, Inc. Centre for the Study of the Presidency Ronald Regan Presidential Foundation United Nations Office for Project Services Union League Club of New York The Economic Club of New York	Kids Voting USA, Inc. Recording for the Blind & Dyslexic

<i>Name</i>	<i>Existing Directorships or Partnerships</i>	<i>Former Directorships or Partnerships in the five years ending on the date of this document</i>
Dame Stella Rimington	Marks & Spencer plc BG plc St Felix School, Southwold, Suffolk Town Close House School, Norwich	Institute of Cancer Research The Air League Royal Marsden Hospital NHS Trust RAF Museum, Hendon

Save as disclosed in this paragraph 13 of Part V none of the Directors:

- (i) has any unspent convictions in relation to indictable offences; or
 - (ii) has been adjudged bankrupt or been a party to a deed of arrangement or any form of individual voluntary arrangement; or
 - (iii) has been a director with an executive function of any company which, whilst he or she was such a director or within 12 months after his or her ceasing to be such a director, was put into compulsory liquidation or creditors' voluntary liquidation or had an administrator or administrative or other receiver appointed or entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
 - (iv) has been a partner in any partnership, which, whilst he or she was a partner, or within 12 months after his or her ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement; or
 - (v) has had an administrative or other receiver appointed in respect of any asset belonging either to him or her or to a partnership of which he or she was a partner at the time of such appointment or within the 12 months preceding such appointment; or
 - (vi) has received any public criticism by statutory or regulatory authorities (including recognised professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (c) The Consideration Shares are being issued at a price of 285p per share, representing a premium of 280p over the nominal value of 5p per Ordinary Share.
 - (d) Share certificates for the Consideration Shares will be issued by 1 January 2002. No temporary documents of title have been or will be issued.
 - (e) The costs, charges and expenses of and incidental to the Baines Gwinner Acquisition, including the cost of the application for the new Ordinary Shares to be admitted to the Official List and the commissions payable by the Company to financial intermediaries of £150,000 (excluding VAT), are estimated to amount to approximately £435,000 (excluding VAT).
 - (f) Close Brothers has given and not withdrawn its written consent to the inclusion in this document of the references to its name, in the form and context in which they appear.

14. Documents available for inspection

Copies of the following documents may be inspected at the offices of Clifford Chance Limited Liability Partnership, 200 Aldersgate Street, London EC1A 4JJ, during usual business hours on any weekday (Saturday and public holidays excepted) for a period of 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited financial statements of the Company for the two financial periods ended 31 March 2000 and 31 March 2001;
- (c) the unaudited interim results of the Company for the six months ended 30 September 2001;
- (d) the service contracts and letters of appointment referred to in paragraph 3 of this Part V;
- (e) the material contracts referred to in paragraph 8 of this Part V;
- (f) the written consent referred to in paragraph 13(f) of this Part V; and
- (g) the Whitehead Mann Employee Share Schemes referred to in paragraph 7 of this Part V.

21 November 2001

LISTING PARTICULARS

COMPANY NAME Old Mutual PLC

COMPANY NUMBER 3591559

DATE OF DOCUMENT 21/11/01

DATE OF RECEIPT 21/11/01