SThree plc
Report & Accounts 2006






SThree plc

Company Information and Corporate Advisers

Executive Directors

Russell Clements
Sunil Wickremeratne
Michael Nelson

Non-Executive Directors

Sir Anthony Cleaver
Alicja Lesniak
Brian McBride
The Baroness Noakes
Tony Ward

Secretary and Registered Office

Steve Hornbuckle

41-44 Great Windmill Street
London
W1D 7NB

Company number

3805979

Contact details

Tel: 020 7292 3838
Fax: 020 7292 3839
Email: enquiries@sthree.com
Web: www.sthree.com

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registrars

Capita IRG Registrars
The Registry
34 Beckenham Road
Beckenham
BR3 4TU
Tel: 0870 162 3100
Fax: 020 8658 3430
Email: ssd@capitaregistrars.com
Web: www.capitaregistrars.com

Solicitors

Linklaters
One Silk Street
London
EC2Y 8HQ

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Financial Advisers & Stockbrokers

UBS Investment Bank
1 Finsbury Avenue
London
EC2M 2PP

Investec Investment Banking
2 Gresham Street
London
EC2V 7QP

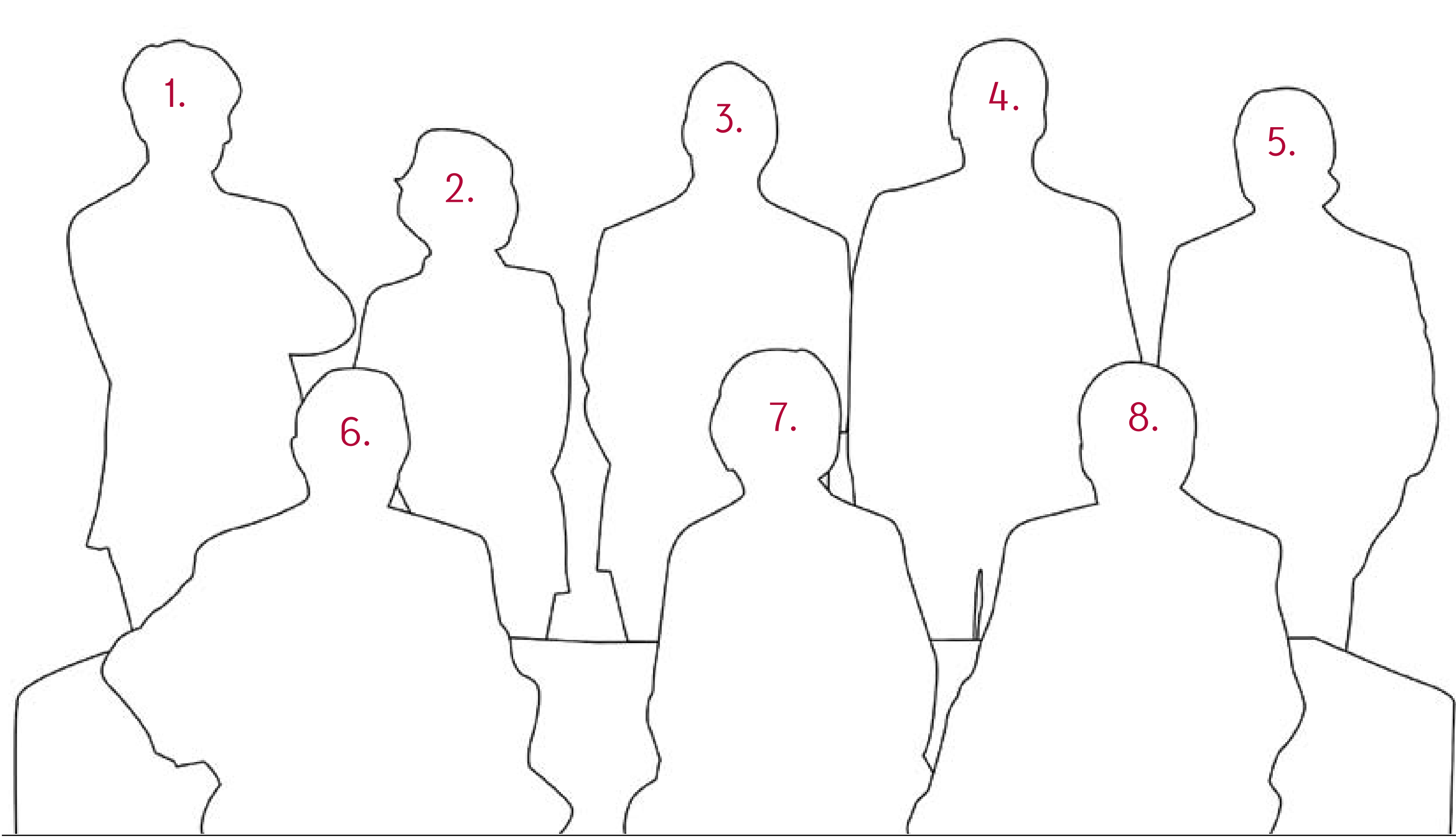
Financial PR

Citigate Dewe Rogerson
3 London Wall Buildings
London Wall
London
EC2M 5SY

Final Inside Front cover.indd 1 21/3/07 4:38:57 AM

SThree plc

Contents



Board of Directors

Report & Accounts 2006

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

1. Russell Clements

Russell Clements (age 42) has served as SThree's Chief Executive Officer since 2004 having previously held the position of Deputy Chief Executive Officer since 2001. He worked for VNU Business Publications, a Dutch international publishing company, before joining Computer Futures in 1986 shortly after its inception. He subsequently served as Director and as Joint Managing Director of Computer Futures. Russell holds a degree in Government from the University of Essex and is also a graduate of the Advanced Management Program at the Wharton Business School, University of Pennsylvania. He is Chairman of the Association of Technology Staffing Companies (ATSCo).

2. The Baroness Noakes

The Baroness Noakes, DBE, FCA (age 57) has served as a Non-Executive Director of SThree since 2001, chairs the SThree Audit Committee and sits on the SThree Remuneration and Nomination Committees. She qualified as a Chartered Accountant at Peat, Marwick, Mitchell & Co. (now KPMG), where she was a partner from 1983 to 2000, and led KPMG's international government practice. The Baroness Noakes is also a Non-Executive Director of Hanson plc, Carpetright plc and Imperial Chemical Industries plc. She is a Director of the Reuters Founders Share Company Ltd and the English National Opera. She holds a Bachelors degree in Law from the University of Bristol, is a fellow of the Institute of Chartered Accountants in England & Wales and a former president thereof.

3. Sir Anthony Cleaver

Sir Anthony Cleaver (age 68) has served as SThree's Non-Executive Chairman since July 2000 and sits on the SThree Nomination Committee. He spent the majority of his career with IBM, where he served as European Vice-President of Marketing and as General Manager, Chief Executive and Chairman and Chief Executive in the United Kingdom. Sir Anthony has also served as Chairman of the United Kingdom Atomic Energy Authority, AEA Technology plc, General Cable plc, and the Medical Research Council, and as a Non-Executive Director of Lockheed Martin UK Limited. He currently serves as Chairman of the Nuclear Decommissioning Authority, IX Europe plc, Working Links (Employment) Limited and the Royal College of Music and as a Director of the Links Foundation. Sir Anthony holds a degree in Literae Humaniores from Oxford and was President of the Chartered Management Institute.

4. Brian McBride

Brian McBride (age 51) has served as a Non-Executive Director of SThree since 2001, chairs the SThree Remuneration Committee and sits on the SThree Audit and Nomination Committees. Brian has over twenty-six years of experience in the IT industry and has worked at Xerox, IBM, Crossfield Electronics, Madge Networks, Lucent, Dell Computers and T-Mobile UK. He is currently Managing Director of Amazon.co.uk and a Non-Executive Director of the football club, Celtic PLC. Brian holds a Masters degree in Economic History from Glasgow University.

5. Sunil Wickremeratne

Sunil Wickremeratne (age 42) has served as SThree's Chief Operating Officer since 2004 having previously been Managing Director of Progressive. After working for VNU Business Publications, he joined Computer Futures in 1988 and subsequently established Progressive in 1990, Pathway in 1997 and Real I.T. Resourcing in 1998. Sunil holds a degree in Economics from University College, London.

6. Tony Ward

Tony Ward, OBE (age 57) was appointed to the SThree Board in August 2006 and to the SThree Remuneration and Nomination Committees in October 2006. Tony has over thirty years experience in a variety of senior executive roles with blue chip companies including BAA plc, Kingfisher plc and Grand Metropolitan plc. He joined BAA in 1997 as Group HR Director and has held his current post of Services Director since 1999, being responsible for activities including IT, Security and Airside Operations. Tony was a Board Director of BAA plc between November 1999 and July 2006. Prior to joining BAA, Tony was Group HR Director of Kingfisher plc and held senior personnel positions in both the operating divisions and corporate office of Grand Metropolitan plc. He is an advisor to Manchester Square Partners LLP, a Fellow of the Chartered Institute of Personnel Development, a former Deputy Chairman of the Commission for Racial Equality and a graduate of the University of Leeds.

7. Alicja Lesniak

Alicja Lesniak (age 55) was appointed to the SThree Board in May 2006 and to the SThree Audit Committee in July 2006. Alicja is currently a Non-Executive Director of DTZ Holdings plc and, from 1 April 2007 CFO of Aegis plc and has over thirty years experience in fast moving service businesses, the latter twenty years being senior financial and managerial roles within the advertising/media sector, including seven years with BBDO Worldwide, latterly as Chief Financial Officer for BBDO EMEA, and seven years at WPP Group plc, where she held positions as Chief Financial Officer for Ogilvy & Mather Worldwide and Managing Director of J Walter Thompson in the UK. Prior to joining the advertising sector she held senior management positions with Arthur Andersen & Co, having originally qualified as a Chartered Accountant with them in 1976. Alicja is a Fellow of the Institute of Chartered Accountants in England & Wales and holds a degree in Mathematics from Imperial College.

8. Michael Nelson

Michael Nelson, FCA (age 52) has served as SThree's Chief Financial Officer since March 2005. After qualifying in 1978 as a Chartered Accountant with Arthur Andersen, he gained experience in a wide range of industries and countries, including working as a corporate strategy consultant. For the ten years prior to joining SThree, Michael served as the Chief Financial Officer of EMI Europe and of the Bally Group in Switzerland. Michael holds a degree in Mathematics from the University of Bristol.

Steve Hornbuckle

Steve Hornbuckle, FCIS (age 39) was appointed to the role of Company Secretary in October 2006. Steve has over twenty years company secretarial experience, having held Deputy and Assistant Secretary positions within a variety of listed companies, including Intertek Group plc, BPB plc, Kidde plc, Railtrack Group plc, London & Manchester Group plc and English China Clays plc. Steve is a Fellow of the Institute of Chartered Secretaries.

Name: Frida Haraldsson

Position: Sales Training Consultant

Birthplace: Trollhatton, Sweden

Why I work for SThree:

"Endless opportunity and an exciting vibe."

Chairman's Statement

Report & Accounts 2006

This is now our second Annual Report as a listed Company. During the year we have continued to build on the excellent progress made in 2005 and the support we received from institutional investors at flotation, and to refine as well as further strengthen our strategy, business model and market position, while continuing to work hard to deliver growth and positive returns for all shareholders.

While our IPO marked the start of a new chapter for SThree, it did not change our business focus and in the year since we have continued to deliver strong, profitable growth. This focus has generated strong performance across our business. We grew turnover and gross profits by 24.8% and 29.7%, respectively, and operating profit before exceptional items by 39.3% to £41.0m; results which are in line with the Board's expectations, reflecting the quality of the Company and its management team at all levels.

Our clear strategy focuses on pursuing organic growth through continued development of the Group's well-established UK Information, Communication and Technology ("ICT") staffing business, while also increasing the Group's revenues from other sectors and countries. Our business model will continue to prioritise high quality over high volume and seek to optimise the superior margins we consistently achieve as a consequence of this approach. Our multi-brand strategy and highly diversified client base will, as ever, be crucial in achieving this goal and we believe that all current SThree businesses have excellent scope for further growth. However, as always, we will remain open-minded with regard to the launch of new ventures, continuing to back home-grown entrepreneurial talent, utilising the established minority-stakes model where appropriate, and expanding beyond our existing base in the UK, the Netherlands, Belgium, France, Germany, Ireland and the USA.

As always, there will be competitive and market challenges ahead of us. Nevertheless we take confidence from the Group's long track record of success to date and look forward to seeing the achievements of the last financial year acting as a platform for further substantial progress in the new year.

The Directors recommend a final dividend of 4.8p per share for the year ended 30 November 2006, to be paid on 4 June 2007, to those on the register as at 4 May 2007. This follows the interim dividend of 2.4p per share declared earlier in the year and paid in September 2006.
A detailed review of trading and results is provided in the Chief Executive and Chief Financial Officers' Reviews. This year, as well as providing greater detail on Remuneration and Governance issues, we have also included a Corporate Social Responsibility Report.

The SThree business is built on an absolute focus on delivering high quality and timely permanent and contract specialist staffing services to our clients. It remains therefore, first and foremost a people business and it is only as a direct result of the talent and dedication of our people that we are able to continue to post such positive results. As such, I would like to thank all of them again, not just for this year but also for their contribution during the twenty years since the business was established.

On behalf of the Board, I would also like to thank The Baroness Noakes, who retires at the forthcoming Annual General Meeting, for her outstanding personal contribution in helping to guide SThree through IPO and helping shape the Group into what it is today. Her contribution, particularly on Audit Committee matters, will be sorely missed.

Two Non-Executive Directors, Alicja Lesniak and Tony Ward, were appointed during the year. They add further strength and quality to the Board and I welcome them to the Group.

While our business will always depend, to a degree, on the overall strength of the economy, we believe our prospects for further growth and success remain strong and we enter the new year with confidence.

Tony Cleaver

Sir Anthony Cleaver
CHAIRMAN

Name: Jason Watson

Position: Group Statutory Reporting Manager

Birthplace: Eastbourne, England

Why I work for SThree:

"Achievements being recognised and rewarded."

Overview of SThree Group

Report & Accounts 2006

SThree, founded in 1986, is one of the leading specialist staffing businesses in the UK, providing both permanent and contract staff to a diverse, international client base of well over 4,000 clients. From its well-established position as a major player in the information and communications technology ("ICT") sector the Group is now broadening the base of its operations by building fast-growing businesses serving the banking and finance, accountancy, human resources, engineering and pharmaceuticals sectors.

Following the establishment of its first business, Computer Futures, in 1986, the Group adopted a multi-brand strategy. SThree currently operates 12 separately managed and, in certain cases, competing business brands, the four largest being Computer Futures, Huxley Associates, Progressive and Pathway, and has 32 offices in the UK and 11 offices elsewhere in Europe, in the Netherlands, Belgium, France, Germany and Ireland. In addition, the Group opened its first North American office, in New York, in 2006.

The Group has developed its multi-brand approach over a number of years in order to, among other things, expand the Group's business, access new markets, foster an entrepreneurial culture among its employees and retain key personnel. The brands have evolved organically out of the Group's existing businesses. Each brand operates independently, but they share common services such as finance, information services, human resources and legal. The Group had 1,481 employees at year-end.

SThree has a selective approach to clients and focuses on high margin opportunities, predominantly within the small to medium-sized enterprises ("SMEs") market and, from its inception, the Group has avoided the high volume, low margin business model in favour of a focus on high quality business.

Principal risks facing the business

Macro economic environment

The performance of the Group has a relationship with the underlying growth of the economies of the countries in which we operate. Our strategy is to continue to grow the size of our international business in both financial terms and in geographic coverage in order to reduce the Group's exposure or dependence on any one specific economy. A downturn in the ICT or banking markets could, in particular, adversely impact the Group's business.

Competitive environment

In the United Kingdom and Ireland, the markets for the provision of permanent and temporary recruitment are highly competitive and fragmented. In these more developed markets, competitor risk manifests itself in increased competition for clients and candidates and in pricing pressures.

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

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

Commercial relationships

The Group benefits from close commercial relationships with key clients, particularly in the SMEs market, although the Group is not dependent on any single key client.

Technology systems

The Group is reliant on a number of technology systems in providing its services to clients. These systems are housed in various locations and the business continues to review and enhance its ability to cope with a significant data or other loss. The business is also reliant upon a number of important suppliers that provide critical information technology infrastructure.

Regulatory environment

In common with many other sectors, the specialist recruitment industry is now governed by an increased level of compliance; this varies from country to country and market to market. In addition, our clients now require more complex levels of compliance in their contractual arrangements. The Group takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities and continues to strengthen its internal controls and processes with respect to legal and contractual obligations.

The financial year 2006 was SThree's first full year as a public company. As such, it is particularly pleasing to be able to comment on a highly satisfactory performance with progress made across all of the sectors in which we operate.

During the year positive business sentiment underpinned continued healthy demand for specialist staff. This in turn encouraged candidates to seek new challenges creating additional placing opportunities as their employers looked to replace in their wake. These market conditions allowed the Group to build on the progress made in the previous year and to further increase its sales consultant headcount to capitalise on the available opportunities.

This capacity-driven growth was enhanced by increases in both the average contract day rate achieved as well as the average fee charged for permanent placements. We were therefore able to build substantial increases in the volume of transactions undertaken without compromising value. We see this as a further vindication of our long-established strategy of avoiding the high volume, low margin model in favour of quality business.

The outcome achieved as a result was an improvement in gross profit of 29.7% to £135.5m (2005: £104.5m). This figure translated into a 39.3% growth in operating profit before exceptional items to £41.0m (2005: £29.5m). As a result our operating profit before exceptional items to gross profit conversion ratio improved to 30.3% (2005: 28.2%). This is a noteworthy achievement, particularly given that this metric was already amongst the best in class relative to our peer group and also that during the year we invested significantly in geographical and sector expansion.

Staffing Levels

The Group continued to grow front-office staff numbers significantly during the year. Total headcount at year-end was 1,481 (2005: 1,073) of which 894 (2005: 627) were sales consultants. The remaining 587 staff cover sales management, direct sales support, sales training, internal recruitment and back office functions. The expansion of the sales function required some increases in headcount in the Human Resources, Legal, Internal Recruitment and Information Systems functions. However, headcount in Finance decreased shortly after the year-end as a consequence of restructuring associated with the implementation of SAP.

During the year the Group maintained its core strategy of recruiting sales staff at a trainee level and from outside of the staffing industry. These recruits were then put through an in-house graduate training and development programme. In terms of sales staff the Group ended the year on planned headcount. However, the last quarter represented a particularly intense recruitment phase meaning that those hired in this latter period had limited opportunity to contribute before the end of the financial year.

Given the highly competitive environment in which we operate, when recruiting sales staff we must take every opportunity to establish in the minds of our potential recruits that SThree is an employer of choice. For this reason it was particularly pleasing to note that in the 2006 "Sunday Times/Best Companies Top 100 Places To Work" index SThree was placed in overall 13th position.

Strategy

The Group's first year as a public company saw minimal changes to the strategy that has served it well over its long history as a private company. In particular, we continued to be highly selective in terms of the quality of business undertaken, consistently avoiding low margin clients in favour of those prepared to pay a favourable rate for our services. We also maintained our commitment to ensuring our key staff were able to gain equity participation in the Group, either through employee share schemes or minority stakes in individual businesses.

Key factors supporting our successful pursuit of this strategy were once again our multi-brand model and our strong SME franchise. Both factors mitigate against any potential over-reliance on a limited number of clients and this insulates us against the downward margin pressure experienced by less diversified players. At the same time, our niche-within-niche approach allows us to credibly position ourselves as market experts, particularly in relation to candidate acquisition. This in turn justifies our higher margins.

During the year we took further steps in applying this model to an ever-increasing number of staffing sectors and geographies. This continuous programme of rolling out the business model across a matrix of complementary disciplines and territories is expected to be the core group growth strategy on an on-going basis. We have also continued to underpin our expansion strategy through investment in and development of "best in breed" ERP and CRM technology.

Contract / Permanent Business Mix

Both parts of the Group's business experienced strong growth during the year. By year-end the Group had made a total of 7,685 permanent placements (2005: 6,023) an increase

of 27.6%. In addition, the number of active contractors had risen to a record 4,719 at the year-end (2005: 4,365) representing a more modest but nevertheless healthy increase of 8.1% on the previous year.

The difference in the relative growth rates is consistent with benign market conditions in which employers have the confidence to make permanent hires. In the Group's case, this macro element is further impacted by the fact that our fast-growing non-UK business is disproportionately biased towards permanent placements.

Imbalances in candidate supply and demand in the specialist staffing market complemented the Group's proactive efforts to place higher-level staff, resulting in contract day rates increasing to £64.91, an increase of 11.1% (2005: £58.42) and permanent fees reaching an average of £8,563 (2005: £7,972), an increase of 7.4%.

The aggregate effect of all of the above was to see an increase of permanent business within the overall mix. For the year, the gross profit was split 51% vs. 49% in favour of contract as opposed to the 54% vs. 46% split of the previous year.

Sector Focus

Given the history of the Group it is unsurprising that a significant percentage of our business is in the ICT sector with 82.0% of gross profit derived from this source in 2006 (2005: 84.4%). However, non-ICT is clearly now a substantial and rapidly growing element of our business. During the year gross profit from non-ICT sectors grew by 49.8% to £24.4m (2005: £16.3m).

The latter point should be seen in the context that the vast majority of the fast-growing non-UK businesses are currently predominantly ICT-based and hence the growth figure illustrates the scope of the market opportunity within the UK from newer sectors. That said, during the year we started to see the results of newer sector disciplines being rolled out outside of the UK. Although still at a relatively early stage, as this trend develops further we would expect to see it impact meaningfully on the Group's overall sector mix.

The potential of this was well illustrated during the year with the opening of Huxley's New York office in Q3. This office was initially launched off the strength of Huxley's franchise in specialist banking and finance recruitment and has subsequently added ICT to its portfolio. This was the first time that a non-ICT platform has pioneered geographical expansion but we see no reason why this should not become more widespread going forward.

The ICT versus non-ICT breakdown is also influenced by the growth in the number of non-ICT sectors in which we operate as well as the number of group brands that have extended their remits beyond an ICT-specific focus. In both of these respects 2006 was a year of progress with a number of brands taking their first steps towards enhancing their portfolios to include other specialist staffing sectors. In each case, however, the Group intends to remain tightly focused on niche, higher value areas.

Geographical Breakdown

By the end of the year the Group operated from a total of thirty-two UK offices, eleven elsewhere in Europe and one office in New York. During the year, in addition to the New York office, the Group opened new offices in Paris, Frankfurt and Munich. Further international expansion through new offices for Huxley in Brussels and Computer Futures in Rotterdam is scheduled for Q2 2007.

Although physical offices outside of the UK remained limited to the three largest brands i.e. Computer Futures, Huxley and Progressive, certain of the other brands increased their trading with non-UK clients during the year with a view to establishing overseas offices in due course.

At a total of £98.9m (2005: £79.5m), UK gross profit grew by 24.4% during the year and represented 73.0% of the overall business compared to 76.1% in 2005. Given the highly competitive nature of the UK specialist staffing market, this is an encouraging result, particularly as we achieved this whilst maintaining our margins. In other words, we were able to win market share rather than buy market share.

As expected, a stronger rate of growth was achieved from the newer businesses outside of the UK, with gross profit of £36.6m (2005: £25.0m), representing an increase of 46.4% on the previous year. Overall non-UK share of gross profit increased to 27.0% from 23.9% in 2005. As we continue to expand into new territories and at the same time add new sectors to the non-UK business, the proportion of non-UK contribution is expected to continue to grow as a percentage of the overall total.

Brand Breakdown

In aggregate our four largest brands, Computer Futures, Huxley, Progressive and Pathway accounted for 78.7% of overall gross profit, the same as in 2005. All of these brands posted impressive levels of growth during the year.

Computer Futures remained marginally the largest brand measured by gross profit, achieving £36.7m which equated to a growth of 20.0% on 2005. This performance was achieved despite the brand having focused to date solely on rolling out ICT across all its

Name: **Anouska Perera**

Position: **In-House Solicitor**

Birthplace: **Caerphilly, South Wales**

Why I work for SThree:

"Opportunities that inspire motivated individuals."

Chief Executive Officer's Review

Report & Accounts 2006 (continued)

geographies. We are confident this brand is now well-positioned to start to add new disciplines to its established branch network and is at an exciting new phase in its development.

Huxley achieved a total gross profit of £35.6m, a 42.9% improvement on the previous year. This is a remarkable achievement given that the 2005 growth figure was itself 48%. Huxley's outstanding growth is a reflection not only of its strong ICT franchise but also the fact that it has the most developed programme of sector diversification with established businesses in banking and finance and engineering. During the year Huxley took steps to roll out these disciplines into newer territories, most notably with the opening of the New York office. In this sense, Huxley has acted as a pathfinder for a route that we expect the other brands to increasingly follow.

Progressive's total gross profit of £24.8m was 25.5% ahead of last year, a result that reflected a particularly strong performance from its non-UK businesses. During the year headway was made in adding new sector disciplines with this brand making encouraging progress in the pharmaceuticals sector, a large international market we feel is particularly well-suited to our model.

Pathway, the fourth largest brand delivered a total gross profit of £9.5m, an improvement of 35.7% on the previous year. Historically, this brand has focused exclusively on the UK ICT market. However, in Q4 it established teams to address the banking and finance marketplaces in the UK, and we expect to see the results of this initiative start to flow through during 2007.

The other group brands accounted for a combined total of £28.9m gross profit, a growth of 30.1% on the previous year - a highly creditable performance given the over 95% growth rate in 2005 provided a particularly challenging benchmark. Again it is worth commenting that most of this growth was still derived from UK ICT which is generally regarded as amongst the most competitive of all the specialist staffing markets. We see this as further evidence that even our most mature markets are capable of generating healthy growth if the strategy applied to them is well formulated and properly executed.

Outlook

2006 was another very good year for SThree. We built not only on the strong performances of recent years but also on the solid platform we have developed over our twenty years in the specialist staffing market. Clearly our maiden year as a public company was particularly significant and it was critical that our performance during the year reflected the confidence placed in us by our investors.

We feel that in our relatively short history as a listed business we have taken major strides forward in establishing our credibility as a key player in our sector.

Without question we enjoyed positive market conditions in which the candidate supply/demand balance was once again in our favour. However, it is worth observing that the overall economic backdrop was not exceptionally vibrant. This demonstrates that we do not need a particularly strong economic tailwind to post very impressive growth levels. Our view remains that as long as economic conditions are at least benign and candidates have the confidence to put themselves on the job market, then demand levels in the specialist staffing market will remain supportive of continued strong performance.

We also take great confidence in that 2006 once again proved the robustness and scalability of the SThree business model as we roll it out across an increasingly wide range of new geographies and new sectors. The fact that we achieved the growth we did with only limited parts of the business meaningfully engaged outside of our core ICT franchise suggests that we have as yet only seen a small part of the potential that this strategy has to offer.

Into 2007 and beyond we expect to see a significant increase in the number of brands actively adding to their portfolios. During 2006 proactive steps were taken to expedite this process whilst at the same time ensuring that the more established markets remain appropriately resourced. Trading in the first two months of the current financial year was consistent with our expectation that the market in which we operate will be broadly similar to that of 2006. On this assumption we go into our second full year as a public company comfortable that our robust 2006 performance sets the standard by which we will be judged in 2007.

Chief Financial Officer's Review

Report & Accounts 2006

Income Statement

Revenue	2006	2005	
Contractor placements	£327.5m	£267.1m	+22.6%
Permanent placements	£65.8m	£48.0m	+37.0%
Total	**£393.3m**	**£315.1m**	**+24.8%**

Gross profit ('Fee Income') for the year increased by 29.7% to £135.5m (2005: £104.5m) representing an overall gross profit margin of 34.5% (2005: 33.2%). The percentage increase in gross profit is greater than the increase in revenue due to a higher proportion of permanent business (which is 100% gross margin) in 2006 (48.6% vs. 46.0%) coupled with a small increase in the gross margin on contract placements to 21.3% from 21.1%. Gross profit from contractor placements was £69.7m (2005: £56.5m) and represented 51.4% (2005: 54.0%) of Group gross profit.

The Group's strategy and profit-based bonuses result in a cost structure that is significantly operationally geared as evidenced by the 39.3% increase in operating profits before exceptional items from a 29.7% increase in gross profit. The conversion ratio (operating profit before exeptional items divided by gross profit) again increased strongly from 28.2% to a record 30.3%.

Administrative expenses before exceptional items increased by 26.0% to £94.5m (2005: £75.0m), principally due to increased numbers of staff.

Headcount of the Group totalled 1,073 at 30 November 2005 and increased by 38.0% to 1,481 by 30 November 2006. Sales consultant headcount increased by 42.6% to 894 (2005: 627). Average headcount for the year was 1,288 (2005: 1,037).

Exceptional items are detailed in note 3 to the accounts. At the IPO, the Group allocated a number of share awards and options to certain employees who had contributed to the Group's prior success. As disclosed in last year's Annual Report, some such awards occurred at IPO with a further tranche of share awards and options crystallising during 2006. The resultant charge to the income statement amounted to £22.1m (2005: £15.9m) inclusive of related social charges. Since the Group satisfied these awards principally through shares held in the SThree Employee Benefit Trusts, there is a corresponding credit of £19.5m (2005: £12.0m) to reserves, being the value of the shares awarded before related social charges. For 2007 and beyond it is anticipated that there will be no exceptional items relating to IPO-related share awards.

The net finance charge of £0.9m (2005: £1.5m) predominantly relates to bank loan interest paid (2005: loan stock interest), offset by interest income on periodic cash deposits and gains on financial instruments. During 2006, the Group entered into new principal banking relationships and is now financed through a flexible credit line arrangement provided by the new incumbent.

Profit before taxation and before exceptional items amounted to £40.3m (2005: £28.0m), an increase of 44.0%. Total profit before taxation and after exceptional items was £18.1m (2005: £12.0m), an increase of 50.7%

Taxation on profits before exceptional items was £12.3m (2005: £8.7m), representing a pre-exceptional effective tax rate of 30.5% (2005: 31.1%). Under Schedule 23 of the Finance Act 2003, the Company obtains a corporation tax deduction relating to the various share awards and options exercised. The amount of the tax deduction is calculated by reference to the share price at the time of exercise. As a consequence, the cash benefit to the Group of the tax deductions is greater than the tax credit on the exceptional items reported in the income statement. This difference under IFRS is dealt with through equity. The total Schedule 23 tax benefit amounted to £10.7m (2005: £7.9m), of which £6.3m (2005: £4.8m) appears in exceptional items in the income statement and the remaining £4.4m (2005: £3.1m) is therefore a credit to equity.

Basic earnings per share were 9.5p (2005: 9.3p) and basic earnings per share before exceptional items were 22.4p (2005: 38.1p). The weighted average number of shares for the year was 123.9m (2005: 38.8m).

Name: James Del-Gatto

Position: Manager of Group Media Services

Birthplace: London, England

Why I work for SThree:

"Ever more international and diverse growth."

Chief Financial Officer's Review

Report & Accounts 2006 (continued)

In order to aid comparability of earnings per share ('EPS') numbers, the Group has included an alternative presentation for 2005 on the face of the income statement. Since the flotation and the related share capital conversion occurred late in 2005, the weighted average number of shares used in the standard EPS calculations for 2005 is far below the actual number of Ordinary Shares in issue at the year-end itself.

At 30 November 2005, there were 138.0m shares in issue, of which 13.7m were held within the Employee Benefit Trusts and therefore not included within the basic EPS calculation. Using the 2005 year-end number of shares the basic earnings per share would have been 6.4p, and before exceptional items 15.4p. The Directors believe that these figures give a more useful representation of the comparative Group earnings per share performance for 2005.

The Directors declared an interim dividend of 2.4p per share. The Board proposes to pay a final dividend of 4.8p per share, bringing the total dividend for the year to 7.2p per share. The final dividend will be paid on 4 June 2007 to those shareholders on the register at 4 May 2007.

Balance Sheet

The Group had net assets of £64.1m at 30 November 2006 (2005: £29.3m). Net debt amounted to £2.8m (2005: £9.6m), the reduction in debt of £6.7m being achieved through increased trading.

Capital expenditure amounted to £2.4m (2005: £2.7m) and predominantly related to upgrades of IT hardware and fit-out of new offices across the Group. In addition, expenditure of £3.0m on new ERP and candidate/client management systems has been capitalised within intangible assets.

Net trade debtors increased by 29.1% to £69.3m at 30 November 2006 (2005: £53.6m) representing debtor days of 54 (2005: 46 days). Total trade and other payables reduced from £46.1m to £39.0m. Of this reduction, £10.3m related to income tax and social charges on share awards made at IPO shortly before the 2005 year-end which had been collected from employees but were not liable to be paid to the tax authorities until early 2006.

Cash Flow

At the start of the year the Group had net debt of £9.6m. During the year the Group generated net cash from operating activities of £15.0m (2005: £25.0m) being £40.1m of operating cashflow before changes in working capital and provisions (2005: £27.2m), an increase in working capital requirements of £24.9m (2005: £2.8m) and a decrease in provisions of £0.2m (2005: £0.5m increase). At 30 November 2006 the Group had net debt of £2.8m.

Treasury Management and Currency Risk

It is the Directors' intention to finance the activities and development of the Group principally from retained earnings. The continued growth of the Group and the cash-consuming nature of a growing contract business mean that operating cashflow will continue to be largely re-invested.

Cash surpluses are invested in short-term deposits with any working capital requirements being provided from Group resources or by local overdraft facilities.

The main functional currencies of the Group are Sterling and the Euro. The Group does not have material transactional currency exposures nor is there a material exposure to foreign-denominated monetary assets and liabilities. However, the Group does undertake forward rate agreements for both interest and foreign currency risks. These do not meet the definition of hedging relationship under IFRS, but are used to mitigate future exposures. The Group is exposed to foreign currency translation differences in accounting for its overseas operations although policy at present is not to hedge this exposure.

Directors' Report

Year ended 30 November 2006

The Directors present their Annual Report on the activities of the Group, together with the financial statements and auditors' report for the year-ended 30 November 2006.

Principal activities and business review

The Group is one of the UK's leading staffing businesses, predominantly in the information and communications technology ('ICT') sector but with growing operations in the banking and finance, accountancy, engineering, human resources and pharmaceuticals sectors. The Group's main subsidiary undertakings are listed in note 12 to the financial statements. The Group currently operates from 32 offices in the United Kingdom and has overseas operations run from 12 offices in the Netherlands, Belgium, France, Germany, Ireland and the USA. Further expansion into new geographic areas is planned during 2007.

A review of the Group's activities and details of its business and strategy are included in the Chairman's Statement, Group Overview, Chief Executive Officer's Review and Chief Financial Officer's Review.

The Chairman's Statement, Group Overview, Chief Executive Officer's and Chief Financial Officer's Reviews and Directors' and Corporate Social Responsibility Reports, provide information relating to the Group's business, a description of principal risks and uncertainties faced, including analysis using financial and other KPIs where necessary, as well as details of environmental and employee matters, and an indication of the likely future developments in the Group's business. These, taken together, provide a balanced and understandable assessment of the Company's position and prospects, in accordance with the revised business review requirements of the Companies Act.

Post balance sheet events

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

Results and dividends

The Group's profit on ordinary activities before taxation was £40.3m (pre-exceptional items) and £18.1m (post-exceptional items) for the year ended 30 November 2006 (2005: £28.0m and £12.0m, respectively). The Directors recommend a final dividend of 4.8 pence per share in respect of the year ended 30 November 2006 (2005: nil pence per share), to be paid on 4 June 2007, to those ordinary shareholders on the register at 4 May 2007. This follows the interim dividend of 2.4 pence per share declared earlier in the year and paid in September 2006. At flotation, all zero coupon preference shares were converted into ordinary shares, hence no preference dividend has been declared in the current year (2005: £4.4m).

Directors and their interests

The following are the current Directors of the Company:

- Sir Anthony Cleaver, Chairman
- Russell Clements, Chief Executive Officer
- Michael Nelson, Chief Financial Officer
- Sunil Wickremeratne, Chief Operating Officer
- The Baroness Noakes, Senior Independent Non-Executive Director
- Brian McBride, Independent Non-Executive Director
- Alicja Lesniak, Independent Non-Executive Director (appointed 3 May 2006)
- Tony Ward, Independent Non-Executive Director (appointed 14 August 2006)

Biographies are shown earlier in this Annual Report, with details of Board Committee membership being set out in the Corporate Governance Report. All Directors served throughout the financial year, except where shown, and there were no resignations during the year.

In accordance with the Articles of Association, Sunil Wickremeratne and The Baroness Noakes will retire at the Annual General Meeting and, being eligible, Sunil Wickremeratne offers himself for re-election. The Baroness Noakes does not plan to seek re-election. Alicja Lesniak and Tony Ward, who were both appointed during the year, hereby retire and, being eligible, offer themselves for election. Further information is contained in the Notice of Meeting.

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

Supplier payment policy

It is the Group's policy to comply with terms of payment negotiated with suppliers. Where payment terms are not negotiated, the Group endeavours to adhere to the suppliers' standard terms. SThree plc acts as a holding company for the Group and does not trade and consequently cannot disclose an average creditors' payment period. Trade creditors of the Group at 30 November 2006 and 2005 were equivalent to 19 days' purchases.

Directors' Report (continued)

Year ended 30 November 2006

Substantial shareholdings

As at 1 March 2007, the Company had been notified, in accordance with sections 198 to 202 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

Name of holder	Number of shares	Percentage shareholding
Aegon UK plc Group of companies	9,654,209	6.99%
Legal & General Group plc	4,858,690	3.52%
Simon Peter Arber	9,831,866	7.12%
William Frederick Bottriell	13,081,016	9.48%
Russell Clements	4,738,151	3.43%
Sunil Wickremeratne	10,786,075	7.82%

Share capital

The authorised and issued share capital of the Company, together with details of the movements in the Company's issued share capital during the year, are shown in Note 20 to the financial statements.

Authority to make purchases of own shares

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

Directors' indemnities

The Companies (Audit, Investigations and Community Enterprise) Act 2004, which came into force in 2005, changes the provisions of section 310 of the Companies Act 1985, and gives companies the power to extend indemnities to Directors against liability to third parties (excluding criminal and regulatory penalties) and also to pay Directors' legal costs in advance, provided that these are reimbursed to the Company should the individual Director be convicted or, in an action brought by the Company, where judgement is given against the Director. The Company currently has a Directors' and Officers' Insurance policy in place, which provides this cover.

Corporate governance

There is a separate Corporate Governance Report.

Financial instruments

Information in respect of financial instruments is set out in Note 27 to the financial statements.

Corporate responsibility

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

(a) Environmental
The Group remains committed to operating in an environmentally responsible manner.

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

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

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

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

The Group has a culture that encourages share participation at all levels. Two Employee Benefit Trusts ('EBTs'), which were funded by gifts from some of the current and former Directors, hold assets comprising shares in the Company. The shares in the EBTs are held for awards and grants under share option and share award schemes introduced prior to flotation, in which a number of employees currently participate. During the year, shareholders also approved the introduction of a Long Term Incentive Plan ('LTIP').

It is currently estimated that, in total, nearly 40% of the Company's share capital is held by Directors, Founders, the Employee Benefit Trusts, senior management and other employees.

(d) The Community
The Group is committed to providing support to the community and society through a number of charitable activities. During the period the Group made charitable donations of £32,373 (2005: £36,100). The Group made no donations for political purposes either in the UK or overseas during the year.

Additionally, the Group has a Charities Committee and has actively encouraged its employees to raise funds over many years for NCH (formerly known as The National Children's Home) and has also participated in events sponsored by the NSPCC. These are two of the UK's leading children's charities.

Further information is contained in the Group's Corporate Social Responsibility Report.

Annual General Meeting

The Annual General Meeting of the Company will be held on 27 April 2007, at Home House, 20 Portman Square, London W1H 6LW. A separate formal Notice of Meeting details all business to be transacted.

Auditors

As required by Sections 8&9 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, which introduced key changes to the Companies Act 1985 (Section 234ZA), each Director in office, at the date of this Report, hereby confirms that:

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

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

Statement of Directors' Responsibilities for the financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the Company's website, www.sthree.com and the Directors are responsible for the maintenance and integrity of all statutory and audited information on that website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of the Board

Steve Hornbuckle, FCIS
Company Secretary
23 March 2007

Registered Office:
41-44 Great Windmill Street, London,
W1D 7NB

Directors' Report (continued)
Year ended 30 November 2006

Directors' Remuneration Report

Year ended 30 November 2006

Introduction

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985 (as amended by the Directors' Remuneration Regulations 2002 (the 'Regulations')), relevant provisions of the Listing Rules and the Combined Code.

The Regulations require the auditors to report to the Company's shareholders on the 'auditable part' of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

As required by the Regulations, a resolution to approve the report will be proposed at the forthcoming Annual General Meeting.

Unaudited Information

Remuneration Committee

The Remuneration Committee (the 'Committee') determines the remuneration policy and the individual remuneration packages of the Chairman, the Executive Directors, the Company Secretary and certain key senior management posts. The Committee's Terms of Reference are available at www.sthree.com.

During the year the Committee comprised only independent Non-Executive Directors, its current members being Brian McBride (Chairman), The Baroness Noakes, and, with effect from 25 October 2006, Tony Ward. Russell Clements (Chief Executive Officer) regularly attends meetings, except for matters related to his own remuneration. The Committee met five times during the year and no member of the Committee has any personal financial interest (other than as a shareholder) in the matters decided.

To help achieve its objectives, the Committee has appointed and taken independent advice from Towers Perrin, in relation to remuneration matters and on share incentive arrangements. Towers Perrin do not have any other connection with the Company.

Remuneration policy

The remuneration policy has been designed to ensure that the Group has the ability to attract and retain Directors and senior managers of a high calibre, to align the interests of senior management with those of shareholders and be compliant with recommended practice. Individual pay levels are determined by reference to competitive market conditions, performance, experience and potential. In setting the policy the Committee considers, for benchmarking purposes, the remuneration of relevant senior management in comparable quoted or similar companies. The Chairman and Chief Executive Officer, with the support of external professional advice, determine the remuneration of the Non-Executive Directors on behalf of the Board.

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

- basic annual salary and benefits, including company car allowance, pension contributions and health insurance cover;
- annual cash bonus payments; and
- share-based long-term incentives (see Long Term Incentive Plan below).

The Group's policy is to position the base salaries of Directors and senior management at between lower quartile and median for the relevant competitive market, with a substantial proportion of their remuneration being performance-related. The Directors may earn annual bonus payments as a percentage of their basic salary, as defined and agreed by the Committee. It is anticipated that policy for 2007 and for the foreseeable future will remain the same.

In order to ensure an appropriate balance between fixed and performance-related pay, annual cash bonus payments are dependent on the Group's annual financial performance and the receipt of shares under the new Long Term Incentive Plan will be primarily dependent on enhanced relative returns to shareholders over a three-year period.

Executive Directors are required to obtain the Board's prior written consent to accept external appointments. Currently they hold no such positions.

Long Term Incentive Plan

During the year, the Committee reviewed executive remuneration in conjunction with its advisors, a key objective being to design a share-based Long Term Incentive Plan ('LTIP') for Executive Directors and other members of the senior management team, to support SThree's philosophy and culture, as well as providing an incentive to increase shareholder value and build up a stake in SThree shares.

Following a consultation exercise with the Company's larger institutional shareholders, an LTIP was approved at an EGM held on 7 November 2006, with first awards made on 8 February 2007. For those who participate, the LTIP will eventually replace current entitlements under the existing Executive Share Option Scheme operated by the Company before flotation.

As part of the consultation, it was originally explained that SThree's Chief Executive Officer, Russell Clements, and Chief Operating Officer, Sunil Wickremeratne, had decided to forgo their opportunity to participate in initial awards made under the LTIP. However, following a recommendation by the Committee, both subsequently agreed to participate in the initial awards. This change was prompted by a combination of factors, such as making sure their participation would not unduly impact dilution levels; in response to some investors who preferred to see them included as best practice; and also the desire of the Committee that they participate on the same basis as other senior management. A letter explaining this was sent out on 1 December 2006, to all those originally consulted and on 8 February 2007, awards of Forfeitable Shares were made as follows, based on a market price of 402p per share:

Name of Director	Number of Forfeitable Shares awarded under LTIP
Russel Clements	78,358
Michael Nelson	62,686
Sunil Wickremeratne	65,820

The main features of the LTIP are as follows:

- Awards of shares can be made, each year, to Executive Directors and other senior executives;
- Awards can be either of free shares, to be received in a number of years, or grants of market value options;
- There is an annual maximum face value of awards of 175% of salary, whilst over a three-year period the Committee intends that no Executive Director will receive awards in excess of a face value of 450% of salary;
- The maximum face value of awards for Executive Directors participating in the first tranche is 120% of salary;
- All Executive Directors' awards must be subject to a performance condition, assessed three years after the date of grant, with no facility to re-test performance. For other participants, the Committee has discretion to decide whether or not a performance condition should apply to grants;
- For all participants, the performance condition for the first tranche of awards under the LTIP will be relative total shareholder return ('TSR').
  For these awards, all the shares will vest only where SThree's TSR is at or above the upper quartile of a selection of UK-listed peer group companies. For 2007, this group consists of 18 companies, primarily from the FTSE Support Services sector. No shares will vest for these awards if SThree's TSR performance is below median and 30% of the shares will vest at median, with linear vesting in between. The Committee will also ensure that the underlying financial performance of the Company is taken into account when determining to what extent awards have vested. The Committee believes that TSR is the most appropriate performance condition at this time given the clear link between the reward provided to Executive Directors and the investment return enjoyed by our shareholders.

During the consultation exercise, some shareholders expressed concern that 30% of the shares, as opposed to salary, would vest at median. The Committee notes this concern and has undertaken to take it into account when making awards with higher face values of salary.

Employee Benefit Trusts and other Share Plans

The Group has a culture that encourages share participation at all levels. Two Employee Benefit Trusts ('EBTs'), which were funded by gifts from some of the current and former Directors, hold assets comprising shares in the Company. The shares in the EBTs are held for awards and grants under share option and share award schemes introduced prior to flotation, in which a number of employees currently participate.

In respect of those share plans and related Trusts introduced prior to flotation, specifically these comprise an Executive Share Option Scheme, the Forfeitable Share Plan, the Share Gift Plan, and the No.1 ESOP and No.2 ESOP. In respect of the No.2 ESOP, this had adopted a Trust Option Plan (the 'Trust Option Plan') and had agreed to satisfy the majority of options granted under the Executive Share Option Scheme, and all awards under the Forfeitable Share Plan, with shares existing in the Trust. Under the terms of the Trust Deed constituting the No.2 ESOP, the Trustees have undertaken to waive all dividend rights on Ordinary Shares comprised in the trust fund, above 0.01p per share. The Executive Directors do not currently participate in any of these arrangements.

Executive Directors' service contracts

It is the Company's policy that Executive Directors should have contracts with a rolling term providing for a maximum of one year's notice. Consequently, no Executive Director has a contractual notice period in excess of 12 months. In the event of early termination, this ensures that compensation is restricted to a maximum of 12 months' basic salary/benefits. The Committee will generally require mitigation to reduce the compensation payable to a departing Director.

Russell Clements, Sunil Wickremeratne and Michael Nelson are employed under service contracts with the Company which commenced on 11 November 2005. Each of these contracts provide an entitlement to a basic annual salary, performance bonus scheme participation, a company car allowance, pension contributions and health insurance cover. Each contract is terminable by 12-months' notice given by either party.

Executive Directors' remuneration, bonus and pension arrangements

During the year ended 30 November 2006, the basic annual salaries of Russell Clements, Sunil Wickremeratne and Michael Nelson were £250,000, £210,000 and £200,000, respectively. Salaries are normally reviewed in December each year, and from 1 December 2006, these were increased to £262,500, £220,500 and £210,000, respectively. A benchmarking exercise of total benefits will be undertaken during 2007. Executives are eligible for annual bonus payments, at the discretion of the Committee. The bonuses are based on the achievement of Group operating profit targets, which are reviewed by the Committee at the start of the year and the maximum bonus opportunity is currently 100% of salary. During the year, full bonus was accrued for all Executive Directors.

For 2006, 35% (in respect of the Chief Executive Officer) and 50% (in respect of the Chef Financial Officer and Chief Operating Officer) of salary was paid where the agreed profit targets were achieved. For achievement above these targets, bonus was paid, based on a pool of 10% of profits achieved above target, up to the maximum 100% salary. No bonus is paid for achievement below 85% of target, with pro-rata payment for achievement between 85% and 100% of target. For 2007, where agreed targets are achieved, 50% of salary will be payable equally to all Executive Directors, based on profit before tax. For achievement above target, the payment basis will remain the same. Executive Directors are eligible to receive an employers' contribution to their personal pension schemes equivalent to 10% of their basic salaries, subject to each Executive Director making 5% personal contributions. During the prior year each was eligible to receive an employers' contribution of £1,000 pa.

Non-Executive Directors

All Non-Executive Directors have specific letters of appointment, available upon request, and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to Non-Executive Directors of similar companies. Remuneration is set taking account of the commitment and responsibilities of the relevant role. The Non-Executive Directors do not have service contracts.

Sir Anthony Cleaver, Brian McBride and The Baroness Noakes each have letters of appointment as Non-Executive Directors dated 11 November 2005. These replaced prior letters of appointment signed before flotation. The current letters of appointment provide for annual fees to Sir Anthony Cleaver, Brian McBride and The Baroness Noakes of £70,000, £35,000 and £35,000 respectively.

Sir Anthony Cleaver is Chairman of the Nomination Committee, for which he receives an additional fee of £5,000 pa. Brian McBride is Chairman of the Remuneration Committee for which he receives an additional fee of £5,000 pa. The Baroness Noakes is Chairman of the Audit Committee for which she receives an additional fee of £5,000 pa.

Alicja Lesniak and Tony Ward were appointed Non-Executive Directors on 3 May 2006 and 14 August 2006, respectively, with annual fees of £35,000 each.

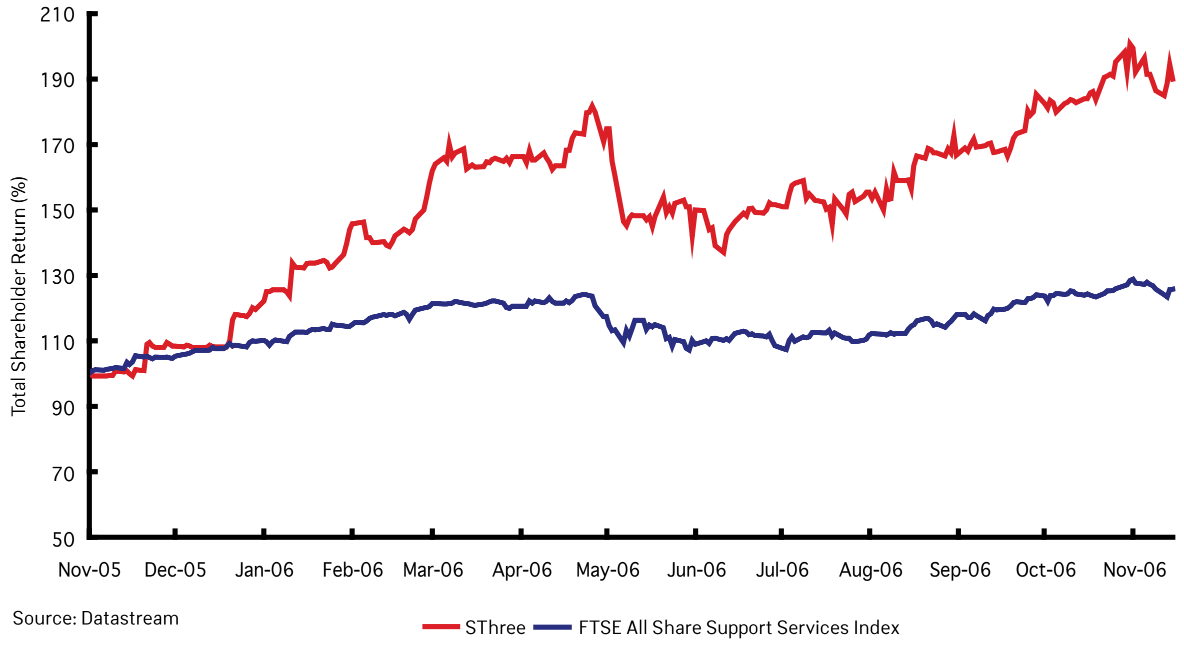
Non-Executive Directors are appointed for an initial term of three years, terminable by either the Company or the Non-Executive Director at will, and, in normal circumstances, and subject to performance and re-election at Annual General Meetings, they would be expected to serve for a second three-year term.

Non-Executive Directors may be requested to serve for a further (third) three-year term subject to rigorous review at the relevant time and their agreement. Upon termination or resignation, Non-Executive Directors are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment. Non-Executive Directors cannot participate in any Company incentive scheme.

Total Shareholder Return ('TSR')

The graph below illustrates the Total Shareholder Return ('TSR') of the Company since flotation on 16 November 2005, for the Group and the FTSE Support Services index, which is considered the most appropriate comparator index, as it is the index in which the Company appears and is also used for comparing pay and benefit levels.

SThree vs FTSE Support Services



Source: Datastream

AUDITED INFORMATION

Directors' remuneration

The table below summarises all Directors' emoluments and pension contributions for the current and the prior year for comparison. No payments for loss of office were made during the year and no other awards were made to any Director.

Name of Director	Salary and fees £'000	Pensions £'000	Benefits £'000	Bonuses £'000	2006 Total £'000	2005 Total £'000
EXECUTIVE DIRECTORS						
Russell Clements	250	25	11	250	536	230
Michael Nelson	200	20	11	200	431	269
Sunil Wickremeratne	210	21	11	210	452	244
NON-EXECUTIVE DIRECTORS						
Sir Anthony Cleaver	75				75	60
The Baroness Noakes	40				40	25
Brian McBride	40				40	25
Alicja Lesniak	20				20	—
Tony Ward	10				10	—
Aggregate emoluments	845	66	33	660	1,604	908

Benefits in kind include car allowances, medical and life insurance.

Directors' Remuneration Report

Year ended 30 November 2006 (continued)

Directors' interests in shares and share options

At flotation, all classes of share were converted into Ordinary shares of 1 pence each. The Directors' interests in the share capital of the Company at 30 November 2006 are shown below and there have been no changes to this information as at the date of this report other than for Tony Ward, who purchased 2,447 Ordinary shares on 28 February 2007 at a price of 425.97p per share. No Director had any other interest in the share capital of the Company or its subsidiaries, or exercised any share options during the year, other than as already disclosed.

Name of Director	Ordinary shares held at 1 Dec 2005*	Changes in year	Ordinary shares held at 30 Nov 2006	Percentage of Share Capital
Sir Anthony Cleaver	152,446	—	152,446	0.11%
Russell Clements	4,738,151	—	4,738,151	3.43%
Michael Nelson	125,000	20,415	145,415	0.11%
Sunil Wickremeratne	10,786,075	—	10,786,075	7.82%
The Baroness Noakes	12,500	—	12,500	0.01%
Brian McBride	12,500	—	12,500	0.01%
Alicja Lesniak	—	4,245	4,245	0.01%
Tony Ward	—	—	—	—

*or as at date of appointment

During the year, Michael Nelson was awarded 34,722 shares at a market value of 372p per share, 14,307 of which were sold to discharge tax and other liabilities. If Michael Nelson ceases to be a Director before certain agreed dates, other than due to illness or other defined reasons, he must transfer the following numbers of shares to SThree's Employee Benefit Trust, at the price he paid for them, being £1 per share (16,667 shares before November 2007; 25,000 shares before April 2008).

Whilst the Company does not have formal share retention guidelines in place, the Group has a culture which encourages share participation at all levels. In particular, as shown above, both Russell Clements and Sunil Wickremeratne have significant shareholdings. It is currently estimated that, in total, nearly 40% of the Company's share capital is held by Directors, Founders, the Employee Benefit Trusts, senior management and other employees.

On 30 November 2006, the closing market price of SThree plc Ordinary shares was 377p. The highest and lowest prices of these shares during the year was 398.5p and 198p respectively, based on the London Stock Exchange Daily Official List.

Approval

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

Brian McBride
Chairman of the Remuneration Committee
23 March 2007

Corporate Governance Report

Year ended 30 November 2006

The Company is committed to high standards of corporate governance and this report outlines how it has complied with the provisions of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2003 ('the Code'). During 2006, the Company has complied with all key provisions of the Code. The Board is accountable to the Company's shareholders for good corporate governance and this statement describes how the relevant principles of governance have been applied.

The Board - Framework

An effective Board is in place, which provides entrepreneurial leadership and overall control of the Group. The Board's main role is to create value for shareholders, to 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 made available to enable those objectives to be met. The Board is responsible to shareholders for the proper management of the Group.

A statement of the Directors' responsibilities in respect of the Annual Report is set out in the Directors' Report. 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 has an appropriate and varied range of skills, vital to the success of the Group.

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 to be discussed. Minutes of all Committee meetings are circulated to all the Directors, irrespective of Committee membership. Each Director ensures that if he/she has any concerns, which cannot be resolved, about the Company or a proposed action, such concerns are recorded in the Board minutes. Appropriate insurance cover is in place in respect of legal action against the Directors.

The number of, and attendance at, Board and Committee meetings during the year, is shown under the relevant section below. Outside these, there was frequent contact between Directors to discuss the Company's affairs and develop its business. Arrangements are in place for the Chairman to meet with the Non-Executive Directors without the Executive Directors being present, either before or after each Board meeting.

The Group has identified a number of key areas that are subject to regular reporting to the Board and this enables the performance of management to be reviewed and monitored. A schedule of matters reserved for the Board is reviewed and approved on a regular basis. This formally outlines all matters requiring specific consent of the Board and includes, inter-alia, the approval of Group strategy and operating plans, the annual budget, the Annual Report, the Interim Report and related announcements, major divestments and capital expenditure, large acquisitions and disposals, the recommendation of dividends and the approval of treasury and risk management policies.

The schedule facilitates structured delegation, subject to certain financial limits, and thereby provides a practical framework for executive management, which seeks to achieve the objectives of maintaining effective financial and operational controls while providing sufficient flexibility to manage the business.

Certain powers are delegated to the Remuneration Committee, Audit Committee and Nomination Committee. Details of the roles and responsibilities of these Committees are set out under the relevant section below.

The Board - balance, independence and appointments

The Board comprises a balance of Executive and Non-Executive Directors who bring a wide range of skills and experience to its deliberations. The Non-Executive Directors 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 Non-Executive Directors 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 group dominates the decision making process.

At year-end, the Board comprised the Chairman, three Executive Directors and four independent Non-Executive Directors. The Chairman and Senior Independent Non-Executive Director are available to shareholders to discuss governance issues or should there be matters of concern that have not, or cannot, be addressed through the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer. However, no requests to meet with the Chairman or Senior Independent Non-Executive Director were made by shareholders during the year.

Appointments to the Board are the responsibility of the full Board, on the recommendation of the Nomination Committee. During the year, and after appropriate external consultation and selection, this Committee recommended the appointment of two further Non-Executive Directors. On joining the Board, all Directors receive a formal appointment letter, which identifies the time commitment and responsibilities expected of them. Any potential Director candidate is required to disclose all significant outside commitments prior to appointment. All Non-Executive Directors have undertaken that they have sufficient time to meet commitments and major shareholders may, upon appropriate request, meet new Non-Executive Directors.

The composition of the Board and its various Committees is reviewed and evaluated so as to reflect the Board's and the Committees' balance of skills, expected time commitment, knowledge and experience. The Directors' aim is to ensure that the balance of the Board reflects the changing needs of the Group's business and therefore composition, balance and skills are all regularly monitored. Excluding the Chairman, the Board considers all Non-Executive Directors to be independent. This is in compliance with the Code, which requires at least half of the Board to consist of independent Non-Executive Directors.

The Company's Articles of Association state that a Director appointed by the Board in accordance with the Articles of Association shall hold office only until the next Annual General Meeting, unless re-elected during that meeting. Additionally, each Director must retire at the Annual General Meeting held in the third calendar year following the year in which he/she was elected or last re-elected, but shall be eligible for re-election. Any Director who has agreed to do so shall retire at the Annual General Meeting (whether in accordance with terms of appointment or otherwise) and, unless the other Directors have agreed, he/she shall not be eligible for re-election.

The Board explains the reasons why it believes each retiring Director should be re-elected in the Notice of Annual General Meeting.

Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer and they have been set out in writing and approved by the Board so that no one individual has unfettered powers of decision. Upon appointment, the Chairman met the independence criteria set out in the Code. The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda but has no involvement in the day-to-day business of the Group. The Chairman facilitates the effective contribution of the Non-Executive Directors, and constructive relations between Executive and Non-Executive Directors, ensures Directors receive accurate, timely and clear information and effective communication with shareholders. The Chief Executive Officer has direct charge of the Group on a day-to-day basis and overall responsibility to the Board for the financial and operational performance of the Group.

Information and professional development

A formal induction programme has been established for all new Directors and this is tailored to each individual to ensure that it is appropriate for their level of previous experience. At scheduled Board meetings Directors receive detailed reports from executive management on the performance of the Group and senior management regularly make presentations on their areas of responsibility. Board members are invited to the Group's annual conference, together with senior management from each brand and geographic area, in order to discuss relevant initiatives. Regular updates are provided on other topics as required and Directors are encouraged to attend external seminars on areas of relevance to their role. 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.

Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with and to assist in arranging any additional information as required. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole and the Board last appointed a Company Secretary in October 2006. All Directors are entitled to obtain independent professional advice, at the Company's expense, in the performance of their duties as Directors. No such advice was sought during the year.

Performance Evaluation

During the year a performance evaluation process, led by the Chairman, was established to evaluate the Board, Committees and individual Directors. This ensures that the performance of each individual Director and the functioning and constitution of the Board and each Committee are assessed. The Chairman also discusses the individual performance of Directors, in consultation with other Directors, whilst the Senior Independent Director held discussions with the other Non-Executive Directors without the Chairman being present and also with the Chief Executive Officer, in order to appraise the Chairman's performance during the year. These assessments concluded that the performance of the Board, each Committee and each Director was and is effective and that Directors demonstrate full commitment in their respective roles. The Board will continue to develop this process as necessary in order to ensure that it can properly review, on an annual basis, its performance and that of its Committees and individual Directors.

Board and Committee Composition and Attendance

The Board has established several Committees, each with clearly defined terms of reference, procedures and powers, as summarised below, which are regularly reviewed. All Committees operate in accordance with the relevant terms of reference as approved by the Board. Copies of the terms of reference for each of these Committees are available on request from the Company Secretary at the registered office or can be downloaded from www.sthree.com. In addition to the seven scheduled Board meetings during the year, the Board met at the AGM, EGM and strategy away day. The number of Committee meetings held for each respective Committee is shown under the relevant section below. During the year Brian McBride was absent for one Board and one Nomination Committee meeting, whilst Alicja Lesniak was absent for one Board meeting, otherwise there was full attendance.

Audit Committee

The Audit Committee met twice during the year and consists of The Baroness Noakes (Chairman), Brian McBride and Alicja Lesniak, and accordingly comprises at least three independent Non-Executive Directors as required by the Code. The Chief Executive Officer, the Chief Financial Officer and the external auditors attend all meetings at the request of the Committee. The Baroness Noakes is a Chartered Accountant and is considered by the Board to have recent and relevant financial experience.

The Committee's principal responsibilities are to monitor the integrity of the Company's Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to financial performance, reviewing particularly any significant financial reporting judgements contained therein; to review the Group's systems of internal control and risk management; to identify and report on any business areas where action or improvement are needed and recommend actions to be taken; to review arrangements by which Group employees may raise concerns about possible improprieties in financial reporting or other such matters, and ensure appropriate follow up; to monitor the effectiveness of the external audit process; and to ensure that the audit report and all related work are properly completed.

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

The Committee's policy is that non-audit work is carried out by the auditors only where that work does not impair the auditor's independence and where the Committee believes that it is in the Group's best interests to make use of the auditor's knowledge of the business. The Committee continuously monitors the quality and volume of this work in order to assess whether to use other accounting firms (or appropriately qualified organisations).

Details of fees paid to the auditors for both audit and non-audit work are given in note 4 to the financial statements.

The Group does not currently have an internal audit function, although the need for such function has been and is regularly reviewed by the Audit Committee in light of the growth of the business.

Nomination Committee

The Nomination Committee met twice during the year and consists of Sir Anthony Cleaver (Chairman), Brian McBride and The Baroness Noakes, and accordingly comprises a majority of independent Non-Executive Directors as required by the Code.

Corporate Governance Report

Year ended 30 November 2006 (continued)

The Nomination Committee's terms of reference are to review regularly the structure, size and composition (including the skills, knowledge and experience) 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 for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and expertise within the Company and on the Board. Where appropriate, the Committee engages external search consultants with respect to both Executive and Non-Executive Board appointments.

Remuneration Committee

The Remuneration Committee met five times during the year and is responsible for making recommendations to the Board on Group policy for the remuneration of the Executive Directors and senior executives and for the determination, within agreed terms of reference, of additional benefits for each of the Executive Directors, including pension rights and any compensation for loss of office. The Committee is also responsible for the implementation and operation of employee share incentive arrangements. The Committee comprises at least three independent Non-Executive Directors as required by the Code.

Full information on the composition, role and operation of the Remuneration Committee and Directors' Remuneration is detailed in the Directors' Remuneration Report.

Internal control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness in order to safeguard shareholders' investments and the Group's assets. Executive Directors and senior management are responsible for the implementation and maintenance of the internal control systems, which are subject to periodic, and at least annual, review by the Board.

The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. This process is consistent with the Turnbull Guidance on Internal Control and has been in operation for the period under review and up to the date of approval of this Annual Report.

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

The Board regularly reviews the actual results compared with the budgeted and forecast performance of the Group, as well as other key performance indicators.

Lines of responsibility and delegated authorities are areas which continue to be defined and the Group's policies and procedures therefore continue to be updated and communicated internally.

Assessment of risk

The Group has developed a corporate risk register for review by the Audit Committee twice a year. The purpose of the register is to record the key risks facing the business, the assessment of the likelihood of the risks crystallising, their potential materiality and the Group's response to each risk. Responsibility for management of the risks is attributed typically to senior management.

Going concern

The Board has reviewed the Group's budget for the financial year ending 30 November 2007. After taking account of the cash flow projections, including proposed capital expenditure and considering the availability of borrowing facilities, the Board has concluded that it is appropriate to prepare the accounts of both the Group and the Company on the going concern basis.

Corporate Social Responsibility

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

Environmental Matters

Information is disclosed in the Corporate Social Responsibility Report.

Steve Hornbuckle, FCIS
Company Secretary
23 March 2007

Corporate Social Responsibility Report

Year ended 30 November 2006

Introduction

At SThree plc, we take our duty to behave responsibly in governance and ethics seriously. We will continue to build our corporate social responsibility commitments in the coming years, in addition to fulfilling national and international legal requirements. Our policy can be summarised as follows:

Governance

SThree is committed to high standards of corporate governance as outlined in the Corporate Governance Report and the Board is accountable to the Company's shareholders for ensuring that principles of good governance are applied.

Ethics

At SThree, and as individuals, we:

- Value trust and personal responsibility;
- Act with integrity, honesty and respect;
- Deliver excellent services that add value to our customers' businesses;
- Focus on continual growth and outstanding performance;
- Strive to create a safer working environment;
- Value each employee's contribution towards achieving our business objectives;
- Promote a culture where motivated customer-orientated employees can flourish, experience professional fulfilment and reach their highest potential; and
- Respect diverse perspectives, experiences and traditions as essential.

The foundation of the policy rests with the Group's employees, each of whom must adhere to the Group's values.

Our Stakeholders

We aim to be as responsive as possible and to engage with a wide range of stakeholders.

- **Shareholders**

Communications with shareholders are given a high priority. The Company produces an Annual Report, which is sent to shareholders. At the half-year, an Interim Report is published. The Company also has a website (www.sthree.com) which 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 by the Company.

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

The Chairman is available to discuss strategy and governance issues with shareholders and is available to shareholders if they have concerns that have not, or cannot, be addressed through the Chief Executive Officer or Chief Financial Officer. The Senior Independent Non-Executive Director, The Baroness Noakes, is available to shareholders if they have concerns that have not, or cannot, be addressed through the Chairman, Chief Executive Officer or Chief Financial Officer.

The Group obtains feedback from its brokers on the views of institutional investors on a non-attributed basis and any issues or concerns are communicated to the Board. The Board routinely receives regular reports on issues relating to share price, trading activity and institutional investor sentiment.

The Board views the Annual General Meeting as a valuable opportunity to communicate with private and institutional investors and welcomes their participation. All Board members attend the Annual General Meeting and in particular, the Chairmen of the Audit, Nomination and Remuneration Committees are available to answer questions. At General Meetings, a schedule of the proxy votes cast is made available to all shareholders and may also be accessed via the Company's website. The Company proposes a resolution on each substantially separate issue and does not combine resolutions inappropriately. The website contains copies of all Notices of Meeting and explanatory notes, once issued. In respect of all Annual General Meetings, the Notice is posted at least twenty working days prior to the date of the meeting.

- **Customers**

SThree is built upon a strong ethos of customer service. A combination of years of experience, detailed knowledge of our specialist recruitment sectors and local legislation, culture and market conditions, as well as comprehensive training programmes, mean that clients receive the most professional service. We conduct internal and

Corporate Social Responsibility Report (continued)

Year ended 30 November 2006

external customer care surveys and regular client contact reports. Listening to our customers helps us understand what they expect from us and how we can meet and exceed their expectations.

- **Employees**

  The Group provides equal opportunities for its staff as disclosed in the Directors' Report. Employees have regular appraisals with their line managers in order to address any concerns and the Human Resources Director is available in the event of dissatisfaction. Employees can also report any matters of concern via the Company Secretary.

Diversity

SThree has 1,481 employees in 7 countries and, together with our policy to recruit qualified local people wherever possible, this diversity is one of our biggest assets. Combined with pursuing practices that are sensitive to the needs and cultures of our staff, diversity allows us to be adaptable and more open to different ways of doing business, in line with local practices and customs. The Group provides equal opportunities for its entire staff, irrespective of their age, ethnic or religious background, sex, sexual orientation or disability, as disclosed in the Directors' Report. SThree employs only the best people for their role irrespective of gender; nevertheless we are keen to see the ratio of women in senior positions improve.

Environmental Matters

SThree remains committed to operating in an environmentally responsible manner and all offices are encouraged to recycle paper, IT equipment and other relevant materials used. Wherever possible, preference is given to purchasing equipment which incorporates the latest power saving or other environmentally friendly capabilities, and disposal of such equipment is undertaken in a controlled manner, in conjunction with suppliers or other bodies.

Steve Hornbuckle, FCIS
Company Secretary
23 March 2007

Audit Opinion

Year ended 30 November 2006

Independent auditors' report to the members of SThree plc

We have audited the group and parent company financial statements of SThree plc for the year ended 30 November 2006 which comprise the consolidated income statement, the group and parent company balance sheets, the group and parent company statements of changes in equity, the group and parent company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. The directors are also responsible for preparing the Annual Report and the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Review, the Chief Financial Officer's Review, the detail of the Board of Directors, the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Report, the Corporate Social Responsibility Report and the Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Audit Opinion (continued)

Year ended 30 November 2006

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 November 2006 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 November 2006 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
London, England
23 March 2007

Name: Mary Perez

Position: Cash book Manager

Birthplace: Valencia, Venezuela

Why I work for SThree:

"It is great to be a part of a successful company."

SThree plc

Consolidated Income Statement

Year ended 30 November 2006

	Note	2006 Before exceptional items £'000	2006 Exceptional items £'000	2006 Total £'000	2005 Before exceptional items £'000	2005 Exceptional items £'000	2005 Total £'000
Revenue	2	393,262	—	393,262	315,087	—	315,087
Cost of sales		(257,742)	—	(257,742)	(210,606)	—	(210,606)
Gross profit	2	135,520	—	135,520	104,481	—	104,481
Administrative expenses	3	(94,487)	(22,143)	(116,630)	(75,022)	(15,939)	(90,961)
Operating profit	4	41,033	(22,143)	18,890	29,459	(15,939)	13,520
Finance income	6	432	—	432	482	—	482
Finance cost	6	(1,284)	—	(1,284)	(1,973)	—	(1,973)
Share of profit of joint venture	13	89	—	89	—	—	—
Profit before taxation		40,270	(22,143)	18,127	27,968	(15,939)	12,029
Taxation	7	(12,289)	6,242	(6,047)	(8,702)	4,759	(3,943)
Profit after taxation		27,981	(15,901)	12,080	19,266	(11,180)	8,086
Dividends - non-equity	8	—	—	—	(4,351)	—	(4,351)
Profit for the year		27,981	(15,901)	12,080	14,915	(11,180)	3,735
Attributable to:							
Equity holders of the Company		27,703	(15,901)	11,802	14,780	(11,180)	3,600
Minority interest		278	—	278	135	—	135
		27,981	(15,901)	12,080	14,915	(11,180)	3,735

Earnings per share	9	pence	pence	pence	pence	pence	pence
Basic		22.4	(12.9)	9.5	38.1	(28.8)	9.3
Diluted		21.4	(12.3)	9.1	34.1	(25.8)	8.3
Adjusted - basic		22.4	(12.9)	9.5	15.4	(9.0)	6.4
Adjusted - diluted		21.4	(12.3)	9.1	14.9	(8.7)	6.2

All amounts relate to continuing operations.

SThree plc

Balance Sheet

As at 30 November 2006

	Note	Consolidated 2006 £'000	Consolidated 2005 £'000	Company 2006 £'000	Company 2005 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	3,558	2,815	—	—
Intangible assets - other	11	3,012	43	—	—
Intangible assets - goodwill	11	364	—	—	—
Investments	12	—	—	196,553	160,851
Investment in joint venture	13	89	—	—	—
Deferred tax asset	19	11,459	10,014	2,319	—
		18,482	12,872	198,872	160,851
Current assets					
Trade and other receivables	14	92,585	74,900	24,718	—
Current tax debtor	15	533	2,994	261	993
Cash and cash equivalents	24	2,440	2,901	30	54
		95,558	80,795	25,009	1,047
Total assets	2	**114,040**	**93,667**	**223,881**	**161,898**
LIABILITIES					
Current liabilities					
Provisions for liabilities and charges	18	(188)	(364)	—	—
Trade and other payables	16	(39,024)	(46,141)	(33,178)	(11,974)
Financial liabilities - borrowings	17	(5,281)	(12,451)	(1,081)	(9,000)
		(44,493)	(58,956)	(34,259)	(20,974)
Non-current liabilities					
Provisions for liabilities and charges	18	(5,436)	(5,453)	—	—
		(5,436)	(5,453)	—	—
Total liabilities		**(49,929)**	**(64,409)**	**(34,259)**	**(20,974)**
Net assets		**64,111**	**29,258**	**189,622**	**140,924**
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	20	1,380	1,380	1,380	1,380
Share premium		2,925	2,925	2,925	2,925
Capital reserve	20	878	878	878	878
Currency translation reserve		(248)	(146)	—	—
Retained earnings		58,828	24,050	184,439	135,741
		63,763	29,087	189,622	140,924
Minority interest		348	171	—	—
Total equity		**64,111**	**29,258**	**189,622**	**140,924**

These financial statements were approved by the Board of Directors on 23 march 2007.
On behalf of the Board of Directors.

Sir Anthony Cleaver
Chairman

Michael Nelson
Chief Financial Officer

SThree plc

Consolidated Statement of Changes in Equity

Year ended 30 November 2006

	Share capital	Share premium	Shares to be issued	Capital reserve	Currency translation reserve	Retained earnings	Attributable to Company shareholders	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2004	2,214	—	6,035	—	—	(1,967)	6,282	30	6,312
Currency translation differences	—	—	—	—	(146)	—	(146)	—	(146)
Deferred tax on employee share options	—	—	—	—	—	7,315	7,315	—	7,315
Current tax on employee share options	—	—	—	—	—	3,136	3,136	—	3,136
Net income/(expense) recognised directly in equity	—	—	—	—	(146)	10,451	10,305	—	10,305
Profit for the year to 30 November 2005	—	—	—	—	—	3,600	3,600	135	3,735
Total recognised income and expense for the period	—	—	—	—	(146)	14,051	13,905	135	14,040
Issue of share capital	14	74	—	—	—	—	88	6	94
Satisfaction of rights of shares to be issued	30	6,005	(6,035)	—	—	—	—	—	—
Share issue costs charged to share premium	—	(3,154)	—	—	—	—	(3,154)	—	(3,154)
Conversion of preference shares	(878)	—	—	878	—	—	—	—	—
Employee share award and share option credit	—	—	—	—	—	11,966	11,966	—	11,966
Total movements in equity	(834)	2,925	(6,035)	878	(146)	26,017	22,805	141	22,946
Balance at 30 November 2005	**1,380**	**2,925**	**—**	**878**	**(146)**	**24,050**	**29,087**	**171**	**29,258**
Currency translation differences	—	—	—	—	(102)	—	(102)	—	(102)
Deferred tax on employee share options	—	—	—	—	—	2,054	2,054	—	2,054
Current tax on employee share options	—	—	—	—	—	4,416	4,416	—	4,416
Net income/(expense) recognised directly in equity	—	—	—	—	(102)	6,470	6,368	—	6,368
Profit for the year to 30 November 2006	—	—	—	—	—	11,802	11,802	278	12,080
Total recognised income and expense for the period	—	—	—	—	(102)	18,272	18,170	278	18,448
Repurchase of minority interest	—	—	—	—	—	—	—	(36)	(36)
Dividends paid (note 8)	—	—	—	—	—	(3,038)	(3,038)	(65)	(3,103)
Employee share award and share option credit	—	—	—	—	—	19,544	19,544	—	19,544
Total movements in equity	—	—	—	—	(102)	34,778	34,676	177	34,853
Balance at30 November 2006	**1,380**	**2,925**	**—**	**878**	**(248)**	**58,828**	**63,763**	**348**	**64,111**

SThree plc

Company Statement of Changes in Equity

Year ended 30 November 2006

	Share capital	Share premium	Shares to be issued	Capital reserve	Retained earnings	Attributable to Company's shareholders
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2004	2,214	—	6,035	—	49,445	57,694
Profit for the year to 30 November 2005	—	—	—	—	74,405	74,405
Total recognised income and expense for the period	—	—	—	—	74,405	74,405
Increase in value of investments (IFRIC 11)	—	—	—	—	11,891	11,891
Issue of share capital	14	74	—	—	—	88
Satisfaction of rights of shares to be issued	30	6,005	(6,035)	—	—	—
Share issue costs charged to share premium	—	(3,154)	—	—	—	(3,154)
Conversion of preference shares	(878)	—	—	878	—	—
Total movements in equity	(834)	2,925	(6,035)	878	86,296	83,230
Balance at 30 November 2005	**1,380**	**2,925**	**—**	**878**	**135,741**	**140,924**
Deferred tax on employee share options	—	—	—	—	1,878	1,878
Expenses recognised directly in equity	—	—	—	—	1,878	1,878
Profit for the year to 30 November 2006	—	—	—	—	30,314	30,314
Total recognised income and expense for the period	—	—	—	—	32,192	32,192
Increase in value of investments (IFRIC 11)	—	—	—	—	19,544	19,544
Dividends paid (note 8)	—	—	—	—	(3,038)	(3,038)
Total movements in equity	—	—	—	—	48,698	48,698
Balance at 30 November 2006	**1,380**	**2,925**	**—**	**878**	**184,439**	**189,622**

Of the above reserves only the retained profit of £184,439,000 (2005: £135,741,000) is distributable.

SThree plc

Cash Flow Statement

Year ended 30 November 2006

		Consolidated		Company	
		2006	2005	2006	2005
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operating activities	23	15,025	24,954	18,526	42,019
Income tax received/(paid)		1,459	(5,449)	(5,568)	—
Net cash generated from operating activities		16,484	19,505	12,958	42,019
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,442)	(2,702)	—	—
Purchase of intangible assets		(3,001)	—	—	—
Proceeds from sale of property, plant and equipment		56	—	—	—
Net cash used in investing activities		(5,387)	(2,702)	—	—
Cash flows from financing activities					
Expenses paid in respect of share issue		—	(1,008)	—	(1,008)
Drawdown on loan facility		—	9,000	—	9,000
Repayment of loan facility		(8,000)	—	(8,000)	—
Repayment of loan stock		—	(39,900)	—	(39,900)
Foreign exchange from financing activities		265	—	—	—
Interest income		167	482	1,065	325
Interest cost		(1,284)	(1,973)	(2,690)	(2,989)
Proceeds from issue of ordinary shares		—	88	—	88
Issue of share capital to minority interest		—	30	—	—
Purchase of minority interest		(400)	—	(400)	—
Dividends paid		(3,038)	—	(3,038)	—
Dividends paid to minority interest		(65)	—	—	—
Preference dividends paid		—	(8,876)	—	(8,876)
Net cash used in financing activities		(12,355)	(42,157)	(13,063)	(43,360)
Net decrease in cash and cash equivalents		**(1,258)**	**(25, 354)**	**(105)**	**(1,341)**
Cash and cash equivalents at beginning of the year		(550)	24,956	54	1,395
Exchange losses on cash and cash equivalents		(33)	(152)	—	—
Cash and cash equivalents at the end of the year	24	**(1,841)**	**(550)**	**(51)**	**54**

SThree plc

Notes to the Financial Statements

Year ended 30 November 2006

1 Accounting policies

SThree plc ("the Company") and its subsidiaries (together "the Group") operate predominantly in the United Kingdom and Europe. The Group consists of 12 different brands and provides both permanent and contract specialist staffing services, primarily in the ICT sector and, to an increasing extent, the banking and finance, accountancy, human resources, engineering and pharmaceutical sectors.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The Company is listed on the London Stock Exchange.

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

Basis of preparation

The financial statements of SThree plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and also comply with IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through the income statement. The Company's financial statements have been prepared on the same basis and as permitted by Section 230(3) of the Companies Act 1985, no income statement is presented for the Company.

Following the implementation of IFRS, SThree plc's accounting policies, as set out below, have been consistently applied to all the periods presented, unless otherwise stated. The Group has made use of exemptions available under IFRS 1 where cumulative translation differences for all foreign operations are deemed to be zero at the date of transition. The Group has also taken the exemption not to apply IFRS 2 'Share-based payments' to share options granted before 7 November 2002. Additionally, as permitted by IFRS 1, the Group has adopted IAS 32 'Financial instruments: disclosure and presentation' and IAS 39 'Financial Instruments: recognition and measurement', from 1 December 2005.

The Group's consolidated financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Principles until 30 November 2005. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Management anticipate that the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates affect the consolidated financial statements, do not substantially impact the results.

The following IFRS and IFRICs have been issued but have not been adopted early by the Group:

IFRIC 4 'Determining whether an arrangement contains a lease' (effective from period commencing 1 January 2006) requires the determination of whether an arrangement contains a lease. The adoption of this interpretation could result in the recognition of additional property, plant and equipment together with related payables. The impact on the Group's results and financial position is still under review.

IFRIC 7 'Applying the restatement approach' (effective from period commencing 1 March 2006) provides guidance on hyperinflation accounting. The adoption of this interpretation is not expected to impact on the Group's results and financial position.

IFRS 7 'Financial instruments: disclosures' (effective from 1 April 2007) introduces new disclosures for financial instruments. It replaces requirements in IAS 32 Financial instruments: disclosure and presentation and will introduce additional disclosures in the Group's financial statements for the period in which it is adopted.

The Group has adopted the requirements of IFRIC 11 'IFRS 2 Group and Treasury share transactions' (effective 1 March 2007). This interpretation gives guidance on accounting for shares issued by a parent company to employees of its subsidiary companies.

1 Accounting policies (continued)

Consolidation

The consolidated financial statements incorporate the financial statements of SThree plc and of its subsidiaries, together with the Group's share of the results of its joint ventures. Subsidiaries are all entities over which SThree plc 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 SThree plc; they are de-consolidated from the date when control ceases. Joint ventures are defined as where the Group has joint control and are accounted for using the equity method of accounting.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (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 as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Revenue and revenue recognition

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

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

Revenue for permanent placements is recognised when employment candidates commence employment.

1 Accounting policies (continued)

Segment reporting

The Group operates in one business segment being that of recruitment services (primary segment). Therefore no additional business segment information is required to be provided. The Group operates in 2 geographic segments (secondary segment) being the United Kingdom and Europe and the Rest of the World.

Dividends

Dividends declared to the Company's shareholders are recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Property, plant and equipment

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

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

Furniture, fittings and equipment	20%
Computer equipment	33.33%
Motor vehicles	33.33%
Leasehold improvements	20%

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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 SThree plc and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the 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. These costs are amortised over their estimated useful lives (up to three years).

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

1 Accounting policies (continued)

Development costs

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

Research expenditure is recognised as an expense as incurred.

Assets under construction

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

Trademarks

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

Impairment of assets

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment.

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

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

Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange contracts as economic hedges of the risk associated with foreign currency fluctuations. Such financial derivatives are stated at their fair value.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designed as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

The Group has no derivatives that qualify for hedge accounting at the year end.

Fixed asset investments

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

1 Accounting policies (continued)

Trade and other receivables

Trade receivables are measured at cost less any provision necessary where there is objective evidence that SThree plc will not be able to collect all amounts due.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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.

Trade and other payables

Trade and other payables are stated at cost.

Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions, contingent liabilities and contingent assets

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

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

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

Taxation

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

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it

1 Accounting policies (continued)

further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Share capital

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

Employee benefits

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

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

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

Employee Benefit Trusts

The Employee Benefit Trusts ("EBT") were funded by gifts from certain SThree plc shareholders and Directors. The assets and liabilities of the EBT are consolidated into the SThree plc consolidated financial statements.

The EBT's only assets are the shares in SThree plc which were gifted and hence no cost is attributed to those shares and no amounts are shown in SThree plc's financial statements.

Share-based compensation

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

Where shares are awarded, the fair value of the shares on the date of the grant is charged to the income statement in the year of grant, or over the period to which any performance criteria relate until the vesting date. A corresponding adjustment is made to equity.

Where options are awarded, the fair value of the share options on the date of grant is charged to the income statement over the vesting period of the share option, based on the number of options which are expected to become exercisable. A corresponding adjustment is made to equity. At each balance sheet date, SThree plc revises its estimates of the number of options that are expected to become exercisable and recognises the impact of any revision of original estimates in the income statement.

Exceptional items

These are non-recurring items which are presented separately due to their nature, size or incidence. The separate reporting of such items helps provide a better indication of the Group's underlying business performance.

SThree plc
Notes to the Financial Statements
Year ended 30 November 2006

2 Segmental analysis

As the Group operates in one business segment, being that of recruitment services, no additional business segment information is required to be provided. The Group's secondary segment is geographical and the segmental results by geographical area are shown below.

Geographic analysis

	By location of client		By location of operating company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Revenue				
United Kingdom	295,666	243,602	372,563	299,019
Europe and Rest of World	97,596	71,485	20,699	16,068
	393,262	**315,087**	**393,262**	**315,087**
Gross profit				
United Kingdom	98,937	79,501	118,612	92,147
Europe and Rest of World	36,583	24,980	16,908	12,334
	135,520	**104,481**	**135,520**	**104,481**
Operating profit				
Operating profit before exceptional items				
United Kingdom			38,659	27,789
Europe and Rest of World			2,374	1,670
			41,033	**29,459**
Exceptional items (note 3)				
United Kingdom			(22,143)	(15,939)
			18,890	**13,520**

	Total assets		Capital expenditure	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
United Kingdom	106,193	87,248	5,153	2,562
Europe and Rest of World	7,847	6,419	289	154
	114,040	**93,667**	**5,442**	**2,716**

2 Segmental analysis (continued)

The following segmental analyses by brand, recruitment classification and by discipline (being the profession of candidates placed) have been included as additional disclosure over and above the requirements of IAS14 "Segment Reporting".

	Revenue		Gross Profit	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Brand				
Computer Futures Solutions	113,391	96,223	36,749	30,620
Huxley Associates	91,198	64,971	35,609	24,911
Progressive Computer Recruitment	77,288	66,728	24,777	19,750
Pathway	36,649	27,586	9,469	6,979
Others	74,736	59,579	28,916	22,221
	393,262	**315,087**	**135,520**	**104,481**
Recruitment classification				
Contract	327,459	267,071	69,717	56,465
Permanent	65,803	48,016	65,803	48,016
	393,262	**315,087**	**135,520**	**104,481**
Discipline				
Information & communication technology	351,038	285,388	111,121	88,190
Other [1]	42,224	29,699	24,399	16,291
	393,262	**315,087**	**135,520**	**104,481**

[1] Including banking and finance, accountancy, human resources, engineering and pharmaceutical sectors.

3 Administrative expenses – exceptional items

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

	2006 £'000	2005 £'000
Exceptional items — charged to operating profit		
Employee share awards and share options charge	19,544	11,966
Employer's National Insurance on share awards and options, and related costs	2,599	2,529
Special management bonuses	—	1,444
Exceptional items — before taxation	**22,143**	**15,939**

Certain current and former employees received share awards and share options that were granted during the financial year but linked to arrangements made at IPO. In accordance with IFRS 2 'Share based payments' a charge has been reflected in the income statement. This also resulted in a corresponding charge for Employer's National Insurance contributions. The Group received tax relief in respect of these share awards and other options and will receive tax relief in respect of options to be exercised in the future. These credits have also been classified as exceptional. The taxation element of the exceptional items is dealt with in note 7.

The charge in respect of the employee share awards and options is a non-cash item. The related Employer's National Insurance contributions were paid in cash.

Special management bonuses relate to amounts paid to certain Directors and senior Group management in proportion to their interest in Zero Coupon Preference shares. The bonuses were awarded to reward those Directors and senior managers for services provided, recognising the fact that the Zero Coupon Preference shares did not bear dividends. After flotation, the Zero Coupon Preference shares ceased to exist and the special management bonuses will no longer be payable. In 2005, the special management bonuses were paid in cash.

4 Other operating expenses

Operating profit is stated after charging/(crediting):

	2006 £'000	2005 £'000
Depreciation	1,490	1,442
Amortisation of intangible assets		
— Development costs	12	32
— Trademarks	6	6
— Computer software	48	—
Foreign exchange losses	106	337
Profit on deemed disposal of subsidiary[1]	—	(24)
Staff costs (note 5)[2]	86,093	69,104
Loss on sale of tangible fixed assets	116	275
Reorganisation costs	540	—
Operating lease charges		
— Motor vehicles	1,171	953
— Land and buildings	4,645	3,960

[1] Profit on deemed partial disposal relates to shares issued by a subsidiary of the SThree Group and sold to third parties.
[2] Included within the 2005 staff costs above are special management bonuses of £1.4m (note 3).

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

Amounts paid to PwC	2006 £'000	2005 £'000
Audit fees in respect of SThree plc annual accounts (including £10,000 (2005: £10,000) for the parent company)	162	125
Other services		
Audit fees in respect of SThree plc subsidiary annual accounts	155	96
Other assurance services	60	20
Taxation advice	64	95
IPO related services	—	980
Other services	8	3
Total	449	**1,319**
IPO related services charged to equity	—	(731)
Costs charged to operating profit	**449**	**588**

IPO related services relate to assurance and tax advice provided as part of the Group's preparation for its Initial Public Offering in November 2005. A part of these costs was deemed to be directly related to the issue of shares and has therefore been charged directly to the share premium account.

5 Directors and employees

Staff costs and numbers consist of:

	2006 £'000	2005 £'000
Wages and salaries	56,249	45,814
Social security costs	10,084	11,193
Pension costs	216	131
Cost of employee share options and awards	19,544	11,966
	86,093	**69,104**

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

	2006 Number	2005 Number
Geographic analysis		
United Kingdom	1,080	902
Europe and Rest of World	208	135
	1,288	**1,037**

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

The Company had an average of 8 (2005: 6) employees in the year to 30 November 2006.

6 Finance income and cost

	2006 £'000	2005 £'000
Finance income		
Bank interest receivable	167	482
Foreign exchange from financing activities	265	—
	432	**482**
Finance cost		
Bank loans and overdrafts	(1,284)	(73)
Interest paid on loan stock, now repaid	—	(1,900)
	(1,284)	**(1,973)**
Net finance cost	**(852)**	**(1,491)**

7 Taxation

(a) Analysis of tax charge for the year

	Before exceptional items £'000	Exceptional items £'000	2006 Total £'000	2005 Total £'000
Current taxation				
UK				
Corporation tax at 30% (2005: 30%) on profits for the year	11,155	(6,642)	4,513	4,131
Adjustments in respect of prior periods	(174)	—	(174)	63
Overseas				
Corporation tax on profits for the year	1,594	—	1,594	495
Adjustments in respect of prior periods	(495)	—	(495)	124
Total current tax charge/(credit)	12,080	(6,642)	5,438	4,813
Deferred taxation				
Origination and reversal of temporary differences	209	—	209	(427)
Schedule 23 deferred tax charge/(credit) in respect of unexercised employee share awards and options	—	400	400	(441)
Adjustments in respect of prior periods	—	—	—	(2)
Total deferred tax charge/(credit)	209	400	609	(870)
Total income tax expense in the income statement	**12,289**	**(6,242)**	**6,047**	**3,943**

SThree plc

Notes to the Financial Statements
Year ended 30 November 2006

7 Taxation (continued)

(b) Reconciliation of the effective tax rate

The total tax charge for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	%	2005 £'000	%
Profit before taxation	18,127		12,029	
Profit before tax multiplied by standard rate of corporation tax in the UK of 30%	5,438	30%	3,609	30%
Effects of:				
Other expenses not deductible for tax purposes	461	3%	469	4%
Capital charge/(allowance) in excess of depreciation and amortisation	153	1%	(355)	(3%)
Other timing differences	384	2%	(387)	(3%)
IFRS 2 charge in respect of share awards and options	5,863	32%	3,567	30%
Schedule 23 tax credit in respect of employee share options and awards (note 3)	(5,543)	(31%)	(3,126)	(26%)
Lower tax rates on overseas earnings	(149)	(1%)	(67)	(1%)
Tax losses not utilised within the year.	109	1%	48	0%
Adjustments to tax in respect of previous periods (UK)	(174)	(1%)	63	1%
Adjustments to tax in respect of previous periods (Overseas)	(495)	(3%)	122	1%
Tax expense and effective tax rate	**6,047**	**33%**	**3,943**	**33%**

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

	2006 £'000	2005 £'000
Current tax		
Equity settled employee share options	4,416	3,136
Deferred tax		
Equity settled employee share options	2,054	7,315
	6,470	**10,451**

Corporation tax deductions have arisen on the exercise of options granted to certain current and former employees of the Group during the financial year. The corporation tax deduction amounted to £33.2m (2005: £20.9m) which reduces the current year's taxable profits of the Group. The current tax effect of this deduction amounted to £5.6m (2005: £3.1m) recognised in the income statement in the current year. This credit has been treated as exceptional due to its unusual nature and its materiality. The current tax recognised directly in equity amounted to £4.4m (2005: £3.1m).

In addition to the tax deductions described above, the Directors expect to receive additional tax deductions in respect of the share awards and share options currently unexercised. Under IFRS the Group is required to provide for deferred tax on all unexercised share awards and options. At 30 November 2006 a deferred tax asset of £9.4m (2005: £7.8m) has been recognised in respect of this (note 19).

8 Dividends

	2006 £'000	2005 £'000
Amounts recognised and distributed to equity holders in the year		
Equity		
Interim dividend for the year ended 30 November 2006 at 2.4p per Ordinary share (2005: nil)	3,038	—
Non-equity		
Preference dividend payable of 5% (net) on Preference and 'A' Preference shares[1]	—	4,351
	3,038	**4,351**

[1] The prior year comparative figures were not restated to reflect the requirements of IAS 32 'Financial instruments - disclosure and presentation' and IAS 39 'Financial instruments - recognition and measurements' as allowed by the transitional rules set out in IFRS 1, thus the preference dividend remained classified as a non-equity dividend within the income statement.

Amounts proposed for approval at the AGM		
Proposed final dividend for year end 30 November 2006: 4.8p per Ordinary share (2005: nil)	6,307	—

The proposed final dividend had not been approved by the shareholders at 30 November 2006 and consequently has not been included as a liability within the financial statements.

A proposed final dividend of 4.8p (2005: nil) per Ordinary share will be paid on 4 June 2007 to shareholders on the register at the close of business on 4 May 2007.

9 Earnings per share

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

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

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

	2006 £'000	2005 £'000
Earnings		
Profit after taxation	12,080	8,086
Minority Interest	(278)	(135)
Preference dividend paid	—	(4,351)
Basic earnings	11,802	3,600
Effect of exceptional items (net of tax)	15,901	11,180
Profit for the year excluding exceptional items	27,703	14,780
	millions	**millions**
Number of shares		
Weighted average number of shares used for basic EPS	123.9	38.8
Dilution effect of share plans	5.8	4.5
Diluted weighted average number of shares used for diluted EPS	129.7	43.3
	pence	**pence**
Basic		
Basic earnings per share	9.5	9.3
Basic earnings per share before exceptional items	22.4	38.1
Diluted		
Diluted earnings per share	9.1	8.3
Diluted earnings per share before exceptional items	21.4	34.1

9 Earnings per share (continued)

Additional disclosure

The earnings per share figures presented on the previous page have been prepared in accordance with IAS 33 'Earnings per share'. As the flotation and consequently the share capital conversion, occurred towards the end of the 2005 financial year, the weighted average number of shares used in the above calculations for 2005 is considerably lower than the actual number of Ordinary shares in issue at the end of that financial year. Therefore the Directors believe that an additional EPS figure as at 30 November 2005 should be disclosed, based on the capital structure at the balance sheet date. For this EPS figure the preference dividend is excluded from the calculation of earnings as it would not have been paid had the capital structure as at the balance sheet date been in place throughout the relevant period. The Directors believe that these adjustments result in an EPS figure which is a better representation of the underlying trend in Group performance. The following tables set out the number of shares and the earnings used in the calculation of the adjusted earnings per share.

Adjusted	2006 millions	2005 millions
Adjusted basic number of Ordinary shares	123.9	124.3
Adjusted diluted number of Ordinary shares	129.7	128.0
	pence	**pence**
Basic earnings per share	9.5	6.4
Basic earnings per share before exceptional items	22.4	15.4
Diluted earnings per share	9.1	6.2
Diluted earnings per share before exceptional items	21.4	14.9

All earnings are derived from continuing operations.

10 Property, plant and equipment

	IT hardware £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 December 2004	11,034	—	3,903	180	15,117
Additions	1,160	962	536	44	2,702
Disposals	(5,944)	—	(2,953)	—	(8,897)
Reclassification	—	424	(424)	—	—
Exchange difference	(4)	(1)	(3)	—	(8)
At 30 November 2005	6,246	1,385	1,059	224	8,914
Additions	1,202	629	526	85	2,442
Disposals	(231)	(11)	(86)	(88)	(416)
Reclassification	(296)	—	—	—	(296)
Exchange difference	(2)	(2)	—	—	(4)
At 30 November 2006	**6,919**	**2,001**	**1,499**	**221**	**10,640**
Depreciation					
At 1 December 2004	9,950	—	3,252	82	13,284
Charge for the year	1,005	275	131	31	1,442
Disposals	(5,942)	—	(2,680)	—	(8,622)
Reclassification	—	150	(150)	—	—
Exchange difference	(3)	—	(2)	—	(5)
At 30 November 2005	5,010	425	551	113	6,099
Charge for the year	1,019	300	164	7	1,490
Disposals	(191)	(9)	(27)	(22)	(249)
Reclassification	(256)	—	—	—	(256)
Exchange difference	(2)	—	—	—	(2)
At 30 November 2006	**5,580**	**716**	**688**	**98**	**7,082**
Net book value					
At 30 November 2006	**1,339**	**1,285**	**811**	**123**	**3,558**
At 30 November 2005	1,236	960	508	111	2,815

11 Intangible assets

	Goodwill £'000	Assets under construction £'000	Computer software £'000	Development costs £'000	Trademarks £'000	Total £'000
Cost						
At 1 December 2004	205,687	—	—	81	63	205,831
Additions	—	—	—	14	—	14
At 30 November 2005	205,687	—	—	95	63	205,845
Additions	364	2,361	115	524	—	3,364
Disposals	—	—	(5)	—	—	(5)
Reclassification	—	—	296	—	—	296
At 30 November 2006	**206,051**	**2,361**	**406**	**619**	**63**	**209,500**
Amortisation and impairment						
At 1 December 2004	205,687	—	—	46	31	205,764
Charge for the year	—	—	—	32	6	38
At 30 November 2005	205,687	—	—	78	37	205,802
Charge for the year	—	—	48	12	6	66
Reclassification	—	—	256	—	—	256
At 30 November 2006	**205,687**	—	**304**	**90**	**43**	**206,124**
Net book value						
At 30 November 2006	**364**	**2,361**	**102**	**529**	**20**	**3,376**
At 30 November 2005	—	—	—	17	26	43

Goodwill

Goodwill has been recognised after the purchase of a 7% minority interest holding in Madison Black Limited, increasing the Group share of identifiable net assets from 80% to 87%.

Impairment of Goodwill

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit, including goodwill, with the recoverable amount of that income-generating unit.

In assessing the value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget and an assumed growth rate of 2%, which does not exceed the long-term average growth rate of the relevant markets. A terminal value of the cash flow is then calculated by discounting using the Group's weighted cost of capital. If the recoverable amount of the cash generating-unit is less than the carrying value, then an impairment loss is recognised in the income statement.

12 Investments - Company

	Shares in subsidiaries £'000
Cost	
At 1 December 2004	211,653
Increase in carrying value on applying IFRS 2	11,891
Additions	15
At 30 November 2005	223,559
Increase in carrying value on applying IFRS 2	19,544
Additions	400
At 30 November 2006	**243,503**
Provision for impairment	
At 1 December 2004	122,440
Reversal of impairment	(59,732)
At 30 November 2005	62,708
Reversal of impairment	(15,758)
At 30 November 2006	**46,950**
Net carrying value	
At 30 November 2006	**196,553**
At 30 November 2005	160,851

In accordance with IAS 36 'Impairment of assets' the carrying values of the Company's investments in subsidiaries have been allocated to their cash-generating units to assess their value in use. The discounted estimated future cash flow forecast, covering a period of 5 years, derived from the latest financial budgets with an assumed growth of 2% a year, of each cash-generating unit is undertaken to assess the value in use. The terminal value and discount rate used are derived from the Group's weighted average cost of capital. Management's annual review procedures have identified a reversal of the impairment provision of £15.8m (2005: £59.7m) to the Company's income statement. The pre-tax discount rate applied to projected future net cash flows to arrive at the valuation was 14%.

IFRS 2 also requires that any options or awards granted to employees of a subsidiary company will increase the carrying value of the investment held. In 2006, the Group has recognised an increase in the investments in its subsidiaries of £19.5m (2005: £11.9m) relating to these share options and awards.

The investment in the current period relates to the purchase of an additional 7% of Madison Black Limited which increases the Group's holding to 87% of their share capital.

12 Investments - Company (continued)

Investments comprise the following principal subsidiary companies:

	Shareholding	Country of incorporation	Principal activity
Computer Futures Solutions International NV	100%	Belgium	IT Recruitment
Computer Futures Solutions NV	100%	Belgium	IT Recruitment
Computer Futures Solutions SAS	100%	France	IT Recruitment
Progressive SAS	100%	France	IT Recruitment
Computer Futures Solutions GmbH	100%	Germany	IT Recruitment
Huxley Associates Deutschland GmbH	100%	Germany	IT Recruitment
Huxley Associates Finance Recruitment GmbH	100%	Germany	Finance Recruitment
Huxley Associates GmbH	100%	Germany	IT Recruitment
Huxley Associates Finance Recruitment Deutschland GmbH	100%	Germany	IT Recruitment
Progressive GmbH	100%	Germany	IT Recruitment
Computer Futures Solutions Limited	100%	Ireland	IT Recruitment
Computer Futures Solutions Consulting BV	100%	Netherlands	IT Recruitment
Huxley Associates Banking & Finance BV	100%	Netherlands	Finance Recruitment
Huxley Associates Banking & Finance Nederland BV	100%	Netherlands	Finance Recruitment
Huxley Associates BV	100%	Netherlands	IT Recruitment
Huxley Associates Nederland BV	100%	Netherlands	IT Recruitment
Progressive Computer Recruitment BV	100%	Netherlands	IT Recruitment
Progressive Computer Recruitment Nederland BV	100%	Netherlands	IT Recruitment
Solutions in Staffing & Software BV	100%	Netherlands	IT Recruitment
All the Jobs Limited (note 13)	50%	UK	IT Recruitment
Banking People Limited	100%	UK	IT Recruitment
Computer Futures Solutions (BE) Limited	100%	UK	IT Recruitment
Computer Futures Solutions Belgium Limited	100%	UK	IT Recruitment
Computer Futures Solutions Deutschland Limited	100%	UK	IT Recruitment
Computer Futures Solutions Europe Limited	100%	UK	IT Recruitment
Computer Futures Solutions France Limited	100%	UK	IT Recruitment
Computer Futures Solutions International Limited	100%	UK	IT Recruitment
Computer Futures Solutions Limited	100%	UK	IT Recruitment
Computer Futures Solutions Nederland Limited	100%	UK	IT Recruitment
Computer Futures Solutions Netherlands Limited	100%	UK	IT Recruitment
Conexus Recruitment Consultants Limited	100%	UK	IT Recruitment
Huxley Associates Banking and Finance Nederland Limited	100%	UK	Finance Recruitment
Huxley Associates Deutschland Limited	100%	UK	IT Recruitment
Huxley Associates Finance Recruitment Deutschland Limited	100%	UK	Finance Recruitment
Huxley Associates Limited	100%	UK	IT Recruitment
Huxley Associates M Limited	100%	UK	Engineering Recruitment
Huxley Associates N Limited	100%	UK	Engineering Recruitment
Huxley Associates Nederland Limited	100%	UK	IT Recruitment
Huxley Associates S Limited	100%	UK	Engineering Recruitment
Huxley Banking and Finance Limited	100%	UK	Finance Recruitment
Huxley Associates International Limited	100%	UK	IT Recruitment
IR Solutions Limited	100%	UK	IT Recruitment
Jobboard Enterprises Limited	*80%	UK	IT Recruitment
JP Gray Limited	*80%	UK	Finance Recruitment
MG Resourcing Limited	100%	UK	IT Recruitment
Madison Black Limited	**87%	UK	IT Recruitment
New Wave Resourcing Limited	*80%	UK	IT Recruitment

SThree plc
Notes to the Financial Statements
Year ended 30 November 2006

12 Investments - Company (continued)

	Shareholding	Country of Incorporation	Principal Activity
Orgtel Contract Limited	100%	UK	IT Recruitment
Orgtel Limited	*80%	UK	IT Recruitment
Pathway Resourcing Limited	100%	UK	IT Recruitment
PCR Europe Limited	100%	UK	IT Recruitment
Peoplequest Limited	100%	UK	IT Recruitment
Progressive Computer Recruitment Deutschland Limited	100%	UK	IT Recruitment
Progressive Computer Recruitment Europe Limited	100%	UK	IT Recruitment
Progressive Computer Recruitment International Limited	100%	UK	IT Recruitment
Progressive Computer Recruitment Limited	100%	UK	IT Recruitment
Progressive Computer Recruitment Nederland Limited	100%	UK	IT Recruitment
Real IT Resourcing Limited	100%	UK	IT Recruitment
Staff Search Group Limited	***96%	UK	IT & Human Resource Recruitment
S Three Management Services Limited	100%	UK	IT Recruitment
Strategic Resource Group Limited	100%	UK	IT Recruitment
Tactical Resourcing Limited	100%	UK	IT Recruitment
Huxley Associates Finance Resourcing Inc	100%	USA	Finance Recruitment

* The shareholding of the minority interest is 20%. The entitlement to distributable reserves attributable to minority interest is 10%.

** The shareholding of the minority interest is 13%. The entitlement to distributable reserves attributable to minority interest is 6.5%.

*** The shareholding of the minority interest is 4%. The entitlement to distributable reserves attributable to minority interest is 2%.

13 Investment in joint ventures

On 12 December 2005, the Group entered into a joint venture arrangement with a third party (Interactive Prospect Targeting Limited). The primary activity of this joint venture is recruitment advertising through the medium of the internet. The results of the joint venture, which is unlisted, and its assets (including goodwill) and liabilities are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit after tax	% Interest held
2006						
All the Jobs Limited	UK	252	(74)	179	178	50

There are no current contingent liabilities which the Group would have to disclose in relation to IAS 31 'Interests in joint ventures'. The joint venture has no capital commitments and no non-current assets and liabilities as at 30 November 2006.

14 Trade and other receivables

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Current				
Trade receivables	72,348	56,520	—	—
Less provision for impairment of trade receivables	(3,073)	(2,876)	—	—
Net trade receivables	69,275	53,644	—	—
Other receivables	709	386	10	—
Amounts due from Group companies	—	—	24,701	—
Prepayments and accrued income	22,601	20,870	7	—
	92,585	**74,900**	**24,718**	—

Trade receivables do not carry interest. There is a credit policy in place and the exposure to credit risk is monitored, client by client, on an ongoing basis. The provision against trade debtors is based on a specific risk assessment and reference to past default experience. At the balance sheet date there was no significant concentration of credit risk with exposure being spread over a large number of clients. Management considers the carrying value of trade and other receivables are equal to the fair value.

SThree plc
Notes to the Financial Statements
Year ended 30 November 2006

15 Current tax assets and liabilities

The current tax assets of £0.5m (2005: £3.0m) for the Group and £0.3m (2005: £1.0m) for the Company represent current tax recoverable relating to current and prior periods.

16 Trade and other payables

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Current				
Trade payables	1,597	3,518	—	342
Amounts due to Group companies	—	—	31,187	8,711
Other tax and social security	6,040	16,287	—	—
Other payables	22,202	19,003	1,041	742
Accruals	9,185	7,333	950	2,179
	39,024	**46,141**	**33,178**	**11,974**

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

17 Financial liabilities - borrowings

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Bank overdrafts	4,281	3,451	81	—
Bank borrowings	1,000	9,000	1,000	9,000
	5,281	**12,451**	**1,081**	**9,000**

The borrowings stated above are repayable on demand or otherwise within one year.

The carrying amounts of the Group's borrowing are denominated in Sterling.

During 2006 the Group transferred its principal banking relationship to the Royal Bank of Scotland Group ("RBSG"). A new flexible loan arrangement was set up with RBSG replacing the arrangement with the Group's previous bankers. Under this arrangement the Group was able to borrow up to £25.0m until 30 November 2006 and up to £15.0m from 1 December 2006. Funds borrowed under this facility bear interest at a rate of 0.75 per cent above UK LIBOR rate. At 30 November 2006 the Group had drawn down £1.0m of this loan facility, repayable on 1 December 2006.

Subsequent to the year-end the Group agreed a new loan facility with its principal bankers RBSG of £40m reducing during 2007 and expiring in March 2008.

(a) Maturity profile of bank overdrafts and loans

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Within 1 year, or on demand	5,281	12,451	1,081	9,000

(b) Interest rate risk profile of bank overdrafts and loans

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

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Floating rate – overdrafts	4,281	3,451	81	—
Floating rate – loans	1,000	9,000	1,000	9,000
	5,281	12,451	1,081	9,000

18 Provisions for liabilities and charges

	Property	Other	Total
	£'000	£'000	£'000
At 1 December 2005	1,222	4,595	5,817
Utilised	(298)	—	(298)
(Released)/charged to the income statement	(252)	357	105
At 30 November 2006	**672**	**4,952**	**5,624**

	2006	2005
	£'000	£'000
Current/non-current analysis		
Non-current liabilities	5,436	5,453
Current liabilities	188	364
	5,624	**5,817**

Property

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

	2006	2005
	£'000	£'000
Within one year	188	247
One to five years	300	394
After five years	184	459
	672	**1,100**

Onerous Contracts - At 30 November 2006 the Group had no onerous elements of leases on vacant properties and therefore no provision (2005: £0.1m). When required, the provision is based on the difference between income from sub-letting the vacant property and the Group's head lease obligations to the end of each lease.

This provision would meet the definition of financial liabilities and arises from contractual obligations.

Other

Other provisions principally include amounts in respect of contractual liabilities resulting from indemnities given to Group clients in continental Europe arising in the normal course of business in respect of the employment status of contractors.

The timing of settlement is uncertain but the Directors expect that the provision will be utilised within the average statute of limitation period in the countries to which this exposure relates.

19 Deferred tax asset

Group

	Excess tax depreciation £'000	European contractual liabilities £'000	Share-based payments £'000	Other £'000	Total £'000
At 1 December 2004	732	1,050	—	28	1,810
Credit to income statement for the year	100	225	441	123	889
Credit to equity for the year	—	—	7,315	—	7,315
At 30 November 2005	832	1,275	7,756	151	10,014
(Charge)/credit to income statement for the year	(153)	211	(400)	(267)	(609)
Credit to equity for the year	—	—	2,054	—	2,054
At 30 November 2006	**679**	**1,486**	**9,410**	**(116)**	**11,459**
Deferred tax asset					
At 30 November 2006	**679**	**1,486**	**9,410**	**(116)**	**11,459**
At 30 November 2005	832	1,275	7,756	151	10,014

The Group also has tax losses of £0.1m for which claims to recover prior period tax payments have been submitted. However, recovery is considered uncertain and therefore no deferred tax asset has been recognised in respect of these losses.

Unremitted earnings

As at 30 November 2006, unremitted earnings of overseas Group companies amounted to £2.1m (2005: £1.9m). Unremitted earnings may be liable to some overseas tax and UK tax (after allowing for double taxation relief) if they were to be distributed as dividends. However, no tax is expected to be payable on them because, as at the balance sheet date, there are no plans to remit these earnings and no tax is expected to be payable on them in the foreseeable future.

Company

	£'000
Deferred tax arising from share-based payments	
At 30 November 2005	—
Credit to income statement for the year	441
Credit to equity for the year	1,878
At 30 November 2006	**2,319**

20 Share capital

(a) Share capital

Authorised	2006 Number of shares	2006 £'000	2005 Number of shares	2005 £'000
Ordinary shares of 1p each	300,000,000	3,000	300,000,000	3,000

Allotted and fully-paid	Number	Ordinary shares £'000	Capital reserve £'000	Non-equity shares £'000	'B' Ordinary shares £'000	Total £'000
At 1 December 2004	36,090,967	361	—	1,753	100	2,214
Conversion of share capital at IPO	97,498,133	975	878	(1,753)	(100)	—
Issue of share capital	4,381,070	44	—	—	—	44
At 30 November 2005	137,970,170	1,380	878	—	—	2,258
Issue of share capital	21,000	—	—	—	—	—
At 30 November 2006	**137,991,170**	**1,380**	**878**	**—**	**—**	**2,258**

Share issue

Share options that were issued in November 2000 were satisfied in the current period with a new issue of 21,000 Ordinary shares.

(b) Share options

Certain employees hold options to subscribe for Ordinary shares in the Company under the share option schemes approved by the Directors on 28 November 2000, 25 October 2002 and 28 May 2004. The number of shares subject to options, the period in which they were granted and the period in which they may be exercised are given below. On exercise 21,000 of these options were satisfied by the issue of new Ordinary shares and 10,000 were settled by the EBT.

Year of grant	Note	No. of options outstanding 1 December 2004	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding 30 November 2005	Exercise price per share	Exercise period
2000	a	181,000	—	49,000	—	132,000	1p	2000-2010
2002	b	33,000	—	14,000	1,500	17,500	1p	2002-2012
2004	c	4,000	—	—	—	4,000	1p	2004-2014
		218,000	—	63,000	1,500	153,500		

20 Share capital (continued)

Year of grant	Note	No. of options outstanding 1 December 2005	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding 30 November 2006	Exercise price per share	Exercise period
2000	a	132,000	—	21,500	16,500	94,000	1p	2000-2010
2002	b	17,500	—	9,500	1,000	7,000	1p	2002-2012
2004	c	4,000	—	—	—	4,000	1p	2004-2014
		153,500	—	31,000	17,500	105,000		

a) 8,500 share options became exercisable on 15 November 2005, the remainder will remain exercisable until 2010; 48,500 can be exercised from 16 November 2006 until 16 November 2010 and 37,000 can be exercised from 16 November 2007 until 16 November 2010.

b) All of these options became exercisable on 15 November 2005 and will remain exercisable until 2012

c) All of these options became exercisable on 15 November 2005 and will remain exercisable until 2014

Employee benefit trusts

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

The number of Ordinary shares held by the EBT increased in the year to November 2005 following additional gifts to the EBT of 4,673,751 Ordinary shares from certain Directors.

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

Ordinary Shares

1 December 2004	Opening balance		8,680,207
Movement in the year	Gift of shares from Directors	4,673,751	
	Zero Coupon Preference share conversion at IPO	10,244,748	
	Options/awards exercised	(9,958,625)	4,959,874
1 December 2005			13,640,081
Movement in the year	Options/awards exercised	(7,439,725)	
	Share options settled on behalf of the Company	(10,000)	
	Forfeitable Ordinary shares lapsed in year	412,500	(7,037,225)
30 November 2006			**6,602,856**

20 Share capital (continued)

Employee benefit trusts (continued)

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

Year of grant/award	Note	No. of options/ awards outstanding 1 December 2004	Granted/ awards in year	Exercised in year	Lapsed in year	No. of options/ awards outstanding 30 November 2005	Exercise price per share	Exercise period
2000	a	2,469,040	—	1,092,875	—	1,376,165	1p	2000-2010*
2004	b	527,149	—	—	—	527,149	1p	2004-2014*
2004	c	—	47,600	3,400	—	44,200	1p	2004-2014*
2004	d	—	5,250,000	—	—	5,250,000	1p	2004-2014*
2004	e	—	3,481,250	3,406,250	75,000	—	1p	2004
2005	f	—	5,006,128	4,807,207	—	198,921	n/a	2005-2015*
2005	g	—	939,459	598,893	—	340,566	£1 total	2005-2015*
2006	h	—	50,000	50,000	—	—	—	2006-2016
		2,996,189	14,774,437	9,958,625	75,000	7,737,001		

Year of grant/award	Note	No. of options/ awards outstanding 1 December 2005	Granted/ awards in year	Exercised in year	Lapsed in year	No. of options/ awards outstanding 30 November 2006	Exercise price per share	Exercise period
2000	a	1,376,165	—	1,203,271	2,795	170,099	1p	2000-2010*
2004	b	527,149	—	85,685	2,500	438,964	1p	2004-2014*
2004	c	44,200	—	3,900	—	40,300	1p	2004-2014*
2004	d	5,250,000	—	—	—	5,250,000	1p	2004-2014*
2004	e	—	—	—	—	—	1p	2004
2005	f	198,921	4,729,783	4,726,081	198,921	3,702	n/a	2005-2015*
2005	g	340,566	—	34,250	250,387	55,929	£1 total	2005-2015*
2006	h	—	1,386,538	1,386,538	—	—	—	2006-2016
		7,737,001	6,116,321	7,439,725	454,603	5,958,994		

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

The weighted average maket share price for shares exercised during the year was 294p.

Approved executive share option scheme

a) Options over 4.0 million of the Ordinary shares were granted by the Board to certain employees on 27 November 2000 at an exercise price of 1p. These options are exercisable, under normal circumstances, within 10 years from the date of grant. The number outstanding at 30 November 2006 was 170,099.

b) On 28 May 2004 options over 650,720 Ordinary shares were issued at an exercise price of 1p. These options replaced options that had lapsed in the previous grant of options in 2000. There are no performance conditions attached and the options are exercisable within 10 years from the date of grant. The number of options outstanding at 30 November 2006 was 438,964.

20 Share capital (continued)

c) On 3 December 2004 options over 49,600 Ordinary shares were issued at an exercise price of 1p. These options replaced options that had lapsed in the previous grants of options in November 2000 and May 2004. There are no performance conditions attached and the share options are exercisable within 10 years from the date of grant. The number of options outstanding at 30 November 2006 was 40,300.

d) Options over 5.25 million Ordinary shares were granted by the Board to certain employees on 3 December 2004. These are exercisable within 10 years from the date of grant. These options are subject to a performance condition requiring that over a five year period a certain level of profits has to be achieved. If these performance targets are achieved in each of the relevant periods, a total of 1,050,000 options are available for allocation in each year following the target being achieved. The number of options outstanding at 30 November 2006 was 5,250,000.

Variation to the terms of the approved share option scheme

The Directors gained approval at the AGM held on 21 May 2006 to modify the terms of the executive share option scheme. Under the modification the exercise period has been reduced from five years to three years. There is no effect on the incremental fair value of these options.

e) The Company adopted the Forfeitable Share Plan on 3 December 2004. Between 15 December 2004 and 25 January 2005 awards over a total of 3,481,250 Ordinary shares were made to 65 employees at a price of £0.01 per Ordinary share. The EBT satisfied all of the awards made. The number of shares returned to the trust under the scheme rules amounted to 412,500 Ordinary shares.

The Directors assessed the fair value of all share options and awards issued during December 2004 and January 2005 as £Nil. In reaching this valuation, the Directors ascribed an enterprise valuation of approximately £215m to the business at that time, after assuming conversion of the preferred loan stock and the repayment of the debt, only a minimal value attributable to the equity shareholders remained.

Unapproved share option scheme

f) On 16 November 2005 the Zero Coupon Preference shares held by the EBT were converted into 10,244,748 Ordinary shares. The Board decided to award 5,006,128 of the resulting Ordinary shares to employees, for £Nil consideration. In accordance with IFRS 2 a charge has been recognised in the income statement. The charge was calculated as the fair value of the awards granted, which amounted to £10,012,318. The Board expected to make an additional gift of shares from the EBT not earlier than nine months after flotation. This additional award of shares was made on 26 September 2006 and amounted to 4,729,783 Ordinary shares, with a charge of £15,951,193 being recognised in the income statement in the year. The number of shares awarded but not yet accepted at 30 November 2006 was 3,702.

g) At IPO (16 November 2005), the Board awarded 433,749 Ordinary shares and issued 505,710 share options to certain current and former employees who were considered to have contributed to the Group's continued success. The share options are exercisable immediately upon grant and expire 10 years from the date of grant. The number of options outstanding at 30 November 2006 was 55,929. The Group recognised a charge in the income statement as at November 2005, in accordance with IFRS 2, amounting to £1,878,918, representing the fair value of the options awarded at the date of grant.

h) During the year the Directors made share awards over 1,386,538 Ordinary shares to certain current and former employees who were considered to have contributed to the Group's continued success. The share awards are exercisable immediately upon grant and expire 10 years after the date of grant. The number of options outstanding at 30 November 2006 amounted to nil. The Group recognised a charge in accordance with IFRS 2 amounting to £3,592,792. For the calculation of the charge the fair value of these share awards is based on the mid-price on the day that the award was granted to the employees.

21 Results of holding company

Of the results for the financial year, a retained profit of £30.3m (2005: £74.4m) is dealt with in the accounts of SThree plc. This is stated after an exceptional credit of £15.8m (2005: £59.7m) arising from the reversal of an impairment charge previously recorded against the cost of investments in the Company's subsidiaries (note 12). The Directors have taken advantage of the exemption available under Section 230 (3) of the Companies Act 1985 and do not present an income statement for the Company alone.

22 Commitments

Group

Operating leases

At the balance sheet date the Group had annual commitments under non-cancellable operating leases as set out below:

		Motor vehicles		Land and buildings
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Total minimum operating lease payments due:				
Within one year	1,101	1,104	4,133	4,177
One to five years	857	978	13,510	12,084
After five years	—	—	6,224	5,847
	1,958	**2,082**	**23,867**	**22,108**

Capital commitments

The Group had contractual commitments of £0.1m (2005: £0.1m) relating to property, plant and equipment and £1.6m (2005: nil) relating to computer software at the balance sheet date.

VAT group registration

As a result of the group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group. The total VAT liability as at the 30 November 2006 amounted to £3.2m (2005: £0.9m receivable).

Company

The Company held no outstanding lease or capital commitments at the year end.

23 Cash flows from operating activities

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Profit before taxation	18,127	12,029	30,741	77,764
Depreciation and amortisation charge	1,556	1,480	—	—
Foreign exchange from financing activities	(265)	—	—	—
Interest income	(167)	(482)	(1,065)	(325)
Interest cost	1,284	1,973	2,690	2,989
Loss on disposal of property, plant and equipment	116	275	—	—
Profit attributable to joint venture	(89)	—	—	—
Profit from partial deemed disposal of subsidiary	—	(24)	—	—
Non-cash exceptional charge for share options and awards.	19,544	11,966	—	—
Non-cash reversal of impairment	—	—	(15,758)	(59,732)
Operating cashflow before changes in working capital and provisions	**40,106**	**27,217**	**16,608**	**20,696**
(Increase)/decrease in receivables	(17,760)	(15,452)	(19,286)	11,528
(Decrease)/increase in payables	(7,128)	12,689	21,204	9,795
(Decrease)/increase in provisions	(193)	500	—	—
Net cash inflow from operating activities	**15,025**	**24,954**	**18,526**	**42,019**

24 Cash and cash equivalents

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Cash in hand and at bank	2,440	2,901	30	54
Bank overdraft	(4,281)	(3,451)	(81)	—
	(1,841)	**(550)**	**(51)**	**54**

SThree plc
Notes to the Financial Statements
Year ended 30 November 2006

25 Related party transactions

Group

The Company has related party relationships with its subsidiaries (note 12), with its Directors and with members of the Executive Board. Details of transactions between the Group and other related parties are disclosed below.

Key management personnel

The key management under IAS 24 'Related party disclosure' is defined as those persons who have authority and responsibility for planning, directing and controlling the entity's activities, directly or indirectly. The Group's key management comprises the Executive Directors, and other key managers who are deemed to influence the day-to-day activities. Details of Directors' remuneration is given in the Remuneration Report on pages 17 to 21. The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of the individual, market trends and taking advice from our external advisors. Total remuneration for members of key management is detailed below.

	2006 £'000	2005 £'000
Other key management		
Salaries and other short-term benefits	1,127	1,409
Termination benefits	300	—
Post-employment benefits	2	1

Other related party disclosures

	2006 £'000	2005 £'000
Interest paid to investor consortium on loan stock	—	1,900
Loan stock repaid	—	39,900
Fees payable for services of former Directors	25	16

Disclosures are detailed above in respect of former Directors. All details relating to current Directors are disclosed in the Directors' Remuneration Report.

25 Related party transactions (continued)

Company

The Company has related party relationships with its subsidiaries (note 12), and with members of the Executive Board. The Directors receive remuneration from the Company, which is disclosed in the Directors' Remuneration Report. The Company did not have any transactions other than those disclosed in the Remuneration Report with the Directors during the financial year. Details of transactions between the Company and other related parties are disclosed below.

	2006 £'000	2005 £'000
Loans and advances given to and dividend received from subsidiaries		
Loans and advances given	22,476	8,711
Interest income received in respect of interest-bearing loans and advances	780	271
Dividend income received	18,180	20,900
Loans and advances received from subsidiaries		
Loans and advances received	17,913	—
Interest expense paid in respect of interest bearing loans and advances	1,753	1,023

Year end balances arising from transactions with subsidaries

	2006 £'000	2005 £'000
Amounts payable to subsidiary companies	31,187	8,711
Amounts receivable from subsidiary companies	24,701	—

26 Subsequent events

Subsequent to the balance sheet date the upper limit on the flexible loan arrangement with RBSG has been increased from £15m to £40m.

At the EGM on 21 May 2006, the Group gained approval to enter into several minority interest relationships with senior management employees. The effective date of the minority interest agreements was 1 December 2006.

27 Financial instruments

As explained in note 28, IAS 32 'Financial instruments - Presentation' and IAS 39 'Financial Instruments - Recognition and measurement' have been adopted from 1 December 2005. The Group has exercised the IFRS 1 exemption to record financial instruments in the comparative period on the existing UK GAAP basis. The disclosures in respect of financial instruments required under UK GAAP and, in particular FRS 13, have been combined with the IFRS disclosures given below. The only financial assets and liabilities held in the year to 30 November 2005 were trade and other receivables, trade and other payables, bank borrowings, certain provisions for liabilities and charges and cash. The comparatives for these financial assets and liabilities have been disclosed in notes 14, 16, 17, 18 and 24 respectively. In the current financial year the Group's financial instruments also include derivative financial instruments. The only derivative financial instruments held by the Group are foreign currency swaps and extendable forward contracts. Their fair value has been included in other assets and other liabilities. As permitted by IAS 39 'Financial Instruments', short-term receivables and payables have been excluded from all the following disclosures, other than the currency risk disclosures, because their carrying value is a good representation of the fair value.

The main risks arising from the Group's financial instruments are foreign currency movements, liquidity risk and interest rate risk. The Group's objective and strategy in responding to these risks are set out below. During 2006, the Group has assessed the effectiveness of the current policies which are in line with best practice of other similar groups.

(a) Foreign currency risk

The Group has significant investment in overseas subsidiaries, primarily based in Europe but recently also in the USA. The revenues and expenses of these subsidiaries are denominated in their local currencies, being Euros and US Dollars. Currently it is the Group's policy not to hedge these foreign exchange exposures.

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 UK where derivative financial instruments are used to eliminate the resulting currency exposures. The Group has a policy of transferring the foreign currency balances to Sterling to manage its cash flows. As a result, at 30 November 2006 the Group entered into two foreign currency swap agreements for £7.8m with maturity dates of 1 December 2006. The Group had £7.8m with maturity date of 1 December 2006. The Group had six extendable forward contracts for £5.5m, which were open as at 30 November 2006. Although these have not been designated as hedges under the definitions set out by IAS 39, they act as economic hedges of the Group's foreign currency exposures and are accounted for at fair value through the income statement.

(b) Liquidity risk

The Group actively maintains committed facilities to enable it to finance its day-to-day operations, based on cash flow projections. The Group invests surplus cash in floating rate interest-earning deposit accounts with UK and European banks (notes 17 and 24).

(c) Interest rate risk

The Group finances its operations through a mixture of retained profit, a variable interest secured loan facility and, when required, bank overdrafts.

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

Based on the composition of the net debt as at 30 November 2006, and taking into consideration all variable rate borrowings and cash in place, one percentage point (100 basis points) change in average floating interest rates would have a £0.01m impact on the Group's profit before taxation.

27 Financial instruments (continued)

(d) Credit risk

In the normal course of business, the Group participates in cash pooling arrangements with its counterparty bank. The maximum exposure with a single bank for deposits is £0.6m. Any risk is mitigated by the Group's policy of only selecting counterparties clients with a strong investment-graded long term credit rating (note 14).

(e) Currency profile of financial assets and liabilities

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

	Group		Company		
At 30 November 2006 Financial assets	Cash and cash equivalents £'000	Other £'000	Cash and cash equivalents £'000	Investments £'000	Other £'000
Less than one year	2,440	—	30	—	—
Total interest-bearing	2,440	—	30	—	—
Analysed as: Floating rate	2,440	—	30	—	—
Total interest-bearing	2,440	—	30	—	—
Non-interest-bearing	—	312	—	197,553	312
Total	2,440	312	30	197,553	312

	Group			Company		
At 30 November 2006 Financial liabilities	Overdrafts £'000	Borrowings £'000	Other £'000	Overdrafts £'000	Borrowings £'000	Other £'000
Less than one year	4,281	1,000	—	81	1,000	—
Total interest-bearing	4,281	1,000	—	81	1,000	—
Analysed as: Floating rate	4,281	1,000	—	81	1,000	—
Total interest-bearing	4,281	1,000	—	81	1,000	—

Floating rate cash earns interest based on relevant national LIBOR equivalents or government bond rates.

27 Financial instruments (continued)

(f) Currency profile of monetary assets/(liabilities)

	Net foreign currency monetary assets				
	Sterling £'000	Euro £'000	US Dollars £'000	Other currencies £'000	Total £'000
Functional currency of Group operations:					
Sterling	—	59	95	—	154
Euro	5	—	—	—	5
At 30 November 2006	**5**	**59**	**95**	**—**	**159**

	Net foreign currency monetary assets				
	Sterling £'000	Euro £'000	US Dollars £'000	Other currencies £'000	Total £'000
Functional currency of Group operations:					
Sterling	—	321	99	167	587
Euro	48	—	—	—	48
At 30 November 2005	**48**	**321**	**99**	**167**	**635**

Other foreign currencies held by the Group include the following: Swiss Francs, Norwegian Krone, Swedish Krone, Danish Krone and US Dollars.

Financial derivatives

The table below sets out the net principal amount and fair value of derivative contracts held by the Group and the Company.

	Notional amounts of the derivative instrument	Fair value		
At 30 November 2006 Group	£'000	Assets £'000	Liabilities £'000	Net £'000
Currency and interest-related instruments:				
Extendable foreign exchange contracts	7,844	528	(785)	(257)
Foreign currency swaps	5,476	—	(55)	(55)
Total financial derivatives	13,320	528	(840)	(312)
Company				
Currency and interest-related instruments:				
Extendable foreign exchange contracts	7,844	528	(785)	(257)
Foreign currency swaps	5,476	—	(55)	(55)
Total financial derivatives	13,320	528	(840)	(312)

These derivative financial instruments are included on the balance sheet within other current liabilities and assets.

27 Financial instruments (continued)

(g) Hedges

As at 30 November 2006, there were two foreign currency swap agreements (see (a) above) and six extendable forward contracts. These instruments are not part of a designated hedging relationship as defined by IAS 39 but are designed to act as economic hedges of foreign currency exposures. There were no other unrecognised or deferred gains or losses in respect of hedging instruments at the balance sheet date.

(h) Fair values of financial assets and liabilities

Year ended 30 November 2006 – IFRS disclosure

The carrying amounts of financial assets and 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.

Year ended 30 November 2005 - UK GAAP disclosure

Fair values have been assessed using the methodologies described below.

Summary of methods and assumptions

Short-term deposits and borrowings	Approximates to the carrying amount because of the short maturity of these instruments.
Cash and cash equivalents	Approximates to the carrying amount.
Receivables and payables	Approximates to the carrying amount for current.
Lease provision	Approximates to the carrying value.

28 Principal impact of IFRS - Group

Explanation of transition to IFRS

As a consequence of the adoption by the European Union ("EU") of International Financial Reporting Standards ("IFRS"), this is the first year that the Group and Company have presented their financial statements under IFRS. The last financial statements under UK GAAP were for the year ended 30 November 2005 and the date of transition to IFRS was 1 December 2004.

IFRS 1 'First-time adoption of International Financial Reporting Standards' establishes the requirements for the first-time adoption of IFRS. The opening IFRS balance sheet is to be prepared at the date of transition to IFRS based upon the selected accounting policies under IFRS. The transition date is the beginning of the earliest period for which full comparative information is presented under the International Standards. Accordingly the Group and the Company have retrospectively applied accounting policies which comply with the International Reporting Standards in issue as at 30 November 2006. The Group has therefore prepared its opening balance sheet (1 December 2004), income statement, balance sheet and cash flow statement for the year to 30 November 2005 in accordance with IFRS. The Company has prepared its balance sheets as at 1 December 2004 and 30 November 2005 under IFRS.

Reconciliations between UK GAAP and IFRS

IFRS 1 allows a number of exemptions to be taken in preparing the opening balance sheet as at 1 December 2004 and in preparing the comparative financial information. The Group has elected to take the following key exemptions as permitted under IFRS 1:

Business combinations

IFRS 1 allows a first-time adopter not to apply IFRS 3 'Business Combinations' to past acquisitions and Group restructurings and allows the closing net book value of goodwill under UK GAAP to be the deemed cost under IFRS at the transition date. Similarly acquisitions occurring before the transition date do not need to be revisited in order to re-measure or assign values to certain intangible assets and contingent liabilities acquired as part of those acquisitions.

Derivatives and other financial instruments

IAS 32 'Financial instruments: disclosures and presentation' and IAS 39 'Financial instruments: recognition and measurement' introduce significant changes to accounting for derivatives and other financial instruments.

IFRS 1 allows that, for the year ended 30 November 2005, derivatives and other financial instruments can continue to be accounted for and presented in accordance with UK GAAP. The Group has taken advantage of this exemption. IAS 32 and IAS 39 have been applied from 1 December 2005 onwards, although there was no material impact from the adoption of these standards.

Share-based payments

IFRS 2 'Share-based payment' requires that a charge be recognised in respect of all share-based payments based on the fair value of the options or shares at the date of grant, where the fair value is calculated using an appropriate pricing model; the charge is recognised over the vesting period of the award. UK GAAP recognises a charge based on the intrinsic value of any such award at the date of issue, where intrinsic value is defined as being the difference between the fair value of an equity share at the date of issue of the award and any exercise price payable in respect of the award. Under the provisions of IFRS 1 the first-time adopter is encouraged, but not required to apply IFRS 2 'Share-based payment' to equity instruments that were granted on or before 7 November 2002. SThree has taken the exemption not to apply IFRS 2 to share options granted before 7 November 2002.

Cumulative translation differences

IAS 21 'The effects of changes in foreign exchange rates' requires companies to record and accumulate translation differences arising on the translation and consolidation of results of foreign operations and balance sheets demonimated in foreign currencies. Cumulative translation differences are maintained as a separate element of equity. On disposal of a foreign operation, IAS 21 requires the transfer to the income statement of the cumulative translation differences relating to the business disposed as part of the gain or loss on disposal.

28 Principal impact of IFRS - Group (continued)

IFRS 1 allows that all cumulative translation differences can be deemed to be zero at the transition date and the Group has taken advantage of this exemption. Subsequent disposals will include only translation differences arising on the translation and consolidation of foreign operations after that date.

Principal impact of IFRS - Group

Set out below are the UK GAAP to IFRS equity reconciliations for the Group at 1 December 2004 and 30 November 2005 (last financial statements prepared under UK GAAP) and the profit reconciliation for the year to 30 November 2005 for the Group. The key differences between UK GAAP and IFRS for the Group are detailed below.

Software development costs

Under UK GAAP, the costs of developing software were written off to the profit and loss account in the year in which they were incurred.

Under IFRS, IAS 38 'Intangible assets', the Group is required to capitalise the cost of software development where certain recognition criteria are met, including technical feasibility and probable future economic benefit. The capitalised cost is then amortised over the expected life of the developed software.

As a result of this change in accounting policy, the Group's net assets under IFRS increased by £67,000 as at 1 December 2004, and £43,000 as at 30 November 2005, before the impact of deferred tax. Operating profit decreased for the year ended to 30 November 2005 by £24,000, represented by the capitalisation of costs previously written off under UK GAAP of £14,000, offset by £38,000 of amortisation of amounts capitalised.

Share-based payments

The Group operates a number of share-based incentive schemes (both awards of options and of shares) that fall into the scope of IFRS 2 'Share-based payment'. Under UK GAAP, the Group recognised a charge based on the intrinsic value of any such award at the date of issue, where the intrinsic value is defined as being the difference between the fair value of the Group's equity share at the date of issue of the award, and any exercise price payable in respect of the award. In the past, the calculation of intrinsic value led to a minimal charge being recognised in the profit and loss account.

IFRS 2 'Share-based payment' requires that a charge be recognised in respect of all share-based payments based on the fair value of the options or shares at the date of grant, where that fair value is calculated using an appropriate pricing model; the charge is recognised over the vesting period of the award.

The application of IFRS 2 has not resulted in any material adjustment to the Group's reported profit for the year ended 30 November 2005 as the Group has concluded that the fair value of the Group's share awards at the date of their issue was not significant. If further share options are issued in the future then the charge in respect of any such share options could be significant.

Current and deferred tax

Under UK GAAP, deferred tax was recognised in respect of all timing differences that had originated but not reversed at the balance sheet date where transactions or events had occurred at that date that would result in an obligation to pay more, or a right to pay less or to receive more tax.

Under IFRS, IAS 12 'Income taxes' requires that deferred tax be recognised on all taxable temporary differences between the tax base and the accounting base of balance sheet items included in the balance sheet of the Group, except to the extent that such temporary differences arise on initial recognition of an asset or liability. This means that deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under UK GAAP. The most significant differences between UK GAAP and IFRS in respect of deferred tax relate to the following:

- under IFRS deferred tax is provided on the temporary difference arising between the tax base of any share-based payments and the accounting base of those share-based payments. This gives rise to an additional deferred tax asset of £7.3 million at 30 November 2005.

28 Principal impact of IFRS - Group (continued)

- under IFRS deferred tax is provided on temporary differences arising on investments in subsidiaries (principally in respect of unremitted earnings), except where an entity can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group has decided that the remittance of earnings held by overseas subsidiaries is not probable and that therefore no deferred tax liability is required.

In addition to these adjustments, the carrying values of deferred tax assets and liabilities in the balance sheet have been adjusted to reflect the restatement of assets and liabilities arising from the adoption of IFRS.

IFRS requires that any current tax credit in relation to Schedule 23 deductions is restricted to the IFRS 2 charge recognised in the income statement. Any current tax credits that relates to additional Schedule 23 deductions that exceed the IFRS 2 charge in the income statement should be recognised directly in equity. For the year ended 30 November 2005 an adjustment of £3.2m was booked, of which £3.1m was due to the change in the treatment of current tax which has been taken directly to equity.

Explanation of material adjustments to the cash flow statement

The definition of cash and cash equivalents under IFRS is broader than under UK GAAP, including not only cash at bank and in hand and bank overdrafts, but also short term deposits.The latter were treated as liquid resources under UK GAAP.

The application of IFRS has also changed the presentation of the cash flow statement which now classifies cash flows as arising under only three activities – operating, investing and financing.The following are the most significant consequent reclassifications of cash flows under IFRS:

- Income taxes paid are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under UK GAAP.
- Interest paid and interest received are both shown under financing activities, but were included in a separate category of returns on investments and servicing of finance cash flows under UK GAAP.

Impact of IFRS on the Company

In addition to all the items discussed above, the Company's financial statements, presented under IFRS, are also impacted by the following:

Impact of adoption of IFRIC 11

The Company has adopted the pronouncements of IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions ' (effective 1 March 2007) in accounting for its share-based payments. IFRIC 11 provides specific guidance on how to account for share-based payments to the employees of a subsidiary involving equity instruments of the parent. As a result of the application of IFRIC 11 the Company's reported profit for 30 November 2005 has increased by £11.9m with the corresponding increase reflected in investments in subsidiaries.

Impact of adoption of IAS 27

Under IAS 27 'Consolidated and separate financial statements', distributions out of pre-acquisition profits are now required to be deducted from the cost of investment shown in a company's separate financial statements. Under UK GAAP, such dividends have been allowed to be taken directly to the profit and loss account and then an impairment test was made on the carrying amount of the investment to determine whether it needed to be written down. This treatment is not allowed under IAS 27 and hence such dividends are required to be adjusted back to the cost of investment. This has given rise to a decrease of £7.3m in the Company's investment balance with a corresponding decrease in equity.

SThree plc

Reconciliation of Consolidated Income Statement

	Year ended 30 November 2005 (end of last period presented under UK GAAP)		
	Under UK GAAP £'000	Effect of transition to IFRS £'000	Under IFRS £'000
Turnover	315,087	—	315,087
Cost of sales	(210,606)	—	(210,606)
Gross profit	104,481	—	104,481
Administrative expenses	(90,838)	(123)	(90,961)
Operating profit	13,643	(123)	13,520
Net finance cost	(1,491)	—	(1,491)
Profit before taxation	12,152	(123)	12,029
Taxation	(831)	(3,112)	(3,943)
Profit after taxation	11,321	(3,235)	8,086
Dividends - non-equity	(4,351)	—	(4, 351)
Profit for the period	**6,970**	**(3,235)**	**3,735**
Attributable to:			
Equity holders of the Company	6,835	(3,235)	3,600
Minority interest	135	—	135
	6,970	**(3,235)**	**3,735**
Earnings per share	**pence**	**pence**	**pence**
Basic	16.2	(6.9)	9.3
Diluted	15.7	(7.4)	8.3

	£'000
Profit under UK GAAP	**6,970**
Capitalisation of intangible assets	14
Amortisation of intangible assets	(38)
IFRS 2 employee share awards	(75)
Translation differences on intercompany loans	(24)
Tax effect on IFRS adjustments	(3,112)
Profit under IFRS	**3,735**

SThree plc

Reconciliation of Consolidated Equity

	As at 01 December 2004 (date of transition)			As at 30 November 2005 (end of last period presented under UK GAAP)		
	Under UK GAAP £'000	Effect of transition to IFRS £'000	Under IFRS £'000	Under UK GAAP £'000	Effect of transition to IFRS £'000	Under IFRS £'000
Non-current assets						
Intangible assets	—	67	67	—	43	43
Property, plant and equipment	1,833	—	1,833	2,815	—	2,815
Deferred tax asset	—	1,809	1,809	—	10,014	10,014
	1,833	1,876	3,709	2,815	10,057	12,872
Current assets						
Trade and other receivables	61,336	(1,829)	59,507	80,589	(5,689)	74,900
Current tax receivable	—	—	—	—	2,994	2,994
Cash and cash equivalents	24,956	—	24,956	2,901	—	2,901
	86,292	(1,829)	84,463	83,490	(2,695)	80,795
Total assets	88,125	47	88,172	86,305	7,362	93,667
Current liabilities						
Provisions for liabilities and charges	—	(479)	(479)	—	(364)	(364)
Trade and other payables	(39,118)	3,214	(35,904)	(58,592)	12,451	(46,141)
Financial liabilities - borrowings	—	(2,475)	(2,475)	—	(12,451)	(12,451)
Current tax liabilities	—	(739)	(739)	—	—	—
	(39,118)	(479)	(39,597)	(58,592)	(364)	(58,956)
Non-current liabilities						
Provisions for liabilities and charges	(5,317)	479	(4,838)	(5,817)	364	(5,453)
Financial liabilities - borrowings	(37,425)	—	(37,425)	—	—	—
	(42,742)	479	(42,263)	(5,817)	364	(5,453)
Total liabilities	(81,860)	—	(81,860)	(64,409)	—	(64,409)
Net assets	**6,265**	**47**	**6,312**	**21,896**	**7,362**	**29,258**
Equity						
Capital and reserves						
Share capital	2,214	—	2,214	1,380	—	1,380
Share premium	—	—	—	2,925	—	2,925
Shares to be issued	6,035	—	6,035	—	—	—
Capital reserve	—	—	—	878	—	878
Currency translation reserve	—	—	—	—	(146)	(146)
Retained earnings	(2,014)	47	(1,967)	16,542	7,508	24,050
Shareholders' equity	6,235	47	6,282	21,725	7,362	29,087
Minority interest	30	—	30	171	—	171
Total equity	**6,265**	**47**	**6,312**	**21,896**	**7,362**	**29,258**

SThree plc

Reconciliation of Consolidated Equity (continued)

	As at 01 December 2004 £'000	As at 30 November 2005 £'000
Total equity under UK GAAP	**6,265**	**21,896**
Capitalisation of intangible assets	144	158
Amortisation of intangible assets	(77)	(115)
Deferred tax on employee share options	—	7,315
Tax effect on IFRS adjustments	(20)	4
Total equity under IFRS	**6,312**	**29,258**

SThree plc

Reconciliation of Company Equity

	As at 01 December 2004 (date of transition)			As at 30 November 2005 (end of last period presented under UK GAAP)		
	Under UK GAAP £'000	**Effect of transition to IFRS £'000**	**Under IFRS £'000**	**Under UK GAAP £'000**	**Effect of transition to IFRS £'000**	**Under IFRS £'000**
Non-current assets						
Investments	96,517	(7,304)	89,213	156,264	4,587	160,851
Property, plant and equipment	—	—	—	—	—	—
Deferred tax asset	—	—	—	—	—	—
	96,517	(7,304)	89,213	156,264	4,587	160,851
Current assets						
Trade and other receivables	11,528	—	11,528	993	(993)	—
Current tax receivable	—	—	—	—	993	993
Cash and cash equivalents	1,395	—	1,395	54	—	54
	12,923	—	12,923	1,047	—	1,047
Total assets	109,440	(7,304)	102,136	157,311	4,587	161,898
Current liabilities						
Provisions for liabilities and charges	—	—	—	—	—	—
Trade and other payables	(7,017)	—	(7,017)	(20,974)	9,000	(11,974)
Financial liabilities - borrowings	—	—	—	—	(9,000)	(9,000)
Current tax liabilities	—	—	—	—	—	—
	(7,017)	—	(7,017)	(20,974)	—	(20,974)
Non-current liabilities						
Provisions for liabilities and charges	—	—	—	—	—	—
Financial liabilities - borrowings	(37,425)	—	(37,425)	—	—	—
	(37,425)	—	(37,425)	—	—	—
Total liabilities	(44,442)	—	(44,442)	(20,974)	—	(20,974)
Net assets	**64,998**	**(7,304)**	**57,694**	**136,337**	**4,587**	**140,924**
Equity						
Capital and reserves						
Share capital	2,214	—	2,214	1,380	—	1,380
Share premium	—	—	—	2,925	—	2,925
Shares to be issued	6,035	—	6,035	—	—	—
Capital reserve	—	—	—	878	—	878
Retained earnings	56,749	(7,304)	49,445	131,154	4,587	135,741
Total equity	**64,998**	**(7,304)**	**57,694**	**136,337**	**4,587**	**140,924**

SThree plc

Reconciliation of Company Equity (continued)

	As at 01 December 2004 £'000	As at 30 November 2005 £'000
Total equity under UK GAAP	**64,998**	**136,337**
IFRS 2 Share options increase to investments	—	11,891
IAS 27 Cost of investment	(7,304)	(7,304)
Total equity under IFRS	**57,694**	**140,924**

SThree plc

Financial Summary

	2006 IFRS £'m	2005 IFRS £'m	2004 UK GAAP £'m	2003 UK GAAP £'m	2002 UK GAAP £'m
Turnover					
Geographic analysis					
- by destination					
United Kingdom	295.7	243.6	184.4	146.0	178.9
Europe and Rest of World	97.6	71.5	58.0	44.5	48.1
	393.3	**315.1**	**242.4**	**190.5**	**227.0**
- by origin					
United Kingdom	372.6	299.0	227.9	182.4	216.5
Europe and Rest of World	20.7	16.1	14.5	8.1	10.5
	393.3	**315.1**	**242.4**	**190.5**	**227.0**
Gross profit					
Geographic analysis					
- by destination					
United Kingdom	98.9	79.5	56.5	44.1	53.5
Europe and Rest of World	36.6	25.0	19.4	14.6	16.8
	135.5	**104.5**	**75.9**	**58.7**	**70.3**
- by origin					
United Kingdom	118.6	92.2	66.5	50.9	63.5
Europe and Rest of World	16.9	12.3	9.4	7.8	6.8
	135.5	**104.5**	**75.9**	**58.7**	**70.3**
Operating profit excluding exceptional items and amortisation of goodwill	**41.0**	**29.5**	**17.4**	**6.1**	**12.3**
Other key performance indicators					
	numbers	**numbers**	**numbers**	**numbers**	**numbers**
Average headcount	1,288	1,037	808	781	992
Permanent placements in financial year	7,685	6,023	4,460	3,845	4,863
Active contractors at year end	4,719	4,365	3,735	3,027	2,470
	£	**£**	**£**	**£**	**£**
Average placement fee - permanent	8,563	7,972	7,407	6,154	6,106
Average gross profit per day - contractors	64.9	58.4	51.1	51.1	60.4

Comparative figures for 2002 to 2004 have not been restated to reflect the adoption of IFRS from 1 December 2004. The nature of the IFRS transition adjustments is discussed in note 28 of the Group financial statements.

SThree plc

Shareholder Information

Shareholders Enquiries and Electronic Communications – www.capitaregistrars.com

Any shareholders with enquiries relating to their shareholding should, in the first instance, contact Capita Registrars. 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 at the Registrar's website, www.capitaregistrars.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 by e-mail or by post.

To access your account, you will need to have your shareholder reference available when you first log in, which may be found on your dividend voucher, share certificate or form of proxy. The 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.

Share price information

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

Share dealing service

A share dealing service for the purchase or sale of shares in SThree plc is available through:

Hargreave Hale Limited
Accurist House
44 Baker Street
London
W1U 7AL
Tel: 0207 009 4900
Fax: 0207 009 4999

ShareGift

The Orr Mackintosh Foundation 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:

ShareGift at www.sharegift.org
Tel: 020 7828 1151

Financial Calendar 2006/7

Financial year end - 30 November 2006
Results announced - 7 February 2007
Annual General Meeting - 27 April 2007
Ex-div date for final dividend - 2 May 2007
Record date for final dividend - 4 May 2007
Final dividend payable - 4 June 2007
Interim results announced - July 2007
Interim dividend payable - Sept/Oct 2007


THE IT JOB BOARD
29139 Live IT jobs
Keywords
Country
Job Type
Posted within
Sort by
You are viewing jobs 1 to 20 of 1157
1. Oracle Payroll Consultant
This is an opportunity to develop a career in a
dynamic & cutting edge projects.
LAST POSTED: 16/09/2005 13:38:46
SALARY: 40000-50000 Per Annum
2. Oracle Payroll Consultant
This is an opportunity to develop a career in a