s|three

SThree plc
Report & Financial Statements 2010






SThree plc

Company Information and Corporate Advisers

Executive Directors

Russell Clements, Chief Executive Officer
Gary Elden, Chief Development Officer
Alex Smith, Chief Financial Officer

Non-Executive Directors

Clay Brendish, Non Executive Chairman
Paul Bowtell, Non Executive
Alicja Lesniak, Non Executive
Tony Ward, Non Executive (SID)
Nadhim Zahawi, Non Executive

Group Company Secretary & Registered Office

Steve Hornbuckle, Group Company Secretary
5th Floor, GPS House
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Company number

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Tel: (Non UK) +44 208 639 3399
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Web: www.capitaregistrars.com
* Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri

Financial Advisers & Stockbrokers

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Investec Investment Banking
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London EC2V 7QP

Financial PR

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3 London Wall Buildings
London Wall
London EC2M 5SY

SThree plc

Contents

Board of Directors and Secretary

Report & Financial Statements 2010

The Board brings together a wealth of experience across differing sectors and businesses on an international basis. Most importantly they share a passion for the business and the outstanding opportunities ahead.

Clay Brendish

Chairman

Clay Brendish, CBE joined the SThree Board in May 2010 as Non Executive Chairman. Clay is currently Non Executive Chairman of Anite Group plc and Echo Research Limited. Clay's other Non Executive Directorships are BT Group plc and Herald Investment Trust plc. He is a trustee of Economist Newspapers Limited and Director of The Test and Itchen Association Limited. In May 2001 Clay retired as Deputy Chairman of CMG plc, a European ICT company that was established in 1964. Clay's appointment as Deputy Chairman followed CMG's merger with Admiral plc in June 2000. Prior to the merger Clay was Executive Chairman of Admiral plc that he co-founded in 1979. Admiral plc employed over 2500 people in 8 countries. As Chairman, Clay had primary responsibility for the strategic direction of Admiral, investor relations and acquisitions.

Russell Clements

Chief Executive Officer

Russell Clements has served as SThree's Chief Executive Officer since 2004 having previously held the position of Deputy Chief Executive Officer since 2001. He worked for VNU Business Publications, before joining Computer Futures in 1986 shortly after its inception as the group's second employee. He subsequently served as Sales Director and Managing Director of Computer Futures. Russell holds a degree in Government from the University of Essex and is also a graduate of the Advanced Management Program at the Wharton Business School, University of Pennsylvania. He is former Chairman of the Association of Professional Staffing Companies (APSCo).

Gary Elden

Chief Development Officer

Gary Elden was appointed to the Board in July 2008, having been with the Group since 1990, when he joined Computer Futures. He has held a number of senior positions, including that of founding Managing Director of Huxley Associates. In his role as Chief Development Officer, he has special responsibility for the expansion of the Group's international operations and non-ICT disciplines.

Alex Smith

Chief Financial Officer

Alex Smith joined SThree in May 2008, having held a number of senior financial and operational roles in the leisure and retail sectors. Most recently he held the position of Integration Finance Director at TUI Travel PLC. Prior to this he was Finance Director of First Choice's UK Mainstream business, at WH Smith plc, as Managing Director of its Travel Retail business and held senior financial roles at Travelodge and Forte PLC. Alex has a degree in Economics from Durham University and is an Associate of the Institute of Chartered Accountants in England & Wales.

Tony Ward

Non Executive Director (Senior Independent Non Executive Director)

Tony Ward, OBE was appointed to the SThree Board in August 2006 and to the SThree Remuneration and Nomination Committees in October 2006. Tony currently chairs the Remuneration Committee and has over thirty years experience in a variety of senior executive roles with blue chip companies, including BAA plc, Kingfisher plc and Grand Metropolitan Group plc. He joined BAA in 1997 as Group HR Director and was Services Director from 1999 until March 2007, being responsible for activities including IT, Security, Rail and Airside Operations. Tony was a board director of BAA plc between November 1999 and July 2006. Tony is a Non Executive Director of the OCS Group Limited, and an advisor to Manchester Square Partners LLP; a Fellow of the Chartered Institute of Personnel Development; a former Deputy Chairman of the Commission for Racial Equality; and a graduate of the University of Leeds.

Alicja Lesniak

Non Executive Director

Alicja Lesniak was appointed to the SThree Board in May 2006, to the SThree Audit Committee in July 2006, the Remuneration Committee in February 2008 and the Nomination Committee in April 2008. Alicja is currently a Non Executive Director of DTZ Holdings plc and Channel 4 and was, until 30 September 2009, CFO of Aegis plc and has over thirty years experience in fast moving service businesses, in the latter twenty years holding senior financial and managerial roles within the advertising/media sector, including seven years with BBDO Worldwide, latterly as Chief Financial Officer for BBDO EMEA, and seven years at WPP Group plc, where she held positions as Chief Financial Officer for Ogilvy & Mather Worldwide and Managing Director of J Walter Thompson in the UK. Prior to joining the advertising sector she held senior management positions with Arthur Andersen & Co, having originally qualified as a Chartered Accountant with them in 1976. Alicja is a Fellow of the Institute of Chartered Accountants in England & Wales and holds a degree in Mathematics from Imperial College.

Paul Bowtell

Non Executive Director

Paul Bowtell was appointed to the SThree Board and as Chairman of the SThree Audit Committee, in November 2007 and Nomination Committee in April 2008 and is currently a Non Executive Director of Capita Group plc. Paul has extensive experience gained from senior finance roles in a variety of companies including most recently as Chief Financial Officer of TUI Travel PLC, but also with First Choice Holidays PLC and British Gas, a subsidiary of Centrica plc, where he was appointed Finance Director in 2002. Prior to that, Paul was with WH Smith plc, where he held a number of corporate centre roles before becoming Finance Director of the UK Retail business, as well as senior tax roles at Forte and Arthur Andersen. Paul is an Associate of the Institute of Chartered Accountants in England & Wales.

Nadhim Zahawi

Non Executive Director

Nadhim Zahawi, MP was appointed to the SThree Board and to the Remuneration and Audit Committees in May 2008. Nadhim is former CEO and co-founder of YouGov plc, a leading international online market research agency and became MP for Stratford on Avon in May 2010. He was previously European marketing director at Smith & Brooks, with responsibility for marketing brands such as Warner Bros, Disney and Barbie, after stepping down as a councillor for the London Borough of Wandsworth, a post he had held since 1994, in which he worked on public-sector consultation, planning, social services and research within local government. Nadhim was previously a director at Allen Hinckley, the property rights licensing group and Marketing Director at Global Inc, a supplier to major retailers. Nadhim is a patron of the Genesis Initiative and Peace One Day and holds a degree in Chemical Engineering from UCL.

Steve Hornbuckle

Group Company Secretary

Steve Hornbuckle was appointed to the role in October 2006. Steve has over twenty years' company secretarial experience, having held Deputy and Assistant Secretary positions within a variety of listed companies, including Intertek Group plc, BPB plc, Kidde plc, Railtrack Group plc, London & Manchester Group plc and English China Clays plc. Steve is a Fellow of the Institute of Chartered Secretaries and sits on the ICSA Company Secretaries' Forum and the Investor Relations Society Policy Committee.

Chairman's Statement

for the year ended 28 November 2010

In my first statement as SThree Chairman, I am very pleased to report that despite the economic uncertainty which continued as we moved into 2010, the Group was still able to achieve an excellent set of results. Despite some very challenging market conditions, we expanded the business globally, the Group having been re-organised under regional MDs in early 2010. At the time of writing, we are also now seeing signs that our share price is moving in the right direction, benefitting those shareholders who invested at IPO or shortly thereafter and who have stuck with the Company through the more recent difficult times. It should not be forgotten that many in the latter category are our valued employees.

During the year we opened new offices in Perth, Delhi, Houston, San Francisco, Munich and Düsseldorf, with further offices in Doha, Sao Paulo, Antwerp and Abu Dhabi due to open in H1 2011. As a result, we now have an even more diversified business, both in terms of geographic and sector spread, this will enable us to optimise our performance as the market further improves. Our non UK gross profit now represents 60% of the Group's gross profit (2009: 55%). As always, we remain open-minded with regard to the launch of new ventures, continuing to back home-grown entrepreneurial talent and utilise the established tracker share (minority-stakes) model where appropriate, in order to expand beyond our existing bases.

A detailed review of our trading and results is provided within the Chief Executive Officer's, Chief Financial Officer's Reviews and other sections of this Annual Report. During the year, we have also continued to improve our reporting on Remuneration, Governance and Corporate Social Responsibility ('CSR') issues, wherever we can, to accommodate best practice and investor requirements and we will continue to expand these areas as the business moves forward.

We continued to roll out our Enterprise Risk Management ('ERM') processes, formalising both Group and local risk appetite parameters under new KPIs, all of which are now firmly embedded within the business and underpinned by our Group Risk Management Policy. Along with early consideration of the new UK Corporate Governance Code ('the Code'), these measures are a further demonstration of our solid stewardship and strong approach to corporate governance.

Our tried and tested strategy remains primarily focused on pursuing organic growth, through continued development of the Group's well-established UK business, whilst at the same time also increasing the Group's revenues from other sectors and countries. Our business model continues to prioritise high quality over high volume and seeks to optimise the superior margins we consistently achieve as a consequence of this approach. The multi-brand strategy we operate and our highly diversified client base will, as ever, be crucial in achieving this goal and we believe that all SThree businesses, irrespective of their relative maturity, have scope for significant further growth.

The Directors recommend a final dividend of 8.0p (second interim 2009: 8.0p) per share for the year ended 28 November 2010, to be paid on 6 June 2011, to those on the register as at 6 May 2011. This follows the interim dividend of 4.0p (2009: 4.0p) per share declared earlier in the year and paid on 3 December 2010.

The SThree business is built on an absolute focus on delivering high quality and timely permanent and contract specialist staffing services to our clients. It remains therefore, first and foremost a people business and it is only as a direct result of the talent and dedication of our people that we are able to continue to post such resilient results. At the year end the Group employed a total of 1,863 people worldwide, an increase from 1,597 at the prior year end and we have a clear strategy to grow this further over the next five years, particularly in our newer geographies, whilst also launching initiatives

Chairman's Statement (continued)

for the year ended 28 November 2010

which will improve the way we work. Chief amongst these is our 'Values' initiative which looks to ensure that the SThree core values of Respect, Rapport, Energy and Reward are at the forefront of everything that we do.

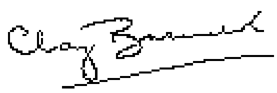
We are applying early the provisions of the UK Corporate Governance Code and, as such, all Directors will retire at the 2011 AGM and submit themselves for re-election. Further information on this is contained within the Notice of Meeting.

Under the Code, as Chairman, I am required to oversee the annual performance evaluation process conducted in respect of the Board, Committees and individual Directors and to hold regular development meetings with Directors in respect of any issues identified. I am very pleased to say that the evaluation concluded that, overall and individually, the performance of the Board, each Committee and each Director was and is effective and that all Directors demonstrate full commitment in their respective roles.

During the year we said goodbye to both Sir Anthony Cleaver and Sunil Wickremeratne. Tony retired at the AGM in April 2010 and his significant influence helped create the blueprint of the highly successful plc we are today, whilst Sunil retired at the end of November 2010, having been with the Group some 22 years. He was instrumental in creating a number of SThree's key brands and without him the Group would certainly not be what it is today and he will be sorely missed as both a friend and colleague by many.

I would also like to take this opportunity to thank all our continuing employees across the world once again for their contribution during the year, many of whom have been with the Group for all or most of their careers. Some of these individuals are featured in the front half of this Annual Report, which shows highlights from the Group's annual management conference and corporate HQ.

We believe that our prospects for further growth and success remain excellent and whilst our business will ultimately depend on the overall strength of the worldwide economy, we are confident of a bright future.



Clay Brendish
CHAIRMAN
28 January 2011

Financial Highlights

for the year ended 28 November 2010

"SThree delivered a strong result in 2010 in a market which was still some way from fully recovered. Sentiment improved steadily and we ended the year with all our markets and territories in growth. We were also pleased with the increasing momentum in our longer established businesses building towards the end of the year. Looking ahead, we remain well positioned to make further progress through a combination of expansion in existing markets and further investment in new geographies with their substantial structural growth potential."

	2010	2009	Change
Revenue	£474.5m	£519.4m	–8.6%
Gross Profit	£166.4m	£171.2m	–2.8%
Operating profit*	£21.2m	£18.0m	+17.8%
Profit before taxation*	£21.6m	£18.0m	+20.0%
Statutory profit before taxation	£21.6m	£8.9m	+142.7%
Basic earnings per share*	11.9p	9.5p	+25.3%
Statutory basic earnings per share	11.9p	4.0p	+197.5%
Proposed dividend	8.0p	8.0p	–
Total dividend	12.0p	12.0p	–

* Prior year operating profit, profit before taxation and EPS are shown before exceptional charges of £9.1m before tax, £6.5m after tax relating to a Group restructuring.

Operational Highlights

- A strong performance given the changing market sentiment during the year;
- Non-UK share of gross profit increased significantly to 60% (2009: 55%), with trend expected to continue as the Group becomes ever more international;
- New offices opened in Perth, Delhi, Houston, San Francisco, Munich and Düsseldorf, bringing the total to 52. Doha, Sao Paulo, Antwerp and Abu Dhabi due to open in H1 2011;
- Permanent placements increased by 8.1% to 6,551 (2009: 6,060), with average fees remaining strong;
- Number of active contractors at year end increased by 4.9% to 4,359 (2009: 4,157), with average gross profit per day rates remaining strong;
- Contract versus Permanent mix of gross profit 51:49 in favour of Contract (2009: 58:42);
- Continued sector diversification, with non-ICT[1] disciplines now representing 38% of total gross profit (2009: 28%);
- 76% of gross profit now derived from outside of the UK ICT market (2009: 69%);
- Total Group headcount at year end increased by 16.7% to 1,863 (2009: 1,597), with a significant further increase planned for 2011;
- Year end net cash and term investments of £55.2m (2009: £48.5m) reflecting continued strong cash generation;
- Entered 2011 with all markets in growth.

[1] Non ICT sectors primarily comprise Engineering & Energy, Banking, Accountancy & Finance and Pharmaceuticals & Biotechnology

Chief Executive Officer's Review

for the year ended 28 November 2010

Overview

2010 saw a substantially improved market when compared to the exceptionally challenging environment of 2009. That said, it would be misleading to suggest that the overall level of demand for our services during 2010 was universally consistent with a fully recovered marketplace. Whilst some parts of our business equalled or surpassed pre-downturn levels of performance and all our markets were in growth by the last quarter, most were yet to return to the very buoyant conditions that we would associate with "normality" in the specialist staffing market.

Given this specific context it is pleasing to report a strong 2010 performance. The Group delivered a substantial improvement in overall profitability and a further increase in our cash balances whilst at the same time continuing to invest in the future of the business.

In addition to increasing sales headcount substantially, we also opened a further six offices, bringing the overall total to 52, of which 30 are outside the UK. Given this strong trading platform coupled with steadily improving market conditions, we believe we are in an excellent position to make 2011 another year of progress. On this basis the Group intends to further grow sales headcount and continue the international office roll out throughout 2011.

Financial Outcome

During the year the Group saw a modest reduction in Gross Profit (GP) with the 2010 figure of £166.4m down 2.8% (2009: £171.2m), largely due to the relative weakness of the contract marketplace during most of the year. However, this converted to a Profit Before Tax (PBT) of £21.6m, up some 20% before prior year exceptional items (2009: £18.0m), reflecting a continued tight control of costs.

Notwithstanding the fact that 2010 was a year of investment, the Group had another strong performance in terms of cash generation. At the end of 2010 net cash (including term investments) had increased to £55.2m (2009: £48.5m).

The strong cash performance, combined with steadily improving market conditions, support the Board's decision to maintain the total 2010 dividend at 12.0p (2009: 12.0p) which is comfortably underpinned by the cash available to the Group.

Geographical Expansion

The Group continued its well established strategy of geographical expansion opening six international offices in the year. In addition to further offices in Munich and Düsseldorf, we rolled out offices in Perth, Delhi, Houston and San Francisco, bringing the overall total to 52 offices in 12 countries.

In aggregate, Group GP generated from outside of the UK was £99.5m (2009: £94.2m), up 5.6%. Given the more mature nature of the UK staffing market and in particular the continued relatively subdued demand for contract staff, UK GP of £66.8m was down 13.1% on the prior year (2009: £76.9m).

As a consequence of this difference in relative performance, the overall non UK/UK business mix underwent a marked change. For 2010 the ratio was 60:40 in favour of non UK GP compared with 55:45 in 2009. It is likely that this shift will represent an ongoing trend as the Group becomes ever more international. However, the fact remains that the UK has consistently demonstrated very robust growth in more typical market conditions and we are confident that the UK will show a significant bounce back as confidence levels build.

There is now ample evidence to indicate a rapidly growing opportunity to take the proven SThree model into an ever wider range of international markets, most of which are substantially less mature than the UK. In the first half of 2011 we expect to open offices in Doha, Sao Paulo, Abu Dhabi and Antwerp and it is likely that the total number of new offices opened during 2011 will be similar to the six that came on stream each year during 2010 and 2009. That being said, during 2011 we expect the large majority of our new hires to be into established SThree locations, thereby de-risking the expansion programme.

Sector Diversification

In parallel with its greater geographical diversity, in recent years the Group has made significant progress in developing markets outside of its historic ICT franchise. The ICT market has attractive characteristics, not least of all in terms of highly paid candidates and a structural skills shortage in most technical areas, albeit in some territories the ICT market is particularly competitive.

Over a period of years the Group has demonstrated its expertise in moving into adjacent specialist staffing sectors, many of which are both substantially less competitive than the ICT market and are also characterised by candidates who can command rates which are at least equal to and in many cases above those achieved in ICT.

Chief Executive Officer's Review

for the year ended 28 November 2010 (continued)

The result of this sectoral diversification is that non ICT franchises accounted for 38.3% of total GP. This figure of £63.8m was up 31.5% on the previous year (2009: £48.5m). The major non ICT segments for the Group are Banking, Engineering & Energy, Accountancy & Finance and Pharmaceuticals; the Group also has (a relatively modest) presence in each of HR and Sales & Marketing.

The ICT franchise performed somewhat less robustly than the

other sectors with 2010 GP of £102.6m (2009: £122.6m), down 16.3% on the prior year. The Group's ICT performance was impacted by a number of factors: the relatively subdued contract market which is disproportionately ICT based; the decline in public sector hiring – another ICT biased market; and the weakness of the Benelux territories, our largest ICT franchise outside the UK.

It is worth noting that the GP breakdowns given above are measured by the skill set of the candidate rather than the nature of the business of the client company. By the latter metric, rather than a 62% exposure to the ICT market, the Group has in fact only a 19% exposure (2009: 21%) to ICT customers per se and hence benefits from a broad client base in terms of industry sectors.

"High Margin High Value"

The Group has a stated strategy which is focused on the quality of the business transacted. We do not buy market share or swap value for volume as we believe both to be inappropriate given the highly fragmented nature of the specialist staffing market. We are highly selective in terms of the type of clients with which we engage and avoid the lower margin business which is often a condition of dealing with many larger employers in more mature markets.

In addition, we look to go "up the food chain" and place more highly remunerated candidates, either as a result of increasing the level of seniority of the placements we make, or by identifying more highly paid niche markets. The benefits of this approach can be seen in the robustness of our fees and contract rates, even in a market which remained somewhat more price sensitive than normal and which was not characterised by the level of wage inflation typical of a more normal market.

The Group's overall contract margin remained broadly flat at 21.6% (2009: 22.1%) despite a substantial reduction in the number of public sector contractors, which were typically higher than the average margin. Moreover, in absolute terms the average gross profit per day rate (GPDR) improved somewhat, up 1.1 % to £85.65 (2009: £84.69) on a constant currency basis. Pro rated to an annual permanent salary the GPDR is the equivalent of £90k (2009: £88k).

A similar but more pronounced value theme was seen in the Group's permanent business. The average fee recorded in 2010 was £12,340 (2009: £11,930) up 3.4% on a constant currency basis.

Contract/Permanent Business Mix

Unlike the early recovery phase of previous upturns, the contract market did not outperform the permanent market in 2010. On the contrary (and in common with the peer group), our permanent performance was markedly ahead of contract. During the year the Group made a total of 6,551 permanent placements (2009: 6,060) an increase of 8.1%. The number of contract runners at the end of 2010 had improved to 4,359 (2009: 4,157) representing an increase of 4.9%.

The relative weakness of the contract market was exacerbated by the fact that the market in Benelux was weak through most of the year and after the UK this territory is the Group's largest in terms of contract exposure. On a similar note GP derived from the Public Sector declined by around 50% during the year and this is largely a contract market. By contrast, some of the strongest performing markets (e.g. the Far East, Banking, Oil & Gas etc.) are for us, disproportionately permanent franchises.

The net effect of the above was that permanent GP represented 49% of the Group's total in 2010 compared with 42% of GP for 2009. Going forward into 2011 and beyond, we would expect a further increase in terms of the permanent share of GP as the economic cycle enters a more positive phase and the Group

Chief Executive Officer's Review

for the year ended 28 November 2010 (continued)

becomes increasingly exposed to territories and markets in which the prime opportunity is in permanent recruitment.

Headcount

The improved market conditions allowed us to continue with the sales headcount growth plan that we initiated in the second half of 2009. As a result the Group ended 2010 with a total of 1,863 staff (2009: 1,597) an increase of 16.7% on the prior year. The sales headcount growth was primarily focused on Rest of World, up 76%, and Europe, up 11%, with the UK up 6%.

Our 2010 closing headcount of 1,863 is still 18% below our previous peak of 2,274 heads in November 2008 and given our expansion plans for the year ahead it is likely that this historic peak will be surpassed during 2011.

Outlook

Ultimately, the global economic backdrop will to some extent influence the scale of our market opportunity in the coming year. However, it is worth remembering that the history of the Group specifically, and the specialist staffing market more generally, demonstrates that we do not need exceptionally strong economic tailwinds as a precondition for strong performance. Indeed, it is candidate confidence as much as any other major factor which drives demand and our experience shows that a healthy level of candidate confidence is not predicated on above-trend economic growth.

In addition, we are more exposed than ever before to markets with strong structural growth characteristics. Recent experience in territories such as Germany suggest that the underlying growth of the specialist staffing market can act as a powerful counter-balance even when economic conditions are dire. Given that the balance of opinion suggests at least a benign global economic scenario for 2011, markets such as these have particularly strong potential. At the same time our longer established franchises had all returned to growth by the end of 2010 and we have no reason to believe that this is a trend which will not continue.

Taking all the available indicators into consideration, we feel there are justifiable reasons to remain optimistic about the forthcoming year. As always, we take confidence that our twenty five year track record, seasoned management team and well established brands to provide us with an excellent platform to make the most of whatever the market has to offer us.

Russell Clements
Chief Executive Officer
28 January 2011

Chief Financial Officer's Review

for the year ended 28 November 2010

Financial Review

	2010		2009	
	Revenue	**Gross Profit**	**Revenue**	**Gross Profit**
Permanent	£81.7m	£81.4m	£72.4m	£98.8m
Contract	£392.8m	£85.0m	£447.0m	£72.4m
Total	**£474.5m**	**£166.4m**	**£519.4m**	**£171.2m**

Revenue for the year decreased by 8.6% to £474.5m (2009: £519.4m). Gross profit for the year decreased by 2.8% to £166.4m (2009: £171.2m), representing a Group gross profit margin of 35.1% (2009: 33.0%). The Group gross profit margin increased as a result of the remix in business towards permanent, which represented 49% of gross profit in 2010, up from 42% in 2009. Permanent revenues are accounted for at 100% gross margin, whereas contract gross profit is shown after the associated cost of sale.

Administrative expenses before prior year exceptional items decreased by 5.2% to £145.2m (2009: £153.2m), as the Group benefitted from close monitoring of costs and made efficiency savings on advertising spend, professional fees, motor vehicle costs, bank charges and a number of other such costs. As a result, the Group's conversion ratio grew to 12.8% (2009: 10.5%).

Group headcount was 1,863 at 28 November 2010, up 16.7% on the opening headcount at 29 November 2009 of 1,597. Average total headcount for the year was 1,772 down 3.7% year on year (2009: 1,841).

Profit Before Tax increased by 20.0% to £21.6m (2009: £18.0m) before prior year exceptional items are taken into account and by 142.7% to £21.6m (2009: £8.9m) after prior year exceptional items.

Taxation on profit before exceptional items was £7.4m (2009: £5.5m), representing an effective tax rate of 34% (2009: 31%). The increase in the effective tax rate was driven by a remix of the business towards jurisdictions with higher tax rates. Based on the current structure of the Group and existing local taxation rates and legislation, it is expected that the underlying effective tax rate will remain at around this level.

Basic earnings per share before exceptional items were 11.9p (2009: 9.5p), up 25.3%. This was driven by an increase in profit before tax of 20.0%, partially offset by a higher effective tax rate of 34% (2009: 31%), and enhanced by a reduction in the profit attributable to non-controlling interest holders (minority interest participants) to £0.1m (2009: £1.2m), which is explained further below. The weighted average number of shares increased slightly to 119.9m (2009: 118.7m). Fully diluted earnings per share before prior year exceptional restructuring items were 11.5p (2009: 9.2p), up 25.0%. Basic earnings per share after prior year exceptional restructuring items were 11.9p (2009: 4.0p), up 197.5%. Fully diluted earnings per share after prior year exceptional restructuring items were 11.5p (2009: 3.9p), up 194.9%.

During the second half of the year, the Group migrated certain entity-based minority interests to tracker share arrangements, which fall within the scope of IFRS 2 'Share-based Payment'. Looking forwards, the profit attributable to non controlling interests (minority interest participants) will be nil, as all significant minority interest arrangements have moved to tracker arrangements. The subscription price methodology for tracker share arrangements is fair market value as determined by an independent valuation expert, and shares may be equity or cash settled. As the participant subscribes at fair market value for the award, the fair value of the award is reduced to nil and therefore no IFRS 2 accounting charge arises.

The Board previously declared an interim dividend of 4.0p per share (2009: 4.0p). The Board has declared a final dividend of 8.0p per share, bringing the total dividend for the year to 12.0p per share (2009: 12.0p). The final dividend will be paid on 6 June 2011 to those shareholders on the register as at 6 May 2011.

Balance Sheet

The Group had net assets of £81.9m at 28 November 2010 (2009: £84.8m). Net cash including term investments amounted to £55.2m (2009: £48.5m), the improvement in our cash position reflecting the net impact of the profitability of the Group and the improved management of working capital during the year.

Tangible fixed asset capital expenditure amounted to £2.8m (2009: £2.7m), relating to investment in IT hardware and the fit out of new offices. Intangible asset additions, primarily relating to IT software purchases and development costs, increased to £2.9m (2009: £2.1m). Total capital expenditure is planned to be slightly ahead of these levels in 2011, as the business continues its office opening programme and invests further in establishing an infrastructure to support the globalising business.

Chief Financial Officer's Review

for the year ended 28 November 2010 (continued)

As a result of the Group gross profit growing in H2 by 18.4% year on year to £92.2m (2009 H2: £77.9m), net trade debtors increased by £4.8m to £63.1m (2009: £58.3m) representing DSO's of 37 days (2009: 37 days) and total trade and other payables increased from £76.1m to £86.2m.

Cash Flow

At the start of the year the Group had net cash of £48.5m (including assets held to maturity of £3.2m). During the year, the Group generated cash from operating activities of £31.8m (2009: £63.7m). In 2009, the Group benefitted from a reduction in the working capital funding of the reduced contractor book. This is now partially reversing, as our contractor book grows. Income taxes paid reduced to £6.0m (2009: £18.3m).

During the year, the Group paid ordinary dividends of £14.4m (2009: £14.4m) and dividends to Minority Interest participants of £1.0m (2009: £0.1m). The Group also invested £3.5m in an A rated Unbreakable Enhanced Fixed Rate Deposit with a maturity of less than 6 months at year end.

At 28 November 2010 the Group had net cash of £55.2m (including assets held to maturity of £3.5m).

The Group has a committed invoice discounting facility of £20m with Royal Bank of Scotland Invoice Finance ("RBS") which expires in April 2012. The Group is not currently drawing down against this facility.

Treasury Management and Currency Risk

The main functional currencies of the Group are Sterling and the Euro. The Group has significant operations outside the United Kingdom and as such is exposed to movements in exchange rates.

The Board has undertaken a review of its currency hedging strategy to ensure that it is appropriate and currently the Group does not actively manage its exposure to foreign exchange risk by the use of financial instruments. The impact of foreign exchange will become a more significant issue for the Group as we expect the business mix to move further towards International, with the International business accounting for 60% of gross profit in 2010 (2009: 55%). The Group will continue to monitor its policies in this area.

Other Principal Risks and Uncertainties affecting the Business

Other principal risks and uncertainties affecting the business activities of the Group are detailed within the Directors' Report. In terms of macro economic environment risks, as previously stated, our strategy is to continue to grow the size of our international business in both financial terms and geographic coverage in order to reduce the Group's exposure or dependence on any one specific economy, although a downturn in a particular market could adversely impact the Group's business. In the view of the Board, there is no material change expected to the Group's key risk factors in the foreseeable future.

Our strong balance sheet and net cash give us the confidence to maximise the opportunities that lie ahead.

Alex Smith
Chief Financial Officer
28 January 2011

Group Strategic Development Review

for the year ended 28 November 2010

In my first statement as SThree Chief Development Officer, I am very pleased to report that the Group was able to significantly expand its business globally, under our regionally focused MD structure, which was created in early 2010.

During the year the Group was able to open new offices in Perth, Delhi, Houston, San Francisco, Munich and Düsseldorf, with further offices in Doha, Sao Paulo, Antwerp and Abu Dhabi due to open in H1 2011. In addition, a number of re-branding, consolidation and other initiatives were undertaken and all of this was only made possible by the strengthening of the strategic development team and creation of a cross functional 'Strategic Implementation Group' ('SIG'), consisting of Group-wide experts in order to share and evolve best practice, which is essential as we move into newer regions and sectors. This was underpinned by our thorough new venture risk evaluation processes, which are core to expanding using our business model.

New venture risk evaluation processes

As part of an evolving strategic planning and implementation five year plan, each new venture is firstly risk categorised by colour coding according to the degree of associated risk and this is used to develop detailed review and implementation processes which are appropriate to the new venture being proposed, with stages typically including: early warning, research planning, implementation, evaluation, and post implementation evaluation. Typical risk categories for monitoring and reporting include the following:

Increasing risk

- (Black) Complex ventures operationally; will definitely require external resources
- (Red) Ventures in new territory; in some cases external resources may aid us
- (Blue) Ventures where SThree has some experience in the country, but the venture incurs a higher operational risk than Amber ventures; i.e. complex regulation, a European country which we have extensively tested but have no physical presence
- (Orange) Ventures where SThree has a presence in the country but not in the city
- (Green) Ventures where SThree already has a presence in the city
- (Turquoise) A brand expanding into a new sector

This ensures that we are able to identify the success factors which are critical to ensure successful expansion into our new sectors and emerging markets and in doing so:

- drive our organisational culture into new territories;
- prioritise a risk perspective for ethical and other relevant issues as part of our regular Internal Audit reviews; and
- ensure careful analysis of performance, recognising that high profit and growth may sometimes be a 'no go'.

As a result, the Group now has an even more diversified business, both in terms of geographic and sector spread and, with each passing year, our non UK gross profit represents an ever increasing share of the Group's overall gross profit. However, whilst our tried and tested strategy remains primarily

Group Strategic Development Review (continued)

for the year ended 28 November 2010

focused on pursuing organic growth, we remain open to and are continually assessing, other market opportunities as they arise.

Our processes are built on tried and tested risk governance procedures, incorporating the below key elements within each country-specific risk assessment.

In my role as Chief Development Officer, I am excited by the opportunities available and look forward to creating an even more diversified Group in 2011.

Gary Elden
Chief Development Officer
28 January 2011

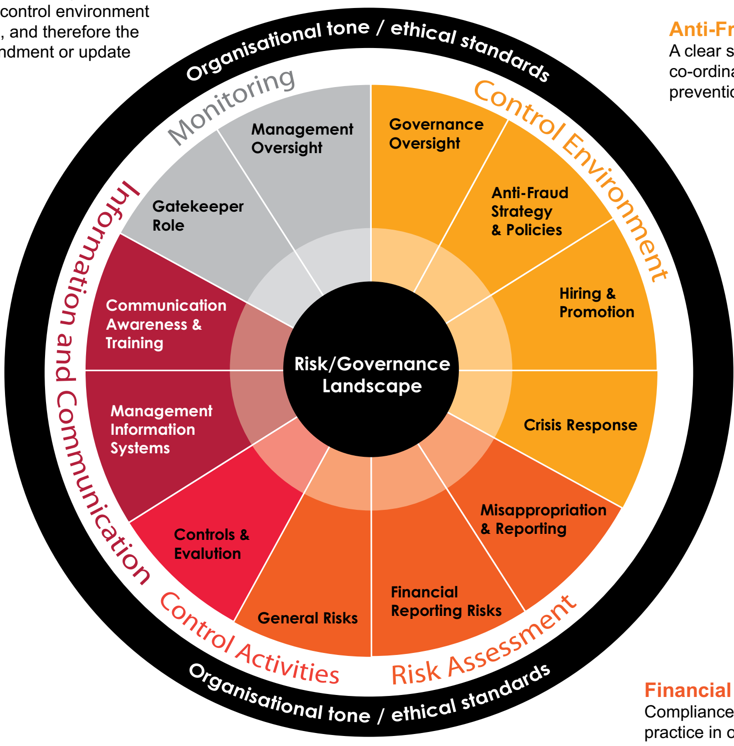
Management Oversight
Adequate procedures established to ensure that, on a regular and continuing basis, senior management consider the effectiveness of the control environment and whether the risk assessment, and therefore the mitigating controls, requires amendment or update

Gatekeeper Role
Ensuring that the Internal Audit plan addresses fraud risk and the controls designed to mitigate this, with Internal Audit reporting to the Audit Committee on a regular basis

Communication, Awareness & Training
Providing fraud awareness training for employees, for example, as part of the induction programme and ensuring that this is regularly updated in line with bribery and other legislation

Management Information Systems
Establishing effective channels to promote the flow of quality information up, down and across the organisation

Controls & Evaluation
Regular assessment of whether identified risks, including fraud risks, are mitigated by existing controls and the operating effectiveness of these controls



Governance Oversight
Clear responsibilities in place for the Board and its Committees in respect of oversight of risks, controls and ongoing effectiveness

Anti-Fraud Strategy & Policies
A clear strategy around fraud policies to co-ordinate on-going activity for the prevention and detection of bribery and fraud

Hiring & Promotion
Performance of rigorous background checks on new employees and those being promoted into a position of trust, including verification of the content of an applicants CV

Crisis Response
Documented procedures and controlled response plan established for recording, tracking and responding to potentially harmful allegations

Misappropriation & Reporting
Regular review of attitudes, incentives or pressures and opportunities to breach the control environment and assessment of the potential exposure arising from each of the categories of financial or other risk across the organisation

Financial Reporting Risks
Compliance with accounting standards and best practice in our financial reporting

General Risks
Consideration of the total risk landscape, including corruption, price fixing, money laundering, bribery and other risks

Directors' Report

for the year ended 28 November 2010

The Directors present their Annual Report on the activities of the Group, together with the financial statements and auditors' report for the year ended 28 November 2010.

Group business review, principal activities and risks facing the business

The Chairman's Statement, Chief Executive Officer's and Chief Financial Officer's Reviews and the Group Strategic Development Review, taken together with this Directors' Report, provide information relating to the Group's activities, its business and strategy and principal risks and uncertainties faced by the business, including analysis using financial and other KPIs where necessary. These, together with the Directors' Remuneration Report, Corporate Governance and Corporate Social Responsibility Reports, provide an overview of the Group, including environmental and employee matters and give an indication of future developments in the Group's business. This provides a balanced and understandable assessment of the Group's position and prospects, in accordance with the Business Review requirements of the Companies Act 2006. SThree is a specialist permanent and contract staffing business, currently comprised of four main operating brands, Computer Futures, Huxley Associates, Progressive and Real Staffing Group, all of which operate under a well established multi-brand strategy. The first office, as Computer Futures, opened in London in 1986, whilst international expansion started in 1998 with the launch of an office in Brussels. Each brand shares common services such as finance, information services, human resources and legal. The Group has grown organically and has a diverse client base of over 7,000 clients. Offices are currently located in Europe, USA, Asia-Pacific and Middle East, with further offices planned to be opened in 2011. From our well-established position in the ICT sector, the Group has broadened its operations by building fast-growing businesses serving the Engineering & Energy, Banking, Accountancy & Finance, Pharmaceuticals and job board sectors. The Group began trading on the London Stock Exchange in November 2005 and in 2007 launched a US Level One ADR facility. SThree has a selective approach to clients and focuses on high margin opportunities, predominantly within the small to medium-sized enterprises ('SMEs') market and, from its inception, the Group has avoided the high volume, low margin business model in favour of a focus on high quality business.

The Group's main subsidiary undertakings are disclosed in the notes to the financial statements. During the year the Group initiated a corporate simplification project and, as a result, ended 2010 with a much reduced number of subsidiary companies. This project will continue into 2011.

Business model

SThree specialises in placing both permanent and contract staff in niche segments of the staffing market, with the ultimate aim of being the most respected and highly valued international, specialist staffing services business. Our highly successful business model is built around the following key factors:

- The Group's medium to long term strategy is to roll out the SThree model to an increasing number of geographies and across a range of specialist staffing disciplines. At the same time the Group does not neglect the importance of its longer established franchises;
- Our default assumption is that the strategy will be based on organic growth;
- A key element of our strategy is that we remain highly selective regarding the quality of the business we undertake, focusing on high margin business;
- Our customer base is wide and varied, with a high percentage of SMEs (small and medium enterprises) particularly in the UK;
- Our multi-brand approach allows us to segment the market around specific niches. This allows us to credibly position ourselves as market experts, which in turn justifies a premium pricing position;
- Our entrepreneurial culture is reinforced by our 'Tracker Share' (Minority Interest) model which is both a significant retention tool as well as a unique proposition to attract the brightest and best talent into the Group.

Key Performance Indicators ("KPIs")

Both financial and non-financial Key Performance indicators (KPIs) are used throughout the Group to monitor progress, with the principal indicators listed in the table following. Where these relate to a strategic or Group level, appropriate analysis is provided within the Chief Executive Officer's and

Directors' Report (continued)

for the year ended 28 November 2010

KPIs (financial)	2010	2009	Definition and method of calculation
Revenue	£474.5m	£519.4m	Total fees earned by the Group, before any cost deductions.
Gross Profit	£166.4m	£171.2m	Revenue less cost of sales. Also known as Net Fee Income.
Profit Before Tax	£21.6m	£18.0m	Gross profit, less administration expenses and finance income/costs before exceptional items.
Total Shareholder Return ('TSR')	16%	105%	TSR is defined as share price growth plus dividends attributable to shareholders over a specific period. This measure is also used for the Group's LTIP, over a three year period.
Adjusted Earnings Per Share ('EPS')	11.9p	9.5p	Adjusted EPS is defined as profit before exceptional items for the year attributable to the Group's equity shareholders divided by the weighted average number of shares in issue during the year. This measure is also used for the Group's LTIP, over a three year period.
Group Gross margin	35.1%	33.0%	Gross profit as a percentage of revenue.
Contract margin	21.6%	22.1%	Contract gross profit as a percentage of contract revenue.
Gross Profit per Day Rate	£85.70	£84.69	Contract gross profit per average number of working days.
Permanent fees	£12.3k	£11.9k	Average fees of permanent placements that started during the period.
Geographical diversification – international mix	60%	55%	Split of gross profit by location of client.
Sectoral diversification – non ICT	38%	28%	Split of gross profit by candidate skill set.
Contract/Perm mix	51%/49%	58%/42%	Proportion of gross profit attributable to contract and permanent placements.
Conversion ratio	12.8%	10.5%	The conversion ratio is the operating profit stated as a percentage of gross profit and measures how effective the Group is at controlling the costs and expenses associated with its normal operations and its level of investment for the future.
Cash Conversion	123%	326%	Cash conversion is calculated as the cash flows from operating activities for the year after deducting net normal capex stated as a percentage of operating profit before exceptional items and is a measure of the Group's ability to convert profit into cash.
Debtor days ('DSOs')	37	37	Represents the length of time it takes the Company to receive payments from its debtors. It is calculated by comparing how many days' billings it takes to cover the debtor balance.

KPIs (non financial)	
Risk Management	As detailed within the Corporate Governance Report, the Group has continued to roll out its ERM framework throughout the business and has consequently further developed and enhanced its risk evaluation and ERM reporting mechanism, using an EBITDA measurement scale. During 2010, key Executive job descriptions were re-drafted to include reference to risk responsibility, with annual bonus also linked to up to 20% of the bonus opportunity and relating directly to progress towards the Company's strategic objectives, in support of managing any related business risk and including meaningful compliance elements for all senior individuals.
Headcount/Churn	This is the measure of employee retention. Lower churn and higher headcount retention generally means increased productivity. It is also an indicator of morale.
Environmental	In late 2008, a strategic decision was made to conduct a Company-wide initiative to measure our carbon footprint and reduce energy consumption whilst taking steps to increase recycling by 50%, as detailed within the CSR report.
Interviews	Number of interviews conducted by consultants per period.
Credit Risk Assessment	During 2010 the Group developed a Credit Policy, which sets out certain minimum requirements in order to do business with a potential customer/client.
Strategic Development Strategy	During 2010, the Group significantly enhanced its strategic development capabilities, to fully assess emerging market risks, off strategy risks, development pipeline and agreed other new venture minimum KPIs.
Compliance	Minimum contractor compliance standards in respect of client/contractor terms and rates/duration/types and ID collection. Zero tolerance on Code of Conduct breaches or fines.

Directors' Report (continued)

for the year ended 28 November 2010

Chief Financial Officer's reviews. For financial KPIs, comparison figures are shown for both the current and prior year, whereas, for non-financial KPIs, no figures are generally applicable. The actual KPIs used will generally depend on the split of business, e.g. whether it is contract or permanent, as well as specific sector or geography. Annual bonuses are linked to a mixture of these KPIs, as well as other measures, depending on the specific role of the individual concerned.

Principal risks and uncertainties

The principal risks facing the business include the following:

Macro-economic environment/cyclicality – The performance of the Group has a relationship and dependence on the underlying growth of the economies of the countries in which it operates in so far as it impacts client and candidate confidence. 2010 saw an improving picture across all markets, although still not fully recovered by historical standards. This is mitigated in part by maintaining:

- a balance of temporary and permanent recruitment;
- a broad exposure across geographies and sectors;
- a flexible cost base that enables us to react swiftly to changes in market conditions by increasing or reducing costs as appropriate; and
- a strong balance sheet with manageable debt levels.

A key part of the Group's strategy is to continue to grow the size of its international businesses to reduce the Group's reliance on any one specific economy, geography or sector.

Competitive environment – The Group continues to face competitor risk in the markets where the provision of permanent and temporary recruitment is most competitive and fragmented, being generally the UK, Ireland and the Netherlands. There is strong competition for clients and candidates, although we generally resist pricing and margin pressures across our major specialist activities. The Group's strategy is to continue to grow its international businesses more aggressively in other geographies and sectors, including the less-developed markets of Asia Pacific and Rest of the World, to focus on more specialist niches, which tend to be less competitive, whilst also improving the efficiency and operations of our businesses throughout the organisation.

In Continental Europe and many parts of the world, the markets for the provision of recruitment services are somewhat less developed and the market place is also fragmented. Where these markets are still in a development phase, pricing pressure is less of a risk and our strategy is to rapidly grow our businesses in these territories.

Competitors in our markets are typically small, boutique, privately owned businesses. In all of our markets we are continually subject to both existing and new competitors entering into the markets in which we operate, in terms of geographic region and specialist activity. The competitive threat is from both small start-up operations and large multi-nationals attempting to enter the specialist market, as the costs of entry into specialist recruitment can be relatively low, although these costs have risen with increased levels of compliance required from local regulators and clients.

Commercial relationships/customer credit risk – The Group benefits from close commercial relationships with key clients in both the private and, to a much lesser extent, the public sectors, although it is not dependent on any single key client. However, like most companies, the Group is always subject to the risk that some customers might be unable to fulfil obligations, which could impact results.

Availability of candidates – The availability of highly skilled/quality candidates is essential to operating in niche/high margin areas. Changes in the other risk areas can affect candidate supply.

Contractual risk – Clients increasingly require more complex levels of compliance in their contractual arrangements. The Group takes these responsibilities seriously and contracts are therefore closely controlled via the Group's centralised Legal and Business Administration functions and subject to regular audit by the Internal Audit function in order to reduce the risk of non-compliance. The Group also has clear guidance on the approval of contractual terms and monitors the application thereof, especially any exceptions to our standard liability position and insurance protection, which require the approval via the Legal Department and Group Company Secretary. The placing of temporary workers generally represents greater risk for the organisation than permanent placements. Wherever possible, contracts include clauses which place the responsibility for supervision and control of each contractor directly with the client, excluding any consequential loss and limiting the Group's aggregate liability under the contract.

Directors' Report (continued)

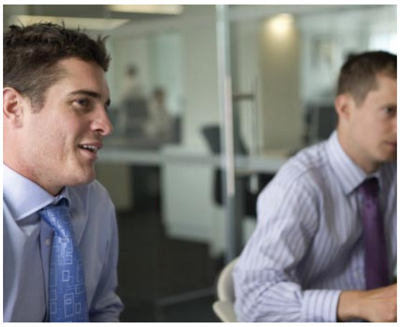
for the year ended 28 November 2010

People – The Group is heavily reliant on the ability to recruit, train and develop people to meet its growth strategy. At the same time, the Group's business model demands flexibility to expand or consolidate, depending on the economic environment. In response to this, the Group is focused on engaging with and developing its key managers in each sector/ geography and is committed to ensuring it has competitive pay and benefits structures, clearly linked to performance, combined with a succession planning process. Through training and development, it seeks to provide individuals with the leadership, sales, key customer management and general business skills that support the Group's expansion needs, whilst providing a rewarding and challenging career. Regional and Country managers are also focused on allocating resources in respect of the best Group opportunities available.

Information Technology – The Group is reliant on delivering its service to clients through a number of technology systems. These are housed in various locations and the Group has capacity to cope with a data or system loss as a result of a significant event through the establishment of disaster recovery sites that are physically based in separate locations to the ongoing operations. The Group is also reliant upon a number of important suppliers that provide critical information technology infrastructure. It continually monitors the performance and robustness of these suppliers to ensure business-critical processes are safeguarded as far as is practicably possible. Whilst the Group replaced its financial systems in 2006, these are periodically reviewed to ensure they are fully utilised and remain effective. In order to reduce any risks associated in upgrading key operational and financial systems, project management teams are appointed, including specialist IT, operational and external resource, utilising robust management tools which monitor progress across the life of any project. The business also continues to review and enhance its ability to cope with a significant data or other loss via its Business Continuity Plan arrangements.

Regulatory environment and legislative changes – The specialist recruitment industry is governed by increasing levels of compliance, which vary from country to country and market to market. The Group is committed to meeting all of its regulatory responsibilities and continues to strengthen its internal controls and processes with respect to legal and contractual obligations. As employment laws are changed and harmonised in certain geographies, this creates new risks and opportunities. The contract market is more heavily regulated and changes in legislation (such as changes in managed service company legislation or to contract worker rights) may impact the Group. The Group ensures that its policies, processes and systems reflect best practice, wherever possible in order to meet the legal requirements of the markets in which it operates.

Foreign exchange – The Group has significant operations outside the United Kingdom and is therefore exposed to movements in exchange rates. As profits from the Euro-based markets increase in proportion to the Group's total profits, the foreign exchange risk also increases. The Board has undertaken a review of its currency hedging strategy to ensure that it is appropriate and currently the Group does not actively manage its exposure to foreign exchange risk by the use of financial instruments. However, the impact of foreign exchange will become a more significant issue as the business mix moves further towards international and the Group will therefore continue to monitor its policies in this area via its Treasury function.



Post balance sheet events

There have been no significant events since the balance sheet date.

Results and dividends

Information in respect of the Group's profits, dividends and other key financial information is contained within the Chairman's Statement, the Chief Executive Officer's and Chief Financial Officer's Reviews.

Directors and their interests

The current Directors of the Company, including biographies, are shown within the section 'Board of Directors and Secretary', as set out earlier in this Annual Report, with further details of Board Committee membership being set out within the Corporate Governance Report. All Directors served throughout the financial year, except Clay Brendish, who was appointed as Chairman on 1 May 2010, succeeding Sir Anthony Cleaver who retired as Chairman at the Annual General Meeting on 23 April

Directors' Report (continued)

for the year ended 28 November 2010

2010. Sunil Wickremeratne also retired as a Director on 30 November 2010. Although not yet formally required, in accordance with the UK Corporate Governance Code, all Directors will retire at the 2011 AGM and submit themselves for re-election. Further information is contained in the Notice of Meeting.

Other than employment contracts and Minority Interest loans to Gary Elden, none of the Directors of the Company had a material interest in any contract with the Company or its subsidiary undertakings. The key terms of the Directors' service contracts, the Directors' interests in the shares and options of the Company and Minority Interest loans to Gary Elden (in respect of Minority Interests approved prior to him becoming an SThree plc director) are disclosed in the Directors' Remuneration Report.

Supplier payment policy, essential contractors and change of control

It is the Group's policy to comply with terms of payment negotiated with suppliers. Where payment terms are not negotiated, the Group endeavours to adhere to the suppliers' standard terms. SThree plc acts as a holding company for the Group and does not trade and consequently does not have an average creditors' payment period. Trade creditors of the Group at 28 November 2010 were equivalent to 24 days' purchases (2009: 21 days). The Group has business relationships with a number of contractors but is not reliant on any single one.

There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover offer, with the exception of the RBS Invoice Finance agreement regarding the Group's invoice discounting facility, dated 8 October 2009.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Group's share plans and tracker share ('Minority Interest') arrangements, may cause options, awards or minority shareholdings to vest on a takeover.

Share capital

The authorised and issued share capital of the Company, together with details of the movements in the Company's issued share capital during the year, are shown in the notes to the financial statements.

'Tracker Share' arrangements (formerly Minority Interests ('MI') model)

Since flotation, the Group has regarded its Tracker Share arrangements (or Minority Stakes) model as a key factor in its success and it is planned to create more of these this year, on similar terms to those previously created, subject to shareholder approval at the AGM in April 2011.

Entrepreneurial employees within the Group often create ideas for new business opportunities, which the Group may elect to pursue and develop. Historically the Group has engaged with such key employees in setting up new brands for the purpose of pursuing these new ideas, which have typically evolved organically out of one of the existing SThree businesses, for example, JP Gray was established as a result of an idea presented to the Directors by certain senior managers of Computer Futures, who were then given the opportunity to manage and develop that new brand. Typically, those managers of the new SThree brand will be able to invest, at the Company's discretion, in the new venture and share in its success as well as the risk of failure.

As in prior years, only the Group's key entrepreneurial employees may be invited to invest in the creation of any new tracker share business. In order to receive equity ownership such employees must invest in any stake at fair value and be actively engaged in that business for a minimum term of between three and five years. Should the employee wish to dispose of their stake the Company retains pre-emption rights.

The minimum term for each new tracker share stake will be set at the outset and will normally be five years, but will never be less than three years, in order to allow the Group flexibility to adapt to the individual needs of its brands and businesses and differing rates of growth.

Directors' Report (continued)

for the year ended 28 November 2010

Substantial shareholdings

As at the date of this Report, the Group had been notified, in accordance with the Companies Act, of the following significant interests in the ordinary share capital of the Company although note that any interests of Directors which amount to over 3%, are shown in the Directors' interests table within the Directors' Remuneration Report:

Name of holder	Number of shares	Percentage shareholding
AXA	5,153,356	4.23%
Simon Peter Arber	3,392,047	2.79%
Blackrock	6,212,461	5.10%
William Frederick Bottriell	9,327,764	7.66%
Fidelity	6,028,475	4.95%
HBOS plc	6,983,314	5.21%
JP Morgan Asset Management (UK) Limited	7,021,061	5.07%
Legal & General Group plc	4,841,179	3.97%
Martin Currie Investment Management Limited	4,314,627	3.12%
Standard Life Investments Limited	10,977,355	9.02%

Although there are a number of different businesses in which key employees will be invited to invest, each invitation will be on generally similar terms to that used previously and it is normally therefore appropriate to put only one resolution to shareholders each year.

Also note that, for all prior shareholder authorities granted, the five year period available to the Company to make such offers to employees is to be renewed from the date of each Annual General Meeting, or any adjournment thereof.

The proposed resolution, together with the standard terms upon which the tracker shares are normally based, are outlined within the Notice of Meeting.

Authority to make purchases of own shares

The Company is, until the date of the forthcoming Annual General Meeting, generally and unconditionally authorised to buy back a proportion of its own ordinary shares. During the year no purchases were made, although the Directors will seek to renew the authority for up to 10% of the Company's issued share capital at the Annual General Meeting.

Directors' indemnities, insurance and conflicts of interest

Section 236 of the Companies Act 2006 allows companies the power to extend indemnities to Directors against liability to third parties (excluding criminal and regulatory penalties) and also to pay Directors' legal costs in advance, provided that these are reimbursed to the Company should the individual Director be convicted or, in an action brought by the Company, where judgement is given against the Director. The Company currently has a Directors' and Officers' insurance policy in place which provides this cover.

The Board also confirms that there are appropriate procedures in place to ensure that its powers to authorise any Directors' conflicts of interest operated effectively during the year.

Corporate Governance

Please refer to the separate Corporate Governance Report.

Financial instruments

Information in respect of financial instruments is set out in the notes to the financial statements.

Directors' Report (continued)

for the year ended 28 November 2010

Corporate and Social Responsibility

The Board recognises its environmental, health and safety and employment responsibilities and devotes appropriate resources towards monitoring compliance with and improving existing standards. The Chief Executive Officer has responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources. Further information is contained in the Corporate Social Responsibility Report section.

Health and safety – The Group is committed to providing for the health, safety and welfare of all its employees. Every effort is made to ensure that the requirements of the Health and Safety at Work etc Act 1974 and all other relevant regulations and codes of practice are complied with.

Employees – The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well being. It encourages participation and involvement in matters which affect their interests as employees. Communication with employees is effected through the Group's management briefings structure, Board Committees, formal and informal meetings and through the Group's information systems. Informal communication is facilitated by emails to all Group companies.

The Group is also committed to achieving equal opportunities and to complying with anti-discrimination legislation. In addition, employees are encouraged to train and develop their careers. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability.

The Group gives full and fair consideration to the employment of disabled persons for suitable jobs. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues either in the job or in a suitable alternative. It is the Group's policy to support disabled employees in all aspects of their training, development and promotion where it benefits the employee and the Group.

Information on employee share plans and share ownership is contained in the Directors' Remuneration Report.

The Community – The Group is committed to providing support to the community and society through a number of charitable activities. During the period the Group made charitable donations of £64,957 (2009: £51,000). The Group made no donations for political purposes either in the UK or overseas during the year.

Annual General Meeting

The Annual General Meeting of the Company will be held on 21 April 2011, at the Westbury Hotel, Bond Street, Mayfair, London W1S 2YF. A separate formal Notice of Meeting details all business to be transacted.

Auditors

As required by Section 418(2) of the Companies Act 2006, each Director in office, at the date of this Report, hereby confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of such information.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, a resolution will be put to the forthcoming Annual General Meeting proposing their re-appointment as auditors for the ensuing year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Directors' Report (continued)

for the year ended 28 November 2010

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Consolidated Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Consolidated Group and the Company and of the profit or loss of the Company and Consolidated Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Consolidated Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Consolidated Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Consolidated Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed above confirm that, to the best of their knowledge:

- the Consolidated Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Consolidated Group and Company; and
- the Directors' report, together with the Chairman's Statement, the Chief Executive Officer's and Chief Financial Officer's Reviews, contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Consolidated Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Steven C Hornbuckle

Steve Hornbuckle
Group Company Secretary
28 January 2011

Registered Office:
5th Floor,
215-227, Great Portland Street,
London, W1W 5PN

Directors' Remuneration Report

for the year ended 28 November 2010

Introduction

This report has been prepared in accordance with the Companies Act 2006 and the Directors' Remuneration Regulations 2002, relevant provisions of the Listing Rules and (although not yet formally required) the UK Corporate Governance Code.

The Regulations require the auditors to report to the Company's shareholders on the 'auditable part' of the Directors' Remuneration Report and to state whether in their opinion this part of the report has been properly prepared in accordance with the Companies Act 2006 (as amended by the Regulations). The report has therefore been divided into separate sections for unaudited and audited information and, as required by the Regulations, a resolution to approve the report will be proposed at the forthcoming Annual General Meeting.

Year in focus – summary

- No base salary increases awarded during the year ended 28 November 2010, having regard to the economic background which existed at the time of the annual review and the associated impact on the majority of the Group's employees;
- LTIP EPS performance targets for 2010 reviewed and toughened;
- Up to 20% of bonus opportunity now relates to strategic objectives, in support of future profitability and managing business risk, including meaningful compliance elements for all senior individuals;
- Continued offering of two UK all employee share schemes (SAYE and SIP), with other countries being added, to deliver the policy of significant employee shareholder participation.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee (the 'Committee') determines the remuneration policy and the individual remuneration packages of the Chairman, the Executive Directors, the Group Company Secretary and certain key senior management posts. The Committee's Terms of Reference were updated during 2010, particularly in the light of the UK Corporate Governance Code and ICSA best practice guidelines, and are available at www.sthree.com.

During the year the Committee comprised only independent Non Executive Directors, being Tony Ward (Chairman), Alicja Lesniak and Nadhim Zahawi. The Chief Executive Officer, Group HR Director and remuneration advisors regularly attend meetings by invitation, except for matters related to their own remuneration. The Committee met four times during the year and no member of the Committee has any personal financial interest (other than as a shareholder) in the matters decided.

To help achieve its objectives, following a review of various providers undertaken in 2007, the Committee appointed Deloitte LLP ('Deloitte') as its remuneration advisor. During the year the Committee took independent advice from Deloitte in relation to remuneration matters and on share incentive arrangements/tax efficiencies, for which it paid £41,500 (2009: £44,825), excluding VAT. Deloitte have also undertaken tax services for the Company.

Remuneration policy

The remuneration policy has been designed to ensure that the Group has the capability to attract and retain Directors and senior managers of a high calibre, to align the interests of senior management with those of shareholders and be compliant with recommended practice. Individual pay levels are determined by reference to comparative market conditions, performance, experience and potential. In setting the policy the Committee considers, for benchmarking purposes, the remuneration of relevant senior management in comparable quoted or similar companies.

There are three main elements of the remuneration package for Executive Directors:

- fixed pay – basic annual salary and benefits, including company car allowance, pension contributions, and health insurance cover;
- variable annual pay – cash/share based bonus payments; and
- variable long term pay – share-based long-term incentives.

In setting the policy on total remuneration, the Group's policy is to position the base salaries of Directors and senior management at between lower quartile and median for the relevant comparative market, with a higher than average proportion of their remuneration being performance related. This policy was examined by Deloitte during the last benchmarking exercise and will continue to be reviewed to ensure that it remains appropriate.

Executive Directors' basic salary and pension arrangements

The basic annual salaries of the Executive Directors for the year ended 28 November 2010 were Russell Clements, £317,000; Gary Elden, £241,500; Alex Smith, £235,400; and Sunil Wickremeratne, £266,500. Salaries are normally reviewed in December each year and during 2010 the Committee undertook a benchmarking of total compensation with the support of Deloitte. The Committee concluded from the available market data and also having considered the latest proposals for salary and benefits increases within the Group, that the base salary level for Russell Clements remained significantly below the comparable market level, whilst Alex Smith has now firmly established himself within his role as a fully competent CFO for a FTSE 250 size business, but was also behind the comparable market level. In addition, Sunil Wickremeratne, COO, left the business at the end of November 2010 and is not to be replaced at Board level for the foreseeable future.

The Committee indicated within the 2008 and 2009 Annual Reports that it would look to make salary increases of no more than 10% per year in order to attain the required level. However, for 2010 the Committee decided to freeze salaries at their existing levels, with the proviso that it would resume its policy of making sure that salaries were adjusted to a level between the lower quartile and the median of the data when it was appropriate to do so.

Given the above circumstances, benchmark differentials have increased to the extent that they are currently in the region of 27% for Russell Clements and 11% for Alex Smith. Therefore, the Committee feels that a salary increase of 9.9% is appropriate for both in recognition of the benchmark comparisons, personal performance and experience accumulated in their respective roles, with a 9.9% increase also appropriate for Gary Elden in view of his additional Board responsibilities following the departure of the COO. All of these increases are to be applied from 1 December 2010.

Executive Directors also receive an employer's contribution to their personal pension schemes equivalent to 10% of their basic salaries, subject to each Executive Director making 5% personal contributions. Bonuses and benefits are not pensionable.

Annual Bonus Scheme

Executives receive annual bonus payments based on the achievement of Group targets for profit, cash and specific Group objectives, agreed by the Committee, with up to 20% of the bonus opportunity relating directly to progress towards the Company's strategic objectives, in support of managing any related business risk. The maximum bonus opportunity for Executive Directors is 120% of salary, although for individuals below Board level this is uncapped, with deferral into shares for any achievement over 100% of salary, vesting in equal tranches over two years, provided the Executive remains employed with the Group. Where agreed targets are achieved, 50% of salary is paid, with maximum bonus payable for achieving 110% of target and with pro rata payment for achievement between 90% and 110% of target. No bonus is paid for achievement below 90% of target.

Based on the Committee's assessment of the performance during the year against the profit, cash and strategic targets for growth and international expansion, mostly in continuing difficult market conditions, an average bonus equal to 113.26% of salary was accrued for all Executive Directors. The Committee considers overall performance, including risk management, as well as environmental, social and governance ('ESG') issues, when calibrating the remuneration of Executives, to ensure that the incentive structure for senior management does not inadvertently encourage irresponsible behaviour.

Long Term Incentive Plan

In November 2006, shareholders approved a share-based LTIP for Executive Directors and other members of the senior management team to provide an incentive to increase shareholder value and support alignment with shareholder interests through building a stake in SThree shares. No further awards are planned to be made under the Executive Share Option Scheme operated by the Company before flotation.

During 2009, the Committee commissioned Deloitte to review the Long Term Incentive Plan ('LTIP') performance criteria and concluded that, in addition to the relative Total Shareholder Return ('TSR') measure, an Earnings Per Share ('EPS') growth measure should be introduced to ensure that Executives are appropriately incentivised and rewarded, with each separate measure applying to 50% of the total LTIP award.

LTIP awards made in February 2010 were granted with EPS targets of RPI plus 5% pa (minimum vesting) and RPI plus 10% pa (maximum vesting).

However, in the light of the steadily improving economic conditions and having taken into account the views of major shareholders, these targets were toughened to RPI plus 6% pa (minimum vesting) and RPI plus 13% pa (maximum vesting). Targets are reviewed annually by the Committee in the light of the current trading environment and, for awards to be granted in February 2011, EPS targets of RPI plus 6% pa (minimum vesting), RPI plus 13% pa (80% vesting) and RPI plus 15% pa (maximum vesting) have been approved.

The main features of the LTIP are as follows:

- Awards of shares can be made, each year, to Executive Directors and other Senior Executives in the form of forfeitable shares or share options (nil-cost or market value);
- The maximum annual face value of awards which may be made to Executive Directors is 175% of salary, whilst over a three-year period the Committee intends that no Executive Director will receive aggregate awards in excess of a face value of 450% of salary;
- All Executive Directors' awards must be subject to a performance condition, assessed over the three years following the date of grant, with no facility to re-test performance. For other participants, the Committee has discretion to decide whether or not a performance condition should apply to grants;
- The current TSR peer group consists of some 40 UK-listed companies, all being recruitment or service companies from the FTSE Support Services, AIM or Fledgling indices, as follows: Empresaria Group plc, Experian plc, Garner plc, Harvey Nash Group plc, Hays plc, Healthcare Locums plc, Hexagon Human Capital plc, Highams Systems Services Group plc, Hyder Consulting plc, Hydrogen Group plc, Impeilam Group plc, Interquest Group plc, Kellan Group plc, Management Consulting Group plc, Matchtech Group plc, Michael Page International plc, Mitie Group plc, Morson Group plc, Mouchel Group plc, Network Group Holdings plc, Networkers International plc, Office2office plc, Penna Consulting plc, Pinnacle Staffing Group plc, Prime People plc, Regus plc, Rethink Group plc, Ricardo plc, Robert Walters plc, RPS Group plc, RTC Group plc, Saville Group plc, Servoca plc, Staffline Group plc, Tribal Group plc, Waterman Group plc, White Young plc, Work Group plc, World Careers Network plc and WS Atkins plc. This list is reviewed annually;
- The preferred EPS growth measure is to be Compound Average Growth Rate ('CAGR'), as it rewards value creation equally over the period covered by the incentive. Pre-exceptional, undiluted EPS, is to be used as the basis for awards, so that any material abnormal influences are excluded and any abnormal influences which are not material but still significant are highlighted to the Committee for consideration as to treatment;
- Both the TSR and EPS measures being used for awards in 2011 are summarised below. For the EPS measure the Committee takes into consideration both internal and external forecasts in setting targets, as well as the guidelines of key investor bodies. The TSR measure remains as previously approved by shareholders.

Employee Benefit Trusts and Share Plans generally

The Group has a culture that encourages tax efficient share participation at all levels. Two Employee Benefit Trusts ('EBTs'), which were funded by gifts from some of the current and former Directors, hold assets comprising shares in the Company. Shares in the EBTs are mainly held for awards and grants under share option and

Percentage of award that vests	Company's TSR ranking against comparator group over performance period	Company's EPS growth over performance period
None	Below median	Below RPI plus 6% pa
30%	Median	RPI plus 6% pa
80%	N/A	RPI plus 13% pa or better
100%	Upper quartile or better	RPI plus 15% pa or better
Pro rata on a straight line between 30% and 100% (TSR) and 30% and 80% and 80% and 100% (EPS)	Between median and upper quartile	Between RPI plus 6% pa and RPI plus 13% pa and between RPI plus 13% pa and RPI plus 15% pa

share award schemes introduced prior to flotation, in which a number of employees still participate. In 2009, shareholders approved the introduction of a Savings-Related Share Option Scheme ('SAYE Scheme') and a Savings & Investment Plan ('SIP'), so that those UK employees who joined the Group after 2004 and who could not benefit from the earlier share schemes could then have access to such all employee schemes. The Company intends to make available similar arrangements in other jurisdictions, subject to local laws, etc, where commercially justifiable and has set the critical mass of headcount for roll out in each country at 100 employees. Roll out will continue in 2011 for those countries which have already met this criteria, with new countries to be progressively added each year in line with the agreed headcount threshold, in normal circumstances.

In respect of those share plans and related Trusts introduced prior to flotation these comprise an Executive Share Option Scheme, the Forfeitable Share Plan, the Share Gift Plan, and the No.1 ESOP and No.2 ESOP. In respect of the No.2 ESOP, this had adopted a Trust Option Plan and had agreed to satisfy the majority of options granted under the Executive Share Option Scheme, and all awards under the Forfeitable Share Plan, with shares existing in the Trust. Under the terms of the Trust Deed constituting the No.2 ESOP, the Trustees have undertaken to waive all dividend rights on ordinary shares comprised in the trust fund. The Executive Directors do not currently participate in any of these arrangements.

Generally, in the event of a takeover, or similar, under the Group's share plans, shares may generally be released or options exercised early, with the Committee normally taking into account the length of time between the start of any holding period and the triggering event, as well as the level of any performance criteria, up to the date of the triggering event. The Committee may also alter the rules of any share plan provided that this is not to the advantage of participants, in which case prior approval of the Company in general meeting must be obtained, whilst any amendment that is to the disadvantage of participants requires the consent of a majority of them. Under the SIP, shares are purchased on a monthly basis, at the then market price and matching shares are awarded on a 1:1 basis, provided that participants do not sell their purchased shares and also remain in employment within the Group for at least one year.

In terms of dilution, the Committee intends that awards under the LTIP, EBTs and other share plans should be satisfied by a combination of existing EBT shares, market purchases and new issue shares. Where new issue shares are used, this will be done in accordance with the guidelines provided by the Association of British Insurers. Expected value calculations of share incentives are not disclosed as these are not considered meaningful.

Executive Directors' service contracts

It is the Company's policy that Executive Directors should have contracts with a rolling term providing for a maximum of 12 months' notice. Consequently, in the event of an early termination, the contractual right is to 12 months' basic salary and benefits, with mitigation being generally required to reduce any compensation payable to a departing Director.

The Executive Directors were employed on service contracts with the Group which commenced on 11 November 2005 (both Russell Clements and Sunil Wickremeratne), 14 April 2008 (Gary Elden) and 7 May 2008 (Alex Smith). Each of these contracts provides an entitlement to a basic annual salary, performance bonus scheme participation, a company car allowance, pension contributions as well as health insurance cover and is terminable by 12 months' notice given by either party.

Non-Executive Directors

All Non-Executive Directors have specific letters of appointment, available upon request, and their remuneration is determined by the Board within the limits set by the Articles of Association and normally based on independent surveys of fees paid to Non-Executive Directors of similar companies. Remuneration is set taking account of the commitment and responsibilities of the relevant role. The Non-Executive Directors do not have service contracts. In 2009, the Committee undertook a benchmarking review of fees payable to the Chairman and Non-Executive Directors with the support of Deloitte and the resulting proposal, that there should be no fee increase, was agreed with the Board.

Clay Brendish has a letter of appointment dated 1 May 2010, with his current annual fee being £125,000, whilst Alicja Lesniak, Tony Ward, Paul Bowtell and Nadhim Zahawi were appointed Non-Executive Directors on 3 May 2006, 14 August 2006, 5 November 2007 and 1 May 2008, respectively, and receive annual fees of £35,000 each.

Clay Brendish is Chairman of the Nomination Committee, but receives no additional fee. Paul Bowtell is Chairman of the Audit Committee for which he receives an additional fee of £5,000 pa, whilst Tony Ward

Directors' Remuneration Report

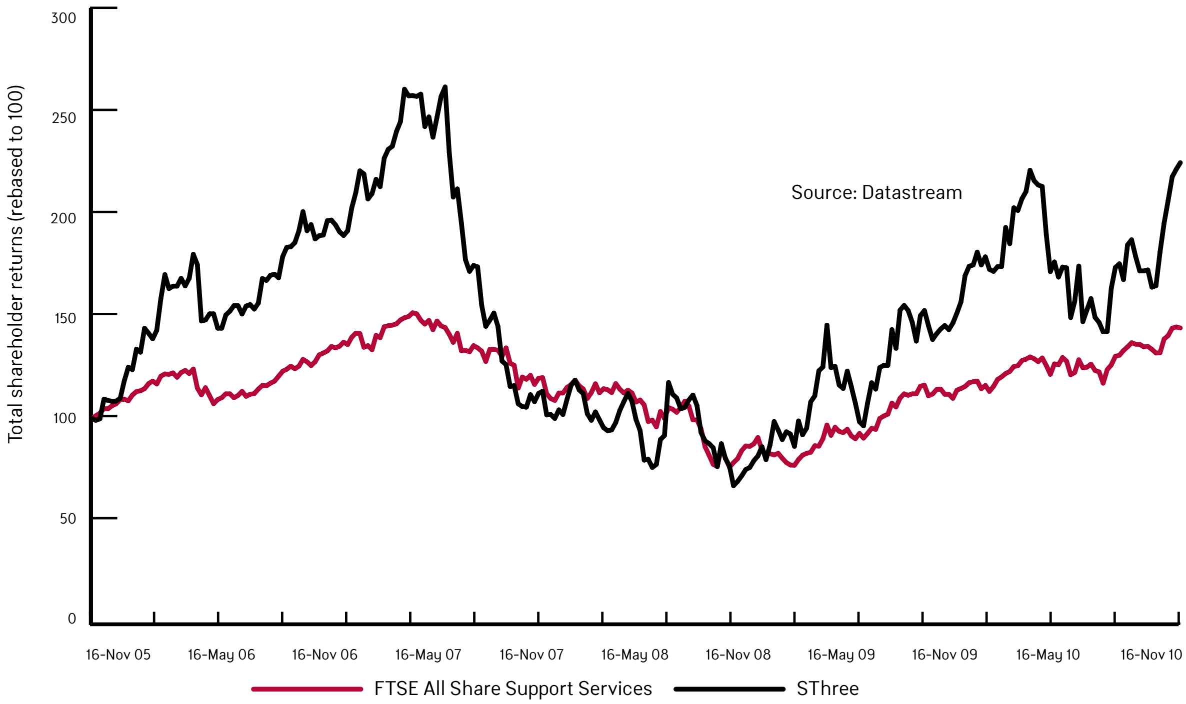
for the year ended 28 November 2010 (continued)

also receives an additional fee of £5,000 pa as Chairman of the Remuneration Committee. Non-Executive Directors are appointed for an initial term of three years, terminable by either the Company or the Non-Executive Director at will, and, in normal circumstances, subject to performance and re-election at Annual General Meetings, they would be expected to serve for a second three-year term. Non-Executive Directors may be requested to serve for a further (third) three-year term subject to rigorous review at the relevant time and their agreement.

Upon termination or resignation, Non-Executive Directors are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment. Non-Executive Directors cannot participate in any Company incentive scheme.

TOTAL SHAREHOLDER RETURN ('TSR')

The graph below shows the Total Shareholder Return ('TSR') of the Company since flotation on 16 November 2005, for the Group and the FTSE Support Services index, which is considered the most illustrative comparator index for investors, as the Company is a constituent of this index and its constituents are also used for comparing pay and benefit levels.



Directors' Remuneration Report

for the year ended 28 November 2010 (continued)

AUDITED INFORMATION

Directors' remuneration

The table below summarises all Directors' emoluments and pension contributions for the current and the prior year for comparison. No other awards were made to any Director during the year to 28 November 2010.

Name of Director	Salary and fees £'000	Pension contributions £'000	Benefits £'000	Bonuses £'000	2010 Total £'000	2009 Total £'000
Executive Directors						
Russell Clements	317.0	31.7	10.5	359.0	**718.2**	517.7
Gary Elden	241.5	24.2	10.5	273.5	**549.7**	389.1
Alex Smith	235.4	23.5	10.5	266.6	**536.0**	387.1
Sunil Wickremeratne (retired on 30 November 2010)	266.5	26.7	10.5	301.8	**605.5**	436.9
Non-Executive Directors						
Clay Brendish (appointed on 1 May 2010)	72.9	–	–	–	**72.9**	–
Paul Bowtell	40	–	–	–	**40**	40
Alicja Lesniak	35	–	–	–	**35**	35
Tony Ward	40	–	–	–	**40**	40
Nadhim Zahawi	35	–	–	–	**35**	35
Sir Anthony Cleaver (retired on 23 April 2010)	41.6	–	–	–	**41.6**	100
Aggregate emoluments	**1,324.9**	**106.1**	**42.0**	**1,200.9**	**2,673.9**	**1,980.8**

Benefits in kind may include a company car, medical and life insurance, but are not included above unless paid as a cash allowance. Gary Elden received a reduction in salary between 1 March and 30 September 2009, due to him taking a pension salary sacrifice.

As mentioned earlier, Sunil Wickremeratne gave notice of his intention to retire as a Director of the Company in May 2010 and retired on 30 November 2010 by mutual agreement. He worked six months' notice and in line with his contractual entitlement, he will receive a payment in lieu of base salary for a further six months together with a payment in lieu of normal benefits for the six months outstanding notice period. He will receive his bonus for the year ended 28 November 2010, subject to the Committee's approval, in early 2011. He is also receiving the sum of £102,000 in consideration for covenants provided to the Company and in lieu of his bonus for 2011, on a pro rata basis.

In addition, Sunil will receive a payment of £5,000 per annum under the terms of a separate arrangement, similar to that which exists for William Bottriell, a former Director, who resigned in 2005 and who receive £5,000 per annum for services provided from time to time.

Long Term Incentive Plan, Minority Stakes and other share options or awards

LTIP

The Committee has made the following awards to Executive Directors of forfeitable and deferred shares and options under the LTIP, with awards being subject to the Company's TSR performance relative to peer group, as well as EPS, as detailed above. The next awards are to be made in February 2011.

LTIP – Name of Director	Date of grant/award	Market/option price at grant/award	Shares awarded	Shares lapsed	Vesting date	Shares outstanding as at 28 Nov 2010
Russell Clements	6/2/2008	196.75p	175,959	–	6/2/2011	175,959
Russell Clements	3/2/2009	154.50p	246,213	–	2/2/2012	246,213
Russell Clements	11/2/2010	299.40p	158,817	–	10/2/2013	158,817
Gary Elden	6/2/2008	196.75p	108,476	–	6/2/2011	108,476
Gary Elden	3/2/2009	154.50p	187,572	–	2/2/2012	187,572
Gary Elden	11/2/2010	299.40p	120,991	–	10/2/2013	120,991
Alex Smith	8/5/2008	183.5p	143,869	–	8/5/2011	143,869
Alex Smith	3/2/2009	154.50p	182,834	–	2/2/2012	182,834
Alex Smith	11/2/2010	299.40p	117,935	–	10/2/2013	117,935
Sunil Wickremeratne	6/2/2008	196.75p	147,903	(12,325)	6/2/2011	135,578
Sunil Wickremeratne	3/2/2009	154.50p	206,990	(86,246)	2/2/2012	120,744
Sunil Wickremeratne	11/2/2010	299.40p	133,517	(100,138)	10/2/2013	33,379

After performance testing of the LTIP awards granted in February 2007, 44% of the awards vested, with the remainder of the awards lapsing in accordance with the LTIP rules.

Under the LTIP rules, the awards of Sunil Wickremeratne were time apportioned at the date of leaving, therefore a number of shares lapsed, as detailed above.

In February 2010, awards for all LTIP participants were structured to include tax approved options, with funding awards also being granted at an option price of £1 in respect of the total award.

On 19 October 2010, the company introduced a Joint Ownership Plan ('JOP') in respect of the unapproved LTIP awards made in February 2010. JOP options over existing LTIP awards were granted to participants at 60p per share and apply to all of the Directors. Prior to the introduction of the JOP the Committee conducted modelling to ensure that there was no potentially significant cost to either the Company or participants.

Save As You Earn ('SAYE')

The following SAYE awards are held, each being exercisable three years from the date of grant, for a period of six months, at the option price.

SAYE – Name of Director	Date of grant/award	Option price at grant/award	Shares awarded	Shares lapsed	Vesting date	Shares outstanding as at 28 Nov 2010
Russell Clements	26/6/2009	158.40p	5,729	–	01/11/2012	5,729
Gary Elden	26/6/2009	158.40p	5,729	–	01/11/2012	5,729
Alex Smith	26/6/2009	158.40p	5,729	–	01/11/2012	5,729
Sunil Wickremeratne	26/6/2009	158.40p	5,729	3,010	01/11/2012	2,719

Under the SAYE rules, the shares of Sunil Wickremeratne were time apportioned at the date of leaving, therefore some awards lapsed, as stated above.

Gary Elden also holds small percentage shareholdings in a number of SThree businesses under the Group's tracker share (minority stake) arrangements. The earliest of these was created in November 2006 and in some cases loans were provided by the Group to enable all senior individuals to acquire their shares. In Gary Elden's case, loans totalling £305,216 were granted under normal commercial terms on 30 November 2006 and 6 February 2007. All loans outstanding are

Directors' Remuneration Report

for the year ended 28 November 2010 (continued)

expected to be repaid in full and details of the individual arrangements are also disclosed in the statutory accounts of the relevant businesses concerned. As an Executive Director, Gary cannot participate in any Minority Stake arrangement approved by shareholders after his appointment to the Board. However, at the AGM in April 2009, shareholders ratified his participation in the 2008 arrangements, as these were approved at the AGM in April 2008, but not actually created until after his Board appointment in July 2008.

No other awards or share options are held by the Executive Directors.

Directors' interests in shares

In accordance with the Listing Rules, the Directors' interests in the share capital of the Company at 28 November 2010 are shown below and there have been no changes to this information as at the date of this report. No Director had any other interest in the share capital of the Company or its subsidiaries, or exercised any share options, during the year, other than as already disclosed.

Name of Director	Ordinary shares held at 30 Nov 2009	Changes in year	Ordinary shares held at 28 Nov 2010	Percentage of Share Capital
Russell Clements	4,738,549	(975,788)	3,762,761	3.09%
Gary Elden	3,385,018	1,020	3,386,038	2.78%
Alex Smith	398	1,230	1,628	Below 0.1%
Sunil Wickremeratne (retired on 30 November 2010)	10,671,373	20,501	10,691,874	8.78%
Clay Brendish (appointed on 1 May 2010)	–	13,500	13,500	0.01%
Paul Bowtell	10,000	–	10,000	0.01%
Alicja Lesniak	4,245	–	4,245	0.01%
Tony Ward	12,063	–	12,063	0.01%
Nadhim Zahawi	14,720	–	14,720	0.01%
Sir Anthony Cleaver (retired on 23 April 2010)	152,446	–	152,446	0.13%

Interests in shares relate only to ordinary shares of 1 pence each, but may include partnership and matching shares held in trust under the SIP, which are subject to forfeiture conditions in certain circumstances. SIP participants may also reinvest dividends by way of a Dividend Reinvestment Plan ('DRIP') and any shares resulting from the DRIP are included in the above totals.

The Company has in place formal shareholding guidelines for Executive Directors. As such, all Executive Directors must attain a level of shares equivalent to at least 100% base salary within five years of 1 December 2008, or their date of appointment. Although there is no formal shareholding requirement below Executive Director level, most Executive Committee members already hold shareholdings well in excess of this level in line with the Group's culture of encouraging share participation at all levels. In particular, it is currently estimated that, in total, over 30% of the Company's share capital is held by Directors, Founders, the Employee Benefit Trusts, senior management and other employees.

On 26 November 2010, the last dealing day before the year end, the closing market price of SThree plc ordinary shares was 278.8p. The highest and lowest closing prices of these shares during the year, was 380.5p and 231.1p respectively, based on the London Stock Exchange Daily Official List.

Approval

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

T Ward

Tony Ward, OBE
Chairman of the Remuneration Committee
28 January 2011

Corporate Governance Report

for the year ended 28 November 2010

The Board believes that high standards of corporate governance are intrinsic to the Company's culture and values. In particular:

- They are central to its core values and strategy, including integrity, professional excellence and sustainability, as stated in this Annual Report;
- They underpin the objectivity of such processes as balance sheet and cash management, risk management, the design and operation of Executive remuneration and succession planning;
- They are the basis for the accountability of Executive management to the Board and of the Board to Company's shareholders.

This report outlines how the Company has complied with the Main Principles of the Combined Code on Corporate Governance, revised by the Financial Reporting Council in June 2008 ('the Combined Code').The Board considers that it complied with all key provisions of section 1 (Companies) of the Combined Code.

The Board has also taken account of the UK Corporate Governance Code, published by the Financial Reporting Council in May 2010 ('the Code'). Although compliance with the Code is not yet formally required, the table below summarises how the Company has applied the main/supporting principles and provisions of the Code since its publication.

Relevant section of the Code	Commentary (including relevant Code provision)
A. Leadership	
A.1 The Role of the Board	The Board provides entrepreneurial leadership and overall control of the Group, setting a framework of prudent and effective controls to enable risks to be properly assessed and managed. Its primary role is to create value for stakeholders, to agree and approve the Group's long-term strategic objectives and to develop robust corporate governance and risk management practices, whilst ensuring that the necessary financial and other resources are in place to enable those objectives to be met. In undertaking this, the Board also reviews management performance and sets the Company's values and standards, with all Directors acting in what they consider to be the best interests of the Company, consistent with their statutory duties. Certain powers are delegated to the Remuneration Committee, Audit Committee and Nomination Committees, with details of the roles and responsibilities of these Committees being set out under the relevant section below. In addition, the Board has agreed Terms of Reference for its other formal committees in order to facilitate more efficient working practices and these include the Executive Committee, the Investment Committee, a Routine Business Committee, a Disclosure Committee and CSR Committee, to provide a clear framework of delegated and other authorities. During 2010, all Committees' terms of reference were updated, particularly in the light of the UK Corporate Governance Code and ICSA best practice guidelines. A.1.1 The Board is responsible to shareholders for the proper management of the Group and has identified key financial and operational areas that require regular reporting and which enable the performance of Executive management to be reviewed and monitored. These are set out in a schedule of matters reserved to the Board, which is reviewed and kept updated on a regular basis. The schedule outlines all matters requiring specific consent of the Board, which include, inter-alia, the approval of Group strategy and operating plans, the annual budget, the Annual Report, the Interim Report and related announcements, major divestments and capital expenditure, large acquisitions and disposals, the recommendation of dividends and the approval of treasury and risk management policies. The schedule therefore facilitates structured delegation, subject to certain financial limits and provides

a practical framework for executive management/reporting, which seeks to achieve the objectives of maintaining effective financial and operational controls, while providing sufficient flexibility to manage the business. The current schedule of matters reserved to the Board is available on the Company's website, www.sthree.com.

A.1.2 The current Directors of the Company, including biographies, are shown within the section 'Board of Directors and Secretary', as set out earlier in this Annual Report, with further details of Board Committee membership being set out below. The number of, and attendance at, Board and Committee meetings during the year, is also shown in a table below. Almost all meetings were fully attended and, outside these, there was frequent contact between Directors to discuss the Company's affairs and develop its business.

A.1.3 Appropriate insurance cover is in place in respect of legal action against the Directors.

A.2 Division of Responsibilities

A.2.1 There is a clear division of responsibilities between the Chairman and the Chief Executive Officer and they have been set out in writing and approved by the Board so that no one individual has unfettered powers of decision.

A.3 The Chairman

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board, ensuring its effectiveness, timing, and setting its agenda but has no involvement in the day-to-day business of the Group. The Chairman allows adequate debate by all, whilst facilitating the effective contribution of the NEDs, including Board induction and evaluation, ensuring constructive relations between Executive and NEDs and that the Directors receive accurate, timely and clear information, to facilitate effective communication with shareholders.

The Chief Executive Officer has direct charge of the Group on a day-to-day basis and overall responsibility to the Board for the financial and operational performance of the Group, under a job description which clearly sets out these responsibilities.

A.3.1. As stated below, the Chairman met on appointment and continues to meet the independence criteria set out under the Code.

A.4 Non Executive Directors

A.4.1 Tony Ward is appointed as the Senior Independent NED and is available to shareholders to discuss strategy or governance issues or should there be matters of concern that have not, or cannot, be addressed through the normal channels.

A.4.2 The Chairman meets with the Non Executive Directors ('NEDs') without the Executive Directors being present, either before or after each Board meeting and this is formally minuted, whilst the Senior Independent Non Executive Director ('SID') holds annual discussions with the other NEDs without the Chairman being present and also with the Executives, in order to appraise the Chairman's performance.

A.4.3 Each Director ensures that if he/she has any concerns which cannot be resolved, about the Company or a proposed action, such concerns are recorded in the Board minutes, whilst upon resignation, Non-Executives are invited to provide a written statement to the Chairman for circulation to the Board, should they have any concerns.

Corporate Governance Report

for the year ended 28 November 2010 (continued)

B. Effectiveness

B.1 Composition of the Board

The Board comprises a balance of Executive and NEDs who bring a wide range of skills, experience and knowledge to its deliberations. The NEDs fulfil a vital role in corporate accountability and have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully discussed and critically examined, not only in the best long-term interests of shareholders, but also to take proper account of the interests of customers, employees and other stakeholders. The NEDs are all experienced and influential individuals and through their mix of skills and business experience they contribute significantly to the effective functioning of the Board and its Committees, ensuring that matters are fully debated and that no one individual or small group dominates the decision making process.

Directors have a wide range of experience of various industry sectors relevant to the Group's business and each member brings independent judgement to bear in the interests of the Company on issues of strategy, performance, resources and standards of conduct. The Board is of sufficient size to match business requirements, whilst accommodating any changes, and members have an appropriate and varied range of skills, vital to the success of the Group.

The composition of the Board and its various Committees is reviewed and evaluated so as to reflect the Board's and the Committees' balance of skills, expected time commitment, knowledge and experience. The Directors' aim is to ensure that the balance of the Board and its Committees reflects the changing needs of the Group's business and therefore composition, balance and skills are all regularly monitored and refreshed as necessary.

B.1.1 Excluding the Chairman, the other NEDs have been determined by the Board throughout the year as being independent in character and judgement with no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

B.1.2 The Board comprises the Non Executive Chairman, who is not classed as independent because of his position but who met the independence criteria set out in the Code on appointment, three Executive Directors and four independent NEDs. This is in compliance with the Code, which requires at least half of the Board to consist of independent NEDs.

B.2 Appointments to the Board

Appointments to the Board are the responsibility of the full Board, upon the recommendation of the Nomination Committee and after appropriate external consultation, bearing in mind the Board's existing balance of skills and experience, the specific role needs identified, and with due regard for diversity, including gender. Succession planning aspects are regularly reviewed by the Committee, in order to ensure an orderly progression/refreshment of senior management/Board members and maintain an appropriate balance of skills, experience and diversity both within the Company and on the Board.

B.2.1/2 Under the direction of the Nomination Committee, each formal selection process is conducted, using external advisors, consisting of a series of interview stages, involving Directors and other senior Executives, each being set against a specific role definition and objective criteria. Details of the composition, work and responsibilities of this Committee are set out under the relevant section below.

B.2.3 NEDs are appointed for specified three year terms, with all Directors being subject to annual re-election. The Company's Articles of Association set out clear powers of removal, appointment, election and re-election of Directors.

B.3 Commitment

B.3.1 During 2009, when the Nomination Committee last initiated the search for a new Director, a detailed job specification was prepared, setting out an assessment of the time commitment expected. All potential Director candidates are required to disclose any significant outside commitments prior to appointment and must undertake that they have sufficient time to meet these, in addition to Company business, particularly in the event of a crisis.

B.3.2 Upon joining the Board, each NED receives a formal appointment letter which identifies their formal responsibilities and expected minimum time commitment, being typically two days per month. These letters are available for inspection at the Company's registered office.

B.4 Development

At scheduled Board and Committee meetings, Directors receive detailed reports from executive management on the performance of the Group, with managers giving regular presentations on their areas of responsibility. NEDs are invited to attend the Group's annual conference in order to join senior management from each geographic area, to discuss current initiatives and Board meetings are also scheduled at office locations spread throughout the globe, in order to allow all Directors to meet local managers and improve international understanding. Directors are provided with written materials on their responsibilities as Directors of a public company and on other relevant regulatory, legal, governance and accounting matters. Regular updates are provided on a range of other relevant topics, as required, and Directors are also encouraged to attend external seminars on areas of relevance to their role in order to facilitate their professional development.

These measures help to ensure that the Directors continue to develop their knowledge of the Group's business and get to know its senior management, as well as being aware of their general responsibilities. In addition, the Board encourages Executive Directors to accept external appointments in order to broaden their experience, although currently no such positions are held.

B.4.1 An induction programme is available for new appointments and this is tailored to each individual to ensure that it is appropriate for their role and level of previous experience. Directors and other senior Executives attend analysts' briefing sessions and major shareholders may, upon appropriate request, meet new NEDs.

B.4.2 As part of the annual Board evaluation process, the Chairman assesses and agrees any training and development needs in respect of individual Directors, including on environmental, social and governance ('ESG') matters, where appropriate. Following the 2010 evaluation exercise, specific training needs were identified for all Executive Directors.

B.5 Information and Support

Board and Committee meeting papers are circulated well in advance of the relevant meeting and where a Director is unable to attend he/she is provided with a copy of the papers and has the opportunity to comment on the matters under discussion. Minutes of all Committee meetings are circulated to all the Directors, irrespective of Committee membership.

The Group Company Secretary is responsible for ensuring good information flows between the Board/Committees and senior individuals/NEDs, as well as assisting in other areas and has primary responsibility for advising the Board, via the Chairman, on all governance matters.

B.5.1 Directors are entitled to obtain independent professional advice, at the Company's expense, in the performance of their duties as Directors and no such advice was sought during the year. All Committees are serviced by the Group Company Secretary's team and are appropriately resourced.

B.5.2 Directors have access to the advice and services of the Group Company Secretary, who is responsible to the Board for ensuring that its procedures are complied with and to assist in arranging any additional information as required. The appointment and removal of the Group Company Secretary is a matter reserved for the Board as a whole and the last appointment was made in October 2006.

B.6 Evaluation

An annual performance evaluation process, led by the Chairman, is in place to evaluate the Board, Committees and individual Directors. Questions are designed to ensure that the performance of each individual Director and the functioning, constitution and work of the Board and each Committee are properly assessed. The Chairman also discusses the individual performance of Directors, in consultation with other Directors. These assessments concluded that, overall and individually, the performance of the Board, each Committee and each Director was and is effective and that Directors demonstrate full commitment in their respective roles.

B.6.1 The evaluation process is considered to be both formal and rigorous and takes the form of a questionnaire completed by each Director, giving his/her assessment of both collective and individual performances, with the results being reviewed and debated at both Board and Committee level as well as with the individual Director concerned, where appropriate. As a result of the action points arising from the 2010 evaluation, a number of improvements have been made in areas such as risk management information flows to the Board, length of meetings, NED mentoring, succession planning scope and Executive development initiatives.

B.6.2 The Board will continue to develop its evaluation processes, as necessary, in order to take into account evolving best practice with regard to external facilitation, although no external provider has yet been appointed.

B.6.3 The SID holds annual discussions with the other NEDs without the Chairman being present and also with the Executives, in order to appraise the Chairman's performance.

B.7 Re-election

B.7.1 The Company's Articles of Association state that a Director appointed by the Board shall hold office only until the next AGM, unless re-elected during that meeting. Additionally, each Director must retire at the AGM held in the third calendar year following the year in which he/she was elected or last re-elected, but shall be eligible for re-election. However, as recommended by the Code, all Directors will retire and seek re-election at the AGM annually.

B.7.2 Reference to performance and commitment of Directors, as well as an explanation of the reason why each retiring Director should be re-elected, are all provided in the Notice of Annual General Meeting ('AGM'). The Company also complies fully with the Code in respect of its AGM voting arrangements and RNS disclosure.

C. Accountability

C.1 Financial and Business Reporting

The Chairman's Statement, Chief Executive Officer's and Chief Financial Officer's Reviews, taken together with this Directors' Report, provide information relating to the Group's activities, its business and strategy and principal risks and uncertainties faced by the business, including analysis using financial and other KPIs where necessary. These, together with the Directors' Remuneration Report, Corporate Governance and Corporate Social Responsibility Reports, provide an overview of the Group, including environmental and employee matters and give an indication of future developments in the Group's business. This provides a balanced and understandable assessment of the Group's position and prospects, in accordance with the Code.

C.1.1 The Directors' responsibility for preparing the accounts and statement by the auditors about their reporting responsibilities are set out in the Directors' Report and Independent Auditors' Report, respectively.

C.1.2 An explanation of the business model and the strategy for delivering the objectives of the Group is included as part of the Chief Executive Officer's and Chief Financial Officer's Reviews.

C.1.3 A 'going concern' statement is included in the Directors' report.

C.2 Risk Management and Internal Control

C.2.1 The Board's statement regarding its review of the effectiveness of the Group's risk management and internal control systems is set out below and this is reviewed annually.

C.3 Audit Committee and Auditors

Details of the composition, work and responsibilities of this Committee are set out under the relevant section below.

D. Remuneration

D.1 Level and Components

The Directors' Remuneration Report sets out in full, the policies and practices which demonstrate the Company's implementation of this Code principle and provisions.

D.2 Procedure

Details of the composition, work and responsibilities of this Committee are set out under the relevant section below and in the Directors' Remuneration report.

E. Relations with Shareholders

E.1 Dialogue with Shareholders

Communications with shareholders are given a high priority. The Company produces Annual and Interim Reports which are published for all shareholders and the Company's website contains up-to-date information on the Group's activities, investor presentations and published financial results. Shareholders can also subscribe for e-mail alerts of important announcements made.

There is regular dialogue with institutional shareholders, whilst ensuring that price sensitive information is released at the same time to all, in accordance with the requirements of the UK Listing Authority. Presentations are made after the Company has published its full and half year results and there is also dialogue on specific issues, such as the appointment of a new Chairman, Minority Interests, introduction of and changes to the Long Term Incentive Plan and on other key remuneration issues.

E.1.1 The Chairman, Senior Independent and other NEDs are available to shareholders to discuss governance or strategy issues or should there be matters of concern that have not, or cannot, be addressed through the Executive Directors. During the year, both the Chairman and SID conversed with shareholders, with appropriate feedback being provided to the Board at its next following meeting.

E.1.2 Views of analysts, brokers and institutional investors are sought on a non-attributed basis via periodic sentiment surveys and these, as well as regular analyst and broker publications, are circulated to all Directors to ensure that all can develop an understanding of the views of major shareholders. Any issues or concerns are raised at the Board and Directors routinely receive regular reports on share price, trading activity and sector updates.

E.2 Constructive use of AGM

The Board views the AGM as a valuable opportunity to communicate with private and institutional investors and welcomes their participation.

E.2.1 The Company proposes a separate resolution on each substantially separate issue and the proxy appointment forms for each resolution provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote.

E.2.2 The Company's registrars ensure that all valid proxy appointments received for the AGM are properly recorded and counted and a schedule of proxy votes cast is made available to all shareholders attending the meeting. There is full disclosure of the voting result via RNS and on the Company's website as soon as practicable after the AGM has concluded.

E.2.3 All Board members are encouraged to attend the AGM and in particular, the Chairmen of the Audit, Nomination and Remuneration Committees are available to answer questions.

E.2.4 The Notice of AGM is posted at least twenty working days prior to the date of the meeting and the Company's website contains copies of all Notices issued.

Board and Committee Composition and Attendance (in accordance with A.1.2 of the Code)

As stated, the Board has established various Committees, each with clearly defined terms of reference, procedures and powers. During 2010, all Committees' terms of reference were updated, particularly in the light of the UK Corporate Governance Code and ICSA best practice guidelines and all Committees operate in accordance with the relevant terms of reference, approved by the Board, with copies of these being available on request from the Group Company Secretary or downloadable from www.sthree.com.

In addition to the scheduled Board meetings held during the year, the Board met for an off site strategy session held over two days and for the AGM. The number of meetings held for the Board and each respective Committee, and attendance thereat, is as follows and includes the meetings held in early December 2010:

Directors	**Possible attendance**				**Actual attendance**			
	Board	Audit	Remuneration	Nomination	Board	Audit	Remuneration	Nomination
Clay Brendish*	6	N/A	N/A	1	5	N/A	N/A	1
Russell Clements	10	N/A	N/A	2	9	N/A	N/A	2
Sunil Wickremeratne	9	N/A	N/A	N/A	9	N/A	N/A	N/A
Alex Smith	10	N/A	N/A	N/A	10	N/A	N/A	N/A
Gary Elden	10	N/A	N/A	N/A	9	N/A	N/A	N/A
Tony Ward	10	N/A	4	2	10	N/A	4	2
Alicja Lesniak	10	4	4	2	9	4	3	1
Paul Bowtell	10	4	N/A	2	8	4	N/A	1
Nadhim Zahawi	10	4	4	N/A	8	3	3	N/A

*Clay Brendish was appointed as Chairman on 1 May 2010 and, due to prior commitments, was unable to attend all meetings. The other Directors were unable to attend due to other business or parliamentary commitments, although full Board packs were despatched and separate discussions held on relevant points of interest in all cases.

Audit Committee (in accordance with C.3.1 to C.3.7 of the Code)

The Audit Committee consists of Paul Bowtell (Chairman), Alicja Lesniak and Nadhim Zahawi, and accordingly comprises at least three independent NEDs as required by the Code. The Chief Executive Officer, the Chief Financial Officer, the Group Company Secretary and the external auditors attend all meetings at the request of the Committee. Paul Bowtell is a Chartered Accountant and is considered by the Board to have recent and relevant financial experience, given his recent role as Chief Financial Officer of TUI Travel PLC.

The Committee's principal responsibilities are set out in its terms of reference and, broadly, are: to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance; reviewing any significant financial reporting issues and judgements contained within them; to review the Company's internal financial controls, internal control and risk management systems and reporting thereon, including advising on risk appetite, tolerance and strategy, as well as risk exposures and assessment; advising on proposed strategic transactions, including conducting due diligence appraisals and focussing on risk aspects; assessing material breaches of risk limits; advising on risk performance and remuneration aspects; reviewing arrangements by which Group employees may raise concerns about possible improprieties in financial reporting or other such matters and ensuring appropriate follow up; assessing procedures for detecting fraud or preventing bribery; overseeing the remit of the risk management function; to monitor and review the effectiveness of the Company's internal audit function; to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; to annually review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical and professional guidance regarding the provision of non-audit services by the external audit firm, reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken and generally to identify and report on any business areas where action or improvement are needed and recommend actions to be taken.

The Committee considers matters relating to the recommendation for appointment, re-appointment, remuneration and terms of engagement of the Company's external auditor, PricewaterhouseCoopers LLP ('PwC'). Both the Committee and the external auditors themselves have safeguards in place to ensure that objectivity and independence is maintained, including the periodic rotation of the audit partner. In addition to the annual appointment of the external auditors by the shareholders, the Committee regularly reviews their independence taking into consideration relevant UK professional and regulatory requirements. The Committee reviews performance and fees charged, including compensation structure and meets with the external auditor at least once a year without management present.

The Committee considers that the relationship with the external auditors is working well and remains satisfied with their effectiveness. Accordingly, to date, it has not considered it necessary to require PwC to re-tender for the audit work. The external auditors are required to rotate audit partners responsible for the Group audit every five years and the current lead audit partner has been in place for two years. There are no contractual obligations restricting the Group's choice of external auditor.

In 2009, the Committee reviewed its policy on non audit work which may be undertaken by the external auditor and closely monitors such work. This policy provides that non-audit work may be carried out by the external auditor only where that work does not impair independence or objectivity and where the Committee believes that it is in the Group's best interests to make use of the external auditor's knowledge of the business, skills and experience. Such work has included detailed local statutory audits or other services required due to legislation, as well as assurance work and other specialist services where no internal resource is currently available. The Committee continuously monitors the quality and volume of this work, the level of fees incurred, as well as safeguards, in order to assess whether to use other accounting firms (or appropriately qualified organisations) and, as a consequence, has now appointed BDO LLP to provide general tax advice.

In accordance with APB Ethical Standards and FRC guidance, this policy clearly specifies: (i) which types of non audit work are excluded, for example, book-keeping; design, implementation and operation of systems; actuarial and internal audit/control functions; executive management functions and legal or other financial services; (ii) the types of work for which external auditors can be engaged without referral to the Committee, i.e. provided such services are specifically listed within the policy and fall below £50,000; and (iii) for which types of work a referral to the Committee is necessary, i.e. non listed services or those listed within the policy which are above £50,000.

Details of fees paid to the external auditors for both audit and non audit work are given in the Notes to the financial statements. The Committee has fully evaluated this work against its formal policy and remains comfortable that it is appropriate and the fees justified. Although the level of non audit fees paid out in 2010 is higher than the level of audit fees paid out, much of this work is in relation to key projects, including in particular the Group's corporate simplification project, as well as for general tax advice. The level of non audit fees is expected to reduce significantly in 2011, given the significant streamlining of the Group's structure which was achieved, predominantly in 2010, as well as the appointment of BDO LLP to provide tax advice, as mentioned above.

Following its creation, the Group has continued to expand its internal audit function, which is now at full strength. The Committee believes that this function remains effective and adds significant value.

The Group also has in place a dedicated independent whistle blowing hotline, as part of the arrangements set up and monitored by the Committee, so that employees are able to report any matters of concern, where this does not conflict with local laws or customs. More information is given within the Corporate Social Responsibility section.

Nomination Committee (in accordance with B.2.1, B.2.2 and B.2.4 of the Code)

The Nomination Committee consists of Clay Brendish (Chairman), Tony Ward, Alicja Lesniak and Paul Bowtell and accordingly comprises a majority of independent NEDs as required by the Code.

The Nomination Committee's terms of reference are, broadly: to regularly review the structure, size and composition (including the skills, knowledge and experience and diversity) of the Board, make recommendations with regard to any changes and to review and prepare relevant job descriptions for new appointees. The Committee also considers future succession planning for Board and other senior Executive roles, reviewing leadership and other role needs, bearing in mind the balance of skills, knowledge, experience and diversity already on the Board, so as to maintain an appropriate balance. The Committee engages external search consultants with respect to both Executive and Non-Executive Board appointments, and considers applicants from all backgrounds, as was the case for the most recent appointment, being Clay Brendish. In this, and in other cases, the Committee first conducted an evaluation of the balance of skills, knowledge and experience on the Board and, in the light of this, prepared an appropriate description of the role and capabilities required for the particular appointment, with the successful appointee being selected from candidates proposed by external advisors and chosen entirely on merit.

In terms of succession planning, the Group has continued its 'Top 60' leadership initiative, bringing together key managers from around the globe at regular sessions, in order to identify and develop the most talented individuals for executive positions. As part of this initiative, Egon Zehnder International undertook detailed evaluations of senior key individuals below Board level, with outputs being discussed by the Committee, which closely monitors these activities to ensure that they are continually aligned with the Group's strategy. Non Executives are also to be involved in the mentoring of selected key individuals, from time to time, as agreed with the Committee and initiatives such as 'Women in Management' have been instigated during the year to promote diversity.

Remuneration Committee (in accordance with D.2.1 and D.2.2 of the Code)

The Remuneration Committee is responsible for making recommendations to the Board on Group policy for the remuneration of the Chairman, the Executive Directors, the Group Company Secretary and certain key senior management posts and for the determination, within agreed terms of reference, of additional benefits for each of the Executive Directors, including pension rights and any compensation for loss of office. The Committee is also responsible for the implementation and operation of employee share incentive arrangements. The Committee comprises a majority of independent NEDs as required by the Code. Full information on the composition, role and operation of the Remuneration Committee and Directors' Remuneration is detailed in the Directors' Remuneration Report.

Effectiveness of the Company's risk management and internal control systems (in accordance with C.2.1 of the Code)

The Board has overall responsibility for monitoring the effectiveness of the Company's risk management and internal control systems in order to safeguard shareholders' investments and the Group's assets. Executive Directors and senior management are responsible for the implementation and maintenance of the systems, which are subject to periodic, and at least annual, review by the Board, via the Audit Committee where appropriate. As explained above, in response to business requirements, the Group also created an internal audit function in 2008 in order to facilitate this process.

The Board, via the Audit Committee, monitors the continuous process by which critical risks to the business are identified, evaluated and managed and this process explicitly includes the risks and opportunities to enhance value arising from ESG matters. The process is consistent with the Turnbull Guidance on Internal Control and has been in operation for the period under review and up to the date of approval of this Annual Report.

The Board assesses the Company's risk management and internal control systems, including material controls such as financial, operational and compliance controls and enterprise risk management ('ERM') systems. These are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives, and can only provide reasonable, not absolute, assurance against material mis-statement or loss. The Board considers, in assessing what constitutes reasonable accuracy, the materiality of financial and non-financial risks and the relationship between the cost, or benefit, resulting from the risk management or internal control systems.

The Board regularly reviews the actual results compared with the budgeted and forecast performance of the Group, as well as other key performance indicators, which are detailed within the Directors' Report.

During 2010, the Group continued to rationalise its brands in order to implement a 'Country Director' structure, under Regional MDs, and lines of responsibility and delegated authorities were reviewed, with policies and procedures updated and communicated accordingly.

Assessment of risk and Enterprise Risk Management ('ERM') framework

The Board, through the Audit Committee, has overall responsibility for risk management activities and implementing policies to ensure that all risks are evaluated, measured and kept under review by way of appropriate KPIs and this forms the basis for the Group's ERM framework. Under this framework, all Executive, Regional and Country Directors, key support functions and other relevant parties take ownership of their related risks, creating specific sub-Group risk registers, with risks being categorised according to probability and financial impact and measured according to strictly defined criteria, as set out under the Board approved risk management policy. More significant risks are distilled to form the Group's key risk register, which is closely monitored by the Committee and risks include, amongst others, those relevant to the processes for financial reporting and the preparation of consolidated accounts, with appropriate mitigation measures.

Following the 'gap analysis' undertaken by external ERM specialists in 2009, during 2010 the Group continued to roll out its ERM framework throughout the business and has consequently further developed and enhanced its risk evaluation and ERM reporting mechanism, including holding a further strategic risk workshop involving Executive Directors, Regional MDs, Country Directors and key function heads. As a result, the following steps were taken during the year:

- Country Directors now own localised risk registers, with regular presentations being made to the Board to include progress on risk mitigation, with underlying reviews of risks/integrity also now undertaken regularly;
- Audit Committee meetings include regular presentations by MDs/Country Directors, etc, on their approach to business risk management and tracking of improvement areas;
- Annual 'risk focussed' leadership workshop scheduled, with ERM specialists in attendance;

Corporate Governance Report

for the year ended 28 November 2010 (continued)

- A formal risk management policy and procedure document have been approved by the Board and communicated Group-wide;
- Group risk appetite has now been fully defined and formalised, with Group and localised measures being rolled out to MDs/Country Directors via appropriate KPIs (some being detailed within the Directors' Report), with remuneration also being subject to measurement against managing business risk;
- Remaining key Executive job descriptions have been re-drafted to include reference to their risk responsibility.

The Group's ERM arrangements have been designed to meet, as closely as possible, the appropriate BSI standard (BS 3100) on risk management processes. Consequently, the Group has continued to reap the benefits of its enhanced ERM framework through improved strategic and individual region/sector focus on key risk areas, with greater clarity on risk ownership, identification of opportunities as well as threats, whilst also facilitating better monitoring of progress, mitigation measures and ensuring appropriate forward looking assessment, including, where relevant, reference to ESG matters.

Association of British Insurers ('ABI') guidelines on responsible investment disclosures

In respect of the Company's compliance with the ABI guidelines on responsible investment disclosures, the Board confirms the following, in relation to its responsibilities, policies and procedures, with appropriate KPIs detailed within the Directors' Report:

- As part of its ERM procedures, the Board takes account of the significance of ESG matters to the business of the Company. Adherence to these procedures and disclosure of relevant issues is monitored by the Internal Audit function and also reviewed by external ERM specialists as part of the overall ERM framework.
- The Board has reviewed but has not identified any significant ESG risks to the Company's short and long-term value or opportunities to enhance value.
- The Board has received adequate information to make this assessment by way of its ERM procedures and, where necessary, has taken account of ESG matters in the training of Directors as well as ensuring inclusion in bonus structures.
- The Board has ensured that the Company has in place effective systems for managing and mitigating significant risks. Where relevant, these incorporate performance management systems and appropriate remuneration incentives.
- There are no ESG-related risks and opportunities that may significantly affect the Company's short and long term value or the future of the business.

Going concern

The Board has reviewed the Group's budget for the financial year ending 27 November 2011 and medium term financial projections, for the next three years. After taking account of the cash flow projections, including proposed capital expenditure and considering the availability of borrowing facilities, the Board has concluded that it is appropriate to prepare the accounts of both the Group and the Company on the going concern basis.

Corporate Social and Environmental Responsibility

The Board recognises that the Group has a responsibility to act ethically in relation to the physical and social environment in which it operates, and that failure to do so could adversely impact on the Group's long and short-term value as a result of financial penalty and loss of customer support. It takes such responsibilities seriously paying due regard to international and local laws in all its dealings. Further details are disclosed in the Corporate Social Responsibility Report.

Share capital

Information on the Company's share capital is set out within the Directors' Report.

Steven C Hornbuckle

Steve Hornbuckle
Group Company Secretary
28 January 2011

Corporate Social Responsibility Report

for the year ended 28 November 2010

Introduction

We believe that proper understanding and management of our social and environmental impacts are important to the continued success of our business. As we focus on long term success, our CSR strategy, called Giving Something Back, concentrates on tackling issues that will have a sustained effect on our local and international communities, our environment, our people – and ultimately, our business.

We strive to be the best company to work for and we cannot achieve this without being a socially and environmentally responsible business. Our global success will be increasingly reliant on the breadth and effectiveness of our CSR programme and we now have a solid base linking people, committees and policies to make this programme an integral part of how we run our business.

Principles

In 2007, we defined our corporate social responsibility ambitions that underpin everything we do as follows:

- Give those in the community that most need it opportunity and aspiration;
- Respect the environment we live in;
- Give back to the people who work so hard to make this a great company.

What happened in 2010?

Giving Something Back concentrates on three areas: community, environment and workplace. The following details progress made against our CSR strategic objectives in 2010.

Community

We want to give those that most need it opportunity and aspiration – this applies to the communities in which we work and beyond. We have a wealth of talent and energy at SThree that can be harnessed to benefit communities local to our offices and we will continue to partner with charities and community groups to facilitate this. Fulfilling our community commitments influences the way we do business and we hope they will contribute to our continued success. Our volunteering and fundraising policy underpins all the work we do for communities and enabled us to clearly state to employees how they can get involved with our community work.

Activities that took place in 2010 include:

Volunteering

Our main focus for any work we do in the community is young people, especially those classified as NEET – Not in Education, Employment or Training. To that end, we worked hard with Time & Talents to find ways of providing support to young people to help them find jobs.

We continue to work closely with Time & Talents Westminster, a not for profit partnership enabling private, public and voluntary sector organisations to work together to deliver effective Employer Supported Volunteering (ESV). Our membership of this organisation gives us access to charities that are interested in employers providing skilled volunteers that would take a lot of effort and time to achieve ourselves.

Our ITJobBoard team worked with 'Whizz-kids' on their high profile Blue Peter campaign. The Marketing team developed a marketing strategy for the campaign and have subsequently been involved in the roll out of it.

We engaged with the Cardinal Hume Centre in Westminster to develop a soft skills workshop for clients of the centre that may be long-term unemployed or have never been employed. The Cardinal Hume Centre works with homeless young people, refugees, asylum seekers and migrants by helping them find employment and break the cycle of homelessness and exclusion. We helped them to learn and develop key communication skills and to develop their presence which will help them in future interviews and allow them to feel more positive.

2010 also saw us working with the Paddington Academy (a non-selective school in West London for 11 to 18 year olds) and offering our employees the chance to volunteer at the academy. We have agreed a series of activities, the first being a teacher mentoring scheme for our senior managers.

Whilst our policy (developed in 2009) outlines how employees can get involved in volunteering supported by us or arranged by the individual, we now have online application forms and an approval process that ensures everyone can benefit from the experience. Each permanent employee at SThree is entitled to two volunteer days per year that can be used to attend a volunteering activity.

As a corporate partner of Time & Talents Westminster, we meet regularly with other corporate, community and third sector partners to share our collective experiences and work together to build a strong network that will benefit each partner and their stakeholders. We hosted an employability working group in spring 2010 with the objective of setting the agenda for any volunteering done in this area within Westminster.

Finally, 2010 also saw us partner with the University of Birmingham through the funding of two scholarships focussed on raising the aspirations of talented students. The funding will help students from a background without

Corporate Social Responsibility Report (continued)

for the year ended 28 November 2010

experience of higher education or where parents are not in professional occupations, to experience university life, while rewarding them for achieving excellent academic standards.

Fundraising

Raising funds for charitable causes has always been important at SThree and we continued to fundraise for some great charities in 2010. Our current charity partner, SOS Children's Villages, has benefited from major fundraising events – Dress Down Days and a prize draw at our annual Battersea Christmas party. SOS Children provide homes for orphans and abandoned children worldwide and were chosen at the end of 2008 because of their young person focus and international scope. As a growing international company, we wanted to have a charity partner that represented our network of offices around the world.

SThree employees taking part in the Dusseldorf Run4ideas

We are very pleased to have raised nearly £100,000 for SOS Children this year, when matched funding is taken into account.

In support of SOS Children's Villages 60th anniversary celebrations, we sponsored the purchase of "flip" cameras in support of their "Our Africa" project.

We are very proud of this and are looking forward to raising more in 2011 with our future focus being to enable employees in each region to choose a local charity to fundraise for and to have an international network of community champions throughout the Group to engage employees and ensure that we maximise impact in this area.

Environment

With 1,800 employees spread across the globe, managing our environmental impact is a challenge and one that we are fully committed to. We have started to measure and reduce our carbon footprint throughout our UK operations and implemented individual carbon reduction plans for each UK office during 2010. By introducing technology to allow us to hold meetings and conferences via video links and the web, we will continue to reduce the amount we travel and lessen our contribution to worldwide CO_2 emissions.

To measure and manage our carbon emissions in the UK, we continue to work with the energy consultancy, Adian Consulting. This will change the way we manage energy at SThree and will lay the foundations for becoming an energy efficient company in the future. Our carbon footprint is disclosed below.

Currently, less than 20% of FTSE companies publish this figure although this will undoubtedly increase with the introduction of the UK Carbon Reduction Commitment Energy Efficiency Scheme (CRC). Although we fall outside the requirements of CRC due to the amount of electricity we use, we are pleased to say that we were compliant with the scheme when it was first introduced in April 2010.

Carbon footprint and energy management

In late 2008, a strategic decision was made to conduct a Company-wide initiative to establish our carbon footprint and reduce energy consumption whilst also taking steps to increase recycling by 50%. Adian Consulting were engaged to manage and deliver the project using a phased approach.

Phase One looked into data availability in relation to carbon emissions associated with office energy efficiency, business travel and our company car fleet. In addition, waste management and utilities cost management were singled out for future consideration and action. Phase Two verified preliminary findings and identified opportunities for change. Adian Consulting visited and surveyed nineteen SThree offices in the UK and inspected landlords' plant rooms, service equipment and installations.

Corporate Social Responsibility Report (continued)

for the year ended 28 November 2010

The end goal of both phases was a carbon footprint figure for our business in the UK, with the findings as follows:

- The Company's UK carbon footprint was estimated at 2,423 tonnes for the year 2008/9;
- 85% (2,054 tonnes) was due to building related energy usage;
- 15% (369 tonnes) was due to business travel excluding car journeys.

Phase three of our carbon emissions project ran throughout most of 2010 and saw the implementation of several energy saving and energy management initiatives across UK offices. The project will also see us implement systems and processes to enable the in-house measurement of our carbon footprint in future years. As we make efforts to reduce our carbon emissions as a Group, we are committed to offsetting our footprint every year by investing in carbon reduction projects across the globe.

As we open more and more offices globally, we will look to decrease the environmental impact of each new office and will provide guidance to employees on how they can take personal ownership of environmental issues while at work.

Offsetting

As a result of the carbon footprint project, we have started to implement ways of managing our energy and reducing our carbon emissions in the future. To add to our commitment to respecting the environment, we will invest in carbon reduction projects through ClimateCare to offset our annual carbon footprint. This means that we will have invested around £22,000 in projects in 2010.

We have taken a number of steps to reduce the amount of business travel our employees make over the last two years, although we are conscious that this area still represents over 10% of our carbon footprint figure. To minimise the impact of this travel on the environment, we will be offsetting all incentive-related travel through ClimateCare.

Workplace, Values & Ethics

We want our people to thrive in the workplace and consider it our responsibility to provide an engaging, supportive and safe environment that encourages them to make the best use of their talents and personalities. We welcome anyone with the skills and abilities to succeed and are committed to offering our employees a balance of professional development, benefits and rewards. By not putting any restrictions on the type of people we recruit and by treating everyone equally, we have established a truly diverse workforce. We regularly review our working practices to ensure that they meet the needs of our employees and the cultures we operate in.

Understanding our employees and having highly engaged individuals who want to be part of our future is critical to achieving our goals. To this end, September 2010 saw the launch of the SThree Rapport Survey, our first employee engagement survey. The survey objectives were to understand employee perceptions about working for SThree, identify levels of employee engagement, highlight areas for improvement in order to inform action planning and to use the survey data to drive change in the business. In total, 82% of our people participated, an excellent response rate!

The survey focused on 14 dimensions including External Customer Focus, Leadership, Culture, Performance Management, Reward and Recognition and Employee Engagement. Managers across the Group have shared the results with their teams and action plans have been created, with the next survey scheduled for September 2011.

Previously being awarded diversity accreditation was an important step for the Group and we want to build on that success in 2011. We will be piloting a 'Woman in Management' programme with the aim of increasing the number of female employees moving into management roles and the number of female managers being promoted to senior roles. Focus will also be on the implementation of a consistent method of measuring and monitoring our diversity footprint.

We will continue the roll out of the health and safety project established in the UK in 2009 to all international offices as well as further developing our online learning portal to deliver worldwide training programmes.

This year the Group redefined its ambition and rolled out a 'Values' programme designed to achieve it. The programme will systematically embed the values into every aspect of the business and successful implementation of these values will help the Group attract, and retain, high quality candidates, whilst driving high performance across both sales and support staff.

The Group's 'Ambition', 'Single Organising Thought' and 'Values' are listed below:

Ambition: Our ambition is to be the most respected and highly valued international, specialised staffing services business.

Single organising thought: Recognising and developing talent.

Corporate Social Responsibility Report (continued)

for the year ended 28 November 2010

Our values:

- **RESPECT:** Respect for yourself, team, company and clients
- **ENERGY:** Our relentless desire to succeed
- **RAPPORT:** Our ability to build trusted relationships with people
- **REWARD:** The joy of reaching our goals and achieving success

The comprehensive programme will consist of training for all employees; office branding; a new reward scheme; updated HR policies; and an extensive communications campaign, all continuing into 2011.

In line with the above, the Group takes ethics extremely seriously and already has in place a Code of Business Conduct and Fraud Response Policy, with work also well underway to evaluate how best to comply with the new UK Bribery Act. As part of this, the Group already has in place a dedicated independent whistle blowing hotline, as part of the arrangements set up and monitored by the Audit Committee, so that employees are able to report any matters of concern, where this does not conflict with local laws or customs. Alternatively matters may be reported via the Group HR Director or Group Company Secretary.

Summary

We are well on track with our CSR programme and fully expect to make even greater progress during 2011.

Russell Clements

Russell Clements
Chief Executive Officer
28 January 2011

Employees from the SThree Singapore office at an incentive event

Children in the SOS Aleppo village, Syria, where an SThree employee completed a charity motorcycle ride

Independent Auditors' Report

for the year ended 28 November 2010

Independent Auditors' Report to the Members of SThree plc

We have audited the financial statements of SThree plc for the year ended 28 November 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out earlier, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Consolidated Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Consolidated Group's and of the Company's affairs as at 28 November 2010 and of the Consolidated Group's profit and Consolidated Group's and Company's cash flows for the year then ended;
- the Consolidated Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Consolidated Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out earlier with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

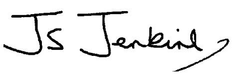
Independent Auditors' Report (continued)

for the year ended 28 November 2010

- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out earlier, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.



Julian Jenkins
(Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

London

28 January 2011

SThree plc

Consolidated statement of comprehensive income

Year ended 28 November 2010

	Note	28 November 2010 £'000	29 November 2009 £'000
Revenue	2	**474,451**	**519,372**
Cost of sales		(308,083)	(348,217)
Gross profit	2	**166,368**	**171,155**
Administrative expenses	3	(145,152)	(162,209)
Operating profit		**21,216**	**8,946**
Finance income	5	451	359
Finance cost	5	(18)	(378)
Profit before taxation		**21,649**	**8,927**
Analysed as:			
Underlying profit before exceptional items		21,649	17,977
One-off exceptional items	3(a)	–	(9,050)
		21,649	8,927
Taxation	6	(7,366)	(2,965)
Profit for the year		**14,283**	**5,962**
Other comprehensive income			
Exchange differences on retranslation of foreign operations		(3,603)	243
Deferred tax on employee share options		258	620
Current tax on employee share options		155	1,042
Employee share awards		1,347	1,630
Other comprehensive income for the period (net of tax)		(1,843)	3,535
Total comprehensive income for the period		**12,440**	**9,497**
Profit for the year attributable to:			
Equity holders of the Company		14,216	4,798
Non-controlling interest		67	1,164
		14,283	**5,962**
Total comprehensive income attributable to:			
Owners of the parent		12,299	9,339
Non-controlling interest		141	158
		12,440	**9,497**
Earnings per share	8	**pence**	**pence**
Basic before exceptional items		11.9	9.5
Diluted before exceptional items		11.5	9.2
Basic after exceptional items		11.9	4.0
Diluted after exceptional items		11.5	3.9

The accompanying notes on pages 51 to 95 are an integral part of these consolidated financial statements.

All amounts relate to continuing operations.

SThree plc

Statement of financial position
As at 28 November 2010

	Note	Consolidated 28 November 2010 £'000	Consolidated 29 November 2009 £'000	Company 28 November 2010 £'000	Company 29 November 2009 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	5,447	5,398	–	–
Intangible assets	10	10,161	10,899	–	–
Investments in subsidiaries	11	–	–	245,652	238,543
Deferred tax assets	18	8,670	5,515	1,300	1,157
		24,278	21,812	246,952	239,700
Current assets					
Trade and other receivables	12	97,935	93,229	157	2,536
Current tax assets	14	–	3,309	–	–
Cash and cash equivalents	22	51,718	45,272	–	150
Assets classified as held-to-maturity	13	3,500	3,203	–	–
		153,153	145,013	157	2,686
Total assets		**177,431**	**166,825**	**247,109**	**242,386**
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	19	1,218	1,218	1,218	1,218
Share premium		2,925	2,925	2,925	2,925
Capital redemption reserve	19	168	168	168	168
Capital reserve	19	878	878	878	878
Currency translation reserve		(1,328)	2,416	–	–
Retained earnings		78,057	72,562	174,472	183,506
		81,918	80,167	179,661	188,695
Non-controlling interest		–	4,650	–	–
Total equity		**81,918**	**84,817**	**179,661**	**188,695**
Non-current liabilities					
Provisions for liabilities and charges	17	1,354	2,889	–	–
		1,354	2,889	–	–
Current liabilities					
Provisions for liabilities and charges	17	4,237	3,063	–	–
Trade and other payables	15	86,150	76,056	67,003	53,194
Financial liabilities	16, 22	–	–	445	–
Current tax liabilities	14	3,772	–	–	497
		94,159	79,119	67,448	53,691
Total liabilities		**95,513**	**82,008**	**67,448**	**53,691**
Total equity and liabilities		**177,431**	**166,825**	**247,109**	**242,386**

The accompanying notes on pages 51 to 95 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 January 2011.
On behalf of the Board of Directors.

Clay Brendish
Chairman

Clay Brendish

Alex Smith
Chief Financial Officer

Consolidated statement of changes in equity

Year ended 28 November 2010

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 30 November 2008	**1,218**	**2,925**	**168**	**878**	**2,331**	**78,906**	**86,426**	**4,147**	**90,573**
Exchange differences on retranslation of foreign operations	–	–	–	–	85	–	85	158	243
Deferred tax on employee share options	–	–	–	–	–	620	620	–	620
Current tax on employee share options	–	–	–	–	–	1,042	1,042	–	1,042
Net income recognised directly in equity	–	–	–	–	85	1,662	1,747	158	1,905
Total comprehensive income for the year to 29 November 2009	–	–	–	–	–	4,798	4,798	1,164	5,962
Total recognised income and expense for the period	–	–	–	–	85	6,460	6,545	1,322	7,867
Issue of share capital to non-controlling interest	–	–	–	–	–	–	–	160	160
Repurchase of non-controlling interest	–	–	–	–	–	–	–	(898)	(898)
Dividends paid to equity holders	–	–	–	–	–	(14,434)	(14,434)	–	(14,434)
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(81)	(81)
Employee share awards	–	–	–	–	–	1,630	1,630	–	1,630
Total movements in equity	–	–	–	–	85	(6,344)	(6,259)	503	(5,756)
Balance at 29 November 2009	**1,218**	**2,925**	**168**	**878**	**2,416**	**72,562**	**80,167**	**4,650**	**84,817**
Exchange differences on retranslation of foreign operations	–	–	–	–	(3,744)	–	(3,744)	141	(3,603)
Deferred tax on employee share options	–	–	–	–	–	258	258	–	258
Current tax on employee share options	–	–	–	–	–	155	155	–	155
Net income recognised directly in equity	–	–	–	–	(3,744)	413	(3,331)	141	(3,190)
Total comprehensive income for the year 28 November 2010	–	–	–	–	–	14,216	14,216	67	14,283
Total recognised income and expense for the period	–	–	–	–	(3,744)	14,629	10,885	208	11,093
Dividends paid to equity holders	–	–	–	–	–	(14,369)	(14,369)	–	(14,369)
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(970)	(970)
Employee share awards	–	–	–	–	–	1,347	1,347	–	1,347
Loss on disposal of non-controlling interest net assets	–	–	–	–	–	(52)	(52)	52	–
Transfer to reserves non-controlling interest net assets	–	–	–	–	–	3,940	3,940	(3,940)	–
Total movements in equity	–	–	–	–	(3,744)	5,495	1,751	(4,650)	(2,899)
Balance at 28 November 2010	**1,218**	**2,925**	**168**	**878**	**(1,328)**	**78,057**	**81,918**	**–**	**81,918**

The accompanying notes on pages 51 to 95 are an integral part of these consolidated financial statements.

Company statement of changes in equity
Year ended 28 November 2010

	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Retained earnings £'000	Attributable to Company shareholders £'000
Balance at 30 November 2008	**1,218**	**2,925**	**168**	**878**	**166,985**	**172,174**
Deferred tax on employee share options	–	–	–	–	762	762
Expenses recognised directly in equity	–	–	–	–	762	762
Total comprehensive income for the year to 29 November 2009 (note 20)	–	–	–	–	28,745	28,745
Total recognised income and expense for the period	–	–	–	–	29,507	29,507
Employee share award and option credit	–	–	–	–	1,448	1,448
Dividends paid to equity holders (note 7)	–	–	–	–	(14,434)	(14,434)
Total movements in equity	–	–	–	–	16,521	16,521
Balance at 29 November 2009	**1,218**	**2,925**	**168**	**878**	**183,506**	**188,695**
Deferred tax on employee share options	–	–	–	–	116	116
Expenses recognised directly in equity	–	–	–	–	116	116
Total comprehensive income for the year to 28 November 2010 (Note 20)	–	–	–	–	4,879	4,879
Total recognised income and expense for the period	–	–	–	–	4,995	4,995
Employee share award and option credit	–	–	–	–	340	340
Dividends paid to equity holders (note 7)	–	–	–	–	(14,369)	(14,369)
Total movements in equity	–	–	–	–	(9,034)	(9,034)
Balance at 28 November 2010	**1,218**	**2,925**	**168**	**878**	**174,472**	**179,661**

Of the above reserves only the retained profit of £174,472,000 (2009: £183,506,000) is distributable.

The accompanying notes on pages 51 to 95 are an integral part of these financial statements.

SThree plc

Statement of cash flows

Year ended 28 November 2010

	Note	Consolidated 28 November 2010 £'000	Consolidated 29 November 2009 £'000	Company 28 November 2010 £'000	Company 29 November 2009 £'000
Profit before taxation		21,649	8,927	8,123	27,003
Depreciation and amortisation charge		6,313	6,128	–	–
Goodwill recognised in the statement of comprehensive income		–	(237)	–	–
Loss on disposal of investments		–	478	–	632
Finance income	5	(451)	(359)	(70)	(162)
Finance cost	5	18	378	976	1,674
Loss on disposal of property, plant and equipment		110	1,107	–	–
Loss on disposal of intangible assets		1	355	–	–
Non-cash charge for employee share options and awards		1,656	1,448	340	511
Operating cashflow before changes in working capital and provisions		**29,296**	**18,225**	**9,369**	**29,658**
(Increase)/decrease in receivables		(3,652)	50,952	2,379	(162)
Increase/(decrease) in payables		9,746	(7,704)	11,375	(10,563)
(Decrease)/increase in provisions		(3,625)	2,011	–	–
Cash flows from operating activities					
Cash generated from operating activities		31,765	63,484	23,123	18,933
Income tax (paid)/received		(5,958)	(18,267)	(2,200)	(351)
Net cash generated from operating activities		25,807	45,217	20,923	18,582
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(2,836)	(2,726)	–	–
Purchase of intangible assets	10	(2,922)	(2,128)	–	–
Sale of held-to-maturity investment	13	3,203	–	–	–
Purchase of held-to-maturity investment	13	(3,500)	(3,203)	–	–
Proceeds from disposal of investments		–	40	–	30
Net cash used in investing activities		(6,055)	(8,017)	–	30
Cash flows from financing activities					
Finance income	5	451	359	70	162
Finance cost	5	(18)	(378)	(976)	(1,674)
Employee subscription for share awards		435	182	–	–
Issue of share capital of subsidiary companies to non-controlling interest		34	10	–	–
Recapitalisation of subsidiary company		–	–	(6,000)	–
Repurchase of non-controlling interest		–	(1,371)	(243)	(1,349)
Dividends paid to equity holders	7	(14,369)	(14,434)	(14,369)	(14,434)
Dividends paid to non-controlling interest		(970)	(81)	–	–
Net cash used in financing activities		(14,437)	(15,713)	(21,518)	(17,295)
Net increase in cash and cash equivalents		**5,315**	**21,487**	**(595)**	**1,317**
Cash and cash equivalents at the beginning of the year		45,272	24,584	150	(1,167)
Effect of exchange rate changes		1,131	(799)	–	–
Cash and cash equivalents at the end of the year	22	**51,718**	**45,272**	**(445)**	**150**

The accompanying notes on pages 51 to 95 are an integral part of these financial statements.

Notes to the Financial Statements
Year ended 28 November 2010

1 Accounting policies

The Company ('the Company') and its subsidiaries (together 'the Group') operate predominantly in the United Kingdom and Continental Europe. The Group's activities and business are set out in the Directors' Report.

The Company is a public limited liability company incorporated and domiciled in the United Kingdom and the Company is listed on the London Stock Exchange. The address of its registered office is 5th Floor, GPS House, 215-227 Great Portland Street, London W1W 5PN.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and Standing Interpretations Committee ('SIC') interpretations as adopted and endorsed by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Therefore the Group financial statements comply with Article 4 of the EU International Accounting Standards Regulation.

The Group's consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through the statement of comprehensive income. The Company's financial statements have been prepared on the same basis and as permitted by Section 408 of the Companies Act 2006, no statement of comprehensive income is presented for the Company.

The financial year of the Group comprises 52 weeks and not a calendar year.

The Group's accounting policies, as set out below, have been consistently applied to all the periods presented, unless otherwise stated.

The Group's consolidated financial statements have been prepared in accordance with IFRS since 1 December 2004. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Management consider that the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates affect the consolidated financial statements, do not substantially impact the results.

The Group has adopted the following IFRS, IFRIC and amendments with effect from 30 November 2009. Apart from presentational changes and revised disclosures, they did not have a material effect on the results or net assets of the Group:

Amendments to IAS 1 'Presentation of Financial Statements' (effective from periods commencing on or after 1 January 2009). The revised standard affects the presentation of other changes in equity and introduces a statement of comprehensive income. The Group have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income).

Amendments to IAS 23 'Borrowing Costs' (effective from periods commencing on or after 1 January 2009) eliminates the option to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised Standard requires that they be capitalised as part of the cost of that asset. All other borrowing costs should be expensed as incurred.

1 Accounting policies (continued)

Amendments to IAS 27 'Consolidated and Separate Financial Statements' and IFRS 3 'Business Combinations' are effective from periods commencing on or after 1 July 2009. The amendments relate primarily to accounting for non-controlling interest and the losses of control of a subsidiary. They also address the guidance for applying the acquisition method of accounting.

Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' in respect of eligible hedged items. Effective from periods commencing on or after 1 July 2009, it provides clarification on identifying inflation as a hedged risk or portion and hedging with options.

Amendments to IFRS 2 'Share-Based Payment' (effective from periods commencing on or after 1 January 2009) clarifies terms 'vesting conditions' and 'cancellations' with proposed recognition and measurement criteria.

Effective from periods commencing on or after 1 January 2009, the amendments to IFRS 7 'Financial Instruments: Disclosures' require enhanced disclosures about fair value measurements and liquidity risk in the wake of the recent financial crisis.

IFRS 8 'Operating segments' (effective from periods commencing on or after 1 January 2009) sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. This standard replaces IAS 14 'Segment Reporting' and requires a change in the disclosure of segmental information.

IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective from periods commencing on or after 1 July 2009) provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

As at the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The Group has not applied these standards and interpretations in the preparation of financial statements.

The revised Standard IAS 24 'Related Parties Disclosure' is effective from periods commencing on or after 1 January 2011. The standard revises the definition of a related party and clarifies that disclosure is required of any commitments of a related party to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised).

Amended IAS 32 'Financial Instruments: Presentation' addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. It requires that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments (regardless of the currency in which the exercise price is denominated) if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment is effective from periods commencing on or after 1 February 2010.

IFRS 9 'Financial Instruments' will establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows. The standard is applicable for periods commencing on or after 1 January 2013.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective from periods commencing on or after 1 July 2010) addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

1 Accounting policies (continued)

The impact on the Group's financial statements of the future adoption of these standards and interpretations is still under review, but the Group does not expect any of these changes to have a material effect on the results or net assets of the Group.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group; they are de-consolidated from the date when control ceases.

Disposals of non-controlling interests result in gains and losses for the Group that are recorded in the statement of changes in equity. Purchases from non-controlling interests are accounted for using the parent company method. Goodwill is calculated as being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Foreign currencies

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which that subsidiary operates (its 'functional currency'). The consolidated financial statements of the Group are presented in Pounds Sterling which is the Group's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Group companies
The results and financial position of all of the Group's subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group's presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the rate ruling at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated using the average rate of exchange (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised in other comprehensive income.

The Group treats specific inter-company loan balances, which are not intended to be settled for the foreseeable future, as part of its net investment in the relevant subsidiaries. On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are removed from equity and recognised in the statement of comprehensive income as part of the gain or loss on sale.

1 Accounting policies (continued)

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax and other sales taxes, returns, rebates and discounts and after elimination of sales within the Group.

Contract revenue for the supply of professional services is recognised based on the number of hours worked by a contractor.

Revenue for permanent placements is recognised when candidates commence employment. A provision is established for non-fulfilment of permanent placement obligations.

Interest income is recognised as the interest accrues to the net carrying amount of the financial asset.

Segment reporting

The Group operates in one business segment being that of recruitment services. The Group operates in three geographic segments being the United Kingdom, Continental Europe and the Rest of the World.

Dividends

Interim dividends are recognised in the financial statements at the time they are paid. The final dividends declared to the Company's shareholders are recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

The Company recognises dividends from subsidiaries at the time that they are received.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the statement of comprehensive income over their useful economic lives as follows:

Computer equipment	33.33% per annum
Leasehold improvement	20% per annum
Fixtures and fittings	20% per annum
Motor vehicles	33.33% per annum

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount.

1 Accounting policies (continued)

Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Assets under construction
Purchased fixed assets or internally generated intangible assets that are still under development are classified as 'Assets under construction'. These assets are reclassified over the phased completion dates and are amortised from the date they are reclassified.

Computer software
The cost of acquired computer software licenses is capitalised. These costs are amortised over their estimated useful lives (up to three years).

Costs associated with maintaining computer software programmes are recognised as an expense to the statement of comprehensive income when incurred.

Software and system development costs
Costs incurred on development projects (relating to the design or improvement of systems) are recognised as intangible assets when the IAS 38 'Intangible Assets' recognition criteria are met. Capitalised software and system development costs are amortised from the date the system is available for use over their expected useful lives (not exceeding five years).

Research expenditure is recognised as an expense to the statement of comprehensive income as incurred.

Trademarks
Trademarks are initially recognised at cost. They have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (up to twelve years).

Impairment of assets

Assets that are not subject to amortisation are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, by analysing individual assets or classes of assets that naturally belong together. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is measured based on the expected future discounted cash flows ('DCF' model) attributable to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

1 Accounting policies (continued)

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, actual results may ultimately differ from those estimates. The 'critical accounting judgements and key sources of estimation uncertainty' made by the Directors in these financial statements are set out below.

A number of significant assumptions and estimates are involved in using DCF models to forecast operating cash flows, e.g. with respect to factors such as market growth rates, revenue volumes, market prices for services and working capital requirements. Forecasts of future cash flows are based on best estimates of future revenues and operating expenses using historical trends, general market conditions, industry trends and forecasts and other available information. These assumptions are subject to review by management and the Board of Directors. The cash flow forecasts are adjusted by an appropriate pre-tax discount rate derived from the Group's cost of capital.

(i) The determination of the carrying amount of capitalised software and systems development costs and assets under construction with the related amortisation, estimation of useful economic life and recoverability of such assets is deemed to be judgemental.

(ii) The Group follows the guidance of IAS 39 to determine when trade and other receivables are impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, amongst other factors, the duration and extent to which the carrying values of a receivable is less than its cost, the risk profile of the client and other credit rating factors, the financial health, historical experience of and near-term business outlook for the client.

(iii) Revenue is recognised when the supply of professional services has been rendered, it also includes an assessment of professional services received by the client for the placement of temporary services between the date of the last received timesheet and the year end. Unsubmitted timesheets are estimated to the extent that an open contract has not expired during the period under assessment. Management apply judgement to several factors in estimating the revenue and cost of sales accruals; any difference compared to actual experience would result in the amount payable to the contractor and receivable from the client being adjusted in the next financial year. The judgement applied, and the assumptions underlying these judgements are considered to be appropriate. However, a change in these assumptions would impact upon both the amount of revenue and cost of sales recognised.

(iv) The Group recognised a net deferred tax asset of £8.7m (2009:£5.5m), of which £7.1m (2009:£4.4m) related to trading losses that are to be carried forward and relieved against profits arising in future periods. The judgement to recognise the deferred tax asset is dependent upon the Group's expectations regarding future profitability based upon subsidiary revenue and cost forecasts for future years which contain a degree of inherent uncertainty.

(v) The fair value of equity settled share-based payments is partly derived from estimates of factors such as lapse rates and achievement of performance criteria. It is also derived from assumptions such as the future volatility of the Company's share price, expected dividend yields and risk-free interest rates.

(vi) Goodwill and investments are tested for impairment on an annual basis. In performing these tests, assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of cash generating units.

Investments

The Company's investments in shares in Group companies are stated at cost less provisions for impairment. Any impairment is charged to the statement of comprehensive income as it arises.

1 Accounting policies (continued)

Where share-based payments are granted to the employees of subsidiary undertakings by the parent company, they are treated as a capital contribution to the subsidiary and the Company's investment in the subsidiary is increased accordingly.

Financial assets

Non-derivative financial assets are classified as either 'held to maturity' or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held to maturity financial assets
Held-to-maturity financial assets comprises investments with fixed or determinable payments and fixed maturity for which there is a positive intention and ability to hold to maturity and which have not been designated at fair value through the statement of comprehensive income or as available for sale.

Held-to-maturity financial assets are measured at amortised cost using the effective interest method.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Trade and other receivables
Trade accounts receivable are recorded at net realisable value after deducting an allowance for doubtful accounts. The Group makes judgements on an entity by entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Group analyses its historical collection experience and current economic trends. Trade receivable balances are written off when the Group determines that it is unlikely that future remittances will be received.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within current financial liabilities on the statement of financial position unless they form part of a cash pooling arrangement in which case they are reported net of related cash balances.

Financial liabilities

All non-derivative financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the 'effective interest rate' method. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Net investment hedging

Financial instruments are classified as net investment hedges when they hedge the Group's net investment in an overseas operation. The effective element of any foreign exchange gain or loss from remeasuring the derivative instrument is recognised directly in other comprehensive income. Any ineffective element is recognised immediately in the Group statement of comprehensive income.

1 Accounting policies (continued)

Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to the statement of comprehensive income on a straight-line basis over the lease periods.

Trade and other payables

Trade and other payables are stated at cost.

Short term financial liabilities and overdrafts

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are recognised as the present value of the expenditures expected to be required to settle the obligation. No provision is recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision may be recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Taxation

Corporation tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group.

Pension obligations — the Group has defined contribution plans and pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Bonus plans — The Group recognises a liability and an expense for bonuses based on the Directors' best estimate of the amounts due. The Group recognises a provision where contractually obliged or where there is a past practice of payments that has created a constructive obligation.

Termination benefits — Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Employee Benefit Trusts

The Employee Benefit Trusts ('EBT') were funded by gifts from certain of the Company's shareholders and Directors. The assets and liabilities of the EBT are consolidated into the Group's consolidated financial statements.

The EBT's main assets are the ordinary shares in the Group which were gifted and hence no cost is attributed to those shares and no amounts are shown in the Group's financial statements. The EBT also holds shares which were subsequently newly issued in order to satisfy awards under the share option schemes and Long Term Incentive Plan ('LTIP').

The shares in the EBT are held for awards and grants under the employee share award, share option schemes and LTIP.

Share-based compensation

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which equity instruments are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

1 Accounting policies (continued)

At the end of the reporting period before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous end of the reporting period is recognised in the statement of comprehensive income, with a corresponding entry in equity.

For certain share based payment settlements there exists an obligation on the Group to repay amounts if the employee leaves the employment of the Group before the settlement vests. In these circumstances a provision is established in relation to this obligation.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid, up to the fair value of the award, at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the statement of comprehensive income.

Exceptional items

Items which are of a non-recurring nature and material, when considering both size and nature, have been disclosed separately to give a clearer presentation of the Group's results. These items are shown as "exceptional items" on the face of the statement of comprehensive income.

Restructuring costs
Provision is made for restructuring costs, including the costs of redundancy, when the Group has an actual or constructive obligation to pay amounts to third parties. An obligation exists when the Group has a detailed formal plan for the restructuring and has raised a valid expectation of those affected by starting to implement the plan or announcing its main features.

SThree plc

Notes to the Financial Statements
Year ended 28 November 2010

2 Segmental analysis

IFRS 8 requires management to apply the 'management approach' to segmental reporting. This requires management to determine those segments whose operating results are reviewed regularly by the entity's chief operating decision maker to make strategic decisions and assess sector performance.

Revenue and Gross Profit by reportable segment

Management has determined the chief operating decision maker to be the Executive Committee made up of the Chief Executive Officer, the Chief Financial Officer, the Chief Development Officer, the Chief Information Officer, the Director of Strategic Planning, the Managing Directors and key function heads. Operating segments have been identified based on reports reviewed by the Executive Committee, which considers the business primarily from the geographic perspective.

The Group's management reporting and controlling systems use accounting polices that are the same as those described in note 1 in the summary of significant accounting policies under IFRS.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as "Gross Profit" in the management and reporting system. Gross Profit is the measure of segment profit/(loss) used in segment reporting and comprises revenue and cost of sales.

Intersegment revenue is recorded at values which approximate third party selling prices and is not significant.

United Kingdom

	28 November 2010 £'000	29 November 2009 £'000
Revenue from external customers	224,337	271,248
Gross Profit	66,820	76,939
Total Assets	118,099	130,518
Total Liabilities	62,496	59,405
Capital Expenditure	4,751	3,411

Continental Europe

	28 November 2010 £'000	29 November 2009 £'000
Revenue from external customers	226,694	239,406
Gross Profit	82,213	86,762
Total Assets	46,115	27,767
Total Liabilities	31,397	20,957
Capital Expenditure	611	918

2 Segmental analysis (continued)

Rest of the World

	28 November 2010 £'000	29 November 2009 £'000
Revenue from external customers	23,420	8,718
Gross Profit	17,335	7,454
Total Assets	13,217	8,540
Total Liabilities	1,620	1,646
Capital Expenditure	396	525

Group

	28 November 2010 £'000	29 November 2009 £'000
Revenue from external customers	474,451	519,372
Gross Profit	166,368	171,155
Total Assets	177,431	166,825
Total Liabilities	95,513	82,008
Capital Expenditure	5,758	4,854

The following segmental analyses by brand, recruitment classification and discipline (being the profession of candidates placed) have been included as additional disclosure over and above the requirements of IFRS 8 'Operating Segments'.

	Revenue		Gross profit	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Brand				
Progressive	133,780	132,461	45,416	41,918
Huxley Associates	125,843	132,670	44,892	44,839
Computer Futures Solutions	111,875	149,247	37,745	51,526
Real Staffing Group	98,938	101,679	34,300	29,557
Others	4,015	3,315	4,015	3,315
	474,451	**519,372**	**166,368**	**171,155**
Recruitment classification				
Contract	392,803	447,077	84,954	98,816
Permanent	81,648	72,295	81,414	72,339
	474,451	**519,372**	**166,368**	**171,155**
Discipline				
Information & communication technology	341,484	411,761	102,610	122,612
Others [1]	132,967	107,611	63,758	48,543
	474,451	**519,372**	**166,368**	**171,155**

[1] Including engineering and energy, banking, accountancy and finance, pharmaceuticals and job board sectors.

3 Administrative expenses

(a) Exceptional items

Exceptional items are those items which, because of their size, incidence or nature, are separately disclosed to give a proper understanding of the underlying results for the period. Items classified as exceptional are as follows:

	28 November 2010 £'000	29 November 2009 £'000
Exceptional items — charged to operating profit		
Corporate and divisional restructuring	–	(9,050)
Exceptional items — before taxation	**–**	**(9,050)**

Corporate and divisional restructuring
During the prior period, the Company announced a number of changes relating to corporate and divisional restructuring. The total cost of this restructuring including redundancy, relocation and consolidation of business, was considered exceptional by virtue of its size. The Group charged the restructuring cost incurred in the prior period to the statement of comprehensive income.

SThree plc

Notes to the Financial Statements
Year ended 28 November 2010

3 Administrative expenses (continued)

(b) Administrative expenses — other

Operating profit is stated after charging/(crediting):

Analysis of costs by nature	**28 November 2010 £'000**	**29 November 2009 £'000**
Net trade receivables provision charge/(release) (note 12)	211	736
Depreciation (note 9)	2,925	2,953
Amortisation of intangible assets (note 10)		
— Software and systems development costs	3,000	2,466
— Trademarks	3	6
— Computer software	385	703
Foreign exchange gains	(1,016)	(2,772)
Staff costs (note 4)	106,617	107,363
Loss on disposal of investments	–	478
Loss on disposal of property, plant and equipment	110	1,107
Loss on disposal of intangible assets	1	355
Operating lease charges		
— Motor vehicles	1,449	2,251
— Land and buildings	7,477	7,608

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at the costs detailed below:

Amounts payable to PricewaterhouseCoopers:	**28 November 2010 £'000**	**29 November 2009 £'000**
Fees payable to the Company's auditor for the audit of parent and consolidated financial statements	120	118
Fees payable to the Company's auditor and its associates for other services:		
— The audit of the Company's subsidiaries pursuant to legislation	377	450
— Other services pursuant to legislation	40	55
— Other assurance services	10	134
— Taxation advice	165	401
— Other services	383	42
Costs charged to operating profit	**1,095**	**1,200**

4 Directors and employees

Staff costs and employee numbers consist of:

	28 November 2010 £'000	29 November 2009 £'000
Wages and salaries (including bonuses)	90,356	92,319
Social security costs	13,475	12,576
Pension costs	699	678
Temporary staff costs	431	342
Cost of employee share options and awards (Note 19)	1,656	1,448
	106,617	**107,363**

The average number of employees (including Directors) during the year was:

	28 November 2010 Number	29 November 2009 Number
Geographic analysis		
United Kingdom		
— Sales	527	638
— Non-sales	427	411
	954	1,049
Europe and Rest of World		
— Sales	742	723
— Non-sales	76	69
	818	792
	1,772	**1,841**

Included in the headcount numbers above is a total of 80 (2009: 52) temporary short-term full time employees.

Information on Directors' emoluments and interests, which forms part of these audited financial statements, is given in the Directors' Remuneration Report.

The Company had an average of 9 (2009: 4) employees in the year ended 28 November 2010.

5 Finance income and cost

	28 November 2010 £'000	29 November 2009 £'000
Finance income		
Bank interest receivable	451	359
	451	**359**
Finance cost		
Bank loans and overdrafts	(18)	(378)
	(18)	**(378)**
Net finance income/(cost)	**433**	**(19)**

6 Taxation

(a) Analysis of tax charge for the year

	28 November 2010 £'000	29 November 2009 £'000
Current taxation		
UK		
Corporation tax charged/(credited) at 28% (2009: 28%) on profits for the year	9,195	4,732
Adjustments in respect of prior periods	583	(1,447)
Overseas		
Corporation tax charged/(credited) on profits for the year	1,274	1,725
Adjustments in respect of prior periods	(768)	(329)
Total current tax charge/(credit)	10,284	4,681
Deferred taxation		
Origination and reversal of temporary differences	(3,862)	(3,401)
Adjustments in respect of prior periods	992	2,079
Schedule 23 deferred tax credit in respect of unexercised employee share awards and options	(48)	(394)
Total deferred tax (credit)/charge	(2,918)	(1,716)
Total income tax charge in the statement of comprehensive income	**7,366**	**2,965**

6 Taxation (continued)

(b) Reconciliation of the effective tax rate

The Group's tax charge for the year ended 28 November 2010 exceeds the UK statutory rate and can be reconciled as follows:

	28 November 2010 £'000	%	29 November 2009 £'000	%
Profit before taxation	21,649		8,927	
Profit before tax multiplied by standard rate of corporation tax in the UK	6,062	28%	2,500	28%
Effects of:				
Disallowable items	80	–	59	1%
Differing tax rates on overseas earnings	376	2%	103	1%
Adjustments to tax in respect of previous periods	807	4%	303	3%
Adjustment due to UK tax rate change	41	–	–	–
Tax expense and effective tax rate	**7,366**	34%	**2,965**	33%

(c) Current and deferred tax movement recognised directly in equity

	28 November 2010 £'000	29 November 2009 £'000
Current tax		
Equity settled employee share options	155	1,042
Deferred tax		
Equity settled employee share options	258	620
	413	**1,662**

The Group expects to receive additional tax deductions in respect of the share awards and share options currently unexercised. Under IFRS the Group is required to provide for deferred tax on all unexercised share awards and options. At 28 November 2010 a deferred tax asset of £2.1m (2009: £1.8m) has been recognised in respect of these options (note 18).

7 Dividends

	28 November 2010 £'000	29 November 2009 £'000
Amounts recognised and distributed to shareholders in the year		
Equity		
Interim dividend of 4.0p (2009: 4.0p) per ordinary share	4,782	4,738
Second interim dividend of 8.0p (2009: nil) per ordinary share	9,587	–
Final dividend of nil (2009: 8.0p) per ordinary share	–	9,696
	14,369	**14,434**
Amounts proposed		
Interim dividend of 4.0p (2009: 4.0p) per ordinary share for the period ended 30 May 2010	4,797	4,782
Second interim dividend of nil (2009: 8.0p) per ordinary share for the year ended 28 November 2010	–	9,544
Final dividend of 8.0p (2009: nil) per ordinary share for the year ended 28 November 2010	9,594	–

An interim dividend of 4.0 pence (2009: 4.0 pence) per ordinary share for the six months ended 31 May 2009 was paid on 4 December 2009 to shareholders on record at 6 November 2009.

For the year ended 29 November 2009, instead of a final dividend, a second interim dividend of 8.0 pence per ordinary share was paid on 31 March 2010, to shareholders on record at 26 February 2010.

An interim dividend of 4.0 pence (2009: 4.0 pence) per ordinary share for the six months ended 30 May 2010 was paid on 3 December 2010 to shareholders on record at 5 November 2010.

The Board propose a final dividend of 8.0 pence per ordinary share for the year ended 28 November 2010 (2009: nil), to be paid on 6 June 2011 to shareholders on record at 6 May 2011.

8 Earnings per share

The calculation of the basic and diluted earnings per share ('EPS') is based on the following data.

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the EBT which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares.

	28 November 2010 £'000	29 November 2009 £'000
Earnings		
Profit after taxation excluding exceptional items	14,283	12,438
Non controlling interest	(67)	(1,164)
Adjusted profit for the year attributable to the equity holders of the Company excluding exceptional items	14,216	11,274
Effect of exceptional items (net of tax)	–	(6,476)
Profit after taxation attributable to equity holders of the Company	14,216	4,798

	millions	millions
Number of shares		
Weighted average number of shares used for basic EPS	119.9	118.7
Dilutive effect of share plans	3.9	3.8
Diluted weighted average number of shares used for diluted EPS	**123.8**	**122.5**

	pence	pence
Basic		
Basic earnings per share	11.9	4.0
Adjusted basic earnings per share excluding exceptional items	11.9	9.5
Diluted		
Diluted earnings per share	11.5	3.9
Adjusted diluted earnings per share excluding exceptional items	11.5	9.2

9 Property, plant and equipment

	Computer equipment £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 30 November 2008	10,424	4,508	3,405	469	18,806
Additions	1,493	765	337	131	2,726
Disposals	(905)	(1,009)	(790)	(322)	(3,026)
Exchange difference	193	83	117	–	393
At 29 November 2009	11,205	4,347	3,069	278	18,899
Additions	1,818	589	337	92	2,836
Disposals	(2,125)	(45)	(134)	(211)	(2,515)
Reclassification (note 10)	51	156	64	–	271
Exchange difference	(107)	(18)	(74)	–	(199)
At 28 November 2010	**10,842**	**5,029**	**3,262**	**159**	**19,292**
Depreciation					
At 30 November 2008	8,361	1,898	1,777	195	12,231
Charge for the year	1,561	785	504	103	2,953
Disposals	(699)	(618)	(444)	(158)	(1,919)
Exchange difference	147	36	53	–	236
At 29 November 2009	9,370	2,101	1,890	140	13,501
Charge for the year	1,451	878	470	126	2,925
Disposals	(2,080)	(38)	(117)	(169)	(2,404)
Exchange difference	(91)	(41)	(45)	–	(177)
At 28 November 2010	**8,650**	**2,900**	**2,198**	**97**	**13,845**
Net book value					
At 28 November 2010	**2,192**	**2,129**	**1,064**	**62**	**5,447**
At 29 November 2009	1,835	2,246	1,179	138	5,398

10 Intangible assets

	Goodwill £'000	Intangible assets under construction £'000	Computer software £'000	Software and system development cost £'000	Trademarks £'000	Total £'000
Cost						
At 30 November 2008	206,899	639	2,564	12,865	71	223,038
Additions	710	1,479	199	450	–	2,838
Disposals	(674)	–	–	(355)	–	(1,029)
Exchange difference	–	–	3	–	–	3
Reclassification	–	(790)	–	790	–	–
At 29 November 2009	206,935	1,328	2,766	13,750	71	224,850
Additions	–	2,270	652	–	–	2,922
Disposals	–	–	(1)	–	–	(1)
Reclassification (note 9)	–	(1,885)	–	1,614	–	(271)
At 28 November 2010	**206,935**	**1,713**	**3,417**	**15,364**	**71**	**227,500**
Amortisation and Impairment						
At 30 November 2008	205,687	–	1,624	3,410	55	210,776
Charge for the year	–	–	703	2,466	6	3,175
At 29 November 2009	205,687	–	2,327	5,876	61	213,951
Charge for the year	–	–	385	3,000	3	3,388
At 28 November 2010	**205,687**	**–**	**2,712**	**8,876**	**64**	**217,339**
Net book value						
At 28 November 2010	**1,248**	**1,713**	**705**	**6,488**	**7**	**10,161**
At 29 November 2009	1,248	1,328	439	7,874	10	10,899

The remaining useful life of significant intangible assets ranges between 1 to 5 years.

10 Intangible assets (continued)

Goodwill

The net book value at 28 November 2010 and 29 November 2009 along with changes in goodwill are as follows:

Investment in	Group's shareholding	Transfer of Goodwill 2010 £000	Net book value 2010 £000	Net book value 2009 £000
SThree Staffing UK Limited	100%	833	833	–
Strategic Resource Group Limited	100%	(154)	–	154
Jobboard Enterprises Limited	87%	–	415	415
New Wave Resourcing Limited	100%	(1)	–	1
Staff Search Group Limited	100%	(26)	–	26
Progressive SAS	100%	(5)	–	5
Madison Black Limited	100%	(421)	–	421
J P Gray Limited	100%	(226)	–	226
		–	**1,248**	**1,248**

During the year, the Group started to reorganise and simplify its corporate structure resulting in the consolidation of various businesses across UK and Europe. In assessing the Group's cash generating units, the carrying value of goodwill will not be affected by the transfer or sale of different business units across the Group. The transfer figures above show the post reorganisation effect on the carrying value of goodwill being transferred to SThree Staffing UK Limited.

Impairment of goodwill

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit, including goodwill, with the recoverable amount of that cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In assessing the value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budgets and an average annual growth rate of 5% over the next five years, which does not exceed the long-term average growth rate of the relevant markets. A terminal value of the cash flow is then calculated by assuming growth of 5%, discounted using the Group's weighted average cost of capital. If the recoverable amount of the cash generating-unit is less than the carrying value, then an impairment loss is recognised in the statement of comprehensive income.

Software and system development cost

In 2008, the Group began a phased rollout of a Customer Relationship Management ('CRM') system to complement the front-office system. Further costs directly attributable to the development of the new systems have been capitalised during the year.

Additions during the year represent the development of a credit risk managment system to improve the early identification of risky clients through better reporting and optimising the granting of credit, thereby improving the visibility and management of trade debtors leading to a reduction in bad debts, a legal management and tracking system which gives greater visibility and efficiency across the whole dispute resolution process leading to increased recovery of disputed debts and an online expenses system to automate the expense claims policy thereby creating back office efficiencies and greater overall control.

10 Intangible assets (continued)

Recoverable amounts

The recoverable amounts used for impairment testing of intangible fixed assets is based on value-in-use calculations using a pre-tax discount rate based on the Group's weighted average cost of capital of 9.5% (2009: 10.1%). The Group has used the same discount rate for each cash generating unit as they are all considered to have the same risk profile. The future cash flow projections are based on approved financial budgets. Average growth rates used to estimate cash flows for the first five years are in line with Board approved forecasts, with the growth rate assumption thereafter limited to the expected growth rate of the local economy.

11 Investments in subsidiaries

Company	Shares in subsidiaries £'000
Cost	
At 30 November 2008	246,715
Capital contribution relating to share based payments (IFRS 2)	936
Additions	
– Repurchase of non-controlling interest	1,349
– Disposal of investment	(859)
At 29 November 2009	248,141
Capital contribution relating to share based payments (IFRS 2)	1,316
Additions	
– Increase in investments [i]	6,089
– Repurchase of non-controlling interest [ii]	135
– Disposal of investments [iii]	(374)
– Group reorganisation [iv]	(1,397)
At 28 November 2010	**253,910**
Provision for impairment	
At 30 November 2008 and 29 November 2009	9,598
– Group reorganisation [iv]	(1,340)
At 28 November 2010	**8,258**
Net carrying value	
At 28 November 2010	**245,652**
At 29 November 2009	238,543

i) The increase in investments relates to the capital requirements of SThree Overseas Holdings Limited.
ii) The repurchase of the non-controlling interest related to Huxley Banking and Finance Limited, Huxley Associates S Limited, Orgtel Contract Limited and SThree Overseas Holdings Limited.
iii) The investments disposed of during the year related to Jobboard Enterprises Limited, Huxley Banking and Finance Limited, Huxley Associates S Limited and Progressive France Limited.
iv) The Group reorganisation related to the transfer of MG Resourcing Limited and Tactical Resourcing Limited.

11 Investments in subsidiaries (continued)

In accordance with IAS 36 'Impairment of assets' the carrying values of the Company's investments in subsidiaries have been allocated to their cash-generating units to assess their value in use. In assessing the value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget and an average annual growth rate of 5% (2009: 5%), discounted using the Group's weighted average cost of capital. If the recoverable amount of the cash generating-unit is less than the carrying value, then an impairment loss is recognised in the statement of comprehensive income. The pre-tax discount rate applied to projected future net cash flows to arrive at the valuation was 9.5% (2009: 10.1%).

IFRS 2 requires that any options or awards granted to employees of a subsidiary company will increase the carrying value of the investment held. In 2010, the Group has recognised an increase in the investments in its subsidiaries of £1.3m (2009: £0.9m) relating to these share options and awards.

Group Reorganisation
As part of the reorganisation, the Group undertook a share for share exchange for all non-controlling interests held. There was no material effect from the share transfer and no effect on the Group cashflow position. These subsidiaries were subsequently transferred by way of a share exchange to either SThree UK Holdings Limited or SThree Overseas Holdings Limited.

In 2010, the movements in the investment relates to the following:

	Group's shareholding	
Repurchase and disposals of non-controlling interest	**Before acquisition**	**After acquisition**
Progressive GmbH	78.0%	100.0%
Progessive Nederland BV	81.0%	100.0%
Progressive France Limited	84.0%	100.0%
Progressive Germany Limited	80.0%	100.0%
Progressive SAS	86.0%	100.0%
Huxley Associates Finance Resourcing Inc	74.5%	100.0%
Huxley Associates BV	73.5%	100.0%
Huxley Associates Banking & Finance Limited	83.0%	100.0%
Huxley Associates Banking and Finance BV	74.5%	100.0%
Huxley Associates Nederland BV	70.0%	100.0%
Huxley Associates M Limited	70.0%	100.0%
Huxley Associates N Limited	70.0%	100.0%
Huxley Associates S Limited	72.0%	100.0%

11 Investments in subsidiaries (continued)

Investments comprise the following principal subsidiary trading companies:

	Shareholding 2010	2009	Country of incorporation	Principal Activity
SThree Australia Pty Limited	100%	100%	Australia	Recruitment
Computer Futures Solutions NV	100%	100%	Belgium	Recruitment
Huxley Associates Belgium NV	100%	100%	Belgium	Recruitment
SThree Services NV	100%	100%	Belgium	Recruitment
SThree Belgium NV	100%	100%	Belgium	Recruitment
SThree SAS	100%	100%	France	Recruitment
Jobboard Enterprises GmbH	100%	100%	Germany	Recruitment
SThree GmbH	100%	100%	Germany	Recruitment
SThree Limited	100%	100%	Hong Kong	Recruitment
SThree India Private Limited	100%	100%	India	Recruitment
SThree Staffing Ireland Limited	100%	100%	Ireland	Recruitment
Jobboard Enterprises BV	100%	100%	Netherlands	Recruitment
SThree Holdings BV	100%	100%	Netherlands	Recruitment
SThree Pte. Ltd.	100%	100%	Singapore	Recruitment
Huxley Associates Banking & Finance Limited	100%	100%	UK	Recruitment
Huxley Associates Global Limited	100%	100%	UK	Recruitment
Huxley Associates Limited	100%	100%	UK	Recruitment
Jobboard Enterprises Limited	90%	90%	UK	Recruitment
Orgtel Contract Limited	79.5%	79.5%	UK	Recruitment
Orgtel Limited	80%	80%	UK	Recruitment
Real Staffing Group Limited	100%	100%	UK	Recruitment
SThree Finance Limited*	100%	100%	UK	Finance
SThree IP Limited*	100%	100%	UK	Holding Company
SThree Management Services Limited*	100%	100%	UK	Management Services
SThree Overseas Holdings Limited*	100%	100%	UK	Holding Company
SThree Staffing UK Limited	100%	100%	UK	Recruitment
SThree UK Holdings Limited*	100%	100%	UK	Holding Company
Huxley Associates Finance Resourcing Inc	100%	100%	USA	Recruitment
Huxley Associates Inc	100%	100%	USA	Recruitment
Specialist Staffing Solutions Inc	100%	100%	USA	Recruitment

*Directly held subsidiaries. All other subsidiaries are indirectly held.

Group Reorganisation
During the current year, the Group further rationalised its structure by undertaking mergers and other legal restructuring steps, some of which will not formally take effect until into 2011. This followed on from the reorganisation started in the prior year, where two new holding companies were incorporated, namely, SThree UK Holdings Limited and SThree Overseas Holdings Limited. These holding companies either incorporated or purchased the share capital of a number of UK and overseas subsidiaries in a share for share exchange and this had no effect on the net assets of the Group. Non-controlling interests remain in respect of three companies at the year end. The aggregate profit and net assets, attributable to these non-controlling interest holders has not been separately recognised in the financial statements on the basis of materiality.

Non-controlling interest rights
In the event of a return of capital in a winding up or capital reduction the non-controlling interest holding reverts to the 'right to dividend' percentage in any distribution.

12 Trade and other receivables

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Current				
Trade receivables	64,862	60,813	3	21
Less: Provision for impairment of trade receivables	(1,767)	(2,473)	–	–
Net trade receivables	63,095	58,340	3	21
Other receivables	3,806	5,392	154	2,515
Prepayments and accrued income	31,034	29,497	–	–
	97,935	**93,229**	**157**	**2,536**

Trade receivables do not carry interest. The Group makes judgements on an entity by entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Group analyses its historical collection experience and current economic trends. Trade receivable balances are written off when the Group determines that it is unlikely that future remittances will be received. Management considers the carrying values of trade and other receivables are equal to the fair value and are deemed to be current assets.

Trade receivables and cash and cash equivalents are deemed to be all current loan and receivables for disclosure under IFRS 7 'Financial Instruments' – Disclosures (note 25).

	Group	
	28 November 2010 £'000	29 November 2009 £'000
The following table shows the development of allowances on receivables:		
Allowances at start of financial year	2,473	2,772
Charge for the year	686	1,968
Amounts written down during the year	(917)	(1,035)
Amounts recovered during the year	(475)	(1,232)
Allowances at end of financial year	**1,767**	**2,473**

13 Assets classified as held-to-maturity

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Fixed rate Sterling Deposit/Euro Bond	3,500	3,203	–	–

At the prior period year end the Group invested in a fixed rate Euro bond which matured on 6 May 2010. At 28 November 2010, the Group invested in a fixed rate Sterling deposit. The fixed interest rate on this security is 1.6% per annum (2009: 1.4% per annum). The bond has a fixed maturity date of 23 May 2011, that is, between 3 to 6 months from the end of the reporting period. The counterparty has a minimum A credit rating. None of this asset is past due or impaired.

14 Current tax assets/liabilities

The current tax liability of £3.8m (2009: tax asset of £3.3m) for the Group and the current tax liability of nil (2009: £0.5m) for the Company represent current tax recoverable/payable relating to current and prior periods respectively.

15 Trade and other payables

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Trade payables	29,961	25,479	25	86
Amounts due to Group companies	–	–	65,634	52,451
Other taxes and social security	8,655	4,393	–	–
Other payables	2,039	3,032	449	196
Accruals	45,495	43,152	895	461
	86,150	**76,056**	**67,003**	**53,194**

All amounts detailed above are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

Trade and other payables are predominantly interest free.

Amounts due to Group companies are charged interest at an average rate of 1.5% (2009: 1.75%) for Sterling denominated balances and at 1% above the local base rate for other currencies.

16 Financial liabilities

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Bank overdraft	–	–	445	–

A flexible invoice financing arrangement has renewed with the Royal Bank of Scotland Group (RBS) until April 2012. Under this arrangement the Group is able to borrow up to £20m. Funds borrowed under this facility bear interest at the rate of 1.75% above the RBS base rate. The Group has not drawn down any amount on this facility.

Borrowing levels are subject to maximum of 85% of trade receivables that meets Daily Sales Outstanding target in the range of 40-50 days.

(i) Maturity profile of bank overdrafts

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Within 1 year, or on demand	–	–	445	–

(ii) Interest rate risk profile of bank overdrafts

The interest rate risk profile of bank overdrafts are as follows:

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Floating rate - overdraft	–	–	445	–

The Group has a cash pooling arrangement which allows netting off the overdraft balances to mitigate finance costs.

17 Provisions for liabilities and charges

	Corporate and divisional restructuring £'000	Property £'000	Other £'000	Total £'000
At 30 November 2008	–	1,288	2,579	3,867
Utilised during the year	(6,974)	(223)	–	(7,197)
Charged/(released) to the statement of comprehensive income	9,050	539	(307)	9,282
At 29 November 2009	2,076	1,604	2,272	5,952
Utilised during the year	(1,565)	(100)	–	(1,665)
Charged/(released) to the statement of comprehensive income	–	(251)	(1,827)	(2,078)
Tracker share consideration	–	–	3,382	3,382
Transfer	(511)	511	–	–
At 28 November 2010	**–**	**1,764**	**3,827**	**5,591**

Current/non-current analysis:	28 November 2010 £'000	29 November 2009 £'000
Current liabilities	4,237	3,063
Non-current liabilities	1,354	2,889
	5,591	**5,952**

Provisions are not discounted as the Group believes that the effect of the time value of money is immaterial and the amount of provisions measured at cost approximate to the present value of the expenditure required to settle the obligation.

Corporate and divisional restructuring

On 15 April 2009, the Group announced a number of changes relating to corporate and divisional restructuring. The Group has charged the restructuring cost incurred of £9.1m at 29 November 2009 to the statement of comprehensive income in the previous period. The transfer to "property" provision represents the residual amount of £0.5m relating to property rationalisation costs.

Property

Dilapidations — The Group is obliged to pay for dilapidations at the end of its tenancy of various properties. Provision has been made based on independent professional estimates of the likely costs based on current conditions and these have been spread over the relevant lease term. The liability is expected to crystallise as follows:

	28 November 2010 £'000	29 November 2009 £'000
Within one year	410	683
One to five years	903	782
After five years	451	139
	1,764	**1,604**

17 Provisions for liabilities and charges (continued)

Other
Other provisions released to the statement of comprehensive income in the current year principally included amounts in respect of liabilities resulting from indemnities given to Group clients in Continental Europe arising in the normal course of business in respect of the employment status of contractors. A detailed review of the Group's improved internal controls and procedures surrounding this area, as well as a history of not receiving any legal claims since the provision was created in 2004, resulted in the decision that the provision was no longer required.

Other remaining provisions relate to the obligation to repay amounts received or receivable in relation to the subscription of tracker shares offered to certain employees under the terms of the tracker share arrangements and ongoing legal matters.

18 Deferred tax assets/(liabilities)

Group	Excess tax depreciation £'000	European contractor liabilities £'000	Share-based payments £'000	Other £'000	Total £'000
At 30 November 2008	371	667	812	1,296	3,146
Credit/(charge) to statement of comprehensive income for the year	601	(82)	394	2,915	3,828
Prior year (charge)/credit to statement of comprehensive income for the year	(2,314)	33	–	202	(2,079)
Charge to equity for the year	–	–	620	–	620
At 29 November 2009	(1,342)	618	1,826	4,413	5,515
Credit/(charge) to statement of comprehensive income for the year	85	(618)	48	4,358	3,873
Prior year (charge)/credit to statement of comprehensive income for the year	(49)	–	–	(943)	(992)
Charge to equity for the year		–	258	–	258
Exchange difference	–	–	–	16	16
At 28 November 2010	**(1,306)**	**–**	**2,132**	**7,844**	**8,670**

The Group believes that the deferred tax assets will be recoverable against projected taxable profits over the foreseeable future in the companies to which they relate.

The Group has tax losses of £24.5m for the year (2009: £11.2m) in respect of overseas territories. A deferred tax asset in respect of these losses has been recognised on consolidation.

The Finance (No 2) Act 2010 included legislation to reduce the main rate of UK corporation tax from 28% to 27% with effect from 1 April 2011. The legislation was substantially enacted in July 2010 and, as a result, the Group's deferred tax asset has been reduced as at 28 November 2010 by £32,112, resulting in a charge to the statement of comprehensive income of £41,652 and a credit to equity of £9,540.

Unremitted earnings
As at 28 November 2010, unremitted earnings of overseas Group companies amounted to £20.8m (2009: £35.5m). Unremitted earnings may be liable to some overseas tax and UK tax (after allowing for double taxation relief) if they were to be distributed as dividends. However, no tax is expected to be payable on them because, as at the end of the reporting period, there are no plans to remit these earnings. Therefore no provision for tax in respect of possible future remittances has been made.

SThree plc

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Year ended 28 November 2010

18 Deferred tax assets/(liabilities) (continued)

Company	Share-based payments £'000	Other £'000	Total £'000
At 30 November 2008	(38)	264	226
Charge/(Credit) to statement of comprehensive income for the year	433	(264)	169
Charge to equity for the year	762	–	762
At 29 November 2009	1,157	–	1,157
Charge to statement of comprehensive income for the year	27	–	27
Charge to equity for the year	116	–	116
At 28 November 2010	**1,300**	**–**	**1,300**

19 Share Capital

(a) Share Capital

Authorised	Number of shares	28 November 2010 £'000	Number of shares	29 November 2009 £'000
Ordinary shares of 1p each	300,000,000	3,000	300,000,000	3,000

Allotted and fully paid	Number	Ordinary shares £'000	Capital redemption reserve £'000	Capital reserve £'000	Total £'000
At 29 November 2009	121,756,276	1,218	168	878	2,264
Issue of share capital	3,303	–	–	–	–
At 28 November 2010	**121,759,579**	**1,218**	**168**	**878**	**2,264**

Share issue

Share options that were granted in November 2000 were satisfied in the current period with a new issue of 3,303 (2009: 29,500) ordinary shares.

19 Share Capital (continued)

(b) Share options
Certain employees hold options to subscribe for ordinary shares in the Company under the share option schemes. The number of shares subject to options, the period in which they were granted and the period in which they may be exercised are given below. During this financial year, 337,127 (2009: 88,265) of these options were exercised of which 3,303 (2009: 29,500) were satisfied by the issue of new ordinary shares and the remaining 333,824 (2009: 59,265) were satisfied by the shares held in the EBT.

Year of grant	Note	Number of options outstanding 29 November 2009	Granted in year	Exercised in year	Lapsed in year	Number of options outstanding 28 November 2010	Exercise price per share	Exercise period
2000	a	3,000	–	3,000	–	–	1p	2000-2010*
2007	b	345,332	–	173,480	171,852	–	–	2010-2017
2008	c	1,039,095	–	55,894	31,685	951,516	–	2011-2018
2009	d	1,625,583	–	90,638	30,016	1,504,929	–	2012-2019
2010	e	–	1,287,035	14,115	10,020	1,262,900	£1 & 272.2p & 299.4p*	2013-2020
		3,013,010	1,287,035	337,127	243,573	3,719,345		

* The exercise price relates to approved options (276,979 options at 299.4p per share; 11,021 options at 272.2p per share) and funding shares (288,000 options at £1) under the relevant scheme.

Note
a) 3,000 share options became exercisable and were all exercised during the year.

Long-term incentive plan (LTIP)
In November 2006, shareholders approved a share-based LTIP. In February 2010, awards for all LTIP participants were structured to include tax approved options, with funding awards also being granted at an option price of £1 in respect of the total award.
On 19 October 2010, the company introduced a Joint Ownership Plan ('JOP') in respect of the unapproved LTIP awards made in February 2010. JOP options over existing LTIP awards were granted to participants at 60p per share. The main features of the LTIP are detailed within the Directors' Remuneration Report.

b) The weighted average fair value of the equity-settled share awards granted in 2007 amounted to 226.64p per award. The fair value of the share awards was calculated using the Monte-Carlo simulation model. The Monte-Carlo simulation model reflected the historical volatilities of the Company's share price and those other companies to which the Company's performance is compared, over a period equal to the vesting period. The average share price on the date of grant was 402.0p, the vesting period in which performance of the TSR is assessed is 3 years.
c) The weighted average fair value of the equity-settled share awards granted in 2008 amounted to 117.42p per award. The average share price on the date of grant was 196.75p, the vesting period in which performance of the TSR is assessed is 3 years.
d) The weighted average fair value of the equity-settled share awards granted during 2009 amounted to 110.99p per award. The average share price on the date of grant was 170.0p, the vesting period in which performance of the TSR is assessed is 3 years.

19 Share Capital (continued)

(b) Share options (continued)

Long-term incentive plan (LTIP) (continued)

e) The weighted average fair value of the equity-settled share awards granted during the year amounted to 261.50p per award. The average share price on the date of grant was 310.0p, the vesting period in which performance of the TSR is assessed is 3 years.

Other employees share option schemes

	SAYE £'000	SIP £'000	Total £'000
At 29 November 2009	59	58	117
Granted	37	148	185
Lapsed	–	(2)	(2)
At 28 November 2010	**96**	**204**	**300**

Save as you Earn (SAYE)

The SAYE share option scheme was approved by the shareholders on 24 April 2009 in order to promote share ownership amongst all UK employees of the Company, linking employee benefit to Company performance and to aid staff retention. All UK employees and Executive Directors who have continuous service of more than six months, ending on the date of grant, or such shorter period as the Board may decide, within the Group, are eligible to participate in the scheme. The Board has discretion to reduce the period of qualifying service and to invite other employees to participate. Under the SAYE, employees can save up to £250 per month for three years and receive options to purchase the Company's shares at a discount of up to 20% on the market value. During 2010, 129 employees (2009: 233 employees) applied to participate in the SAYE. Options awarded under the SAYE scheme are not subject to any performance conditions.

For the purpose of valuing options to arrive at the share-based payment charge, the Black Scholes option pricing model has been used for schemes with total shareholder return performance targets. The assumptions used in the models are as follows:

Weighted average fair value (£)	148.47p
Key assumptions used:	
Weighted average share price	296.00p
Exercise prices (£)	189.00p
Range of expected volatility	45%
Risk-free interest rate	3.22%
Range of expected option term (life)	3 years
Dividend yield	6.06%

Share Incentive Plan (SIP)

The SIP was approved by shareholders on 24 April 2009. Under the SIP, employees are invited to make contributions to buy Partnership Shares. If an employee agrees to buy Partnership Shares the company currently matches the number of Partnership Shares bought with an award of Matching Shares, on a one-for-one basis.

Assumptions on expected volatility and expected option term have been made on the basis of historical data, wherever available, for the period corresponding with the vesting period of the option. Best estimates have been used where historical data is not available in this respect.

19 Share Capital (continued)

(b) Share options (continued)

Share Incentive Plan (SIP) (continued)
During the year, the Group recognised a cost of £0.2m (2009: £0.06m) related to equity-settled share-based payment transactions. The weighted average price paid for plan shares during the year was 302.85p (2009: 253.80p).

Employee benefit trusts (EBT)
In addition to the share options set out above the Company has issued further share options and awards which will be satisfied by shares held by the Group's EBT. The shares held by the EBT are shown as a deduction from shareholders' funds.

The EBT waive their rights to receive a dividend under the terms of the trusts. No other shareholder waives their rights to dividends.

Ordinary shares		Number
29 November 2009		2,250,988
Movement in the year	LTIP options exercised	(333,824)
	Options/awards exercised	(55,037)
28 November 2010		**1,862,127**

The shares held in the trust include shares gifted from the Directors at nil cost to the EBT and shares newly issued to satisfy awards under the share option schemes and LTIP.

Options granted and awards to be settled by shares held in the EBT are as follows:

Year of grant/award	Note	Number of options/awards outstanding 29 November 2009	Granted/ awards in year	Exercised in year	Lapsed in year	Number of options/awards outstanding 28 November 2010	Exercise price per share	Exercise period
2004	a	12,000	–	12,000	–	–	1p	2004-2014*
2004	b	4,800	–	4,800	–	–	1p	2004-2014*
2004	c	1,174,718	–	10,237	113,081	1,051,400	1p	2004-2014*
2005	d	1,700	–	–	–	1,700	£1 total	2005-2015*
2008	e	34,000	–	28,000	6,000	–	–	2008-2018
		1,227,218	–	55,037	119,081	1,053,100		

* Providing certain conditions have been met at the time of exercise

The weighted average market share price for shares exercised during the year was 295p (2009: 203p).

19 Share Capital (continued)

(b) Share options (continued)

Employee benefit trusts (EBT) (continued)

Approved executive share option scheme

a) On 28 May 2004 options over 650,720 ordinary shares were issued at an exercise price of 1p. These options replaced options that had lapsed in the previous grant of options in 2000. There are no performance conditions attached and the options are exercisable within 10 years from the date of grant. The number of options outstanding at 28 November 2010 was nil (2009: 12,000).

b) On 3 December 2004 options over 49,600 ordinary shares were issued at an exercise price of 1p. These options replaced options that had lapsed in the previous grants of options in November 2000 and May 2004. There are no performance conditions attached and the share options are exercisable within 10 years from the date of grant. The number of options outstanding at 28 November 2010 was nil (2009: 4,800).

c) Options over 5.25 million ordinary shares were granted by the Board to certain employees on 3 December 2004. These are exercisable within 10 years from the date of grant. These options are subject to a performance condition requiring that over a five year period a certain level of profits has to be achieved. If these performance targets are achieved in each of the relevant periods, a total of 1,050,000 options are available for allocation in each year following the target being achieved. The number of options outstanding at 28 November 2010 was 1,051,400 (2009: 1,174,718).

Unapproved share option scheme

d) At IPO (16 November 2005), the Board awarded 433,749 Ordinary Shares and issued 505,710 Share options to certain current and former employees who were considered to have contributed to the Group's continued success. The Share options are exercisable immediately upon grant and expire 10 years from the date of grant. The number of options outstanding at 28 November 2010 was 1,700 (2009: 1,700). The Group recognised a charge in the income statement for the year ended 30 November 2005, in accordance with IFRS 2, amounting to £1,878,918, representing the fair value of the options awarded at the date of grant. There have been no awards in the current year.

e) On 15 October 2008 the Directors made share awards over 226 700 ordinary shares to certain current employees who were considered to have contributed to the Group's continued success. The share awards vest either immediately or after two years. For the calculation of the charge the fair value of these share awards is based on the mid-price on the day that the award was granted to the employees. The number outstanding at the year end was nil (2009: 34,000).

19 Share Capital (continued)

(c) Share awards in subsidiary companies (previously 'Minority Interests')

As described in the Directors' Report the Group makes awards of shares in subsidiary businesses to certain entrepreneurial employees who will participate in the development of those businesses.

These awards generally have the following characteristics:

- an employee receives an award of a "tracker share" in a subsidiary business. This share gives the employee certain rights to income and capital growth of a "tracked" business;
- the employee must subscribe for his award of tracker shares at fair value, as determined by an independent third party share valuer and taking into account the particular rights attached to the shares described in the relevant businesses' Articles of Association;
- if the employee remains in employment with the Group for a pre-agreed period, not less than three years, he may then offer his tracker shares for sale to SThree plc. Should SThree plc decide to buy back the tracker shares, it will do so at a price based on a multiple of the tracker shares' fair value at that date and SThree plc may choose to settle this transaction in cash or in SThree plc shares, as it chooses;
- if the employee leaves the Group before the pre-agreed period, being three or five years depending on the life of the tracker, he is entitled to receive the lower of the initial subscription he paid or the fair value on the date of his departure as calculated by a third party valuer.

During the prior year, the following awards have been made under the tracker share arrangements:

	Number of awards outstanding 30 November 2008	Number of awards created during the year	Number of awards bought back during the year	Number of awards outstanding 29 November 2009
Tracker share awards made – 2009	941	619	94	1,466

	Number of awards outstanding 30 November 2009	Number of awards created during the year	Number of awards bought back during the year	Number of awards outstanding 28 November 2010
Tracker share awards made – 2010	1,466	22,313*	105	23,674*

* 20,207 of this total was transferred from the non controlling interests into SThree UK Holdings Ltd and SThree Overseas Holdings Ltd in July 2010

As employees must subscribe for the awards at fair value there is no IFRS2 charge. The total net subscription proceeds received for 2010 tracker share awards was £435,000 (2009: £192,000), with proceeds in respect of individual awards ranging from £282.71 to £48,849.73 (2009: £337.00 to £17,452.74). The Group also bought back 105 tracker shares during the year for a total consideration of £33,719 (2009: £10,000).

The subscription price of the tracker share awards is determined by an independent valuer, taking into account the expected performance of each tracked business and the likelihood of ultimate buy-back by SThree plc.

20 Results of holding company

Of the results for the financial year, a retained profit of £4.9m (2009: retained profit of £28.7m) was recorded. The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and do not present a statement of comprehensive income for the Company alone.

21 Commitments

Group

Operating leases

At the end of the reporting period the Group had annual commitments under non-cancellable operating leases as set out below:

	Motor vehicles		Land and buildings	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Total minimum operating lease payments due:				
Within one year	408	1,244	10,218	11,459
One to five years	2	400	28,598	35,191
After 5 years	–	–	11,544	13,083
	410	**1,644**	**50,360**	**59,733**

Capital commitments

The Group had contractual commitments of £0.2m (2009: £0.5m) relating to property, plant and equipment at the end of the reporting period.

VAT group registration

As a result of the group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group. The total VAT liability as at 28 November 2010 amounted to £4.7m (2009: £1.8m).

Guarantees

The Group issued bank guarantees for commitments which amounted to £1.8m (2009: £2.1m).

Company

The Company held no outstanding lease or capital commitments at the year end (2009: nil).

22 Cash and cash equivalents

	Group		Company	
	28 November 2010 £'000	29 November 2009 £'000	28 November 2010 £'000	29 November 2009 £'000
Cash in hand and at bank	51,718	45,272	–	150
Bank overdraft (note 16)	–	–	(445)	–
	51,718	**45,272**	**(445)**	**150**

Due to the Group pooling arrangement, an overdraft amount of £0.4m (2009: £nil) in SThree plc is netted out against cash balance in Group companies.

Included within cash and cash equivalents is £0.8m (2009: £0.4m) against which the Group has issued cash collaterised bank guarantees. This amount is not immediately available for use in the business.

23 Related party transactions

Group

The Group has related party relationships with its subsidiaries (note 11), with its Directors and with members of the Executive Board. Details of transactions between the Group and other related parties are disclosed below.

Key management personnel

The key management under IAS 24 'Related party disclosure' is defined as those persons who have authority and responsibility for planning, directing and controlling the entity's activities, directly or indirectly. The Group's key management comprises of the Executive Directors, Non-Executive Directors, Executive Committee and other key managers who are deemed to influence the day to day activities. Details of Directors' remuneration are given in the Directors' Remuneration Report. The remuneration of the Directors is determined by the SThree plc Remuneration Committee in accordance with its stated policy. Total remuneration for members of key management is detailed below.

	28 November 2010 £'000	29 November 2009 £'000
Salaries and other short-term benefits	4,124	3,255
Fair value of share awards granted	1,271	810
Post-employment benefits	196	156
Termination benefits	–	448
	5,591	**4,669**

The above figures for 2009 include £259,000 which was recognised in the corporate and divisional restructuring exceptional items.

23 Related party transactions (continued)

Company

The Company has related party relationships with its subsidiaries (note 11), and with members of the Executive Board. The Directors receive remuneration from the Company, which is disclosed in the Directors' Remuneration Report. The Company did not have any transactions other than those disclosed in the Remuneration Report with the Directors during the financial year. Details of transactions between the Company and other related parties are disclosed below.

	28 November 2010 £'000	29 November 2009 £'000
Loans and advances given to and dividends received from subsidiaries		
Loans and advances given to subsidiaries	–	11,340
Loans and advances given to directors	305	305
Interest income received in respect of interest bearing loans and advances	70	162
Dividend income received	13,201	25,745
Loans and advances received from subsidiaries		
Loans and advances received from subsidiaries	13,183	–
Interest expense paid in respect of interest bearing loans and advances	976	1,674

Year end balances arising from transactions with subsidiaries

	28 November 2010 £'000	29 November 2009 £'000
Amounts payable to subsidiary companies	65,634	52,451

24 Subsequent events

The Group does not have any events post the end of the reporting period that require disclosure as at 28 January 2011.

25 Financial instruments and financial risk factors

Financial risk factors

The Group reports in Sterling and pays dividends out of Sterling profits. The role of Corporate Treasury is to manage and monitor external and internal funding requirements and financial risks in support of corporate objectives. Treasury activities are governed by policies and procedures approved by the Board of Directors. Treasury management chaired by our Chief Financial Officer meets on a monthly basis to review Treasury activities. Its members receive management information relating to Treasury activities. Our internal auditors regularly review the Treasury internal control environment.

In previous years, the Group Treasury entered into a small number of derivative transactions, principally currency swaps and forward currency contracts with the purpose to manage the currency risks arising from operations and financing. The Board undertook a review of its currency hedging strategy to ensure it is appropriate and currently does not actively manage its exposure to foreign exchange risk by the use of financial instruments. The Group does not hold or issue derivative financial instruments for speculative purposes and our Treasury policies specifically prohibit such activity. All transactions in financial instruments are undertaken to manage the risks arising from underlying business activities, not for speculation.

The Treasury function is managed as a cost centre and thus not engaged in speculative trading.

The Group is exposed to a number of different financial risks including foreign currency exchange rates, liquidity, interest rates, and credit risk. The Group's objective and strategy in responding to these risks is set out below.

(a) Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

(b) Foreign currency exchange risk

The Group publishes its consolidated financial statements in Sterling and conducts business in a number of other currencies, principally the Euro. Consequently the Group is exposed to foreign exchange risk due to exchange rate movements which affect the Group's transactional revenues, cost of sales, the translation of the earnings and net assets of its overseas operations.

The Group is also exposed to foreign currency exchange risk from the value of net investments outside the United Kingdom. The settlement of intercompany balances held with foreign operations is neither planned nor likely to occur in the foreseeable future. Therefore, exchange differences arising from the translation of the net investments are taken into equity.

The Group's businesses generally raise invoices and incur expenses in their local currencies. Local currency cash generated is remitted via intercompany transfers to the United Kingdom. The Group generally converts foreign currency balances into Sterling to manage its cash flows.

The anticipated impact on the Group's results if the Euro strengthened against Sterling by a movement of more than 10% in terms of translational exposure amounts to an increase in profit before tax by £2.8m (2009: £3.1m). If the Euro weakened against Sterling by more than 10% this would result in a decrease in profit before tax of £2.8m (2009: £3.1m).

25 Financial instruments and financial risk factors (continued)

(b) Foreign currency exchange risk (continued)

The table below provides exchange rates used by the Group for translation of the earnings and net assets of its overseas operations.

	Weighted average rate		Closing rate	
	2010 £	2009 £	2010 £	2009 £
Euro	0.8691	0.8977	0.8499	0.9087
US dollar	0.6458	0.6530	0.6417	0.6061
Hong Kong dollar	0.0832	0.0843	0.0827	0.0782
Australian dollar	0.5852	0.4924	0.6193	0.5496
Singapore dollar	0.4695	0.4448	0.4865	0.4368

(c) Liquidity risk

The Group actively maintains committed facilities to enable it to finance its day-to-day operations, based on cash flow projections. The Group invests surplus cash in interest-earning deposit accounts or bonds with UK and European banks (note 13), and complies with all its covenants.

The Group's treasury function centrally co-ordinates relationships with banks, borrowing requirements, foreign exchange requirements and cash management. The Group believes it has access to sufficient funding through an invoice financing arrangement that provides a committed borrowing facility of £20m and expires in April 2012.

The table below shows the maturity profile of the Group's financial liabilities based on the contractual amounts payable on the date of repayment:

	Trade and other payables		Financial liabilities	
	Group	Company	Group	Company
At 28 November 2010	£'000	£'000	£'000	£'000
Within one year	**77,495**	**67,003**	**–**	**445**
At 29 November 2009				
Within one year	**71,663**	**53,194**	**–**	**–**

25 Financial instruments and financial risk factors (continued)

(d) Interest rate risk

The Group is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally financial liabilities. The Group finances its operations through a mixture of retained profit, the invoice discounting facility and, when required, bank overdrafts.

The Group does not hedge the exposure to variations in interest rates presented by the above instruments.

Taking into consideration all variable rate borrowings and cash in place as at 28 November 2010, if the interest rate payable or receivable moved by a 100 basis points in either direction then the effect to the Group would be minimal.

(e) Credit Risk

In the normal course of business, the Group participates in cash pooling arrangements with its counterparty bank. The maximum exposure with a single bank for deposits is £30m (2009: £45.2m).

Trade and other receivables of the Group are analysed in the table below. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The Group mitigates its credit risk by using a credit rating agency to assess new clients and payment history to assess further credit extensions to existing clients. In addition, the spread of SME client base (circa 7,000 clients) helps to mitigate the risk of individual client failure having a material impact on the Group.

The Group does not typically renegotiate the terms of trade receivables, hence the outstanding balance is included in the analysis based on the original payment terms. There were no significant renegotiated balances outstanding at year end.

	Group		Company	
Trade and other receivables	**2010 £'000**	**2009 £'000**	**2010 £'000**	**2009 £'000**
Neither impaired nor past due	71,708	70,417	157	2,536
Impaired (net of valuation allowance)	1,336	392	–	–
Not impaired and past due in the following periods				
within 30 days	19,859	17,599	–	–
31 to 60 days	4,211	3,894	–	–
61 to 90 days	821	927	–	–
Total	**97,935**	**93,229**	**157**	**2,536**

25 Financial instruments and financial risk factors (continued)

(f) Interest rate profile of financial assets/(liabilities)

The following tables set out the exposure of financial assets and liabilities to either fixed interest rates, floating interest rates or no interest rates. The maturity profile of financial assets and liabilities exposed to interest rate risk in the table below indicates the contractual repricing and maturity dates of these interest rates.

Financial assets/(liabilities)

	Group		Company		
At 28 November 2010	**Cash and cash equivalents £'000**	**Held-to-maturity investments £'000**	**Cash and cash equivalents £'000**	**Investments £'000**	**Financial liabilities £'000**
Less than one year	51,718	3,500	–	–	(445)
Total interest-bearing	**51,718**	**3,500**	**–**	**–**	**(445)**
Analysed as:					
Floating rate	51,718	–	–	–	(445)
Fixed rate	–	3,500	–	–	–
Total interest-bearing	51,718	3,500	–	–	(445)
Non-interest-bearing	–	–	–	245,404	–
Total	51,718	3,500	–	245,404	(445)
At 29 November 2009	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Less than one year	45,272	3,203	150	–	–
Total interest-bearing	**45,272**	**3,203**	**150**	**–**	**–**
Analysed as:					
Floating rate	45,272	–	150	–	–
Fixed rate	–	3,203	–	–	–
Total interest-bearing	45,272	3,203	150	–	–
Non-interest-bearing	–	–	–	238,543	–
Total	**45,272**	**3,203**	**150**	**238,543**	**–**

(g) Price risk

As part of the presentation of the market risks, IFRS 7 requires disclosure on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indices. As of 28 November 2010, the entity did not hold any material investments to be classified as 'available for sale' or as 'held for trading'. Therefore there are no financial instruments which would be materially impacted by risk variables affecting the price of financial instruments.

25 Financial instruments and financial risk factors (continued)

(h) Currency profile of financial assets/(liabilities)

Functional currency of Group operations:

	Net foreign currency monetary assets				
At 28 November 2010	**Sterling £'000**	**Euro £'000**	**US Dollars £'000**	**Other Currencies £'000**	**Total £'000**
Sterling	–	1,644	221	920	2,785
Euro	–	–	–	–	–
Other	–	–	184	–	184
Total	**–**	**1,644**	**405**	**920**	**2,969**
At 29 November 2009	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sterling	–	9,865	518	1,063	11,446
Euro	10	–	–	–	10
Other	–	–	248	–	248
Total	**10**	**9,865**	**766**	**1,063**	**11,704**

The Company does not have any exposure to other currencies other than its functional currency of Sterling.

Other foreign currencies held by the Group include the following: Swiss Francs, United Arab Emirates Dirhams, Australian Dollars, Hong Kong Dollars, Singapore Dollars, Swedish Kronor, Bahrain Dinars, Kuwait Dinars, Qatar Riyals, Saudi Arabia Riyals and Indian Rupees.

25 Financial instruments and financial risk factors (continued)

(i) Fair values of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities are equal to their fair values.

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale, and excludes accrued interest.

Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates. A summary of the assumptions used for each category of financial instrument is set out below.

Summary of methods and assumptions

Short-term deposits and borrowings	Approximates to the carrying amount because of the short maturity of these instruments.
Cash and cash equivalents	Approximates to the carrying amount.
Receivables and payables	Approximates to the carrying amount for current balances; there are no material longer term balances.
Financial instruments	Market valuations at the end of the reporting period.

26 Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. They are not anticipated to result in a material cash outflow for the Group.

SThree plc

Five Year Financial Summary

	28 November 2010 £'m	29 November 2009 £'m	30 November 2008 £'m	2 December 2007 £'m	30 November 2006 £'m
Turnover					
Geographic analysis – by location of client					
United Kingdom	224.3	271.3	386.9	369.7	295.7
Europe and Rest of World	250.2	248.1	244.6	153.0	97.6
	474.5	**519.4**	**631.5**	**522.7**	**393.3**
Gross profit					
Geographic analysis – by location of client					
United Kingdom	66.8	76.9	121.6	123.3	98.9
Europe and Rest of World	99.6	94.3	97.3	59.4	36.6
	166.4	**171.2**	**218.9**	**182.7**	**135.5**
Operating profit					
Before exceptional items	**21.2**	**18.0**	**56.8**	**52.3**	**41.0**

Other key performance indicators	numbers	numbers	numbers	numbers	numbers
Average headcount	1,772	1,841	2,157	1,786	1,288
Permanent placements in financial year	6,551	6,060	10,236	9,568	7,685
Active contractors at year end	4,359	4,157	5,745	5,662	4,719
	£	£	£	£	£
Average placement fee — permanent	12,123	11,930	10,355	9,780	8,563
Average gross profit per day — contractors	84.24	84.69	78.30	71.42	64.90

SThree plc

Notes

Shareholder Information

Shareholder Enquiries and Electronic Communications – www.capitashareportal.com

Shareholders with enquiries relating to their shareholding should contact Capita Registrars. Alternatively, you may access your account via www.capitashareportal.com, but will need to have your shareholder reference available when you first log in, which may be found on your dividend voucher, share certificate or form of proxy. The online facility also allows shareholders to view their holding details, find out how to register a change of name or what to do if a share certificate is lost, as well as download forms in respect of changes of address, dividend mandates and share transfers.

Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by e-mail each time the Company distributes documents, instead of receiving a paper version of such documents, by registering a request via the registrar by calling 0871 664 0391 (from UK – calls cost 10p per min plus network extras; lines are open 8.30am – 5.30pm Mon to Fri) or + 44 208 639 3367 (Non UK) or register online at:

www.capitashareportal.

There is no fee for using this service and you will automatically receive confirmation that a request has been registered. Should you wish to change your mind or request a paper version of any document in the future, you may do so by contacting the registrar.

Potential targeting of shareholders

Companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved. You can check at www.fsa.gov.uk/register
- The FSA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors and any approach from such organisations should be reported to the FSA so that this list can be kept up to date and any other appropriate action can be considered. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml
- Inform the Registrar as shown above.

Details of share dealing facilities that the Company endorses will only be included in publications issued by the Company. More detailed information on this or similar activity can be found on the FSA website www.fsa.gov.uk/consumer/

ADR information

For US investors, the Company has set up a Level One ADR facility, under the ticker symbol 'SERTY'. BNY Mellon acts as both ADR depositary bank & registrar for this facility. For further information, please visit the website: www.adrbnymellon.com and search for the SThree profile page. Holders can also access information by the following:

BNY Mellon Shareowner Services
PO Box 358016
Pittsburgh, PA 15252-8016
Customer service: Tel: 1 800 522-6645 (from outside the US
Tel: 001 201 680-6578)
Email: shrrelations@mellon.com
For the issuance of ADRs please contact:
Michael Ludwig
Tel: +1 212 815 2213
Fax: +1 212 571 3050
E-mail: mludwig@bankofny.com
Website: http://www.adrbnymellon.com

Share price information

Information on the Company's share price can be found via: www.sthree.com, or via the FT Cityline Service, tel: 0906 003 0000 (code 3912). Calls cost 60p per minute from a BT landline and charges from other telephone networks may vary.

Share dealing service

Capita Share Dealing Services provide a telephone and online share dealing service for UK and EEA resident shareholders. To use this service, shareholders should contact Capita, tel: 0871 664 0454 – lines are open Mon to Fri 8.00am – 4.30pm UK time (calls cost 10p per min plus network extras). Alternatively log on to www.capitadeal.com.

(Capita Share Dealing Services is a trading name of Capita IRG Trustees Limited which is authorised and regulated by the FSA)

Dividend Re-investment Plan (DRIP) (non sponsored)

For any shareholders who wish to re-invest dividend payments in additional shares of the Company, a facility is provided by Capita IRG Trustees Ltd in conjunction with Capita Registrars. Under this facility, accrued dividends are used to purchase additional shares. Any shareholder requiring further information should contact Capita on (UK) 0871 664 0381* or (Non-UK) +44 208 639 3402 or e-mail: shares@capitaregistrars.com.

*Calls cost 10p per minute plus network extras; lines are open 8.30am – 5.30pm Mon to Fri

ShareGift

ShareGift (reg charity no. 1052686) operates a charity share donation scheme for shareholders with small parcels of shares whose value may make it uneconomic to sell. Details of the scheme are available from:

Website: www.sharegift.org;
Tel: 0207 930 3737

Financial Calendar 2010/11

Financial year end – 28 November 2010
Results announced – 31 January 2011
Annual General Meeting – 21 April 2011
Ex-div date for final dividend – 4 May 2011
Record date for final dividend – 6 May 2011
Dividend Reinvestment latest – 12 May 2011
Half Year period end – 29 May 2011
Final dividend payable – 6 June 2011
Interim results announced – 18 July 2011
Interim dividend payable – early December 2011