ANNUAL REPORT 2015

s|three

STEM STAFFING SPECIALISTS

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OUR **VISION IS TO HAVE THE LEADING SPECIALIST STEM RECRUITMENT BRANDS IN THE MARKETS IN WHICH WE PARTICIPATE**

SAN FRANCISCO

WHO WE ARE & WHAT WE DO

STHREE IS A LEADING INTERNATIONAL SPECIALIST STAFFING BUSINESS, PROVIDING CONTRACT AND PERMANENT RECRUITMENT SERVICES AROUND THE WORLD.

We operate a multi-brand strategy to build expertise and maintain focus on niche areas to provide a better service to our clients and candidates.

Our specialist brands work with varying sizes of clients, across a range of sectors around the world, sourcing and selecting the best candidates to meet their recruitment needs and deliver tangible benefits to both client and candidate.

We focus on highly skilled, niche STEM (science, technology, engineering, mathematics) recruitment across the UK & Ireland, Continental Europe, the Americas, Asia Pacific and the Middle East.

OUR FAMILY OF BRANDS

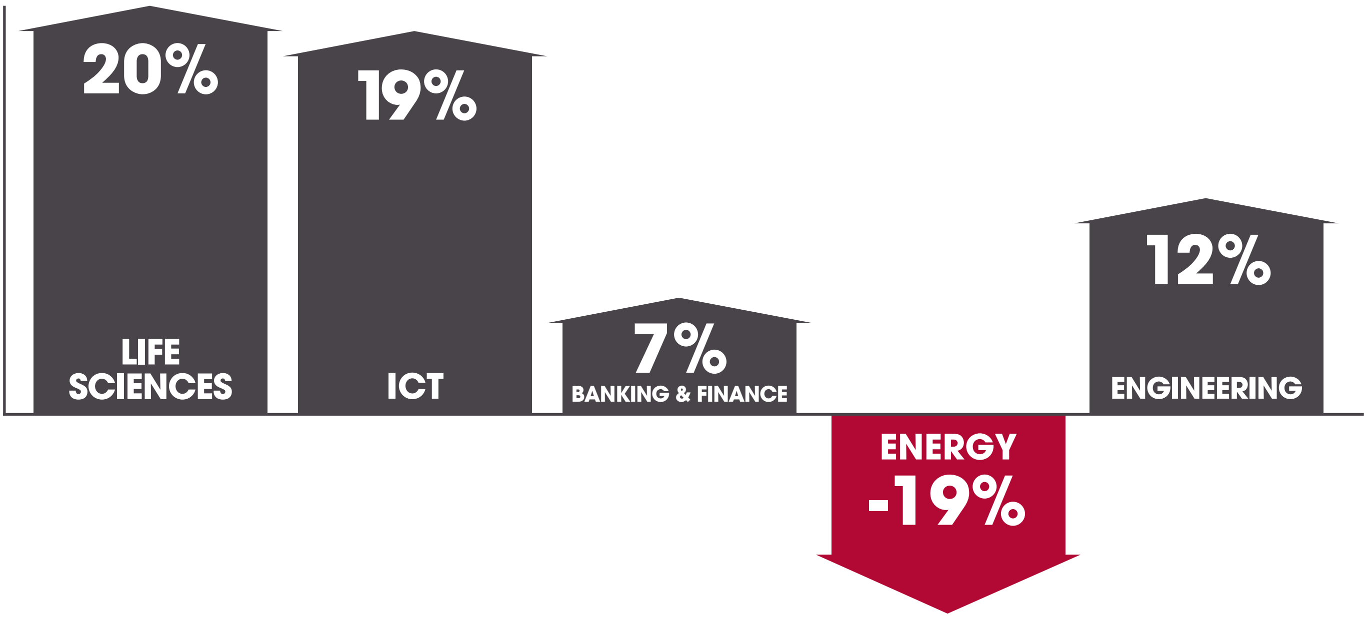
BRANDS	SECTORS				
	ICT	ENGINEERING	ENERGY	LIFE SCIENCES	BANKING & FINANCE
COMPUTERFUTURES ESTABLISHED: **1986** *www.computerfutures.co.uk*	✔ (primary)				
progressive ESTABLISHED: **1990** *www.progressiverecruitment.com* *www.progressivege.com*	✔	✔	✔ (primary)	✔	
Huxley ESTABLISHED: **1995** *www.huxley.com*	✔	✔			✔ (primary)
real ESTABLISHED: **1998** *www.realstaffing.com*	✔			✔ (primary)	✔
orgtel ESTABLISHED: **2001** *www.orgtel.com*					✔
Jp gray. ESTABLISHED: **2003** *www.jpgray.nl*	✔				✔
newington international ESTABLISHED: **2013** *www.newingtoninternational.com*					✔
Enterprise Partners ESTABLISHED: **2013** *www.globalenterprisepartners.com*	✔				

✔ Primary Sectors

THE YEAR IN REVIEW

REVENUE	£848.8M	↑17%* GROWTH YOY
GROSS PROFIT ('GP')	£235.7M	↑11%* GROWTH YOY
ADJUSTED OPERATING PROFIT	£41.5M	↑39%** GROWTH YOY
ADJUSTED BASIC EARNINGS PER SHARE	23.2p	↑42%** GROWTH YOY

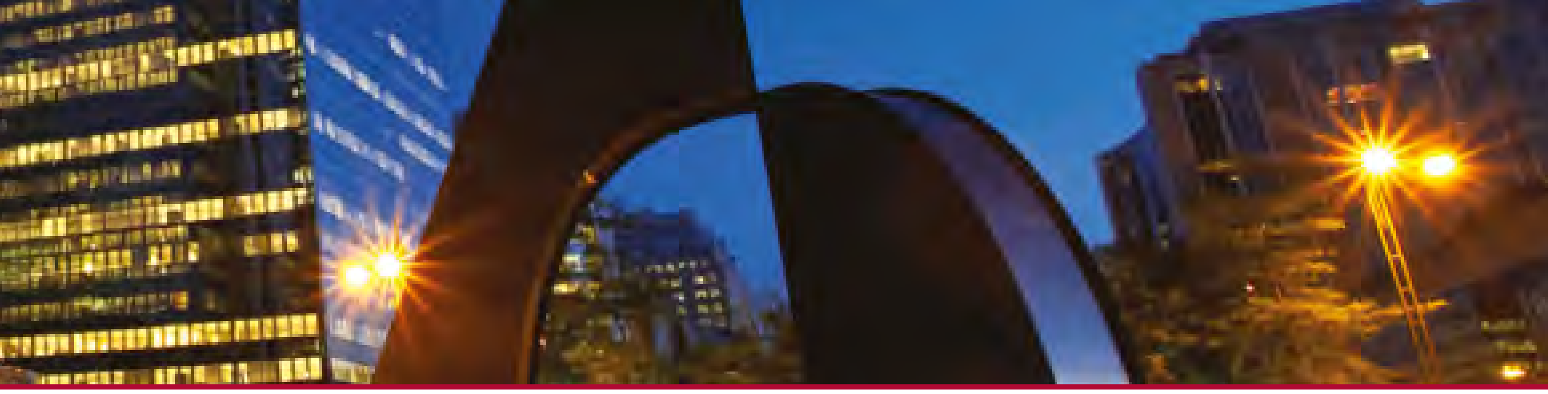
SECTOR GROWTH YEAR ON YEAR* (YOY)



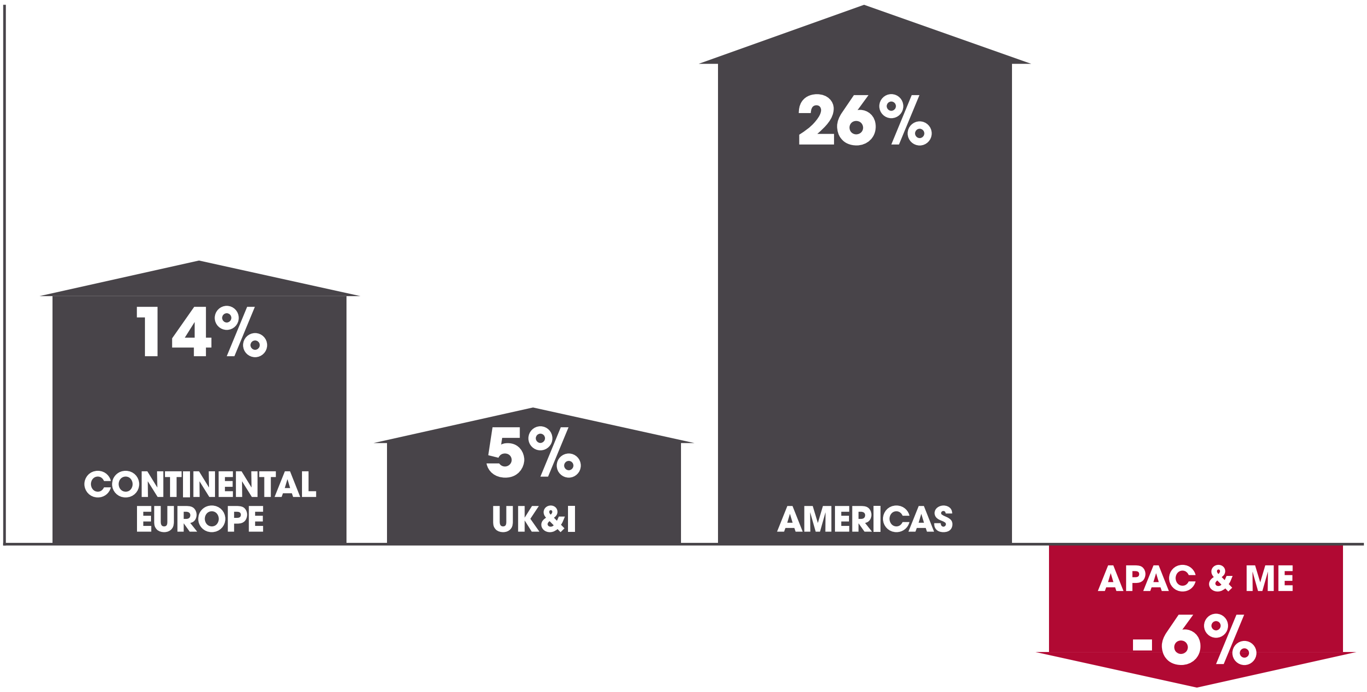
15 COUNTRIES

41 OFFICES

29 OFFICES OUTSIDE THE UK



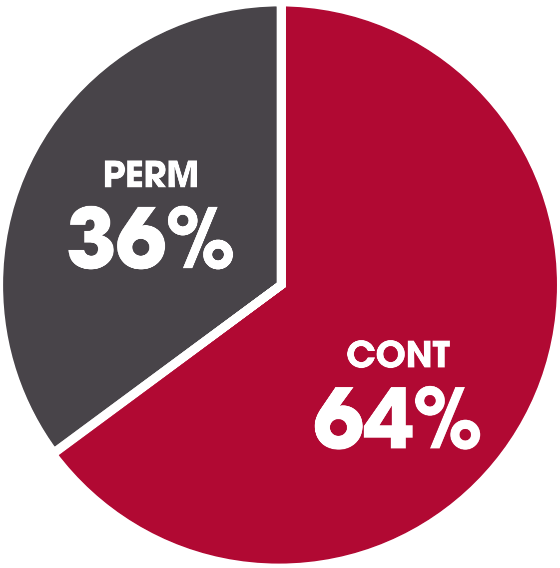
REGIONAL GROWTH YOY*



PERM GP

3%*

GROWTH YOY



CONT GP

17%*

GROWTH YOY

* In constant currency

** Excludes the impact of current year adjustment of £3.1m and exceptional items, see page 30. The statutory operating profit and the basic EPS for the year were £38.8m and 21.0p (up 58% and 63% respectively YoY)

2,244
YEAR END SALES HEADCOUNT

2,847
YEAR END TOTAL HEADCOUNT

8,412
YEAR END CONTRACTOR RUNNERS

GLOBAL REACH

BELGIUM:

Locations	Brands
Antwerp	Computer Futures
Brussels	Huxley
	JP Gray
	Progressive
	Real Staffing

FRANCE:

Locations	Brands
Paris	Computer Futures
	Huxley
	Progressive
	Real Staffing

GERMANY:

Locations	Brands
Berlin	Computer Futures
Düsseldorf	Huxley
Frankfurt	Progressive
Munich	Real Staffing
Hamburg	
Stuttgart	

LUXEMBOURG:

Locations	Brands
Luxembourg	Huxley

NETHERLANDS:

Locations	Brands
Amsterdam	Computer Futures
Rotterdam	Enterprise Partners
	Huxley
	JP Gray
	Progressive
	Real Staffing

UK & IRELAND:

Locations	Brands
Bristol	Computer Futures
Birmingham	Enterprise Partners
Dublin	Huxley
Glasgow	Newington International
London	Orgtel
Leeds	Progressive
Manchester	Real Staffing

SWITZERLAND:

Locations	Brands
Zurich	Real Staffing

Locations	Brands
Austin	Computer Futures
Boston	Huxley
Chicago	Newington International
Houston	Progressive
Minneapolis	Real Staffing
New York	
San Diego	
San Francisco	

Locations	Brands
Dubai	Computer Futures
Hong Kong	Huxley
Kuala Lumpur	Progressive
Singapore	Real Staffing
Sydney	
Tokyo	

Note: Includes offices opened in 2016

WHAT MAKES US UNIQUE

CLIENTS SERVICES PEOPLE

OUR PEOPLE

The individual recruiter is responsible for over 60% of the total satisfaction associated with any client transaction, which is why we place so much emphasis on attracting, training and retaining the best people in the industry. More fundamentally, our strong values and sense of purpose – that we can have a positive impact on our clients' lives through enabling meaningful work - makes this a very appealing place for people to build a career.

We have serious and sustained programmes to train our colleagues to deliver measurably high levels of service and have the tools and support to do a great job. Our desire to get this right and to know how well we are doing is reflected in the fact that **93%**[1] of the people who work here would recommend it as a place to work. We believe this gives us an ongoing competitive advantage and also allows us to give genuine high-level counsel to our client companies about how to win the war for talent.

OUR SERVICES

The majority of our business comes from helping skilled contractors to find temporary assignments with organisations who need niche skills. We provide a breadth of services in this area, from filling roles to providing payroll services and ensuring full regulatory compliance for all parties. This involves a complex mix of services delivered through our family of brands and underpinned by world-class support services and systems.

The scale and complexity of these services is a sustainable competitive advantage, particularly given long-term demographic trends towards increased contract working.

We also have a large and valuable business providing Permanent employees in the same sectors. This mix of Contract and Permanent business means that we are well placed to capitalise on regional and national market trends, placing the SThree business in a strong position at any point in the economic cycle.

OUR CLIENTS

Our 3 client groups are: the organisations we work with, contractors we place with them on a temporary basis and Permanent candidates looking for a long-term career move. We work with a large range of clients, from SMEs through to some of the world's biggest employers.

Our value to these different clients is our immense experience across our niche sectors, backed by a global market-leading talent database which contains millions of individual candidates and tens of thousands of client companies.

At the heart of our service is an ability to find exactly the right match on both sides, backed by consistently high service levels. We make our impressive scale a significant benefit for our clients to build further on our existing strong client relationships.

1. engagement survey results, November 2015

STHREE'S CORE VALUES

OUR AMBITION IS TO BE THE LEADING STEM SPECIALIST RECRUITER IN THE MARKETS IN WHICH WE PARTICIPATE. OUR SHARED CORE VALUES ARE AT THE HEART OF HOW WE WILL ACHIEVE THIS VISION.

Our core values define how we operate, how we conduct ourselves and how we measure ourselves against our colleagues.

We have the right company, people and vision to be the best and achieve our goals but we need to work together as 'One Team, One Company'. Through having a shared set of values we can fulfil our vision.

RESPECT

For ourselves, team, company & clients

We treat our colleagues, our clients, our company and candidates with the same respect we would expect to be treated by them, and we respect the laws and cultures we operate within as well as aspiring to the highest possible ethical standards.

RAPPORT

Our ability to build trusted relationships

Great communication skills are vital to our business - listening carefully and seeing things from the other's point of view, and showing that we understand them.

RESPECT RAPPORT REWARD ENERGY

REWARD

The joy of reaching our goals & achieving success

We recognise service, effort and achievement with a great social environment and we reward personal success.

ENERGY

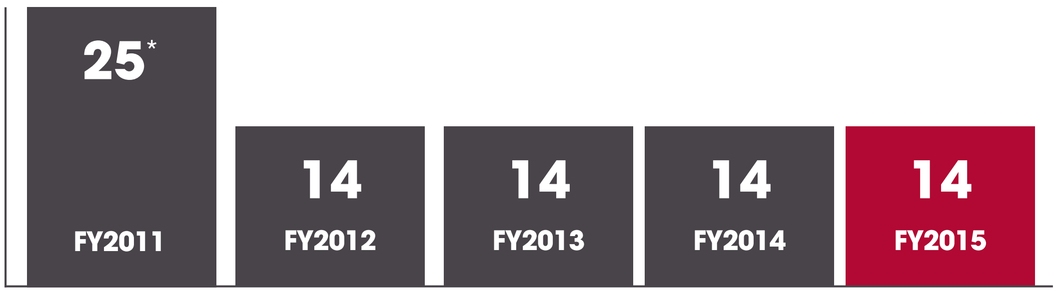
Our relentless desire to succeed

We have the drive, determination and restless desire to achieve our targets and make a real difference.

INVESTMENT CASE

- **SUSTAINABLE BUSINESS MODEL WHICH IS WELL DIVERSIFIED ACROSS GEOGRAPHIES AND SECTORS, COVERING THE DIFFERENT AND COMPLEMENTARY REVENUE STREAMS OF BOTH CONTRACT AND PERMANENT RECRUITMENT**
- **PURE PLAY SPECIALIST STEM RECRUITER WITH MULTIPLE BRANDS TO MAXIMISE OPPORTUNITIES**
- **PARTICIPATION IN MARKETS WHERE DEMAND FOR TALENT EXCEEDS SUPPLY, GIVING STRUCTURAL LONG-TERM GROWTH OPPORTUNITIES**
- **LEADING EDGE, AWARD-WINNING SYSTEMS AND GLOBAL INFRASTRUCTURE PROVIDE A SCALABLE PLATFORM FOR FUTURE GROWTH**
- **CONSISTENT AND ROBUST DIVIDEND TRACK RECORD SUPPORTED BY A STRONG BALANCE SHEET**
- **ENTREPRENEURIAL CULTURE SUPPORTED BY A RANGE OF LONG-TERM EQUITY INCENTIVES TO DRIVE SUSTAINED PERFORMANCE**

DIVIDENDS PER SHARE (pence)



*2011 dividend included a special dividend of 11 pence per share.

WHY STEM?

THE STEM RECRUITMENT MARKET HAS THE FOLLOWING CHARACTERISTICS:

- Highly skilled and niche. Ideal for the specialist recruitment arena, placing candidates with highly sought after technical skills
- A fast growing job market
- Higher earning
- High demand combined with shorter supply
- Higher churn as individuals move to update skills within project based STEM roles
- Contract, our key area of growth, is uniquely suited to the STEM market

DEMAND FOR QUALITY TALENT IN STEM MARKETS IS ON THE RISE, PRIMARILY DUE TO:

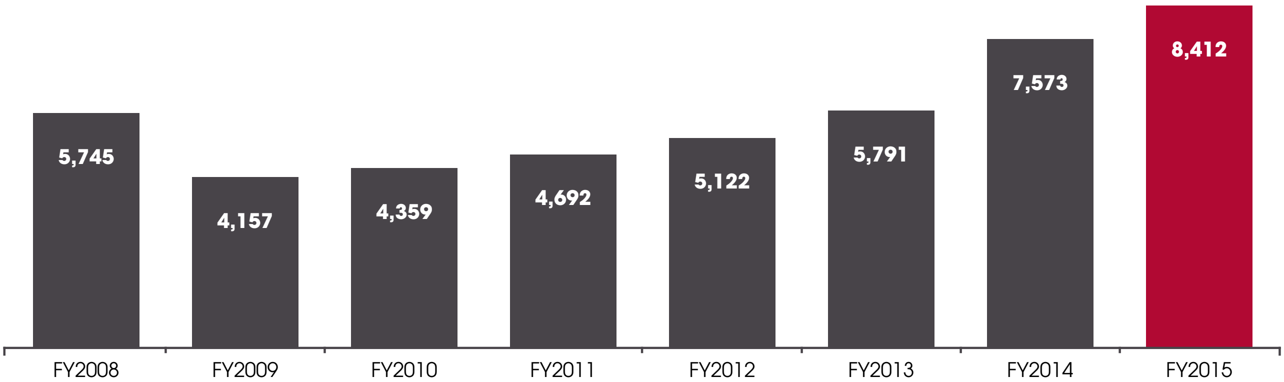
- An ageing workforce
- Expanding client portfolios
- Increasing government and industry regulations
- A shortage of talent entering these industries

WHY FOCUS ON CONTRACT RECRUITMENT?

ALTHOUGH WE HAVE A BALANCED BUSINESS MODEL, INCLUDING BOTH CONTRACT AND PERMANENT, EACH HAVING ITS OWN BENEFITS, OUR CURRENT FOCUS IS ON BUILDING CONTRACT, WHILST BUILDING PRODUCTIVITY IN PERMANENT. OUR CONTRACT RUNNER LEVEL IS AT A RECORD HIGH AND THE REASONS WHY WE WILL CONTINUE TO FOCUS ON GROWTH IN CONTRACT IN 2016 ARE AS FOLLOWS:

- Higher life time value than the Permanent equivalent
- Especially suited to STEM markets, which are often project based and where there is high growth potential
- Greater barriers to entry due to cash requirements and increasing compliance and regulatory requirements
- Better visibility of earnings
- More resilient than Permanent in a less certain climate
- Opportunities to build on existing high standards of client service

CONTRACTOR RUNNER CHART



TRACKER SHARE ARRANGEMENTS

LOW BARRIERS TO ENTRY INTO THE RECRUITMENT MARKET MAKE IT A CHALLENGE TO RETAIN SENIOR STAFF - TRACKER SHARES HELP TO RETAIN STAFF.

The 'tracker share' or Minority Interest ('MI') model helps combat this by allowing selected individuals to invest in the business for which they are responsible. This enables them to share in the success of the business they help to create. This is unique in the sector and helps drive strong retention and ownership behaviours at a senior level.

Tracker shares - how they work

Business valued at fair value at an early stage

Exit Value 1/2 - 2/3 x PAT x PER

- Strong governance via MI Steering Committee
- 2015 settlements £8.5m (2014: £11.5m, 2013: £7m, 2012: £10m)
- Expect future settlement to be £5-£15m in shares
- Settlements entirely at SThree's discretion - no put option

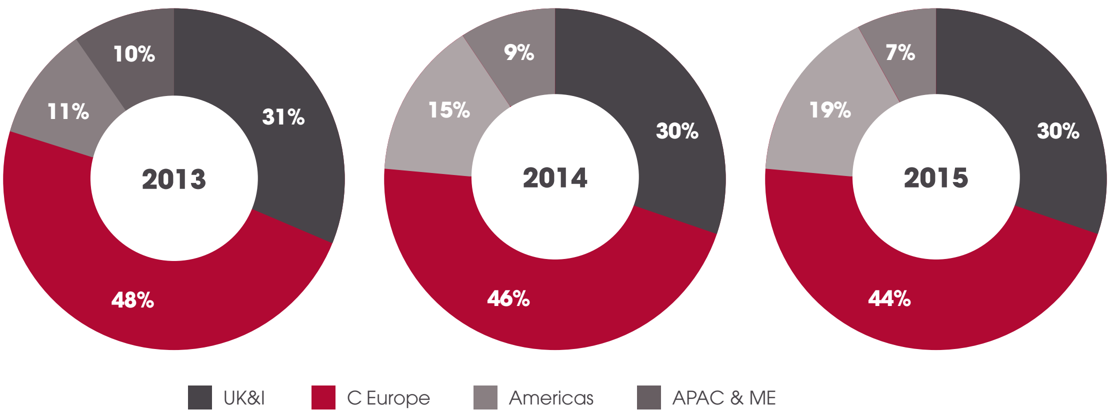
DRIVES STRONG RETENTION AND OWNERSHIP BEHAVIOURS

ACHIEVEMENT AGAINST OUR STRATEGIC PRIORITIES

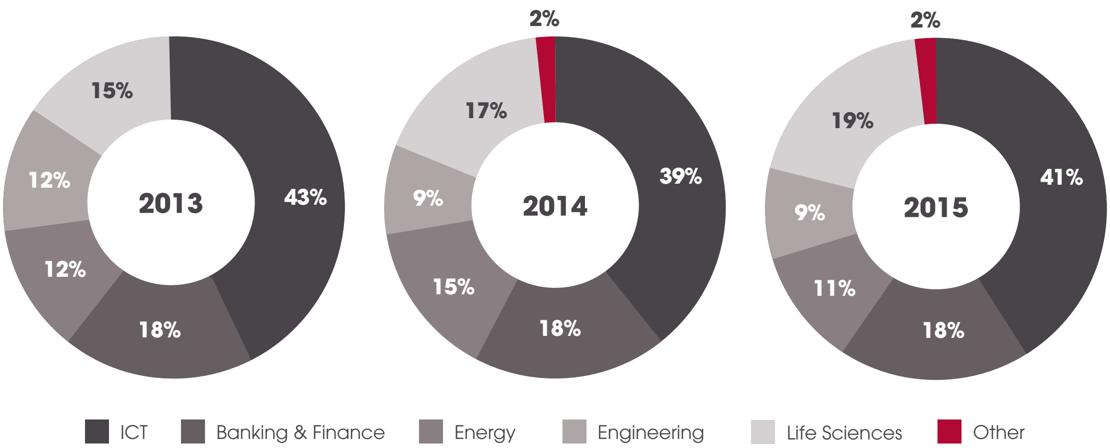
AT OUR 2014 INVESTOR DAY WE PRESENTED A FIVE POINT PLAN FOR GROWTH WHICH INCLUDED A MEDIUM CASE SCENARIO THAT MORE THAN TREBLED PROFIT BEFORE TAX BY 2018.

The 5-point plan is to leverage growth opportunities across our regions, to leverage growth opportunities across our sectors, to focus on Contract, to leverage and build an infrastructure for growth and identify Merger & Acquisition ('M&A') opportunities to expedite growth. This strategy is underpinned by us delivering unparalleled service to existing clients, reaching new clients in our strong specialist areas, and further developing our infrastructure. Our expertise in managing this blend of opportunities will allow us to deliver sustainable returns for shareholders.

GP BUSINESS MIX - GEOGRAPHY



GP BUSINESS MIX - SECTOR

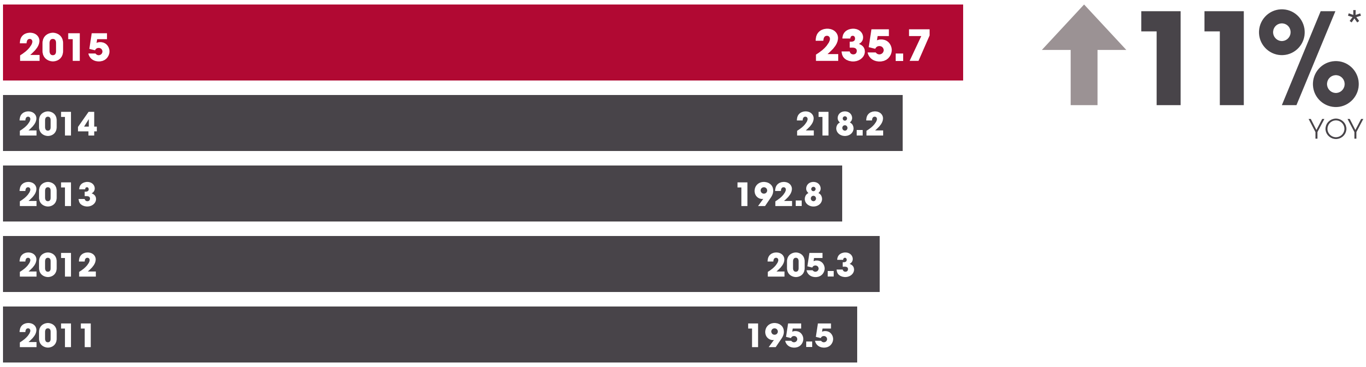


STRATEGIC PRIORITIES	PROGRESS IN 2015
REGIONAL GROWTH:	
Scale the business sustainably by maintaining a diversified business model focusing on growth by region.	• Growth driven by increased returns from existing locations • Strong growth in GP across Americas up 26%* YoY and Continental Europe up 14%* • Accelerated growth in sales headcount in the Americas (up 23%) • Significant investment in our US office capacity with new or larger offices opened / opening in San Francisco, Boston, New York, Minneapolis and Austin
SECTORAL GROWTH:	
Scale the business sustainably by maintaining a diversified business model focusing on growth by sector.	• Strong performances from ICT, Life Sciences and Banking & Finance offsetting weakness in Energy • Replication of our successful Computer Futures ICT business across new geographies, with particular success in the USA
FOCUS ON CONTRACT:	
Scale the business sustainably by focusing primarily on growth in Contract.	• Strong performance with GP +17%* YoY and ahead by 21%* excluding Energy • Contract runners +11% YoY and at a record high • Contract now 64% of GP (FY2014: 61%) and represents 58% of consultant headcount, our highest ever • Employed Contractor Model now established in 6 countries, improving our services to both candidates and clients
PLATFORM FOR GROWTH USING SCALABLE INFRASTRUCTURE:	
Continue to innovate and invest in our cutting edge tools, people and office footprint.	• Our award winning Apollo Search tool is the most innovative technology for searching for global candidates • Continued investment in our global IT infrastructure including moving our Apollo Search tool to a cloud based Salesforce platform, providing a greater range of mobile tools to support our people, candidates and clients • Improving consultant productivity, up 6%* YoY • Significant projects on people engagement and motivation planned for 2016, along with an increased focus on talent development and training • Restructured sub-scale operations and support functions in 2013 & 2014 • Restructure of the Energy business to respond to the adverse market conditions including the closure of our Russian sales office and Indian Resourcer Centre • Tight ongoing control of central costs
ORGANIC GROWTH/M&A:	
Ensuring a suitable mix of home grown/bought in talent, plus monitoring the landscape for potential bolt on acquisitions for more rapid growth/market entry.	• Actively engaged in looking at bolt on M&A opportunities which will expedite the Group's entry or accelerate growth into geographies or sectors

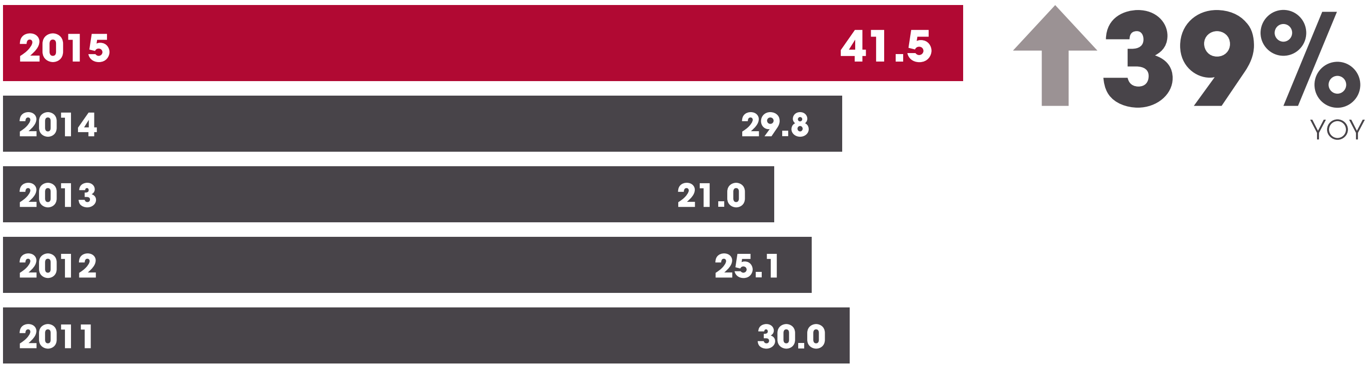
* In constant currency

5 YEAR SUMMARY

GROSS PROFIT (£m)



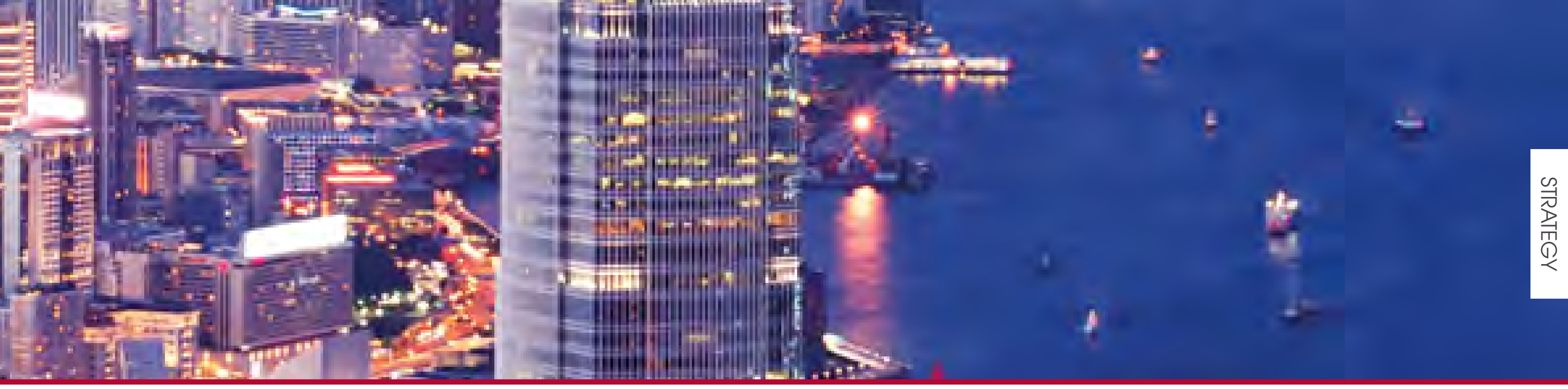
OPERATING PROFIT (£m)



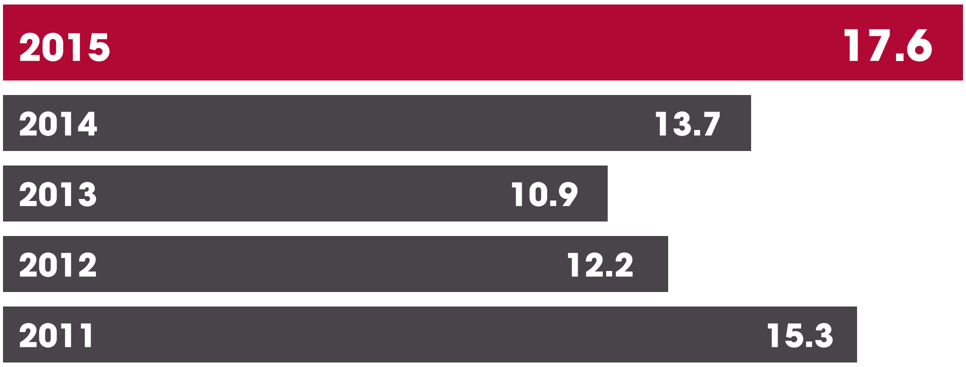
ADJUSTMENTS TO OPERATING PROFIT (£m)

	2015	2014	VARIANCE %
Operating profit after exceptional items	38.8	24.5	+58%
Exceptional restructuring costs	-	5.5	-
Exceptional additional gain on disposal of ITJB	(0.4)	(0.2)	-
Reported operating profit before exceptional items	38.4	29.8	+29%
Energy restructuring	1.6	-	-
Asset impairments and accelerated depreciation	1.5	-	-
Adjusted operating profit	41.5	29.8	+39%

* in constant currency

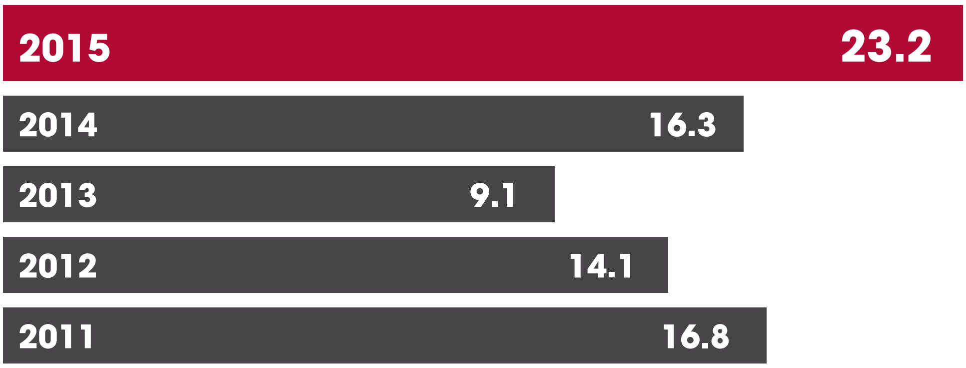


CONVERSION RATIO (%)



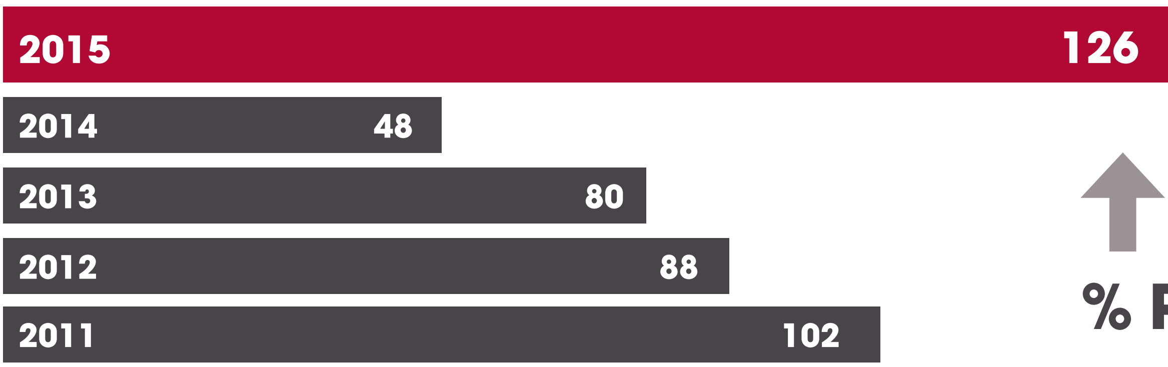
↑3.9 % POINTS YOY

BASIC EARNINGS PER SHARE (pence)



↑42% YOY

CASH CONVERSION (%)



↑78 % POINTS YOY

NOTES

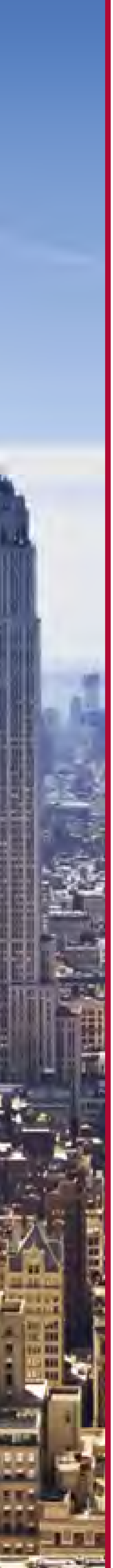
(i) Before exceptional items

(ii) 2013 figures based on a normalised 52 week period

(iii) 2015 figures are adjusted for Energy restructuring and impairment costs of £3.1m to improve comparability, see page 30

"OUR 2015 PERFORMANCE IS A TESTAMENT TO THE STRENGTH OF OUR MANAGEMENT TEAM, OUR STRATEGY AND THE FLEXIBILITY AND COMMITMENT OF OUR HARDWORKING COLLEAGUES."

NEW YORK



CHIEF EXECUTIVE OFFICER'S REVIEW

GARY ELDEN, STHREE CEO

"OUR STRONG 2015 RESULTS DEMONSTRATE THE BENEFITS OF THE GEOGRAPHIC AND SECTORAL DIVERSITY OF OUR OPERATIONS. GP GROWTH OF 11%* YOY HAS BEEN CONVERTED INTO AN EXCELLENT GROWTH IN ADJUSTED OPERATING PROFIT OF 39%, WITH PERFORMANCES FROM OUR ICT AND LIFE SCIENCES BUSINESSES BEING PARTICULARLY PLEASING.

"Our Contract business performed strongly, with Contract GP increasing by 17%* YoY and enters the year in good shape with a record Contract book.

"Our Americas business produced another excellent performance with GP up by 26%* YoY driven by growth in ICT, Life Sciences and Banking & Finance. Our US growth prospects are exciting and we are continuing to invest for the future adding further space in New York and new offices in Austin and Minneapolis during H1 2016."

GROUP GP

↑ 11%* YOY

ADJUSTED OPERATING PROFIT

↑ 39% YOY

* In constant currency

OVERVIEW

Group GP for the year was up 11%*, driven by positive results from our continued investment in Contract, our drive to build productivity in Permanent and our ability to capitalise on opportunities in key markets, especially the Americas and Continental Europe. We responded decisively to rebalance our sector portfolio in the face of challenging conditions in the Energy recruitment market and the strong overall performance demonstrates the inherent benefit of remaining well-diversified by sector and geography, with strong growth in ICT and Life Sciences helping to offset the Energy weakness.

Increased GP was converted into an excellent growth in adjusted operating profit of 39%. Reported operating profit grew by 29%. The growth in profit, despite adverse conditions in the Energy market, reflects a combination of headcount and productivity growth along with savings from the closure of loss making offices in FY2015 and prior years. Headcount build also remained modest as we transferred a number of our Permanent Energy consultants to alternative sectors and rebalanced the business.

Our Contract business performed strongly, with Contract GP increasing by 17%* YoY. The final quarter was the eighth consecutive quarter of double digit GP growth achieved by Contract since it was given greater strategic focus. Although comparatives for the final quarter were particularly strong, we exit the year in good shape with a record Contract book.

We believe our performance during the year is a testament to the strength of our management team, our strategy and the flexibility and commitment of our hardworking colleagues.

Breakdown of GP	**FY2015 %**	**FY2014 %**
Contract/ Permanent Split		
Contract	64%	61%
Permanent	36%	39%
	100%	**100%**
Geographical Split		
UK&I	30%	30%
Continental Europe	44%	46%
Americas	19%	15%
Asia Pacific & Middle East	7%	9%
	100%	**100%**
Sector Split		
ICT	41%	39%
Banking & Finance	18%	18%
Energy	11%	15%
Engineering	9%	9%
Life Sciences	19%	17%
Other	2%	2%
	100%	**100%**

* In constant currency

OPERATING REVIEW

BUSINESS MIX

Contract is well suited to our STEM market focus and geographical mix. It remained the key area of focus throughout the year. Although both divisions were adversely impacted by the weaker Energy sector, we achieved excellent growth in overall Contract GP and robust growth in Permanent yields.

Contract GP, which represented 64% of GP, increased by 17%* YoY (up 21%* excluding Energy). This was driven by a 15% increase in average Contract headcount and a 2%* improvement in consultant yields. The Contract exit rate for 2015 was strong, with period end runners at a record level at 8,412, up 11% (up 15% excluding Energy). This strong runner position, combined with period end Contract consultant headcount up 16% YoY, provides a strong platform to build from in 2016. Year-end gross profit per day rates were up 3%*, largely due to a change in the geographical and sector mix. Building our Contract teams will continue to be a key focus in 2016.

Permanent GP, which represented 36% of Group GP, grew by 3%*, impacted significantly by the sharp downturn in the Energy market (Group Permanent GP grew by 11%* excluding Energy). This was reflected in a 9%* increase in average yields, offset by a 6% decrease in average headcount. Average Permanent fees were up 3%* YoY. Period end consultant headcount in our Permanent business was down 7% largely due to the reduction in our Energy business. We expect to increase investment in Permanent selectively in 2016, where there is evidence of improving candidate and client confidence, but our primary focus will be on improving yields.

GROUP

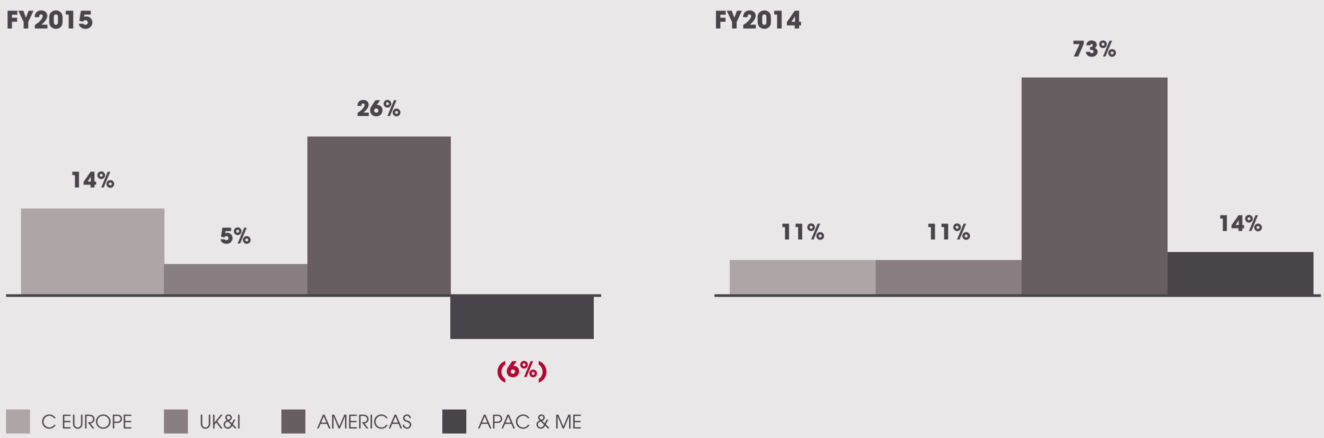
	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+17%	+3%	+11%	 Perm 36% / Cont 64%	+15%	(6%)	+5%

REGIONAL GROWTH

We saw growth across our international foot print, building scale and critical mass in our existing 41 offices in 15 countries, of which 29 are outside of the UK.

An overview of each of our 4 regions, Continental Europe, UK&I, Americas and APAC & ME, is provided by the regional heads overleaf.

GROWTH / (DECLINE) BY REGION



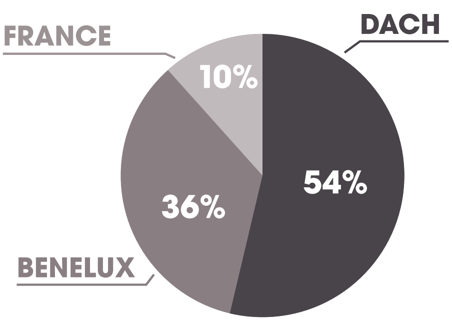
* In constant currency

CONTINENTAL EUROPE

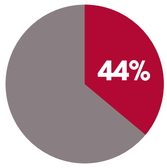
DAVE REES,
REGIONAL MANAGING DIRECTOR,
CONTINENTAL EUROPE

CONTRACT GP **+19%***

ICT GP **+17%*** YOY



CONTINENTAL EUROPE DELIVERED STRONG GP GROWTH OF 14%* YOY TO £103.2M (2014: +11%*), ONE OF THE STRONGEST YEARS SINCE THE GLOBAL FINANCIAL CRISIS. GROWTH WAS WIDE-SPREAD ACROSS ALL AREAS AND SECTORS.



% OF GROUP

All areas saw strong double digit GP growth YoY, with Benelux up 18%*, France up 14%* and DACH up 12%*, with a particularly strong performance in Contract driving these results.

Contract focused on building consultant headcount in the year, up 20% YoY, whilst still increasing GP per head by 3%* and GP up 19%*. Permanent focused on improving productivity, with consultant headcount remaining broadly flat, with GP per head up 14%* YoY and GP up 6%* YoY.

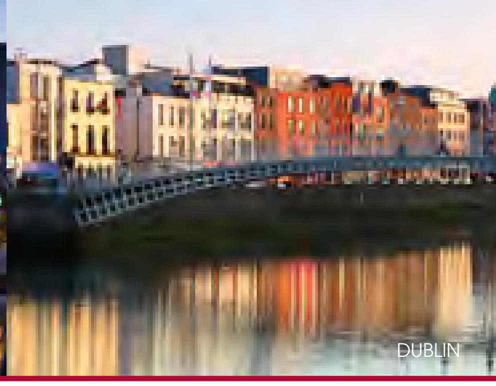
The region had a strong performance across all sectors during the year. ICT, our largest sector, now represents 50% of the region (2014: 48%) and grew by 17%* YoY, while Engineering, which represents 12% of the region (2014: 10%) grew by 33%* YoY. Energy, which is mainly focused on the midstream and downstream markets, still grew 9%* YoY.

The region enjoyed a strong conversion of incremental gross profit to operating profit, driven by strong productivity growth, additional headcount and a tight control of costs.

Continental Europe is a core part of the Group, representing 44% of total GP. We believe our experienced management team and tight control of the cost base, position us well to drive the business forward.

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+19%	+6%	+14%	Perm 36%  Cont 64%	+16%	(6%)	+5%

* In constant currency



UK & IRELAND

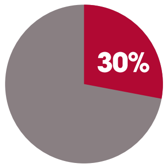
MIKE WALKER,
REGIONAL MANAGING DIRECTOR,
UK & IRELAND

ICT GP **+14%*** YOY

PERMANENT GP PER HEAD **+4%*** YOY

CONTRACT GPDR **+2%*** YOY

UK&I DELIVERED ROBUST GP GROWTH OF 5%* YOY TO £69.5M (2014: +11%*), WITH BROADLY SIMILAR LEVELS OF GROWTH IN BOTH CONTRACT AND PERMANENT YOY.



% OF GROUP

Contract benefitted from a 2%* improvement in gross profit per day rate ('GPDR') and an improvement in the average salaries of contractors, seeing GP grow by 5%* YoY. On Permanent, GP per head was up 4%* YoY, resulting in overall GP up 4%* YoY.

ICT and Life Sciences continued to perform well in the year. We saw strong growth in our ICT sector, up 14%* YoY and now representing 55% of the region (2014: 50%), while Life Sciences is up 17%* YoY, now representing 10% of the region, up from 8% in 2014.

The region, which includes a London based team working the Africa market, was heavily impacted by the downturn in the Energy sector, with the majority of our clients being in the more affected upstream market.

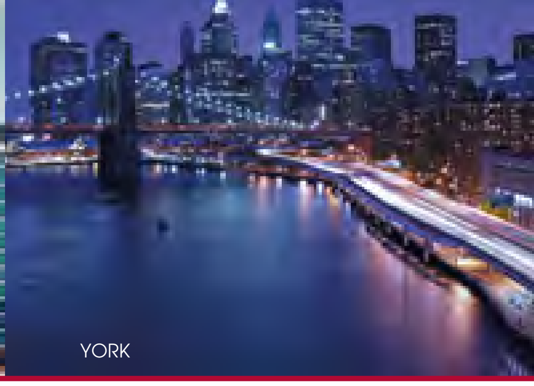
The region benefitted from a strong conversion of incremental gross profit to operating profit during the year.

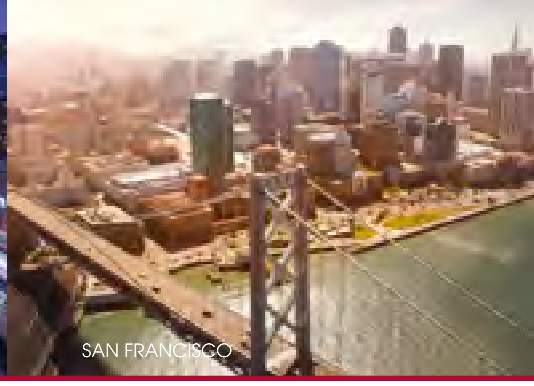
We piloted our new manager development programme in the region and due to its success are now rolling it out across Europe.

Mike Walker now heads up the UK&I region, following a change in senior management from September.

	GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	**+5%**	**+4%**	**+5%**		**+8%**	**0%**	**+5%**

* In constant currency





AMERICAS

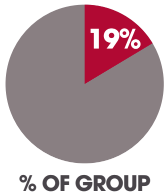
**STEVE QUINN,
CEO, AMERICAS**

CONTRACT GP +44%* YOY

PERMANENT AVERAGE FEE +10%* YOY

AVERAGE CONSULTANT HEADCOUNT +23% YOY

FOR THE THIRD YEAR IN A ROW, THE AMERICAS GENERATED THE FASTEST GROWTH FOR THE GROUP WITH GP GROWTH OF 26%* YOY, NOW REPRESENTING 19% OF GROUP GP (2014: 15%). GROWTH WAS LARGELY DRIVEN BY THE CONTRACT BUSINESS GROWING 44%* YOY, WITH PERIOD END CONTRACT RUNNERS UP 21% YOY.



Excluding Energy, total GP grew 43%* YoY. Despite the challenging market conditions in Energy, we grew Energy Contract by 6%* YoY but saw declines in Permanent.

Permanent GP growth was up 6%* YoY. Excluding Energy, Permanent GP growth was up 23%* YoY, driven by strong average fee growth in Life Sciences up 4%*, Banking & Finance up 11%* and Energy up 13%*.

ICT outpaced all sector growth, now accounting for 10% of the US mix (2014: 5%). Life Sciences, our largest sector, grew 48%* YoY and now is 43% of our sector mix (2014: 36%) in the US.

We made significant investments in our sales headcount and office space to capitalise on the strong growth we experienced during 2015, with average sales headcount up 35% YoY. Despite this investment, our productivity per consultant improved, up 3%* YoY.

We continued to invest in infrastructure in the US during 2015, which included the addition of our first externally hired operational Senior Executive in the US to head the Life Sciences brand, Real Staffing, as well as a senior finance leader.

In 2015, we expanded our New York office space and have now opened offices in Austin and Minneapolis during early 2016.

Exiting the year, we continue to experience strong performance from the Americas region and expect continued growth in 2016.

	GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+44%	+6%	+26%		+39%	+7%	+23%

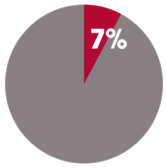
* In constant currency

APAC & ME

JUSTIN HUGHES,
CEO, APAC & ME

CONTRACT GP **+10%*** YOY

TOTAL GP PER HEAD **+13%*** YOY



ASIA PACIFIC ("APAC") & MIDDLE EAST ("ME") WAS SIGNIFICANTLY IMPACTED BY THE DOWNTURN IN THE ENERGY MARKET AND THIS IS REFLECTED IN THE DROP IN GP IN THE YEAR, DOWN 6%* YOY. THE ENERGY SECTOR NOW REPRESENTS 28% OF THE REGION (2014: 43%), EXCLUDING ENERGY TOTAL GP GREW 19%*. APAC IS ALSO FEELING THE IMPACT OF THE SLOWING OF GROWTH IN CHINA AND THE REDUCED DEMAND FOR ENERGY, MINING AND MINERALS IN AUSTRALIA.

Contract GP in the year was up 10%* YoY as a result of improved productivity, with yields up 16%* YoY, and GPDR up 8%* YoY.

Permanent GP was down YoY, as a direct result of the downturn in the Energy market.

APAC currently represents 6% of group GP. Total GP in the region was down 3%* YoY as a result of the Permanent division, down 10%* YoY. The Permanent division was impacted by Energy, which now represents 18% of GP (2014: 33%).

ICT continued to show strong growth YoY, with total GP up 37%* YoY, along with Life Sciences and Banking & Finance which were up 38%* and 12%* respectively.

ME represents 2% of group GP, with Dubai making up 91% of ME. GP was up 3%* YoY, with Contract GP up 24%* YoY. The Contract performance was due to the Banking & Finance and Energy sectors, with Energy improving YoY by 15%* and a strong increase in GPDR overall, up 32%* YoY.

The region has mitigated the impact of difficult trading by restructuring to a more efficient operating model, which has resulted in an improvement in profitability.

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+10%	(13%)	(6%)		(5%)	(21%)	(17%)

* In constant currency

SECTOR DIVERSIFICATION AND EXPANSION

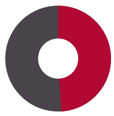
In response to market demands and opportunities during the year, we continued to make significant progress in diversifying our five core sectors: ICT, Banking & Finance, Energy, Engineering and Life Sciences. While our results continued to be impacted by the ongoing weak activity in the Energy market, all other sectors performed strongly, with ICT up 19%* YoY and Life Sciences up 20%* YoY.

ICT

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+22%	+13%	+19%	Perm 29%  Cont 71%	+23%	+7%	+17%

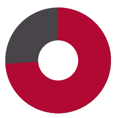
ICT is our largest and most established sector and consequently the majority of its business is in the more mature UK and European markets. GP for the year was up 19%* YoY with exciting growth in the Americas, where we expect to continue to grow rapidly in this vast domestic specialist staffing market.

BANKING & FINANCE

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+18%	(2%)	+7%	Perm 51%  Cont 49%	+8%	(13%)	(6%)

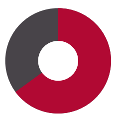
Our Banking & Finance sector had a good overall performance in the year, with GP up 7%* YoY, including a strong performance from Contract, particularly in the Americas.

ENERGY

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	(4%)	(44%)	(19%)	Perm 26%  Cont 74%	+1%	(49%)	(25%)

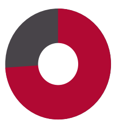
While overall conditions in the Energy market remain challenging, our Contract business is proving, as expected, to be more resilient. Energy GP over the year was down 19%* YoY. Permanent GP was down 44%* YoY and Contract GP down 4%* YoY, broadly in line with headcount down 78% in Permanent and 13% in Contract since the start of the year. During the year we reshaped and right-sized our Energy teams including exiting our Russia business and reducing our exposure to the Upstream Permanent market in particular.

ENGINEERING

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+11%	+16%	+12%	Perm 35%  Cont 65%	(4%)	+17%	+5%

The Engineering sector saw strong growth across both Contract and Permanent, albeit against weaker comparators, with total GP up 12%* YoY and a strong performance across Continental Europe in particular.

LIFE SCIENCES

	GP GROWTH YOY			FY2015 MIX	AVERAGE CONSULTANT GROWTH YOY		
	CONT	PERM	TOTAL		CONT	PERM	TOTAL
FY 2015	+20%	+20%	+20%	Perm 42%  Cont 58%	+24%	+9%	+15%

Life Sciences GP was up 20%* YoY, with strong performances across both Contract and Permanent, particularly in the Americas and Asia Pacific & Middle East.

* In constant currency

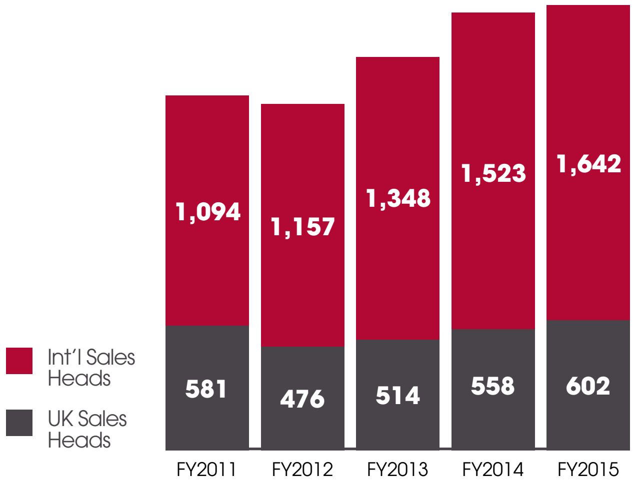
HEADCOUNT

The Group ended 2015 with a total headcount of 2,847, an increase on the prior year of 10% (2014: 2,578). Group average headcount was up 7% at 2,667 (2014: 2,487), reflecting targeted investment in sales headcount during the course of the year to capitalise on stronger markets and sectors plus investment in our support heads to improve the client, candidate and consultant experience.

Our sales headcount at 30 November 2015 at 2,244 (2014: 2,081) was up 8% YoY (and up 15% excluding Energy). YoY UK&I sales headcount was up 4%, Continental Europe was up 12%, Americas was up 35% and Asia Pacific & Middle East was down 28%, reflecting headcount reductions in its Energy business.

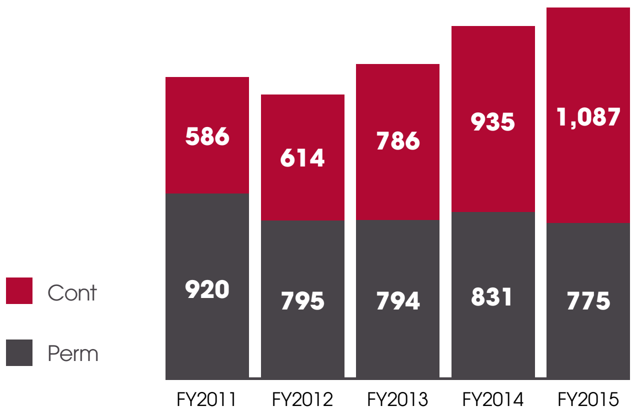
	FY2011	FY2012	FY2013	FY2014	FY2015
Year End Total Heads	2,204	2,116	2,327	2,578	2,847

	FY2011	FY2012	FY2013	FY2014	FY2015
Year End Sales Heads	1,675	1,633	1,862	2,081	2,244



Consultant headcount mix continued to shift in favour of Contract during the year in line with our strategy, with Contract consultant headcount up 16% and Permanent consultant headcount down 7%. At the year-end, Contract consultant headcount represented 58% of total consultant headcount.

	FY2011	FY2012	FY2013	FY2014	FY2015
Year End Consultants	1,515	1,409	1,580	1,766	1,862



OUTLOOK

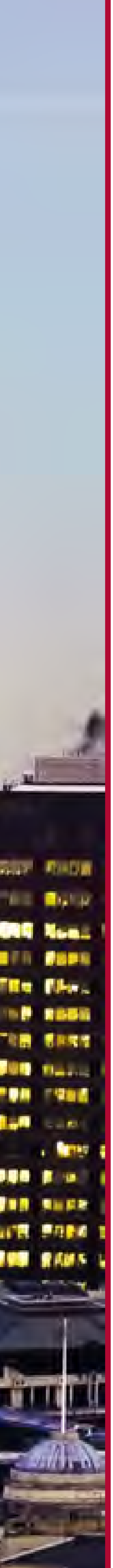
While the trading environment remains broadly positive in the majority of our territories, we note that the global macro-economic uncertainties we identified in our last trading update have increased further in early 2016, with greater risks to global growth. Oil and Gas market conditions remain challenging and FX volatility persists.

Against this backdrop, we will continue to invest selectively in our high performing teams around the world to grow our business and capitalise on market opportunities, especially in Contract, ICT, Life Sciences and the Americas. The expanded Contract book, combined with increased investment in our Contract infrastructure and teams give us a strong base from which to grow in the coming years.

* in constant currency

"STRONG FINANCIAL PERFORMANCE AS WE DELIVERED AN EXCELLENT ADJUSTED OPERATING PROFIT GROWTH OF 39% AND IMPROVED OUR CASH CONVERSION AND BALANCE SHEET POSITION."

LONDON



CHIEF FINANCIAL OFFICER'S REVIEW

ALEX SMITH, STHREE CFO

IN 2015, WE DELIVERED A VERY STRONG FINANCIAL RESULT WITH ADJUSTED OPERATING PROFIT UP 39%, ADJUSTED BASIC EPS UP 42% AND ADJUSTED CASH CONVERSION OF 126%.

ADJUSTED PBT
39% YOY

ADJUSTED CONVERSION RATIO
3.9% POINTS YOY

ADJUSTED BASIC EPS
42% YOY

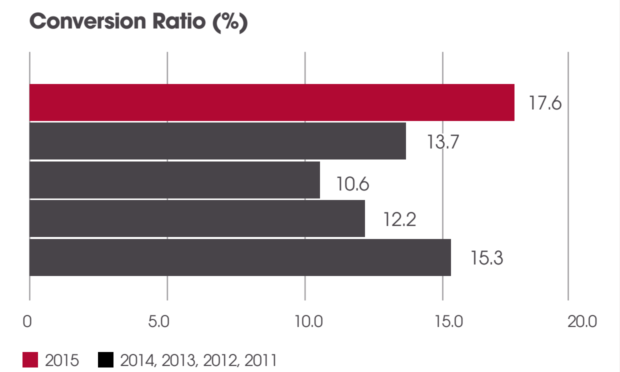
ADJUSTED CASH CONVERSION
78% POINTS YOY

	2015		2014	Variance	
	Adjusted(1)	As reported(2)		Adjusted	As reported
	£m	£m	£m	%	%
Revenue	848.8	848.8	746.9	+17%*	+14%
Gross profit	235.7	235.7	218.2	+11%*	+8%
Operating profit	41.5	38.4	29.8	+39%	+29%
Profit before taxation	40.8	37.7	29.3	+39%	+29%
Basic earnings per share	23.2p	20.8p	16.3p	+42%	+28%
Total dividend (interim and final)	14.0p	14.0p	14.0p	-	-
Operating profit conversion ratio	17.6%	16.3%	13.7%	+3.9% pts	+2.6% pts

(1) Adjusted for the impact of £3.1m of costs in relation to the restructuring of the Energy business and the impairment and accelerated amortisation of certain IT assets.
(2) The figures presented above exclude the impact of exceptional items (2015: pre-tax income £0.4m, 2014: pre-tax net costs £5.3m).

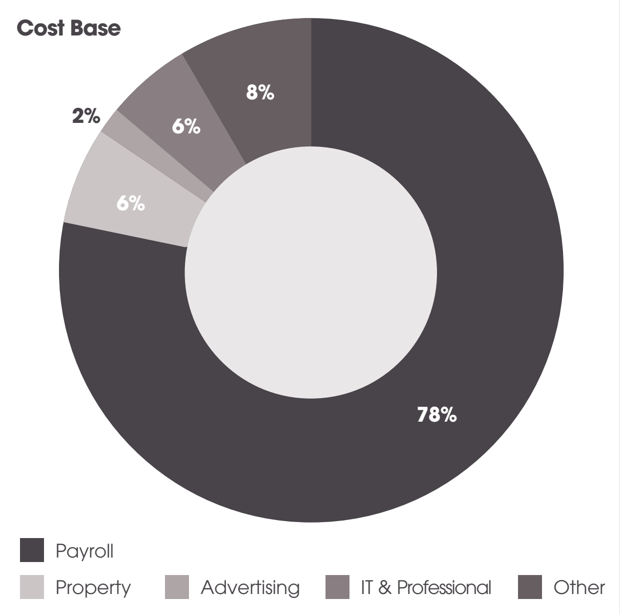
Revenue for the year increased by 17%* to £848.8m (2014: £746.9m) and GP grew by 11%* to £235.7m (2014: £218.2m). The overall GP margin decreased to 27.8% (2014: 29.2%) as the business continued to remix towards Contract, which represented 64% of GP in 2015 (2014: 61%). The Contract margin has remained robust at 19.8% (2014: 20.0%) while the average GPDR was up 3%* YoY.

Increased GP converted into a 39% growth in adjusted operating profit, resulting in an improved adjusted conversion ratio, up 3.9 percentage points to 17.6% (2014: 13.7%). Reported operating profit grew by 29%, resulting in a reported conversion ratio of 16.3%, up 2.6 percentage points. The growth in profit, despite a challenging Energy market, reflects the beneficial operational gearing of the business and savings from closing a number of loss making offices in the current and prior years.



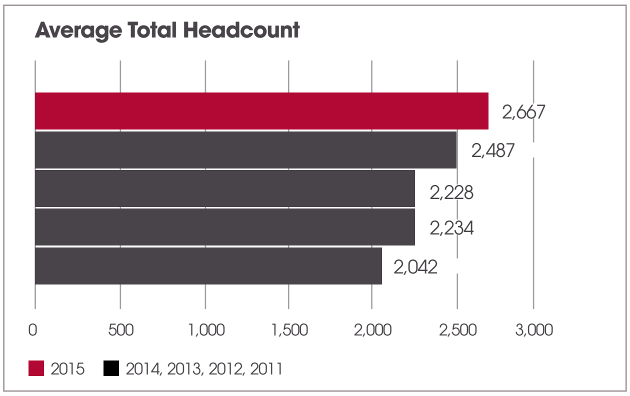
Reported operating costs increased by 5% to £197.3m (2014: £188.5m), represented mainly by a 7% increase in Group average headcount and £3.1m of costs incurred in relation to the restructuring of the Energy business and impairment of IT assets, with some savings coming from the closure of loss making offices.

Average total headcount at 2,667 (2014: 2,487) was 7% higher YoY and year-end headcount was 2,847 (2014: 2,578), up 10% YoY, reflecting targeted investment in sales headcount, mainly in Contract, to support growth opportunities in our stronger markets and sectors, plus investment in support service heads to improve the experience for clients, candidates and consultants.



At the year-end, Contract consultant headcount represented 58% of total consultant headcount (2014: 53%).

Adjusted profit before tax ("PBT") for the year was £40.8m (2014: £29.3m), up 39% YoY and statutory PBT after exceptional items was up 59% YoY at £38.1m (2014: £24.0m).



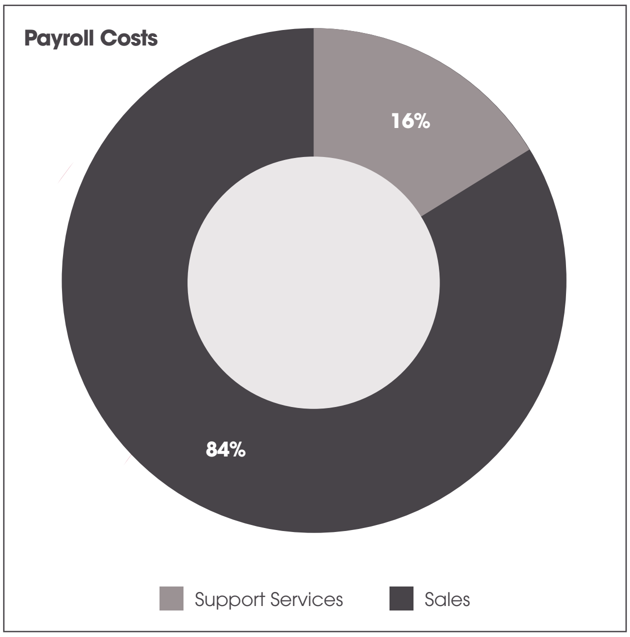
RESTRUCTURING AND IMPAIRMENTS

During the year, we incurred £3.1m of costs on restructuring and right sizing of the Energy business and the impairment and accelerated amortisation of certain IT assets due to a new system implementation. The costs arose as part of decisions made during the ordinary course of business and differed from those separated as 'exceptional' last year which were incurred as a result of a group-wide restructuring. However, due to their collective quantum, the costs have been separately highlighted to provide further information to readers to help understand the Group's underlying results for the year ("Adjusted"). The Group's adjusted profit figures for the year are presented in various sections of this Annual Report.

These costs resulted in a cash outflow of £0.5m during the year with a further cash outflow of £0.7m expected in FY2016.

TAXATION

The taxation charge on reported PBT for the year was £11.4m (2014: £9.1m), representing an effective tax rate ("ETR") of 30% (2014: 31%). The ETR primarily reflects our

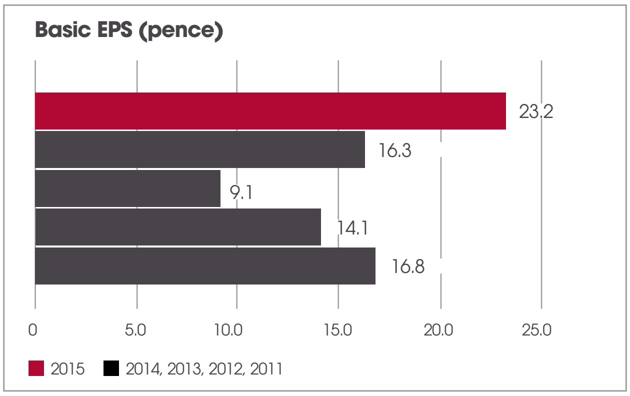


geographical mix of profits and an ongoing prudent approach to the treatment of tax losses. The underlying ETR will also be influenced by any changes to taxation rates and legislation which may result from the ongoing OECD initiatives. While we do not anticipate significant changes based on the announcements to date, we will continue to monitor and assess the impact of any changes as they are implemented.

The ongoing reduction in the UK headline corporate tax rate and the opportunity to utilise unrecognised tax losses is anticipated to result in a gradual reduction in the ETR in the near to medium term.

EARNINGS PER SHARE ("EPS")

Adjusted basic EPS increased by 42% to 23.2p (2014: 16.3p), driven by growth in GP and improved operating profit. Reported basic EPS grew by 28% to 20.8p. The weighted average number of shares used for basic EPS increased by 3% to 127.0m (2014: 123.7m). Reported diluted EPS were 19.9p (2014: 15.1p), up 32%. Share dilution mainly results from various share options in place and unsettled tracker shares. The dilutive effect on EPS from tracker shares will vary in future periods depending on the profitability of the underlying tracker businesses, the volume of new tracker arrangements created and the settlement of vested arrangements.



DIVIDENDS

The Board remains committed to a sustainable dividend policy while maintaining a strong financial position to support the required investment in the further growth and development of the business.

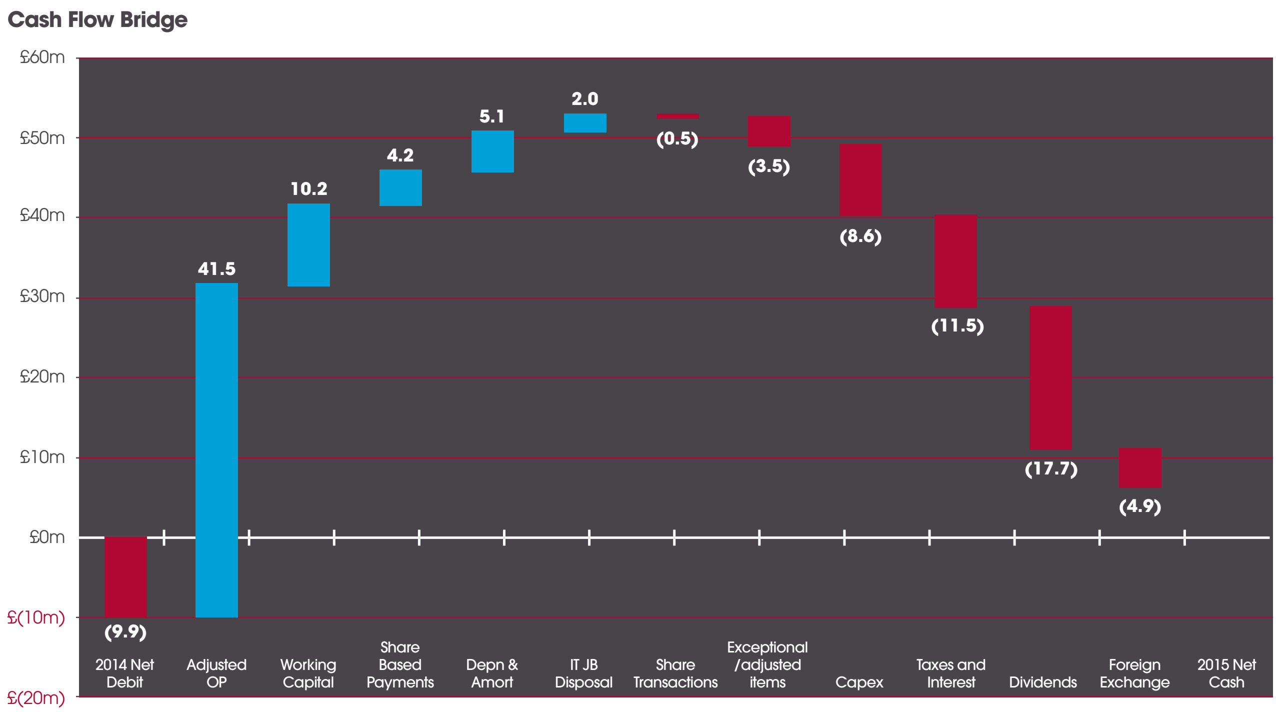
The Board has proposed a final dividend of 9.3p per share (2014: 9.3p). When taken together with the interim dividend of 4.7p per share (2014: 4.7p), this brings the total dividend for the year to 14.0p per share (2014: 14.0p). This represents a dividend yield of 4% based on the average share price for the year.

The final dividend, which amounts to circa £12.0m, will be paid, subject to shareholder approval, on 3 June 2016 to shareholders on the register on 29 April 2016.

SHARE OPTIONS AND TRACKER SHARE ARRANGEMENTS (MINORITY INTERESTS OR MI MODEL)

We recognised a share-based payment charge of £4.1m during the year (2014: £2.1m) for the Group's various share-based incentive schemes. This higher charge is primarily due to an improvement in performance against the EPS target in the Long Term Investment Plan (LTIP) schemes.

We also operate a tracker share model to retain key entrepreneurs within the business. Of the vested tracker shares, we settled certain tracker shares during the year for a total consideration of £8.5m (2014: £11.5m) which was determined using a formula in the Articles of Association underpinning the tracker share scheme. We settled the consideration in SThree plc shares by issuing 2.2m new shares. Consequently, the arrangement is deemed as an equity-settled share-based payment scheme under IFRS 2 "Share-based payments", with no charge to the income statement. We expect future tracker share settlements to be between £5m to £15m per annum which we intend to settle either by new issue SThree plc shares or treasury shares. These settlements will either dilute the earnings of the existing ordinary shareholders if funded by new issue of shares or will result in cash outflow if funded via treasury shares.



Note 1: All figures are in £'m

FINANCIAL POSITION

The Group's net assets increased to £59.4m at 30 November 2015 (2014: £51.3m), mainly due to the excess of profits over the dividend payments during the year.

The most significant item in the statement of financial position is trade and other receivables. Net trade receivables (including accrued income) decreased by 7% to £150.7m (2014: £161.6m) mainly due to 3 days reduction in Days Sales Outstanding ("DSOs") to 38 days (2014: 41 days), reflecting a greater focus in this area. Trade and other payables increased from £115.0m to £117.0m; however, creditor days decreased to 19 days (2014: 20 days).

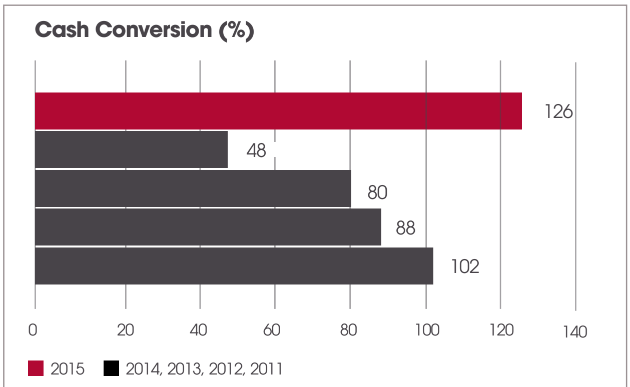
CASH FLOW

We started the period with net debt of £9.9m. Cash flow in the year was strong as we generated cash from operations of £60.3m (2014: £20.1m), mainly due to improved profits, slower growth of the contract runner book and robust working capital management throughout the year. As a result, the reported cash conversion ratio improved by 86 percentage points to 134% (2014: 48%) and on an adjusted basis it improved by 78 percentage points to 126% (2014: 48%).

The cash outflow on capital expenditure increased to £8.6m (2014: £5.9m) which broadly related to investment in new computer equipment across the Group and software and system development costs as we continue to upgrade our technology platform.

Cash outflow from previously recognised exceptional items was £3.0m (2014: £4.8m) and we received £2.0m on the final earn out for the ITJob Board which we disposed of in 2013. Income taxes paid increased to £10.8m (2014: £9.4m), dividend payments slightly increased to £17.7m (2014: £17.2m) and £1.1m was paid for the purchase of own shares to satisfy future employee share schemes.

We closed the financial year with net cash of £6.2m, despite adverse currency movements of £4.9m (2014: £2.1m), an increase in net cash of £16.1m.



TREASURY MANAGEMENT

We finance the Group's operations through equity and bank borrowings. We intend to continue this strategy while maintaining a strong balance sheet position. We have a committed revolving credit facility ("RCF") of £50m in place with RBS and HSBC which expires in May 2019 and was unutilised at the year-end (2014: utilised £24.0m). In addition, we signed a £5m overdraft facility with RBS during the year. The RCF is subject to conventional covenants and funds borrowed under this facility bear interest at a minimum annual rate of 1.3% above 3 month Sterling LIBOR giving an average interest rate of 1.8% during the year (2014: 1.8%). This resulted in finance costs for the year of £0.8m (2014: £0.6m).

The Group has a notional cash pool between its Eurozone subsidiaries and a UK-based treasury subsidiary.

FOREIGN EXCHANGE

Foreign exchange volatility continues to be a significant factor in the reporting of the overall performance of the business with the main functional currencies of the Group being Sterling, the Euro and the US Dollar.

For 2015, currency movements versus sterling represented a significant headwind for the reported performance in the year. Over the course of the year, exchange rate movements reduced our GP and operating profit by circa £8.0m and £2.7m, respectively.

Exchange rate movements remain a material sensitivity. By way of illustration, each 1 percent movement in annual exchange rates of the Euro and the US Dollar impacted our 2015 GP by £1.1m and £0.5m respectively per annum; and 2015 operating profits by £0.4m and £0.1m respectively per annum.

The Board reviews its currency hedging strategy periodically to ensure that it remains appropriate. The Group does not hold or use derivative financial instruments for speculative purposes.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Other principal risks and uncertainties generally affecting the business activities of the Group are detailed within the Strategic section of the Annual Report.

In terms of macroeconomic environment risks, our strategy is to continue to grow the size of our international business and newer sectors, in both financial terms and geographical coverage. This will help reduce our exposure or reliance on any one specific economy, although a downturn in a particular market could adversely affect the Group's key risk factors.

In the view of the Board, there is no material change expected to the Group's key risk factors in the foreseeable future.

* in constant currency

KEY PERFORMANCE INDICATORS

FINANCIAL KEY PERFORMANCE INDICATORS ('KPIs')

We measure our progress against our strategic objectives using the following KPIs:

REVENUE

HOW IS IT MEASURED

Total fees earned by the Group, before any cost deductions.

WHAT DOES IT REPRESENT

Revenue is a very broad indicator of how the business is trading.

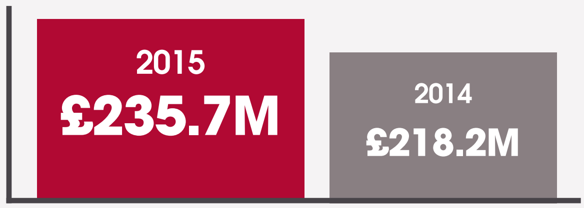
GROSS PROFIT ('GP')

HOW IS IT MEASURED

Revenue less cost of sales. Also known as Net Fee Income.

WHAT DOES IT REPRESENT

A very broad indicator of how the business is developing and growing over time.



ADJUSTED OPERATING PROFIT ('OP')

HOW IS IT MEASURED

GP less administrative expenses before exceptional and other adjusting items.

WHAT DOES IT REPRESENT

Same as above, although this measure also shows how efficient we are in terms of managing our cost base. A key strategic measure and component of the Group's bonus arrangements.

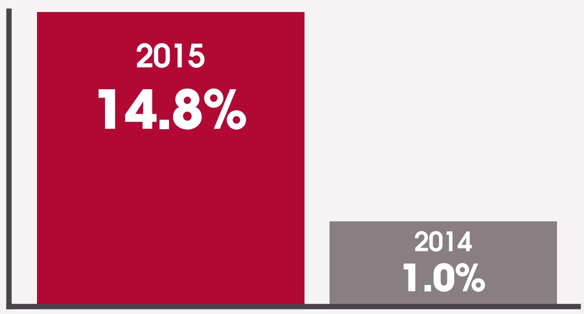
TOTAL SHAREHOLDER RETURN ('TSR')

HOW IS IT MEASURED

TSR is defined as share price growth plus dividends attributable to shareholders over a specific period.

WHAT DOES IT REPRESENT

Generally used by investors but also for the Group's LTIP (over a 3 year vesting period).



ADJUSTED BASIC EARNINGS PER SHARE ('EPS')

HOW IS IT MEASURED

Profit before exceptional and other adjusting items for the year attributable to the company's owners divided by the weighted average number of shares in issue during the year.

WHAT DOES IT REPRESENT

Generally used by investors but also for the Group's LTIP (over a 3 year period) and a key element under the Group's tracker share settlement formula.

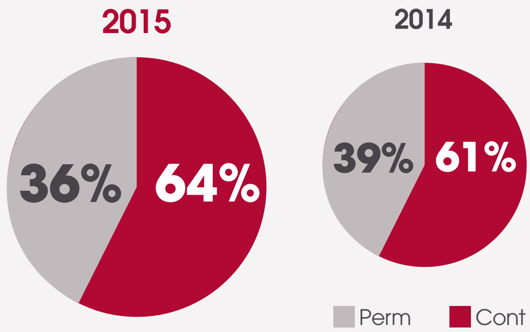
CONTRACT/PERMANENT MIX

HOW IS IT MEASURED

Proportion of GP attributable to Contract and Permanent placements.

WHAT DOES IT REPRESENT

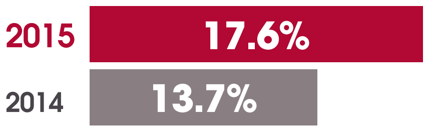
Having a mix of both Contract and Permanent business helps to protect the Group from cyclical extremes, typical of the recruitment sector.



CONVERSION RATIO

HOW IS IT MEASURED

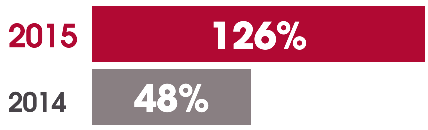
Operating profit before exceptional and other adjusting items stated as a percentage of GP measures how productive consultants are, how effective we are at controlling the costs associated with normal operations and our level of investment for the future.



CASH CONVERSION RATIO

HOW IS IT MEASURED

Calculated as the cash generated from operations for the year after deducting capex, stated as a percentage of operating profit before exceptional and other adjusting items and is a measure of the Group's ability to convert profit into cash.



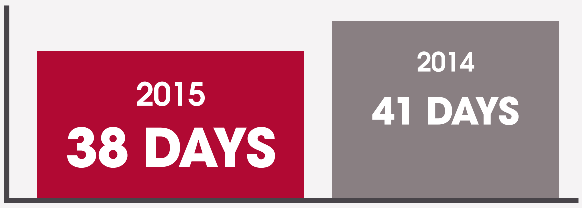
WHAT DO THEY REPRESENT

These indicate how efficient the business is in terms of controlling costs and improving consultant productivity, turning profit into cash or collecting cash. As such, they are key strategic measures and components of the Group's bonus arrangements. Focusing on these measures also helps protect the Group in less favourable economic conditions.

DAYS' SALES OUTSTANDING ('DSO')

HOW IS IT MEASURED

Represents the length of time it takes the Company to receive payments from its debtors. It is calculated by comparing how many days' billings are included within the period end debtor balance.



WHAT DOES IT REPRESENT

DSO indicates how efficient the business is in terms of collecting cash. As such, it is a key strategic measure and component of the Group's bonus arrangements.

OPERATIONAL MEASURES

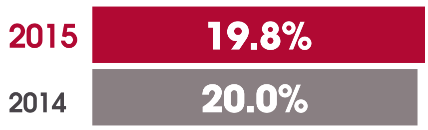
CONTRACT MARGIN

HOW IS IT MEASURED

Contract GP as a percentage of Contract revenue.

WHAT DOES IT REPRESENT

Increasing margins, day rates and fees, are all indicators of business quality and therefore important to maintain/improve as a niche specialist.



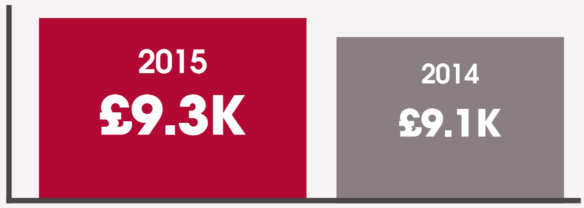
CONSULTANT YIELD

HOW IS IT MEASURED

GP divided by the Group average sales headcount divided by 12.

WHAT DOES IT REPRESENT

This is an indicator of the productivity of the Group's sales headcount.



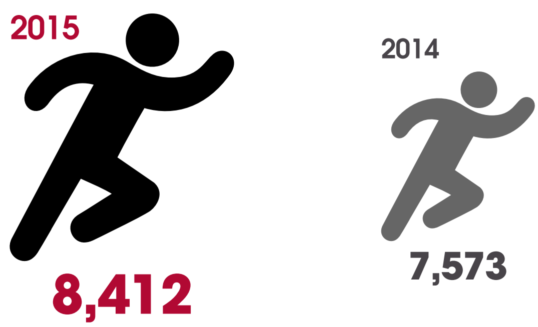
CONTRACT RUNNERS

HOW IS IT MEASURED

The number of period end Contractors on placement with one of the Group's clients at the end of the relevant period.

WHAT DOES IT REPRESENT

This measure shows progress against our Contract strategy at a point in time and is an indicator of future Contract GP when considered in conjunction with average fees.



PEOPLE MEASURES

YE SALES HEADCOUNT / CHURN

HOW IS IT MEASURED

These are measures of employee retention and also an indicator of how well a business is run. Lower churn will generally result in increased productivity.

WHAT DO THEY REPRESENT

To achieve its strategic growth plans and expand efficiently the Group must attract and retain sufficient headcount, thereby building the experience pool and avoiding re-training. As such, these are key measures and components of the Group's bonus arrangements.

2015 **2,244 HEADS** **CHURN 38%**

2014 **2,081 HEADS** **CHURN 37%**

RISK MANAGEMENT STRATEGY

THE SUCCESSFUL MANAGEMENT OF RISK IS ESSENTIAL FOR US TO DELIVER OUR STRATEGIC PRIORITIES. WHILST THE ULTIMATE RESPONSIBILITY FOR RISK MANAGEMENT RESTS WITH THE BOARD, THE EFFECTIVE DAY-TO-DAY MANAGEMENT OF RISK IS IN THE WAY WE DO BUSINESS AND THE CULTURE OF OUR TEAM.

Our approach is to have an organisational structure, which allows close involvement of senior management in all significant decisions, combined with a prudent and analytical approach, and clear delegations, all of which help to align the Group's interests with those of shareholders.

ENTERPRISE RISK MANAGEMENT ('ERM') PROCESSES

We believe that the effective management of risk is based on a mix of a 'top down' and 'bottom-up' approaches, which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- regular oversight by the relevant Committees; and
- reacting quickly to market conditions and the cycle.

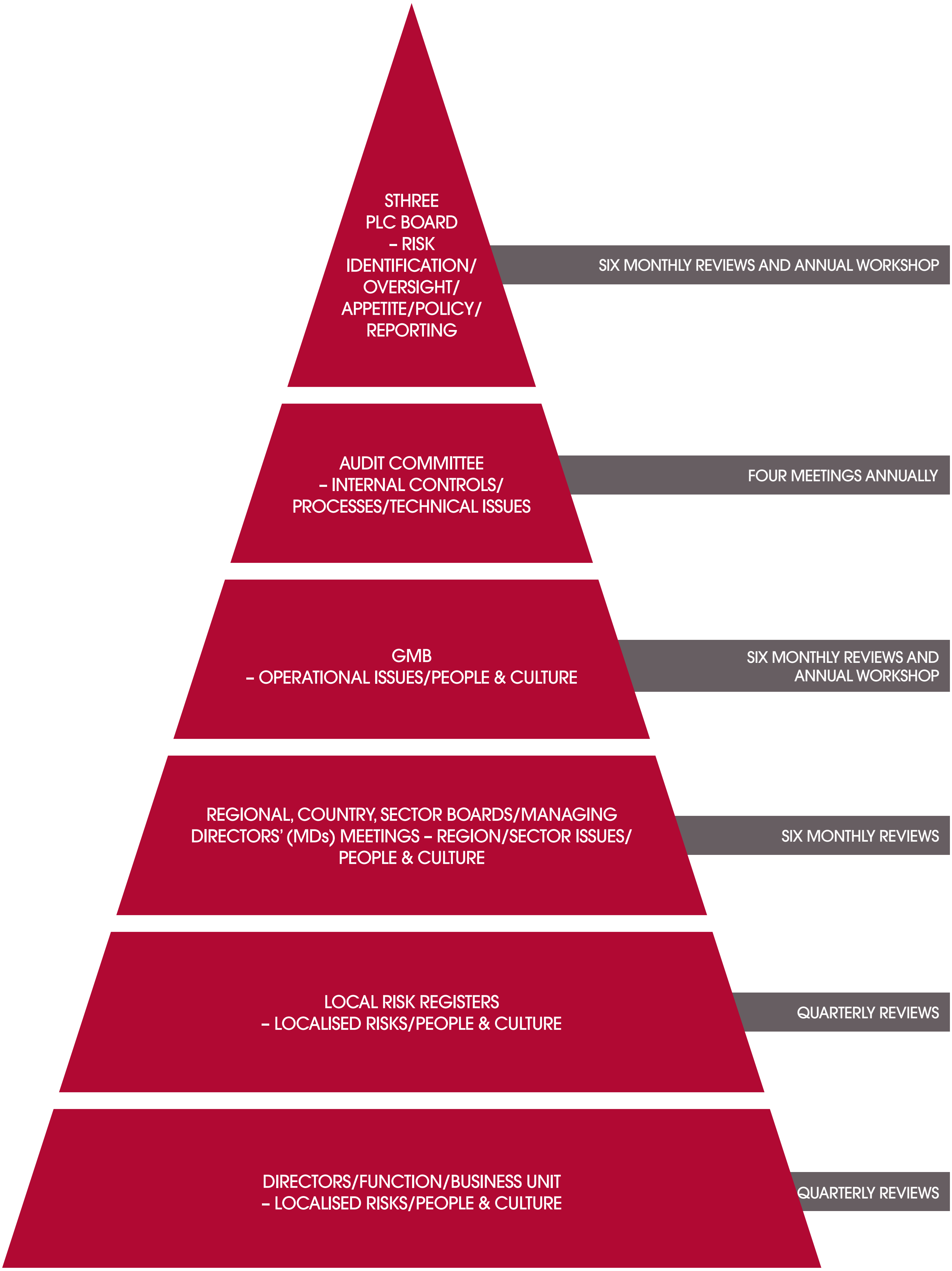
We have integrated ERM processes into our overall strategy, with risk appetite measures set by the Board based on an assessment of its key risks, including reputational risks, to ensure implementation of effective risk management processes and mitigation actions. These are regularly assessed by the Board and Group Management Board ('GMB') through a variety of measures, including KPIs.

Further detail on our ERM framework, processes and arrangements, all of which helps to ensure the ongoing monitoring of principal risks and controls by the Audit Committee and Board, is set out in the Corporate Governance Report.

The global specialist recruitment market is primarily driven by confidence amongst candidates to move jobs and businesses to replace them, often referred to as 'job churn', with fee growth also impacted by the emergence of structural growth markets, the macroeconomic cycle, skills shortages and the globalisation of labour, all of which present inherent risks.

Given the Group's continued expansion into diverse and increasingly demanding niche/specialist sectors, the Group's strategic planning and review processes are periodically reviewed to ensure alignment of corporate, sector, regional and support goals within the strategic plan and help to mitigate risks.

OUR APPROACH TO RISK – GOVERNANCE AND OVERSIGHT



PRINCIPAL RISKS AND UNCERTAINTIES AND MITIGATION STRATEGY

The Group's principal risks to its business model and the processes through which it aims to manage these are outlined as follows:

KEY: Same = Increased Risk ↑

RISK DESCRIPTION	**BACKGROUND/CONTEXT**	**CONTROLS/MITIGATION**	CHANGE IN STATUS VERSUS PRIOR YEAR	STATUS AFTER MITIGATION
MACRO-ECONOMIC ENVIRONMENT/ CYCLICALITY				
A change in the market conditions adversely impacting performance, thereby reducing profitability and liquidity. With failure to react to or to take advantage of changes in the economy in a timely manner resulting in over or under investment and reduced profitability.	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. This was particularly the case for the Energy market in the year. The recruitment sector, in particular, is highly cyclical and suffers from a lack of visibility which can make even short/medium term planning or target setting difficult.	The Group is well diversified in its operations across geographies, sectors, and Permanent /Contract business. Progress continues to be made in increasing our diversification to reduce reliance on an economy, geography or sector. The Group has a flexible cost base that is carefully managed to react swiftly to changes in market activity. This was demonstrated in our reaction to the downturn in the Energy market in the year. The Group has a strong balance sheet with low levels of net debt through the year and committed/ flexible debt facilities to support the business. The Group is cash generative and requires low levels of capital investment.	↑	=
COMPETITIVE ENVIRONMENT/BUSINESS MODEL				
Competitors, social media or disruptive technology/innovation taking market share and putting pressure on margins.	The Group faces increasing competitor risk in more mature markets, where there is also strong competition for both clients and candidates. Increasing use of social media for recruitment purposes and a trend towards outsourced recruitment models, with associated margin pressures, can also impact. The realisation/ commercialisation of a disruptive technology or other innovation (e.g. web based, low margin operators) by either a current or new competitor could threaten the Group by challenging the viability of the current business model and therefore the ability to sustain revenue and profits.	Diversify into more geographies/ sectors. Focus on specialist/ niche roles in developing markets to resist pricing pressure. Investment in online presence and partnering with LinkedIn to improve customer and client experience. Setting up project groups to monitor market developments and introduce structured creativity, so as to help guard against the risk of disruptive technology. Greater regulatory and compliance requirements on Contract are increasing the barriers to entry.	↑	↑
COMMERCIAL RELATIONSHIPS/CUSTOMER RISK				
Some customers may be unable to fulfil financial obligations resulting in the write off of debts.	The Group benefits from close commercial relationships with key clients, predominantly in the private sector and is always subject to the risk that some customers might be unable to fulfil obligations.	Strong credit rating and verification procedures to manage bad debts and other financial risks. The Group has a diverse mix of clients and is not financially dependent on any single client. The Group has bolstered its working capital management and credit control processes in the year.	=	=

RISK DESCRIPTION	BACKGROUND/CONTEXT	CONTROLS/MITIGATION	CHANGE IN STATUS VERSUS PRIOR YEAR	STATUS AFTER MITIGATION
AVAILABILITY OF CANDIDATES				
Not enough candidates to fill roles to meet client needs, leading to a loss of business and a slowing of growth.	The availability of highly skilled/ quality candidates is essential to operating in niche/high margin markets and changes in the other risk areas can affect candidate supply.	Expanding into newer geographies/sectors to protect against lower candidate availability in more mature markets. Investment in online presence and partnering with LinkedIn to improve customer and client experience and aid retention.		
CONTRACTUAL RISK				
With larger global service arrangements, there may be demand for more onerous contract terms that can increase the Group's risk exposure.	Clients increasingly require more complex or onerous contractual arrangements. The placing of temporary workers generally represents greater risk for the organisation than Permanent placements. This risk increases in more litigious environments.	Management seek to minimise risks when negotiating contracts and ensure that the nature of risks and their potential impact is understood. Contract approval processes with exceptions to standard terms, such as liability or insurance require senior sign off, as defined in the Groups' authority matrix. We generally place responsibility for supervision and control directly with the client, excluding any consequential loss. Our global legal team has the depth of knowledge and experience to enable them to advise the business on the level of risks posed by a non standard contract. Assurance work is undertaken by the Group internal audit team to monitor compliance, especially in higher risk sectors such as Energy. For risks that cannot otherwise be mitigated, insurance cover is purchased where appropriate.		
PEOPLE/TALENT ACQUISITION/RETENTION				
High churn rates or the loss of key talent could slow our growth and reduce profitability.	The Group is reliant on its ability to recruit, train, develop and retain high performing individuals to meet its growth strategy. Failure to attract and retain individuals with the right skill-set, particularly those who are more senior, may adversely affect the Group's performance. At the same time, the Group's business model demands flexibility to expand or consolidate, depending on the economic environment. High churn or the inability to attract key talent can also lead to insufficient mid and upper managerial bench strength in terms of breadth of experience within or outside SThree. As markets improve, the risk of churn can increase.	A structured induction programme and career development with ongoing training and competitive pay/benefits structures, linked to performance. Equity stakes for senior individuals. Continual focus on engaging and developing key managers to ensure succession planning. Training and development programmes to support expansion, whilst also providing a rewarding and challenging career.		

KEY: Same Increased Risk

RISK DESCRIPTION	BACKGROUND/CONTEXT	CONTROLS/MITIGATION	CHANGE IN STATUS VERSUS PRIOR YEAR	STATUS AFTER MITIGATION
INFORMATION TECHNOLOGY/CYBER RISKS				
A serious system or third party disruption, loss of data or security breach could have a material impact on the Group's operations or project delivery.	The Group is reliant on delivering its service to clients through a number of technology systems and on delivering a number of key internal projects through third party IT specialists. A malicious cyber-attack which compromises the defences of a third party cloud provider/website could pose significant operational disruption to SThree and/or result in the loss of sensitive data, so damaging reputation.	The Group's IT infrastructure is regularly reviewed to ensure it has capacity to cope with a major data or system loss or security breach, with business continuity arrangements in place. Important third parties and suppliers provide essential IT and project infrastructure and their performance/ robustness is monitored to ensure business-critical processes or projects are safeguarded as far as is practicably possible. IT systems and providers are periodically reviewed to ensure they remain effective/ safe and project management teams review risks associated in upgrading key systems, utilising robust management tools which monitor progress across the life of any project.	Increased Risk	Increased Risk
DATA PROCESSING/MANAGEMENT				
A serious data compliance failure could expose the Group to potential legal, financial and reputational risk.	The Group works with confidential, sensitive and personal data in a number of countries on a daily basis under a variety of laws and regulations.	Procedures for handling and storing sensitive, confidential and personal data are in place across the Group as part of its Data Protection and information security policies and procedures. Where data protection and privacy legislation allows, email monitoring is undertaken to address areas of concern and to protect confidential information. IT systems and providers are periodically reviewed to ensure they remain effective/ safe.	Same	Same
COMPLIANCE				
Non-compliance with laws or regulations can lead to increasingly heavy fines/penalties which could expose us to potential legal, financial or reputational risk.	The specialist recruitment industry is governed by increasing levels of regulation/compliance, which vary from country to country and market to market. This includes employment laws or regulations specific to specialist business sectors or temporary workers, which necessitate pre-employment checks and which may increase the Group's exposure to potential legal, financial or reputational risk.	The Group is committed to meeting its regulatory responsibilities and continues to strengthen its training programmes, internal controls, audit, compliance and other processes with respect to legal and contractual obligations, particularly in higher risk sectors such as Energy. As employment laws are tightened, 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. Policies, compliance, on boarding processes or systems therefore reflect specific market or sector needs and best practice, to meet legal or other requirements and minimise risks. The Internal Audit function regularly reviews these to ensure that they are being followed correctly and controls function effectively.	Increased Risk	Same

KEY: Same   Increased Risk

RISK DESCRIPTION	BACKGROUND/CONTEXT	CONTROLS/MITIGATION	CHANGE IN STATUS VERSUS PRIOR YEAR	STATUS AFTER MITIGATION
FOREIGN EXCHANGE ('FX')				
A significant adverse movement in FX rates may reduce profitability.	The Group has significant operations outside the UK and is consequently exposed to foreign exchange translation risk due to movements in exchange rates.	The Board annually reviews the Group's treasury strategy to ensure that it remains appropriate, whilst the Group's treasury department proactively monitors FX exposures to ensure that they are minimised.	Same	Same

KEY: Same Increased Risk

RISK & COMPLIANCE TARGETS

Both financial and non-financial KPIs are used throughout the Group to drive results and monitor activities. The principal non financial indicators are listed in the table below, including how these apply in a strategic, remuneration or risk context. Further commentary is provided within the Chairman's and other officers' sections of this Annual Report, where appropriate.

RISK & COMPLIANCE	2015	2014	Definition and method of calculation	STRATEGIC/ REMUNERATION/RISK CONTEXT
Risk Management (see also principal risks & uncertainties above and Corporate Governance and Audit Committee Reports)	Aim to achieve a sensible risk/ reward balance, assessed via risk map.	Aim to achieve a sensible risk/reward balance, assessed via risk map.	The Group has a well defined ERM framework embedded throughout the business using an EBITDA measurement scale to assess impact. Risk appetite levels are set by the Board and risks/mitigation are periodically reviewed to ensure continued alignment with strategy.	
Compliance targets (by country/sector)	Range of metrics varying by region, sector, deemed employment or misclassification risk.	Range of metrics varying by region, sector, deemed employment or misclassification risk.	Contractor compliance targets in respect of client/contractor terms, rates/duration/types and ID collection are set annually, plus there is zero tolerance on code of conduct breaches or fines. Targets are Board approved and reviewed periodically.	Compliance processes are regularly reviewed to align with changing local legislation, guard against deemed employment or other risks and significantly mitigate risks in higher risk sectors. Insurance cover may also be strengthened, where necessary.
Environment (see also CSR Report)	Specific targets, including diversity and carbon footprint reduction.	Specific targets, including diversity and carbon footprint reduction.	Steadily improving targets are being set to reduce the Group's carbon footprint and also make savings in energy expenditure.	Measures are agreed strategically, but with local implementation parameters, based on specific office location, age etc.


3 employees visit an SOS Children Family Strengthening Programme training session in India


Auction of Promises fundraising event, USA


Chipata Institute - Electrical Class


ClimateCare LifeStraw filters in Kenya


SThree CEO Gary Elden named Black Business Person of the Year


SThree supports emergency relief efforts in Nepal


SOS Children Nepal Director visits Gary Elden & team at SThree


SOS Children's Chipata Village Zambia

SOS Children scholarship in the USA


Solar panel project with SOS Children's Villages Uganda


SOS Children India


Whizz-Kidz work experience


Employability workshop with Leadership through Sport & Business


Natasha Clarke named 'Working Mums Champion'

CORPORATE SOCIAL RESPONSIBILITY REPORT

GARY ELDEN, STHREE CEO

STHREE'S CSR VISION HELPS TO 'TRANSFORM LIVES THROUGH SKILLS AND WORK'. BY ALIGNING THE PROGRAMME WITH OUR COMMERCIAL STRATEGY AND FOCUSING ON WHAT WE DO BEST, WE CAN ACHIEVE MORE FOR ALL INVOLVED.

Awards and memberships

- Times Top 50 Employer for Women - for a second consecutive year
- Finalist for Recruitment International's Best CSR Initiative
- FTSE4Good for 7 years
- Heart of the City Contributor - we give advice and mentoring for companies new to CSR
- Gary Elden named Black Business Person of the Year at the 2015 Black British Business Awards

We take our role as a global corporate citizen seriously across our three strands of Community, Workplace and Environment.

Through our core business we help individuals, organisations and the wider economy to prosper. Corporate Social Responsibility ('CSR') enables us to create value for all our key stakeholders and enhances our employees' skills and business relationships to assist our growth.

HIGHLIGHTS

Volunteering:
Over 575 employees have shared their skills with over 3,160 beneficiaries since 2011

Fundraising and corporate giving:
In our 7 year partnership with SOS Children's Villages we have donated over £736k

Employee engagement:
93% of respondents in our employee survey confirmed that they would recommend SThree as a great place to work

Diversity and inclusion:
Listed in the Times Top 50 Employers for Women for a second consecutive year

Apprenticeships:
10 apprenticeships in partnership with City Gateway since 2013, supporting young people with follow on opportunities including employment at SThree

Environment:
Reduced our global emissions against the base year by 12%

COMMUNITY

Our central theme for community involvement is Employability and Aspiration - helping young people from underprivileged backgrounds into work.

We continue to support employees to lead their own community projects to capitalise on the professional development opportunities available. They gain recognition through a dedicated CSR website, the intranet and emails from the CEO; achievements can also feed into appraisals.

The approximate value of the community programme for the year was £385k, which includes charitable giving, volunteering, investments and employee time to manage activities.

Volunteering & career opportunities for young people

This year we completed 40 skills-based volunteering projects, from individuals giving advice to charities to running employability workshops with various groups.

We have set up 10 apprenticeships since 2013, with the charity City Gateway, including this year appointing a CSR Apprentice. Over the last 3 years we have run 30 supportive work experience placements and this year set up a 1 year paid internship for one of our University Scholars' year in industry. Several young people have gained employment with us after completing their apprenticeships or placements.

Since 2010 we have funded 14 scholarships in the UK for talented students who would otherwise struggle financially to attend university. We have also sponsored the Tigers youth football team since 2010 to help fund their team kit and participation in distinguished tournaments.

One year paid internship for University Scholar

Fundraising and corporate giving

This year we donated over £161k to SOS Children's Villages which brings our 7 year partnership total to £736k.

SOS Children's Villages has consultative status with the Economic and Social Council of the United Nations. By partnering with SOS Children, we show our active support for the UN Convention on the Rights of the Child.

Projects with SOS Children's Villages this year include:

Pro bono recruitment

Zambia

- Continued long term support for Chipata Village and the SThree house where 8 orphans live with their SOS Mother
- Schooling, uniforms and books for 410 children in rural communities
- 70 places for young people to learn trades at Chipata Institute
- 6,800 treatments on the medical bus in remote areas
- Livelihood input for 157 families helping them form cooperatives, including a brickmaking machine and grinding mill

"STHREE'S CONTINUED SUPPORT OF SOS CHILDREN'S VILLAGES HAS MADE A PROPER EDUCATION THE REALITY FOR MANY VULNERABLE CHILDREN AND YOUNG PEOPLE IN CHIPATA, ZAMBIA, AS WELL AS IN OTHER LOCATIONS ACROSS THE GLOBE. YOUR UNWAVERING COMMITMENT TO OUR CHILDREN; THE ENERGY YOU BRING TO THE PARTNERSHIP, AND THE SUCCESS OF YOUR FUNDRAISING EFFORTS ARE TRULY INSPIRING. THANK YOU SO MUCH FOR BEING SUCH EXCELLENT PARTNERS."

SIMON ETHERINGTON, OBE
CEO, SOS CHILDREN'S VILLAGES UK

Places funded at the Chipata Institute for young people to learn trades

USA

- We have strengthened our local partnership with SOS Children's Villages Illinois for a second year. In addition to regular fundraising events, employees also get involved in giving strategic advice and going on charity visits

Germany

- We further developed our local partnership with the charity in Germany by selecting 4 villages that are near our office locations, with opportunities for volunteering

Other projects

- 3 employees went to see the work of the charity in India and set up an Asia fundraising committee
- 2 fully funded university scholarships in Malawi, including tuition and accommodation
- Pro bono recruitment for an IT specialist in the UK
- Emergency relief in Nepal to fund 86 'Home in a Box' kits with essentials for families to restart their lives following the earthquakes
- A school bus in Syria to help transport children safely and support for refugees in Europe

Hendon FC Tigers youth football sponsorship

WORKPLACE

Diversity and Inclusion

Building on earlier work, development initiatives and targets have evolved to ensure that there is an appropriate management pipeline at all levels.

A breakdown showing the number of persons of each sex within the Group, who were Directors, other senior managers or employees, as well as the current percentage broken down by role is as follows:

Gender classification

As at 30 November 2015

CATEGORY	MALE	%	FEMALE	%
Directors of SThree plc	**7**	**78**	**2**	**22**
Senior Managers (Directors / LLP Partners)	**43**	**84**	**8**	**16**
Employees	**1,594**	**56**	**1,253**	**44**

At SThree our Diversity and Inclusion strategy is to:

- **Recognise** and develop our talent, and support our clients, candidates and our community to do the same.
- **Increase** the pipeline of diverse talent to provide open opportunities across all levels and areas.
- **Promote** a positive and inclusive work environment where diverse opinions and perspectives are valued and a true meritocracy exists.
- **Provide** support to maximise potential.

We believe creating a diverse and inclusive workplace will help us foster talent and drive greater performance. Over the last year we have taken actions to improve diversity and inclusion including:

- Creation of a behavioural based learning programme for managers where the strategic objective is to support them to manage and develop a diverse and inclusive workforce
- Promotion of women's initiatives, such as International Women's Day, female clothes drives for charity, participation in Women Who Code school events and creation of a new partnership with the City Gateway Women's Project to assist unemployed women to start new careers
- Further cohorts into our global mentoring programme which saw us able to demonstrate increased promotion rates and improved retention for those involved
- A maternity buddy scheme to increase maternity return rates, which was increased to 84%
- Improvement to maternity provisions and information, including enhancing our Managers toolkit and a Tommy's accreditation in the UK
- Diversity offering for clients including toolkits to share best practice and diversity reporting
- Aspirational gender targets are in place to ensure our senior management team focus effort on increasing the representation of females at all levels. Since 2012 we have seen an increase in our Director/Partner jobs from 4.5% to 12%. In our Team manager level roles, female representation has increased from 26.5% to 40%
- We are also keen to support external diversity efforts, and as such are founding members of Women in Recruitment

Volunteering with the City Gateway Women's Project

Our efforts to improve diversity in the workplace have been recognised by being named one of the Times Top 50 Employers for Women for the second year in a row. Natasha Clarke, Managing Partner for Strategic Capability was also named the Working Mums' Champion.

Talent and leadership

In 2015 our focus for Talent and Leadership shifted to provide a focus on more than just the results of our work. We recognise the value of our employees and the unique talents they each bring to the business. For that reason, our managers and leadership teams have been taking part in an international Management Programme designed to support them in understanding the importance of how someone does their job and the reinforcement they need in order to feel valued and supported.

Our Me@Work platform will enable managers and employees to discuss performance and development on a much more detailed level than ever before and we will work with the entire business on how to use competencies, how to have great conversations and how to make brilliant hiring decisions.

Finally, we are turning our onboarding model on its head in 2016 by breaking learning technology down into modular chunks that focus on practice and experience, working alongside new starters to give them the immediate coaching and support.

Employee engagement

In 2015 we have continued to measure and focus on positively impacting our employee engagement at all levels within the Group.

In September over 81% of our people completed our '2015 Your Voice' employee survey, of which 93% of respondents confirmed that they would recommend SThree as a great place to work. We have also re-designed our leavers and on-boarders surveys to make them more user-friendly.

Our employee feedback from new joiners, current employees and leavers, consistently shows that what matters most to our people is career progression and personal growth. We continued to enhance our career frameworks to ensure that our promotions process is transparent and fair. To underpin this work, we invested in new technology for the Me@Work platform which will be launched next year, to help embed best practice around performance management and hiring.

Carbon offset investment: a child drinking LifeStraw filtered water in Kenya

HUMAN RIGHTS

The Group undertakes appropriate checks on suppliers, clients, candidates, etc., to ensure, as far as possible, that none are in contravention of any human rights issues. As such, there are no such issues impacting the Group's business.

ENVIRONMENT

We are aware of our responsibilities to address climate change and reduce environmental impacts and have embedded these into the Group's policies and risk matrix. As a service industry, the majority of our environmental impact comes from electricity, resources that we use in our offices and travel, so these are the areas where we focus our efforts.

Carbon management and mandatory reporting

We continue to monitor our group carbon footprint via Global Action Plan. Using the financial control approach, the 2013 UK Government environmental reporting guidance, and the UK Government's Conversion Factors for company reporting, we measure our scope 1 and 2 emissions as well as water in scope 3 emissions. Further scope 3 emissions have been calculated separately for the UK, which include paper and business travel.

This year has seen a decrease in the total carbon footprint compared to the baseline year of 2012/13, as well as a decrease in the per capita footprint. The base year numbers have been revised to account for additional and more up to date information, as well as taking into account the better ways of modelling any absent data that have been employed this year. We are committed to ensuring that we account for our carbon information as completely as possible, and therefore regularly review information to provide the best possible overview.

We continue to comply with or exceed the requirements of all applicable environmental legislation, and submitted data to the Carbon Disclosure Project's

		2014/2015	Baseline 2012/2013	
SCOPE 1	Gas consumption	228	195	tonnes CO2e
	Leased transport	443	855	tonnes CO2e
	Process emissions	0	0	tonnes CO2e
	Fugitive emissions	0	0	tonnes CO2e
	Total scope 1	**671**	**1,050**	**tonnes CO2e**
SCOPE 2	Electricity consumption	1,947	2,104	tonnes CO2e
	Total scope 2	**1,947**	**2,104**	tonnes CO2e
TOTAL SCOPE 1&2		**2,618**	**3,154**	
SCOPE 3	Water	247	122	tonnes CO2e
	Total scope 3	**247**	**122**	**tonnes CO2e**
	GLOBAL STAFF NUMBERS	2,632	2,248	
TOTAL	**Total reported emissions**	**2,865**	**3,276**	**tonnes CO2e**
	Intensity measurement	**0.99**	**1.4**	**Scope 1&2 tonnes CO2e/person**

Professional visit with The Challenge

Climate Change survey for a second year to improve our transparency rating.

Efficiency drive and changing behaviours

We continue to look at ways to improve efficiencies to reduce costs, unnecessary employee time and environmental impacts.

This year we have refreshed our desktop architecture and the associated infrastructure in the data centres. Improvements have resulted in a reduction of over 24 tonnes of CO_2e per year.

Our global offices have recycling schemes in place and we donate equipment where we can for charity or dispose of redundant IT equipment to comply with the Waste, Electrical and Electronic Equipment Directive.

This year another 18 people took advantage of the UK tax-free bicycle scheme. The scheme helps to improve productivity while also reducing travel emissions.

Carbon offsetting

We offset our full 2014 global carbon footprint by investing into 2 ClimateCare projects: Gold Standard LifeStraw water filters in Kenya and a Verified Carbon Standard wind power project in India.

Targets and commitments for the year ahead

We continue to formalise our global coordination and reporting.

We have a target to donate £1m to SOS Children's Villages by our tenth year anniversary in 2018, whilst remaining committed to matching up to £50k per year. During 2016, 2 employees will be selected to go out to SOS Children's Chipata Village, Zambia. We will also develop a local partnership with the charity in Asia and further promote payroll giving in the UK, as well as run sales training sessions for charity employees in various locations.

We will review recommendations through the Energy Savings Opportunity Scheme and our global carbon footprinting exercise as to which activities will best assist us on our environmental journey to reduce impacts and costs while improving operational efficiency. For example,we will trial using FSC standard recycled paper at one UK office with a view to roll this out across the region and beyond.

BY ORDER OF THE BOARD

GARY ELDEN

Chief Executive Officer
22 January 2016

SOS Children's Villages Illinois

CHAIRMAN'S GOVERNANCE OVERVIEW

CLAY BRENDISH,
CHAIRMAN

DEAR SHAREHOLDER,

I AM PLEASED TO PRESENT TO YOU THE CHAIRMAN'S GOVERNANCE OVERVIEW SECTION OF THE ANNUAL REPORT AND REPORT ON COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE, PUBLISHED BY THE FINANCIAL REPORTING COUNCIL IN SEPTEMBER 2014 ('THE CODE'), AS AMENDED.

We complied with all sections of the Code throughout the year and to the date of this report (other than for a short period when we were recruiting a Non Executive Director ('NED') to replace one who retired at the AGM in April 2015). Further detail on how we have applied the principles and provisions of the Code are set out in the Corporate Governance Report.

The Board believes that high standards of corporate governance are intrinsic to the Group's strategy, culture and values, which are founded on integrity, professional excellence and sustainability. High governance standards underpin the objectivity of our processes in support of financial and operational risk management, the design and operation of remuneration structures, succession planning, as well as our work on diversity and values and provide the basis for the accountability of senior management to the Board and of the Board to the Company's shareholders.

To deliver on our strategy, we continue to back our home grown entrepreneurial talent via the Group's established tracker share ('Minority Interest' or 'MI') model, as well as seeking to encourage employee share ownership more generally. Accordingly, resolutions for both the tracker share arrangements and a US employee share plan are being put to shareholders at the forthcoming AGM in April 2016.

Our recent shareholder consultation process trailed various key remuneration topics, as well as other upcoming AGM business and I am pleased to say that shareholders expressed their overwhelming support. However, we continue to evolve this process and the successful governance lunches and other investor meetings hosted during the period, combined with the constructive dialogue experienced during the consultation, lead us to hope that investors will continue to raise any future concerns directly with the Company well in advance of any AGM vote.

As Chairman, I take primary responsibility for the Group's governance arrangements and remain confident that our proactivity on shareholder engagement and high standards of corporate governance stand us in good stead.

BOARD AND COMMITTEES' EVALUATION

In early 2015, we undertook a further Board and Committees' evaluation exercise, through Lintstock Ltd, an independent third party. Key learnings from this have already been factored into our Board and Committee arrangements and have resulted in the following:

- Risk management – enhancements to risk workshop, control processes and reporting;
- Succession planning – better information flow to Nomination Committee plus increased frequency of meetings;
- Strategy day – improved focus, information and outputs, plus better monitoring of the resulting strategic implementation plan to assess progress;
- Audit Committee – refinement of Internal Audit reporting;
- Remuneration – continued emphasis on longer term performance delivery.

Given the above, we remain confident 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.

MANAGEMENT AND SUCCESSION PLANNING

Gary Elden, CEO, and the regional CEOs, Steve Quinn and Justin Hughes, are now well established in their roles and driving the Group, Americas and Asia Pacific & Middle East businesses, respectively, reflecting our strategic priorities.

Work continues, directed by the Nomination Committee, to review the capabilities of our senior management team for Executive or other key Group roles, and to identify the next leadership cohort, with NEDs continuing to act as mentors.

NON EXECUTIVE DIRECTORS

In October 2015 we welcomed Anne Fahy to the Board. Anne was a Senior Executive at BP, having 27 years of international Energy sector experience. Her breadth of international business and commercial knowledge and particular expertise within the Energy sector has already been of great benefit. Anne chairs SThree's Audit Committee and sits on the Nomination Committee.

Tony Ward joined the Group in 2006 and, in accordance with corporate governance best practice, would normally be expected to retire after 9 years. However, having consulted with shareholders and obtained their overwhelming endorsement, we plan to seek his re-appointment at the AGM in order to assist with our NED succession planning.

DIVERSITY AND VALUES

Our initiatives in these areas remain critically important to instilling Group culture and reducing job churn over the long term, as we work towards our targets as part of the 'Identity' project.

Development initiatives are focused on ensuring that there is an appropriate management pipeline at all levels, with tailored courses developed internally, e.g. via Henley Management College or Columbia Business School and mentoring by NEDs, which are all key parts of our development programme.

We also continue to embed our 'Values' initiative, to ensure that the SThree core values of Respect, Rapport, Energy and Reward are at the forefront of everything we do.

Finally, I would again like to thank our employees for their valued contribution and commitment. This has played a key part in driving our strong performance against market consensus this year.

CLAY BRENDISH

Chairman
22 January 2016

BOARD OF DIRECTORS

GARY ELDEN

CHIEF EXECUTIVE 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 Strategy Officer, he had responsibility for the expansion of the Group's international operations and non-ICT disciplines.

In June 2012, he was appointed as Deputy Chief Executive Officer and took over from Russell Clements as Chief Executive Officer on 1January 2013.

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.
He previously held the position of Integration Finance Director at TUI Travel PLC and he was Finance Director of First Choice's UK Mainstream business. Prior to these positions he was Managing Director of WH Smith's 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.

STEVE QUINN

CEO, AMERICAS

Steve Quinn was appointed to the Board in June 2012. He joined Progressive as a Trainee Recruiter in 1996. Moving quickly into management, he established the Contract division of Real in 1999, becoming MD of Real in 2006. Steve's strategy for growth enabled Real to grow into a global brand and he led our move into the Life Sciences Sector, founding the Real Pharma brand in 2007.

In 2009 he led the merger of 4 brands to form the Real Staffing Group. Steve has served as MD of the UK & Ireland and EMEA before becoming COO in 2012. As COO Steve led the Connect programme which delivered a support services infrastructure for our growth in the Americas and Asia Pacific.

He is now based in New York as Regional CEO and is leading SThree's growth in the Americas. Steve has a degree in Economic History from Queens University Belfast and is a graduate of the Senior Executive Program at Columbia University, New York. He also holds a Postgraduate Diploma in Law from Nottingham.

JUSTIN HUGHES

CEO, ASIA PACIFIC & MIDDLE EAST

Justin Hughes joined SThree in 1994, as a trainee recruitment consultant at Progressive. Making dynamic progress to Sales Director and ultimately to Managing Director of Progressive. In 2007, he was the strategic driving force behind Progressive's international and global growth, as well as overseeing the business' diversification into new market sectors, notably Oil and Gas. Appointed to the SThree board in June 2012, Justin is currently based in Hong Kong, from where he is responsible for realising SThree's strategic growth plans across Asia Pacific and the Middle East. He holds an Honours Degree in Economics and is a graduate of the Senior Executive Program at Columbia University, New York.

CLAY BRENDISH

CHAIRMAN

Clay Brendish, CBE joined the SThree Board in May 2010 as Non Executive Chairman.

Clay is currently Director of the Test and Itchen Association Limited. In December 2012, Clay was appointed a Trustee of the Wessex Chalk Stream and Rivers Trust.

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 which he co-founded in 1979. Admiral plc employed over 2500 people in 8 countries.

FIONA MACLEOD

NON EXECUTIVE DIRECTOR

Fiona MacLeod was appointed to the SThree Board and all Committees in July 2014.

Fiona is a former Senior Executive at BP, with 23 years international Energy sector experience, and has sat on a range of JV and Investment Boards across some 20 countries. Her roles at BP included CEO of its European Gas, Power & Renewables and President of Retail sales for USA, Mexico and Venezuela.

Her company, Glendevon Leadership, now provides advice to Boards and senior teams on business transformation, market valuation and board effectiveness.

Fiona is a Non Executive Director of Denholm Oilfield, the international oilfield services group, where she sits on the Remuneration, Audit and Nomination Committees. She also sits on the Development Board of Pancreatic Cancer UK and Chairs the Board of Women's Fund for Scotland. She previously spent 5 years on the New York City Board of the global microfinance organization, SWWB.

ANNE FAHY

NON EXECUTIVE DIRECTOR

Anne Fahy was appointed to the SThree Board, the Nomination Committee and as Chair of the Audit Committee in October 2015.

Anne is also Non Executive Director and Chair of the Audit Committee at Interserve, the international support services and construction company. Prior to joining SThree Anne was Chief Financial Officer of BP's Aviation Fuels business. During her 27 years at BP, Anne has gained extensive experience of global business, developing markets, risk management, internal control, compliance and strategy development in BP's aviation, petrochemicals, trading and retail sectors.

Anne is a Fellow of the Institute of Chartered Accountants in Ireland, having worked at KPMG in Ireland and Australia prior to joining BP in 1998.

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 currently the Senior Independent Director of OCS Group Limited, a Deputy Chair of the Consumers' Association, a Director of Which? Limited, 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.

NADHIM ZAHAWI

NON EXECUTIVE DIRECTOR

Nadhim Zahawi, MP was appointed to the SThree Board, the Remuneration and Audit Committees in May 2008, and to the Nomination Committee in September 2015.

Nadhim is the 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 is a member of the Foreign Affairs Select Committee. He is the author of *"Masters of Nothing – The crash and how it will happen again unless we understand human nature"*.

He is a member of the Policy and Advocacy Board of the International Rescue Committee and is a trustee of UpRising. Nadhim is a patron of Peace One Day and holds a degree in Chemical Engineering from UCL.

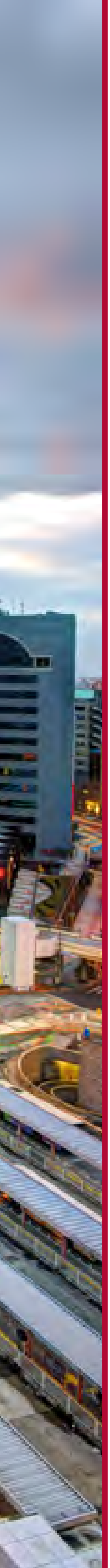
STEVE HORNBUCKLE

GROUP COMPANY SECRETARY AND LEGAL DIRECTOR

Steve Hornbuckle joined the Group as Company Secretary in October 2006, taking charge of IR matters in 2011 and was appointed Legal Director in 2013.

Steve has over twenty five years' company secretarial experience, having held senior 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 ('ICSA'), sits on the ICSA Company Secretaries' Forum and Investor Relations Society Policy Committee and was voted Company Secretary of the Year in 2011.

TOKYO



DIRECTORS' REPORT

STEVE HORNBUCKLE,
GROUP COMPANY SECRETARY

THE DIRECTORS PRESENT THEIR ANNUAL REPORT ON THE ACTIVITIES OF THE GROUP, TOGETHER WITH THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2015 AND THE BOARD CONFIRMS THAT THESE, TAKEN AS A WHOLE, ARE FAIR, BALANCED AND UNDERSTANDABLE AND THAT THE NARRATIVE SECTIONS OF THE REPORT ARE CONSISTENT WITH THE FINANCIAL STATEMENTS AND ACCURATELY REFLECT THE GROUP'S PERFORMANCE AND FINANCIAL POSITION.

The Strategy section, including the Chairman's and other officers' sections of this Annual Report, provide information relating to the Group's activities, its business, governance and strategy and the principal risks and uncertainties faced by the business, including analysis using financial and other KPIs where necessary. These sections, together with the Directors', Audit Committee, Nomination Committee, Remuneration, Corporate Governance and CSR Reports, provide an overview of the Group, including environmental and employee matters and give an indication of future developments in the Group's business, so providing a balanced assessment of the Group's position and prospects, in accordance with the latest narrative reporting requirements. The Group's subsidiary undertakings, including branches outside the UK, are disclosed in the notes to the financial statements.

The purpose of this Annual Report is to provide information to the members of the Company, as a body. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Annual Report contains certain forward-looking statements with respect to the operations, performance and the financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and nothing in this Annual Report should be construed as a profit forecast.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company and the Group, including those that would threaten the business model, future performance, solvency or liquidity and explained how they are being managed or mitigated (see analysis of key risks, mitigation and impact on strategy within the Strategy section).

Information on the Company, including legal form, domicile and registered office address is included in note 1 to the financial statements.

RESULTS, DIVIDENDS, GOING CONCERN AND POST BALANCE SHEET EVENTS

Information in respect of the Group's results, dividends and other key financial information is contained within the Strategy section and other officers' sections of this Annual Report. A going concern and viability statement is included within the Corporate Governance Report. No significant events have occurred since the year end.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company, including their biographies, are shown within the Board of Directors section of this Annual Report, with further details of Board Committee membership being set out in the Corporate Governance Report. All Directors served throughout the financial year, except as disclosed, and in accordance with the UK Corporate Governance Code, will retire at the 2016 AGM and submit themselves for election or re-election, as necessary. Further information is contained in the Notice of Meeting.

Other than employment contracts and tracker share/ LTIP JOP loans, none of the Directors had a material interest in any contract with the Company or its subsidiary undertakings. Key terms of the Directors' service contracts, interests in shares and options and tracker share loans are disclosed in the Directors' Remuneration Report.

ESSENTIAL CONTRACTORS AND IMPLICATIONS FOLLOWING A CHANGE OF CONTROL OR TAKEOVER

The Group has business relationships with a number of contractors but is not reliant on any single one and 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 and HSBC revolving credit facility agreements.

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 arrangements, may cause options, awards or tracker shares to vest on a takeover.

TRACKER SHARE ARRANGEMENTS ('MINORITY INTERESTS OR MI MODEL')

The Group regards its tracker share model as a key factor in its success and it is planned to create more of these going forward, on similar terms to those previously created, subject to shareholder approval.

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 individuals in setting up new businesses for the purpose of pursuing these new ideas, which have typically evolved organically out of one of the existing SThree businesses, with the relevant managers then being given the opportunity to manage and develop that new business. Typically, those managers of the new SThree business 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 key individuals are invited to invest in the creation of any new tracker share business. In order to receive equity ownership such individuals must invest at fair value and be actively engaged in that business for an agreed term. Should the individual ultimately wish to dispose of their stake, the Company retains pre-emption rights.

The minimum term for each new tracker share stake is set at the outset and will normally be 5 years, but will never be less than 3 years, in order to allow the Group flexibility to adapt to the individual needs of its brands and businesses and differing rates of growth.

Although there are a number of different businesses in which individuals are 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, with each authority being granted for 5 years, although automatically renewed at each following AGM, or any adjournment thereof.

The proposed resolution, together with the standard terms upon which tracker shares are normally issued, are outlined within each notice of AGM.

Further information on the tracker share arrangements is disclosed in note 1 to the financial statements.

SHARE CAPITAL AND SHARE RIGHTS

Details of the share capital of the Company, together with movements during the year are shown in the notes to the financial statements.

The rights and obligations attaching to the Company's ordinary shares are contained in the Articles. Ordinary shares allow holders to receive dividends and to vote at general meetings of the Company. They also have the right to a return of capital on a winding up.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, Directors have the power to suspend voting rights and the right to receive dividends in respect of ordinary shares, as well as to refuse to register a transfer in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The Directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

AUTHORITY TO ISSUE OR MAKE PURCHASES OF OWN SHARES, INCLUDING AS TREASURY SHARES AND DILUTION

The Company is, until the date of the forthcoming AGM, generally and unconditionally authorised to issue and buy back a proportion of its own ordinary shares.

The Company's policy is to comply with investor guidelines on dilution limits for its share plans by using a mixture of market purchased and new issue shares. Accordingly, some 337,121 shares were purchased in the market during the year, to be held as treasury shares. The Directors will seek to renew the authority to purchase up to 10% of the Company's issued share capital at each AGM.

DIRECTORS' INDEMNITIES, DIRECTORS' AND OFFICERS' 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 judgment is given against the Director. The Group currently has in place and has maintained such a policy throughout the year, which will reimburse the Company for payments made to Directors (including legal fees), for all admissible claims. The Board also confirms that there are appropriate procedures in place to ensure that its powers to authorise Directors' conflicts of interest are operated effectively.

RELATED PARTY TRANSACTIONS ('RPT')

Details of any RPT undertaken during the year are shown in the notes to the financial statements.

UK FINANCIAL CONDUCT AUTHORITY'S LISTING RULES ('LR')

In accordance with the LR, information required under LR 9.8.4, is set out as follows:

LR REQUIREMENT	CONFIRMATION
A statement of interest capitalised by the Group during the period and an indication of the amount and treatment of any related tax relief	Not applicable
Any information required by LR 9.2.18R (publication of unaudited financial information) regarding information in Class 1 circular or prospectus or a profit forecast and estimate	Not applicable
Details of any long term incentive schemes as required by LR 9.4.3R regarding information about the recruitment or retention of a Director	See Directors' Remuneration Report
Details of the waiver of emoluments by a Director, both current and future	Not applicable
Details of the allotment of equity securities to equity shareholders otherwise than in proportion to their holdings and which had not been specifically authorised by the shareholders. This information must also be given for any major unlisted subsidiary	Not applicable
Where the Company is a listed subsidiary, details of any participation by its parent in any share placing during the period	Not applicable
Details of any contract of significance between the Company or one of its subsidiaries and a Director or a controlling shareholder	Not applicable
Details of contracts for the provision of services to the Company or one of its subsidiaries by a controlling shareholder during the period under review	Not applicable
Details of any arrangements under which shareholders have waived or agreed to waive dividends	Not applicable
A statement of the independence provisions and compliance, or not, where there is a controlling shareholder	Not applicable

CORPORATE GOVERNANCE, FINANCIAL INSTRUMENTS AND RESEARCH AND DEVELOPMENT

Please refer to the Corporate Governance Report. Information and policy in respect of financial instruments is set out in the notes to the financial statements.

The only expenditure incurred in the area of research and development relates to software and system development, which is shown in the notes to the financial statements, together with information on price, credit and liquidity risks.

SUBSTANTIAL SHAREHOLDINGS

As at the date of this report, the Group has been notified, in accordance with the Companies Act, of the significant interests in the ordinary share capital of the Company, shown overleaf. Any interests of Directors which amount to over 3% of the Company's share capital are shown in the Directors' interests table within the Directors' Remuneration Report.

NAME OF SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE SHAREHOLDING
Franklin Templeton Institutional LLC	13,741,919	10.61%
William Frederick Bottriell	7,238,245	5.59%
JP Morgan Chase	7,021,061	5.42%
HBOS plc	6,983,314	5.39%
Harris Associates	6,575,593	5.08%
Allianz Global Investors GmbH	6,442,879	4.99%
J O Hambro	6,280,338	4.85%
FMR LLC	6,266,905	4.84%
Blackrock	6,137,031	4.74%
F&C Management	6,104,400	4.71%
Fidelity	6,028,475	4.66%
Standard Life Investments Ltd	5,845,830	4.51%
Kames Capital Plc	5,439,964	4.20%
AXA S.A. and its group of companies	5,153,356	3.98%
Martin Currie	4,314,627	3.33%
Legal & General	3,889,900	3.01%

CSR, INCLUDING DIVERSITY, HUMAN RIGHTS & ENVIRONMENTAL MATTERS

The Board pays due regard to environmental, health and safety and employment responsibilities and devotes appropriate resources to monitoring compliance with and improving 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 on diversity, human rights and environmental matters, including carbon dioxide emissions data, is contained in the CSR Report, whilst information on employee share plans and share ownership is contained in the Directors' Remuneration Report and the notes to the financial statements.

HEALTH, SAFETY AND EQUAL OPPORTUNITIES

The Group is committed to providing for the health, safety and welfare of all current and potential employees and every effort is made to ensure that country health and safety legislation, regulations or similar codes of practice are complied with.

The Group is also committed to achieving equal opportunities and complying with anti-discrimination legislation and employees are encouraged to train and develop their careers. Group policy is to offer the opportunity to benefit from fair employment, without regard to sex, sexual orientation, marital status, race, religion or belief, age or disability and full and fair consideration is given to the employment of disabled persons for all suitable jobs.

In the event of any employee becoming disabled, every effort is made to ensure that employment continues within the existing or a similar role and it is the Group's policy to support disabled employees in all aspects of their training, development and promotion where it benefits both the employee and the Group.

EMPLOYEE INVOLVEMENT

The Group systematically provides employees with information on matters of concern to them, consulting where appropriate by surveys or other means, so that views can be taken into account when making decisions likely to affect their interests. Employee involvement is encouraged, as achieving a common awareness on the part of all employees of the financial, economic or other factors affecting the Group, plays a major role in ensuring shared success. The Group encourages this involvement predominantly by communicating via the Group's intranet articles or email updates, training and by participation in the Group's employee share plans to align interests.

COMMUNITY

The Group is committed to providing support to the community and society through a number of charitable activities and donations, although no donations for political purposes of any kind were made during the year.

ANNUAL GENERAL MEETING ('AGM')

The AGM of the Company will be held on 21 April 2016, at 1st Floor, 75 King William Street, London, EC4N 7BE. A separate notice details all business to be transacted.

UK MODERN SLAVERY ACT 2015

Section 54 of the Modern Slavery Act 2015 came into force in October 2015 and takes effect during 2016.

Whilst it is not yet required to make a statement, management has considered the nature of the Group's supply chain and does not consider there to be a significant risk of slavery or human trafficking taking place within its supplier base.

The Group already makes appropriate supplier checks around governance and financial standing, and considers these adequate to protect against slavery and human trafficking within the Group's supply chain.

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO 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 each 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 AGM proposing their re-appointment as auditors for the ensuing year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company's 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 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; and
- 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 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 Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the 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.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are shown within the Board of Directors section of this Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report, together with the Strategy section, Chairman's and other officers' sections of this Annual Report, include a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that are faced.

BY ORDER OF THE BOARD

STEVE HORNBUCKLE

Group Company Secretary

22 January 2016

Registered Office:
1st Floor,
75 King William Street
London
EC4N 7BE

SINGAPORE

DIRECTORS' REMUNERATION REPORT

TONY WARD, OBE
REMUNERATION COMMITTEE CHAIRMAN

THE REMUNERATION COMMITTEE ('THE COMMITTEE') CONTINUES TO DEVELOP THE GROUP'S OVERALL EXECUTIVE REMUNERATION ARRANGEMENTS IN THE CONTEXT OF CHANGES IN STRATEGIC OBJECTIVES; THE BUSINESS/ORGANISATIONAL MODEL; BEST PRACTICE; MARKET CHANGES; AND THE WIDER EMPLOYEE BASE.

It is assisted in this activity by external advisors, together with internal specialists. Following extensive shareholder consultation a number of changes have been made within the framework of the approved Directors' Remuneration Policy, which is still intended to apply until 2017. These changes are intended to ensure that Directors' remuneration continues to support high performance and shareholder value growth.

LINK BETWEEN BUSINESS STRATEGY, PERFORMANCE AND REMUNERATION

During the year under review, there has been strong delivery against both strategic goals and investor expectations in terms of business performance, despite headwinds caused by the Energy sector decline and FX movements, whilst all individuals continue to develop well in their various roles. The Committee is therefore pleased to endorse the recommended salary increases as well as the annual bonus and LTIP pay-outs and awards, all of which are reflective of delivery against stretching metrics, as outlined.

The Committee is therefore confident there is strong linkage between remuneration and performance, in pursuit of strategic business objectives, with overall policy implementation consistent with that in prior years.

As part of its commitment to maintaining an open and ongoing dialogue with investors, the Committee clearly outlines its approach on remuneration matters for the following year early on, enabling investors to fully consider the proposals and engage. Investor feedback and observations are then factored into refining the proposals to enable successful policy implementation, with support from investors at each AGM.

As regards the remuneration and other AGM proposals for 2015/16, the following matters reflect the engagement with around 30 of our largest investors and governance bodies, which started in September 2015:

1. EXECUTIVE DIRECTOR BASIC SALARIES, NED FEES AND OTHER BENEFITS

Policy/Background: The Group's long standing policy is to position the base salaries of Directors and senior management between lower quartile and median for the relevant comparable market. During the year the Group made further progress against its strategic roadmap, reflecting the ongoing importance of growth plans for the Americas and Asia Pacific, as reflected in the Group's strong full year trading performance. Also, this year, no external benchmarking was undertaken for any of the Executive Director roles, the Committee concluding that it should simply age the previously held data.

Proposals: For the Group CEO, previous independent analysis had indicated that his base pay was circa 8% behind the stated policy, although at that time it was agreed internally not to close this gap until the business was performing more strongly, which is now the case. Consequently, the Committee determined to award him a salary increase of 4.7% to apply for FY2016, being still some 6% behind the benchmark, but recognising the further development, both of the individual and the business and the good progress made on strategy delivery.

For the two regional CEOs, both of their respective regions are now developing in line with expectations, whilst each have further developed as Executive Directors. The Committee therefore decided to increase each of their salaries by 4.5%.

The base pay of the CFO was increased by 2.6%, which broadly aligns with the wider employee base and market movement (although employees were not specifically consulted). (Standard policy is to reflect the performance and growth in both the competency and experience of individuals in the levels of any annual increases to basic pay).

As regards the NEDs, their fees remain broadly competitive, except that, as highlighted to shareholders last year, the Chairman's fees, which had remained at £125,000 pa since the last change in Chair (in 2010), had fallen well below the comparable market position. Whilst the Board was not minded to increase these fees last year, it did commit to increase them this year, subject to satisfactory business performance. The Board has therefore agreed to increase the Chairman's fees to £140,000 pa.

Investor response: Most investors consulted were supportive of the above increases, which became effective from 1 December 2015. In terms of other benefits, such as pension salary supplement, car allowance, etc, the Committee concluded that no changes were necessary.

2. LTIP PERFORMANCE CRITERIA

Investors will recall that the LTIP performance criteria is based on half EPS and half relative TSR for the CEO and CFO; with the measures for regional CEOs being split equally between EPS, TSR and a regional performance element, in order to take into account their geographical remit.

In FY2014 the Committee re-aligned the composition of the TSR comparator group to provide a more meaningful benchmark going forward and, following investor comments, adjusted the starting EPS for awards made that year by retrospectively substituting 14.1p as the base, rather than 9.1p, to make the target even more stretching.

The Committee has sought to strike the right balance between stretching but achievable targets, taking account of current business plans and shareholder consultation responses, by adjusting the targets up-wards for the FY2015 allocation, in line with the table below

EPS Award Max Payout	FY2014 EPS target	FY2015 EPS target
30% of Award	RPI +6%	RPI +6%
80% of Award	RPI +13%	RPI +14%
100% of Award	RPI +15%	RPI +19%

At the June 2014 Investor Day, it was highlighted that, despite improving conditions in some of our markets there remain many uncertainties and risks in the outlined plans for profit growth. Several of these macro factors have been reinforced by events and comments in recent months. In particular, the continued sharp downward trend in oil prices, which has impacted growth projections for this part of our business, which are heavily reliant on growth in that sector, as well as the Euro FX headwinds, which have all had an increasingly significant impact during FY2015 and have continued into FY2016.

Shareholders will also recall that because of the demonstrable unreliability of consensus forecasts, the Committee prefers to target EPS growth at a consistent/sustainable level, appropriate through the economic cycle, as we felt this approach would better generate appropriate returns for share owners over the longer term. However, taking account of shareholders diverse views, the Committee has flexed the EPS/regional targets, to some degree, in line with more immediate prospects.

The Group's EPS targeting has proven to be very stretching over the duration, with key elements of the strategy set out as follows:

1. The Group introduced the EPS measure, in addition to the relative TSR measure, in FY2010 to assure shareholders that the LTIP payout would be related to absolute, as well as relative performance. The EPS element comprises 50% of the total award for most Executives.
2. Awards achieved under both the EPS and TSR measures have been as follows, which illustrate that, despite SThree being above median or in some cases Upper Quartile relative to the benchmark grouping for TSR, the EPS payout has been much lower.

LTIP Award (unadjusted)	EPS target outturn	TSR target outturn
FY2010	66%	100%
FY2011	Nil	51%
FY2012	Nil	37%
Average	**22%**	**63%**

3. The Group has consistently referenced the significant lack of sector visibility/guidance and the consequent difficulties in modelling performance for a cyclical business. In fact, broker analysis has shown that, for the four main UK listed recruiters (i.e. SThree, Hays, Page Group and Robert Walters), between FY2007 and FY2014 there were huge variances in the eventual actual performance versus consensus forecasts over 2-3 years, with the average difference ranging between circa 20% and circa 80%.

Consequently, calling the markets inevitably becomes a lottery, so the Committee has tried to take an approach which considers what might be an appropriate level of return over the longer term cycle, building in flexibility to align consensus, business plan and internal budgets, etc, whilst also stripping out any outlying estimates. The lack of forecasts for year 3 merely serves to reinforce the value of this approach.

The Committee therefore intends that the EPS targets for awards to be made in FY2016 should remain as set out in the earlier table, i.e. the same as those used in FY2015.

Additional holding periods of 2 years post any LTIP vesting were implemented in FY2014, although investors will be well aware that many of the Executives have already accumulated significant shareholdings. Currently, Executives are required to hold a minimum shareholding of 100% of salary. Malus and clawback arrangements continue to be in place for both the LTIP and annual bonus arrangements.

Investor response: Many investors were supportive of the EPS target proposals, although some preferred to wait until the Annual Report was available before full endorsement. However, the responses received to date lead us to believe that there will not be significant opposition at the time of the AGM.

3. RE-ELECTION OF COMMITTEE CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR (SID)

The Board proposes to re-appoint myself, as Committee Chairman and SID, at the next AGM and sought prior shareholder endorsement, having served the normal maximum 9 years under the UK Corporate Governance Code ('the Code').

Investor response: Investors were supportive of this, noting that:

- The appointment will be for a maximum of a further year only, although it is likely that I will leave sooner, during which time the Board will be able to effect a smooth handover to my successor in FY2016;
- The Board believe that I am performing well, sound in judgement and independent;
- The Board and its advisors see value in continuity on the Board and Committee, particularly with continuing economic uncertainties.

4. LTIP RENEWAL

The Group's LTIP, introduced at an EGM in November 2006, will reach its 10 year life span in November 2016 and it is therefore planned to renew the plan at the AGM in 2016, without any significant changes to the rules, other than to reflect changes in legislation, etc.

Investor views were sought as to revising the current operation of the LTIP whereby the Committee had imposed an award cap of 450% of salary over 3 years, versus the annual maximum award limit under the rules of 175% of salary, the primary driver being the increasing globalisation of the business and, in particular, the need to attract senior Executives in the Americas, which is one of the Group's biggest growth regions.

Investor response: Investor feedback was that this change in approach would be supported provided there is a full explanation of the circumstances and the Committee has therefore confirmed that it will do this, if/when it becomes applicable. Investors were otherwise fully supportive of the plan renewal, noting that all applicable investor share capital guidelines would be complied with and that a summary of the key terms of the LTIP would be set out with the Notice of AGM.

5. UNDERLYING PBT/EPS, CONSISTENCY OF REPORTING/COMMITTEE POLICY

Investors will note from prior years that the Committee's policy on assessment of the outturn of the bonus PBT elements of the financial bonus/LTIP EPS element, was to use pre-exceptional PBT and basic EPS as the basis for measuring awards so that any material abnormal influences are excluded, with any abnormal influences which are not material but still significant being highlighted to the Committee for consideration as to their treatment.

Guidance from the Financial Reporting Council ('FRC') now discourages the use of exceptional items on a frequent basis. The Group therefore proposes to show, where appropriate, an 'underlying' earnings measure of PBT, whilst clearly highlighting any non-recurring or significant items, although it will no longer formally categorise such items as 'statutory exceptional items'. As a result, the Committee will assess the bonus/LTIP outturn based on an adjusted earnings measure rather than a 'pre-statutory exceptional' basis, although the end result should be the same. In making this adjustment, the Committee will monitor best practice and ensure consistency of approach in terms of forward or phasing impact.

Investor response: Investors were supportive of this change, provided that it is operated fairly and does not give an abnormal result. The Committee has therefore agreed to re-base earlier years as necessary to ensure that this change in approach aligns with shareholders' interests. Accordingly, this approach has been followed in assessing the FY2015 bonus and LTIP outturn.

6. US EMPLOYEE SHARE PLAN

Given the Group's growth in the Americas and its longstanding policy of encouraging share ownership, authority is being sought to introduce a more tax efficient employee share plan in the USA, probably along the lines of a Section 423 plan, which is broadly similar to the UK SAYE scheme in that a discount to buy SThree plc shares can be offered to US resident employees and Directors who agree to make regular payroll contributions.

Investor response: Investors were supportive of this, noting that all applicable investor share capital guidelines will be complied with.

7. TRACKER SHARE OR MINORITY INTEREST ('MI') ARRANGEMENTS IN STHREE SUBSIDIARIES/ BUSINESSES

SThree has always regarded this model as a key driver in its success and it is therefore planned to create more MI structures going forwards, for which shareholder approval will be sought at each AGM. This will entail the creation of new structures within SThree businesses globally, (including via the UK LLP), on broadly similar terms to those created in prior years, with subsidiaries being used to track the performance of the relevant underlying business in which an individual is allocated a stake. A summary of the key terms upon which these stakes are normally offered to individuals, including employees, Partners, or other selected persons, is set out in the Notice of AGM. The Directors of SThree plc cannot participate in any new allocation for an MI business.

Investor response: Investors were fully supportive of the proposals, noting that they remain a key part of SThree's philosophy.

POLICY REPORT

This report provides details on the Group's remuneration policy and will be put to shareholders by way of a binding vote every three years, having been last approved at the AGM in 2014, from when the policy took effect. The policy is intended to take effect immediately following any shareholder approval. Application of the policy during this period is intended to be consistent with the parameters set out in the policy table.

The report also complies, as necessary, with other regulations, including the Listing Rules and the Code. Regulations currently require the auditors to report to the Company's shareholders on 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).

Remuneration policy is designed to support the strategic business objectives of the Group in order to attract, retain and motivate Directors and senior managers of a high calibre to deliver sustainable increases in shareholder value. Where possible, the Committee tries to ensure a greater focus on variable performance related, rather than guaranteed elements. Also, it considers investor guidelines and reward across the wider employee base in setting total or individual items of remuneration for Senior Executives. This is designed to reward high performance and reflects the Group's long established entrepreneurial culture.

Following formal shareholder adoption of the policy in 2014, as a result of shareholder feedback, the Committee has strengthened its approach in two areas:

(i) post vesting holding periods for the LTIP; and

(ii) in relation to the buy out of incentives or other payments necessary to recruit exceptional candidates or overcome particular circumstances in the market.

In relation to point (ii) above, the Committee confirms that any such arrangement (whether in the form of a buy out of incentives or other payment) will take a similar form to that surrendered, with the value of such incentive buy out or other payment being capped at no greater than that which the individual has agreed to surrender in order to be recruited. The Committee does not therefore envisage that a cash or other payment over and above the value surrendered (i.e. a 'golden hello') would be offered. The policy that exists for current Directors would then apply to the balance of the individual's remuneration package

LONG TERM INCENTIVE PLAN ('LTIP')

The LTIP has been designed to reward consistently high absolute earnings growth, as well as relative performance to appropriate comparators. Key policy features of the LTIP are as follows:

CURRENT AND FUTURE POLICY TABLE

ELEMENT	PURPOSE & LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
EXECUTIVE DIRECTORS				
BASE SALARY	Attracts, retains and motivates high calibre Executives to deliver sustainable increases in shareholder value	Reviewed annually, with full benchmarking normally undertaken by advisors every 2/3 years, which considers the remuneration of equivalent senior cohort in comparable companies	Between lower quartile and median of the relevant comparable market, subject to approved exceptions, e.g. to attract or retain in key roles	Individual pay levels are determined by reference to personal performance, capability, potential and relevant external comparators
BENEFITS, INCLUDING CAR ALLOWANCE, MEDICAL COVER, LIFE INSURANCE, PENSION SALARY SUPPLEMENT AND HOUSING ALLOWANCE (ONLY IF RELOCATED)	Attracts, retains and motivates high calibre Executives to deliver sustainable increases in shareholder value	Up to median of the relevant comparable market, subject to approved exceptions, e.g. to attract or retain in key roles. Based on general market assessment against FTSE 250/350 and/or similar sized companies	See operation section	N/A
ANNUAL BONUS	Encourages high levels of personal and team performances, focused on the key business strategies and financial/ operational measures	At target performance, 60% of salary is payable, with maximum bonus for 110% of target. No bonus is paid below 90% of target, with pro rata paid between 90% and 110% of target. All of this is subject to clawback/malus being applied, if appropriate	Maximum award is 120% of annual salary (may be uncapped below Board level), with deferral into shares for achievement over 100% of salary, vesting in equal tranches over two years, subject to continued employment	Achievement of agreed strategic and financial/operational annual business targets, weighted in line with business priorities. These also include risk based measures
SHARE BASED INCENTIVES, INCLUDING THE LTIP, SAYE, SIP, ETC	The LTIP motivates and rewards Executives for the delivery of substantial relative and absolute increases in shareholder value. SAYE and SIP participation is available to all UK employees, including Directors, on similar terms	The LTIP has agreed targets over 3 years, as set out below, with no re-testing. For new awards made from FY2014 onwards, a further 2 year holding period post vesting also applies for Executive Directors*. Criteria may differ below main Board. All of this is subject to clawback/malus being applied, if appropriate	For the LTIP, the maximum award is 450% of salary in any 3 year period (capped at 175% pa)	For the LTIP, achievement of relative TSR, absolute EPS, or other agreed measures over 3 years, as set out in the main body of this report. Targets are reviewed annually, with no re-testing. At median (threshold) performance, 30% of awards vest

* Reflects strengthening of approach since formal policy adoption.

ELEMENT	PURPOSE & LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
EXECUTIVE DIRECTORS				
BENCHMARKING REVIEWS AND FREQUENCY	Ensures that the Committee is informed on current market practice in fulfilling its TORs and providing value for money arrangements	The Committee monitors best practice, in rewarding its senior cohort, comparing remuneration arrangements with other FTSE 250/350 companies and specifically, with some 20 businesses of similar size/complexity to SThree. A full external review is normally undertaken every 2/3 years, carried out by advisors. This is supplemented by annual high level assessments in between	Related to each element in this table	N/A
APPROACH TO RECRUITMENT – NEW APPOINTMENTS/ PROGRESSION	Allows for growth in individual capability, so aiding retention/ motivation, on a value for money basis and promoting sustainable increases in shareholder value	Newly appointed or promoted Executives are appointed at remuneration levels, in line with their existing experience/ capability, to allow for progression from the 'entry' level within agreed ranges	Appointments between lower quartile and 90th percentile of median of the relevant comparable market position, subject to approved exceptions and within scheme limits, e.g. to attract or retain in key roles. May also include buy out of incentives/ other payments in order to recruit exceptional candidates or overcome particular circumstances in the market	Continued satisfactory performance in the role and against agreed objectives
SHARE OWNERSHIP/ RETENTION	Policy ensures alignment of Executive Director interests with those of investors	Executives should hold a level of shares equivalent to at least 100% of base salary within 5 years of being appointed. Lower targets are in place for senior roles below Executive level, proportional to the level of LTIP awards. A further 2 year holding period post vesting also applies for Executive Directors for new LTIP awards made from FY2015 onwards*	N/A	N/A

* Reflects strengthening of approach since formal policy adoption.

ELEMENT	PURPOSE & LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
NON EXECUTIVE DIRECTORS ('NEDS')				
FEES	Attracts, retains and motivates high calibre NEDs to provide experience, capability and governance in the interest of shareholders	Fees set by reference to the median of those fees paid in similar companies, related to allocated responsibilities and subject to the limits contained in the Company's Articles of Association	Basic fees plus payment for additional responsibilities, e.g. for chairing Committees. NEDs do not participate in the Group's incentive schemes	Obligation to perform satisfactorily and attend/contribute at meetings, assessed via Board effectiveness reviews
APPOINTMENT AND RE- ELECTION	Appointed for at least 3 years, subject to satisfactory performance and re-election at each AGM. NEDs are expected to serve for at least 6 years, to provide a mix of independence, balance and continuity of experience	Appointment may be terminated by either the Company or the NED at will. In practice NEDs may be requested to serve up to 9 years, subject to rigorous review and their agreement	Upon termination or resignation, NEDs are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment	Obligation to perform satisfactorily and attend/contribute at meetings, assessed via Board effectiveness reviews

PERFORMANCE RELATED ELEMENTS

ANNUAL BONUS

The Committee's policy is to review measures for the bonus scheme annually, across a range of metrics, so that they continually align with strategic objectives.

Although measures are re-calibrated annually in order to reflect the prevailing strategic emphasis and underlying market, financial metrics will continue to comprise a significant portion of the overall bonus.

The Committee may exercise discretion in assessing achievement against each stated target where it considers that it would be fair and reasonable to do so. For the FY2015 bonus, the Committee agreed the bonus proposals presented by management without exercising discretion, whilst also using the adjusted earnings basis to assess the outturn, as explained earlier.

The Committee also pays due consideration to risk management as well as environmental, social and governance ('ESG') issues, to ensure that the bonus structure does not inadvertently encourage irresponsible behaviour, for example by introducing and strengthening contract/compliance metrics to improve risk mitigation. Clawback or malus provisions may also be applied if the Committee considers that there has been deliberate manipulation or dishonesty, leading to an inappropriate bonus payment, although none of these were applied in the year under review.

The diagram below shows Group spend on performance related elements versus overall remuneration spend in FY2015.

* Market value at date of grant

- For the Group CEO and CFO, performance criteria is split equally between relative Total Shareholder Return ('TSR') and Earnings Per Share ('EPS') measures. The latest EPS targets are as set out earlier in the Committee Chairman's introduction. Regional growth targets were introduced for both the Americas and Asia Pacific & ME CEOs, reflecting the importance of the Group's strategic growth plans for both regions. These targets apply to up to one third of their total LTIP award, are based on delivery against budgeted regional growth forecasts, which are consistent with Group targets and are considered to be commercially sensitive;
- The Committee's policy is to set LTIP performance measures designed to withstand variable market conditions, as explained earlier. Following the most recent review, from FY2015 onwards, the TSR comparator peer group consists of circa 35-40 companies, being mid/large cap global listed recruiters or other business services/benchmark comparator companies, the vast majority of which have a high historical cyclicality correlation coefficient with SThree, being as follows: Adecco 'R', Amadeus Fire, Bovis Homes Group, Brunel International, Carillion, Dice Holdings, Electrocomp, Exova Group, Galliford Try, Grafton Group UTS, Groupe Crit, Harvey Nash Group, Hays, Hogg Robinson Group, Impellam Group, Insperity, Kelly Services 'A', Kforce, Korn Ferry International, Manpower Group, Matchtech Group, Page Group, Morgan Advanced Material, On Assignment, Premier Farnell, Ranstad Holding, Regus, Resturant Group, Robert Half International, Robert Walters, Savills, Shaftesbury, Staffline Group, Sythomer, Telecity Group, Trueblue, USG People, Wetherspoon (JD);
- The TSR comparator group is reviewed annually and may be changed for future awards at the discretion of the Committee. For those comparator group companies listed outside the UK, the TSR relative share price performance movement is assessed using local currency in order to exclude the impact of exchange rate changes on the calculation;
- Performance measures, targets and the proportion of awards linked to each, are reviewed and communicated annually by the Committee, in light of the current trading environment, internal and external forecasts, as well as the guidelines of key investor bodies and may be changed for future awards to ensure that they remain appropriate;
- The preferred EPS growth measure is Compound Average Growth Rate ('CAGR'), as it rewards value creation equally over the period covered by the incentive. Adjusted basic EPS is now used as the basis for measuring awards, so that any material abnormal influences are excluded, with any abnormal influences which are not material but still significant being highlighted to the Committee for consideration as to their treatment;
- The Committee may use discretion in assessing the performance of the LTIP, provided that it would be fair and reasonable to do so, however no discretion was exercised during the period in adjusting the performance outcome;
- Clawback or malus provisions may also be applied if the Committee considers that there has been deliberate manipulation or dishonesty, leading to an inappropriate LTIP award, although none of these were applied in the period under review.

SERVICE CONTRACTS AND OUTSIDE APPOINTMENTS

Executive Directors have rolling service contracts providing a maximum of 12 months' notice and are encouraged to undertake an external appointment, where they are able to combine this with their existing role. This helps to broaden experience and capability, which can benefit the Company. Currently, no such outside positions are held by any Executive Directors.

OBLIGATIONS UNDER SERVICE CONTRACTS AND PAYMENTS FOR LOSS OF OFFICE

Each service contract gives a right to base salary and benefits in the event of early termination, subject to otherwise satisfactory job performance, with mitigation generally required to reduce any compensation payable. Service contracts include the requirement for a maximum of 12 months' notice by either party, with pro-rating normally applied by the Committee where relevant. Good leavers without cause (e.g. redundancy or retirement) may generally retain any earned bonus or share based awards, on a pro rata basis, subject to still achieving any relevant performance criteria.

TRACKER SHARE OR MINORITY INTEREST ('MI') ARRANGEMENTS IN STHREE SUBSIDIARIES/BUSINESSES

The Company's policy is, following a decision to purchase the minority holding of any underlying business, to generally settle the related vested tracker shares using SThree plc shares as consideration. Gary Elden, Justin Hughes and Steve Quinn continue to hold legacy share rights in a number of SThree businesses under these arrangements. Any loans outstanding are expected to be repaid in full, should the tracker business be purchased from the individual concerned. Details of these arrangements are set out in the AGM notice. Directors of SThree plc are not eligible to participate in new arrangements.

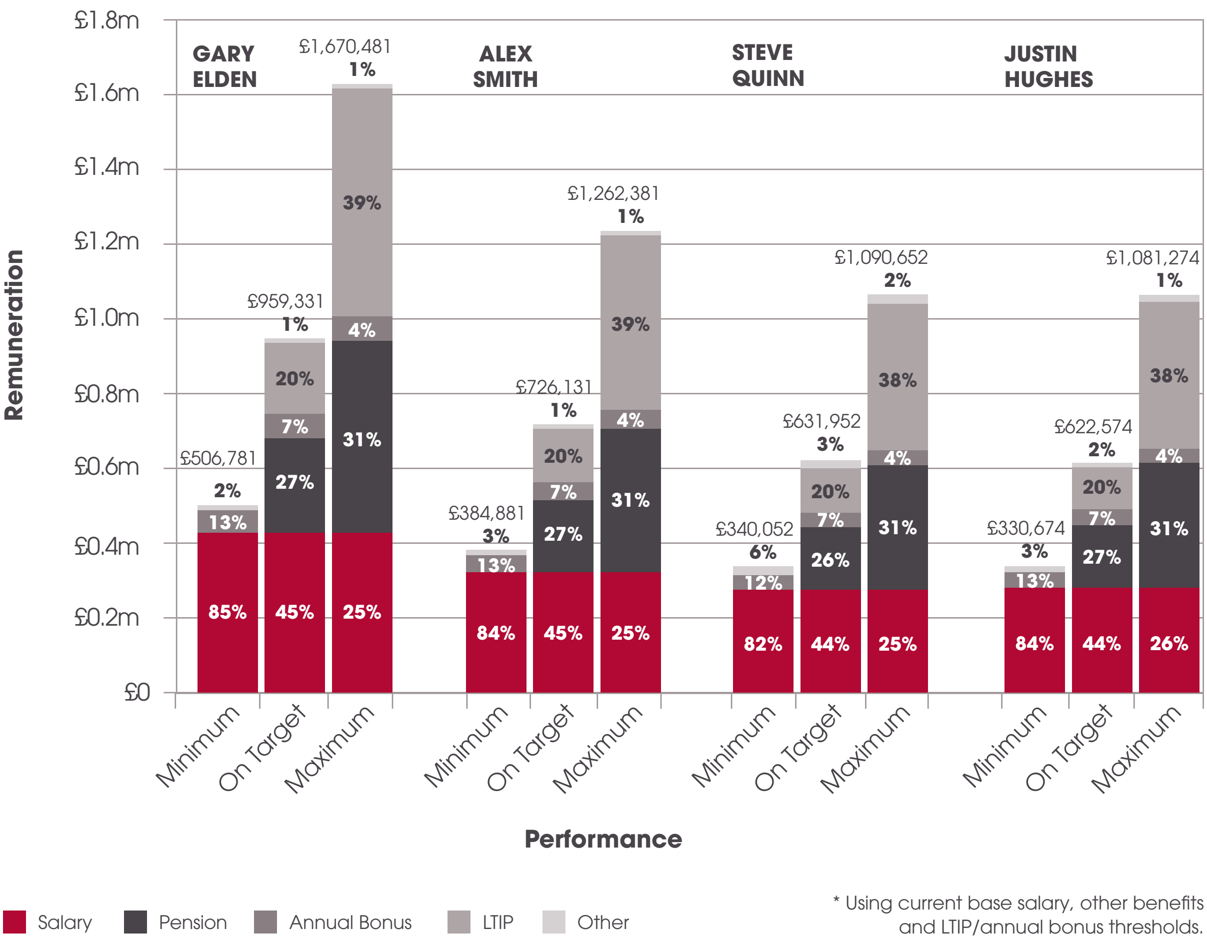
LIMITED LIABILITY PARTNERSHIP ('LLP')

An LLP was created in December 2013, following shareholder approval. A number of senior individuals within the UK business became LLP Partners during FY 2014 and are therefore incentivised as Partners within the LLP, including via capital rights similar to the tracker share arrangements. Whilst Executive Directors do not participate in these arrangements, following an exchange of equivalent interests, Gary Elden holds capital rights under the LLP over certain UK businesses which were initially in tracker share form when originally awarded to him, but having since been reorganised under a subsidiary restructure.

EMPLOYEE BENEFIT TRUST AND SHARE PLANS

The Group has a culture that encourages tax efficient share participation at all levels. An Employee Benefit Trust ('EBT'), originally funded by gifts from Directors, holds assets comprising shares in the Company, with shares also held separately as 'Treasury Shares'. Shares in the EBT or held in Treasury, are held for awards and grants under the Group's various share option and share award schemes, which include the LTIP, Savings Related Share Option Scheme ('SAYE Scheme') and a Share Incentive Plan ('SIP') as well as to satisfy tracker share settlements. The Company intends to make available similar share plans in other jurisdictions, subject to local laws, etc, where commercially viable and has set the minimum critical mass of headcount for roll out in any country at 100 employees. In the event of a takeover, or similar, under the Group's share plans, shares may generally vest or options become exercisable 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 achieved, up to the same date. 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 shareholder approval is needed. Under the SIP, shares are purchased on a monthly basis, at the then market price and matching shares are awarded on a 1:2 basis, provided that participants do not sell their purchased shares and also remain in employment within the Group for an agreed period. In terms of dilution, awards under the LTIP, EBT and other share plans are satisfied by a combination of Treasury Shares and new issue shares. Where new issue shares are used, this will comply with the guidelines provided by investor bodies. Expected value calculations of share incentives are not disclosed, as these are not considered necessary, given that sufficient information on which to carry out such calculations is already disclosed.

Illustration of potential FY2016 Executive Directors' Remuneration



* Using current base salary, other benefits and LTIP/annual bonus thresholds.

JOINT OWNERSHIP PLAN ('JOP')

A Joint Ownership Plan ('JOP') remains in place in respect of some of the historical unapproved LTIP awards, with remaining JOP options exercisable at prices of 60p, 73p and 78p per share, over the underlying award. In order to satisfy upfront tax and NIC liabilities on JOP awards, loans have been made available to all participants. These loans carry interest at the prevailing HMRC official rate and are normally to be repaid at exercise. Current JOP loan amounts outstanding are: Gary Elden £9,999; Alex Smith £43,021; and Justin Hughes £13,032. Prior to the introduction of the JOP, the Committee sought appropriate assurance from advisors that the Group was not exposed to any significant additional cost.

ANNUAL REPORT ON REMUNERATION

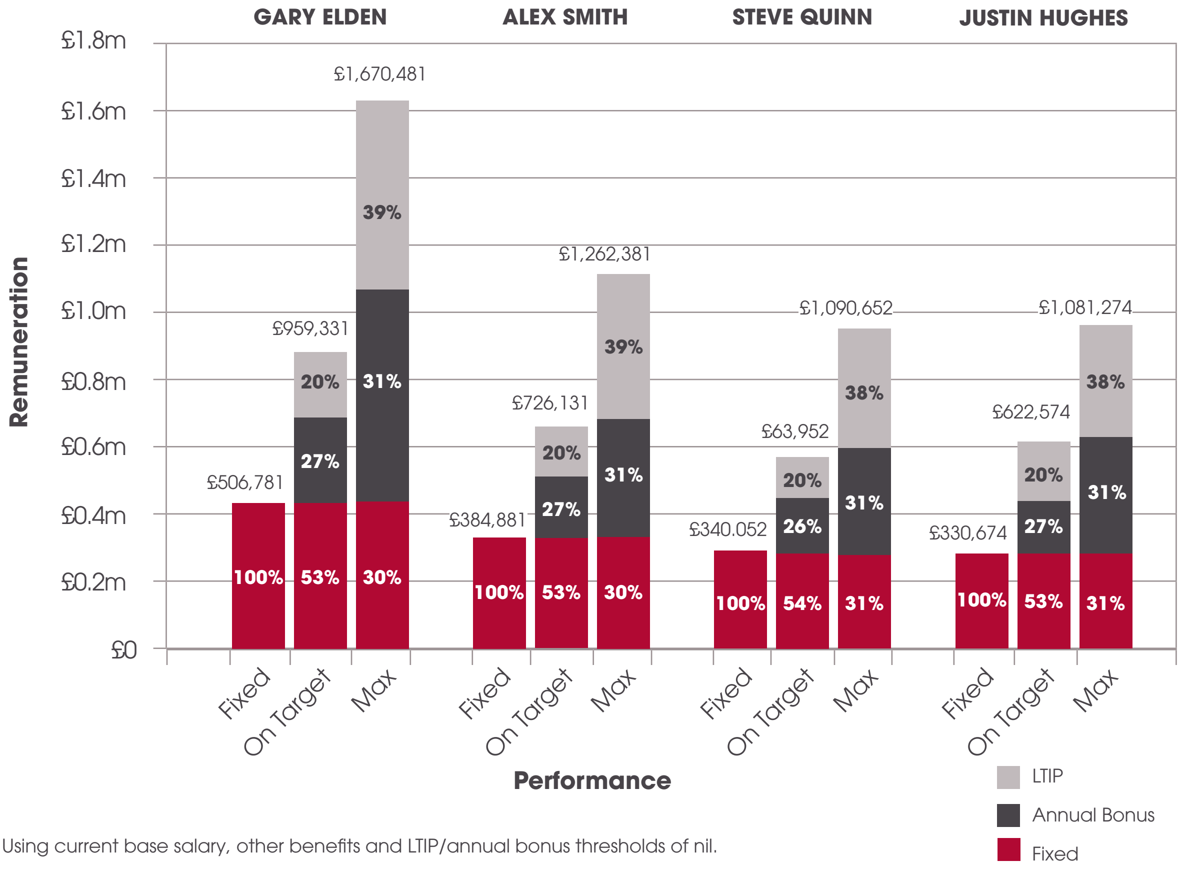
APPLICATION OF POLICY

Executive Directors' base salary changes

The table below illustrates the most recent base salary changes (effective for FY2016), as well as showing dates of appointment. The average pay award for employees generally was 2.6%.

EXECUTIVE DIRECTOR	DATE APPOINTED TO BOARD	BASE SALARY FY2014 £'000	BASE SALARY FY2015 £'000	INCREASE (FROM 1 DEC 2015)	BASE SALARY (FROM 1 DEC 2015) £'000
Gary Elden, CEO	14 April 2008	401.7	411.7	4.7%	431.0
Alex Smith, CFO	7 May 2008	309.0	316.7	2.6%	325.0
Steve Quinn, CEO Americas	1 June 2012	259.6	266.0	4.5%	278.0
Justin Hughes, CEO Asia Pac & ME	1 June 2012	259.6	266.0	4.5%	278.0

Ratio of Fixed to Variable Pay at Various Performance Levels



* Using current base salary, other benefits and LTIP/annual bonus thresholds of nil.

NON EXECUTIVE DIRECTORS' ('NEDS') (AUDITED)

NED fees are set out, along with dates of appointment, in the table below. With the exception of the Chairman's increase to £140,000, from 1 December 2015, fees have not been increased since December 2011.

NON EXECUTIVE DIRECTOR	DATE APPOINTED	TOTAL FEES FY2014 £'000	TOTAL FEES FY2015 £'000	COMMITTEE CHAIR
Clay Brendish	1 May 2010	125.0	125.0	Nomination Committee
Anne Fahy*	1 October 2015	-	7.5	Audit Committee
Fiona MacLeod	1 July 2014	16.7	40.0	N/A
Nadhim Zahawi	1 May 2008	40.0	40.0	N/A
Tony Ward	14 August 2006	46.0	46.0	Remuneration Committee
Alicja Lesniak*	3 May 2006	43.6	19.2	Audit Committee
TOTAL		**271.3**	**277.7**	

* Pro rated due to appointment or retirement in current year

SINGLE TOTAL FIGURE FOR DIRECTORS' REMUNERATION (AUDITED)

The table below shows Directors' emoluments for the current and prior year. Other than the LTIP awards disclosed in the table, no other awards vested to any Director in the year to 30 November 2015.

FY2015

DIRECTOR	SALARY & FEES £'000	OTHER TAXABLE BENEFITS (I) £'000	ANNUAL BONUS £'000	EQUITY AWARDS £'000 (II)	SALARY SUPPLEMENT IN LIEU OF PENSION (IV) £'000	TOTAL £'000
Gary Elden	411.7	11.1	458.3	325.0	78.8	1,284.9
Alex Smith	316.7	11.1	352.6	250.0	47.5	977.9
Steve Quinn (V)	266.0	341.5	287.5	210.0	50.5	1,155.5
Justin Hughes (V)	266.0	93.9	263.9	210.0	47.2	881.0
Non Executive Directors (VI)	277.7	-	-	-	-	277.7
Aggregate Emoluments	**1,538.1**	**457.6**	**1,362.3**	**995.0**	**224.0**	**4,577.0**

FY2014

DIRECTOR	SALARY & FEES £'000	OTHER TAXABLE BENEFITS (I) £'000	ANNUAL BONUS £'000	EQUITY AWARDS £'000 (III)	SALARY SUPPLEMENT IN LIEU OF PENSION (IV) £'000	TOTAL £'000
Gary Elden	401.7	19.5	263.3	107.4	60.3	852.2
Alex Smith	309.0	11.3	209.9	107.2	46.4	683.8
Steve Quinn (V)	259.6	218.7	203.2	83.0	46.8	811.3
Justin Hughes (V)	259.6	79.2	172.6	83.0	40.4	634.8
Non Executive Directors (VI)	271.3	-	-	-	-	271.3
Aggregate Emoluments	**1,501.2**	**328.7**	**849.0**	**380.6**	**193.9**	**3,253.4**

NOTES

(I) Other taxable benefits include a car allowance, medical cover and life/income protection insurance, as well as payments to cover housing costs, being £50,491 (2014: £46,789) for Justin Hughes and £270,826 (2014: £172,117) for Steve Quinn.

(II) FY2015 equity awards comprise LTIP awards granted in early FY2013, vesting in early FY2016, based on performance assessed over FY2013 – 2015, but also including the value of any related dividends paid during the vesting period. The benefit value has been calculated using a share price of 327.25p, being the share price as at 30 November 2015, the last dealing day of the year.

(III) FY2014 equity awards comprise LTIP awards granted in early FY2012, vested in early FY2015, based on performance assessed over FY2012 – 2014, but also including the value of any related dividends paid during the vesting period. The benefit value has been calculated using a share price of 311.25p, being the share price as at 28 November 2014, the last dealing day of the year.

(IV) Senior employees, including the Executive Directors, are eligible for a salary supplement in lieu of pension of up to 15% of their base salary. Gary Elden, Justin Hughes and Steve Quinn's FY2015 figures include amounts to rectify underpayments of this supplement in the prior year.

(V) Justin Hughes (based in Hong Kong) and Steve Quinn (based in the USA), are paid in local currency. Benefits have been converted into pounds sterling at average exchange rates for FY2015 of 11.93 (Hong Kong) and 1.54 (USA).

(VI) Audited information includes the individual NED fees set out earlier.

(VII) There were no payments to former Directors or for loss of office or any other purpose.

ANNUAL BONUS

The table below shows the measures/weighting and result for FY2015, with targets for FY2016 being commercially sensitive as this may provide confidential information to competitors. The Committee will disclose such information in the next published Annual Report once it is deemed no longer commercially sensitive.

PERFORMANCE MEASURE FY2015	CEO MAX POTENTIAL (% SALARY)	CEO ACTUAL RESULT (% SALARY)	CFO MAX POTENTIAL (% SALARY)	CFO ACTUAL RESULT (% SALARY)	CEO AMERICAS MAX POTENTIAL (% SALARY)	CEO AMERICAS ACTUAL RESULT (% SALARY)	CEO APAC & ME POTENTIAL (% SALARY)	CEO APAC & ME ACTUAL RESULT (% SALARY)	PERFORMANCE TARGET THRESHOLD	PERFORMANCE TARGET MAX	ACTUAL RESULT
Financial Objectives (1)											
PBT (pre-exceptionals)	35.1%	35.1%	35.1%	35.1%	28.1%	28.1%	28.1%	28.1%	£32.0m	£39.1m	£40.8m
Conversion ratio	23.4%	23.4%	23.4%	23.4%	18.7%	18.7%	18.7%	18.7%	13.7%	16.7%	17.6%
Cash conversion	19.5%	19.5%	19.5%	19.5%	15.6%	15.6%	15.6%	15.6%	55.0%	68.0%	126.0%
Regional financial (1)	-	-	-	-	15.6%	12.5%	15.6%	3.9%			
Shared Objectives (2)											
DSO	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	40 days	38 days	38 days
Permanent	6.0%	4.8%	6.0%	4.8%	6.0%	4.8%	6.0%	4.8%			
Innovation	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			
Churn	6.0%	0.0%	6.0%	0.0%	6.0%	0.0%	6.0%	0.0%	36.0%	35.0%	37.7%
Client	6.0%	5.3%	6.0%	5.3%	6.0%	5.3%	6.0%	5.3%			
Personal (3)	12.0%	11.3%	12.0%	11.3%	12.0%	11.2%	12.0%	10.8%			
Total (4)	**120.0%**	**111.3%**	**120.0%**	**111.3%**	**120.0%**	**108.1%**	**120.0%**	**99.2%**			

NOTES

1. PBT is measured on an adjusted basis, as explained earlier. Regional financial targets are based on delivery against agreed growth measures.
2. Shared objectives are assessed based on delivery by the Group Management Board ('GMB') members of agreed medium term strategic targets, which are outlined as follows, to the extent that details are not commercially sensitive:
   a) Permanent - review and clarify proposition, optimise structure, drive best practice, improve metrics.
   b) Innovation – workshop held and strategic plan presented and approved.
   c) DSO – reduce DSO to 38 days from 41 in the prior year.
   d) Churn - reduce 12-24 month sales consultant churn to an agreed level.
   e) Client - a qualitative assessment of the growth in placements for all clients, using the agreed client categorisation framework.
3. Personal targets - delivery against agreed objectives to produce value or efficiency gains.
4. Deferral into shares is triggered for any bonus earned over 100% of salary.

LTIP AND OTHER SHARE OPTIONS/AWARDS

LTIP (AUDITED)

Executive Directors' awards of forfeitable, deferred shares or options under the LTIP are set out in the table below, showing initial awards, dividends paid in shares or other changes during the year, including the monetary gain made. Awards are subject to the performance criteria detailed in the policy report earlier, with the next awards due to be made in early FY2016 at the relevant multiple of base salary. As a result of not meeting the agreed performance criteria, some 50% of 2013 awards and 81.5% of 2012 awards lapsed. All awards made were of conditional shares, except those made in 2010 as options.

Awards may be structured to include tax approved options, granted at market value, with a corresponding funding award granted at an option exercise price of £1 per total award granted.

GOVERNANCE

DIRECTOR	DATE OF LTIP GRANT/ AWARD	MARKET PRICE AT GRANT/ AWARD	SHARES ORIGINALLY AWARDED	FACE VALUE*	SHARES VESTING IN RELEVANT PERIOD	VESTING DATE	GAIN ON EXERCISE	REMAINING UNEXERCISED AT 30 NOV 2015 (INCL DIVIDEND SHARES)
Gary Elden	11/2/2010	299.40p	120,991	£362,247	123,964	10/2/2013	£449,001.87	-
Gary Elden	1/2/2011	371.30p	107,217	£398,096	32,299	1/2/2014	-	34,418
Gary Elden	1/2/2012	272.00p	157,191	£427,559	34,516	1/2/2015	-	35,379
Gary Elden	8/2/2013	331.50p	176,470	£584,998	-	8/2/2016	-	176,470
Gary Elden	4/2/2014	364.00p	165,535	£602,547	-	4/2/2017	-	165,535
Gary Elden	17/2/2015	324.00p	190,621	£617,612	-	17/2/2018	-	190,621
Alex Smith	11/2/2010	299.40p	117,935	£353,097	120,832	10/2/2013	-	134,305
Alex Smith	1/2/2011	371.30p	104,511	£388,049	31,483	1/2/2014	-	33,549
Alex Smith	1/2/2012	272.00p	156,789	£426,466	34,427	1/2/2015	£111,209.54	-
Alex Smith	8/2/2013	331.50p	135,746	£449,997	-	8/2/2016	-	135,746
Alex Smith	4/2/2014	364.00p	127,335	£463,499	-	4/2/2017	-	127,335
Alex Smith	17/2/2015	324.00p	146,631	£475,084	-	17/2/2018	-	146,631
Steve Quinn	1/2/2011	371.30p	45,005	£167,103	13,557	1/2/2014	-	14,447
Steve Quinn	1/2/2012	272.00p	52,516	£142,843	11,531	1/2/2015	-	11,819
Steve Quinn	18/7/2012	261.00p	68,966	£180,001	15,142	18/7/2015	-	15,521
Steve Quinn	8/2/2013	331.50p	114,027	£377,999	-	8/2/2016	-	114,027
Steve Quinn	4/2/2014	364.00p	106,961	£389,338	-	4/2/2017	-	106,961
Steve Quinn	17/2/2015	324.00p	123,170	£399,070	-	17/2/2018	-	123,170
Justin Hughes	1/2/2011	371.30p	45,005	£167,103	13,557	1/2/2014	-	14,447
Justin Hughes	1/2/2012	272.00p	52,516	£142,843	11,531	1/2/2015	£38,052.30	-
Justin Hughes	18/7/2012	261.00p	68,966	£180,001	15,142	18/7/2015	£58,254.97	-
Justin Hughes	8/2/2013	331.50p	114,027	£377,999	-	8/2/2016	-	114,027
Justin Hughes	4/2/2014	364.00p	106,961	£389,338	-	4/2/2017	-	106,961
Justin Hughes	17/2/2015	324.00p	123,170	£399,070	-	17/2/2018	-	123,170

* The face value of each award equals the number of shares originally awarded multiplied by the market price at grant.

SAVE AS YOU EARN ('SAYE') (AUDITED)

Executive Directors' awards of options under the SAYE scheme are set out in the table below, with each award being exercisable three years from the date of grant, for a period of six months, at the relevant option price. Options are issued on similar terms to all employees, being at a 20% discount to the market price and not subject to performance conditions. Any gains made during the current/prior year are set out in the table.

DIRECTOR	DATE OF SAYE GRANT/ AWARD	OPTION PRICE AT GRANT/ AWARD	SHARES AWARDED	SHARES LAPSED	VESTING DATE	ACTUAL GAIN MADE ON EXERCISE	REMAINING UNEXERCISED AT 30 NOV 2015
Gary Elden	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035
Alex Smith	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035
Steve Quinn	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035
Gary Elden	12/09/2014	276.76p	3,251	-	1/12/2017	-	3,251
Alex Smith	12/09/2014	276.76p	3,251	-	1/12/2017	-	3,251
Gary Elden	11/09/2015	295.00p	3,050	-	1/12/2018	-	3,050
Alex Smith	11/09/2015	295.00p	3,050	-	1/12/2018	-	3,050

DIRECTORS' INTERESTS IN SHARES (AUDITED)

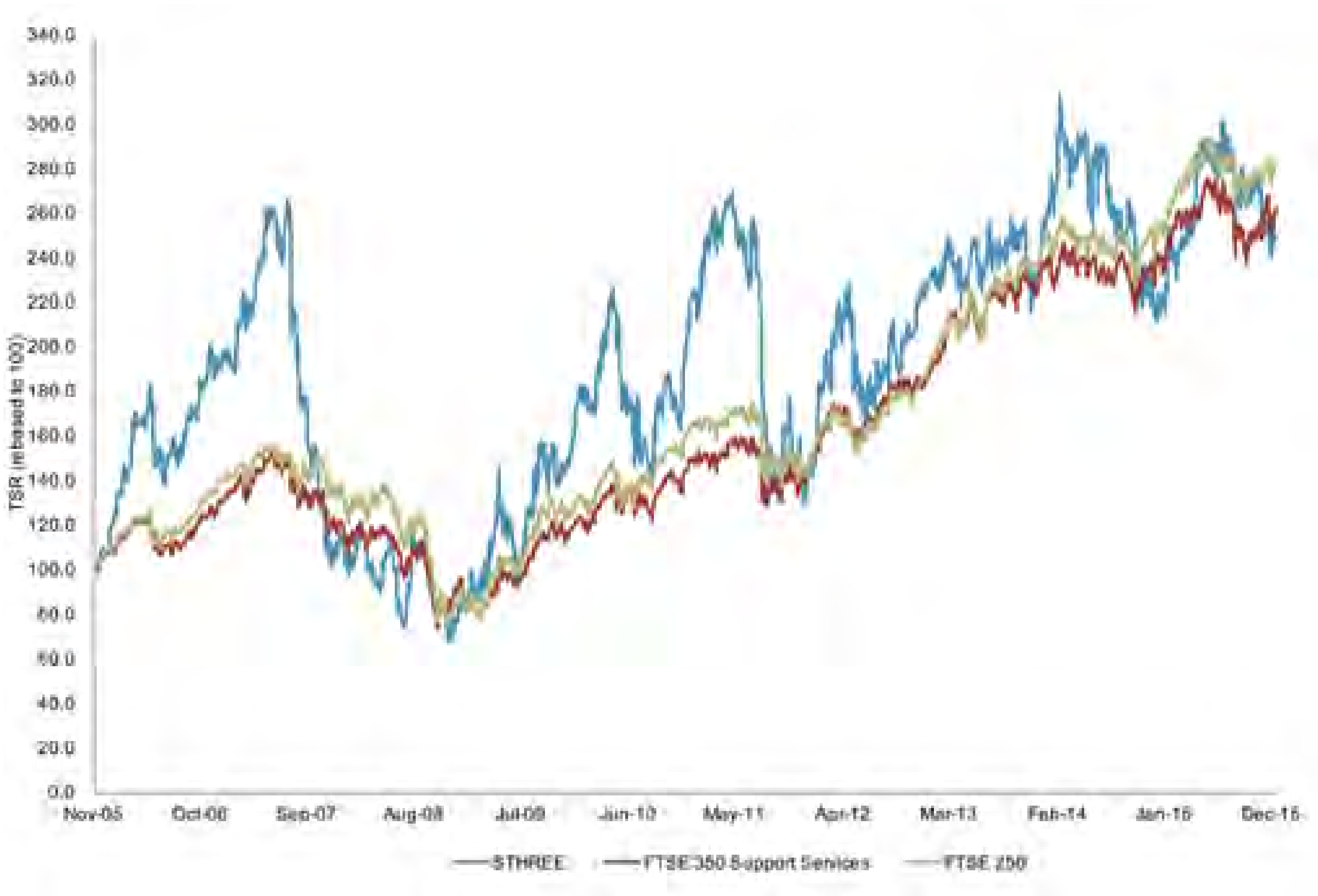
Executive Directors must hold a level of shares equivalent to at least 100% of base salary within 5 years of their date of appointment and all Directors have attained this level. For awards under the LTIP from FY2015 onwards, a 2 year holding period applies post vesting. Directors' interests in the ordinary share capital of the Company are shown in the table, including any changes since the start of the current year. No Director had any other interest in the share capital of the Company or its subsidiaries, or exercised any option during the year, other than as already disclosed. All shares shown in the table are fully exercised/vested, with no current performance measures. For the Executive Directors, changes during the year include the acquisition and subsequent disposal of shares transferred to satisfy tracker share settlement by the Company, as well as LTIP exercises and related share disposals to discharge tax/NIC liabilities. Interests in shares relate generally to fully vested ordinary shares of 1p each, but may include partnership, matching or dividend re-investment shares held in trust under the Share Incentive Plan ('SIP'), which are subject to forfeiture conditions in certain circumstances. Shareholders may also reinvest dividends by way of a Dividend Reinvestment Plan ('DRIP').

DIRECTOR	ORDINARY SHARES HELD AT 1 DEC 2014	ORDINARY SHARES ACQUIRED	ORDINARY SHARES DISPOSED	ORDINARY SHARES HELD AT 30 NOV 2015	PERCENTAGE OF SHARE CAPITAL
Gary Elden	3,217,901	146,351	583,540	2,780,712	2.15%
Alex Smith	200,656	19,090	-	219,746	0.17%
Steve Quinn	379,502	139,888	223,715	295,675	0.23%
Justin Hughes	648,802	236,499	311,361	573,940	0.44%
Clay Brendish	38,300	-	-	38,300	0.03%
Anne Fahy	-	-	-	-	-
Fiona MacLeod	5,000	-	-	5,000	0.004%
Tony Ward	14,063	-	-	14,063	0.01%
Nadhim Zahawi	43,228	-	-	43,228	0.03%

*All figures exclude options, which are shown in the tables earlier in the report.

TOTAL SHAREHOLDER RETURN ('TSR')

The graph below shows the Total Shareholder Return ('TSR') of the Company since flotation in November 2005, compared to the FTSE 350 Support Services and FTSE 250 indexes. These are considered the most illustrative comparators for investors, as the Company is either a constituent, or the constituents are used for comparing pay and benefit levels .



HISTORICAL LEVELS OF AND PERCENTAGE CHANGE IN CEO REMUNERATION VERSUS ALL GROUP EMPLOYEES

The table below shows the percentage increase for each element of remuneration between the current and previous financial periods for the CEO, compared with all Group employees. Note that figures can be distorted due to the wide geographical, hierarchical or role differences. Significant changes in headcount, in line with economic cycles or strategic investment in new markets can materially impact percentage movements.

FY2015 REMUNERATION ELEMENT	CEO PAY ELEMENT £'000	CEO PAY CHANGE %	ALL EMPLOYEES PAY CHANGE %
Salary & Fees	411.7	2.5%	7.9%
Other Benefits*	89.9	12.7%	8.7%
Annual Bonus	458.3	74.1%	4.8%
Equity Awards	325.0	202.6%	94.6%
	1,284.9		

*Includes salary supplement in lieu of pension

The table below shows historical levels of CEO total remuneration, as well as annual variable and LTIP vesting percentages achieved built up to a maximum of 10 years.

YEAR	CEO	CEO TOTAL REMUNERATION £'000*	CHANGE %	ALL GROUP EMPLOYEES PAY CHANGE (PER CAPITA) %	ANNUAL BONUS PAYMENT LEVEL ACHIEVED (% OF MAXIMUM) %	CEO EQUITY AWARDS VESTING ACHIEVED (% OF MAXIMUM) %
FY2015	Gary Elden	1,284.9	50.8%	1.9%	111.3%	50.0%
FY2014	Gary Elden	852.2	13.2%	(1.9%)	65.5%	18.5%
FY2013	Gary Elden	752.8	(41.9%)	2.7%	53.1%	25.5%
FY2012	Russell Clements	1,295.0	2.4%	(3.4%)	92.9%	88.0%
FY2011	Russell Clements	1,264.9	(1.5%)	(1.9%)	67.2%	100%
FY2010	Russell Clements	1,284.2	108.4%	3.0%	113.9%	100%
FY2009	Russell Clements	616.1	13.2%	(0.2%)	50.0%	44.0%

*including equity awards vesting as disclosed previously in relevant year, i.e. as at then market value.

Prior to FY2013, CEO pay increases reflected an acceleration of base salary approved by the Committee in consultation with shareholders, in order to correct the uncompetitive level which existed when the Group first listed.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out the relative importance of the pay in the FY2015 and the FY2014 compared with other disbursements. All figures are taken from the relevant sections of this Annual Report.

ITEM	PROFIT DISBURSEMENTS FY2015	PROFIT DISBURSEMENTS FY2014	% CHANGE
Dividends, tracker share settlement and other significant profit distributions	£26.7m	£28.8m	(7.2)%
Remuneration paid to all Employees (incl Directors)	£149.4m	£141.3m	5.7%

THE COMMITTEE AND ITS ADVISORS

COMMITTEE COMPOSITION AND RESPONSIBILITIES

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, including any additional benefits, such as pension rights and any compensation for loss of office. The Committee is also responsible for the implementation and operation of the Group's employee or senior management share incentive arrangements.

The Committee's Terms of Reference (available at www. sthree.com) are reviewed periodically and are in alignment with the UK Corporate Governance Code and ICSA best practice guidelines. During the year the Committee comprised only independent Non Executive Directors, being Tony Ward (Chairman), Alicja Lesniak (until retirement at the 2015 AGM), Nadhim Zahawi and Fiona McLeod and, as such, comprises at least three independent NEDs.

The Chief Executive Officer and the most senior HR representatives 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.

The Committee appointed Deloitte LLP ("Deloitte") as its remuneration advisor in 2007, following a competitive tender. During the year the Company paid £75,890 (FY 2014: £46,900), excluding VAT, for advice from Deloitte in relation to remuneration matters, although Deloitte also provide advice in relation to tax matters to SThree. Deloitte are members of the Remuneration Consultants Group ('RCG') and comply with the RCG Code of Conduct. The Committee are satisfied that their advice is objective and independent.

STATEMENT OF VOTING AT LAST YEAR'S AGM

At the most recent AGM, and AGM at which the policy was approved, the following votes were cast. The high number of votes cast against policy at the 2014 AGM reflects shareholder reaction to the LTIP EPS performance targets, which have since been addressed via consultation.

Actions taken as part of its ongoing dialogue with investors, including any actions to address shareholder concerns since the last AGM are detailed in the statement by the Committee Chairman, set out earlier.

AGM	RESOLUTION	FOR	%	AGAINST	%	WITHHELD
2015	Directors' Remuneration Report	97,949,306	99.45	544,464	0.55*	40,958
2014	Remuneration Policy	79,397,923	84.95	14,063,182	15.05*	10,737,812

* Votes witheld are not counted in the % shown above

APPROVAL

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

TONY WARD, OBE
SENIOR INDEPENDENT DIRECTOR

Chairman of the Remuneration Committee
22 January 2016

ROTTERDAM

CORPORATE GOVERNANCE REPORT

STEVE HORNBUCKLE,
GROUP COMPANY SECRETARY

THE FOLLOWING PAGES SET OUT HOW THE GROUP HAS APPLIED THE PRINCIPLES AND PROVISIONS OF THE UK CORPORATE GOVERNANCE CODE, PUBLISHED BY THE FINANCIAL REPORTING COUNCIL IN SEPTEMBER 2014 ('THE CODE'), AS AMENDED. THE GROUP COMPLIED WITH ALL SECTIONS OF THE CODE THROUGHOUT THE YEAR AND TO THE DATE OF THIS REPORT (OTHER THAN FOR A SHORT PERIOD WHEN IT WAS RECRUITING A NED TO REPLACE ONE WHO RETIRED AT THE AGM IN APRIL 2015).

A. LEADERSHIP

A. 1 THE ROLE OF THE BOARD

The Board provides strategic and 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 Committee, 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 GMB, the Investment Committee, a Minority Interest Steering Committee, a Routine Business Committee, a Disclosure Committee and CSR Committee, all of which provide a clear framework of delegated authorities. All Terms of Reference (available at www.sthree.com) are reviewed periodically and all Board Committees are aligned with 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 senior management to be reviewed and monitored. These are set out in a schedule of matters reserved to the Board, which is reviewed on a regular basis. The schedule outlines all matters requiring specific consent of the Board, which include, inter-alia, the approval of Group strategy, operating plans and annual budget, the Annual Report, the Interim Report and trading updates, major divestments and capital expenditure, meaningful 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, whilst allowing appropriate 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 Directors of the Company, including biographies, are set out in the Board of Directors section of this Annual Report, with further details of Board Committee membership being set out later in this Report. The number of, and attendance at, Board and Committee meetings during the year, is also shown in a table later in this report. All meetings were well attended and, outside these, there was frequent contact between Directors on a range of matters.

A.1.3 Appropriate insurance cover was in place during the year and as at the date of this report, in respect of possible 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, 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 achieving its objectives and is responsible for co-ordinating the business of the Board, ensuring its effectiveness, timing and setting its agenda, although he has no involvement in the day-to-day running of the Group's business. The Chairman allows adequate debate by all, whilst facilitating an effective contribution of the Non Executive Directors ('NEDs'), overseeing Board induction and evaluation, ensuring constructive relations between each Executive and NEDs and that the Directors receive accurate, timely and clear information to undertake Board affairs and 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 operational and financial performance of the Group, under a job description which clearly sets out these responsibilities.

A.3.1 As stated below, on appointment, the Chairman met the independence criteria set out under the Code, in terms of having no previous connection with the Company.

A. 4 NEDs

A.4.1 Tony Ward is the Senior Independent NED ('SID') 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 normal channels.

A.4.2 The Chairman meets with the NEDs without the Executive Directors being present, either before or after each Board meeting and this is formally minuted, whilst 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.

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 minutes, whilst upon resignation, NEDs are invited to provide a written statement to the Chairman for circulation to the Board, of any concerns.

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 needs and members have an appropriate and varied range of skills, vital to the success of the Group. The composition and performance of the Board and each Committee is periodically evaluated so as to ensure the appropriate balance of skills, expected time commitment, knowledge and experience and the Directors can thereby ensure that the balance reflects the changing needs of the Group's business, and is refreshed if necessary. Most importantly of all, Board members feel a strong cultural affinity with the Group, engaging fully as a committed team and in a wide variety of activities with our employees around the globe, whether it be an office visit, conference, or presentation by management.

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

B.1.2 The Board has a 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. Following the retirement of Alicja Lesniak at the AGM in April 2015, the Company fell below the Code requirement which requires at least half of its Board to consist of independent NEDs. To rectify this and in line with the Board's succession plans, an additional NED was appointed in October 2015 and the Board now comprises four Executive Directors and four independent NEDs, thus fully complying with the Code.

B.2 APPOINTMENT 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. The Chairman's Governance Overview and Strategy section (earlier in this Annual Report), contain further information on succession and diversity aspects.

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, against the background of 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 All Directors are subject to annual re-election, although NEDs are expected to serve for an initial term of 3 years, which, in normal circumstances and subject to satisfactory performance/re-election at each AGM, would be extended to at least a second 3 year term. NEDs may be requested to serve for a further (third) 3-year term subject to rigorous review at the relevant time and their agreement. The Company's Articles of Association also contain provisions regarding the removal, appointment, election/re-election of Directors.

B. 3 COMMITMENT

B.3.1 For all Board vacancies the Nomination Committee approves the detailed job specification, which sets out the indicative 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, each NED receives a formal appointment letter which identifies their responsibilities and expected minimum time commitment, being typically 2 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/presentations from management on the performance of the Group or specific areas of focus/responsibility. NEDs attend the Group's sales or other key conferences in order to join senior management from each geographic area to discuss current initiatives, whilst Board meetings are also periodically held at office locations globally, in order to allow Directors to meet local managers and improve their understanding of the business. Directors are briefed regarding their responsibilities and on other relevant regulatory, legal, governance or accounting matters. Regular updates are provided on all relevant topics, as required and Directors are 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 tailored for new appointments to ensure that it is appropriate for their role, dependent on 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, if appropriate. Subject areas identified to be addressed during the last full evaluation exercise included risk management, brand, regional and sectoral knowledge.

B. 5 INFORMATION & 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, on the performance of their duties as Directors, although 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 BOARD EVALUATION

B.6.1/2 As recommended by the Code, the Board again commissioned Lintstock Ltd, an independent third party, to undertake its annual Board/Committee evaluation exercise, which was completed in early 2015. Lintstock Ltd have no other relationship with the Group. The first stage of this review involved agreeing with Lintstock Ltd the context for the evaluation and tailoring each questionnaire. Respondents were then requested to complete these online, addressing the performance of the Board, Committees, Chairman and individuals, with anonymity of respondents ensured, in order to promote an open and frank exchange of views. Questionnaires addressed the following issues:

- Board composition, expertise and dynamics;
- Board support, time management and Board Committees;
- Strategic, operational and risk oversight;
- Succession planning and human resource management;
- Priorities for change; and
- Group strategy and its implementation.

Further detail on the latest exercise is contained in the Chairman's Governance Overview. Subsequent evaluations will build upon the lessons gained in this and ongoing annual evaluations, to ensure that recommendations resulting from each review are followed up and that year on year progress is measured. As part of this process, the Chairman also discusses the individual performance of Directors, in consultation with other Directors. The evaluation process is considered to be both formal and rigorous and past assessments have 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. See also the Chairman's Governance Overview section earlier in the Annual Report.

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 Although the Company's Articles of Association permit Directors to remain in office for up to three years before Annual General Meeting ('AGM') re-election, all Directors now retire and seek re-election annually, as recommended by the Code.

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 AGM. The Company also complies fully with the Code in respect of its AGM voting arrangements and RNS disclosure of the voting outcome.

C. ACCOUNTABILITY

C. 1 FINANCIAL & BUSINESS REPORTING

The Strategy section, Chairman's, CEO's and other officers' sections of this Annual Report, taken together, 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, Directors', Corporate Governance, CSR, Audit Committee and Nomination Committee Reports provide an overview of the Group, including environmental and employee matters and give an indication of future developments of the Group's business. This provides a fair, 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 financial statements and the 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 Strategy section, Chairman's, CEO's and other officers' sections of this Annual Report.

C.1.3 A 'going concern' statement is set out towards the end of the Corporate Governance Report section.

C. 2 RISK MANAGEMENT, INTERNAL CONTROL & VIABILITY

C.2.1/2 The Board's statement regarding its review of the effectiveness of the Group's risk management, internal control systems and viability statement is set out later in this report.

C. 3 AUDIT COMMITTEE & AUDITORS

Details of the composition, work and responsibilities of this Committee are set out in the Audit Committee Report.

D. REMUNERATION

D. 1 LEVEL & 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 the Remuneration Committee are set out under the relevant section later in this report 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 for 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 are regular meetings 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 yearly results and there was also dialogue on specific issues, such as the LLP, tracker share model, LTIP, remuneration issues and recruitment of Chairman.

E.1.1 The Chairman, Senior Independent and other NEDs are available to shareholders to discuss governance or strategy issues, 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.

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 they develop a full understanding of the views of major shareholders. Any issues or concerns can be raised with 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 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 also full disclosure of the voting outcome via RNS and on the Company's website as soon as practicable after the AGM.

E.2.3 All Board members are encouraged to attend the AGM and 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 & COMMITTEE COMPOSITION & 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. All Terms of Reference (available at www.sthree.com) are reviewed regularly and are aligned closely with the UK Corporate Governance Code and ICSA best practice guidelines.

In addition to the scheduled Board meetings held during the year, the Board met for a separate strategy session and for the AGM. The number of Board/Committee meetings held and attendance at each is set out in the table below:

	REQUIRED ATTENDANCE AS A FORMAL MEMBER				ACTUAL ATTENDANCE			
DIRECTORS	**BOARD**	**AUDIT**	**REMUNERATION**	**NOMINATION**	**BOARD**	**AUDIT**	**REMUNERATION**	**NOMINATION**
Gary Elden	10	N/A	N/A	N/A	10	3	4	8
Alex Smith	10	N/A	N/A	N/A	10	4	2	2
Steve Quinn	10	N/A	N/A	N/A	10	N/A	N/A	N/A
Justin Hughes	10	N/A	N/A	N/A	10	N/A	N/A	N/A
Clay Brendish	10	N/A	N/A	8	10	N/A	N/A	7
Anne Fahy*	2*	1*	N/A	1*	3	1	N/A	1
Fiona MacLeod	10	4	4	8	10	4	4	8
Tony Ward	10	N/A	4	8	10	N/A	4	8
Nadhim Zahawi	10	4	4	1*	8	2	2	7

*Anne Fahy joined the Board, Audit and Nomination Committees on 1 October 2015, replacing Alicja Lesniak as Audit Chair. Alicja retired from the Board at the AGM in April 2015 having attended all meetings. Nadhim Zahawi was appointed to the Nomination Committee in September 2015.

Where Directors were unable to attend meetings due to other unavoidable commitments, full Board packs were distributed and separate discussions were held with, or comments were sought by, the Chairman on all matters of relevance.

Further details of each of the Board Committees are contained in the Remuneration, Audit and Nomination Committee sections of this Annual Report.

EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

(IN ACCORDANCE WITH C.2.1 & C.2.2 OF THE CODE)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND IDENTIFICATION OF PRINCIPAL RISKS, INCLUDING ENVIRONMENTAL, SOCIAL & GOVERNANCE ('ESG') MATTERS.

The Board has overall responsibility for monitoring the effectiveness of the Group's risk management and internal control systems in order to safeguard shareholders' investments and the Group's assets and, at least annually, to carry out a robust assessment of risks and the effectiveness of associated controls. This monitoring and review process includes assessing all material risks and controls, including financial, operational and compliance controls. Executive Directors and senior management are responsible for the implementation and maintenance of the underlying control systems, subject to such review. The Audit Committee works closely with the Board in this area and, on behalf of the Board, has identified no significant failings or weaknesses from its review. The Group's Internal Audit function also assists to facilitate the review process.

Processes are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives and accordingly provide reasonable, not absolute, assurance against material misstatement 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 such systems. In order to manage the business effectively, the Board assesses actual results compared with budgeted and forecast performance, as well as against other KPIs, on an ongoing basis. The process explicitly includes risks and opportunities to enhance the value arising from ESG matters. The process is consistent with the FRC's latest 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.

ASSESSMENT OF RISK AND ENTERPRISE RISK MANAGEMENT ('ERM') FRAMEWORK

ERM FRAMEWORK

The Board, supported by 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 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 regularly reviewed by the Board.

ERM PROCESSES

As part of these processes, regular strategy and risk workshops are held, bringing together Executive Directors, Regional MDs, Country Directors and key function heads, with ERM specialists in attendance, underpinned as follows:

- Senior Directors own localised risk registers, with regular presentations made to the Board which include progress on risk mitigation;
- Board or Audit Committee meetings may include presentations by MDs/Country Directors, etc, on their approach to business risk management and tracking of improvement areas;
- A Board approved risk management policy and procedures are in place, communicated Group-wide;
- Group risk appetite statements reviewed, with strategic and localised measures being agreed, monitored via appropriate KPIs, with bonus also being subject to specific risk or compliance targets, where relevant;
- Job descriptions include reference to risk responsibilities.

In light of the FRC's strengthening of the Code in the areas of risk monitoring, reporting and viability and in order to enable the Board to satisfy itself on the robustness of the Group's internal control and risk evaluation/monitoring processes, the Board sought assistance from external risk specialists to review its current processes and to enhance its risk appetite setting and reporting procedures.

As part of this work, a detailed analysis of risk appetite was undertaken, using key operational parameters to set and measure the Group's risk profile. This will be revisited periodically at Audit/Board meetings as well as at a Board/Executive annual risk workshop, to monitor both the actual and forecast position against these parameters.

As a result, the Board is now able to sign off with even greater confidence that these processes are robust, as required by the Code.

ERM ARRANGEMENTS

The Group's ERM arrangements have been designed to meet, as closely as possible, the appropriate BSI standard (BS 31000) 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, and the 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, ESG matters (for example environmental impacts, social issues such as how the Group manages relationships with its employees, suppliers, customers and the communities it operates, and governance issues such as the Company's leadership, executive pay, audits, internal controls and shareholder rights).

INVESTMENT ASSOCIATION ('IA') GUIDELINES ON RESPONSIBLE INVESTMENT DISCLOSURES

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

- As part of its ERM procedures, the Board takes into account any material ESG matters. Adherence to these procedures and disclosure of relevant issues is monitored by the Internal Audit function and also reviewed by external risk specialists, as part of the overall risk management 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 principal 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 STATEMENT

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategy section of this report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review. In addition, the notes to the financial statements include details of the Group's treasury activities, funding arrangements and objectives, policies and procedures for managing various risks, including liquidity, capital management and credit risks.

The Directors have considered the Group's forecasts, including taking account of reasonably possible changes in trading performance and the Group's available banking facilities. Based on this review, and after making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing this Annual Report.

VIABILITY STATEMENT

The Board has assessed the viability of the Company and the Group over a 5 year period to 30 November 2020, taking account of the Group's current position and the potential impact of the principal risks and mitigation documented in the strategic section of this Annual Report. Based on this assessment and the various other matters also considered and reviewed by the Board during the year, the Board has a reasonable expectation that the Company and the Group will be able to continue in operation and to meet liabilities as they fall due over the period to 30 November 2020.

In making this assessment, the Board has reviewed a 5 year financial forecast, taking into account the Group's strategy, cash flows, dividend cover, debt facility and other key financial metrics over the period. The key assumptions in the forecast were flexed to evaluate the potential impact on the Group's liquidity and debt requirements under various scenarios. These assumptions included: sales headcount, gross profit yield per sales consultant and infrastructure and support costs.

In making this statement, it is recognised that not all future events or conditions can be predicted, and future assessments are subject to a level of uncertainty that increases with time. Future outcomes cannot, therefore, be guaranteed or predicted with certainty, particularly within the recruitment sector, where there is limited forward visibility. This assessment was made taking into account the Company and Group's current position and prospects, its strategy, the agreed risk appetite and the principal risks and mitigation (as detailed in the strategic section of this Annual Report), all of which could change and impact the future performance of the Company and Group.

CORPORATE 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/or loss of stakeholder support. It takes such responsibilities seriously, paying due regard to international and local laws in all its dealings. Further details are disclosed in the CSR Report.

SHARE CAPITAL AND DIRECTORS' POWERS TO ISSUE OR BUY BACK SHARES

Information on the Company's share capital and Directors' powers to issue or buy back shares is set out within the Directors' Report.

STEVE HORNBUCKLE

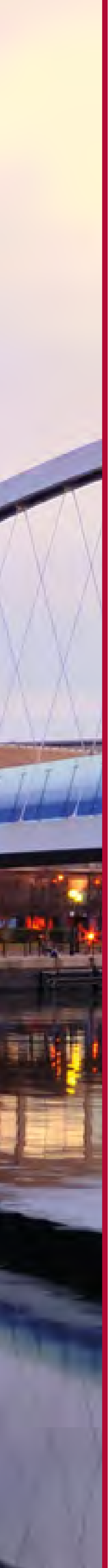
Group Company Secretary

22 January 2016

FRANKFURT

MANCHESTER

AUDIT COMMITTEE REPORT



ANNE FAHY,
AUDIT COMMITTEE CHAIR

FOLLOWING MY APPOINTMENT AS CHAIR OF THE AUDIT COMMITTEE IN OCTOBER 2015, I AM PLEASED TO PRESENT, ON BEHALF OF THE BOARD, ITS AUDIT COMMITTEE REPORT, PREPARED IN ACCORDANCE WITH THE UK CORPORATE GOVERNANCE CODE.
I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK MY PREDECESSOR, ALICJA LESNIAK, FOR HER LEADERSHIP AND STEWARDSHIP OF THE AUDIT COMMITTEE.

Since my appointment I have focused on understanding the business and its system of internal controls together with its key risks and uncertainties, as well as building relationships with internal and external auditors, the finance team and Group Company Secretary. I have also undergone a thorough induction, which included office visits and meetings with senior leaders across the business.

FY2015 has been a busy year for the Committee with much of the focus being on supporting the Board in embedding the revised Code provisions on risk, control and viability as well as assessing the strength of the internal control environment by ensuring the independence, effectiveness and quality of both internal and external audit processes, as well as of the Committee itself.

In addition the Committee has focussed on the key judgements and estimates which underpin the financial statements, namely capitalisation of IT development costs, revenue recognition, as well as judgements in accounting for tracker shares and exceptional costs.

Having reviewed the content of the Annual Report, the Committee considers that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

During the course of the year the Committee also considered, amongst other matters, project implementation, technical accounting matters and their appropriate disclosure and treasury matters, as well as fraud and whistleblowing. It also took the opportunity to review and update its terms of reference.

All of the above is covered in the body of this report. Information on the Committee meetings held and attended by members is set out in the table in the Corporate Governance Report, whilst details of the external evaluation undertaken of the Board and its Committees is set out in the Chairman's Governance Overview.

AUDIT COMMITTEE

COMMITTEE COMPOSITION

The Committee consists of Anne Fahy (Chair), Fiona MacLeod and Nadhim Zahawi. Following the retirement of Alicja Lesniak as Committee Chair at the AGM in April 2015, the Committee fell below the Code requirement, which requires it to have at least three independent NEDs. To ensure Code compliance and in line with the Committee's succession plans, Anne Fahy was appointed as Chair in October 2015, with Fional MacLeod having Chaired the Committee in the interim to ensure continuity. The Group CEO, CFO, Group Company Secretary, external auditors, Internal Audit and Finance function heads also attend meetings by invitation.

COMMITTEE MEMBERSHIP, INCLUDING RECENT AND RELEVANT FINANCIAL OR AUDIT EXPERIENCE

Anne Fahy is a Chartered Accountant and has held senior financial positions, most recently at BP, whilst Fiona MacLeod and Nadhim Zahawi have held general management positions, which include financial responsibility.

THE COMMITTEE'S PRINCIPAL RESPONSIBILITIES

The Committee's Terms of Reference were reviewed and updated during the year. Duties principally comprise as follows:

- To monitor the integrity of the consolidated financial statements of the Group and any announcements relating to financial performance;
- To review significant financial reporting issues and judgements;
- Where requested by the Board, to advise whether, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- To review the Group's internal financial controls, internal control and risk management systems and reporting, including supporting the Board in overseeing risk management activity, advising on risk appetite and assessing material breaches of risk controls;
- To monitor and review the effectiveness of the Group's Internal Audit function;
- To agree the engagement terms, scope, fees policy and fees for the external auditor and to monitor and review the external auditor's effectiveness and associated independence and recommend re-appointment to the Board and shareholders;
- 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; and
- Where requested by the Board, advising on proposed strategic transactions, including conducting due diligence appraisals and focusing on risk aspects.

The Committee also took the opportunity to carry out a further assessment of its effectiveness, in order to consider any improvements. This was discussed at the November 2015 Committee meeting and some minor improvement actions will be implemented during FY2016.

RISK MANAGEMENT, INTERNAL CONTROLS, KEY FOCUS AREAS AND VIABILITY

The Committee supports the Board in its 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, as part of the Group's ERM framework.

This activity includes monitoring of the effectiveness of the Group's risk management and internal control systems in order to safeguard shareholders' investments and the Group's assets and, at least annually, carrying out a robust assessment of risks and the effectiveness of associated controls. No significant failings or weaknesses were identified by the Committee from this review.

The Committee works closely with the CFO, Company Secretary, Internal Audit team and external auditors to ensure that any potential material misstatement risks are identified and targeted in terms of the overall audit strategy and that audit resources and the efforts of the engagement team are correctly allocated. This helps to ensure the effective planning and performance of the external and internal audit teams, focussed on risk, and has resulted in a continued improvement in processes and controls over recent years.

A key focus area for the Committee this year was reviewing the viability statement, to enable Board sign off.

EXTERNAL AUDITORS

RESPONSIBILITIES IN RELATION TO EXTERNAL AUDITORS

During the year the Committee carried out each of the following:

- Made recommendations to the Board for the re-appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors, for this to be put to shareholders;
- Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Noted that the policy on the engagement of the external auditors and supply of non-audit services remained appropriate, having taken into account relevant ethical and professional guidance.

APPOINTMENT, OBJECTIVITY AND INDEPENDENCE

The Committee considered and recommended to the Board and shareholders, the re-appointment, remuneration and terms of engagement of the Company's external auditors, PricewaterhouseCoopers LLP ('PwC').

Both the Committee and the external auditors have safeguards in place to ensure that objectivity and independence is maintained and the Committee also considers independence taking into consideration relevant UK professional and regulatory requirements. The external auditors are required to rotate audit partners responsible for the Group audit every 5 years and the current lead audit partner was appointed in 2014.

PERFORMANCE AND TENDERING

During the year, the Committee reviewed performance and fees and met with the external auditors regularly, without management present. PwC replaced BDO as auditor in 2000 and, since then, it has not been considered necessary for PwC to re-tender for audit work, the Committee considering that factors such as regular audit partner rotation, adoption of enhanced audit techniques, as well as the reduction in audit fees over recent years have all merited re-appointing PwC.

However, this will continue to be reviewed periodically to ensure that the audit remains high quality and effective, and, in line with the latest tendering requirements, the Group intends to re-tender the audit by 30 November 2017. There are no contractual obligations restricting the Group's choice of external auditors and the Committee considers that the existing relationship is working well and remains satisfied with PwC's effectiveness.

FRAMEWORK USED BY THE COMMITTEE TO ASSESS EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The Committee has adopted a broad framework to review the effectiveness of the Group's external audit process and audit quality which includes: assessment of the audit partners and team with particular focus on the lead audit engagement partner, planning and scope of the audit, including dedicated planning day with identification of particular areas of audit risk, the execution of the audit, management of an effective audit process, communications by the auditor with the Committee, how the auditors support the work of the Committee, how the audit contributes insights and adds value, a review of independence and objectivity of the audit firm and the quality of the formal audit report to shareholders.

Feedback is provided to both the external auditors and management by the Committee and its attendees, based on the above, with any actions reviewed by the Committee.

The effectiveness of management in the external audit process is assessed principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements, management's approach to the value of independent audit and the booking of any audit adjustments arising as well as the timely provision of documents for review by the auditors and the Committee.

POLICY ON NON-AUDIT WORK

The Committee sets clear guidelines on non-audit work, which is only permitted where it does not impair independence or objectivity and where the Committee believes that it is in the Group's best interests to make use of built up knowledge or experience. Such work has included detailed local statutory audits or services required due to legislation and assurance work or other specialist services where no internal resource is available. The Committee continuously monitors the quality and volume of this work, fees incurred, as well as safeguards, in order to consider whether to use other firms and continues to use other firms to provide general tax advice or for other projects.

In accordance with APB Ethical Standards and FRC guidance, the policy clearly specifies:

- 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;
- the types of work for which external auditors can be engaged without Committee referral, provided such services are specifically listed within the policy and fall below £50,000; and
- for which types of work Committee referral is needed, i.e. services not within policy or those listed within the policy which are above £50,000

FEES PAID TO EXTERNAL AUDITORS FOR AUDIT AND NON AUDIT WORK

Audit fees for the year were reduced by 16% YoY, mainly due to change in subsidiary audit scope. The Committee reviews all non audit work against policy to ensure it is appropriate and the fees justified. Non audit fees have increased compared to prior years, primarily related to the review of risk processes and risk appetite work carried out this year to assess existing controls and support the Code requirements. The fees are set out in the notes to the financial statements.

KEY JUDGEMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS AND SIGNIFICANT ISSUES CONSIDERED IN RELATION THERETO

Significant issues considered by the Committee in relation to the FY2015 financial statements and how these were addressed include the following:

Exceptional costs - in the prior year, certain items, including exceptional costs, were presented as adjusting items on the face of the Income statement. In the current year one adjusting item relating to an earn out adjustment was presented. Certain costs have also been incurred during the year which do not satisfy the Group's policy for classification as exceptional items in the financial statements. However, as they are relevant to understanding the Group's performance these have been disclosed and explained within other parts of the Annual report as adjusted items. The Audit Committee therefore focused on this area to ensure these disclosures were understandable to readers and balanced when read in conjunction with the financial statements which do not separate these costs.

Capitalisation of development costs – where the criteria in IAS 38 Intangible assets is met, the Group capitalises eligible project development costs to Intangible assets. These include the cost of directly attributable internal time spent by employees. Determining whether the project development costs satisfy the IAS 38 recognition criteria is judgemental. Business cases, including an assessment of the project against recognition criteria, are required for all significant projects and approved by the Group's Investment Committee. A key judgement relates to defining and quantifying the benefits of a project. The Audit Committee monitors the benefits of completed projects compared to those set out in the original business cases via an annual review which is performed by Internal Audit. This provides an indicator not only of the rigour of the benefits defined/quantified in original business cases but also the areas for further improvement or consideration in open projects' business cases. The external auditors have reported to the Committee on the results of their testing in this area. The judgements which have been applied are also discussed with management and considered to be appropriate by the Committee and continue to be in line with IFRS requirements.

Revenue recognition - 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, with unsubmitted timesheets being estimated to the extent that an open contract has not expired during the period under assessment. Management apply judgement based on the time worked by contractors, to estimate revenue and cost of sales accruals; any difference compared to the actual time worked by the contractor 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 by the Committee and continue to be in line with IFRS requirements. The Committee also noted adjustments that would be made to GP based on timesheets actually received post year end and remains comfortable that any difference is not material. External and internal auditors have verified procedures around revenue recognition and reported their findings.

Tracker shares – the tracker share arrangements are complex in nature and therefore challenging to disclose in a way that is understandable to the reader whilst continuing to highlight the judgements involved.

In light of this, the Committee has critically re-examined the key areas of judgement in order to be satisfied that these are clearly disclosed. There are significant accounting differences (generally with respect to measurement) when comparing the treatment of an equity settled and a cash settled share based payment scheme. The tracker share scheme gives the Group the choice to settle in either SThree plc shares or cash and therefore the treatment of this scheme in the financial statements as equity settled is judgemental. Given the material quantum of amounts involved, the Committee focused on this significant judgement. In order to satisfy itself that treatment of the scheme as equity settled is appropriate, the Committee verified the practice to date has been to settle tracker shares using SThree plc shares, and also sought reconfirmation from the Board that it is the ongoing intention to settle the scheme in this way. This policy is disclosed within the financial statements.

When tracker shares are settled using treasury shares the accounting requires judgement. The Companies Act is not explicit on how the reissue of treasury shares should be accounted for in this scenario. The Audit Committee reviewed legal advice obtained by management in this area which confirms the appropriateness of the treatment adopted within the financial statements, as disclosed further in the notes to the financial statements. The Audit Committee also reviewed the disclosure of this judgement in the notes and considered it to be appropriate.

Material Misstatements – Management confirmed to the Committee that they were not aware of any material misstatements, management override or fraud and the external auditors confirmed that they had found no evidence of such during the course of their work.

After reviewing reports from management and following its discussions with the external auditors, the Committee is satisfied that the financial statements appropriately address critical judgements and key estimates, both in respect of the amounts reported and the disclosures.

INTERNAL AUDIT FUNCTION

The Internal Audit function provides independent assurance and testing around processes and procedures, as part of the Group's internal control processes. The function carries out a wide variety of audits including operational as well as ad hoc and project based reviews.

The Committee oversees and monitors the work of the Internal Audit function, which carries out risk based reviews of key controls and processes throughout the Group on a rolling cycle, including resources, scope and effectiveness of the function.

The Head of Internal Audit has direct access to the Committee, and meets regularly with both the Committee and its Chair without management present to consider the Internal Audit work programme, which is approved in advance by the Committee.

For FY2015, the programme was focused on addressing both financial and overall risk management objectives across the Group, with reviews carried out, findings reported to the Committee, recommendations tracked and their close out monitored. No significant weaknesses were identified from the risk management or internal control reviews undertaken by Internal Audit during the reporting period and throughout the financial year. The Internal Audit team has continued to enhance the risk management framework and work with managers across the globe to further develop and embed the risk framework and methodology at a local level, whilst also ensuring that the Internal Audit plan is closely aligned to risk.

The Committee ensures that the Group's internal audit function remains at an appropriate size and skill mix for the business and firmly believes that this function remains effective and continues to add significant value.

FRAUD

The Committee reviews the procedures for the prevention and detection of fraud in the Group. Suspected cases of fraud must be reported to senior management and are investigated by Internal Audit, with the outcome of any investigation reported to the Committee. During the year in question, no frauds of a material nature were reported.

ANTI-BRIBERY AND CORRUPTION AND BUSINESS ETHICS

The Group maintains a zero tolerance approach against corruption. It has an established anti-bribery and corruption policy, which includes guidance on the giving and receiving of gifts and hospitality. This policy applies throughout the Group and was reviewed and updated during the year under review. A gifts and entertainments register is maintained to ensure transparency.

The Group also has a Code of Conduct which sets out the standards of behaviour by which all employees are bound. This is based on the Group's commitment to acting professionally, fairly and with integrity.

WHISTLEBLOWING HOTLINE

The Group has in place a dedicated independent whistleblowing 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 (see the Company Information and Corporate Advisors section for details).

ANNE FAHY
Audit Committee Chair
22 January 2016

NOMINATION COMMITTEE REPORT

CLAY BRENDISH,
NOMINATION COMMITTEE CHAIR

I AM PLEASED TO PRESENT TO YOU THE NOMINATION COMMITTEE REPORT.

THE REPORT PROVIDES UNDERLYING DETAIL ON THE COMMITTEE AND ITS ACTIVITIES DURING THE YEAR. INFORMATION ON THE COMMITTEE MEETINGS HELD AND ATTENDED BY MEMBERS IS SET OUT IN THE TABLE IN THE CORPORATE GOVERNANCE REPORT, WHILST DETAILS OF THE EXTERNAL EVALUATION UNDERTAKEN OF THE BOARD AND ITS COMMITTEES IS SET OUT IN THE CHAIRMAN'S GOVERNANCE OVERVIEW.

COMMITTEE COMPOSITION, INCLUDING A MAJORITY OF INDEPENDENT NEDS

The Committee consists of Clay Brendish (Chairman), Tony Ward, Fiona MacLeod, Anne Fahy and Nadhim Zahawi and thus complies with Code requirements.

SUMMARY OF TERMS OF REFERENCE

The Committee's terms of reference are, broadly, to regularly review the structure, size and composition (including the skills, knowledge, 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 or other Senior Executive roles, reviewing leadership and role needs, bearing in mind the balance of skills, knowledge, experience and diversity already on the Board, so as to maintain an appropriate balance.

USE OF EXTERNAL SEARCH CONSULTANTS

The Committee engages external search consultants with respect to both Executive and Non-Executive appointments and considers applicants from all backgrounds, as was the case for the most recent external appointment, being Anne Fahy, who was appointed as Audit Chair in October 2015. For this and other previous appointments, 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.

SUCCESSION PLANNING

Succession planning and development initiatives are ongoing throughout the Group to ensure that there is an appropriate management pipeline at all levels. During the year this work focused on ensuring an adequate pipeline into the Executive team, with a number of appointments made to the GMB, whilst work has also recently started on the search for a suitable candidate to replace Tony Ward as Remuneration Committee Chairman. See also the Chairman's Governance Overview section earlier in the Annual Report.

CLAY BRENDISH,
Nomination Committee Chair
22 January 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STHREE PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion
In our opinion:

- SThree plc's Group financial statements and parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 November 2015 and of the Group's profit and the Group's and the parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent 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 Group financial statements, Article 4 of the IAS Regulation.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the Statements of financial position as at 30 November 2015;
- the Consolidated income statement and the Consolidated statement of comprehensive income for the year then ended;
- the Statements of cash flows for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

OVERVIEW	
MATERIALITY	• Overall Group materiality: £1.9 million (2014: £1.5 million) which represents 5% of profit before exceptional items and tax.
AUDIT SCOPE	• The Group has a shared service centre in the UK which operates the Group's accounting function. • The whole Group was audited by the UK audit team at the shared service centre.
AREAS OF FOCUS	• Capitalisation of internal costs spent on system development; • Accrued revenue cut-off; and • Significant judgements in accounting for tracker shares.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
CAPITALISATION OF INTERNAL COSTS SPENT ON SYSTEM DEVELOPMENT	
In 2015, the Group has continued to invest in the development of its IT systems. This investment covers both front and back office systems and the type of development includes enhancements to existing systems as well as the implementation of certain new systems. In 2015, costs capitalised in developing new systems of £4.6 million include purchased software and external IT consultant expenses, and internal staff time relating to integrating new systems with existing software. We focused on this area because of the significant level of judgement required by the directors specifically in determining whether internal costs incurred in respect of systems development satisfy the capitalisation requirements of the financial reporting framework (International Accounting Standard 38 Intangible assets), including whether they are separable from the other assets of the business and will provide future economic benefits for the Group. In addition, a charge of £1.5 million was recognised this year for impairments and accelerated amortisation where old systems were being replaced by new systems developed or in development. We focused on this area to ensure these charges were accurate and to ensure that all systems being replaced had been appropriately considered. Refer to Note 12 to the financial statements, Significant accounting judgements and estimates, page 110 and the Audit Committee's Report , page 87.	Business cases are prepared for all significant system development projects. These set out the anticipated costs and benefits that are expected to arise to support investment in the project. We tested the key control surrounding the approval of business cases for a sample of IT projects, which was the review and challenge of the business case, including the proposed economic benefits, by a committee comprising members of senior management and the CEO and CIO. We obtained evidence of this approval for a sample of projects. We tested that a sample of projects where costs were capitalised satisfied the recognition criteria in IAS 38. We also tested a sample of internal costs to supporting payroll records (including timesheets and pay-slips) and verified that employee costs had been appropriately allocated to projects for time spent on them. A key IAS 38 requirement is that development costs result in a future economic benefit. We discussed the anticipated benefits as set out in project business cases with relevant personnel. Benefits include assumptions around cost savings (e.g. reducing manual labour time and therefore headcount savings) or potential revenue growth in the case of front office systems. We obtained satisfactory explanations and evidence for the assumptions made. We examined internal analyses on the outcome of previously completed projects which set out whether the planned benefits were being realised in line with the business case. We then considered the assumed benefits for projects currently under development and sensitised these by applying historical percentages of differences between expected benefits per business cases and those actually achieved. From our work performed we concluded that the development costs recognised satisfied the IAS 38 criteria and the assumed benefits arising were reasonable. In addition, where projects were completed, we tested their functionality to evaluate whether they were fit for purpose and operating as intended in the original business case. We found no exceptions from this work. We considered whether new projects would result in existing systems becoming obsolete and in such circumstances we checked that management had appropriately adjusted those assets' useful lives. We checked the impairment and accelerate amortisation charge was complete by examining a schedule of systems to be replaced with dates as set out in the Group's IT strategy. We also verified the calculation of impairment and accelerated amortisation charges and ensured the charges were accurate. In addition to the above we noted that there were a number of smaller projects being capitalised as intangible assets which collectively amounted to £0.6 million. In the case of these projects we verified through inspection and interviews with system development personnel that these were functionality changes or enhancements to existing systems rather than updates or maintenance. We did not identify any amounts inappropriately capitalised.

Area of focus	How our audit addressed the area of focus
ACCRUED REVENUE CUT-OFF	
Contractor gross margin represented 64% of the Group's gross profit during the year. The Group's accounting process means that there is a material amount of contractor revenue accrued rather than billed at each period end, including the year-end. This is a system-generated amount which is then reviewed by management, and adjusted to reflect actual data when contractor timesheets are received. Revenue is accrued for contractors based on assumptions built into the system for contractor standard working hours/weeks and rates. Revenue is accrued either where no timesheet has been received but the individual is 'live' on the Group's systems, or where a customer has not yet approved a submitted timesheet. Revenue subsequently billed may differ to the amount accrued, for example where there are differences between the time worked by the contractor and the system assumption. Total differences are potentially material to revenue and may require management to make manual journal adjustments. Therefore the year end accrued revenue cut-off was an area of focus. Accrued revenue is removed after three months if no timesheet is received or customer approvals are not obtained. Refer to Note 1 to the financial statements, Significant accounting judgements and estimates, page 110 and the Audit Committee's Report, page 87.	We tested the automated controls in the system to check that it calculated accrued revenue correctly based on contracted periods and billing rates and tested manual controls addressing the verification of placement timeframes and billing rates on set-up of a contractor placement. We then compared a sample of the timesheets submitted and/or billings raised subsequent to the year end to the associated revenue that had been accrued and found them to be consistent. Based on our procedures we found that both key automated and manual controls were operating effectively in this area. In addition, we tested a sample of manual journals recorded within revenue. This included adjustments that management made to the year end accrued revenue to correct for differences between actual timesheets received or amounts billed subsequent to the year end compared to the system-generated amounts. We found no material exceptions in our testing. We examined the ageing profile of accrued revenue and verified that amounts accrued did not exceed three months in age in accordance with Group policy. We concluded that management were following their policies in this area.

SIGNIFICANT JUDGEMENTS IN ACCOUNTING FOR TRACKER SHARES	
The tracker share scheme is accounted for in accordance with International Financial Reporting Standard 2 Share based payment. There are certain judgements involved in the accounting for tracker shares including whether these are equity or cash settled share based payments, the accounting within equity on settlement using treasury shares, and in determining the grant date fair value. We focused on these accounting judgement areas. Details of the tracker share scheme are set out in the Directors' report, page 53 and Note 1 to the financial statements. Refer also to Note 20 to the financial statements, Significant accounting judgements and estimates, page 110 and the Audit Committee's Report, page 87.	We verified that SThree's current policy for repurchasing tracker shares continues to be through the issuance of new SThree plc shares or the use of treasury shares. We agreed repurchases of tracker shares during the year to supporting documentation and verified that these were settled with SThree plc shares in accordance with this policy. The judgement that the scheme continues to be an equity settled share based payment scheme remains appropriate. We confirmed with management and the Board that it remains their intention to continue to settle tracker shares in equity, and that this policy is disclosed within the financial statements. We also examined the legal advice obtained by management supporting the judgement applied to the specific accounting within equity for tracker share settlements using SThree plc treasury shares, as disclosed on page 111. We verified the accounting within equity was in accordance with this advice. We obtained copies of grant date fair valuations prepared by management's expert and utilised our own experts to determine that these valuations were performed in accordance with IFRS 2 valuation methodology and, based on our experience, found that the input assumptions including historical financial data were reasonable. Our work did not identify any notable differences in the determined grant date fair value.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates a shared service centre in the UK which is responsible for processing the transactions of the whole Group. Our audit was therefore conducted from the UK at the shared service centre. The audit of the Group was approached as if the Group was a single entity and we performed a full scope audit of the financial information processed by the shared service centre.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£1.9 million (2014: £1.5 million).
How we determined it	5% of profit before exceptional items and tax.
Rationale for benchmark applied	Consistent with the prior year, we believe that profit before exceptional items and tax is the primary measure used by the shareholders in assessing the underlying performance of the Group, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2 million (2014: £0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 84, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and parent Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION

Companies Act 2006 opinion
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• information in the Annual Report is: - materially inconsistent with the information in the audited financial statements; or - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and parent Company acquired in the course of performing our audit; or - otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 53, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and parent Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 88, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
• the directors' confirmation on page 54 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 84 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.
Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.	

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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 parent 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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 Group's and the parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

CHRISTOPHER BURNS

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 January 2016

FINANCIAL STATEMENTS

PARIS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2015

		30 November 2015			30 November 2014		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations							
Revenue	2	848,841	-	848,841	746,924	-	746,924
Cost of sales		(613,123)	-	(613,123)	(528,701)	-	(528,701)
Gross profit	**2**	**235,718**	**-**	**235,718**	**218,223**	**-**	**218,223**
Administrative expenses	3	(197,316)	-	(197,316)	(188,453)	(5,507)	(193,960)
Gain on disposal of subsidiaries	4	-	377	377	-	205	205
Operating profit	**5**	**38,402**	**377**	**38,779**	**29,770**	**(5,302)**	**24,468**
Finance income	7	64	-	64	64	-	64
Finance costs	7	(751)	-	(751)	(547)	-	(547)
Profit before taxation		**37,715**	**377**	**38,092**	**29,287**	**(5,302)**	**23,985**
Taxation	8	(11,350)	(77)	(11,427)	(9,093)	1,027	(8,066)
Profit for the year attributable to owners of the Company		**26,365**	**300**	**26,665**	**20,194**	**(4,275)**	**15,919**

Earnings per share	10	**pence**	**pence**	**pence**	**pence**	**pence**	**pence**
Basic		20.8	0.2	21.0	16.3	(3.4)	12.9
Diluted		19.9	0.2	20.1	15.1	(3.2)	11.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2015

	30 November 2015	30 November 2014
	£'000	£'000
Profit for the year	**26,665**	**15,919**
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	(4,194)	(1,592)
Other comprehensive loss for the year (net of tax)	(4,194)	(1,592)
Total comprehensive income for the year attributable to owners of the Company	**22,471**	**14,327**

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2015

		CONSOLIDATED		COMPANY	
		30 November 2015	30 November 2014	30 November 2015	30 November 2014
	Note	£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	5,599	4,219	-	-
Intangible assets	12	11,108	11,080	-	-
Investments in subsidiaries	13	-	-	323,551	312,040
Deferred tax assets	19	1,780	3,424	353	398
		18,487	18,723	323,904	312,438
Current assets					
Trade and other receivables	14	157,153	169,270	1,679	3,831
Current tax assets		3,292	1,361	10,071	5,970
Cash and cash equivalents	15	6,159	14,071	876	11,314
		166,604	184,702	12,626	21,115
Total assets		**185,091**	**203,425**	**336,530**	**333,553**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	1,295	1,266	1,295	1,266
Share premium		23,140	14,470	23,140	14,470
Other reserves		(11,030)	(5,680)	(272)	884
Retained earnings		46,001	41,290	302,227	286,503
Total equity		**59,406**	**51,346**	**326,390**	**303,123**
Non-current liabilities					
Provisions for liabilities and charges	18	1,133	3,216	-	-
Trade and other payables	16	-	379	-	-
		1,133	3,595	-	-
Current liabilities					
Provisions for liabilities and charges	18	5,579	8,807	-	705
Trade and other payables	16	117,039	114,583	10,140	5,725
Current tax liabilities		1,934	1,094	-	-
Borrowings	17	-	24,000	-	24,000
		124,552	148,484	10,140	30,430
Total liabilities		**125,685**	**152,079**	**10,140**	**30,430**
Total equity and liabilities		**185,091**	**203,425**	**336,530**	**333,553**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 22 January 2016. They were signed on its behalf by:

ALEX SMITH
Chief Financial Officer

Registered number: 03805979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2015

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Treasury reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity attributable to owners of the Company £'000
Balance at 1 December 2013		**1,240**	**4,961**	**168**	**878**	**(1,514)**	**(4,972)**	**50,854**	**51,615**
Profit for the year ended 30 November 2014		-	-	-	-	-	-	15,919	15,919
Other comprehensive loss for the year		-	-	-	-	-	(1,592)	-	(1,592)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(1,592)**	**15,919**	**14,327**
Dividends paid to equity holders	9	-	-	-	-	-	-	(17,177)	(17,177)
Distributions to tracker shareholders		-	-	-	-	-	-	(170)	(170)
Issue of new shares for settlement of vested tracker shares	20(a)	24	9,191	-	-	-	-	(9,412)	(197)
Settlement of share-based payments		2	318	-	-	-	-	280	600
Treasury shares used for settlement of vested tracker shares	20(a)	-	-	-	-	1,352	-	(1,306)	46
Credit to equity for equity-settled share-based payments	20(b)	-	-	-	-	-	-	2,256	2,256
Current and deferred tax on share-based payment transactions	8	-	-	-	-	-	-	46	46
Total movements in equity		**26**	**9,509**	**-**	**-**	**1,352**	**(1,592)**	**(9,564)**	**(269)**
Balance at 30 November 2014		**1,266**	**14,470**	**168**	**878**	**(162)**	**(6,564)**	**41,290**	**51,346**
Profit for the year ended 30 November 2015		-	-	-	-	-	-	26,665	26,665
Other comprehensive loss for the year		-	-	-	-	-	(4,194)	-	(4,194)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(4,194)**	**26,665**	**22,471**
Dividends paid to equity holders	9	-	-	-	-	-	-	(17,671)	(17,671)
Distributions to tracker shareholders		-	-	-	-	-	-	(164)	(164)
Issue of new shares for settlement of vested tracker shares	20(a)	22	8,206	-	-	-	-	(8,306)	(78)
Settlement of share-based payments		7	464	-	-	56	-	71	598
Purchase of own shares	20(a)	-	-	-	-	(1,212)	-	-	(1,212)
Credit to equity for equity-settled share-based payments	20(b)	-	-	-	-	-	-	4,133	4,133
Current and deferred tax on share-based payment transactions	8	-	-	-	-	-	-	(17)	(17)
Total movements in equity		**29**	**8,670**	**-**	**-**	**(1,156)**	**(4,194)**	**4,711**	**8,060**
Balance at 30 November 2015		**1,295**	**23,140**	**168**	**878**	**(1,318)**	**(10,758)**	**46,001**	**59,406**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2015

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity attributable to owners of the Company £'000
Balance at 1 December 2013		**1,240**	**4,961**	**168**	**878**	**(1,514)**	**269,501**	**275,234**
Total comprehensive income for the year ended 30 November 2014	1	-	-	-	-	-	31,180	31,180
Dividends paid to equity holders	9	-	-	-	-	-	(17,177)	(17,177)
Issue of new shares for settlement of vested tracker shares	20(a)	24	9,191	-	-	-	-	9,215
Settlement of share-based payments		2	318	-	-	-	280	600
Treasury shares used for settlement of vested tracker shares	20(a)	-	-	-	-	1,352	476	1,828
Credit to equity for equity-settled share-based payments	20(b)	-	-	-	-	-	2,256	2,256
Deferred tax on share-based payment transactions	19	-	-	-	-	-	(13)	(13)
Total movements in equity		**26**	**9,509**	**-**	**-**	**1,352**	**17,002**	**27,889**
Balance at 30 November 2014		**1,266**	**14,470**	**168**	**878**	**(162)**	**286,503**	**303,123**
Total comprehensive income for the year ended 30 November 2015	1	-	-	-	-	-	29,210	29,210
Dividends paid to equity holders	9	-	-	-	-	-	(17,671)	(17,671)
Issue of new shares for settlement of vested tracker shares	20(a)	22	8,206	-	-	-	-	8,228
Settlement of share-based payments		7	464	-	-	56	71	598
Purchase of own shares	20(a)	-	-	-	-	(1,212)	-	(1,212)
Credit to equity for equity-settled share-based payments	20(b)	-	-	-	-	-	4,133	4,133
Current and deferred tax on share-based payment transactions		-	-	-	-	-	(19)	(19)
Total movements in equity		**29**	**8,670**	**-**	**-**	**(1,156)**	**15,724**	**23,267**
Balance at 30 November 2015		**1,295**	**23,140**	**168**	**878**	**(1,318)**	**302,227**	**326,390**

Of the above reserves, only retained earnings of £302,227,000 (2014: £286,503,000) are distributable.

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 30 NOVEMBER 2015

		CONSOLIDATED		COMPANY	
		30 November 2015	30 November 2014	30 November 2015	30 November 2014
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Profit before taxation after exceptional items		38,092	23,985	28,656	31,042
Adjustments for:					
Depreciation and amortisation charge	11,12	5,091	5,210	-	-
Accelerated amortisation and impairment of intangible assets	12	1,471	-	-	-
Impairment of assets	11,12	-	756	-	-
Finance income	7	(64)	(64)	(31)	(57)
Finance cost	7	751	547	760	782
Loss on disposal of property, plant and equipment	5	38	34	-	-
Gain on disposal of subsidiaries	4	(377)	(205)	(377)	(205)
Non-cash charge for share-based payments	20(b)	4,134	2,256	1,137	462
Operating cash flows before changes in working capital and provisions		**49,136**	**32,519**	**30,145**	**32,024**
Decrease/(increase) in receivables		3,608	(44,583)	614	(610)
Increase/(decrease) in payables		9,395	27,700	4,067	(19,074)
Decrease in provisions		(4,876)	(277)	(705)	(545)
Cash generated from operations		57,263	15,359	34,121	11,795
Finance income	7	64	64	31	57
Income tax paid		(10,841)	(9,439)	(3,606)	(3,894)
Net cash generated from operating activities		46,486	5,984	30,546	7,958
Cash generated from operating activities before exceptional items		49,475	10,768	30,976	8,658
Cash outflow from previously recognised exceptional items		(2,989)	(4,784)	(430)	(700)
Net cash generated from operating activities		46,486	5,984	30,546	7,958
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(3,563)	(2,720)	-	-
Purchase of intangible assets		(5,060)	(3,192)	-	-
Cash investment in a subsidiary		-	-	(42)	-
Proceeds from disposal of subsidiaries	4	2,002	401	2,002	401
Net cash (used in)/generated from investing activities		(6,621)	(5,511)	1,960	401
Cash flows from financing activities					
Finance cost	7	(751)	(547)	(760)	(782)
Employee subscription for tracker shares		156	275	-	-
Settlement of unvested tracker shares		-	(10)	-	-
Proceeds from exercise of share options		598	600	598	600
Purchase of own shares		(1,111)	-	(1,111)	-
(Repayment of)/proceeds from borrowings	17	(24,000)	19,000	(24,000)	19,000
Dividends paid to equity holders	9	(17,671)	(17,177)	(17,671)	(17,177)
Distributions to tracker shareholders		(131)	(126)	-	-
Net cash (used in)/generated from financing activities		(42,910)	2,015	(42,944)	1,641
Net (decrease)/increase in cash and cash equivalents		**(3,045)**	**2,488**	**(10,438)**	**10,000**
Cash and cash equivalents at beginning of the year		14,071	13,690	11,314	1,314
Effect of exchange rate changes		(4,867)	(2,107)	-	-
Cash and cash equivalents at end of the year	15	**6,159**	**14,071**	**876**	**11,314**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

1. ACCOUNTING POLICIES

SThree plc ('the Company') and its subsidiaries (together 'the Group') operate predominantly in the United Kingdom & Ireland, Continental Europe, the Americas and Asia Pacific & Middle East. The Group consists of different brands and provides both Permanent and Contract specialist staffing services, primarily in the ICT, Banking & Finance, Energy, Engineering and Life Sciences sectors. The Group's activities and business are set out in the Directors' Report.

The Company is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom and registered in England and Wales. Its registered office is 1st Floor, 75 King William Street, London, EC4N 7BE.

The Group's principal accounting policies, as set out below, have been consistently applied in the preparation of the consolidated and Company only financial statements of all the periods presented, unless otherwise stated.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and IFRS Interpretations Committee ('IFRIC') 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 consolidated and Company only financial statements have been prepared under the historical cost convention. The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present an income statement and statement of comprehensive income for the parent Company alone. The profit after tax for the parent Company for the year was £29.2m (2014: £31.2m).

Certain reclassifications, disaggregations and regroupings have been made to prior year amounts to conform to the current year presentation.

ADOPTION OF NEW AND REVISED STANDARDS

There were no new IFRSs or IFRIC interpretations that had to be implemented during the year that significantly affect these financial statements.

As at the date of authorisation of these financial statements, the following key standards and amendments were in issue but not yet effective (and in some cases had not yet been endorsed by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'
- Amendment to IAS 1 'Presentation of financial statements' on the disclosure initiative
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation
- Annual improvements 2014

The impact on the Group's financial statements of the future adoption of these and other new standards, interpretations and amendments 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 or the Company.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance, its financial position, cash flows, liquidity position and borrowing facilities are set out in the Strategy section of this Annual Report. In addition, note 24 to these financial statements includes details of the Group's treasury activities, funding arrangements and objectives, policies and procedures for managing various risks including liquidity, capital management and credit risks.

The Directors have considered the Group's forecasts, including taking account of reasonably possible changes in trading performance, and the Group's available banking facilities. Based on this review and after making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing these financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all 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 deconsolidated from the date on which control ceases. Uniform accounting policies are adopted across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group disposes of a subsidiary, the gain or loss on disposal represents (i) the aggregate of the fair value of the consideration received or receivable, (ii) the carrying amount of the subsidiary's net assets (including goodwill) at the date of disposal and (iii) any directly attributable disposal costs. Amounts previously recognised in other comprehensive income in relation

1. ACCOUNTING POLICIES (continued)

to the subsidiary are removed from equity and recognised in the income statement as part of the gain or loss on disposal.

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-related taxes, returns, rebates and discounts and after elimination of sales within the Group.

Contract revenue for the supply of professional services, which is mainly based on the number of hours worked by a contractor, is recognised when the service has been provided. Revenue earned but not invoiced at year end is accrued and included in 'Accrued income'.

Revenue from Permanent placements is typically based on a percentage of the candidate's remuneration package and is recognised when candidates commence employment.

Revenue from retained assignments is recognised on completion of certain pre-agreed stages of the service. Fees received for the service are non-refundable.

A provision is established for non-fulfilment of Permanent placement and Contract obligations, which is offset within trade and other receivables on the face of the statement of financial position and offset against revenue in the consolidated income statement.

COST OF SALES

Cost of sales consists of the contractors cost of supplying services and any directly attributable costs to them.

GROSS PROFIT

Gross profit represents revenue less cost of sales and consists of the total placement fees of Permanent candidates and the margin earned on the placement of contractors.

EXCEPTIONAL ITEMS

Exceptional items including gain on disposal of subsidiaries, as disclosed on the face of the income statement, are items which due to their size and non-recurring nature are classified separately in order to draw them to the attention of the reader of the financial statements and to show the underlying profits of the Group.

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 income statement on a straight-line basis over the lease periods.

FINANCE INCOME

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

TAXATION

The tax expense comprises both current and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the income statement 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 substantively enacted by the reporting date.

Deferred tax
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 calculated using tax rates that have been enacted or substantively enacted by the reporting date 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 only to the extent that it is probable that future taxable profits will be available against which to offset the deductable temporary differences.

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 are presented in Sterling, which is the Company's functional and presentation currency for the consolidated financial statements.

(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

1. ACCOUNTING POLICIES (continued)

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 income statement.

(iii) Consolidation
The results and financial position of all of the Group's subsidiaries (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation 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 income statement 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); and
- all resulting exchange differences are recognised in the consolidated statement of 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 recognised as a separate component of equity and are included in the Group's currency translation reserve ('CTR'). When a foreign operation is sold, such exchange differences are removed from CTR and are included in the calculation of gain or loss on disposal.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the income statement over their useful economic lives after they have been brought into use at the following rates:

Computer equipment	33.33%	per annum
Leasehold improvements	20%	per annum
Fixtures and fittings	20%	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 income statement during the period in which they are incurred.

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

INTANGIBLE ASSETS

Goodwill
Goodwill arising on consolidation represents the excess of purchase consideration over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries has indefinite useful life and 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 income statement 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.

Computer software
The cost of acquired computer software licenses is capitalised. The cost includes the expenditure that is directly attributable to the acquisition of the software. The costs are amortised over their estimated useful lives of three to seven years.

Costs associated with maintaining computer software are recognised as an expense as they are incurred.

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

Software and system development costs
Costs incurred on development projects (relating to the introduction or design of new systems or improvement of the existing systems) are only capitalised as intangible assets if capitalisation criteria under IAS 38 'Intangible Assets' are met, i.e. where the related expenditure is separately identifiable, the costs are measurable and management is satisfied as to the ultimate technical and commercial viability of the project such that it will generate future economic benefits based on all relevant available information. Capitalised development costs are amortised from the date the system is available for use over their expected useful lives (not exceeding five years).

Other costs linked to development projects that do not meet the above criteria such as data population, research expenditure and staff training costs are recognised as an expense as incurred.

Trademarks
Trademarks are initially recognised at cost. They have a definite useful life and are carried at cost less

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

1. ACCOUNTING POLICIES (continued)

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. Any impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their respective carrying amounts may not be recoverable. An impairment loss is recognised in the income statement 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 represents the higher of an asset's fair value less costs to sell and its 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, the assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

INVESTMENTS

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

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 INSTRUMENTS

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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 comprise 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 income statement 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 receivables are recorded initially at fair value and thereafter 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 on 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 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 AND OVERDRAFTS

All non-derivative financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs incurred. 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 for at least twelve months after the end of the reporting period.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including borrowings and

1. ACCOUNTING POLICIES (continued)

overdraft, are initially measured at fair value, net of transaction costs and subsequently held at amortised cost.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event for which, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be 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.

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.

The Group's holding in its own equity instruments are classified as 'treasury shares'. The consideration paid, including any directly attributable incremental costs is deducted from the equity attributable to the owners of the Company until the shares are cancelled or reissued. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust ('EBT') was originally 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 shares in the EBT are held to satisfy awards and grants under certain employee share schemes. The shares held in the EBT are a mix of gifted, newly issued or market purchased shares. No cost is attributed to these shares, hence, no amounts are shown in these financial statements.

DIVIDENDS

Interim dividends are recognised in the financial statements at the time they are paid. 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 they are approved by the Company's shareholders.

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

EMPLOYEE BENEFITS

Wages, salaries, bonuses, social security contributions, paid annual leave or sick leave and any other employee benefits are accrued in the period in which the associated services are rendered by employees to 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 contributions have been paid.

Bonus plans – the Group recognises a liability and an expense for bonuses based on the Directors' best estimate of amounts due. The Group also 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 once employment is terminated before an agreed 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 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.

SHARE-BASED PAYMENTS

The Group operates a number of equity-settled share-based arrangements, under which it receives services from employees in return for equity instruments of the Group. 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 relevant employees become fully entitled to any 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 met.

At the end of the reporting period, 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, it is treated as vesting as described above. The movement in cumulative expense since the previous year-end is recognised in the income statement, with a corresponding entry in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

1. ACCOUNTING POLICIES (continued)

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 income statement 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 income statement.

Tracker share arrangements (formerly 'Minority Interest/MI')
The Group invites selected senior individuals to invest in the businesses they manage, sharing in both the risk and reward. These individuals are offered equity ("tracker shares") in those businesses in return for making an investment. The amount of equity offered varies in different circumstances but is never over 25% of the overall equity of the business in question. The equity stake tracks the performance of the underlying business and the individuals receive dividends (if declared) by the "tracked'' business.

If an individual remains a holder of the tracker shares for a pre-agreed period, typically 3 to 5 years depending on the vesting period applied to the tracker shares, they may then offer their vested tracker shares for sale to the Group, but there is no obligation on the Group to settle the arrangement. SThree will undertake a formal due diligence process to establish whether there is a sound business case for settling a tracker share and make an arm's length judgement. Should the Group decide to settle the tracker shares, it will do so at a price, which is determined using a formula stipulated in the tracker share Articles of Association ('Articles'). SThree plc may settle in cash or in its shares, as it chooses. The Group policy is to settle in SThree plc shares. Consequently, the arrangements are deemed to be an equity-settled share-based payment scheme under IFRS 2.

Individuals must pay the fair value for the tracker shares at the time of the initial subscription, as determined by an independent third party valuer in accordance with IFRS 2 "Share-based payments" and taking into account the particular rights attached to the shares as described in the relevant businesses' Articles. The initial valuation takes into consideration factors such as the size and trading record of the underlying business, expected dividends, future projections, as well as the external market, sector and country characteristics. The external valuer is supplied with detailed financial information, including gross profit and EBITDA of the relevant businesses. Using this information an independent calculation of the initial Equity Value (EV) is prepared. This EV is then discounted to arrive at a valuation to take into account the relevant characteristics of the shareholding in the tracked business, for example the absence of voting rights. The methodology for calculating the EV is applied consistently, although the data used varies depending on the size and history of the business.

If an individual leaves the Group before the pre-agreed period, they are entitled to receive the lower of the initial subscription amount they contributed or the tracker share fair value on the date of departure as set out under the Articles. To reflect this, a provision in relation to tracker shares is recognised at cost on initial subscription and held at cost and reflects the consideration for tracker shares received from individuals (note 18).

Up until 2014 certain individuals received loans from the Group to pay part of the initial subscription for their tracker shares, on which interest is charged at or above the HMRC beneficial loan rate. These loans are repayable by the individuals either at the time of settlement of their tracker shares or if they leave the Group. These loans are included within other receivables (note 14).

When tracker shares are granted, no share-based payment charge is recognised in the income statement on the basis that the initial subscription by the individual at the grant date equates to the fair value at that date. Dividends declared by the tracked businesses, which are factored into the grant date fair value determination of the tracker shares, are recorded in equity as 'distributions to tracker shareholders'.

When the Company issues new shares to settle the tracker share arrangements, the nominal value of the shares is credited to share capital and the difference between the fair value of the tracker shares and the nominal value is credited to share premium. If the Company uses treasury shares to settle the arrangements, the difference between the fair value of the tracker shares and the weighted average value of the treasury shares is accounted for in the retained earnings.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRSs 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 estimates made by the Directors in these financial statements are set out below.

(i) Contract 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 services provided by the contractors between the date of the last received timesheet and the year end. The value of unsubmitted timesheets for each individual contractor is system generated and the judgements

1. ACCOUNTING POLICIES (continued)

are applied principally to the number of hours worked. The number of hours worked is based on the contractual hours and working days for each contractor and adjusted for expected holidays or other events that could reduce the revenue. An assumption is made that any timesheets not submitted within a fixed period of time are invalid and released from accrued income. The judgements applied, and the assumptions underlying these judgements, are considered to be appropriate. However, a change in these assumptions would impact both the amount of revenue and cost of sales recognised.

(ii) 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.

(iii) The tracker share arrangements give the Group the choice to settle tracker shares in either cash or SThree plc shares. There is therefore a judgement required as to whether this is a cash or equity settled share-based payment scheme. Based on the Directors' judgement, the tracker share arrangements are accounted for as an equity-settled share-based payment scheme under IFRS 2 as the Group's policy is to settle its obligations under the arrangements in SThree plc shares. As described in the accounting policy, the Company settles tracker shares through either treasury shares or the issue of new shares in SThree plc. The Companies Act 2006 does not specify whether the issue of treasury shares to settle share-based payments should be accounted for in share premium or elsewhere. The Company has taken legal advice which confirms this is judgemental and therefore the approach taken by the Company is to include differences between the fair value of the tracker shares settled and the weighted average cost of treasury shares in the retained earnings. There are also certain judgements involved in determining the fair value of the tracker shares at the time of the initial subscription. The grant date fair valuation, which is performed by an independent third party valuer, is based on information provided by management and their own analysis. The judgements pertain to the forecast growth of the businesses, the operational and geographical risks relevant to those businesses and other similar areas. Most other aspects of the tracker share arrangements follow a rule based approach, e.g. vesting period or settlement formula.

(iv) Judgement is required in the determination of the costs that satisfy the IAS 38 criteria for capitalisation as intangible assets. Judgement is also required for estimation of useful economic lives of those intangible assets and assessment of their recoverability to evaluate if there are any indicators of impairment.

(v) The provision for impairment of trade receivables requires significant judgement as the Group evaluates, amongst other factors, the duration and extent to which the carrying value of a receivable is less than its cost, the risk profile of a customer and other credit rating factors, such as financial health, historical experience of and near-term business outlook for a customer.

(vi) The Company assesses its investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the recoverable amount of the investment could be less than the carrying value of the investment. If it happens, the investment is considered to be impaired and is written down to its recoverable amount. Judgement is required in the determination of the recoverable amount as the Company evaluates various factors related to the operational and financial position of the relevant subsidiary business.

(vii) Exceptional items are classified separately and are excluded from the Group's underlying results. This involves management judgement as to which costs qualify as exceptional and at what point such costs should be recognised and at what amount.

(viii) Provisions are held in respect of a range of obligations such as restructuring costs, litigation provisions, dilapidation and onerous contracts. The majority of the provisions involve significant management judgement about the likely outcome of various events and estimated future cash flows. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation.

2. SEGMENTAL ANALYSIS

IFRS 8 'Segmental Reporting' requires operating segments to be identified on the basis of internal results about components of the Group that are regularly reviewed by the entity's chief operating decision maker to make strategic decisions and assess segment performance.

Management has determined the chief operating decision maker to be the Group Management Board ('GMB') made up of the Chief Executive Officer, the Chief Financial Officer and the Regional CEOs, with other senior management attending via invitation. Operating segments have been identified based on reports reviewed by the GMB, which consider the business primarily from a geographical perspective. The Group segments the business into four regions: United Kingdom & Ireland, Continental Europe, Americas and Asia Pacific & Middle East.

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

REVENUE AND GROSS PROFIT BY REPORTABLE SEGMENT

The Group measures the performance of its operating segments through a measure of segment profit or loss

2. SEGMENTAL ANALYSIS (continued)

which is referred to as "Gross Profit" in the management reporting and controlling systems. Gross profit is the measure of segment profit comprising revenue less cost of sales.

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

	REVENUE		GROSS PROFIT	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
United Kingdom & Ireland	296,796	280,125	69,490	66,338
Continental Europe	346,404	312,216	103,237	99,356
Americas	157,719	111,110	45,465	33,403
Asia Pacific & Middle East	47,922	43,473	17,526	19,126
	848,841	**746,924**	**235,718**	**218,223**

Continental Europe primarily includes Belgium, France, Germany, Luxembourg, Netherlands and Switzerland.

Americas includes the USA, Brazil and Canada.

Asia Pacific & Middle East mainly includes Australia, Dubai, Hong Kong, Japan, Qatar, Russia and Singapore.

OTHER INFORMATION

The Group's revenue from external customers, its gross profit and information about its segment assets (non-current assets excluding deferred tax assets) by key location are detailed below:

	REVENUE		GROSS PROFIT	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
UK	276,160	255,780	63,085	58,882
USA	157,568	109,449	45,409	32,442
Germany	152,363	141,488	52,210	49,471
Netherlands	102,704	85,271	24,390	22,268
Other	160,046	154,936	50,624	55,160
	848,841	**746,924**	**235,718**	**218,223**

2. SEGMENTAL ANALYSIS (continued)

	NON-CURRENT ASSETS	
	30 November 2015	30 November 2014
	£'000	£'000
UK	13,080	12,531
USA	2,175	1,166
Germany	509	425
Netherlands	134	155
Other	809	1,022
	16,707	**15,299**

The following segmental analysis by brand, recruitment classification and discipline (being the profession of candidates placed) have been included as additional disclosure to the requirements of IFRS 8.

	REVENUE		GROSS PROFIT	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Brand				
Progressive	259,239	249,714	63,319	67,727
Computer Futures	216,590	182,053	62,944	54,607
Real Staffing Group	200,427	158,811	61,047	49,932
Huxley Associates	172,585	156,346	48,408	45,957
	848,841	**746,924**	**235,718**	**218,223**
Recruitment classification				
Contract	763,937	661,195	150,814	132,494
Permanent	84,904	85,729	84,904	85,729
	848,841	**746,924**	**235,718**	**218,223**
Discipline				
Information and communication technology	365,129	314,540	97,321	86,099
Energy	124,946	122,722	26,257	32,278
Other	358,766	309,662	112,140	99,846
	848,841	**746,924**	**235,718**	**218,223**

Other includes Banking & Finance, Engineering and Life Sciences.

3. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEMS

Exceptional items are those items that are required to be separately disclosed by virtue of their size or nature to help provide an understanding of the Group's underlying results.

In the prior year, the Group undertook a review of its operations, to identify opportunities to refocus resources and effort away from sub-scale businesses that had little prospect of moving into profit in the foreseeable future towards those operations which were expected to deliver the greatest return over the medium term. This resulted in closure and amalgamation of certain offices, redundancies and redeployment of staff and the impairment of assets. The total cost of this restructuring was considered exceptional by virtue of its size and nature and was charged to the income statement in 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

3. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEMS (continued)

Items classified as exceptional were as follows:

	30 November 2015 £'000	30 November 2014 £'000
Exceptional items - charged to operating profit		
Restructuring – related personnel costs	-	2,034
Office closures	-	2,158
Asset impairments and related onerous maintenance contract	-	1,145
Other	-	170
Exceptional items - before taxation	**-**	**5,507**

4. GAIN ON DISPOSAL OF SUBSIDIARIES - EXCEPTIONAL ITEMS

During the year, the Group recognised an additional gain of £0.4m in relation to the disposal of IT Job Board in July 2013. This represents the amount of the final earn out received (£2.0m) against the amount estimated as receivable at the previous year end (£1.6m). The gain has been classified as an exceptional item consistent with the previous presentation.

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	30 November 2015 £'000	30 November 2014 £'000
Depreciation (note 11)	1,910	2,049
Amortisation (note 12)	3,181	3,161
Accelerated amortisation and impairment of intangible assets (note 12)	1,471	-
Foreign exchange gains	(381)	(383)
Staff costs (note 6)	149,389	141,273
Movement in bad debt provision and debts directly written off	552	965
Loss on disposal of property, plant and equipment	38	34
Exceptional restructuring costs (note 3)	-	5,507
Gain on disposal of subsidiaries (note 4)	(377)	(205)
Operating lease charges		
- Motor vehicles	1,212	1,241
- Land and buildings	9,419	9,518

5. OPERATING PROFIT (continued)

AUDITORS' REMUNERATION

During the year the Group (including its subsidiaries) obtained the following services from the Company auditors and its associates:

Amounts payable to PricewaterhouseCoopers LLP and its associates:	30 November 2015 £'000	30 November 2014 £'000
Fees payable to the Company's auditors for the audit of the Company's Annual financial statements	72	72
Fees payable to the Company's auditors and their associates for other services to the Group:		
- Audit of the Company's subsidiaries pursuant to legislation	308	373
- Tax advisory services	21	12
- All other non-audit services	125	22
Fees charged to operating profit	**526**	**479**

6. DIRECTORS AND EMPLOYEES

Aggregate remuneration of employees including Directors was:

	30 November 2015 £'000	30 November 2014 £'000
Wages and salaries (including bonuses)	127,060	121,634
Social security costs	15,925	15,743
Other pension costs	1,544	1,330
Temporary staff costs	726	442
Share-based payments	4,134	2,124
	149,389	**141,273**

The staff costs capitalised during the year on internally developed assets (note 12) and not included in the above amounts were £2.4m (2014: £2.1m).

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

	30 November 2015				
	UK & Ireland	Continental Europe	Americas	Asia Pacific & Middle East	Total
Geographic analysis					
Sales	631	961	321	209	2,122
Non-sales	376	94	49	26	545
	1,007	**1,055**	**370**	**235**	**2,667**

FINANCIAL STATEMENTS

6. DIRECTORS AND EMPLOYEES (continued)

	30 November 2014				
	UK & Ireland	Continental Europe	Americas	Asia Pacific & Middle East	Total
Geographic analysis					
Sales	593	917	238	253	2,001
Non-sales	357	82	27	20	486
	950	**999**	**265**	**273**	**2,487**

Included in the headcount numbers above are 79 (2014: 132) temporary full time employees.

There were also on average 910 (2014: 514) contractors engaged under the employed contractor model. They are not included in the numbers above as they are not considered to be full time employees of the Group.

Details of the Directors' remuneration for the year including the highest paid director, which form part of these financial statements, are given in the audited information section of the Directors' Remuneration Report.

7. FINANCE INCOME AND COSTS

	30 November 2015 £'000	30 November 2014 £'000
Finance income		
Bank interest receivable	22	7
Other interest	42	57
	64	**64**
Finance costs		
Bank loans and overdrafts	(751)	(547)
Net finance costs	**(687)**	**(483)**

8. TAXATION

(a) ANALYSIS OF TAX CHARGE FOR THE YEAR

	30 November 2015			30 November 2014		
	Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Current taxation						
UK						
Corporation tax charged/(credited) on profits for the year	4,672	77	4,749	4,048	(293)	3,755
Adjustments in respect of prior periods	(63)	-	(63)	(919)	-	(919)
Overseas						
Corporation tax charged/(credited) on profits for the year	5,454	-	5,454	5,810	(706)	5,104
Adjustments in respect of prior periods	(252)	-	(252)	73	-	73
Total current tax charge/(credit)	9 ,811	77	9,888	9,012	(999)	8,013
Deferred taxation						
Origination and reversal of temporary differences	1,556	-	1,556	(492)	(28)	(520)
Adjustments in respect of prior periods (note 19)	(17)	-	(17)	573	-	573
Total deferred tax charge/(credit)	1,539	-	1,539	81	(28)	53
Total income tax charge/(credit) in the income statement	**11,350**	**77**	**11,427**	**9,093**	**(1,027)**	**8,066**

(b) RECONCILIATION OF THE EFFECTIVE TAX RATE

The Group`s tax charge for the year exceeds (2014: exceeds) the UK statutory rate and can be reconciled as follows:

	30 November 2015			30 November 2014		
	Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Profit before taxation	37,715	377	38,092	29,287	(5,302)	23,985
Profit before taxation multiplied by the standard rate of corporation tax in the UK at 20.33% (2014: 21.67%)	7,667	77	7,744	6,347	(1,149)	5,198
Effects of:						
Disallowable items	937	-	937	394	32	426
Differing tax rates on overseas earnings	1,454	-	1,454	1,379	(296)	1,083
Adjustments in respect of prior periods	(332)	-	(332)	(273)	-	(273)
Adjustment due to UK tax rate changes	120	-	120	51	-	51
Tax losses for which no deferred tax was recognised*	1,504	-	1,504	1,195	386	1,581
Tax expense/(credit) for the year	**11,350**	**77**	**11,427**	**9,093**	**(1,027)**	**8,066**
Effective tax rate	**30.1%**	**20.4%**	**30.0%**	**31.0%**	**19.4%**	**33.6%**

* 2015 figure includes £1.1m in respect of prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

8. TAXATION (continued)

(c) CURRENT AND DEFERRED TAX MOVEMENT RECOGNISED DIRECTLY IN EQUITY

	30 November 2015 £'000	30 November 2014 £'000
Equity-settled share-based payments		
Current tax	(53)	(61)
Deferred tax	70	15
	17	**(46)**

The Group expects to receive additional tax deductions in respect of share options currently unexercised. Under IFRS the Group is required to provide for deferred tax on all unexercised share options. Where the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. In this situation, the excess of the current or deferred tax should be recognised in equity. At 30 November 2015 a deferred tax asset of £0.9m (2014: £0.8m) has been recognised in respect of these options (note 19).

9. DIVIDENDS

	30 November 2015 £'000	30 November 2014 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend of 4.7p (2014: 4.7p) per share (i)	5,903	5,728
Final dividend of 9.3p (2014: 9.3p) per share (ii)	11,768	11,449
	17,671	**17,177**
Amounts proposed as distributions to equity holders		
Interim dividend of 4.7p (2014: 4.7p) per share (iii)	6,049	5,903
Final dividend of 9.3p (2014: 9.3p) per share (iv)	12,009	11,712

(i) 2014 interim dividend of 4.7 pence (2014: 4.7 pence) per share was paid on 5 December 2014.

(ii) 2014 final dividend of 9.3 pence (2014: 9.3 pence) per share was paid on 5 June 2015.

(iii) 2015 interim dividend of 4.7 pence (2014: 4.7 pence) per share was paid on 11 December 2015 to shareholders on record at 6 November 2015.

(iv) The Board propose a 2015 final dividend of 9.3 pence (2014: 9.3 pence) per share, to be paid on 3 June 2016 to shareholders on record at 29 April 2016. This proposed final dividend is subject to approval by shareholders at the Company's next Annual General Meeting on 21 April 2016, and therefore, has not been included as a liability in these financial statements.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ('EPS') is set out below:

Basic EPS is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of shares in issue during the year excluding shares held as treasury shares (note 20(a)) and those held in the EBT which are treated as cancelled.

For diluted EPS, the weighted average number of shares in issue is adjusted to assume conversion of dilutive potential shares. Potential dilution resulting from tracker shares takes into account profitability of the underlying tracker businesses and SThree plc's earnings per share. Therefore, the dilutive effect on EPS will vary in future periods depending on any changes in these factors.

	30 November 2015 £'000	30 November 2014 £'000
Earnings		
Profit after taxation before exceptional items	26,365	20,194
Exceptional items net of tax	300	(4,275)
Profit for the year attributable to owners of the Company	**26,665**	**15,919**
	million	**million**
Number of shares		
Weighted average number of shares used for basic EPS	127.0	123.7
Dilutive effect of share plans	5.6	10.3
Diluted weighted average number of shares used for diluted EPS	132.6	134.0

	30 November 2015 pence	30 November 2014 pence
Basic		
Basic EPS after exceptional items	21.0	12.9
Impact of exceptional items	(0.2)	3.4
Basic EPS before exceptional items	**20.8**	**16.3**
Diluted		
Diluted EPS after exceptional items	20.1	11.9
Impact of exceptional items	(0.2)	3.2
Diluted EPS before exceptional items	19.9	15.1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 December 2013	11,810	5,947	3,213	20,970
Additions	602	1,643	475	2,720
Disposals	(470)	(674)	(237)	(1,381)
Exchange differences	(81)	(61)	(41)	(183)
At 30 November 2014	11,861	6,855	3,410	22,126
Additions	1,738	1,185	640	3,563
Disposals	(1,159)	(1,224)	(388)	(2,771)
Exchange differences	(273)	(231)	(147)	(651)
At 30 November 2015	**12,167**	**6,585**	**3,515**	**22,267**
Accumulated depreciation and impairment				
At 1 December 2013	10,367	4,096	2,557	17,020
Depreciation charge for the year	1,068	698	283	2,049
Impairment charge for the year	96	127	21	244
Disposals	(440)	(571)	(223)	(1,234)
Exchange differences	(72)	(61)	(39)	(172)
At 30 November 2014	11,019	4,289	2,599	17,907
Depreciation charge for the year	722	844	344	1,910
Disposals	(1,135)	(1,074)	(348)	(2,557)
Exchange differences	(270)	(195)	(127)	(592)
At 30 November 2015	**10,336**	**3,864**	**2,468**	**16,668**
Net book value				
At 30 November 2015	**1,831**	**2,721**	**1,047**	**5,599**
At 30 November 2014	842	2,566	811	4,219

A depreciation charge of £1.9m (2014: £2.0m) is included in administrative expenses.

Disposals included the assets with a net book value of £0.2m (2014: £0.1m) that were disposed of during the year for £nil. In the prior year, the related loss was recognised and included in restructuring costs.

The Group has not leased any assets under finance lease obligations.

12. INTANGIBLE ASSETS

	Goodwill	Computer software	Internally generated: Assets under construction	Internally generated: Software and system development costs	Trademarks	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 December 2013	206,313	9,046	1,731	23,543	71	240,704
Additions	-	49	2,756	8	-	2,813
Disposals	-	(32)	-	(82)	-	(114)
Reclassification	-	-	(3,775)	3,775	-	-
At 1 December 2014	206,313	9,063	712	27,244	71	243,403
Additions	-	86	4,595	-	-	4,681
Disposals	-	(167)	-	(49)	-	(216)
Reclassification	-	-	(1,663)	1,663	-	-
At 30 November 2015	**206,313**	**8,982**	**3,644**	**28,858**	**71**	**247,868**
Accumulated amortisation and impairment						
At 1 December 2013	205,480	5,718	-	17,406	67	228,671
Amortisation charge for the year	-	703	-	2,457	1	3,161
Impairment charge for the year	-	512	-	-	-	512
Disposals	-	(21)	-	-	-	(21)
At 30 November 2014	205,480	6,912		19,863	68	232,323
Amortisation charge for the year	-	257	-	2,923	1	3,181
Accelerated amortisation and impairment charge	-	759	-	712	-	1,471
Disposals	-	(167)	-	(48)	-	(215)
At 30 November 2015	**205,480**	**7,761**	**-**	**23,450**	**69**	**236,760**
Net book value						
At 30 November 2015	**833**	**1,221**	**3,644**	**5,408**	**2**	**11,108**
At 30 November 2014	833	2,151	712	7,381	3	11,080

An amortisation charge of £3.2m (2014: £3.2m) is included in administrative expenses.

Ahead of a forthcoming new system implementation, the Group performed an impairment review of its assets to identify if any of the assets had become impaired or if their useful economic lives had shortened. As a result, an impairment charge and accelerated amortisation of £1.5m have been recognised in administrative expenses for the year.

Additions to internally generated assets included the development of new systems (and the enhancement of the existing assets) relating to various front-office sales systems and HR and Finance systems. Only costs directly attributable to the development and enhancement of these systems were capitalised during the year in accordance with the criteria under IAS 38.

The net book value of goodwill is allocated to SThree Staffing UK business, which is 100% (2014: 100%) owned by the Group.

Management has performed an impairment review of goodwill and concluded that no impairment is required. Disclosures required under IAS 36 'Impairment of Assets' have not been included on the basis that the goodwill value is not considered material.

13. INVESTMENTS IN SUBSIDIARIES

COMPANY	£'000
Cost	
At 1 December 2013	306,671
Additions	
- Capital injection in a subsidiary	100
- Settlement of vested tracker shares	11,467
- Relating to unvested tracker shares	325
Capital contribution relating to share-based payments (IFRS 2)	1,735
Investment written off that was previously provided against	(1,403)
At 30 November 2014	318,895
Additions	
- Settlement of vested tracker shares	8,512
- Relating to unvested tracker shares	5
Capital contribution relating to share-based payments (IFRS 2)	2,994
At 30 November 2015	**330,406**
Provision for impairment	
At 1 December 2013	8,258
Investment written off that was previously provided against	(1,403)
At 30 November 2014 and 30 November 2015	**6,855**
Net carrying value	
At 30 November 2015	**323,551**
At 30 November 2014	312,040

During the year, the Company settled a number of vested tracker shares by awarding 2,178,589 new issue shares (2014: 2,375,037) (note 20(a)), resulting in an increase in the Company's investment in relevant subsidiary businesses.

The Company also acquired certain unvested tracker shares where employees left the business prior to reaching the pre-agreed holding period.

Tracker share arrangements are detailed in note 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 2015, the Company recognised an increase in the investments in its subsidiaries of £3.0m (2014: £1.7m) relating to share options and awards.

A full list of the Company's subsidiaries that existed as at 30 November 2015 are shown on pages 136 - 137.

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Trade receivables	112,171	113,555	-	-
Provision for impairment	(1,632)	(1,846)	-	-
Trade receivables - net	110,539	111,709	-	-
Other receivables	2,479	4,633	1,326	3,069
Amounts due from subsidiaries	-	-	-	527
Prepayments	3,996	3,007	353	235
Accrued income	40,139	49,921	-	-
	157,153	**169,270**	**1,679**	**3,831**

Other receivables include £1.2m (2014: £1.5m) for loans given to certain individuals towards their subscription for tracker shares (note 24(d)). Tracker share loans are unsecured and charged interest at a rate of 4% (2014: 4%).

Accrued income represents the Contract revenue earned but not invoiced at the year end. It is based on the value of the unbilled timesheets from the contractors for the services provided up to the year end. The corresponding costs are shown within trade payables, where the contractor has submitted an invoice and within accruals in respect of unsubmitted and unapproved timesheets (note 16).

Trade receivables and cash and cash equivalents are deemed to be all current loans and receivables for disclosure under IFRS 7 'Financial Instruments' - Disclosures (note 24). No interest is charged on trade receivables.

The Group makes judgements on a customer by customer basis as to its ability to collect outstanding trade receivables and provides for impairment of the receivables 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. These amounts are included within administrative expenses. Trade receivables are written off when the Group determines that it is unlikely that future remittances will be received.

	GROUP	
	30 November 2015	30 November 2014
	£'000	£'000
Movement in provision for impairment of trade receivables:		
Provision at beginning of the year	1,846	1,439
Charge for the year	419	1,278
Bad debts written off	(189)	(580)
Provision reversed as amounts recovered	(444)	(291)
Provision at end of the year	**1,632**	**1,846**

Other classes within trade and other receivables do not contain impaired assets. Management considers that the carrying value of trade and other receivables is approximately equal to their fair values and are deemed to be current assets.

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15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Cash in hand and at bank	**6,159**	**14,071**	**876**	**11,314**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair values.

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

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Trade payables	42,177	38,585	-	24
Amounts due to subsidiaries (note 23)	-	-	8,218	4,336
Other taxes and social security	9,205	8,546	258	237
Other payables	2,589	10,078	133	97
Accruals	63,068	57,753	1,531	1,031
	117,039	**114,962**	**10,140**	**5,725**
Less: non-current other payables	-	379	-	-
Current portion trade and other payables	**117,039**	**114,583**	**10,140**	**5,725**

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 subsidiaries are subject to annual interest at a rate of 1.3% (2014: 1.3%) above 3 month LIBOR of the respective currencies in which balances are denominated.

Accruals also include amounts payable to the contractors in respect of unsubmitted and unapproved timesheets (note 14).

17. BORROWINGS

	GROUP		COMPANY	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Revolving credit facility ('RCF')	**-**	**24,000**	**-**	**24,000**

The Group has a committed RCF of £50m in place with RBS and HSBC which expires in May 2019. The funds borrowed under the facility bear interest at a minimum annual rate of 1.3% (2014: 1.3%) above 3 month Sterling LIBOR. The average interest rate paid on the RCF during the year was 1.8% (2014: 1.8%).

At the year end the Group and the Company had drawn down £nil (2014: £24.0m) on this facility.

The facility is subject to certain covenants requiring the Group to maintain financial ratios over interest cover, leverage and guarantor cover (note 24(c)). The Group has been in compliance with these covenants throughout the year.

The Group's exposure to interest rate, liquidity, foreign currency and capital management risks is disclosed in note 24.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations	Restructuring	Tracker share liability	Legal	Onerous contract	Total
GROUP	£'000	£'000	£'000	£'000	£'000	£'000
At 1 December 2013	2,289	4,305	3,736	529	1,250	12,109
Charged/(released) to the income statement	10	4,909	(17)	(60)	-	4,842
Utilised during the year	(90)	(4,423)	(380)	(110)	(545)	(5,548)
New tracker share consideration	-	-	620	-	-	620
At 30 November 2014	2,209	4,791	3,959	359	705	12,023
(Released)/charged to the income statement	(270)	(348)	(20)	28	-	(610)
Utilised during the year	(116)	(3,502)	(360)	(53)	(430)	(4,461)
Reclassification	-	-	-	-	(275)	(275)
New tracker share consideration	-	-	35	-	-	35
At 30 November 2015	**1,823**	**941**	**3,614**	**334**	**-**	**6,712**

	30 November 2015	30 November 2014
Analysis of total provisions:	£'000	£'000
Current	5,579	8,807
Non-current	1,133	3,216
	6,712	**12,023**

18. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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

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 of the properties and the provision has been spread over the relevant lease term.

Restructuring
The provision relates to restructuring exercises undertaken by the Group and treated as an exceptional item in previous years and related to onerous property leases, personnel costs and other. During the year £0.3m was released to the income statement and £3.5m was utilised. At the year end £0.9m (2014: £4.8m) remains unpaid.

The liability in regards to dilapidation and restructuring provisions is expected to crystallise as follows:

	30 November 2015	30 November 2014
	£'000	£'000
Within one year	1,631	3,784
One to five years	882	2,919
After five years	251	297
	2,764	**7,000**

Tracker share liability
The provision relates to the obligation to repay amounts received or receivable in relation to the subscription of tracker shares awarded to senior individuals under the terms of the tracker share arrangements (note 1). The timing of economic outflows is subject to the factors governing each tracker share and is considered to be within one year.

During the year £0.4m (2014: £0.4m) of the provision was utilised, principally in relation to settled tracker shares. New consideration of £35,000 (2014: £0.6m) represents subscriptions against the allotment of tracker shares in the year.

Legal
The provision relates to ongoing legal matters and the timing of economic outflows is subject to the factors governing each case.

Onerous contract
This related to a long term service contract that was entered into in 2013 which was deemed to be onerous and therefore provided for.

19. DEFERRED TAX

GROUP	Accelerated tax depreciation £'000	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 1 December 2013	963	714	1,369	435	3,481
Credit/(charge) to income statement for the year	45	186	(140)	497	588
Prior year (charge)/credit to income statement for the year	(653)	-	49	31	(573)
Adjustment due to tax rate changes	(22)	(55)	-	9	(68)
Charged directly to equity	-	(15)	-	-	(15)
Exchange differences	(11)	1	(15)	36	11
At 30 November 2014	322	831	1,263	1,008	3,424
(Charge)/credit to income statement for the year	(132)	146	(1,156)	(294)	(1,436)
Prior year (charge)/credit to income statement for the year	(227)	39	(59)	264	17
Adjustment due to tax rate changes	10	(53)	-	(77)	(120)
Charged directly to equity	-	(70)	-	-	(70)
Exchange differences	(15)	1	(48)	27	(35)
At 30 November 2015	**(42)**	**894**	**-**	**928**	**1,780**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so.

The following is an analysis of the deferred tax balances for financial reporting purposes:

	30 November 2015 £'000	30 November 2014 £'000
Deferred tax assets	2,085	3,539
Deferred tax liabilities	(305)	(115)
Net deferred tax assets	**1,780**	**3,424**

Deferred tax assets that are expected to be recovered within one year are £1.2m (2014: £1.7m) and deferred tax liabilities that are expected to be settled within one year are £26,000 (2014: £12,000).

Deferred tax assets are recognised for carry-forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits from the respective jurisdictions is probable. In assessing whether to recognise deferred tax assets, the Group has considered both current and the forecast trading performance in these territories and the expectations regarding the levels of profitability that can be achieved.

At the reporting date, the Group has unused tax losses of £27.3m (2014: £30.0m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses (2014: £1.3m in respect of £5.5m losses).

Included in unrecognised tax losses are losses of £8.1m (2014: £4.4m) subject to expiry. Of this amount, £1.7m expires in 2016, £1.0m in 2020, and £1.0m in 2021. The balance of £4.4m expires at various other times up to 2034. Other unrecognised tax losses of £19.2m (2014: £20.1m) may be carried forward indefinitely.

The Finance Act 2014 reduced the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015. In July 2015, the Summer Finance Bill set the main rate of UK corporation tax at 19% from 1 April 2017, and 18% from 1 April 2020. As a result, the Group's deferred tax asset has been reduced as at 30 November 2015 by £0.1m, resulting in a charge to the income statement.

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19. DEFERRED TAX (continued)

COMPANY

The Company's deferred tax asset relates to the equity-settled share-based payments.

	£'000
At 1 December 2013	274
Credit to income statement for the year	167
Adjustment due to tax rate changes	(30)
Charged directly to equity	(13)
At 30 November 2014	398
Credit to income statement for the year	5
Adjustment due to tax rate changes	(23)
Charged directly to equity	(27)
At 30 November 2015	**353**

20. SHARE CAPITAL

GROUP AND COMPANY

(a) Share capital

Issued and fully paid	Number of ordinary shares	Share capital £'000	Treasury reserve £'000
At 1 December 2013	123,518,266	1,240	(1,514)
Issue of new shares	2,539,630	26	-
Utilisation of treasury shares	468,491	-	1,352
At 30 November 2014	126,526,387	1,266	(162)
Issue of new shares	2,915,523	29	-
Repurchase of own shares	(337,121)	-	(1,212)
Utilisation of treasury shares	19,490	-	56
At 30 November 2015	**129,124,279**	**1,295**	**(1,318)**

At the year end, 456,189 (2014: 596,728) shares were held in the Group's EBT.

Share issue
During the year 2,915,523 (2014: 2,539,630) new ordinary shares were issued, resulting in a share premium of £8,670,000 (2014: £9,509,000). Of the shares issued, 2,178,589 (2014: 2,375,037) were issued to tracker shareholders on settlement of vested tracker shares, with the remaining issued pursuant to the exercise of share awards under the Save As You Earn (SAYE) and LTIP schemes.

Treasury reserve
During the year, SThree purchased 337,121 of its own shares to be held as treasury shares (2014: nil). The average price paid per share was 359p (2014: nil) and the total consideration was £1,212,000 (2014: nil). An amount of £101,000 was under an irrecoverable purchase agreement (now expired) and was included in accruals at the year end. During the year 19,490 shares (2014: nil) were transferred from treasury for LTIP awards. At the year end, 373,584 (2014: 55,953) shares were held in treasury.

20. SHARE CAPITAL (continued)

(b) Share-based payments

Tracker share awards in subsidiary companies

As described in note 1, the Group makes awards of shares in respect of certain subsidiary businesses to senior individuals who participate in the development of those businesses.

During the year, the Group settled certain vested tracker shares for a total consideration of £8,512,000 (2014: £11,467,000) by issuing new shares. This resulted in a credit to share capital and share premium, with a corresponding debit to the retained earnings.

The Group also issued new tracker share awards during the year for subscription value of £35,000 (2014: £620,000).

LTIP, SAYE and other share schemes

The Group has a number of share schemes to incentivise its Directors and employees. All schemes are treated as equity-settled (except SIP) as the Group has no legal or constructive obligation to repurchase or settle the options in cash. The schemes are detailed below.

	30 November 2015		30 November 2014					
Scheme	**Charge (£'000)**	**Number of share options**	**Charge (£'000)**	**Number of share options**	**Vesting period**	**Expiry date**	**Valuation method**	**Performance metrics**
LTIP	3,876	4,133,107	2,077	4,199,014	3 years	10 years	Montecarlo model	Incremental EPS growth/ TSR ranking against comparator
SAYE	257	903,612	179	602,708	3 years	6 months after 3 year vesting period	Binomial	None
Sub-total	**4,133**	**5,036,719**	**2,256**	**4,801,722**				
SIP	1	N/A	93	N/A	1 year	N/A	N/A	None
Total	**4,134**	**5,036,719**	**2,349**	**4 ,801,722**				

Long Term Incentive Plan (LTIP)

The conditions of the LTIP are provided in the Directors' Remuneration Report.

	Number of options
At 30 November 2014	4,199,014
Granted	1,560,987
Exercised	(644,287)
Forfeited	(982,607)
At 30 November 2015	4,133,107

20. SHARE CAPITAL (continued)

Out of the 4,133,107 options outstanding (2014: 4,199,014), 449,156 options were exercisable (2014: 686,399). Options exercised during the year were satisfied by shares in the EBT and issue of new shares. The related weighted average share price at the time of exercise was £3.45 (2014: £3.67) per share and related transaction costs were negligible.

At the end of the reporting period, 2015 share option grants were the latest options outstanding under the LTIP and they were valued as follows:

	2015	2014
Weighted average fair value (£)	2.64	3.18
Key assumptions used:		
Weighted average share price (£)	3.24	3.73
Expected volatility	29%	36%
Expected option term (life)	3 years	3 years

Other schemes

The SAYE, SIP and EBT arrangements are not deemed material for further disclosure.

21. CONTINGENCIES

The Group has contingent liabilities in respect of possible legal claims arising in the ordinary course of business. They are not anticipated to result in any material liabilities other than those provided for (note 18).

22. COMMITMENTS

Operating leases

The Group leases various office properties under non-cancellable operating lease arrangements. The lease terms are between 1 to 17 years, and the majority of the lease arrangements are renewable at the end of the lease period at market rate.

The Group also leases various motor vehicles under non-cancellable operating lease arrangements. The lease term is typically 3 years.

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	MOTOR VEHICLES		LAND AND BUILDINGS*	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	£'000	£'000	£'000	£'000
Within one year	746	493	10,588	11,816
One to five years	1,085	410	28,193	31,801
After five years	-	-	16,910	22,081
	1,831	**903**	**55,691**	**65,698**

* These include lease commitments of £0.4m (2014: £1.9m) at the year end in respect of leased offices which were vacated as part of the restructuring in prior years and are deemed to be onerous on the Group (notes 3 and 18).

Capital commitments

At the end of the reporting period, the Group contracted capital expenditure but not yet incurred of £0.8m (2014: £0.6m).

Guarantees

At the end of the reporting period, the Group has bank guarantees in issue for commitments which amounted to £2.1m (2014: £2.4m).

23. RELATED PARTY TRANSACTIONS

GROUP

Balances and transactions with subsidiaries have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its Directors and members of the GMB, who are deemed to be key management personnel, are disclosed below.

Remuneration of key management personnel ("KMP")

The Group's key management comprises members of the GMB, other members of the Board of Directors and key managers who are deemed to influence the day to day activities. Details of Directors' remuneration, as determined by the SThree plc Remuneration Committee in accordance with its stated policy, are given in the Directors' Remuneration Report.

Total number of KMPs for the year was 22 (2014: 15). Total remuneration for members of key management is detailed below.

	30 November 2015 £'000	30 November 2014 £'000
Short-term employee benefits	7,180	4,336
Share-based payments	3,054	1,289
Post-employment benefits	258	174
	10,492	**5,799**

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

	30 November 2015 £'000	30 November 2014 £'000
Transactions with the related parties during the year		
Investments in subsidiaries (note 13)	(11,511)	(13,627)
Loans and advances received from/(given to) to subsidiaries	4,409	(19,092)
Loans repaid by Directors	33	22
Loans repaid by other KMP	138	31
Interest income received	31	52
Interest paid	(13)	(251)
Dividend income received	31,156	31,745

23. RELATED PARTY TRANSACTION (continued)

No purchase or sales transactions were entered into between the Company and its subsidiaries.

	30 November 2015 £'000	30 November 2014 £'000
Year end balances arising from transactions with related parties		
Amounts payable to subsidiaries - net	(8,218)	(3,809)
Amounts receivable from Directors*	202	235
Amounts receivable from other KMP	288	197

* Refer to Directors' Remuneration Report for further details.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors
The Group reports in Sterling and pays dividends out of Sterling profits. The role of the Group's corporate treasury function 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. A treasury management committee, chaired by the Chief Financial Officer, meets on a monthly basis to review treasury activities and its members receive management information relating to treasury activities. The Group's internal auditors periodically review the treasury internal control environment and compliance with policies and procedures.

Each year, the Board reviews the Group's currency hedging strategy to ensure it is appropriate. The Group does not hold or issue derivative financial instruments for speculative purposes and its 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.

Group treasury enters into a limited amount of derivative transactions, principally currency swaps and forward currency contracts, with the purpose of managing the currency risks arising from operations and financing of subsidiaries. At the year end, the Group had net foreign exchange swaps of: AU$4.0m, CA$0.3m, CHF3.2m, EUR4.5m, HK$11.8m, NOK10.0m, SG$3.3m and US$1.1m being an overall equivalent of £11.4m (2014: overall equivalent of £12.7m). The contracts were mainly taken out close to the year end date for a period of 1 to 24 days (2014: 3 to 34 days) and they had net fair value of circa £10,000 at the year end, which is insignificant.

The Group is exposed to a number of different financial risks including capital management, foreign currency rates, liquidity, credit and interest rates risks. 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 and its subsidiaries' ability to continue as going concerns in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, delay or reduce the settlement of vested tracker shares, sell assets to reduce debt, return capital to shareholders or issue new shares, subject to applicable rules. The Group's policy is to settle the vested tracker shares in the Company's shares (issue of new shares or using treasury shares purchased from the market). During the year, the majority of vested tracker shares were settled by the new issue of shares (note 20(a)).

The capital structure of the Group consists of equity attributable to equity holders of the parent of £59.4m (2014: £51.3m), comprising share capital, share premium, other reserves and retained earnings as disclosed in the statement of changes in equity and net cash of £6.2m (2014: net debt of £(9.9m)), comprising cash and cash equivalents (note 15) and borrowings (note 17).

Except for compliance with certain bank covenants (note 24(c)), the Group is not subject to any externally imposed capital requirements.

(b) Foreign currency risk management
The Group uses Sterling as its presentation currency. It undertakes transactions in a number of foreign

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

currencies. Consequently, exposures to exchange rate fluctuations do arise. Such exchange rate movements affect the Group`s transactional revenues, cost of sales, the translation of earnings and the net assets/ liabilities of its overseas operations.

The Group is also exposed to foreign currency risks from the value of net investments outside the United Kingdom. The intercompany loans which are treated as net investments in foreign operations are not planned to be settled in the foreseeable future as they are deemed to be a part of the investment. Therefore, exchange differences arising from the translation of the net investment loans are taken into equity. There was no ineffectiveness to be recorded from net investment in foreign entity hedges.

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.

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US Dollar. If the Euro or US Dollar strengthened against Sterling by a movement of 10%, the anticipated impact on the Group`s results in terms of translational exposure would be an increase in profit before taxation of £3.5m and £1.1m respectively (2014: £2.8m and £1.1m), with a similar decrease if the Euro or US Dollar weakened against Sterling by 10%.

(c) Liquidity risk management

The Group's treasury function centrally co-ordinates relationships with banks, manages borrowing requirements, foreign exchange needs and cash management. The Group has access to a committed revolving credit facility ('RCF') with RBS and HSBC of £50m which expires in May 2019. £nil (2014: £24m) was drawn down against the RCF at the year end.

The RCF requires, amongst other matters, compliance with the following three financial covenant ratios which are tested twice a year on the basis of year end and half-year financial data:

(i) Interest Cover: interest and dividend cover shall not be less than the ratio of 1.2:1 at any time;

(ii) Leverage: the ratio of total net debt on the last day of a period to EBITDA in respect of that period shall not exceed the ratio of 2:1; and

(iii) Guarantor Cover: the aggregate adjusted EBITDA and gross assets of all the Guarantor subsidiaries must at all times represent at least 85% of the adjusted EBITDA and gross assets of the Group as a whole.

The table below shows the maturity profile of the financial liabilities which are held at amortised cost based on the contractual amounts payable on the date of repayment:

	BORROWINGS		TRADE AND OTHER PAYABLES	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
As 30 November 2015				
Within one year	-	-	107,834	9,882
	-	**-**	**107,834**	**9,882**
At 30 November 2014				
Within one year	24,000	24,000	106,037	5,488
One to five years	-	-	379	-
	24,000	**24,000**	**106,416**	**5,488**

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In the normal course of business, the Group participates in cash pooling arrangements with its counterparty bank. The maximum exposure to a single banking group for deposits and funds held on account as at the year end was £3.5m (2014: £6.7m). The Group will not accept any counterparty bank for its deposits unless it has been awarded a minimum recognised credit rating of A3/Prime-2 (Moody's). Some local banks in emerging markets may have lower ratings but the funds at risk will be small. The Group will permit exposures with individual counterparty banks and exposure types up to pre-defined limits as part of the Group treasury policy. Exposure to all transaction limits are monitored daily.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The Group mitigates its credit risk from trade receivables 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 the client base (circa 7,000 clients) helps to mitigate the risk of individual client failure having a material impact on the Group.

Trade receivables of the Group are analysed in the table below. With respect to the trade 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 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 the year end.

Trade receivables of £84.0m (2014: £77.7m) were neither past due nor impaired.

As of 30 November 2015, trade receivables of £24.5m (2014: £31.1m) were past due but not impaired. These pertain to a number of unrelated customers for whom there is no recent history of default. Trade receivables of £3.7m (2014: £4.7m) were impaired, against which a provision of £1.6m (2014: £1.8m) was recorded.

Trade receivables	2015 £'000	2014 £'000
Neither impaired nor past date	83,982	77,685
Ageing of past due but not impaired receivables		
under 30 days	17,638	21,798
31 to 60 days	5,223	6,596
61 to 90 days	1,601	2,730
Ageing of impaired receivables		
under 90 days	296	22
over 90 days	3,431	4,724
Provision for impairment of trade receivables	(1,632)	(1,846)
Total	**110,539**	**111,709**

The majority of the accrued income balance is less than 60 days old and nothing is over 90 days past due.

The Group's credit risk from loans given to certain tracker shareholders is mitigated by the fact that the loans are spread over a number of individuals (2015: 35 individuals; 2014: 48 individuals) and none of the individuals hold loans of material amounts. Exposure to all individuals is regularly monitored and the individuals are asked to settle all or portion of their outstanding balances when their first tracker share is settled, when they receive dividend or if they leave the business.

(e) Interest rate risk management

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 and the revolving credit facility.

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 bank balances as at 30 November 2015, if the interest rate payable or receivable moved by 100 basis points in either direction, the effect to the Group would be minimal. 100 basis points was used on the assumption that applicable interest rates are not likely to move by more than this basis given the pattern of interest rate movements during the year.

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

At the reporting date, the Group and the Company did not have any significant financial liabilities exposed to interest rate risk except for the revolving credit facility (note 17). The only financial assets which accrued interest were cash and cash equivalents (note 15) with maturity of less than a year and were subject to floating interest income.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

As part of the presentation of 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 at 30 November 2015, the Group and the Company 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.

(g) Currency profile of net cash and cash equivalents

Functional currency of Group operations:

	Cash and cash equivalents				
	Sterling	Euro	US Dollar	Other currencies	Total
As 30 November 2015	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Functional Currency					
Sterling	(1,230)	(309)	234	414	(891)
Euro	-	2,357	-	-	2,357
Other	36	-	2,054	2,603	4,693
Total	**(1,194)**	**2,048**	**2,288**	**3,017**	**6,159**
As 30 November 2014					
Functional Currency					
Sterling	1,204	(7,545)	108	50	(6,183)
Euro	205	12,069	-	-	12,274
Other	260	-	2,630	5,090	7,980
Total	**1,669**	**4,524**	**2,738**	**5,140**	**14,071**

Other foreign currencies held by the Group include: Australian Dollar, Bahrain Dinar, Brazilian Real, Canadian Dollar, Chinese Renminbi, Hong Kong Dollar, Indian Rupee, Japanese Yen, Kuwait Dinar, Malaysian Ringgit, Nigerian Naira, Norwegian Krone, Qatar Riyal, Russian Ruble, Singapore Dollar, Saudi Arabia Riyal, Swiss Franc, Thailand Baht and United Arab Emirates Dirham.

The Company does not have exposure to other currencies.

(h) 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 amounts for current balances; there are no material longer term balances.
Financial instruments	Market valuations at the end of the reporting period.

LIST OF SUBSIDIARIES

Full list of SThree plc's subsidiaries as referenced in note 13 is as follows:

	SHAREHOLDING/ OWNERSHIP			
	2015	2014	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
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
Specialist Staffing Solutions Recrutamento Ltda	100%	100%	Brazil	Recruitment
SThree Canada Limited	100%	100%	Canada	Recruitment
SThree SAS	100%	100%	France	Recruitment
SThree Holdings GmbH (previously SThree Personalmanagement GmbH)	100%	100%	Germany	Holding Company
SThree GmbH	100%	100%	Germany	Recruitment
SThree Arbeitnehmerüberlassung GmbH	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
SThree K.K.	100%	100%	Japan	Recruitment
SThree Finance Dollar S.à r.l.	100%	-	Luxembourg	Holding Company
SThree Finance Euro S.à r.l.	100%	-	Luxembourg	Holding Company
SThree S.à r.l.	100%	100%	Luxembourg	Recruitment
Progressive Global Energy Sdn. Bhd.	49%	49%	Malaysia	Recruitment
SThree Holdings BV	100%	100%	Netherlands	Recruitment
Huxley BV	100%	100%	Netherlands	Recruitment
SThree Interim Services BV	100%	100%	Netherlands	Recruitment
Progressive Global Manpower Services Limited	100%	100%	Nigeria	Dormant
SThree Norway AS	100%	100%	Norway	Recruitment
SThree Qatar LLC	100%	100%	Qatar	Recruitment
SThree LLC	100%	100%	Russia	Recruitment
SThree Pte. Ltd.	100%	100%	Singapore	Recruitment
SThree Switzerland GmbH	100%	100%	Switzerland	Recruitment
SThree Holdings (Thailand) Company Limited	49%	49%	Thailand	Holding Company
Progressive Global Energy Manpower Limited	100%	100%	Thailand	Recruitment
Specialist Staffing Holdings Inc	100%	-	USA	Holding Company
Specialist Staffing Solutions Inc	100%	100%	USA	Recruitment
Specialist Staffing Services Inc	100%	100%	USA	Recruitment
Newington International Inc	100%	100%	USA	Recruitment
Cavendish Directors Limited*	100%	100%	UK	Dormant
SThree UK Holdings Limited*	100%	100%	UK	Holding Company
SThree Overseas Holdings Limited*	100%	100%	UK	Holding Company
SThree UK Management Limited*	100%	100%	UK	Holding Company

LIST OF SUBSIDIARIES

	SHAREHOLDING/ OWNERSHIP 2015	2014	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
SThree Overseas Management Limited*	100%	100%	UK	Holding Company
SThree UK Operations Limited*	100%	100%	UK	Holding Company
SThree Finance Limited*	100%	100%	UK	Support Services
SThree IP Limited*	100%	100%	UK	Support Services
SThree Management Services Limited*	100%	100%	UK	Management Services
SThree Partnership LLP	100%	100%	UK	Recruitment
Huxley Associates Limited	100%	100%	UK	Dormant
Huxley Associates Banking & Finance Limited	100%	100%	UK	Dormant
Huxley Associates Global Limited	100%	100%	UK	Recruitment
Orgtel Contract Limited	100%	100%	UK	Dormant
Orgtel Limited	100%	100%	UK	Dormant
Progressive Global Energy Limited	100%	100%	UK	Recruitment
Progressive Global Energy Kurdistan Limited	100%	100%	UK	Recruitment
Progressive GE Limited (previously Real Staffing Group Limited)	100%	100%	UK	Recruitment
SThree Staffing UK Limited	100%	100%	UK	Dormant
SThree Staffing France Limited	100%	100%	UK	Dormant

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

5 YEAR FINANCIAL SUMMARY

All figures are reported figures before exceptional items in £'m unless stated otherwise.

	30 November 2015	30 November 2014	1 December 2013	25 November 2012	27 November 2011
FINANCIAL PERFORMANCE					
Revenue	848.8	746.9	634.3	577.5	542.5
Gross profit	235.7	218.2	199.8	205.3	195.5
Operating profit	38.4	29.8	21.2	25.1	30.0
Total assets	185.1	203.4	160.0	168.0	186.9
Total equity	59.4	51.3	51.6	61.9	82.5
Net cash/(debt)	6.2	(9.9)	8.7	28.3	55.6
Cash from operations	60.3	20.1	9.5	32.7	36.4
FINANCIAL RATIOS					
Conversion ratio (%)	16.3	13.7	10.6	12.2	15.3
Cash conversion (%)	134.4	47.8	80.0	88.0	102.0
Basic EPS (pence)	20.8	16.3	9.1	14.1	16.8
Dividends per share (pence)	14.0	14.0	14.0	14.0	25.0*
OPERATIONAL STATISTICS					
Average total headcount	2,667	2,487	2,228	2,234	2,042
Average sales consultants	2,117	2,002	1,736	1,663	1,494
Active contractors at year end	8,412	7,573	5,791	5,122	4,692

* 2011 dividend included a special dividend of 11.0 pence per share.

OPERATING PROFIT AT HIGHEST IN 5 YEARS

CASH FROM OPERATIONS AT HIGHEST IN 5 YEARS

CONTRACT RUNNERS AT ALL TIME HIGH

FINANCIAL
CALENDAR

2015

30 NOVEMBER	Financial year end

2016

25 JANUARY	Results announced
21 APRIL	Annual General Meeting
28 APRIL	Ex-dividend date for final dividend
29 APRIL	Record date for final dividend
9 MAY	Dividend reinvestment date
31 MAY	Half year end
3 JUNE	Final dividend paid
11 JULY	Interim results announced
EARLY DEC	Interim dividend payable

SHAREHOLDER INFORMATION

Shareholders with enquiries relating to their shareholding should contact Capita Asset Services. Alternatively, you may access your account via www.capitashareportal.com, but will need to have your investor code 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 12p per minute plus your phone company's access charge; lines are open 9.00am – 5.30pm Mon to Fri) or + 44 208 639 3367 (Non UK) or register online at: www.capitashareportal.com. 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) 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 the FCA Register at www.fca.org.uk/register to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
- The FCA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors.
- If you deal with an unauthorised firm, you will not have access to the Financial Ombudsman Services or Financial Services Compensation Scheme.
- Any approach from such organisations should be reported to the FSA using the share fraud reporting form at www.fca.org.uk/scams. You can also call the Consumer Helpline on 0800 111 6768. 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 FCA website www.fca.org.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 writing or calling:

Mailing Address:
BNY Mellon Shareowner Services
P.O. Box 30170
College Station, TX 77842-3170

Overnight Mail:
BNY Mellon Shareowner Services
211 Quality Circle – Suite 210
College station, TX 77845

Customer service:
Tel: 1 888 269-2377
(from outside the US Tel: 001 201 680-6825)

E-mail: shrrelations@cpushareownerservices.com

For the issuance of ADRs please contact:

London: Damon Rowan
Tel: +44 207 163 7511
E-mail: damon.rowan@bnymellon.com

New York: Margaret Keyes
Tel: +1212 815 6915
E-mail: margaret.keyes@bnymellon.com
Website: 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: 0371 664 0445 - calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Lines are open between 8.00am – 4.30pm, Monday to Friday excluding public holidays in England and Wales

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 Asset Services. Under this facility, accrued dividends are used to purchase additional shares.
Any shareholder requiring further information should contact Capita on 0371 664 0381 - calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Email: shares@capita.co.uk

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

COMPANY INFORMATION & CORPORATE ADVISORS

EXECUTIVE DIRECTORS

Gary Elden, Chief Executive Officer
Alex Smith, Chief Financial Officer
Steve Quinn, CEO, Americas
Justin Hughes, CEO, Asia Pacific & Middle East

COMPLIANCE HOTLINE

Tel: **0808 234 7501**

Web: **www.integrity-helpline.com/sthree.jsp**

FINANCIAL ADVISORS & STOCKBROKERS

UBS INVESTMENT BANK
1 Finsbury Avenue
London
EC2M 2PP

LIBERUM CAPITAL
Ropemaker Place, Level 12
25 Ropemaker Street
London
EC2Y 9LY

FINANCIAL PR

Citigate Dewe Rogerson
3 London Wall Buildings
London Wall
London
EC2M 5SY

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REGISTRARS (ORDINARY SHARES)

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: (UK) 0871 664 0300
Tel: (Non UK) +44 208 639 3399
Email: shareholderenquiries@capita.co.uk
Web: www.capitaassetservices.com

*Calls cost 12p per minute plus your phone company's access charge and calls outside the UK will be charged at applicable international rates. Lines are open 9:00 am - 5:30 pm Mon - Fri, excluding public holidays in England and Wales.

NON-EXECUTIVE DIRECTORS

Clay Brendish, Non Executive Chairman
Anne Fahy, Non Executive
Fiona MacLeod, Non Executive
Tony Ward, Non Executive (SID)
Nadhim Zahawi, Non Executive

GROUP COMPANY SECRETARY & REGISTERED OFFICE

Steve Hornbuckle, Group Company Secretary
1st Floor
75 King William Street
London
EC4N 7BE
Email: cosec@sthree.com

COMPANY NUMBER

03805979

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Web: **www.sthree.com**

GLASGOW


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