STHREE PLC
REPORT & FINANCIAL STATEMENTS 2013

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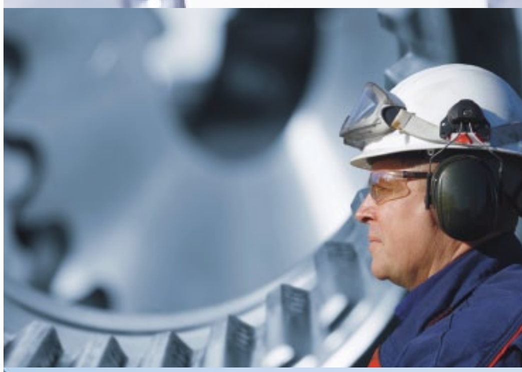

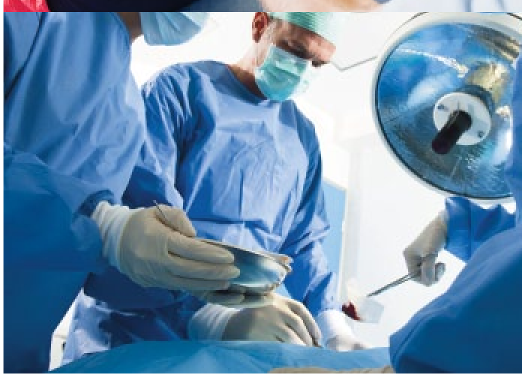


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2013
HIGHLIGHTS

FOR THE YEAR ENDED
1 DECEMBER 2013

The current period results comprise 53 weeks and include both the costs of the mid-year restructuring of the business and the disposal of the IT Job Board business ("ITJB"). For comparison purposes, 52 week data before exceptional items is disclosed where relevant and the results of the ITJB have been removed from the current Like For Like ("LFL") and prior year figures.

FINANCIAL HIGHLIGHTS	AS REPORTED		LIKE-FOR-LIKE (LFL)		LFL
	53 weeks 2013 £m	52 weeks 2012 £m	**52 weeks 2013** £m	52 weeks 2012* £m	52 week Change
Revenue	**634.3**	577.5	**618.4**	571.6	+8.2%
Gross profit ('GP')	**199.8**	205.3	**192.8**	199.5	-3.4%
Operating profit before exceptional items	**21.2**	25.1	**21.0**	25.1	-16.3%
Restructuring costs	**(10.8)**	–	**-**	–	–
Gain on disposal of ITJB	**5.3**	–	**-**	–	–
Operating profit after exceptional items	**15.7**	25.1	**n/a**	n/a	n/a
Profit before taxation before exceptional items	**21.0**	25.3	**20.8**	25.3	-17.8%
Profit after taxation before exceptional items	**11.1**	16.8	**11.1**	16.8	-33.9%
Basic earnings per share before exceptional items	**9.1p**	14.1p	**9.1p**	14.1p	-35.5%
Proposed final dividend	**9.3p**	9.3p	**9.3p**	9.3p	–
Total dividend (interim plus final)	**14.0p**	14.0p	**14.0p**	14.0p	–

*2012 reported figures excluding ITJB

OPERATIONAL HIGHLIGHTS

- Group performance improved as the year progressed against a backdrop of weaker macroeconomic conditions;
- Further progress made against key strategic priorities – Contract, ongoing sector diversification and international expansion;
- Contract GP grew by 4%** year on year, with Contract now accounting for 56%** of Group GP (2012: 51%);
- Non-UK&I share of GP increased to 69% (2012: 67%) as the Group's business mix underwent a further shift in favour of our international operations;
- Continued sector diversification with non-ICT disciplines now representing 57% (2012: 54%);
- Strong performance from newer sectors. Energy (+9.3%**) and Life Sciences (+18.3%**) now representing 27% of GP (2012: 22%);
- New offices opened in Calgary, Tokyo and Berlin, bringing the Group total to 55 in 21 countries, of which 40 are outside the UK;
- Disposal of ITJB, a small non-core business, in July 2013 for an initial cash consideration of £9.2m, a further £0.5m receivable in 2014 and a further £2.5m contingent on the performance of ITJB in FY 2014;
- Restructuring of the Group's cost base brought savings of circa £3.2m in H2 2013 and reduces annualised costs by circa £8.5m pa;
- Group headcount at year end increased by 10% to 2,327 (2012: 2,116) although average headcount at 2,228 was flat year on year (2012: 2,234);
- The Group retains a strong balance sheet position, with year end net cash of £8.7m (2012: £28.3m), after the dividend payment of £16.9m and capital expenditure of £5.6m.

**at constant currency


56%
CONTRACT
44%
PERM
55
OFFICES IN
21
COUNTRIES
69%
OF GP INTERNATIONAL
£8.7m
NET CASH
TOTAL ORDINARY DIVIDEND
14p
PER SHARE
14%
YE SALES HEADCOUNT UP
GROSS PROFIT
£192.8m
EXC ITJB
LIFE SCIENCES, ENERGY & ENGINEERING
38%
OF GP

SThree
Global Footprint

01 AUSTRALIA
OFFICES Sydney, Perth
BRANDS Huxley, Progressive, Real Staffing

02 BELGIUM
OFFICES Antwerp, Brussels
BRANDS Computer Futures, Huxley Associates, JP Gray, Real Staffing, Progressive

03 BRAZIL
OFFICES Rio De Janeiro, Sao Paulo
BRANDS Progressive, Huxley

07 GERMANY
OFFICES Dusseldorf, Frankfurt, Munich, Stuttgart, Hamburg, Berlin
BRANDS Computer Futures, Huxley, Progressive, Real Staffing

08 HONG KONG
OFFICES Hong Kong
BRANDS Huxley

09 INDIA
OFFICES Mumbai
BRANDS Huxley

13 MALAYSIA
OFFICES Miri, Kuala Lumpur
BRANDS Progressive

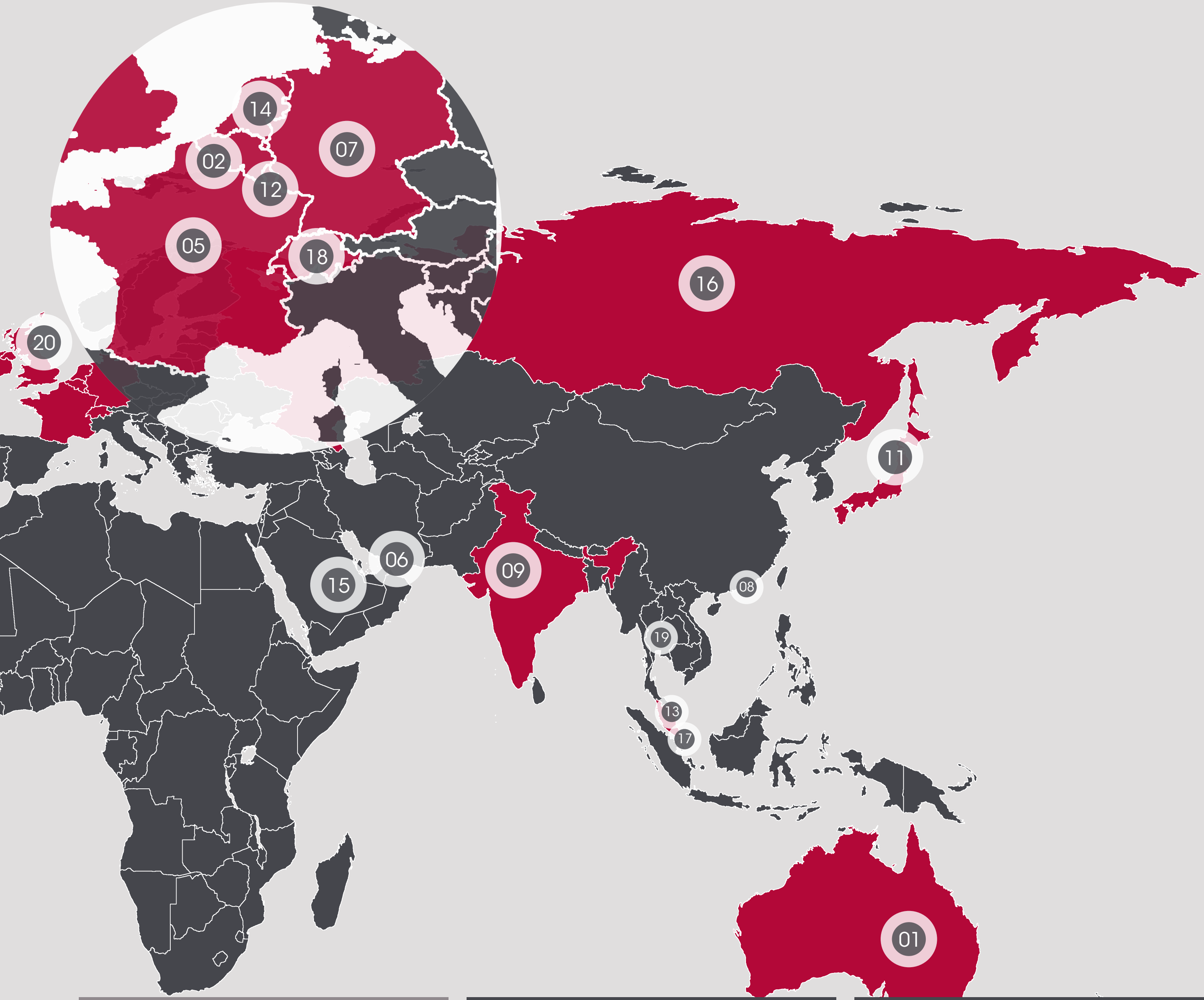
14 NETHERLANDS
OFFICES Amsterdam, Rotterdam
BRANDS Computer Futures, Huxley, JP Gray, Real Staffing, Progressive

15 QATAR
OFFICES Qatar
BRANDS Huxley, Progressive

19 THAILAND
OFFICES Bangkok
BRANDS Progressive

20 UK
OFFICES Birmingham, Bristol, Glasgow, London, Leeds, Manchester, Aberdeen
BRANDS Computer Futures, Huxley, Progressive, Orgtel, Real Staffing

21 USA
OFFICES Boston, Chicago, Houston, New York, San Diego, San Francisco
BRANDS Computer Futures, Huxley, Progressive, Real Staffing



04
CANADA
OFFICES
Calgary
BRANDS
Progressive

05
FRANCE
OFFICES
Paris
BRANDS
Computer Futures
Huxley
Progressive
Real Staffing

06
DUBAI
OFFICES
Dubai
BRANDS
Huxley
Progressive

10
IRELAND
OFFICES
Dublin
BRANDS
Computer Futures
Real Staffing

11
JAPAN
OFFICES
Tokyo
BRANDS
Computer Futures
Real Staffing

12
LUXEMBOURG
OFFICES
Luxembourg
BRANDS
Huxley

16
RUSSIA
OFFICES
Moscow
BRANDS
Progressive

17
SINGAPORE
OFFICES
Singapore
BRANDS
Huxley
Progressive
Real Staffing

18
SWITZERLAND
OFFICES
Zurich
BRANDS
Huxley
Real Staffing

CHIEF EXECUTIVE OFFICER'S **REVIEW**

FOR THE YEAR ENDED 1 DECEMBER 2013

GARY ELDEN, STHREE CEO

The current period results comprise 53 weeks and include both the costs of the mid-year restructuring of the business and the disposal of the IT Job Board business ("ITJB"). For comparison purposes, 52 week data before exceptional items is disclosed where relevant and the results of the ITJB have been removed from the current Like for Like ("LFL") and prior year figures.

"While the Group performance reflects the mixed market conditions which we encountered during the year, it was also a period of significant strategic progress during which we laid the foundations for our future growth."

"Contract gross profit grew robustly reflecting our recent investment in headcount. In Permanent, which is now beginning to demonstrate the first sign of recovery, we have addressed the headcount shortfall that became evident in the first half and entered 2014 with the business appropriately resourced."

"During the year we strengthened our organisational structure with the appointment of sector heads and Regional CEOs for the Americas and Asia Pacific & the Middle East. Other key developments included our investment in the new Contract business structures necessary to build long term client relationships in high growth sectors such as Energy and Life Sciences, and the rationalisation of our cost base. Having completed this essential preparatory work we are now able to fully focus on executing our growth plans in 2014."

"We are trading in markets that are at different stages of the cycle – growing, stable or still in decline – and, while improved sentiment is clearly evident in certain markets, on balance, it is still too early to call a broadly-based recovery. As we look forward, our niche specialist focus, experienced management team and strong financial position give us confidence that we will make the best of the market opportunity in 2014."

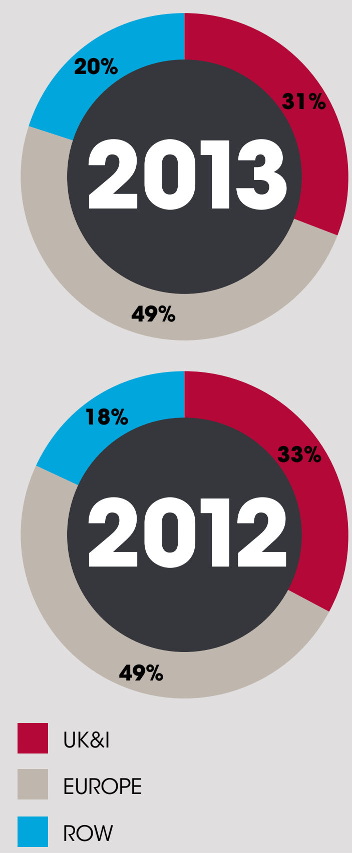
OVERVIEW

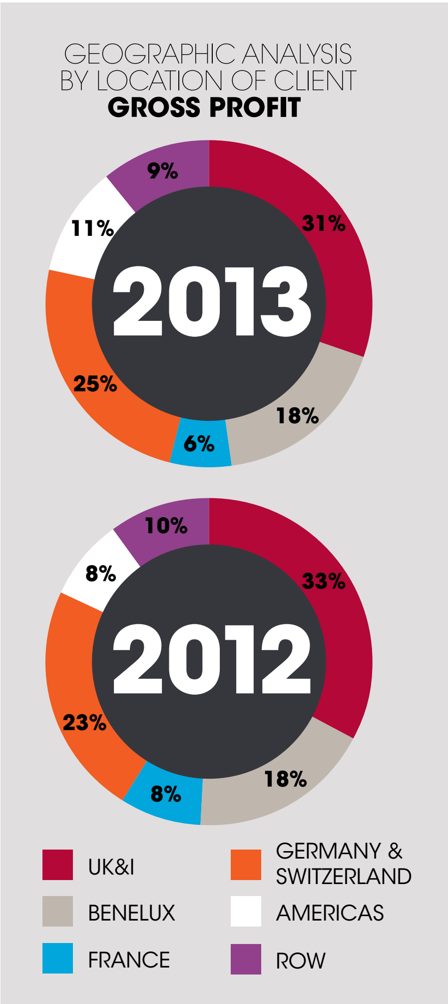
Overall, against a backdrop of weaker macroeconomic conditions, we had a satisfactory year, with solid growth in our Contract business being offset by a further reduction in Permanent. However, business confidence began to improve during the second half of 2013, and our trading momentum was broadly positive in the fourth quarter of our financial year, with an expected sequential improvement in our performance over the third quarter.

We have been pleased by the strong performances of some of our newer businesses, especially the USA, which has continued on a rapid growth trajectory and now represents 10% of Group GP. We also saw strong performances from our Energy and Life Sciences businesses across most of our geographies and they are making an increasingly important contribution to the Group result. Contract continued to benefit from a greater strategic focus and our investment in headcount, with encouraging growth in Contract runners and GP. Contract now accounts for 56% of Group GP, an increase of five percentage points year on year. This progress was offset to some extent by more challenging conditions in more mature geographies where there was less opportunity to capitalise on structural growth to mitigate the economic headwinds.

During the year, we continued to invest in our international expansion, opening three new offices and three smaller business development offices in Asia. In 2014 we expect to focus on driving the productivity of existing teams across the Group, with

STRATEGIC PRIORITIES
GEOGRAPHICAL DIVERSIFICATION GROSS PROFIT





future investment in further territories more likely to be led by specific client requirements.

Our commitment to the dividend remains unwavering and we are pleased to be maintaining the level of the ordinary dividend, despite a reduction in profits for the year.

FINANCIAL RESULTS

Group GP for the 52 week period was down 3.4% at £192.8m (2012: £199.5m). Unadjusted GP for the 53 week period was down 2.7% at £199.8m (2012: £205.3m). Profit before tax for the 52 week period (before exceptional items) was down 17.8% to £20.8m (2012: £25.3m). The reduction in profitability reflects weaker economic confidence for much of the year, a temporary decline in consultant productivity as the Group invested in sales headcount and the cost of continued investment in new territories. Unadjusted profit before tax (before exceptional items) for the 53 week period fell by 17.0% to £21.0m (2012: £25.3m).

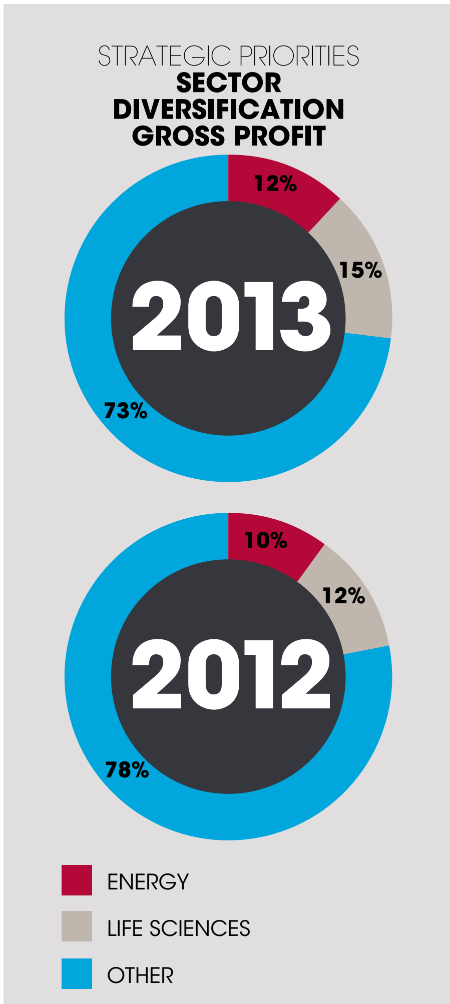
INTERNATIONAL DIVERSIFICATION AND EXPANSION

The Group continued its international diversification and expansion, rolling-out a further three office locations during the year. New "full service" offices were opened in Calgary, Tokyo and Berlin, along with business development offices in Kuala Lumpur and Miri in Malaysia, and Bangkok, to support growth within the Energy and Life Sciences sectors. The Group now has a total of 55 offices in 21 countries, of which 40 were outside the UK.

In aggregate, Group GP generated from outside of the UK&I was £132.9m (2012: £132.7m), down 2.2%*. UK&I GP of £59.9m represented a 10.5%* decline on the prior year (2012: £66.8m), principally due to a reduction in Permanent GP in line with average headcount reductions in the Permanent business during 2012 and H1 2013.

As a consequence of the stronger performance outside of the UK&I, the Group's geographical business mix saw a further shift in favour of our international operations. For 2013 the ratio was 69:31 in favour of non UK&I GP compared with 67:33 in 2012. We expect this trend to continue, with the Group becoming ever more internationally diverse. That said, we retain full confidence in the long term potential of our highly profitable UK&I business and expect to see a strong return to growth as sentiment improves. We have demonstrated over many years that our UK&I business does not require high rates of GDP growth to perform strongly, and we are investing in UK headcount accordingly.

All of our international markets are less mature than the UK, offering us the opportunity to benefit from structural market growth. Group GP generated from Continental Europe was down 4.0% at £93.7m (down 7.3% on a constant currency basis). Group GP generated from Rest of World grew by 11.8% (up 11.9% on a constant currency basis) with a particularly notable performance from the USA, which was up 32.9% (up 31.3% on a constant currency basis).



SECTOR DIVERSIFICATION AND EXPANSION

SThree is focused on four core sectors (Information & Communications Technology ("ICT"), Energy & Engineering, Life Sciences and Banking & Finance). In line with its strategic objective, the Group made good progress in growing its newer sectors during the year, particularly Energy and Life Sciences.

ICT **

ICT represented 43% of GP during the year (2012: 46%). ICT is our longest and most established sector and consequently the majority of ICT business is in the more mature UK and European markets, and its performance reflected this geographical bias. ICT GP for 2013, at £83.7m, was down 8.3% (2012: £91.3m) or down 10.2% on a constant currency basis. We see an exciting opportunity to roll out ICT beyond the UK and Europe, with promising early results from the West Coast of the USA.

NON-ICT**

Energy and Life Sciences enjoyed very strong growth, up 9.3% and 18.3% respectively on a constant currency basis. 2013 saw Banking & Finance continue to face challenging conditions and GP was down 9.4% on a constant currency basis. Overall, non-ICT GP grew by 0.9% year on year (down 0.7% on a constant currency basis) to £109.1m (2012: £108.2m).

CONTRACT/PERMANENT BUSINESS MIX

As expected, Contract continued to perform more strongly than Permanent against an uncertain economic backdrop. Contract remains a key area of strategic focus and we prioritised headcount growth in this area, rolled out an employed contractor model in USA and Australia and enhanced our contractor services offering. The Contract exit growth rate in Q4 2013 was encouraging, with year end runners up 13.1% to 5,791 (2012: 5,122), giving the Group a strong platform to build from in 2014. During the year the Group made a total of 6,429 permanent placements (2012: 7,343), a decrease of 12.4%, broadly in line with average permanent head count, down 11%. The Permanent business clearly felt the effects of the resourcing issues that we highlighted at the interims, but with Permanent consultant headcount up 8% since the half year, we expect to see an improved performance from this business in 2014.

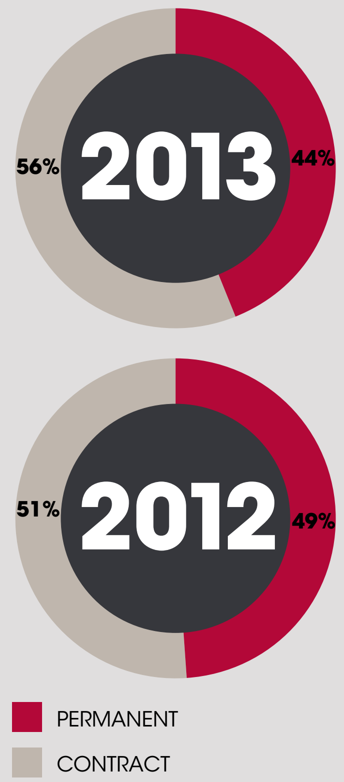
As a result we saw a further re-mixing of the business in favour of Contract, with Contract GP representing 56% of the Group total in 2013, up from 51% in 2012. The evolution of this metric in the near term will be at least somewhat dictated by the macroeconomic backdrop in 2014. In a more challenging environment Contract tends to be more resilient but when sentiment changes for the better, Permanent can recover very quickly. However, both Permanent and Contract benefit from improving sentiment – Permanent being more driven by candidate confidence impacting on churn and Contract being more impacted by client confidence. We are therefore pleased to have a balanced business with a significant presence in both Contract and Permanent markets.

CONTRACT HEADCOUNT +28% SINCE 2012 YEAR END, WITH ENERGY CONTRACT HEADCOUNT +81% AND LIFE SCIENCES CONTRACT HEADCOUNT +41%

HIGHLY SKILLED AND NICHE

Our selective attitude to customers has a direct bearing on our ability to consistently pursue our "High Margin High Value" approach and the Group has an established strategy of focusing on the quality of the business it transacts. Given the highly fragmented nature of the specialist staffing market we do not see the case for buying market share and, in the process, exchanging value for volume.

STRATEGIC PRIORITIES
PERMANENT/CONTRACT GROSS PROFIT



During the year, we continued to review the lifetime profitability of individual contractors, taking into consideration GP day rates, initial contract lengths, extensions, credit notes, commissions and the support costs of providing the contractor to the client.

In parallel, we continued to look to move further "up the food chain" and place more highly paid candidates, either as a function of their seniority and/or their niche specialisation. During the year, we also established two new niche brands, Newington International, an executive search specialist focused in the fixed income, currency & commodities ("FICC") markets and Enterprise Partners, an enterprise resource planning ("ERP") specialist. The Group's overall Contract margin remained robust at 20.2% (2012: 21.5%) while the average GP per day rate (GPDR) reduced to

£81 (2012: £85) reflecting geographical mix and the competitive environment.

In the Group's Permanent business, the average fee recorded in 2013 was £12,695 (2012: £12,715). It is worth noting that this was achieved despite the fact that the Banking market (with its associated higher-than-average fees) was again weak throughout 2013, and reflects, in part, the growth of our Energy and Life Sciences businesses, which also benefit from relatively high average fees.

HEADCOUNT

The Group ended 2013 with a total of 2,327 staff (2012: 2,116) an increase of 10.0% on the prior year, after a significant build of sales headcount in the latter months of the year.

Group period end sales headcount grew 14% to 1,862 (2012: 1,633) with 8% growth in the UK&I, 8% in Europe and 26% in Rest of World. The UK&I has seen Contract sales headcount growth of 7% and Permanent sales headcount growth of 7% since the half year, putting it in a strong position to take advantage of the improving UK market conditions in 2014, as the new consultants start to become productive.

BOARD

Paul Bowtell has decided to step down from his role as Non Executive Director and Audit Committee Chairman at the AGM in April 2014, in order to concentrate on his increasing executive responsibilities elsewhere. Paul joined the Group in 2007 and the Board joins me in thanking him for his contribution.

We are making progress in the search for further Non Executive Directors to complement our Board and, in the interim, Alicja Lesniak will assume responsibility for the Audit Committee Chair.

OUTLOOK

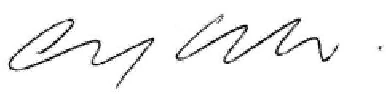
The Group is well diversified, both geographically and by sector and, as a result, is trading in markets that are at different stages of the cycle - growing, stable or still in decline. As such, while improved sentiment is clearly evident in certain markets, on balance, it is still too early to call a broad-based recovery. While the specialist staffing market does not need high levels of GDP growth to perform robustly, a sustained and wide-ranging recovery in candidate and client confidence is key.

As we look forward, the strength of our Contract book and recent investment in Permanent headcount point to a more encouraging picture, and the restructuring undertaken in the second half of last year provides the Group with a solid platform for growth in this new financial year. Our experienced management team and strong financial position give us confidence that we will make the best of the market opportunity in 2014.

Notes

**Variances are in constant currency.*

***We have reclassified Banking Technology from ICT to Banking & Finance, and as such have restated all prior year comparatives.*



GARY ELDEN

Chief Executive Officer

31 January 2014

CHIEF FINANCIAL OFFICER'S **REVIEW**

FOR THE YEAR ENDED 1 DECEMBER 2013

ALEX SMITH CHIEF FINANCIAL OFFICER

The current period results comprise 53 weeks and include both the costs of the mid-year restructuring of the business and the disposal of the IT Job Board business ("ITJB"). For comparison purposes, 52 week data before exceptional items is disclosed where relevant and the results of the ITJB have been removed from the current Like for Like ("LFL") and prior year figures.

Revenue for the 52 week period increased by 8.2% to £618.4m (2012: £571.6m). Unadjusted revenue for the 53 week period increased by 9.8% to £634.3m. GP fell by 3.4% to £192.8m (2012: £199.5m), representing a Group GP margin of 31.2% (2012: 34.9%). Unadjusted GP for the 53 week period fell by 2.7% to £199.8m. The Group GP margin decreased as a result of the remix in business towards Contract, which represented 56% of GP in 2013, up from 51% in 2012. Permanent revenues are accounted for at 100% gross margin, whereas Contract GP is shown after the associated cost of sales.

Administrative expenses (excluding exceptional items) decreased by 1.5% to £171.8m (2012: £174.4m), due to cost savings achieved following a restructuring of the Group's property portfolio and support functions. The overall drop in GP, however, has resulted in a fall in the Group's conversion ratio to 10.9% (2012: 12.6%).

Average total headcount at 2,228 was broadly flat year on year (2012: 2,234). Period end total headcount was 2,327, up 10% on the prior year (2012: 2,116), reflecting investment in sales headcount during the second half.

Profit before tax (before exceptional items) for the 52 week period decreased by 17.8% to £20.8m (2012: £25.3m), due to the challenging trading environment for much of the year, a temporary decline in consultant productivity as the Group invested in headcount in its Contract business and the cost of continued investment in new territories. Unadjusted profit before tax (before exceptional items) for the 53 week period fell by 17.0% to £21.0m (2012: £25.3m).

RESTRUCTURING

Following a review of its property portfolio and support infrastructure, the Group carried out a restructuring of its cost base just after the half year. This rationalisation programme included reducing staff numbers within the support functions, office closures and a number of other cost saving initiatives. With a pre-tax implementation cost of circa £10.8m and a 2013 cash cost of circa £5.2m, the programme brought cost savings of circa £3.2m in H2 2013 and reduces the annualised cost base by circa £8.5m pa, without compromising the Group's ability to grow strongly as the markets recover.

Subsequent to the year end, the Group restructured its UK business into a limited liability partnership ("LLP"), to better incentivise key managers and reduce costs. Under the LLP, a wider range of incentives can be offered, including capital interests in respect of more mature businesses.

DISPOSAL OF IT JOB BOARD

In July 2013, the Group disposed of the ITJB for an initial cash consideration of £9.2m (including £1.2m of cash transferred with the business). An additional £0.5m earn-out payment is receivable in February 2014 as the underlying financial targets were achieved for the 2013 financial year. A further £2.5m earn-out payment is dependent upon the achievement of the financial targets for the 2014 financial year. Holders of tracker shares in the ITJB businesses received £1.8m of the initial consideration and are entitled to a 20% share in future earn out payments.

TAXATION

The taxation charge for the 52 week period (before exceptional items) was £9.7m (2012: £8.5m), representing an effective tax rate ("ETR") of 46.6% (2012: 33.5%). The rate is higher than the effective UK Corporation Tax rate for the year of 23.3% (being four months at the rate of 24% and eight months at the rate of 23%), due to profits being generated in countries where the corporation tax rates are higher than in the UK, a one off de-recognition of previously recognised losses in respect of Australia and Belgium which continued to be loss making in the year, and tax losses not being recognised in certain loss making territories. Going forward, based on the current Group structure and existing local taxation rates and legislation, we expect the ETR to be at around, or slightly less than 30% in the near to medium term, dependent upon geographical profit mix.

CONTRACT GP MIX UP FROM 51% IN 2012 TO 56% IN 2013

EARNINGS PER SHARE

Basic earnings per share (before exceptional items) on a 52 week basis and on an unadjusted 53 week basis were 9.1p (2012:14.1p), down 35.5%, driven by a decrease in profit after taxation of 33.9%. The weighted average number of shares used for basic EPS increased by 1.3% to 121.1m (2012:119.5m). Diluted earnings per share were 8.2p (2012: 12.6p), down 34.9%.

DIVIDENDS PER SHARE

The Board has previously indicated its intention to adopt a progressive dividend policy, targeting dividend cover of 2.0x to 2.5x over the medium term. During the year, the Board declared an interim ordinary dividend of 4.7p per share (2012: 4.7p), at a cost of £5.7m.

The Board has decided to recommend a final ordinary dividend of 9.3p per share (2012: 9.3p), bringing the total ordinary dividend for the year to 14.0p per share (2012: 14.0p). The final ordinary dividend will be paid on 4 June 2014 to those shareholders on the register as at 2 May 2014.

FINANCIAL POSITION

The Group had net assets of £51.6m at 1 December 2013 (2012: £61.9m). The decrease in net assets reflected the costs of the restructuring and payment of a maintained dividend for the year, despite the reduced profits. The Group bought back £1.3m of shares (0.4m shares) to be held in treasury (2012: £6.7m, 2.4m shares), with the intention of using these to settle the buy-back of certain tracker shares and/or awards of shares under the Group's share plans. A total of 2.0m treasury shares were used to satisfy tracker share buy-backs and other awards (2012: 3.4m). It is anticipated that a combination of treasury shares and newly issued shares will be used to satisfy further settlement of share awards under the Group's share plans.

Capital expenditure is principally driven by expansion into new territories and offices, and investment in the Group's IT infrastructure. Property, plant and equipment additions in the year amounted to £1.2m (2012: £4.0m), relating to investment in computer equipment and the fit out of new offices. Intangible asset additions decreased to £3.2m (2012: £9.4m), mainly representing software and system development costs as the business continues to invest in IT in support of its ongoing globalisation.

The most significant item on the Group's statement of financial position is trade and other receivables. As a result of an increase in Contract revenue, net trade receivables increased by £2.6m to £79.1m (2012: £76.5m). Days sales outstanding ("DSOs") have remained stable at 37 days (2012: 37 days). Total trade and other payables decreased from £99.1m to £89.3m, primarily due to the 53rd week in 2013 resulting in additional internal and external payroll payments being made before the year end close compared to the previous year.

CASH FLOW

At the start of the year the Group had cash and cash equivalents of £28.3m. During the year, the Group generated cash from operations (before exceptional items) of £9.5m (2012: £32.7m) mainly due to lower profits for the year and higher working capital outflow due to the extra week in the financial year. Cash outflow from the exceptional restructuring cost was £5.2m (2012: £nil). Income taxes paid decreased to £4.5m (2012: £9.5m).

The Group received net cash proceeds of £6.0m from disposal of the ITJB businesses (net of £1.2m cash foregone and £1.8m cash received by tracker shareholders). The Group paid ordinary dividends of £16.9m (2012: ordinary and special dividends of £30.0m) and dividends to tracker share participants of £0.2m (2012: £0.4m). The Group paid £1.3m (2012: £6.9m) for the purchase of its own shares. Cash outflow on capital expenditure reduced to £5.6m (2012: £10.5m).

At 1 December 2013 the Group had cash and cash equivalents of £13.7m. The Group utilised £5.0m of a revolving credit facility at the year end, resulting in net cash of £8.7m.

STABLE DIVIDEND OF

14p

TREASURY MANAGEMENT AND CURRENCY RISK

A committed flexible revolving credit facility remains in place with Royal Bank of Scotland Group ("RBS") until January 2017. Under this arrangement the Group is able to borrow up to £20m and the Group had drawn down £5.0m (2012: £nil) against this facility at the year end. Funds borrowed under this facility bear interest at a minimum annual rate of 1.3% above 3 month LIBOR.

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

The Board periodically reviews its currency hedging strategy to ensure that it remains appropriate. The Group does not engage in speculative trading. The impact of foreign exchange is a significant issue for the Group, with the International business now accounting for 69% of GP in 2013 (2012: 67%). The Group will continue to monitor its policies in this area.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Other principal risks and uncertainties generally affecting the business activities of the Group are detailed within the Strategic Report section of the Annual Report. In the view of the Board, there is no material change expected to the Group's key risk factors in the foreseeable future.

Our strong balance sheet continues to give us the confidence to maximise the opportunities that lie ahead.

ALEX SMITH
Chief Financial Officer
31 January 2014

OPERATING CASH CONVERSION

80%

TOTAL SHAREHOLDER RETURN

111.5%

CHAIRMAN'S TRADING & GOVERNANCE **OVERVIEW**

FOR THE YEAR ENDED 1 DECEMBER 2013
CLAY BRENDISH, CHAIRMAN

TRADING OVERVIEW AND STRUCTURE

Challenging economic conditions and general market uncertainties continued into the year, leading the Group to align its business by focusing more closely on those markets displaying any sort of growth characteristics. In addition, steps were taken to further reduce the Group's cost base by restructuring the property portfolio and stripping out support costs, all of which will provide a solid platform for FY 2014.

As expected, the Group's business mix remained weighted towards contract activity, so providing greater downturn protection, whilst office expansions were again carefully selected within each region, with headcount growth generally targeted outside the UK and Europe, towards Rest Of World ('ROW') activities, often by re-locating more experienced managers into our newer ROW regions.

Key individuals will again have the opportunity to invest in their businesses by way of the Group's established tracker share (or 'minority interest') model, as we continue to back home grown entrepreneurial talent and, to this end, the Group has restructured its UK businesses under an LLP in order to provide better incentivisation opportunities within these businesses. These proposals received overwhelming shareholder support at a general meeting on 23 December 2013.

MANAGEMENT AND SUCCESSION PLANNING

Following the senior management changes announced last year and as a result of the excellent progress made on the handover of CEO responsibilities, Gary Elden formally became CEO on 1 January 2013, with Russell Clements retiring after the AGM in April 2013.

The Group also announced recent changes, with the creation of regional CEO roles for Steve Quinn and Justin Hughes, reflecting the importance of our strategic growth plans for both the Americas and Asia Pacific.

Work is also continuing, directed by the Nomination Committee, to equip our senior management for Executive or other high profile Group roles and identify the next layer coming through, with NEDs continuing to act as mentors.

NON EXECUTIVE DIRECTORS

Paul Bowtell has decided to step down from his role as Non Executive Director and Audit Committee Chairman at the AGM in April 2014, in order to concentrate on his increasing Executive responsibilities. Paul joined the Group in 2007 and has been instrumental in ensuring that our finance, governance and auditing arrangements have evolved into the highly respected best practice regime that we have in place today. Our Internal Audit team, in particular, newly created in early 2008, has also benefitted from Paul's time and input over the years, whilst Paul's broad commercial input, experience and personality will be missed. The Board joins me in thanking him for his contribution.

We are progressing the search for further Non Executive Directors to complement our Board and, in the interim, Alicja Lesniak will assume responsibility for the Audit Committee Chair.

DIVERSITY AND VALUES

Our initiatives in these areas remain critically important to reduce the Group's long term job churn, with steady progress being made towards our targets as part of the 'Identity' project, as disclosed in the Strategic Report.

Development initiatives are focused on ensuring that there is an appropriate management pipeline at all levels, with tailored courses developed internally, or via Henley Management College and mentoring by Alicja Lesniak, all key parts of these activities.

We also continue to embed our 'Values' initiative, which looks to ensure that the SThree core values of Respect, Rapport, Energy and Reward are at the forefront of everything that we do, as set out in the CSR Report section.

DIVIDEND

The Board is again recommending maintaining the final dividend at the same level of last year, reflecting our confidence in the cash generative nature of the business going forward and the importance we place on providing income as well as capital returns to our investors.

GOVERNANCE OVERVIEW

As Chairman, I take responsibility for the Group's governance arrangements and remain confident that our proactivity on shareholder engagement and high standards of corporate governance stand us in good stead. However, we will continue to adapt our procedures as necessary in order to accommodate best practice and further improve investor stewardship.

Following the changes in Board composition in 2012/13, we initiated a further external Board and Committees' evaluation exercise in December 2013. This was again undertaken by Lintstock Ltd, an independent third party and initial observations are as follows:

- **Board** – given some of the business changes, there should continue to be regular reviews of strategy, focusing on risks and lessons learnt, as well as strategic post implementation reviews ('PIRs'), aided by presentations from senior management or key support roles.
- **Audit Committee** – has ensured continuing close liaison between the Internal Audit function and external auditors to improve reporting. Has functioned well with current members and a key challenge will be to ensure continuation of this as the membership changes.
- **Remuneration Committee** – has met more frequently during the year to ensure remuneration alignment and oversee introduction of the UK LLP. Functions well and thoroughly tests performance delivery versus remuneration policy.
- **Nomination Committee** – needs to further increase visibility of the next layers down or medium/long term succession and test adequacy of the appraisal system, as well as mapping existing competencies, to ensure that a thorough Group development roadmap exists.

We therefore remain confident that, overall and individually, the performance of the Board, each Committee and each Director was and is effective and that all Directors demonstrate full commitment in their respective roles.

Finally, after what has been yet another challenging year, I would like to thank all our employees for their valued contribution and commitment. Despite the continued market uncertainties, we remain confident in our actions taken during the year and believe that we have a firm base for growth in FY 2014 and the years ahead.

CLAY BRENDISH
Chairman
31 January 2014

STRATEGIC **REPORT**

FOR THE YEAR ENDED 1 DECEMBER 2013

BUSINESS MODEL & STRATEGY

The Group is focused on the specialist recruitment market and generally operates a contingent fee model, receiving fees from clients based on a proportion of the salary of the candidate placed. For permanent business, fees are recognised upon a candidate commencing employment, whilst for contract business fees are earned whilst a candidate is active on an assignment, the quantum of which will depend on the particular role specialism, underlying market, geography and candidate skills.

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

The Group's business model niches can be illustrated as follows:

Given the rapid expansion into diverse niche sectors, the Group's strategic planning and review processes were strengthened during the year, in order to ensure alignment, whilst also increasing the frequency of milestone reviews. This will help to better ensure consistent corporate, sector, regional and support goals.

The Group's overall strategy is to expand and diversify by sector, discipline and geography, whilst generating sustainable returns for key stakeholders. It does this by focusing on the following key elements, including addressing the associated risks and uncertainties, as outlined:

International and sector diversity – recruitment activity is influenced by economic cycles, hence, by being more diverse and expanding both internationally and by sector, dependency on any one economy, sector or market is reduced, thereby improving the Group's resilience. Having originally started in the UK, purely in ICT, around 60% of GP is now generated globally, or from sectors outside ICT. Roll out of the Group's Employed Contractor Model ('ECM') in both the USA and Australia, together with an enhanced contractor services offering, are all designed to capitalise on this change in mix.

To reduce risks and align with current market conditions, the Group's programme of office expansion has deliberately been slowed over more recent years, with priority given to more resilient market segments, such as Energy and Life Sciences. As an illustration, this year the Group opened 3 offices, which was approximately half the amount opened each year between 2007 and 2010.

The Group's business mix is also currently weighted more towards contract, having increased by 5% during the year. Contract generates a greater lifetime value versus the perm equivalent and also provides greater protection in a downturn.

As the Group's business has become more contract weighted and as it also engages with increasingly larger global clients, processes and insurances have been strengthened to ensure that increased contractual risks are mitigated. All contract reviews are now systemised, with strict approval levels set out, based on agreed legal and financial parameters. Also, as the Group expands its ECM initiative globally, this has necessitated further process reviews, to ensure that any increased risks are mitigated.

Scalability – maintaining a flexible office footprint enables the Group to react swiftly to changes in market conditions or client demand by increasing or reducing headcount, as appropriate. Having an existing presence in a particular country, means that the Group can quickly add to headcount or introduce other brands, as necessary, to adapt to changing demand levels from its increasingly global client base.

The Group's strategy is to focus the growth of its international businesses more aggressively in less saturated markets and sectors, whilst also reviewing efficiencies and reducing costs where it is able to. To this end, in mid 2013 the Group announced a cost restructuring programme, through which significant savings have already been made.

Financial stability – having a strong balance sheet with flexible debt facilities is essential to support the business through difficult periods, as well as to fund increased working capital requirements, which enable growth once trading conditions improve.

Given the continued uncertain trading environment, the Group has this year further strengthened its credit rating and verification procedures, which ensure that bad debts and other financial risks are managed effectively and also that it is not overly dependent on any single key client.

Focus on highly skilled and niche – highly skilled candidates generally demand a premium due to their shorter supply, which leads to competition amongst employers, thereby mitigating against margin pressure, but also benefiting from wage/rate inflation and generally higher churn. The Group has deliberately created specialist brands to build expertise and maintain focus on niche areas, whilst also looking to build even closer ties with its global client base, to try to increase its share of larger volume/high margin projects. To support this strategy, in FY 2013 the Group launched its contractor mobilisation and KAM modeller projects, whilst also initiating the creation of dedicated resource centres, along with global support hubs.

Home grown talent, supplemented externally as necessary – the Group has always grown the business with management developed internally, through its proven industry-leading training and career development structures, supplemented as necessary by hiring externally where there is a need to strengthen bandwidth within a particular geography and/or sector. This ensures that there is an appropriate mix of SThree culture, skills and knowledge base, to facilitate expansion into new areas.

To further combat job churn, the Executive Committee periodically reviews its pay and benefits structures to ensure that these are competitive, have appropriate performance linkage and can facilitate development and succession planning, in support of the Group's expansion needs globally, whilst also providing a rewarding and challenging career.

The Group is also evolving its strategy to build client relationships, in order to increase levels of repeat business and so reduce reliance on pure contingency work. This change created a skills gap, with the need for more flexible remits, having greater emphasis on client management. A key strategic goal is therefore to ensure that talent acquisition plans support this, whilst also fitting closely with the Group's diversity road map and targets for reducing job churn.

Although the business has grown organically since inception, the Group is prepared to and has already looked at appropriate bolt on acquisitions where this would facilitate entry or rapid growth within a sector or geography.

Core values, underpinned by equity/partnership participation – given the low barriers to entry into the recruitment market, a key strategic challenge is the retention of senior staff. The Group therefore operates a unique 'tracker share' or 'Minority Interest' model which allows selected key management to buy a stake in the business for which they are responsible, normally at an early stage. This creates owner managers and so reduces the risk of those individuals leaving the business. Retention of senior staff through provision of a partnership stake was also a key driver in the decision to restructure the Group's UK business as an LLP at the start of FY 2014.

SThree's values of 'Energy', 'Reward', 'Rapport' and 'Respect' are also common across all brands and ingrained into the Group's culture, to ensure shared and consistent beliefs across the Group.

Embedded risk review processes – the Group has integrated Enterprise Risk Management ('ERM') processes into its overall strategy, with risk appetite measures set by the Board, to help identify key risks, including reputational risks, and ensure implementation of effective mitigation actions. These are monitored through setting agreed KPIs, with regular assessment and review by the Board and Executive Committee.

The Board, through the Audit Committee, also ensures close working of the Group Company Secretary, Internal Audit team and external auditors to ensure that material mis-statement risks are identified and targeted in terms of the overall audit strategy, allocation of audit resources and directing the efforts of the engagement team, to ensure effective planning and performing of the external audit. This has ensured a continued improvement in audit processes and controls since 2008.

DIVERSITY, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

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

Building on our existing work, development initiatives have continued throughout the Group, to ensure that there is an appropriate management pipeline at all levels. A breakdown showing the number of persons of each sex within the Group, who were Directors, other senior managers or employees, as well as the current percentage broken down by role/internal gender diversity target, is as follows:

Gender – classification and target/timeframe as at 1 December 2013	Total	Female – current actual	Female – current %	Female – target %
Executive Committee (by 2014)	10	1	10%	30%
Sales Employees (by 2017), split as below:	1,862	691	37%	46%
• Directors	26	1	4%	25%
• Business Managers	100	19	19%	38%
• Senior Team Managers	173	46	27%	47%
• Consultants/Resourcers	1,563	625	40%	50%
Support Roles (by 2017)	455	250	55%	50%

KEY PERFORMANCE INDICATORS ("KPIs")

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

For comparison purposes, 52 week data, before exceptional items and the results of IT Job Board, is disclosed for financial KPIs for the current and prior years.

GARY ELDEN
Chief Executive Officer
31 January 2014

KEY PERFORMANCE **INDICATORS**

REVENUE

2013	£618.4m
2012	£571.6m

DEFINITION AND METHOD OF CALCULATION

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

STRATEGIC/REMUNERATION/RISK CONTEXT

These are very broad indicators of how the business is trading.

GROSS PROFIT

2013	£192.8m
2012	£199.5m

DEFINITION AND METHOD OF CALCULATION

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

STRATEGIC/REMUNERATION/RISK CONTEXT

These are very broad indicators of how the business is trading.

PROFIT BEFORE TAX ('PBT')

2013	£20.8m
2012	£25.3m

DEFINITION AND METHOD OF CALCULATION

Gross profit, less administration expenses and finance income/costs before exceptional items.

STRATEGIC/REMUNERATION/RISK CONTEXT

These are very broad indicators of how the business is trading, although this measure also shows how efficient the Group is in terms of managing its cost base, a key strategic measure and component of the Group's bonus arrangements.

TOTAL SHAREHOLDER RETURN ('TSR')

2013	111.5%
2012	41.7%

DEFINITION AND METHOD OF CALCULATION

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

STRATEGIC/REMUNERATION/RISK CONTEXT

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

EARNINGS PER SHARE ('EPS')

2013	9.1p
2012	14.1p

DEFINITION AND METHOD OF CALCULATION

EPS is defined as profit before exceptional items for the year attributable to the Group's equity shareholders divided by the weighted average number of shares in issue during the year.

STRATEGIC/REMUNERATION/RISK CONTEXT

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

GROSS PROFIT MARGIN

2013	31.2%
2012	34.9%

DEFINITION AND METHOD OF CALCULATION

Gross Profit as a percentage of revenue.

STRATEGIC/REMUNERATION/RISK CONTEXT

Increasing margins, day rates and fees, are all indicators of business quality and therefore important to maintain/improve as a niche specialist. As such, they are key strategic measures and components of the Group's bonus arrangements.

CONTRACT MARGIN

2013	20.2%
2012	21.5%

DEFINITION AND METHOD OF CALCULATION

Contract gross profit as a percentage of contract revenue.

STRATEGIC/REMUNERATION/RISK CONTEXT

Increasing margins, day rates and fees, are all indicators of business quality and therefore important to maintain/improve as a niche specialist. As such, they are key strategic measures and components of the Group's bonus arrangements.

GROSS PROFIT PER DAY RATE

2013	£81
2012	£85

DEFINITION AND METHOD OF CALCULATION

Contract gross profit per average number of working days.

STRATEGIC/REMUNERATION/RISK CONTEXT

Increasing margins, day rates and fees, are all indicators of business quality and therefore important to maintain/improve as a niche specialist. As such, they are key strategic measures and components of the Group's bonus arrangements.

PERMANENT FEES AVERAGE

2013	£12.7k
2012	£12.7k

DEFINITION AND METHOD OF CALCULATION

Average fees of permanent placements that started during the period.

STRATEGIC/REMUNERATION/RISK CONTEXT

Increasing margins, day rates and fees, are all indicators of business quality and therefore important to maintain/improve as a niche specialist. As such, they are key strategic measures and components of the Group's bonus arrangements.

GEOGRAPHICAL DIVERSIFICATION INTERNATIONAL (NON UK & IRELAND) MIX

2013	69%
2012	67%

DEFINITION AND METHOD OF CALCULATION

Split of gross profit by location of client, whether by country or other regional classification.

STRATEGIC/REMUNERATION/RISK CONTEXT

These indicate how well the Group is diversifying geographically and are important as the Group seeks to reduce its risk exposure to slower growth, more mature markets. As such, they are key strategic measures and components of theGroup's bonus arrangements.

CONTRACT/PERM MIX

2013	56%/44%
2012	51%/49%

DEFINITION AND METHOD OF CALCULATION

Proportion of gross profit attributable to contract and permanent placements.

STRATEGIC/REMUNERATION/RISK CONTEXT

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

CONVERSION RATIO

2013	10.9%
2012	12.6%

DEFINITION AND METHOD OF CALCULATION

The conversion ratio is the operating profit (before exceptional items) stated as a percentage of gross profit and measure both how productive consultants are and how effective the Group is at controlling the costs and expenses associated with its normal operations and its level of investment for the future.

STRATEGIC/REMUNERATION/RISK CONTEXT

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

KEY PERFORMANCE **INDICATORS**

CASH CONVERSION

2013 80%

2012 88%

DEFINITION AND METHOD OF CALCULATION

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

STRATEGIC/REMUNERATION/RISK CONTEXT

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

DAYS' SALES OUTSTANDING ('DSO') OR DEBTOR DAYS

2013 37

2012 37

DEFINITION AND METHOD OF CALCULATION

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

STRATEGIC/REMUNERATION/RISK CONTEXT

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

RISK MANAGEMENT

(see also section below and Corporate Governance Report)

2013 Aim to reduce risk profile for all key risks identified, where possible

2012 Aim to reduce risk profile for all key risks identified, where possible

DEFINITION AND METHOD OF CALCULATION

The Group has a well defined ERM framework embedded throughout the business using an EBITDA measurement scale to assess impact and probability. Risk appetite levels are set by the Board and risks are regularly reviewed to ensure continued alignment with strategy.

STRATEGIC/REMUNERATION/RISK CONTEXT

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

PEOPLE MEASURES (YE HEADCOUNT/CHURN)

2013 2,327 heads

2012 2,116 heads

DEFINITION AND METHOD OF CALCULATION

These are measures of employee retention and also an indicator of how well a business is run. Lower churn will generally result in increased productivity, as churn often occurs once consultants have become productive, through avoiding having to spend time constantly re-training each new intake. During the year, churn reduced in all but four existing countries, with one country staying the same.

STRATEGIC/REMUNERATION/RISK CONTEXT

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

INTERVIEWS

2013 Interviews have decreased year on year

2012 Interviews have increased year on year

DEFINITION AND METHOD OF CALCULATION

Number of interviews conducted by consultants per year.

STRATEGIC/REMUNERATION/RISK CONTEXT

Whilst this provides a general measure of sales team activity, the number of interviews required to translate into a placement can vary dramatically between perm/contract as well as sectors.

CREDIT RISK

(see also DSO above) – aged debt metrics: A. Current B. 0-30 days C. 31-60 days D. 61-90 days E. Over 91 days

	A	B	C	D	E	
2013	70%	20%	5%	2%	3%	100%
2012	72%	20%	5%	1%	2%	100%

DEFINITION AND METHOD OF CALCULATION

The Group has a well defined credit policy, which sets out certain minimum requirements in order to do business with potential clients/customer. The policy includes specific targets for DSO, ageing of receivables, credit evaluation and payment collection.

STRATEGIC/REMUNERATION/RISK CONTEXT

Adherence to this policy helped to ensure that the Group's exposure to customer/client default is to a minimum. The policy also helps to protect the Group in poor economic conditions.

STRATEGIC DEVELOPMENT/ UK FRAMEWORK (COUNTRY EXPANSION LIMITS)

2013 3 new offices in year, in Calgary, Tokyo and Berlin.

2012 4 new offices in year, in Oslo, San Diego, Rio de Janeiro and Brisbane.

DEFINITION AND METHOD OF CALCULATION

The Group has significantly enhanced its strategic development capabilities, to fully assess emerging market risks, off strategy risks, development pipeline and also set other new venture minimum KPIs, to ensure that they grow in a controlled and risk-contained manner, whilst also not neglecting the existing UK business.

STRATEGIC/REMUNERATION/RISK CONTEXT

Measures specifically focused on developing the business help to ensure that the Group is able to maximise its return on investments and minimise risks in each geography, whilst also building on the experience gained in setting up each strategic new venture.

COMPLIANCE TARGETS (BY COUNTRY/SECTOR)

2013 Contract retention/rate & duration/100% basic/higher risk sector documents

2012 Contract retention/rate & duration/100% basic/higher risk sector documents

DEFINITION AND METHOD OF CALCULATION

Above industry standard contractor compliance targets in respect of client/contractor terms, rates/duration/types and ID collection are set annually, plus there is zero tolerance on code of conduct breaches or fines. Measures are in line with Board approved risk appetite levels and reviewed on a monthly basis.

STRATEGIC/REMUNERATION/RISK CONTEXT

Compliance processes are regularly reviewed to align with changing local legislation, guard against deemed employment and to significantly mitigate risks in higher risk sectors, e.g. energy/resources, where insurance cover may also be strengthened.

ENVIRONMENTAL

(see also CSR report)

2013 Specific targets, including diversity and carbon footprint reduction

2012 Specific targets, including diversity and carbon footprint reduction

DEFINITION AND METHOD OF CALCULATION

Steadily improving targets are being set to reduce the Group's carbon footprint and also make savings in energy expenditure.

STRATEGIC/REMUNERATION/RISK CONTEXT

Measures are agreed strategically, but with local implementation parameters, based on specific office location, age etc.

FINANCIAL **CALENDAR**

2013

1
DECEMBER
Financial year end

2014

3
FEBRUARY
Results announced

24
APRIL
Annual General Meeting

30
APRIL
Ex-div date for final dividend

2
MAY
Record date for final dividend

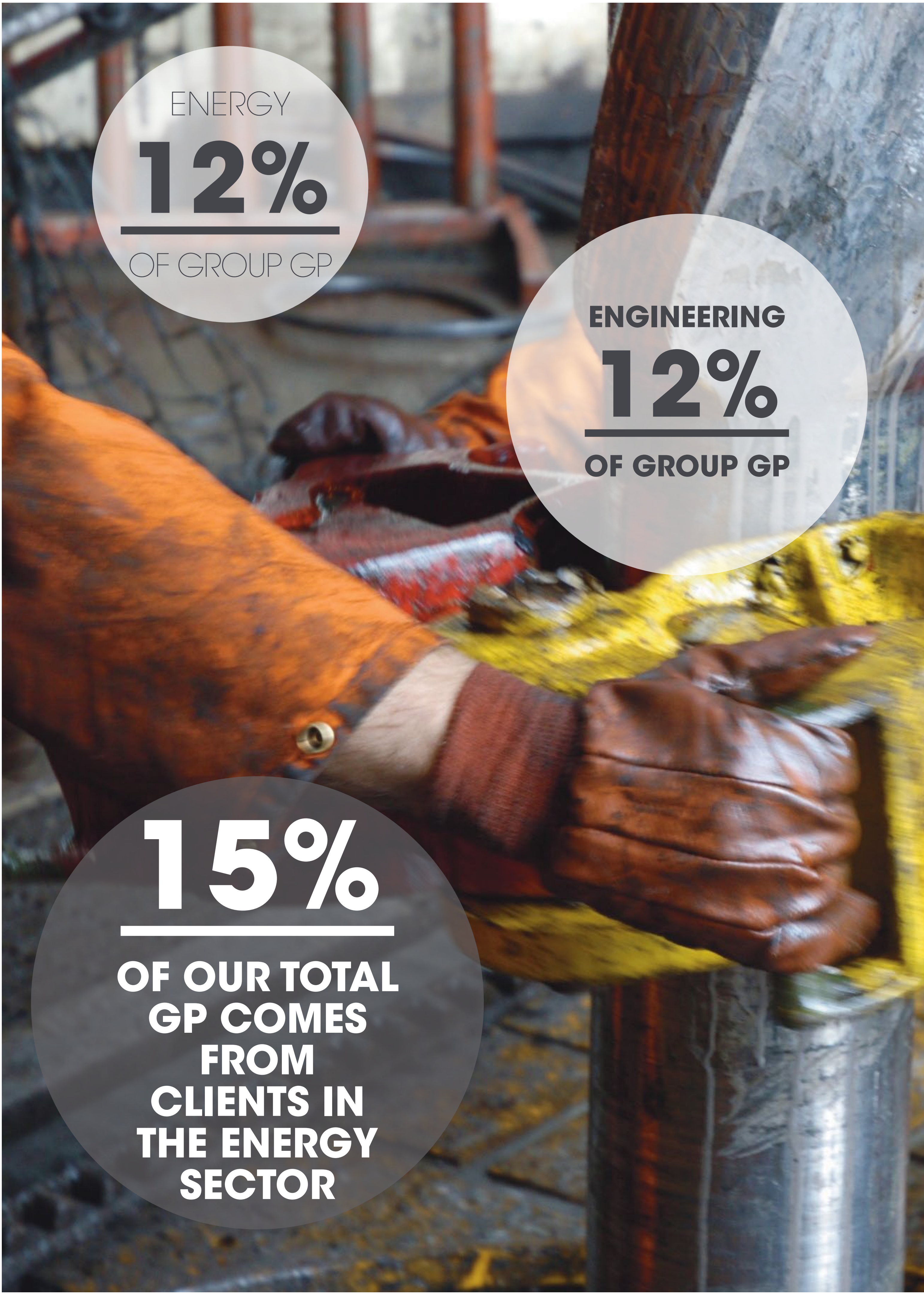
10
MAY
Dividend Reinvestment latest

1
JUNE
Half Year period end

4
JUNE
Final dividend payable

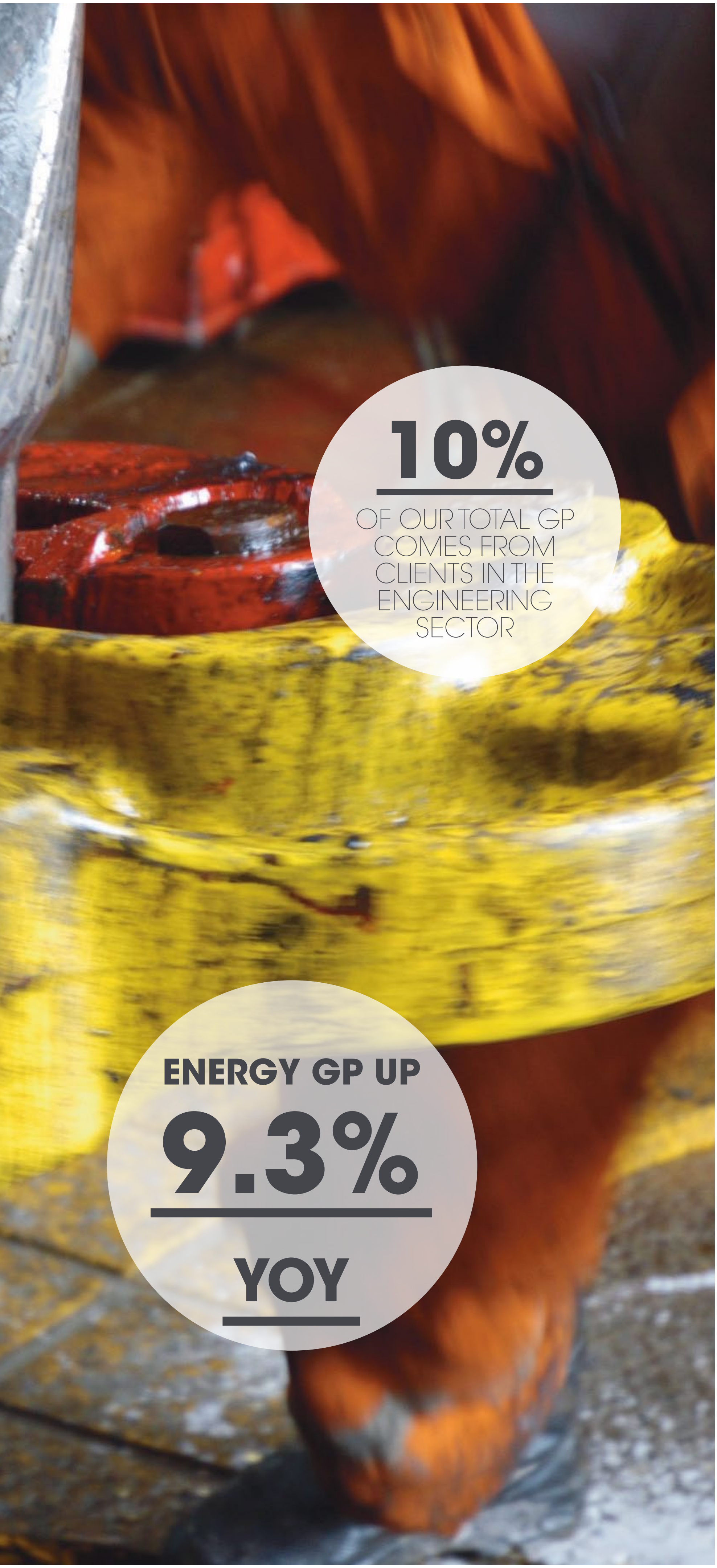
14
JULY
Interim results announced

EARLY
DECEMBER
Interim dividend payable


ENERGY
12%
OF GROUP GP
ENGINEERING
12%
OF GROUP GP
15%
OF OUR TOTAL GP COMES FROM CLIENTS IN THE ENERGY SECTOR

progressive

ENERGY & ENGINEERING



Energy and Engineering has a pivotal role in our sectoral and geographical expansion. Our strongest performing areas remain in the upstream space specifically focussed on exploration and production with a booming industry and a demographic change driving demand globally and we are also growing our downstream offering. As well as building on our European businesses, we have seen very strong growth in key areas such as the Americas, Asia Pac and placed in several new countries in the Middle East and Africa as we follow our clients globally.

We made a substantial investment in our contract business during 2013 resulting in considerable growth in the number of Energy contractors working with us. We have had a specific focus on offering contract solutions to majors and oilfield service companies on the back of the relationships opened up by our permanent teams. Our ability to deliver on perm and contract globally and our track record as a listed Group has led us to be given larger scale projects and services, such as mobilisation of ex -patriots globally. Therefore we have invested in our operations, support and contract services to support our clients and candidates whose projects take them to different parts of the world. We have taken on a number of hires with in depth industry experience whose knowledge has proved invaluable.

During the recession we maintained our classic engineering teams. We have a large presence in the UK and the Eurozone where we have teams working downstream markets and a full scope of Engineering disciplines in Energy, processing and manufacturing who are well positioned to take advantage of improved market conditions.

In summary we have excellent client and candidate relationships in place. Any further geographical expansion will be client driven and we will continue to invest in headcount and operations and to build up our services offering to support our clients in 2014.

BOARD OF DIRECTORS & SECRETARY

FOR THE YEAR ENDED 1 DECEMBER 2013

The Board brings together a wealth of experience across differing sectors and businesses on an international basis. Most importantly, all share a passion for the business and have a desire to maximise the opportunities available.

GARY ELDEN *Chief Executive Officer, from 1 January 2013*
Gary Elden was appointed to the Board in July 2008, having been with the Group since 1990, when he joined Computer Futures. He has held a number of senior positions, including that of founding Managing Director of Huxley Associates. In his role as Chief Strategy Officer, he had responsibility for the expansion of the Group's international operations and non-ICT disciplines. In June 2012, he was appointed as Deputy Chief Executive Officer and took over from Russell Clements as Chief Executive Officer on 1 January 2013.

STEVE HORNBUCKLE *Group Company Secretary and Legal Director*
Steve Hornbuckle joined the Group as Company Secretary in October 2006, taking charge of IR matters in 2011 and was appointed Legal Director in 2013. Steve has over twenty five years' company secretarial experience, having held senior positions within a variety of listed companies, including Intertek Group plc, BPB plc, Kidde plc, Railtrack Group plc, London & Manchester Group plc and English China Clays plc. Steve is a Fellow of the Institute of Chartered Secretaries ('ICSA'), sits on the ICSA Company Secretaries' Forum and Investor Relations Society Policy Committee and was voted Company Secretary of the Year in 2011.

CLAY BRENDISH *Chairman*
Clay Brendish, CBE joined the SThree Board in May 2010 as Non Executive Chairman. Clay is currently the Non Executive Chairman of Anite plc and a Director of the Test and Itchen Association Limited. In December 2012, Clay was appointed a Trustee of the Wessex Chalk Stream and Rivers Trust. Clay resigned as a Trustee of Economist Newspapers Ltd and as a Member of the Administrative Board of the Elster Group SE in mid 2012, whilst he also resigned as a Non-Executive Director of the BT Board in August 2011. In May 2001, Clay retired as Deputy Chairman of CMG plc, a European ICT company that was established in 1964. Clay's appointment as Deputy Chairman followed CMG's merger with Admiral plc in June 2000. Prior to the merger Clay was Executive Chairman of Admiral plc which he co-founded in 1979. Admiral plc employed over 2500 people in 8 countries.

TONY WARD *Non Executive Director (Senior Independent Non Executive Director)*
Tony Ward, OBE was appointed to the SThree Board in August 2006 and to the SThree Remuneration and Nomination Committees in October 2006. Tony currently chairs the Remuneration Committee and has over thirty years experience in a variety of senior executive roles with blue chip companies, including BAA plc, Kingfisher plc and Grand Metropolitan Group plc. He joined BAA in 1997 as Group HR Director and was Services Director from 1999 until March 2007, being responsible for activities including IT, Security, Rail and Airside Operations. Tony was a board director of BAA plc between November 1999 and July 2006. Tony is a Non Executive Director of OCS Group Limited, an advisor to Board Advisory Partners, a Consumers' Association Council Member, a Which? Board Member, 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.

ALEX SMITH *Chief Financial Officer*
Alex Smith joined SThree in May 2008, having held a number of senior financial and operational roles in the leisure and retail sectors. He previously held the position of Integration Finance Director at TUI Travel PLC and he was Finance Director of First Choice's UK Mainstream business. Prior to these positions he was Managing Director of WH Smith's Travel Retail business and held senior financial roles at Travelodge and Forte PLC. Alex has a degree in Economics from Durham University and is an Associate of the Institute of Chartered Accountants in England & Wales.

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

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

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

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

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

PAUL BOWTELL *Non Executive Director, until 24 April 2014*
Paul Bowtell was appointed to the SThree Board and as Chairman of the SThree Audit Committee in November 2007 and Nomination Committee in April 2008. He is currently a Non Executive Director of Capita plc and Chief Financial Officer of Gala Coral Group Limited. Paul has extensive experience gained from senior finance roles in a variety of companies including most recently as Chief Financial Officer of TUI Travel PLC, but also with First Choice Holidays PLC and British Gas, a subsidiary of Centrica plc, where he was appointed Finance Director in 2002. Prior to that, Paul was with WH Smith plc, where he held a number of corporate centre roles before becoming Finance Director of the UK Retail business, as well as senior tax roles at Forte and Arthur Andersen. Paul is an Associate of the Institute of Chartered Accountants in England & Wales.

NADHIM ZAHAWI *Non Executive Director*
Nadhim Zahawi, MP was appointed to the SThree Board and to the Remuneration and Audit Committees in May 2008. Nadhim is the former CEO and co-founder of YouGov plc, a leading international online market research agency and became MP for Stratford on Avon in May 2010. He is a member of the Business Innovation and Skills Select Committee of the House of Commons and has recently been promoted to the No.10 Policy Board. He is the author of *Masters of Nothing – The crash and how it will happen again unless we understand human nature.* He is a member of the Policy and Advocacy Board of the International Rescue Committee and is a trustee of UpRising. He was previously European marketing director at Smith & Brooks, with responsibility for marketing brands such as Warner Bros, Disney and Barbie. Nadhim is a patron of Peace One Day and holds a degree in Chemical Engineering from UCL.

STEVE **QUINN**

CEO FOR AMERICAS

I took over the management of the Americas Region from Gary Elden in January 2013 and have since relocated my family from London to be based in New York.

YEAR AT A GLANCE

The Americas business delivered 32% GP growth in 2013. The North America Region in particular is the fastest growing in SThree and offers us a game changing opportunity. We now have an offering in each of our four core sectors; Life Sciences, ICT, Energy and Banking. The USA is the largest life sciences market in the world and our Real Staffing brand is our largest brand in the USA.

Progressive Global Energy is our fastest growing brand and the second largest. This brand is currently delivering a specialist service to the oil and gas market in Texas, Calgary and Latin America. We are well placed to continue to benefit from the resurgence of the energy sector in the USA in particular.

Huxley Associates experienced strong growth on contract and providing niche technology recruitment in the financial markets of New York, Chicago, Boston and Sao Paulo.

We have launched Computer Futures in San Francisco and New York and believe the Tech space offers us an attractive and scalable opportunity in the region.

HUB STRATEGY

We have identified four super hub locations: New York, Chicago, Houston and San Francisco. We will continue to open offices in line with a market or client opportunity, however we will build virtual teams from the hubs first.

In 2013 in my role as Chief Operating Officer, I led the Connect The World Project. The project was delivered on time and below budget. As a result we have opened a support services hub in Houston to help build an infrastructure for growth.

Huxley Associates

BANKING & FINANCE

Banking and Finance has formed a key part of SThree's strategy since the creation of Huxley Associates, in London in 1995. Huxley Associates remains our primary Brand in this sector, and now has a truly global footprint with offices in 17 key financial centres. Our strongest performing area remains technology within Investment Banking, though through the crisis, we have increasingly diversified our offering into other areas of Financial Services, including Insurance, Asset Management, Retail Finance and Commodities.

2013 saw growth in our contract business across the globe, with the USA leading the way, whilst our most mature contract market, the UK, also witnessed strong performances, as we moved into new candidate disciplines, focusing on non technology areas, such as change and operations. We have also started investing in our contract teams in Asia, and expect this to be an additional growth area for 2014.

The Permanent market place witnessed a good increase in productivity in 2013, and we expect to see growth in headcount numbers in 2014. Whilst technology remains strong, we see increasing opportunities within middle office, along with risk and compliance positions, as regulatory changes take force.

We see an increasingly global market place, as location strategies form a large part of the talent planning for financial companies throughout the world. From India to Eastern Europe, and from Manchester to Dallas, off shoring and near shoring are here to stay, as costs become an increasing focus in the marketplace. SThree is ensuring that our customer interface and delivery is flexible to be able to deliver a strong service to our clients, whichever location they choose.

In summary, 2014 will see us expanding our operations by servicing new locations from our existing hubs and reinforcing our service offering to different parts of the Financial Services industry.


18%
OF OUR TOTAL GP COMES FROM CLIENTS IN THE BANKING SECTOR
BANKING STEADY AT
15%
OF UK GP

JUSTIN **HUGHES**

CEO FOR ASIA PACIFIC AND MENA

I am currently based in Hong Kong, with responsibility for realising SThree's strategic growth plans across Asia Pacific and MENA.

The Asia Pacific and MENA region represents one of SThree's most exciting opportunities for growth in the coming years. Containing some of the most dynamic economic growth in the world and a healthy balance of mature economies and rapidly developing economies, the region is of particular interest to SThree due to its sector spread. With a proliferation of Oil and Gas, Resources and Banking opportunities, mixed with some mature ICT and Pharmaceutical markets, the region sits directly in SThree's strategic sweet spot. It also completes the global brand offering for the respective sectors.

Despite opening its first office in the region (Hong Kong) only as recently as 2007, APAC and MENA already accounts for 17% of SThree's permanent GP. With offices now well established in Singapore, Sydney, Perth, Mumbai, Dubai and Tokyo, and a highly experienced management infrastructure on the ground, SThree has put the foundations in place to maximise the enormous market potential of the region, which will see it play a critical part in SThree's medium and long term success.

DIRECTORS' **REPORT**

FOR THE YEAR ENDED 1 DECEMBER 2013
STEVE HORNBUCKLE GROUP COMPANY SECRETARY

OVERVIEW

The Directors present their Annual Report on the activities of the Group, together with the financial statements for the year ended 1 December 2013 and the Board confirms that these, taken as a whole, are fair, balanced and understandable and that the narrative sections of the report are consistent with the financial statements and accurately reflect the Group's performance and financial position.

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

SThree is a multi national specialist staffing business, comprised of four main operating brands. Since creation in 1986, the Group has grown organically and now has a diverse client base of over 7,000, with 55 offices globally. Originally focussed on ICT, the Group has steadily broadened its operations into the Energy & Engineering, Banking and Finance, and Life Sciences sectors. SThree listed in London in 2005 and in 2007 launched a Level One ADR facility in the US.

RESULTS, DIVIDENDS, EXCEPTIONAL ITEMS, GOING CONCERN AND POST BALANCE SHEET EVENTS

Information in respect of the Group's results, dividends, exceptional items and other key financial information is contained within the Strategic Report, Chairman's and other officers' sections of this Annual Report. A going concern statement is included within the Corporate Governance

Report. There have been no significant events occurring since the balance sheet date, other than the restructuring of the Group's UK businesses under an LLP and creation of related capital interests, approved in general meeting.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company, including their biographies, are shown within the Board of Directors and Secretary section of this Annual Report, with further details of Board Committee membership being set out in the Corporate Governance Report. All Directors served throughout the financial year, except as disclosed, and in accordance with the UK Corporate Governance Code, all will retire at the 2014 AGM and submit themselves for election or re-election, as necessary. Further information is contained in the Notice of Meeting.

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

ESSENTIAL CONTRACTORS AND IMPLICATIONS FOLLOWING A CHANGE OF CONTROL OR TAKEOVER

The Group has business relationships with a number of contractors but is not reliant on any single one and there are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover offer, with the exception of the RBS revolving credit facility agreement, in place from January 2012.

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

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

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

Entrepreneurial employees within the Group often create ideas for new business opportunities, which the Group may elect to pursue and develop. Historically the Group has engaged with such individuals in setting up new brands for the purpose of pursuing these new ideas, which have typically evolved organically out of one of the existing SThree businesses, with the relevant managers then being given the opportunity to manage and develop that new brand. Typically, those managers of the new SThree brand will be able to invest, at the Company's discretion, in the new venture and share in its success as well as the risk of failure.

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

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

Although there are a number of different businesses in which individuals are invited to invest, each invitation will be on generally similar terms to that used previously and it is normally therefore appropriate to put only one resolution to shareholders each year, with each authority being granted for five years, although automatically renewed at each following AGM, or any adjournment thereof.

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

AUTHORITY TO MAKE PURCHASES OF OWN SHARES

The Company is, until the date of the forthcoming AGM, generally and unconditionally authorised to buy back a proportion of its own ordinary shares. During the year 377,903 shares were purchased in the market for £1,272,000 (representing 0.31% of share capital as at the year end), which are held as treasury shares and the Directors will seek to renew the authority to purchase up to 10% of the Company's issued share capital at the AGM.

DIRECTORS' INDEMNITIES, DIRECTORS' AND OFFICERS' INSURANCE AND CONFLICTS OF INTEREST

Section 236 of the Companies Act 2006 allows companies the power to extend indemnities to Directors against liability to third parties (excluding criminal and regulatory penalties) and also to pay Directors' legal costs in advance, provided that these are reimbursed to the Company should the individual Director be convicted or, in an action brought by the Company, where judgment is given against the Director. The Group currently has in place and has maintained such a policy throughout the year, which will reimburse the Company for payments made to Directors (including legal fees), for all admissible claims. The Board also confirms that there are appropriate procedures in place to ensure that its powers to authorise Directors' conflicts of interest are operated effectively.

CORPORATE GOVERNANCE, FINANCIAL INSTRUMENTS AND RESEARCH AND DEVELOPMENT

Please refer to the separate Corporate Governance Report. Information in respect of financial instruments is set out in the notes to the financial statements. The only expenditure incurred in the area of research and development relates to software and system development, as shown in the notes to the financial statements.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDINGS

Details of the authorised and issued share capital of SThree plc, together with movements during the year are shown in the notes to the financial statements.

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

SUBSTANTIAL **SHAREHOLDINGS**

NAME OF SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE SHAREHOLDING
Franklin Templeton Institutional LLC	13,741,919	11.14%
William Frederick Bottriel	7,238,245	5.86%
HBOS plc	6,983,314	5.21%
J O Hambro	6,280,338	5.21%
FMR LLC	6,400,868	5.20%
JP Morgan Chase	7,021,061	5.07%
F&C Management	6,096,679	5.02%
Blackrock	6,137,031	4.99%
Fidelity	6,028,475	4.95%
Standard Life Investments Ltd	5,845,830	4.78%
AXA S.A. and its group of companies	5,153,356	4.23%
Sunil Wickremeratne	5,154,437	4.17%
Legal & General	4,841,179	3.97%
Russell Clements	4,015,163	3.25%
Martin Currie	4,314,627	3.12%
Norge AS Bank	3,775,188	3.07%

CORPORATE & SOCIAL RESPONSIBILITY ('CSR'), INCLUDING CARBON DIOXIDE EMISSIONS

The Board pays due regard to environmental, health and safety and employment responsibilities and devotes appropriate resources to monitoring compliance with and improving standards. The Chief Executive Officer has responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources. Further information, including carbon dioxide emissions data, is contained in the CSR Report, whilst information on employee share plans and share ownership is contained in the Directors' Remuneration Report.

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

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

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

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

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

ANNUAL GENERAL MEETING ('AGM')

The AGM of the Company will be held on 24 April 2014, at 5th Floor, GPS House, 215-227, Great Portland Street, London, W1W 5PN. A separate notice details all business to be transacted.

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as 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 AGM proposing their re-appointment as auditors for the ensuing year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

By order of the Board

STEVE HORNBUCKLE

Group Company Secretary

31 January 2014

Registered Office:

5th Floor, GPS House,

215-227 Great Portland Street,

London, W1W 5PN

LIFE SCIENCES

SThree has been active in the Life Sciences arena for over 10 years, trading primarily through Real Staffing. We serve our clients from 15 offices globally concentrated in Europe, Asia Pac and the USA.

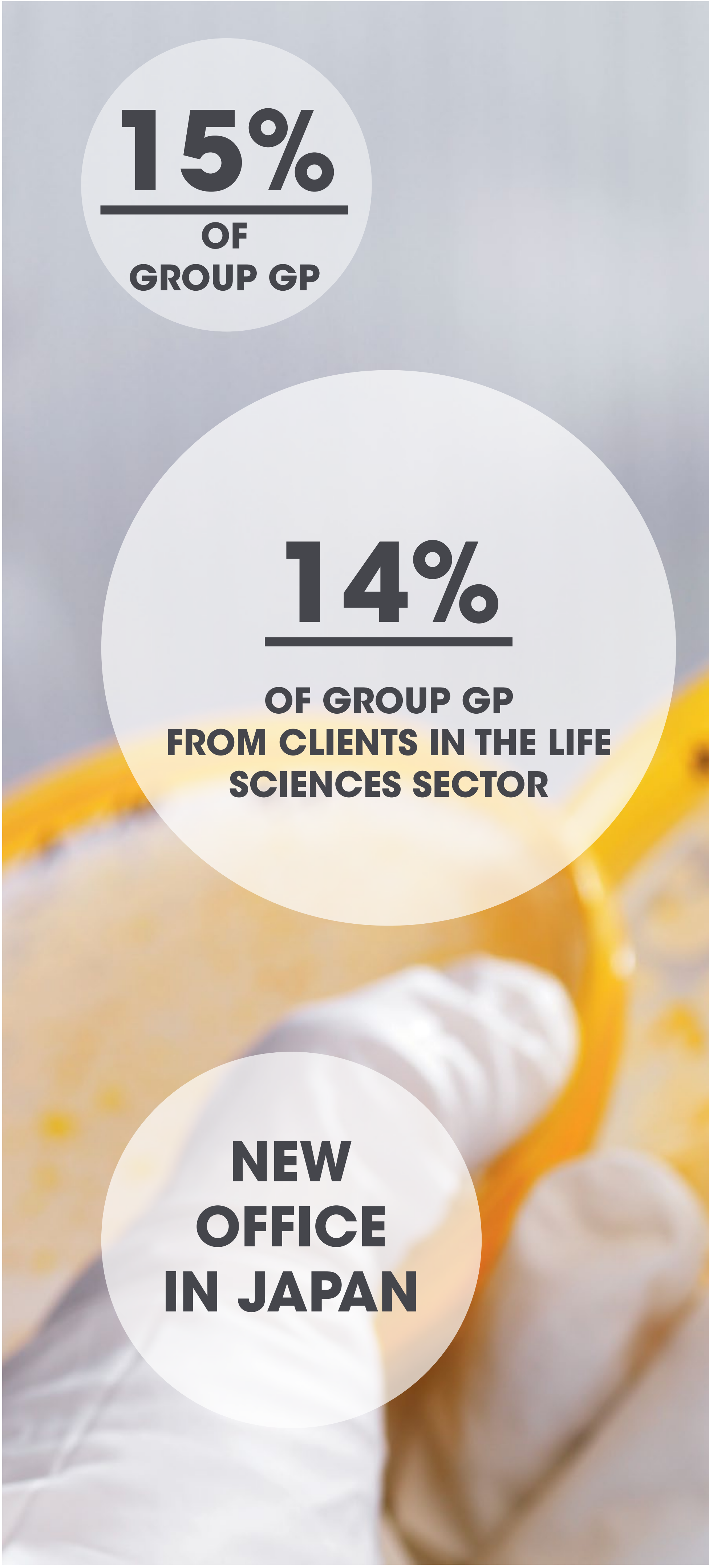
Life Sciences has become SThree's fastest growing sector in recent years showing strong demand for permanent and temporary staff. We place industry specialists primarily with pharmaceutical, biotechnology and medical technology companies. We also work closely with their suppliers.

In 2013 we have seen most rapid growth in demand for temporary staff and have seen overall growth across all of our regions. We also set up new operations in Japan and Ireland.

Our primary focus has been on clinical development, regulatory affairs, manufacturing, sales and marketing. We have seen increasing demand in compliance related roles, as industry regulation continues to grow. Our business has evolved from being primarily focused on recruiting permanent staff to also supplying contractors.

In recent years we have seen demand for flexible staffing solutions increase. In the Pharmaceutical sector specifically, this has been in response to the rising cost of drug development and the so called 'patent cliff' which has driven some companies to speed up their development of new products.

In 2014, we will develop to cover further specialist markets in reaction to demand from the pharmaceutical, biotechnology and medical technology verticals whilst also expanding our proposition into other regulated sectors within Life Sciences such as chemicals and food.

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PERIOD END CONSULTANT HEADCOUNT UP 28% YOY
LIFE SCIENCES GP UP 18.3% YOY

DIRECTORS' REMUNERATION **REPORT**

FOR THE YEAR ENDED 1 DECEMBER 2013
STATEMENT BY REMUNERATION COMMITTEE CHAIRMAN, TONY WARD, OBE

The Remuneration Committee ('the Committee') continues to monitor and evaluate the suitability of the Group's overall remuneration arrangements, in relation to changes in strategic objectives; the business/organisational model; best practice; market changes; and the wider employee base. It is assisted in this activity by external advisors, Deloitte LLP, together with internal specialists.

The following highlights some of the year's key remuneration elements, demonstrating the strong linkage between remuneration and performance, in pursuit of strategic business objectives, although overall policy is consistent with the implementation in prior years:

- Director base salaries were broadly maintained, with 3% cost of living increases only;
- performance elements were re-aligned in terms of profit growth targets, to reflect regional remit changes and help better deliver key strategic goals;
- in respect of the 2011 Long Term Incentive Plan ('LTIP'), vesting in early 2014, based on the performance criteria, 51% of the TSR portion of the award and none of the EPS portion of the award has vested, reflecting the difficult trading conditions over the 3 year performance period;
- other benefits were reviewed to ensure market competitiveness, with the level of pension salary supplement being increased, from a relatively low base, across the Group's most senior cohort.

A key change this year was the decision to further enhance the Group's entrepreneurial bedrock by the creation of an LLP for the UK business, thereby enabling selected senior managers to become partners and receive capital interests in a more flexible manner than existing MI tracker share arrangements. Following a full remuneration consultation with investors in October 2013, a general meeting to approve this change was held in December 2013, with over 95% of votes cast being supportive of the proposal.

In line with growing best practice, we continue to foster close relations with our major stakeholders by engaging on key remuneration and policy matters at an early stage, allowing investors the opportunity to fully consider any proposals well in advance of any shareholder meeting and reflecting the Group's desire to raise investors' levels of engagement and thereby improve stewardship. We believe that this approach will only serve to foster a much deeper understanding of the Group's approach to remuneration and we have received consistently positive feedback and support during this process. At our AGM in April 2013, and again during the most recent consultation, no major concerns were raised by investors and consequently there were no significant votes against any of the remuneration related resolutions.

The Group has also recently created regional CEO roles, replacing the COO and MD Asia Pacific titles and better reflecting the importance of our strategic growth plans for both the Americas and Asia Pacific. Performance elements have been re-aligned with this in mind, by including appropriate regional criteria within the bonus and LTIP measures/targets.

Despite these remit changes and the growing experience of our most recently appointed Board members, we awarded only cost of living increases of 3% to the main Board Executives, which aligns with both our wider employee base; as well as reflecting our subdued performance in uncertain markets. (Our normal policy is to reflect the growth in both competency and experience of individuals in the levels of annual increases, progressing from 'entry' levels of base pay). Total Group spend on all employee remuneration in the reporting period was £128.8m (2012: £127.3m), up marginally on the prior year, despite a slight decrease in average headcount.

Finally, in terms of other benefits, the Group has been aware for some time that the level of pension salary supplement it provides has lagged behind many of its peers. Consequently, a Group wide review of benefits is currently underway, linking in with pension auto enrolment. This review is likely to recommend improving this benefit at all levels within the organisation, in order to maintain competitive terms of employment, and minimise staff turnover.

The analysis undertaken so far resulted in a proposal to increase this supplement for the most senior cohort within the organisation from 10% to 15% of salary, from 1 December 2013. This increase will equally apply to the main Board Executives. In making its assessment on this, the Committee conducted analysis against the market to ensure that the proposed level was appropriate.

T Ward

TONY WARD,
OBE, Senior Independent Director
Chairman of the Remuneration Committee
31 January 2014

POLICY REPORT

This report provides details on the Group's remuneration policy and will be put to shareholders by way of a binding vote at the AGM in 2014. The policy is intended to take effect immediately following shareholder approval and will run for three years, at which point it will be subject to a further vote. Application of the policy during this period is intended to be consistent with the parameters set out below.

The report also complies, as necessary, with other regulations, including the Listing Rules and the UK Corporate Governance Code. Regulations currently require the auditors to report to the Company's shareholders on the 'Annual Report on Remuneration' and to state whether in their opinion this part of the report has been properly prepared in accordance with the Companies Act 2006 (as amended).

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

CURRENT AND FUTURE POLICY **TABLE**

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

CURRENT AND FUTURE POLICY **TABLE**

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

CURRENT AND FUTURE POLICY **TABLE**

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

PERFORMANCE RELATED ELEMENTS

Annual Bonus

The Committee's policy is to review measures for the bonus scheme annually, across a range of metrics, so that they continually align with strategic objectives. The table below shows the measures/weighting and result for 2013. For future years, profit based metrics will continue to receive a significant weighting, although all measures are re-calibrated annually, in order to reflect the prevailing strategic emphasis and underlying market.

BONUS **POLICY**

PERFORMANCE MEASURE FY 2013	MAXIMUM POTENTIAL (% SALARY)	ACTUAL RESULT (% SALARY)
PBT (pre-exceptionals)	33.6%	-
Conversion ratio	29.4%	-
Cash conversion	21.0%	21.0%
Contractor model/compliance	10.8%	9.1%
People measures	10.8%	8.6%
Leadership action plans (Henley)	10.8%	10.8%
Projects, incl clients, expansion, support hubs, etc	3.6%	3.6%
Total	**120%**	**53.1%**

The Committee may exercise discretion in assessing achievement against each stated target where it considers that it would be fair and reasonable to do so and, to date, the Committee has applied discretion only once, when an average bonus equal to 50% of salary was awarded in respect of FY 2008, based upon the Committee's assessment of achieving a level of profit that was appropriate in light of the exceptional market conditions and the very good performance which resulted.

The Committee also pays due consideration to risk management as well as environmental, social and governance ('ESG') issues, to ensure that the bonus structure does not inadvertently encourage irresponsible behaviour. Clawback or malus provisions may also be applied if the Committee considers that there has been deliberate manipulation or dishonesty, leading to an inappropriate bonus payment.

Long Term Incentive Plan ('LTIP')

The LTIP has been designed to reward consistently high earnings growth, as well as delivery against key sector comparators. Key policy features of the LTIP are as follows:

- Performance criteria is reviewed annually and is split between relative Total Shareholder Return ('TSR') and Earnings Per Share ('EPS') measures, although appropriate regional growth targets have now been introduced for the Americas and Asia Pacific & MENA CEOs, reflecting the importance of the Group's strategic growth plans for both the Americas and Asia Pacific and relating to up to one third of their total LTIP award. These targets are based on delivery against budgeted regional growth forecasts and are commercially sensitive;
- The Committee's policy is to set LTIP performance measures designed to withstand variable market conditions. In its normal modelling of potential EPS scenarios, the Committee uses as the start point an 'updated consensus' market view for EPS, as far as any forecasts are available, stripping out any outdated or outlying estimates and then extrapolating a figure for the third year. It also factors in the latest economic assessments for the various trading regions/sectors, as well as other internal projections, albeit hampered by limited forward visibility. During the most recent exercise, the Committee considered that, whilst FY 2013 had seen some, limited optimism return to the markets, many of the Group's trading regions were still relatively subdued and there remained significant political and economic uncertainty. In the light of this, the Committee concluded that SThree's existing EPS targets were already appropriately stretching and, if achieved, would deliver a significant return for shareholders in demanding economic conditions and so should remain as they are;
- The current TSR peer group consists of circa 40 UK-listed companies, all being recruitment or service companies from the FTSE Support Services, AIM or Fledgling indices, as follows: Empresaria Group plc, Experian plc, Garner plc, Harvey Nash Group plc, Hays plc, Healthcare Locums plc, Hexagon Human Capital plc, Highams Systems Services Group plc, Hyder Consulting plc, Hydrogen Group plc, Impeilam Group plc, Interquest Group plc, Kellan Group plc, Management Consulting Group plc, Matchtech Group plc, Page Group plc, Mitie Group plc, Morson Group plc, Network Group Holdings plc, Networkers International plc, Office2office plc, Penna Consulting plc, Pinnacle Staffing Group plc, Prime People plc, Regus plc, Rethink Group plc, Ricardo plc, Robert Walters plc, RPS Group plc, RTC Group plc, Saville Group plc, Servoca plc, Staffline Group plc, Tribal Group plc, Waterman Group plc, White Young plc, Work Group plc, World Careers Network plc and WS Atkins plc. This list is reviewed annually and may be changed for future awards at the discretion of the Committee;
- The TSR and EPS targets to be used for the next planned LTIP awards (anticipated in early 2014), are summarised in the table below. The performance measures, targets and the proportion of awards linked to each, are reviewed and communicated annually by the Committee, in the light of the current trading environment, internal and external forecasts, as well as the guidelines of key investor bodies and may be changed for future awards to ensure that they remain appropriate;
- The preferred EPS growth measure is Compound Average Growth Rate ('CAGR'), as it rewards value creation equally over the period covered by the incentive. Pre-exceptional, basic EPS is used as the basis for awards, so that any material abnormal influences are excluded, with any abnormal influences which are not material but still significant, being highlighted to the Committee for consideration as to their treatment;

LTIP PERFORMANCE **CONDITIONS**

PERCENTAGE OF AWARD THAT VESTS	COMPANY'S TSR RANKING AGAINST COMPARATOR GROUP OVER PERFORMANCE PERIOD	COMPANY'S EPS GROWTH OVER PERFORMANCE PERIOD
None	Below median	Below RPI plus 6% pa
30%	Median	RPI plus 6% pa
80%	N/A	RPI plus 13% pa or better
100%	Upper quartile or better	RPI plus 15% pa or better
Pro rata on a straight line	Between median and upper quartile	Between RPI plus 6%-13% and RPI plus 13%-15%

- The Committee may use discretion in assessing the performance of the LTIP, provided that it would be fair and reasonable to do so. Since the creation of the LTIP in 2006, discretion has been applied only once by the Committee, which resulted in a 10% upwards adjustment of the relevant award payout;
- Clawback or malus provisions may also be applied if the Committee considers that there has been deliberate manipulation or dishonesty, leading to an inappropriate LTIP award.

Service contracts and outside appointments

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

Obligations under service contracts and payments for loss of office

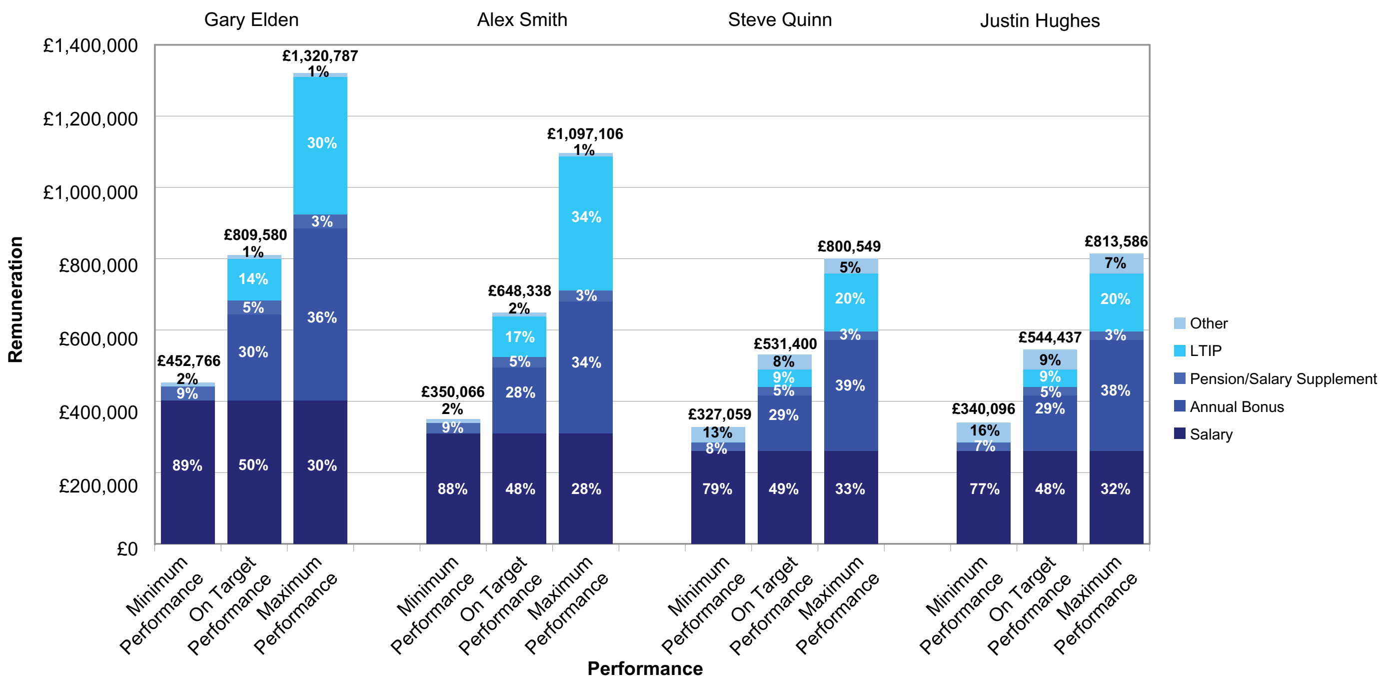
Each service contract gives a right to base salary and benefits in the event of early termination, subject to otherwise satisfactory job performance, with mitigation generally required to reduce any compensation payable.

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

Tracker share ('minority interest') arrangements

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

ILLUSTRATION OF FY 2014 EXECUTIVE DIRECTORS' REMUNERATION*



*Using FY2014 base salary, FY 2013 other benefits and LTIP/Annual Bonus thresholds of nil, on target and maximum vesting

EMPLOYEE BENEFIT TRUST AND SHARE PLANS

The Group has a culture that encourages tax efficient share participation at all levels. An Employee Benefit Trust ('EBT'), originally funded by gifts from Directors, hold assets comprising shares in the Company, with shares also held as 'Treasury Shares'. Shares in the EBT or held in Treasury, are held for awards and grants under the Group's various share option and share award schemes, which include the LTIP, Savings Related Share Option Scheme ('SAYE Scheme') and a Share Incentive Plan ('SIP') as well as to satisfy tracker share purchases. The Company intends to make available similar share plans in other jurisdictions, subject to local laws, etc, where commercially viable and has set the critical mass of headcount for roll out in each country to at least 100 employees.

Generally, in the event of a takeover, or similar, under the Group's share plans, shares may generally vest or options exercised early, with the Committee normally taking into account the length of time between the start of any holding period and the triggering event, as well as the level of any performance criteria, up to the date of the triggering event. The Committee may also alter the rules of any share plan provided that this is not to the advantage of participants, in which case prior approval of the Company in general meeting must be obtained, whilst any amendment that is to the disadvantage of participants requires the consent of a majority of them. Under the SIP, shares are purchased on a monthly basis, at the then market price and matching shares are awarded on a 1:2 basis, provided that participants do not sell their purchased shares and also remain in employment within the Group for at least one year. In terms of dilution, the Committee intends that awards under the LTIP, EBT and other share plans should be satisfied by a combination of existing EBT shares, Treasury Shares, market purchases and new issue shares. Where new issue shares are used, this will comply with the guidelines provided by the Association of British Insurers. Expected value calculations of share incentives are not disclosed as these are not considered meaningful.

JOINT OWNERSHIP PLAN ('JOP')

The Company also operates a Joint Ownership Plan ('JOP'), in respect of some of the unapproved LTIP awards, with JOP options over existing LTIP awards being granted to participants, at exercise prices of 60p, 73p and 78p per share. In order to satisfy upfront tax and NIC liabilities on JOP awards, loans have been made available to all participants. These loans carry interest at the prevailing HMRC official rate and are normally to be repaid at exercise. Current loan amounts outstanding are: Russell Clements £55,532; Gary Elden £43,957; Alex Smith £43,021; Steve Quinn £nil; and Justin Hughes £17,501. Prior to the introduction of the JOP, the Committee undertook modelling to ensure that there was no significant cost exposure for the Group.

APPLICATION OF POLICY

Executive Directors' base salary changes/comparison to broader employee population

For FY 2014, the Committee has agreed that, despite extending the remits for the CEOs of Americas and Asia Pacific & MENA, as well as the growing experience of our other Board members, it is appropriate to award only cost of living increases of 3% to the main Board Executives. This aligns with the increases awarded to employees generally (although employees were not specifically consulted), as well as reflecting the Group's subdued performance in uncertain markets. The table below illustrates these changes (effective for FY 2014) as well as showing Executives' dates of appointment.

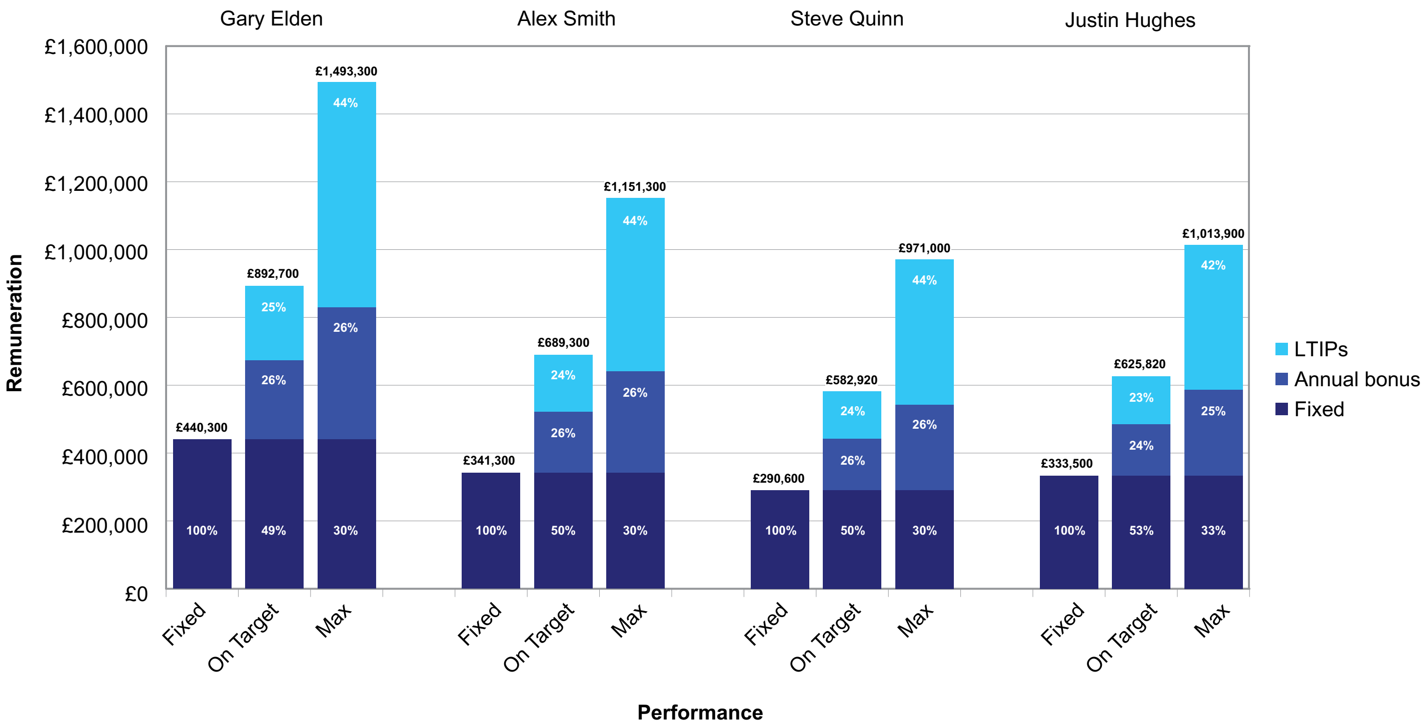
	DATE APPOINTED TO BOARD	BASE SALARY – 2012	BASE SALARY – 2013	BASE SALARY – (FROM 1 DEC 2013)	INCREASE – (FROM 1 DEC 2013)
Russell Clements, retired in April 2013	11 Nov 2005	£382,892	£382,892(i)	N/A	N/A
Gary Elden, CEO (from 1 January 2013)	14 April 2008	£340,000	£390,000(i)	£401,700	3%
Alex Smith, CFO	7 May 2008	£284,311	£300,000	£309,000	3%
Steve Quinn, CEO Americas	1 June 2012	£240,000(ii)	£252,000	£259,560	3%
Justin Hughes, CEO Asia Pacific & MENA	1 June 2012	£240,000(ii)	£252,000	£259,560	3%

(i) Gary Elden was appointed CEO on 1 January 2013, whilst Russell Clements retired at the AGM in April 2013, although their most recent full year salary is shown, without any pro-rating.

(ii) Steve Quinn's and Justin Hughes' salaries were increased from £190,457 to £240,000 upon promotion to the main Board on 1 June 2012.

RATIO OF FIXED TO VARIABLE PAY AT VARIOUS PERFORMANCE LEVELS

The ratio of fixed to variable pay at various performance levels, including target, maximum and below-target performance, is as follows:



ANNUAL REPORT ON REMUNERATION

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

NED fees are set out, along with dates of appointment, in the table below. Fees have not been increased since December 2011.

NED **FEES**

NON EXECUTIVE DIRECTOR	DATE APPOINTED	TOTAL FEES – 2012	TOTAL FEES – 2013	COMMITTEE CHAIR
Clay Brendish	1 May 2010	£125,000	£125,000	Nomination Committee
Alicja Lesniak	3 May 2006	£40,000	£40,000	N/A
Paul Bowtell	5 November 2007	£46,000	£46,000	Audit Committee
Nadhim Zahawi	1 May 2008	£40,000	£40,000	N/A
Tony Ward	14 August 2006	£46,000	£46,000	Remuneration Committee
Total		**£297,000**	**£297,000**	

Single total figure for Directors' remuneration (Audited)

The table below shows Directors' emoluments for the current and prior year, with details of the annual bonus outturn for FY 2013 being set out in the policy report earlier. Other than the LTIP awards disclosed below, no other awards vested to any Director in the year to 1 December 2013.

DIRECTORS' EMOLUMENTS

DIRECTOR	SALARY & FEES 2013 £'000	OTHER TAXABLE BENEFITS (ii) 2013 £'000	ANNUAL BONUS 2013 £'000	EQUITY AWARDS 2013 £'000 (vii)	PENSION SALARY SUPPLEMENT (i) 2013 £'000	2013 TOTAL £'000
EXECUTIVE DIRECTORS						
Russell Clements (iii)	190.1	5.6	136.1	107.6	21.9	461.3
Gary Elden (iv)	390.0	11.3	207.1	105.4	39.0	752.8
Alex Smith	300.0	11.3	159.3	102.7	30.0	603.3
Steve Quinn (vi)	253.6	19.7	134.7	44.2	18.9	471.1
Justin Hughes (vi)	264.2	49.8	140.3	44.2	31.7	530.2
NON EXECUTIVE DIRECTORS (X)	297.0	–	–	–	–	297.0
AGGREGATE EMOLUMENTS	**1,694.9**	**97.7**	**777.5**	**404.1**	**141.5**	**3,115.7**

DIRECTOR	SALARY & FEES 2012 £'000	OTHER TAXABLE BENEFITS (ii) 2012 £'000	ANNUAL BONUS 2012 £'000	EQUITY AWARDS 2012 £'000 (viii)	PENSION SALARY SUPPLEMENT (i) 2012 £'000	2012 TOTAL £'000
EXECUTIVE DIRECTORS						
Russell Clements (iii)	380.1	11.0	353.1	512.5	38.3	1,295.0
Gary Elden (iv)	311.7	17.9	289.6	394.6	37.1	1,050.9
Alex Smith	284.3	11.0	264.1	385.1	28.4	972.9
Steve Quinn (v)	213.4	4.6	199.9	134.6	21.7	574.2
Justin Hughes (vi)	226.1	4.9	199.9	139.7	62.7	633.3
NON EXECUTIVE DIRECTORS (X)	297.0	–	–	–	–	297.0
AGGREGATE EMOLUMENTS	**1,712.6**	**49.4**	**1,306.6**	**1,566.5**	**188.2**	**4,823.3**

(i) Senior employees, including the Executive Directors, were eligible for a pension salary supplement of up to 10% of their base salary in FY 2013 (15% from 1 December 2013).

(ii) Other taxable benefits include a car allowance, medical cover and life/income protection insurance, as well as payments to cover housing costs, being £49,757 (2012: £49,167) for Justin Hughes and £8,465 (2012: £nil) for Steve Quinn.

(iii) Russell Clements retired as a Director at the AGM in April 2013.

(iv) Gary Elden relocated back to the UK from the US in June 2012. Until then he was paid in US dollars, which has been converted into pounds sterling at an average exchange rate of 0.63547.

(v) Steve Quinn had a company car until September 2012, which was a lower value than the normal cash equivalent.

(vi) Justin Hughes (based in Hong Kong from 2012) and Steve Quinn (based in the US from 2013), are paid in local currency, which have been converted into pounds sterling at average exchange rates of 0.08265 (Hong Kong) and 0.64103 (US).

(vii) FY 2013 equity awards comprise LTIP awards granted in early 2011, vesting in early 2014, based on performance assessed over FY 2011 – 2013, but also including the value of any related dividends paid during the vesting period. This has been calculated using a share price of 326.25p, being the share price as at 29 November 2013, the last dealing day before the current year end.

(viii) FY 2012 equity awards comprise LTIP awards granted in early 2010, vesting in early 2013, based on performance assessed over FY 2010 – 2012, but also including the value of any related dividends paid during the vesting period and SAYE awards which vested. This has been calculated using a share price of 304.25p, being the share price as at 23 November 2012, the last dealing day before the prior year end.

(ix) There were no deferred payments, payments made for loss of office, or other payments made to current or former Directors during the year.

(x) Audited information includes the individual NED fees set out in the previous section.

LTIP AND OTHER SHARE OPTIONS/ AWARDS LTIP (AUDITED)

Executive Directors' awards of forfeitable, deferred shares or options under the LTIP are set out in the table below, showing awards, dividend shares or other changes during the year, including any gains made during the current/prior year. Awards are subject to the performance criteria detailed earlier, with the next awards due to be made in early 2014 at a multiple of up to 175% of base salary. As a result of not meeting the agreed performance criteria, some 12% of 2010 awards and 74.5% of 2011 awards lapsed. In assessing performance on the 2010 awards, a small adjustment was made by the Committee in order to ensure the fair treatment of certain bad debts, given the unusual circumstances and mitigation demonstrated.

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

LTIP

DIRECTOR	DATE OF GRANT/AWARD	MARKET PRICE AT GRANT/ AWARD	SHARES AWARDED	SHARES VESTING /IN YEAR	VESTING DATE	ACTUAL GAIN MADE ON EXERCISE	REMAINING UNEXERCISED AT 1 DEC 2013
Gary Elden	3/2/2009	154.50p	187,572	221,080	3/2/2012	£617,524	–
Gary Elden	11/2/2010	299.40p	120,991	123,964	10/2/2013	–	129,063
Gary Elden	1/2/2011	371.30p	107,217	–	1/2/2014	–	107,217
Gary Elden	1/2/2012	272.00p	157,191	–	1/2/2015	–	157,191
Gary Elden	8/2/2013	331.50p	176,470	–	8/2/2016	–	176,470
Alex Smith	3/2/2009	154.50p	182,834	215,496	3/2/2012	£601,927	–
Alex Smith	11/2/2010	299.40p	117,935	120,832	10/2/2013	–	125,803
Alex Smith	1/2/2011	371.30p	104,511	–	1/2/2014	–	104,511
Alex Smith	1/2/2012	272.00p	156,789	–	1/2/2015	–	156,789
Alex Smith	8/2/2013	331.50p	135,746	–	8/2/2016	–	135,746
Steve Quinn	3/2/2009	154.50p	54,692	64,462	3/2/2012	£180,056	–
Steve Quinn	11/2/2010	299.40p	37,575	38,498	10/2/2013	£133,544	–
Steve Quinn	1/2/2011	371.30p	45,005	–	1/2/2014	–	45,005
Steve Quinn	1/2/2012	272.00p	52,516	–	1/2/2015	–	52,516
Steve Quinn	18/7/2012	261.00p	68,966	–	18/7/2015	–	68,966
Steve Quinn	8/2/2013	331.50p	114,027	–	8/2/2016	–	114,027
Justin Hughes	3/2/2009	154.50p	76,019	89,599	3/2/2012	£250,269	–
Justin Hughes	11/2/2010	299.40p	39,228	40,191	10/2/2013	–	41,843
Justin Hughes	1/2/2011	371.30p	45,005	–	1/2/2014	–	45,005
Justin Hughes	1/2/2012	272.00p	52,516	–	1/2/2015	–	52,516
Justin Hughes	18/7/2012	261.00p	68,966	–	18/7/2015	–	68,966
Justin Hughes	8/2/2013	331.50p	114,027	–	8/2/2016	–	114,027

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

Executive Directors' awards under the SAYE scheme are set out in the table below, with each award being exercisable three years from the date of grant, for a period of six months, at the relevant option price. This scheme is not subject to performance conditions and any gains made during the current/prior year are set out in the table.

SAYE

DIRECTOR	DATE OF GRANT/AWARD	OPTION PRICE AT GRANT/ AWARD	SHARES AWARDED	SHARES LAPSED	VESTING DATE	ACTUAL GAIN MADE ON EXERCISE	REMAINING UNEXERCISED AT 1 DEC 2013
Gary Elden	26/6/2009	158.40p	5,729	-	1/9/2012	£16,141	-
Alex Smith	26/6/2009	158.40p	5,729	-	1/9/2012	£18,132	-
Steve Quinn	26/6/2009	158.40p	5,729	-	1/9/2012	£18,132	-
Justin Hughes	26/6/2009	158.40p	5,729	-	1/9/2012	£19,078	-
Gary Elden	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035
Alex Smith	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035
Steve Quinn	14/09/2012	223.00p	4,035	-	1/12/2015	-	4,035

DIRECTORS' INTERESTS IN SHARES (AUDITED)

Executive Directors must attain a level of shares equivalent to at least 100% of base salary within five years of 1 December 2008, or their date of appointment, whichever is the later. Currently only Steve Quinn holds below this threshold, although his appointment to the Board was only effected in June 2012.

Directors' interests in the share capital of the Company are shown in the table below, including any changes since the start of the current year. No Director had any other interest in the share capital of the

DIRECTORS INTEREST IN **SHARES**

DIRECTOR	ORDINARY SHARES HELD AT 25 NOV 2012	ORDINARY SHARES ACQUIRED	ORDINARY SHARES DISPOSED	ORDINARY SHARES HELD AT 1 DEC 2013	PERCENTAGE OF SHARE CAPITAL
Gary Elden	3,626,782	31,411	17,309	3,640,884	2.94%
Alex Smith	201,179	1,039	2,370	199,848	0.16%
Steve Quinn	9,329	123,663	101,633	31,359	0.02%
Justin Hughes	652,563	154,082	170,853	635,792	0.51%
Clay Brendish	38,300	-	–	38,300	0.03%
Paul Bowtell	50,000	–	–	50,000	0.04%
Alicja Lesniak	4,245	–	–	4,245	0.003%
Tony Ward	14,063	-	-	14,063	0.01%
Nadhim Zahawi	15,988	-	-	15,988	0.01%

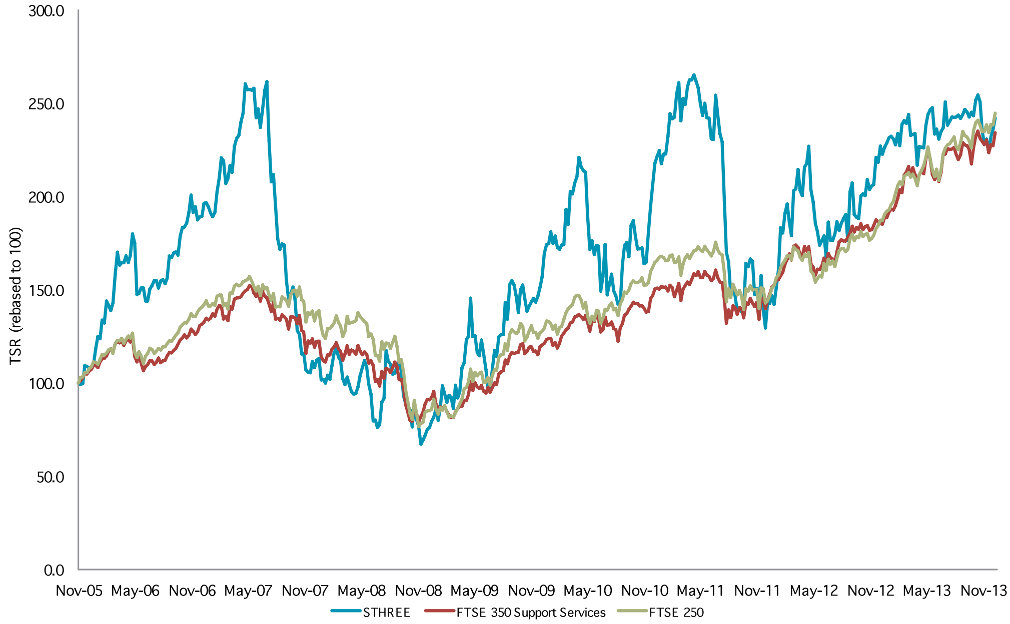
Company or its subsidiaries, or exercised any option during the year, other than as disclosed. All shares shown in the table are fully exercised/vested, with no further performance measures.

For the Executive Directors, changes during the year include the acquisition and subsequent disposal of shares transferred to satisfy tracker share purchases by the Company.

Interests in shares relate generally to fully vested ordinary shares of 1p each, but may include partnership, matching or dividend re-investment shares held in trust under the SIP, which are subject to forfeiture conditions in certain circumstances. Shareholders may also reinvest dividends by way of a Dividend Reinvestment Plan ('DRIP').

TOTAL SHAREHOLDER RETURN ('TSR')

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



HISTORIC LEVELS OF AND PERCENTAGE CHANGE IN CEO REMUNERATION VERSUS OTHER EMPLOYEES

The table below shows historic levels of CEO total remuneration, as well as annual variable and LTIP award percentages achieved over the last five years. The table also includes the percentage change in total remuneration, including share awards vesting, between the current and previous financial periods for the CEO, compared with all Group employees.

HISTORIC LEVELS OF **CEO PAY**

YEAR	CEO	CEO REMUNERATION ELEMENT	CEO REMUNERATION ELEMENT £'000	CEO MOVEMENT %	ALL GROUP EMPLOYEES MOVEMENT % (PER CAPITA)
2013	Gary Elden	Salary & fees	390.0	2.6%	4.4%
2013	Gary Elden	Other taxable benefits incl pension	50.3	(2.0%)	7.6%
2013	Gary Elden	Annual bonus	207.1	(41.4%)	(14.3%)

HISTORIC LEVELS OF **CEO PAY**

YEAR	CEO	CEO REMUNERATION ELEMENT	CEO REMUNERATION ELEMENT £'000	CEO MOVEMENT %	ALL GROUP EMPLOYEES MOVEMENT % (PER CAPITA)	CEO ANNUAL BONUS % PAY OUT VERSUS MAXIMUM (AS A % OF SALARY)	CEO LTIP VESTING % ACHIEVED VERSUS MAXIMUM
2013	Gary Elden	Total (excl LTIP)	647.4	(17.3%)	2.7%	53.1%	25.5%
2012	Russell Clements	Total (excl LTIP)	782.5	24.6%	(3.4%)	92.9%	88%
2011	Russell Clements	Total (excl LTIP)	627.9	(12.6%)	(1.9%)	67.2%	100%
2010	Russell Clements	Total (excl LTIP)	718.2	38.7%	3.0%	113.9%	100%
2009	Russell Clements	Total (excl LTIP)	517.7	(4.9%)	(0.2%)	50%	44%

Gary Elden took over from Russell Clements as CEO on 1 January 2013. However, for the purposes of this table, for FY 2013 a full year is assumed in respect of Gary Elden's remuneration as CEO, rather than apportioning between the two individuals.

Prior to 2013, CEO pay increases reflected an acceleration of base salary approved by the Committee in consultation with shareholders, in order to correct the uncompetitive level which existed when the Group first listed.

RELATIVE IMPORTANCE OF SPEND OF PAY

ITEM	PROFIT DISBURSEMENTS 2013	PROFIT DISBURSEMENTS 2012*	% CHANGE
Dividends (incl tracker shares), share buyback, or other significant distributions of profit	£23,465,934	£35,253,372	(33.4%)
Remuneration paid to all employees	£128,782,000	£127,308,000	1.21%

*Profit disbursements for FY 2012 included a special dividend paid early in that year.

THE REMUNERATION COMMITTEE (THE 'COMMITTEE') AND ITS ADVISORS

The Committee determines the remuneration policy and the individual remuneration packages of the Chairman, the Executive Directors, the Group Company Secretary and certain key senior management posts. The Committee's Terms of Reference (available at www.sthree.com) are reviewed regularly and are aligned with the UK Corporate Governance Code and ICSA best practice guidelines. During the year the Committee comprised only independent Non Executive Directors, being Tony Ward (Chairman), Alicja Lesniak and Nadhim Zahawi. The Chief Executive Officer and most senior HR representative regularly attend meetings by invitation, except for matters related to their own remuneration. The Committee met four times during the year and no member of the Committee has any personal financial interest (other than as a shareholder) in the matters decided.

The Committee appointed Deloitte LLP ("Deloitte") as its remuneration advisor in 2007, following a competitive tender. During the year the Company paid £18,800 (2012: £37,080), excluding VAT, for advice from Deloitte in relation to remuneration matters. Following further tenders, Deloitte were also instructed to work on specific projects for the Company, including the LLP restructuring. Deloitte have confirmed that they have complied with the Code of Conduct for remuneration consultants and the Committee are satisfied that their advice is objective and independent.

APPROVAL

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

T Ward

TONY WARD,

OBE, Senior Independent Director

Chairman of the Remuneration Committee

31 January 2014

CORPORATE GOVERNANCE **REPORT**

FOR THE YEAR ENDED 1 DECEMBER 2013
STEVE HORNBUCKLE GROUP COMPANY SECRETARY

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

- They are central to its core values and strategy, including integrity, professional excellence and sustainability, as stated throughout this Annual Report;
- They underpin the objectivity of our processes in support of financial and operational risk management, the design and operation of remuneration structures, succession planning, as well as our work on diversity and values;
- They are the basis for the accountability of Executive management to the Board and of the Board to the Company's shareholders.

The following table outlines how the Group has applied the main/supporting principles and provisions of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2012 ('the Code'), as amended. The Group considers that it has complied with all sections of the Code.

RELEVANT SECTION OF THE CODE	COMMENTARY (INCLUDING RELEVANT CODE PROVISION)

A. LEADERSHIP

A.1 THE ROLE OF THE BOARD

The Board provides entrepreneurial leadership and overall control of the Group, setting a framework of prudent and effective controls to enable risks to be properly assessed and managed. Its primary role is to create value for stakeholders, to agree and approve the Group's long-term strategic objectives and to develop robust corporate governance and risk management practices, whilst ensuring that the necessary financial and other resources are in place to enable those objectives to be met. In undertaking this, the Board also reviews management performance and sets the Company's values and standards, with all Directors acting in what they consider to be the best interests of the Company, consistent with their statutory duties. Certain powers are delegated to the Remuneration Committee, Audit Committee and Nomination Committees, with details of the roles and responsibilities of these Committees being set out under the relevant section below. In addition, the Board has agreed Terms of Reference for its other formal committees in order to facilitate more efficient working practices and these include the Executive Committee, the Investment Committee, a Routine Business Committee, a Disclosure Committee and CSR Committee, all of which provide a clear framework of delegated authorities. All Terms of Reference (available at www.sthree.com) are reviewed regularly and are aligned with the UK Corporate Governance Code and ICSA best practice guidelines.

A.1.1 The Board is responsible to shareholders for the proper management of the Group and has identified key financial and operational areas that require regular reporting and which enable the performance of Executive management to be reviewed and monitored. These are set out in a schedule of matters reserved to the Board, which is reviewed on a regular basis. The schedule outlines all matters requiring specific consent of the Board, which include, inter-alia, the approval of Group strategy and operating plans, the annual budget, the Annual Report, the Interim Report and related announcements, major divestments and capital expenditure, large acquisitions and disposals, the recommendation of dividends and the approval of treasury and risk management policies. The schedule therefore facilitates structured delegation, subject to certain financial limits and provides a practical framework for executive management/reporting, which seeks to achieve the objectives of maintaining effective financial and operational controls, whilst allowing appropriate flexibility to manage the business. The current schedule of matters reserved to the Board is available on the Company's website, www.sthree.com.

A.1.2 The Directors of the Company, including biographies, are set out earlier in this Annual Report, with further details of Board Committee membership being set out below. The number of, and attendance at, Board and Committee meetings during the year, is also shown in a table below. Almost all meetings were fully attended and, outside these, there was frequent contact between Directors on a range of matters.

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

A.2 DIVISION OF RESPONSIBILITIES

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

A.3 THE CHAIRMAN

The Chairman leads the Board in the determination of its strategy and achieving its objectives and is responsible for co-ordinating the business of the Board, ensuring its effectiveness, timing and setting its agenda but he has no involvement in the day-to-day running of the Group's business. The Chairman allows adequate debate by all, whilst facilitating the effective contribution of the Non Executive Directors ('NEDs'), overseeing Board induction and evaluation, ensuring constructive relations between Executive and NEDs and that the Directors receive accurate, timely and clear information to undertake Board affairs and facilitate effective communication with shareholders. The Chief Executive Officer has direct charge of the Group on a day-to-day basis and overall responsibility to the Board for the operational and financial performance of the Group, under a job description which clearly sets out these responsibilities.

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

A.4 NON EXECUTIVE DIRECTORS ('NEDs')

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

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

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

B. EFFECTIVENESS

B.1 COMPOSITION OF THE BOARD

The Board comprises a balance of Executive and NEDs who bring a wide range of skills, experience and knowledge to its deliberations. The NEDs fulfil a vital role in corporate accountability and have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully discussed and critically examined, not only in the best long term interests of shareholders, but also to take proper account of the interests of customers, employees and other stakeholders. The NEDs are all experienced and influential individuals and through their mix of skills and business experience they contribute significantly to the effective functioning of the Board and its Committees, ensuring that matters are fully debated and that no one individual or small group dominates the decision making process. Directors have a wide range of experience of various industry sectors relevant to the Group's business and each member brings independent judgement to bear in the interests of the Company on issues of strategy, performance, resources and standards of conduct. The Board is of sufficient size to match business needs and members have an appropriate and varied range of skills, vital to the success of the Group. The composition and performance of the Board and each Committee is regularly evaluated so as to ensure that the balance of skills, expected time commitment, knowledge and experience is right and the Directors can thereby ensure that the balance reflects the changing needs of the Group's business, being refreshed as necessary. Most importantly of all, Board members feel a strong cultural affinity with the Group, engaging fully as a committed team and in a wide variety of activities with our employees around the globe, whether it be an office visit or the sales conferences.

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

B.1.2 The Board has a Non Executive Chairman, who is not classed as independent because of his position but who met the independence criteria set out in the Code on appointment. In line with the Board's succession plans, two additional Executive Directors were appointed in FY 2012 and the Board now comprises four Executive Directors and four independent NEDs, thus complying with the Code, which requires at least half of the Board to consist of independent NEDs.

B.2 APPOINTMENT TO THE BOARD

Appointments to the Board are the responsibility of the full Board, upon the recommendation of the Nomination Committee and after appropriate external consultation, bearing in mind the Board's existing balance of skills and experience, the specific role needs identified, and with due regard for diversity, including gender. Succession planning aspects are regularly reviewed by the Committee, in order to ensure an orderly progression/refreshment of senior management/Board members and maintain an appropriate balance of skills, experience and diversity both within the Company and on the Board. The Chairman's Trading & Governance Overview and Strategic Report sections (earlier in this Annual Report), contain further information on succession and diversity aspects.

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

B.2.3 All Directors are subject to annual re-election, although NEDs are appointed for an initial term of three years, which, in normal circumstances and subject to satisfactory performance/re-election at each AGM, would be extended to at least a second three year term. NEDs may be requested to serve for a further (third) three-year term subject to rigorous review at the relevant time and their agreement. The Company's Articles of Association also contain provisions regarding the removal, appointment, election/re-election of Directors.

B.3 COMMITMENT

B.3.1 The Nomination Committee made several Board changes during FY 2012, each time preparing a detailed job specification and setting out the time commitment expected. All potential Director candidates are required to disclose any significant outside commitments prior to appointment and must undertake that they have sufficient time to meet these, in addition to Company business, particularly in the event of a crisis.

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

B.4 DEVELOPMENT

At scheduled Board and Committee meetings, Directors receive detailed reports/presentations from management on the performance of the Group or specific areas of focus/responsibility. NEDs attend the Group's annual conference in order to join senior management from each geographic area to discuss current initiatives, whilst Board meetings are also regularly held at office locations globally, in order to allow Directors to meet local managers and improve their understanding of the business. Directors are briefed regarding their responsibilities and on other relevant regulatory, legal, governance or accounting matters. Regular updates are provided on all relevant topics, as required and Directors are encouraged to attend external seminars on areas of relevance to their role in order to facilitate their professional development. These measures help to ensure that the Directors continue to develop their knowledge of the Group's business and get to know its senior management, as well as being aware of their general responsibilities. In addition, the Board encourages Executive Directors to accept external appointments in order to broaden their experience, although currently no such positions are held.

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

B.4.2 As part of the annual Board evaluation process, the Chairman assesses and agrees any training and development needs in respect of individual Directors, including on environmental, social and governance ('ESG') matters, if appropriate. Subject areas identified to be addressed during the last evaluation exercise included risk management, brand, regional and sectoral knowledge.

B.5 INFORMATION & SUPPORT

Board and Committee meeting papers are circulated well in advance of the relevant meeting and where a Director is unable to attend he/she is provided with a copy of the papers and has the opportunity to comment on the matters under discussion. Minutes of all Committee meetings are circulated to all the Directors, irrespective of Committee membership. The Group Company Secretary is responsible for ensuring good information flows between the Board/Committees and senior individuals/NEDs, as well as assisting in other areas and has primary responsibility for advising the Board, via the Chairman, on all governance matters.

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

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

B.6 BOARD EVALUATION

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

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

The results of this analysis were issued in January 2013 and recommendations are currently being implemented, with a further evaluation is to be undertaken at the end of FY 2014. Subsequent evaluations will build upon the lessons gained in this and ongoing annual evaluations, to ensure that recommendations resulting from each review are followed up and that year on year progress is measured. As part of this process, the Chairman also discusses the individual performance of Directors, in consultation with other Directors. The evaluation process is considered to be both formal and rigorous and assessments concluded that, overall and individually, the performance of the Board, each Committee and each Director was and is effective and that Directors demonstrate full commitment in their respective roles. See also the Chairman's Trading & Governance Overview section earlier in the Annual Report.

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

B.7 RE-ELECTION

B.7.1 Although the Company's Articles of Association permit Directors to remain in office for up to three years before Annual General Meeting ('AGM') re-election, all Directors will retire and seek re-election annually, as recommended by the Code.

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

C. ACCOUNTABILITY

C.1 FINANCIAL AND BUSINESS REPORTING

The Strategic Report, Chairman's and other officers' sections of this Annual Report, taken together, provide information relating to the Group's activities, its business and strategy and principal risks and uncertainties faced by the business, including analysis using financial and other KPIs where necessary. These, together with the Directors' Remuneration Report, Directors', Corporate Governance and CSR Reports, provide an overview of the Group, including environmental and employee matters and gives an indication of future developments in the Group's business. This provides a fair, balanced and understandable assessment of the Group's position and prospects, in accordance with the Code.

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

C.1.2 An explanation of the business model and the strategy for delivering the objectives of the Group is included as part of the Strategic Report, Chairman's and other officers' sections of this Annual Report.

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

C.2 RISK MANAGEMENT AND INTERNAL CONTROL

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

C.3 AUDIT COMMITTEE AND AUDITORS

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

D. REMUNERATION

D.1 LEVEL AND COMPONENTS

D.1 Level and Components
The Directors' Remuneration Report sets out in full, the policies and practices which demonstrate the Company's implementation of this Code principle and provisions.

D.2 Procedure
Details of the composition, work and responsibilities of this Committee are set out under the relevant section below and in the Directors' Remuneration report.

E. RELATIONS WITH SHAREHOLDERS

E.1 Dialogue with Shareholders
Communications with shareholders are given a high priority. The Company produces Annual and Interim Reports for shareholders and the Company's website contains up-to-date information on the Group's activities, investor presentations and published financial results. Shareholders can also subscribe for e-mail alerts of important announcements made. There are regular meetings with institutional shareholders, whilst ensuring that price sensitive information is released at the same time to all, in accordance with the requirements of the UK Listing Authority. Presentations are made after the Company has published its full and half yearly results and there is also regular dialogue on specific issues, such as the LLP, tracker share model, LTIP, other remuneration issues and appointment of Chairman.

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

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

E.2 CONSTRUCTIVE USE OF AGM

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

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

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

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

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

BOARD AND COMMITTEE COMPOSITION AND ATTENDANCE

(IN ACCORDANCE WITH A.1.2 OF THE CODE)

As stated, the Board has established various Committees, each with clearly defined terms of reference, procedures and powers. All Terms of Reference (available at www.sthree.com) are reviewed regularly and are aligned with the UK Corporate Governance Code and ICSA best practice guidelines.

In addition to the scheduled Board meetings held during the year, the Board met for an off site strategy session, for the AGM and annual conference. The number of Board/ Committee meetings held and attendance is set out in the table below.

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

REQUIRED ATTENDANCE AS A FORMAL MEMBER					ACTUAL ATTENDANCE			
Directors	BOARD	AUDIT	Remuneration	Nomination	Board	Audit	Remuneration	Nomination
Gary Elden	10	N/A	N/A	N/A	10	5	3	2
Alex Smith	10	N/A	N/A	N/A	10	5	2	N/A
Steve Quinn	10	N/A	N/A	N/A	10	N/A	N/A	N/A
Justin Hughes	10	N/A	N/A	N/A	10	N/A	N/A	N/A
Clay Brendish	10	N/A	N/A	2	9	N/A	N/A	2
Paul Bowtell	10	5	N/A	2	9	5	N/A	1
Alicja Lesniak	10	5	6	2	9	5	6	2
Tony Ward	10	N/A	6	2	10	N/A	6	2
Nadhim Zahawi	10	5	6	N/A	10	5	6	1

AUDIT COMMITTEE

(IN ACCORDANCE WITH C.3.1 TO C.3.7 OF THE CODE)

COMMITTEE COMPOSITION, INCLUDING AT LEAST THREE INDEPENDENT NEDs

The Committee consists of Paul Bowtell (Chairman), Alicja Lesniak and Nadhim Zahawi. The CEO, CFO, Group Company Secretary, external auditors and Internal Audit also attend meetings.

WHY THE BOARD CONSIDERS MEMBERS TO HAVE RECENT AND RELEVANT FINANCIAL, INCLUDING RELEVANT AUDIT, EXPERIENCE

Paul Bowtell and Alicja Lesniak are Chartered Accountants and current or former CFOs, whilst Nadhim Zahawi has held general management positions, which include financial responsibility.

THE COMMITTEE'S PRINCIPAL RESPONSIBILITIES (AS SET OUT IN TERMS OF REFERENCE)

- To monitor the integrity of the consolidated financial statements of the Group and any announcements relating to financial performance;
- Reviewing significant financial reporting issues and judgments;
- To review the Group's internal financial controls, internal control and risk management systems and reporting, including advising on risk appetite, tolerance or strategy, as well as risk exposures and assessment;
- Advising on proposed strategic transactions, including conducting due diligence appraisals and focusing on risk aspects;
- Assessing material breaches of risk limits; advising on risk performance and related aspects;
- Reviewing arrangements by which Group employees may raise concerns about possible improprieties in financial reporting or other such matters and ensuring appropriate follow up;

- Assessing procedures for detecting fraud or preventing bribery;
- Overseeing the risk management function;
- To monitor and review the effectiveness of the Company's internal audit function;

RESPONSIBILITIES IN RELATION TO EXTERNAL AUDITORS (AS SET OUT IN TERMS OF REFERENCE)

- To make recommendations to the Board, for it to be put to shareholders, the appointment, re-appointment or removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- To annually review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- To develop and implement policy on the engagement of the external auditor and supply of non-audit services, taking into account relevant ethical and professional guidance regarding the provision of such, reporting to the Board and identifying any matters for which it considers that action or improvement is necessary, making appropriate recommendations.

EXTERNAL AUDITORS – APPOINTMENT, OBJECTIVITY AND INDEPENDENCE

The Committee considers and recommends to the Board and shareholders, the appointment, re-appointment, remuneration and terms of engagement of the Company's external auditor, PricewaterhouseCoopers LLP ('PwC'). Both the Committee and the external auditors themselves have safeguards in place to ensure that objectivity and independence is maintained and the Committee regularly reviews independence taking into consideration relevant UK professional and regulatory requirements. The external auditors are required to rotate audit partners responsible for the Group audit every five years and the current lead audit partner will be rotated after the 2013 audit, having been in place for this period.

PERFORMANCE, FEES AND TENDERING

The Committee reviews performance and fees and meets with the external auditor regularly, without management present. PwC replaced BDO as auditor in 2000 and, since then, it has not been considered necessary for PwC to re-tender for audit work. This will be reviewed periodically, to ensure that the audit remains high quality and effective and is in line with the latest tendering requirements. There are no contractual obligations restricting the Group's choice of external auditor and the Committee considers that the existing relationship is working well and remains satisfied with PwC's effectiveness.

FRAMEWORK USED BY THE COMMITTEE TO HELP ASSESS THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS, AS REPORTED TO THE BOARD

The Committee has adopted a broad framework to review the effectiveness of the Groups external audit process and audit quality which includes: the audit partners with particular focus on the lead audit engagement partner, the audit team, planning and scope of the audit and identification of areas of audit risk, the execution of the audit, the role of management in an effective audit process, communications by the auditor with the Committee, how the auditor supports the work of the Committee, how the audit contributes insights and added value, a review of independence and objectivity of the audit firm and the quality of the formal audit report to shareholders.

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

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

POLICY ON NON AUDIT WORK – GENERAL

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

POLICY ON NON AUDIT WORK – IN DETAIL

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

FEES PAID TO EXTERNAL AUDITORS FOR AUDIT AND NON AUDIT WORK

Audit fees were reduced significantly on prior years, mainly as a result of the Group's corporate simplification project. The Committee reviews all non audit work against policy to ensure it is appropriate and the fees justified. Non audit fees continue to reduce compared to prior years and for the current year such work related to the approval of overseas accounts. Full details are contained in the Notes to the financial statements.

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

Significant issues considered by the Committee in relation to the 2013 financial statements and how these were addressed include the following:

Classification of restructuring costs as exceptional items and valuation of restructuring provisions – following a review of its property portfolio and support and sales infrastructure, the Group carried out a restructuring of its operational cost base. This rationalisation programme included reducing staff numbers within the support functions, office closures and other corporate restructuring activities. Restructuring provisions remain at year end in relation to onerous contracts and redundancies and the valuation of these provisions is judgmental.

In the accompanying financial statements, the results of these events have been separately disclosed as 'exceptional items'. As the classification of these restructuring costs is exceptional and the valuation of the provisioning is judgemental, the matters were discussed with senior members of the finance team. The Committee has also reviewed the size, incidence and nature of the restructuring costs and consider that an appropriate disclosure as exceptional items provides a better understanding of the Group's underlying results and is in accordance with the Group's accounting policies.

Judgements applied in the valuation of the restructuring provisions are considered to be appropriate by the Committee and in line with IFRS requirements. Both external and internal audit teams have performed detailed verification procedures on the restructuring costs and related provisions and the external auditors have reported their findings to the Committee.

Disposal – calculation of the gain on disposal of businesses can be complex, particularly where deferred consideration is involved, which requires a higher level of judgement. The Committee discussed the methodology proposed by management for the disposal of the IT Job Board business, including the judgements made and allocation of assets disposed with the business. Both the internal and external auditors have also reported to the Committee on the disposals.

Capitalisation of development costs – the Group capitalises project development costs, including appropriate directly attributable internal time from the point at which it is virtually certain that the project will proceed to completion. Capitalisation of the development costs is judgemental and business cases, including an assessment of the project versus updated recognition criteria, are required for all significant projects and approved by the Executive. Judgements applied are discussed with management and considered to be appropriate by the Committee and continue to be in line with IFRS requirements. The external auditors have also reported to the Committee on the capitalisation of development costs.

Revenue recognition – revenue is recognised when the supply of professional services has been rendered. It also includes an assessment of professional services received by the client for the placement of temporary services between the date of the last received timesheet and the year end, with unsubmitted timesheets being estimated to the extent that an open contract has not expired during the period under assessment.

Management apply judgement based on the time worked by contractors, to estimate revenue and cost of sales accruals; any difference compared to the actual time worked by the contractor would result in the amount payable to the contractor and receivable from the client being adjusted in the next financial year. The judgement applied, and the assumptions underlying these judgements are considered to be appropriate by the Committee and continue to be in line with IFRS requirements. The Committee also noted adjustments that would be made to GP based on timesheets actually received post year end and remains comfortable that any difference is not material. External and internal auditors have verified procedures around revenue recognition and reported their findings.

Recognition of deferred tax assets – the judgement to recognise a deferred tax asset is dependent upon the Group's expectations regarding the future profitability of certain businesses, which contain a degree of inherent uncertainty. The Committee has discussed the assumptions and underlying judgements applied in relation to tax losses recognised and consider these to be appropriate and in line with IFRS requirements. The external auditors have also performed verification procedures, reported and discussed their findings with the Committee.

In addition, the Committee noted a number of other judgements made by management, none of which had a material impact on the Group's results. These included judgements concerning the charge for equity settled payments, claims in the ordinary course of business and bad debt provisions.

Management confirmed to the Committee that they were not aware of any material misstatements and the external auditors confirmed that they had found no material misstatements during the course of their work.

After reviewing reports from management and following its discussions with the external auditors, the Committee is satisfied that the financial statements appropriately address critical judgements and key estimates, both in respect of the amounts reported and the disclosures. The Committee is also satisfied that the processes used for determining the value of assets and liabilities have been appropriately reviewed or challenged and are sufficiently robust.

INTERNAL AUDIT FUNCTION

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

WHISTLE BLOWING HOTLINE

The Group has in place a dedicated independent whistle blowing hotline, as part of the arrangements set up and monitored by the Committee, so that employees are able to report any matters of concern, where this does not conflict with local laws or customs (see the Company Information and Corporate Advisors section for details).

NOMINATION COMMITTEE

(IN ACCORDANCE WITH B.2.1, B.2.2 AND B.2.4 OF THE CODE)

COMMITTEE COMPOSITION, INCLUDING A MAJORITY OF INDEPENDENT NEDs

The Committee consists of Clay Brendish (Chairman), Tony Ward, Alicja Lesniak and Paul Bowtell.

SUMMARY OF TERMS OF REFERENCE

The Committee's terms of reference are, broadly, to regularly review the structure, size and composition (including the skills, knowledge and experience and diversity) of the Board, make recommendations with regard to any changes and to review and prepare relevant job descriptions for new appointees. The Committee also considers future succession planning for Board or other senior Executive roles, reviewing leadership and role needs, bearing in mind the balance of skills, knowledge, experience and diversity already on the Board, so as to maintain an appropriate balance.

USE OF EXTERNAL SEARCH CONSULTANTS

The Committee engages external search consultants with respect to both Executive and Non-Executive appointments and considers applicants from all backgrounds, as was the case for the most recent external appointment, being Clay Brendish. In this, and in other previous roles, the Committee first conducted an evaluation of the balance of skills, knowledge and experience on the Board and, in the light of this, prepared an appropriate description of the role and capabilities required for the particular appointment, with the successful appointee being selected from candidates proposed by external advisors and chosen entirely on merit.

SUCCESSION PLANNING

Succession planning and development initiatives are ongoing throughout the Group to ensure that there is an appropriate management pipeline at all levels. See also the Chairman's Trading & Governance Overview section earlier in the Annual Report.

REMUNERATION COMMITTEE

(IN ACCORDANCE WITH D.2.1 AND D.2.2 OF THE CODE)

COMMITTEE COMPOSITION, INCLUDING AT LEAST THREE INDEPENDENT NEDs

The Committee comprises at least three independent NEDs. Full information on the composition, role and operation of the Committee and other remuneration details are disclosed in the Directors' Remuneration Report.

COMMITTEE RESPONSIBILITIES

The Remuneration Committee is responsible for making recommendations to the Board on Group policy for the remuneration of the Chairman, the Executive Directors, the Group Company Secretary and certain key senior management posts and for the determination, within agreed terms of reference, of additional benefits for each of the Executive Directors, including pension rights and any compensation for loss of office. The Committee is also responsible for the implementation and operation of the Group's employee share incentive arrangements.

EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS (IN ACCORDANCE WITH C.2.1 OF THE CODE)

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for monitoring the effectiveness of the Group's risk management and internal control systems in order to safeguard shareholders' investments and the Group's assets. Executive Directors and senior management are responsible for the implementation and maintenance of the systems, which are subject to periodic, and at least annual, review by the Board, via the Audit Committee where appropriate and no significant failings or weaknesses have been identified from these processes. The Group's internal audit function also helps to facilitate this process.

IDENTIFICATION OF CRITICAL RISKS, INCLUDING ENVIRONMENTAL, SOCIAL & GOVERNANCE ('ESG') MATTERS

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board assesses the Group's risk management and internal control systems, including material controls such as financial, operational and compliance controls and enterprise risk management ('ERM') systems. These are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives and accordingly provide reasonable, not absolute, assurance against material misstatement or loss. The Board considers, in assessing what constitutes reasonable accuracy, the materiality of financial and non financial risks and the relationship between the cost or benefit, resulting from such systems. In order to manage the business effectively, the Board continually assesses actual results compared with budgeted and forecast performance, as well as against other KPIs, as detailed in the Strategic Report.

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

ERM FRAMEWORK

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

ERM PROCESSES

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

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

ERM ARRANGEMENTS

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

ASSOCIATION OF BRITISH INSURERS ('ABI') GUIDELINES ON RESPONSIBLE INVESTMENT DISCLOSURES

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

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

GOING CONCERN STATEMENT

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

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

CORPORATE AND ENVIRONMENTAL RESPONSIBILITY

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

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

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

Steven C Hornbuckle

STEVE HORNBUCKLE
Group Company Secretary
31 January 2014
Registered Office:
5th Floor, GPS House,
215-227, Great Portland Street,
London, W1W 5PN

CSR **REPORT**

INTRODUCTION

SThree has a strong role to play in society, since, through matching talent to business needs we can help companies to grow, which strengthens the economy and creates new jobs.

The importance of employment and progression for individuals also cannot be overestimated, bringing with them economic independence, self-worth and fulfilment.

We are passionate about delivering value for our clients, candidates, employees, investors and those in the community. CSR naturally extends from what we do as a business in working with people and by integrating CSR into all areas of our business we can better achieve our ambitions.

OUR CSR JOURNEY THIS YEAR

Building on our prior years' work we continued to ensure alignment of the CSR programme with our commercial strategy, creating a new vision of 'Transforming Lives through Skills and Work', including webinars, a new internal logo and website, which gives everyone across the business access to clear policies, 'how to' guides, case studies and news stories.

We now have a much stronger internal infrastructure in place to support the programme which includes Non Executive and Executive sponsorship, quarterly Committee meetings with senior leaders (led by the SThree plc Chairman and CEO) and a global network of champions who co-ordinate initiatives. We also continue to build on our philanthropic history as we work on fully embedding CSR to address business needs such as leadership and retention.

SOME OF OUR HIGHLIGHTS

- **Volunteering** – 312 employees have shared their skills to support 1,640 beneficiaries since July 2011 when we started the volunteering scheme.
- **Charitable giving** – this year we donated over £108k to SOS Children which brings our five year partnership total to £380k. Gary Elden, CEO, also visited projects in Zambia and Malawi

including the SThree house in Chipata, Zambia.

- **Apprenticeships** – since March 2013 we have provided meaningful paid employment for three young people while they achieve an NVQ Level 3 in Business Administration.
- **Work experience** – we have run 7 supportive placements for young people from underprivileged backgrounds since July 2012, including one disabled young person. We employed one young person in October 2013 following a placement with us.
- **University scholarships** – we set up four new scholarships for students who started STEM and business degrees in September 2013 at Birmingham and Coventry Universities. This means that we have funded ten University scholarships since 2010.
- **Diversity & inclusion** – this year we have influenced diversity in London through close collaboration with clients to increase the number of women going into banking and finance. We have also taken an active role in the Lord Mayor's Diversity campaign.
- **Environment** – we conducted our first global carbon footprint exercise and ran a 'Sustainability Secrets' photo competition to engage employees across the company.

COMMUNITY

Community involvement

Understanding that when we focus on what we do best we can achieve more, we continued our central theme of 'Employability and Aspiration', where employees design and run bespoke workshops to help young people increase their skills and confidence for employment.

In addition, we took on 3 apprentices through City Gateway, the charity partner on the Evening Standard's Ladder for London campaign as well as running work experience placements.

Working with young people through skills-based volunteering, apprenticeships or work experience also provides engaging opportunities for our employees to expand their own thinking and leadership skills.

Coventry University scholar studying Oil, Gas and Energy Management meets Progressive team

Sponsorship

We sponsored the GB inline hockey team for a third consecutive year and were delighted when they won gold at the World Championships this year.

"A big success story for Team Great Britain Inline Hockey has been adopting the values of its sponsor – Energy, Respect, Rapport and Reward – which we wear proudly on our team clothing. These words have become fundamental in shaping the culture of the team." Andrew Sillitoe, Head Coach of the GB Inline hockey team.

Motivational sessions were also run at four schools in south London which engaged over 600 pupils and, Gary Elden spoke at one of the sessions. Each school was supported to run a six week after school street hockey club.

Fundraising & corporate giving

This year was our most successful fundraising year for the last five years. We ran our first events to promote SOS Children in New York and Hong Kong, which prompted successful fundraising activities there as well as other locations, such as a team of 11 people who took part in the British 10K.


Three apprentices at a reward lunch

In December 2012 we created seasonal eCards for clients and candidates pledging to donate based on the number of click-throughs we received, raising £20k to fund four nursery school teachers in the SOS Children's Chipata Village, Zambia, with a further global dress down day also funding 50 children to go to primary school for a year.

In October 2013, Gary Elden went to visit Chipata Village for their one year anniversary, spending time with the orphans living in the SThree house and venturing into rural communities to view medical care arrangements. His trip was featured in a video case study for BT My Donate in recognition of our successes through the website, which is the first to be commission-free.

"It's very inspiring to work with SThree, who are so motivated to make a difference."
Caroline Cadman, SOS Children

WORKPLACE

Diversity & inclusion

We continued to work hard on developing 'Identity', our internal diversity and inclusion programme, with a major focus on influencing gender diversity in the workplace, for customers and in the community.

Initiatives we have implemented to facilitate change include:

- Candidate attraction – how we write adverts and social media to increase the percentage of females who apply to work at SThree;
- Role definitions and promotions – defining clear competencies and promotion criteria to ensure a fair and consistent process for all;
- Assessment processes – a competency framework to ensure interview fairness, with unconscious bias and interview training now forming part of all leadership training;
- Development – Director competencies have been aligned with diversity objectives and workshops run on how to effectively manage diverse teams;
- Mentoring – we developed a structured scheme to develop future female leaders, which will be launched early next year;
- Maternity buddy system – a new scheme has been created to support expectant mothers to prepare for maternity leave and in returning to work, to be launched in 2014.

Other key developments have been increasing our diversity reporting and the visibility of the diversity strategy, to include:

- Monthly reporting of churn and promotions;
- Quarterly on-boarding profiling;
- External reporting in line with the Think Act Report;
- Diversity questions incorporated into employee engagement survey;
- Diversity pages on the corporate and careers websites;
- Internal Identity logo and site refreshed;
- Articles in the press including The Guardian and Financial Times interviews.

To progress our offering to clients, Huxley Associates piloted work to increase the percentage of women going into Finance and Banking which included:

- Candidate attraction and social media approach;
- Candidate interview preparation and support; and
- Developing managers to interview female candidates.

Huxley Associates also ran a 'Maximising your Potential' day with female 'A' level maths students in conjunction with a client from Lloyds banking, to support the future talent pipeline.

We are proud to sponsor the Lord Mayor's Diversity Programme and have also taken part in round tables and other events such as Dublin Women in Business, whilst working on candidate and client surveys and analysis of sector trends.

Talent & leadership

Developing capability at all levels remains critical in achieving our business goals. We have continued our focus on developing core skills for business growth such as strategy, managing people and performance and communicating change.

Gary Elden, CEO and child living in the SThree house in Chipata celebrate our five year partnership with SOS Children

This core work has been led through our in-house programme called 'Momentum' which is a blended learning initiative that we run globally. We have also supported managers globally with an on-boarding initiative to encourage engagement and performance as soon as new people join. This combined with our updated corporate online induction course for all new employees has helped to create a positive environment and culture. The induction programme also includes critical information about our corporate strategy, strategic priorities and CSR, creating awareness and understanding from day one.

We have continued to invest in our leadership capability through an external business school and their partnering programme. This offers a wide variety of events covering core skills such as change, strategy, social media and leadership. Over 40 of our most senior leaders across the business have attended events at the partnership which has prompted a shift in how we approach business planning and lead change.

Employee engagement

A key priority for 2013 was to measure the levels of engagement amongst new starters and receive feedback of those who leave the Group. An on-boarder questionnaire has been rolled out to enable new starters to evaluate the effectiveness of the process by which they were hired and inducted, and whether the reality of the job met with their expectations held prior to joining.

The results to date have been positive and we have been able to identify a key retention driver: potential for progression. As a result we have been working on re-defining roles and career paths whilst developing people management skills in holding effective career conversations and agreeing development and career plans.

Leaver questionnaires have been conducted to understand further the reasons for leaving the Group and to help churn planning.

The Group continues to maintain and develop its policies, such as maternity and parental leave, performance management, equal opportunities and diversity. All policies are accessible and communicated via the HR intranet, including on-boarder material, line management training and cascaded through HR Business Partners and line management reporting lines.

Employee forums have also been harnessed to engage employees on topics such as equal opportunities and diversity and our sales conferences across the business enable employees to stay connected with evolving business strategy and to share best practice in developing our services. A number of pieces of work in developing strategy for particular sectors have also brought teams together from different parts of the business.

Regular reward events such as lunch clubs, along with our quarterly Most Valued Person scheme provide effective vehicles to recognise and engage our employees.

ENVIRONMENT

Carbon management and mandatory reporting information

We conducted our first global carbon footprint exercise for the Group in accordance with the new UK mandatory carbon reporting legislation. This follows four years of UK carbon footprint reporting.

The overall footprint was 5,500 tonnes of CO_2e for the year. Global Action Plan, a leading environmental behaviour change charity were commissioned to measure our footprint over a reporting period of 1 December 2012 to 30 November 2013. This followed the 2013 UK Government environmental reporting guidance and we have used 2013 UK Government's Conversion Factors for company reporting, with the financial control approach as the organisational boundary, measuring scope 1 and scope 2 emissions, as well as including water in scope 3 emissions, set out as follows.

Further scope 3 emissions have been calculated separately for the UK, including paper, public transport and use of staff cars for business travel. These emissions, which amount to an additional 1,062 tonnes CO_2e, have not been included within the global reporting at this stage,

'Maximising your Potential' workshop with female students from Paddington Academy

but it is intended that measurement frameworks will gradually be brought into place in the future.

No process or fugitive emissions have been calculated. As a service company we do not carry out significant physical or chemical processes that result in CO_2e emissions.

We lease all of our properties and fugitive emissions from air conditioning and refrigeration units have not been included due to the unavailability of the data.

Base Year

We have specified 2012-2013 as the base year as this is the first year for which a calculation of our global carbon impact has been carried out.

Our base year recalculation policy is to recalculate our base year for changes to the scope of operation and measurement going forward. This will include addition or loss of office premises and additions to measured scope 3 data. The base year and previous year's data will also be recalculated if in carrying out future years' analysis better quality data for the previous years is identified.

Intensity Measurement

We have chosen to use global scope 1 and 2 emissions in tonnes of CO_2e per full time equivalent employee as our intensity measurement.

Efficiency drive

We continue to make efficiency improvements to reduce unnecessary time, money and environmental impacts. For example by consolidating our databases and servers, and through the virtualisation of our client management software we have cut the previous power consumption by more than 50%. We have also implemented electronic client billing and now receive more than 95% of contractor timesheets via an online system.

		2012/2013	baseline 2012/2013	
Scope 1	Gas consumption	526	526	tonnes CO_2e
	Leased transport	855	855	tonnes CO_2e
	Process emissions	none	none	tonnes CO_2e
	Fugitive emissions	none	none	tonnes CO_2e
	Total scope 1	**1,381**	**1,381**	**tonnes CO_2e**
Scope 2	Electricity consumption	4,077	4,077	tonnes CO_2e
	Total scope 2	**4,077**	**4,077**	tonnes CO_2e
	Total scope 1&2	**5,458**	**5,458**	
Scope 3	Water	42	42	tonnes CO_2e
	Total scope 3	**42**	**42**	**tonnes CO_2e**
	Global staff numbers	2,245	2,245	
Totals	**Total reported emissions**	**5,500**	**5,500**	**tonnes CO_2e**
	Intensity measurement	**2.43**	**2.43**	**Scope 1&2 tonnes CO_2e/person**

Our Learning and Development Department continue to offer e-learning options to reduce the need for employees to travel. The new online corporate induction has provided a dynamic way to learn about the company without travel.

Changing behaviour

This year we changed recycling suppliers for our London offices. As part of the launch we ran an engaging workshop with a mixed group of 20 employees to look at the benefits of recycling and ways to promote recycling behaviours to colleagues. Everyone left with at least one action they were personally responsible for implementing.

Between February and November 2013 we have saved 180 trees through our London recycling. The monthly reports have encouraged positive competition across the sites so that we are now recycling a higher percentage of waste.

Over 20 UK employees joined the tax-free bicycle scheme this year. The scheme allows employees to save on average half of the price of their bike and its accessories, improves productivity and reduces travel emissions.

Carbon offsetting

This year we offset half of our UK carbon footprint by investing in gold standard LifeStraw water filters in Kenya. The project is one of the largest carbon reduction projects in the world, providing safe drinking water to 4.5m people, and the first of its size to link carbon credits with water provision.

AWARDS

- Oracle eco-enterprise award;
- Shortlisted: Lord Mayor's Dragon award; and
- Shortlisted: APSCo CSR Initiative of the Year.

THE LORD MAYOR'S 2013
HEART OF THE CITY
AWARD FINALIST

MEMBERSHIPS

- FTSE4Good for 5 years;
- Heart of the City Contributor – presentations & advice for newcomer companies;
- The Prince's Trust Technology Leadership Group; and
- Lord Mayor's Diversity Campaign.

TARGETS & COMMITMENTS FOR THE YEAR AHEAD

- **Volunteering** – sustain the current level of participation and continue to build skills-sharing partnerships with local charities and schools across our regional locations.
- **Charitable giving** – within our fifth year of partnering SOS Children reach donations of £500,000. Continue to match all employee fundraising for the charity in line with our policy. Set up payroll giving & assist 3% of UK employees to sign up to the scheme.
- **University scholarships** – provide career advice and work experience to scholars. Set up at least one scholarship for a student who grew up in an SOS Children's Village.
- **Work experience** – continue to develop a structured scheme and streamline processes to make it easier for managers to offer placements.

OUTLOOK

We have made big strides forward over the last year on our internal policies and communication so that CSR is something that involves everyone within the business.

This year we will continue to focus on quality while we increase engagement across our global regions.

GARY ELDEN
Chief Executive Officer
31 January 2014


43%
OF GROUP GP
PERIOD END CONSULTANT
HEADCOUNT UP
4%
YoY

COMPUTERFUTURES

ICT

Since the launch of Computer Futures in 1986, ICT recruitment has been the cornerstone upon which SThree has built its success as a global professional staffing business and continues to be our number one 'core' service offering in terms of scale and profitability.

Growth trends in social media, mobile penetration, information management and cloud services are fundamentally transforming the traditional technology landscape, driving the demand for 'niche' ICT skills. Our ability to focus on highly specialised 'niche' technology roles allows us to address acute skills shortages on our client's behalf and capitalise on high value growth opportunities delivering expertise at a local and international level.

With worldwide IT spending on pace to grow to $3.8 trillion USD in 2014 (Gartner), after a flat 2013, we expect to see growth in headcount numbers for ICT across Europe, the Americas and Asia Pacific for both our contract and permanent divisions as we continue to globalise our core service offering to better support our clients in driving innovation and delivering cost efficiencies.

Alongside the UK&I, our largest and most established market, we intend to focus specifically on expansion in key geographies such as Germany, the USA and Japan given their scale, profitability and STEM based economies.

As the flagship ICT brand, Computer Futures will spearhead our global expansion. Our multi-brand approach will also ensure that Progressive, Real and Huxley capture maximum market share and service technology needs for clients across target sectors such as Oil & Gas, Pharmaceuticals and Banking.

Finally, we intend to launch Enterprise Partners, our new specialist Enterprise Software brand, in the USA in 2014 to capitalise on volume, project based, demand for global software implementations.

INDEPENDENT AUDITORS' **REPORT**

FOR THE YEAR ENDED 1 DECEMBER 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STHREE PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 1 December 2013 and of the Group's profit and the Group's and Parent Company's cash flows for the period then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say below.

What we have audited

The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by SThree plc, comprise:

- the Consolidated and Parent Company Statements of financial position as at 1 December 2013;
- the Consolidated Income statement and Consolidated Statement of comprehensive income for the period then ended;
- the Consolidated and Parent Company Statements of changes in equity and Statements of cash flows for the period then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

Certain disclosures of share based payment schemes and Directors' remuneration disclosures, which are required by the financial reporting framework, have been presented in the Directors' Remuneration Report, rather than in the Notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £1.1 million. In arriving at this judgement we have had regard to profit before exceptional items and tax.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £110,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group has a shared service centre in the UK which operates the Group's accounting function. The Group's financial statements are a consolidation of 98 entities within the Group.

As the Group operates a shared service centre in the UK that is responsible for processing transactions for all entities within the Group, our audit was conducted from the UK.

This gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Areas of particular audit focus

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out within the Corporate Governance Report.

AREA OF FOCUS	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE AREA OF FOCUS
Classification of exceptional items We focused on this area because whether an item of income or expenditure is exceptional in nature or an integral part of the Group's operations is a key determinant in the assessment of the quality of the Group's underlying earnings. These exceptional items related to restructuring costs and the disposal of IT Jobboard.	We tested whether exceptional items were non-recurring in nature and recognised and presented in accordance with the disclosed accounting policy. We also assessed whether the disclosures within the financial statements provide sufficient detail to understand the nature of these items.
Capitalisation of internal costs spent on system development We considered this area because of the significant level of judgement by the directors involved in determining whether internal costs incurred in respect of system development satisfy the requirements of the financial reporting framework, including that they provide future economic benefits for the Group.	We tested controls surrounding the preparation and approval of business cases that detail the proposed costs and benefits for IT projects. We discussed the benefits with relevant personnel and challenged assumptions made where appropriate. We also tested that costs capitalised satisfy the International Accounting Standard 38 Intangible assets recognition criteria, including the requirement that they are separable from other assets of the business. Where projects were completed, we tested their functionality to evaluate whether they were fit for purpose and operating as intended in the original business case.
Recognition of deferred tax assets We considered this area because of the significant level of judgement by the directors in determining whether tax losses incurred will be utilised in future periods, and therefore should be recognised as deferred tax assets. This judgement is more significant where there is a history of recurring losses in a particular entity.	We tested Board approved budgets supporting the recognition of tax losses included in the deferred tax asset balance. We assessed the reliability of these budgets in light of the historical accuracy of budgeting and current and prior year levels of profitability. In certain territories, where there was a recurring history of tax losses and no persuasive other evidence to support their recognition, we checked that such amounts had been appropriately derecognised as deferred tax assets.
Risk of fraud in revenue recognition ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results. We focused on the timing of revenue recognition including the appropriateness of accrued revenue balances at the period end, which involves estimation at the period end date.	We tested the timing of revenue recognition, taking into account evidence of the operation of controls. We examined billings raised subsequent to the period end compared to the levels of accrued revenue recognised at the period end. We also tested a sample of manual journals recorded within the revenue.
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider this.	We assessed the overall control environment of the Group, including the arrangements for staff to "whistle-blow" inappropriate actions, and interviewed senior management and the Group's internal audit function. We examined the significant accounting estimates and judgements relevant to the financial statements, as set out in Note 1 of the financial statements, for evidence of bias by the directors that may represent a risk of material misstatement due to fraud. We also tested journal entries.

GOING CONCERN

Under the Listing Rules we are required to review the directors' statement set out within the Corporate Governance Report, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group's and Parent Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, the statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

OPINIONS ON MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from these responsibilities.

Corporate Governance Statement

Under the Companies Act 2006, we are required to report to you if, in our opinion a corporate governance statement has not been prepared by the Parent Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

In the Corporate Governance Report within the Annual Report, as required by the Code Provision C.1.1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. In the Corporate Governance Report, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or.
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group and Parent Company financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

JULIAN JENKINS
Senior Statutory Auditor
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
London
31 January 2014

CONSOLIDATED INCOME STATEMENT

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

	Note	Before exceptional items £'000	Exceptional items £'000	53 weeks ended 1 December 2013 Total £'000	52 weeks ended 25 November 2012 Total £'000
Continuing operations					
Revenue	2	634,297	–	634,297	577,457
Cost of sales		(434,480)	–	(434,480)	(372,161)
Gross profit	2	**199,817**	**–**	**199,817**	**205,296**
Administrative expenses	3	(178,644)	(10,763)	(189,407)	(180,205)
Gain on disposal of subsidiaries	4	–	5,267	5,267	–
Operating profit	5	**21,173**	**(5,496)**	**15,677**	**25,091**
Finance income	7	130	–	130	222
Finance costs	7	(285)	–	(285)	(46)
Profit before taxation		**21,018**	**(5,496)**	**15,522**	**25,267**
Taxation	8	(9,956)	1,821	(8,135)	(8,442)
Profit for the year attributable to owners of the Company		**11,062**	**(3,675)**	**7,387**	**16,825**
Earnings per share	10	**pence**	**pence**	**pence**	**pence**
Basic		9.1	(3.0)	6.1	14.1
Diluted		8.2	(2.7)	5.5	12.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Profit for the year	**7,387**	**16,825**
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	(902)	(2,845)
Other comprehensive loss for the year (net of tax)	(902)	(2,845)
Total comprehensive income for the year attributable to owners of the Company	**6,485**	**13,980**

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

STATEMENTS OF FINANCIAL POSITION

AS AT 1 DECEMBER 2013

	Note	CONSOLIDATED 1 December 2013 £'000	CONSOLIDATED 25 November 2012 £'000	COMPANY 1 December 2013 £'000	COMPANY 25 November 2012 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	3,950	5,897	–	–
Intangible assets	12	12,033	14,250	–	–
Investments in subsidiaries	13	–	–	298,413	253,826
Deferred tax assets	19	3,481	4,871	274	294
Trade and other receivables	14	1,449	–	1,449	–
		20,913	25,018	300,136	254,120
Current assets					
Trade and other receivables	14	124,905	113,994	2,802	3,863
Current tax assets		510	653	2,074	172
Cash and cash equivalents	15	13,690	28,291	1,314	3,914
		139,105	142,938	6,190	7,949
Total assets		**160,018**	**167,956**	**306,326**	**262,069**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	1,240	1,234	1,240	1,234
Share premium		4,961	4,138	4,961	4,138
Other reserves		(5,440)	(8,952)	(468)	(4,882)
Retained earnings		50,854	65,503	269,501	249,418
Total equity		**51,615**	**61,923**	**275,234**	**249,908**
Non-current liabilities					
Provisions for liabilities and charges	18	4,748	1,484	625	–
Trade and other payables	16	758	1,136	–	–
		5,506	2,620	625	–
Current liabilities					
Provisions for liabilities and charges	18	7,361	5,410	625	–
Trade and other payables	16	88,500	98,003	24,842	12,161
Current tax liabilities		2,036	–	–	–
Borrowings	17	5,000	–	5,000	–
		102,897	103,413	30,467	12,161
Total liabilities		**108,403**	**106,033**	**31,092**	**12,161**
Total equity and liabilities		**160,018**	**167,956**	**306,326**	**262,069**

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

These financial statements were approved by the Board of Directors and authorised for issue on 31 January 2014. They were signed on its behalf by:

ALEX SMITH
Chief Financial Officer

Registered number: 3805979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Treasury reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity attributable to owners of the Company £'000
Balance at 27 November 2011		**1,230**	**2,925**	**168**	**878**	**(7,908)**	**(1,225)**	**86,399**	**82,467**
Profit for the year ended 25 November 2012		–	–	–	–	–	–	16,825	16,825
Other comprehensive loss for the year		–	–	–	–	–	(2,845)	–	(2,845)
Total comprehensive income for the year		–	–	–	–	–	(2,845)	16,825	13,980
Dividends paid to equity holders	9	–	–	–	–	–	–	(29,951)	(29,951)
Distributions to tracker shareholders		–	–	–	–	–	–	(424)	(424)
Issue of new shares	20(a)	4	1,213	–	–	–	–	(1,217)	–
Purchase of own shares	20(a)	–	–	–	–	(6,682)	–	–	(6,682)
Treasury shares used for buy-back of vested tracker shares	20(a)	–	–	–	–	3,661	–	(3,661)	–
Treasury shares used for share-based payments	20(a)	–	–	–	–	5,001	–	(4,475)	526
Credit to equity for equity-settled share-based payments	20(b)	–	–	–	–	–	–	1,548	1,548
Current tax on share-based payment transactions	8	–	–	–	–	–	–	972	972
Deferred tax on share-based payment transactions	8	–	–	–	–	–	–	(513)	(513)
Total movements in equity		**4**	**1,213**	**-**	**-**	**1,980**	**(2,845)**	**(20,896)**	**(20,544)**
Balance at 25 November 2012		**1,234**	**4,138**	**168**	**878**	**(5,928)**	**(4,070)**	**65,503**	**61,923**
Profit for the 53 weeks ended 1 December 2013		–	–	–	–	–	–	7,387	7,387
Other comprehensive loss for the period		–	–	–	–	–	(902)	–	(902)
Total comprehensive income for the period		–	–	–	–	–	(902)	7,387	6,485
Dividends paid to equity holders	9	–	–	–	–	–	–	(16,934)	(16,934)
Distributions to tracker shareholders		–	–	–	–	–	–	(264)	(264)
Issue of new shares	20(a)	6	823	–	–		–	(829)	–
Purchase of own shares	20(a)	–	–	–	–	(1,272)	–	–	(1,272)
Treasury shares used for buy-back of vested tracker shares	20(a)	–	–	–	–	5,091	–	(5,439)	(348)
Treasury shares used for share-based payments	20(a)	–	–	–	–	595	–	(223)	372
Credit to equity for equity-settled share-based payments	20(b)	–	–	–	–	–	–	1,555	1,555
Current tax on share-based payment transactions	8	–	–	–	–	–	–	29	29
Deferred tax on share-based payment transactions	8	–	–	–	–	–	–	69	69
Total movements in equity		**6**	**823**	**-**	**-**	**4,414**	**(902)**	**(14,649)**	**(10,308)**
Balance at 1 December 2013		**1,240**	**4,961**	**168**	**878**	**(1,514)**	**(4,972)**	**50,854**	**51,615**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Treasury shares £'000	Retained earnings £'000	Attributable to Company shareholders £'000
Balance at 27 November 2011		**1,230**	**2,925**	**168**	**878**	**(7,908)**	**232,621**	**229,914**
Total comprehensive income and profit for the year to 25 November 2012	1	–	–	–	–	–	48,607	48,607
Dividends paid to equity holders	9	–	–	–	–	–	(29,951)	(29,951)
Issue of new shares	20(a)	4	1,213	–	–	–	–	1,217
Purchase of own shares	20(a)	–	–	–	–	(6,682)	–	(6,682)
Treasury shares used for buy-back of vested tracker shares	20(a)	–	–	–	–	3,661	698	4,359
Treasury shares used for share-based payments	20(a)	–	–	–	–	5,001	(4,408)	593
Credit to equity for equity-settled share-based payments	20(b)	–	–	–	–	–	1,548	1,548
Current tax on share-based payment transactions		–	–	–	–	–	348	348
Deferred tax on share-based payment transactions	19	–	–	–	–	–	(45)	(45)
Total movements in equity		**4**	**1,213**	**–**	**–**	**1,980**	**16,797**	**19,994**
Balance at 25 November 2012		**1,234**	**4,138**	**168**	**878**	**(5,928)**	**249,418**	**249,908**
Total comprehensive income and profit for the 53 weeks ended 1 December 2013	1	–	–	–	–	–	35,069	35,069
Dividends paid to equity holders	9	–	–	–	–	–	(16,934)	(16,934)
Issue of new shares	20(a)	6	823	–	–	–	(4)	825
Purchase of own shares	20(a)	–	–	–	–	(1,272)	–	(1,272)
Treasury shares used for buy-back of vested tracker shares	20(a)	–	–	–	–	5,091	689	5,780
Treasury shares used for share-based payments	20(a)	–	–	–	–	595	(331)	264
Credit to equity for equity-settled share-based payments	20(b)	–	–	–	–	–	1,555	1,555
Deferred tax on share-based payment transactions	19	–	–	–	–	–	39	39
Total movements in equity		**6**	**823**	**–**	**–**	**4,414**	**20,083**	**25,326**
Balance at 1 December 2013		**1,240**	**4,961**	**168**	**878**	**(1,514)**	**269,501**	**275,234**

Of the above reserves, only retained profit of £268,114,000 (2012: £248,720,000) is distributable.

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

STATEMENT OF CASH FLOWS

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

	Note	CONSOLIDATED 53 weeks ended 1 December 2013 £'000	CONSOLIDATED 52 weeks ended 25 November 2012 £'000	COMPANY 53 weeks ended 1 December 2013 £'000	COMPANY 52 weeks ended 25 November 2012 £'000
Cash flows from operating activities					
Profit before taxation		15,522	25,267	35,066	48,407
Adjustments for:					
Depreciation and amortisation charge	11, 12	5,800	6,841	–	–
Impairment of intangible assets	12	1,190	–	–	–
Finance income	7	(130)	(222)	(275)	(46)
Finance cost	7	285	46	365	653
(Gain)/loss on disposal of property, plant and equipment		(14)	9	–	–
Gain on disposal of subsidiaries		(5,267)	–	(1,923)	–
Gain on tracker shares transactions		(423)	–	–	–
Non-cash charge for share-based payments		1,555	1,548	1,555	1,548
Operating cash flows before changes in working capital and provisions		**18,518**	**33,489**	**34,788**	**50,562**
(Increase)/decrease in receivables		(10,932)	(5,265)	(19,706)	7,268
(Decrease)/increase in payables		(7,881)	3,952	11,712	10,297
Increase in provisions		4,535	513	–	–
Cash generated from operations		4,240	32,689	26,794	68,127
Finance income	7	130	222	275	46
Income tax paid		(4,539)	(9,527)	(1,495)	(3,587)
Net cash (used in)/generated from operating activities		(169)	23,384	25,574	64,586
Cash generated from operating activities before exceptional items		5,063	23,384	25,812	64,586
Cash outflow from exceptional items		(5,232)	–	(238)	–
Net cash (used in)/generated from operating activities		(169)	23,384	25,574	64,586
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,171)	(3,862)	–	–
Purchase of intangible assets		(4,430)	(6,669)	–	–
Investment in a subsidiary		–	–	(22,000)	–
Proceeds from disposal of subsidiaries (net of cash)	4	6,003	–	7,176	–
Net cash generated from/(used in) investing activities		402	(10,531)	(14,824)	–
Cash flows from financing activities					
Finance cost	7	(285)	(46)	(365)	(653)
Employee subscription for tracker shares	20(c)	311	341	–	–
Proceeds from exercise of share options		372	564	372	564
Purchase of own shares	20(a)	(1,423)	(6,882)	(1,423)	(6,882)
Repurchase of unvested tracker shares		(205)	(78)	–	–
Proceeds from borrowings	17	5,000	–	5,000	–
Dividends paid to equity holders	9	(16,934)	(29,951)	(16,934)	(29,951)
Distributions to tracker shareholders		(264)	(424)	–	–
Net cash used in financing activities		(13,428)	(36,476)	(13,350)	(36,922)

STATEMENT OF CASH FLOWS (continued)

FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

		CONSOLIDATED		COMPANY	
	Note	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Net (decrease)/increase in cash and cash equivalents		**(13,195)**	**(23,623)**	**(2,600)**	**27,664**
Cash and cash equivalents at beginning of the period		28,291	55,605	3,914	(23,750)
Effect of exchange rate changes		(1,406)	(3,691)	–	–
Cash and cash equivalents at end of the period	**15**	**13,690**	**28,291**	**1,314**	**3,914**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 1 DECEMBER 2013

1 ACCOUNTING POLICIES

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

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

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

BASIS OF PREPARATION

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

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

The Group's consolidated financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss. The Company's financial statements have been prepared on the same basis. The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present an income statement and statement of comprehensive income for the parent Company alone. The profit for the parent Company for the year was £35.1m (2012: £48.6m).

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

The financial year of the Group comprises 53 weeks (2012: 52 weeks) and not a calendar year.

ADOPTION OF NEW AND REVISED STANDARDS

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

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

IFRS 9 'Financial instruments' – classification and measurement
IFRS 10 'Consolidated Financial Statements'
IFRS 11 'Joint arrangements'
IFRS 12 'Disclosures of interests in other entities'
IFRS 13 'Fair Value Measurement'
IAS 19 (revised 2011) 'Employee benefits'
IAS 27 (revised 2011) 'Separate Financial Statements'
Amendment to IAS 19 'Employee benefits'
Amendment to IAS 36 'Impairment of assets' on recoverable amount disclosures
Amendments to IAS 32 on Financial instruments asset and liability offsetting
Amendments to IFRS 7 'Financial Instruments' – disclosures on offsetting financial assets and financial liabilities
Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities
Amendments to IFRS 10, 11 and 12 on transition guidance
Annual improvements 2012, 2013
IASB issued narrow-scope amendments to IAS 36 'Impairment of assets'

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

1 ACCOUNTING POLICIES (continued)

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review. In addition, note 24 to these financial statements include details of the Group's hedging activities and objectives, policies and procedures for managing various risks including liquidity, capital and credit risks.

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

CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group; they are de-consolidated from the date when control ceases. Uniform accounting policies are adopted across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group disposes of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the net assets (including goodwill), less any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss.

REVENUE AND REVENUE RECOGNITION

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

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

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

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

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

COST OF SALES

Cost of sales consists of the contractors cost of supplying services.

GROSS PROFIT

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

EXCEPTIONAL ITEMS

Exceptional items, as disclosed on the face of the income statement, are items that due to their material and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements.

Restructuring costs

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

1 ACCOUNTING POLICIES (continued)

Disposal of subsidiaries

The results of subsidiary undertakings that have been sold during the year are included in the consolidated results up to date of disposal. The gain or loss on disposal represents the disposal proceeds less carrying values of subsidiary's net assets including attributable goodwill and any directly attributable disposal costs.

LEASES

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

FINANCE INCOME

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

TAXATION

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

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

Deferred tax

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

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

FOREIGN CURRENCIES

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the 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 the Group's subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

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

1 ACCOUNTING POLICIES (continued)

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

Assets under construction

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

Software and system development costs

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

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

1 ACCOUNTING POLICIES (continued)

Trademarks

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

IMPAIRMENT OF ASSETS

Assets that are not subject to amortisation are tested annually for impairment. Any impairment loss is charged to the income statement as it arises.

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

INVESTMENTS

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

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

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

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

Held to maturity financial assets

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

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

Loans and receivables

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

Trade and other receivables

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

Cash and cash equivalents

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

1 ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES AND OVERDRAFTS

All non-derivative financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the 'effective interest rate' method. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Trade and other payables

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

Other financial liabilities

Other financial liabilities, including borrowings and overdraft, are initially measured at fair value, net of transaction costs and subsequently held at amortised cost.

PROVISIONS

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

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

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

SHARE CAPITAL

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

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

EMPLOYEE BENEFIT TRUST

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

The shares in the EBT are held to satisfy awards and grants under the employee share award, share option schemes and Long Term Incentive Plan ('LTIP'). The shares held in the EBT are a mix of gifted, newly issued or market purchased shares. No cost is attributed to those shares, hence, no amounts are shown in these financial statements.

DIVIDENDS

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

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

EMPLOYEE BENEFITS

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

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

1 ACCOUNTING POLICIES (continued)

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

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

SHARE-BASED PAYMENTS

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

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

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

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

Tracker share arrangements

The Group also has tracker share arrangements whereby certain employees receive an award of tracker shares in a subsidiary business. Refer to note 20(c) for the accounting policy on tracker share arrangements.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

(i) Judgement is required in the determination of those costs that satisfy the IAS 38 criteria, the carrying amount of capitalised software and systems development costs and assets under construction, the related amortisation, estimation of useful economic life and recoverability of such assets.

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

1 ACCOUNTING POLICIES (continued)

(iii) The Group recognised a net deferred tax asset of £3.5m (2012: £4.9m), of which £1.4m (2012: £3.4m) related to trading losses that are to be carried forward and relieved against profits arising from relevant subsidiary undertakings in future periods. The judgement to recognise the deferred tax asset is dependent upon the Group's expectations regarding future profitability based upon subsidiary revenue and cost forecasts for future years, which contain a degree of inherent uncertainty, and historical performance.

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

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

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

(vii) Deferred cash consideration in relation to disposal of subsidiaries is linked to future EBITDA of IT Job Board. Management judgement is involved in assessing the valuation of deferred consideration recognised.

2 SEGMENTAL ANALYSIS

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

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

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

REVENUE AND GROSS PROFIT BY REPORTABLE SEGMENT

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

2 SEGMENTAL ANALYSIS (continued)

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

	REVENUE FROM EXTERNAL CUSTOMERS		GROSS PROFIT	
	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
United Kingdom & Ireland	247,288	246,679	63,248	70,870
Continental Europe	287,815	262,633	96,599	99,397
Rest of the World	99,194	68,145	39,970	35,029
	634,297	**577,457**	**199,817**	**205,296**

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

Rest of the World refers to 'all other segments' as defined under IFRS 8 and includes Australia, Hong Kong, India, Singapore, Dubai, Qatar, Brazil, USA, Canada, Japan and Russia.

OTHER INFORMATION

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

	REVENUE		GROSS PROFIT	
	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
UK	238,840	240,002	59,859	68,078
Germany	121,972	108,790	47,131	46,349
Netherlands	76,532	70,575	21,121	22,257
USA	62,151	36,138	20,369	15,016
Other	134,802	121,952	51,337	53,596
	634,297	**577,457**	**199,817**	**205,296**

	NON-CURRENT ASSETS	
	1 December 2013 £'000	25 November 2012 £'000
UK*	14,991	17,034
Germany	246	422
Netherlands	236	383
USA	641	787
Other	1,318	1,521
	17,432	**20,147**

*During the year, £1.2m non-current assets were impaired and included in exceptional items in the consolidated income statement (note 12).

2 SEGMENTAL ANALYSIS (continued)

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

	REVENUE		GROSS PROFIT	
	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Brand				
Progressive	211,889	192,327	63,150	67,467
Huxley Associates	143,581	139,854	47,238	50,601
Computer Futures	157,113	144,544	49,339	50,021
Real Staffing Group	121,714	100,732	40,090	37,207
	634,297	**577,457**	**199,817**	**205,296**
Recruitment classification				
Contract	544,173	473,838	109,792	101,710
Permanent	90,124	103,619	90,025	103,586
	634,297	**577,457**	**199,817**	**205,296**
Discipline		Restated*		Restated*
Information and communication technology	304,339	297,463	85,282	91,264
Others	329,958	279,994	114,535	114,032
	634,297	**577,457**	**199,817**	**205,296**

*Information and communication technology has been restated to exclude banking technology.

Others include banking & finance, accountancy, energy & engineering, human resources and life sciences.

3 ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEMS

Exceptional items are those items that are required to be separately disclosed by virtue of their size, incidence or nature to enable a full understanding of the Group's underlying results for the period. Items classified as exceptional are as follows:

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Exceptional items – charged to operating profit		
Restructuring costs	10,763	–
Exceptional items – before taxation	**10,763**	**-**

3 ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEMS (continued)

During the year, the Group carried out certain actions to restructure its cost base, including redundancies to certain staff, the closure of certain offices, consequential impairment of assets, and other corporate restructuring activities in the UK. The total cost of this restructuring as shown below is considered exceptional by virtue of its size and nature and has been charged to the income statement in the current period.

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Restructuring-related personnel costs	3,943	–
Office closures	3,659	–
Asset impairments and related onerous contracts	1,724	–
Other	1,437	–
	10,763	**–**

4 DISPOSAL OF SUBSIDIARIES – EXCEPTIONAL ITEMS

On 21 July 2013, the Group entered into a sale agreement to dispose of IT Job Board ('ITJB') which included Jobboard Enterprises Limited, Jobboard Enterprises B.V. and Jobboard Enterprises GmbH. On the disposal date, full control of ITJB was passed to the acquirer.

The results of the subsidiaries for the period to the date of the disposal, which have been included in the consolidated results of the Group, were as follows:

	Period ended 21 July 2013 £'000
Revenue	3,065
Expenses	(3,438)
Loss for the period before taxation	**(373)**
Gain on disposal of subsidiaries (attributable to owners of the Company)	**5,267**

The initial consideration for the sale of ITJB was £9.2m (including £1.2m of cash transferred with the business). An additional £0.5m earn out is receivable in 2014 as the underlying financial targets have been achieved for the 2013 financial year. A further £2.5m earn out is dependent upon the achievement of the financial targets for the 2014 financial year. The net cash received by the Group was £6.0m (net of cash forgone of £1.2m) and £1.8m was received by tracker shareholders of the ITJB businesses.

The net gain of £5.3m is calculated using SThree's share of initial disposal proceeds received plus deferred consideration receivable less the carrying amount of ITJB's net assets (total assets of £3.6m including goodwill of £0.4m less total liabilities of £1.4m) and other directly attributable disposal costs. The gain has been treated as an exceptional item in these financial statements due to its one-off nature and size.

The results of ITJB are not shown separately as a discontinued operation in the consolidated income statement as it was not deemed a major line of business for the Group.

5 OPERATING PROFIT

Operating profit is stated after charging/(crediting).

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Depreciation (note 11)	2,704	3,177
Amortisation (note 12)	3,096	3,664
Foreign exchange gains	(406)	(335)
Staff costs (note 6)	128,782	127,308
Movement in bad debt provision and debts directly written off	466	1,737
(Gain)/loss on disposal of property, plant and equipment	(14)	9
Gain on disposal of subsidiaries (note 4)	(5,267)	–
Exceptional restructuring costs (note 3)	10,763	–
Operating lease charges		
– Motor vehicles	1,561	1,480
– Land and buildings	10,602	11,183

AUDITOR REMUNERATION

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

Amounts payable to PricewaterhouseCoopers LLP and its associates:	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012* £'000
Fees payable to the Company's auditor for the annual audit of the Company and consolidated financial statements	72	72
Fees payable to the Company's auditor and its associates for other services to the Group:		
– Audit of the Company's subsidiaries pursuant to legislation	342	330
– Audit related assurance services	–	41
– Tax advisory services	11	54
– All other non-audit services	28	50
Costs charged to operating profit	**453**	**547**

*Audit fees for the audit of the Company's subsidiaries is restated as certain additional subsidiaries required satutory audits for the financial year 2012.

6 DIRECTORS AND EMPLOYEES

Aggregate remuneration of employees (including directors) was:

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Wages and salaries (including bonuses)	110,340	108,077
Social security costs	14,932	16,163
Pension costs	1,336	981
Temporary staff costs	425	277
Share-based payments (note 20(b))	1,749	1,810
	128,782	**127,308**

The staff costs capitalised during the year on internally developed assets (note 12) and not included in the above amounts were £2.0m (2012: £2.4m).

The average monthly number of employees (including executive directors) during the year was:

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Geographic analysis		
United Kingdom & Ireland		
– Sales	523	556
– Non-sales	382	427
	905	983
Europe and Rest of the World		
– Sales	1,144	1,105
– Non-sales	179	146
	1,323	1,251
Total average headcount	**2,228**	**2,234**

Included in the headcount numbers above are 93 (2012: 65) temporary short-term full time employees.

There were also on average 196 (2012: 46) contractors engaged under the employed contractor model ("ECM"). They are not included in the numbers above as they are not considered to be full time employees of the Group.

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

7 FINANCE INCOME AND COSTS

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Finance income		
Bank interest receivable	39	112
Other interest	91	110
	130	**222**
Finance costs		
Bank loans and overdrafts	(285)	(46)
Net finance (cost)/income	**(155)**	**176**

8 TAXATION

(a) Analysis of tax charge for the year

	Before exceptional items £'000	Exceptional items £'000	53 weeks ended 1 December 2013 Total £'000	52 weeks ended 25 November 2012 Total £'000
Current taxation				
UK				
Corporation tax charged at 23.33% (2012: 24.67%) on profits for the year	4,518	(1,421)	3,097	3,357
Adjustments in respect of prior periods	(214)	–	(214)	91
Overseas				
Corporation tax charged on profits for the year	4,258	(396)	3,862	3,159
Adjustments in respect of prior periods	83	–	83	973
Total current tax charge	8,645	(1,817)	6,828	7,580
Deferred taxation				
Origination and reversal of temporary differences	(720)	(4)	(724)	382
Adjustments in respect of prior periods (note 19)	2,031	–	2,031	480
Total deferred tax charge	1,311	(4)	1,307	862
Total income tax charge in the income statement	**9,956**	**(1,821)**	**8,135**	**8,442**

8 TAXATION (continued)

(b) Reconciliation of the effective tax rate

The Group's tax charge for the year ended 1 December 2013 exceeds (2012: exceeds) the UK statutory rate and can be reconciled as follows:

			53 weeks ended 1 December 2013	52 weeks ended 25 November 2012
	Before exceptional items £'000	**Exceptional items £'000**	**Total £'000**	**Total £'000**
Profit before taxation	21,018	(5,496)	15,522	25,267
Profit before taxation multiplied by standard rate of corporation tax in the UK	4,902	(1,282)	3,620	6,232
Effects of:				
Disallowable/(non-taxable) items	137	(943)	(806)	(458)
Differing tax rates on overseas earnings	648	(201)	447	551
Adjustments in respect of prior periods	1,900	–	1,900	1,544
Adjustment due to UK tax rate change	140	–	140	93
Tax losses for which no deferred tax was recognised	2,229	605	2,834	480
Tax expense/(credit) for the year	**9,956**	**(1,821)**	**8,135**	**8,442**
Effective tax rate	**47.4%**	**33.1%**	**52.4%**	**33.4%**

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

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Equity-settled share-based payments		
Current tax	(29)	(972)
Deferred tax	(69)	513
	(98)	**(459)**

The Group expects to receive additional tax deductions in respect of the share awards and share options currently unexercised. Under IFRS the Group is required to provide for deferred tax on all unexercised share awards and options. Where the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. In this situation, the excess of the current or deferred tax should be recognised in equity. At 1 December 2013 a deferred tax asset of £0.7m (2012: £0.8m) has been recognised in respect of these options (note 19).

9 DIVIDENDS

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Amounts recognised as distributions to shareholders in the year		
Interim dividend of 4.7p (2012: 4.7p) per share(i)	5,654	5,624
Final dividend of 9.3p (2012: 9.3p) per share(ii)	11,280	11,165
Special dividend of nil (2012: 11.0p) per share(i)	–	13,162
	16,934	**29,951**
Amounts proposed as distributions to shareholders		
Interim dividend for the six months ended 26 May 2013 of 4.7p (2012: 4.7p) per share(i) & (iii)	5,729	5,654
Final dividend of 9.3p (2012: 9.3p) per share for the year ended 1 December 2013(iv)	11,357	11,166

(i) An interim dividend of 4.7 pence (2012: 4.7 pence) and a special dividend of nil (2012: 11.0 pence) per share for the six months ended 27 May 2012 were paid on 7 December 2012.

(ii) A final dividend of 9.3 pence (2012: 9.3 pence) per share for the year ended 25 November 2012 was paid on 5 June 2013 to shareholders on record at 3 May 2013.

(iii) An interim dividend for the six months ended 26 May 2013 of 4.7 pence (2012: 4.7 pence) per share was paid on 6 December 2013 to shareholders on record at 8 November 2013.

(iv) The Board propose a final dividend for the year ended 1 December 2013 of 9.3 pence (2012: 9.3 pence) per share, to be paid on 4 June 2014 to shareholders on record at 2 May 2014. This proposed final dividend is subject to approval by shareholders at the Company's next Annual General Meeting on 24 April 2014 and has not been included as a liability in these financial statements.

10 EARNINGS PER SHARE

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

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

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

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Earnings		
Profit after taxation excluding exceptional items	11,062	16,825
Effect of exceptional items	(3,675)	–
Profit after taxation attributable to owners of the Company	7,387	16,825

	million	million
Number of shares		
Weighted average number of shares used for basic EPS	121.1	119.5
Dilutive effect of share plans	14.0	14.3
Diluted weighted average number of shares used for diluted EPS	135.1	133.8

	53 weeks ended 1 December 2013 pence	52 weeks ended 25 November 2012 pence
Basic		
Basic EPS	6.1	14.1
Impact of exceptional items	3.0	–
Adjusted basic EPS before exceptional items	9.1	14.1
Diluted		
Diluted EPS	5.5	12.6
Impact of exceptional items	2.7	–
Adjusted diluted EPS excluding exceptional items	8.2	12.6

11 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 27 November 2011	11,489	5,887	3,192	131	20,699
Additions	2,261	1,346	402	–	4,009
Disposals	(1,000)	(236)	(80)	–	(1,316)
Exchange differences	(157)	(204)	(76)	(2)	(439)
At 25 November 2012	12,593	6,793	3,438	129	22,953
Additions	381	647	143	–	1,171
Disposals	(1,141)	(1,452)	(366)	(131)	(3,090)
Exchange differences	(23)	(41)	(2)	2	(64)
At 1 December 2013	**11,810**	**5,947**	**3,213**	**–**	**20,970**
Accumulated depreciation and impairment					
At 27 November 2011	9,254	3,826	2,286	70	15,436
Depreciation charge for the year	1,731	975	428	43	3,177
Disposals	(999)	(229)	(79)	–	(1,307)
Exchange differences	(111)	(86)	(52)	(1)	(250)
At 25 November 2012	9,875	4,486	2,583	112	17,056
Depreciation charge for the year	1,577	805	320	2	2,704
Disposals	(1,060)	(1,175)	(346)	(116)	(2,697)
Exchange differences	(25)	(20)	–	2	(43)
At 1 December 2013	**10,367**	**4,096**	**2,557**	**–**	**17,020**
Net book value					
At 1 December 2013	**1,443**	**1,851**	**656**	**–**	**3,950**
At 25 November 2012	2,718	2,307	855	17	5,897

Depreciation charge of £2.7m (2012: £3.2m) is included in administrative expenses.

The disposals include assets with net book value of £0.1m and £0.2m that were disposed as part of the IT Job Board disposal (note 4) and as part of office closures (note 3) respectively.

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

12 INTANGIBLE ASSETS

	Goodwill £'000	Computer software £'000	Internally generated: Assets under construction £'000	Internally generated: Software and system development costs £'000	Trademarks £'000	Total £'000
Cost						
At 27 November 2011	206,935	4,218	1,085	17,978	71	230,287
Additions	–	4,703	2,994	1,665	–	9,362
Reclassification	–	–	(1,930)	1,930	–	–
At 25 November 2012	206,935	8,921	2,149	21,573	71	239,649
Additions	–	213	2,841	165	–	3,219
Disposals	(622)	(86)	(10)	(1,444)	–	(2,162)
Reclassification	–	–	(3,249)	3,249	–	–
Exchange differences	–	(2)	–	–	–	(2)
At 1 December 2013	**206,313**	**9,046**	**1,731**	**23,543**	**71**	**240,704**
Accumulated amortisation and impairment						
At 27 November 2011	205,687	3,317	–	12,670	65	221,739
Amortisation charge for the year	–	957	–	2,706	1	3,664
Reclassification	–	(73)	–	73	–	–
Exchange differences	–	(4)	–	–	–	(4)
At 25 November 2012	205,687	4,197	–	15,449	66	225,399
Amortisation charge for the year	–	883	–	2,212	1	3,096
Impairment charge for the year	–	665	–	525	–	1,190
Disposals	(207)	(27)	–	(780)	–	(1,014)
At 1 December 2013	**205,480**	**5,718**	**-**	**17,406**	**67**	**228,671**
Net book value						
At 1 December 2013	**833**	**3,328**	**1,731**	**6,137**	**4**	**12,033**
At 25 November 2012	1,248	4,724	2,149	6,124	5	14,250

Amortisation charge of £3.1m (2012: £3.7m) is included in administrative expenses.

Additions to internally generated assets included the development of various HR related projects, the tools enhancing ERP functionality, and the costs directly attributable to the development of certain new front-office systems which have been capitalised during the year in accordance with the criteria under IAS 38.

Disposals include assets with net book value of £1.2m that were disposed as part of the IT Job Board disposal.

As part of a Group restructuring exercise (note 3), the Group performed an impairment review of its assets to identify if any of the assets had become impaired due to restructuring actions. Based on the review and the determined value in use for certain assets an impairment charge of £1.2m has been recognised in the year which has been shown above and included in exceptional items in the consolidated income statement.

12 INTANGIBLE ASSETS (continued)

The net book value of goodwill is allocated as follows:

	Group's shareholding 2013	2012	2013 £'000	2012 £'000
SThree Staffing UK Limited	100%	100%	833	833
Jobboard Enterprises Limited	–	80%	–	415
			833	**1,248**

The goodwill attributable to Jobboard Enterprises Limited was disposed during the year on disposal of IT Job Board (note 4). Management has performed an impairment review of goodwill and calculated no impairment is required. Disclosures required under IAS 36 'Impairment of Assets' have not been included on the basis that goodwill is not considered material.

13 INVESTMENTS IN SUBSIDIARIES

COMPANY	£'000
Cost	
At 27 November 2011	255,260
Additions	
– Repurchase of vested tracker shares	5,810
– Repurchase of unvested tracker shares	74
Capital contribution relating to share-based payments (IFRS 2)	940
At 25 November 2012	262,084
Additions	
– Capital injection in a subsidiary	37,000
– Repurchase of vested tracker shares	7,211
– Repurchase of unvested tracker shares	121
Disposal	(984)
Capital contribution relating to share-based payments (IFRS 2)	1,239
At 1 December 2013	**306,671**
Provision for impairment	
At 25 November 2012 and 1 December 2013	**8,258**
Net carrying value	
At 1 December 2013	**298,413**
At 25 November 2012	253,826

During the year, the Company injected further share capital of £37.0m into SThree Management Services Limited.

During the year, the Company bought back a portion of vested tracker shares that were offered for sale to the controlling shareholder. The purchase obligation was settled by awarding 1,806,772 shares from treasury stock and 245,456 through new shares issued to the tracker shareholders. The tracker share arrangements are detailed in note 20(c).

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

The disposal mainly represents the sale of Jobboard Enterprises Limited, Jobboard Enterprises B.V. and Jobboard Enterprises GmbH (note 4).

13 INVESTMENTS IN SUBSIDIARIES (continued)

IFRS 2 requires that any options or awards granted to employees of a subsidiary company will increase the carrying value of the investment held. In 2013, the Company recognised an increase in the investments in its subsidiaries of £1.2m (2012: £0.9m) relating to these share options and awards.

Investments comprise the following principal subsidiary companies:

	Shareholding 2013	Shareholding 2012	Country of incorporation	Principal activities
SThree Australia Pty Limited	100%	100%	Australia	Recruitment
Computer Futures Solutions NV	100%	100%	Belgium	Recruitment
Huxley Associates Belgium NV	100%	100%	Belgium	Recruitment
SThree Services NV	100%	100%	Belgium	Recruitment
SThree Belgium NV	100%	100%	Belgium	Recruitment
Specialist Staffing Solutions Recrutamento Ltda	100%	100%	Brazil	Recruitment
SThree SAS	100%	100%	France	Recruitment
Jobboard Enterprises GmbH	–	100%	Germany	Recruitment
SThree GmbH	100%	100%	Germany	Recruitment
SThree Limited	100%	100%	Hong Kong	Recruitment
SThree India Private Limited	100%	100%	India	Recruitment
SThree Staffing Ireland Limited	100%	100%	Ireland	Recruitment
SThree K.K.	100%	100%	Japan	Recruitment
SThree S.a r.l	100%	100%	Luxembourg	Recruitment
Jobboard Enterprises BV	–	100%	Netherlands	Recruitment
SThree Holdings BV	100%	100%	Netherlands	Recruitment
SThree Norway AS	100%	100%	Norway	Recruitment
SThree Qatar LLC	100%	100%	Qatar	Recruitment
SThree LLC	100%	100%	Russia	Recruitment
SThree Pte. Ltd.	100%	100%	Singapore	Recruitment
SThree Switzerland GmbH	100%	100%	Switzerland	Recruitment
Huxley Associates Banking & Finance Limited	100%	100%	UK	Recruitment
Huxley Associates Global Limited	100%	100%	UK	Recruitment
Huxley Associates Limited	100%	100%	UK	Recruitment
Jobboard Enterprises Limited	–	80%	UK	Recruitment
Orgtel Contract Limited	100%	100%	UK	Recruitment
Orgtel Limited	100%	100%	UK	Recruitment
Real Staffing Group Limited	100%	100%	UK	Recruitment
SThree Finance Limited*	100%	100%	UK	Support services
SThree Staffing UK Limited	100%	100%	UK	Recruitment
SThree IP Limited*	100%	100%	UK	Support services
SThree Management Services Limited*	100%	100%	UK	Management services
SThree Overseas Holdings Limited*	100%	100%	UK	Holding company
SThree UK Holdings Limited*	100%	100%	UK	Holding company
Specialist Staffing Solutions, Inc	100%	100%	USA	Recruitment

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

A full list of subsidiaries is available from the Company Secretary at 5th Floor, GPS House, 215-227 Great Portland Street, London, W1W 5PN, United Kingdom.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

No non-controlling interest existed at the year end (2012: one).

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Trade receivables	80,535	78,103	–	–
Provision for impairment	(1,439)	(1,576)	–	–
Trade receivables – net	79,096	76,527	–	–
Other receivables	5,837	4,541	3,282	722
Amounts due from subsidiaries (note 23)	–	–	858	2,983
Prepayments and accrued income	41,421	32,926	111	158
	126,354	**113,994**	**4,251**	**3,863**
Less: non-current portion: other receivables	1,449	–	1,449	–
Current portion	**124,905**	**113,994**	**2,802**	**3,863**

Trade receivables and cash and cash equivalents are deemed to be all current loans and receivables for disclosure under IFRS 7 'Financial Instruments' – Disclosures (note 24). No interest is charged on trade receivables. Amounts due from subsidiaries are subject to interest at a rate of 1.3% (2012: 1.3%) above 3 month LIBOR of respective currencies in which balances are denominated.

Other receivables include £1.9m in respect of the deferred cash consideration receivable from the acquirer of IT Job Board (note 4). The amounts are due to be received as follows:

	GROUP		COMPANY	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Within one year	402	–	402	–
In the second year	1,449	–	1,449	–
	1,851	**–**	**1,851**	**–**

The Group makes judgements on a customer by customer basis as to its ability to collect outstanding receivables and provides for impairment of trade receivables based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Group analyses its historical collection experience and current economic trends. These amounts are included with administrative expenses. Trade receivables are written off when the Group determines that it is unlikely that future remittances will be received.

	GROUP	
	1 December 2013 £'000	25 November 2012 £'000
Movements in the Group's provision for impairment of trade receivables are as follows:		
Provision at beginning of year	1,576	1,487
Charge for the year	935	1,027
Bad debts written off	(715)	(682)
Provision reversed as amounts recovered	(357)	(256)
Provision at end of year	**1,439**	**1,576**

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

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Cash in hand and at bank	**13,690**	**28,291**	**1,314**	**3,914**

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

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

16 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Trade payables	35,417	37,442	5	40
Amounts due to subsidiaries (note 23)	–	–	23,758	11,054
Other taxes and social security	7,276	10,741	230	160
Other payables	5,779	5,693	96	726
Accruals	40,786	45,263	753	181
	89,258	**99,139**	**24,842**	**12,161**
Less: non-current portion: trade payables	758	1,136	–	–
Current portion	**88,500**	**98,003**	**24,842**	**12,161**

The fair values of trade and other payables are not materially different from those disclosed above.

Trade and other payables are predominantly interest free.

Amounts due to subsidiaries are subject to interest at a rate of 1.3% (2012: 1.3%) above 3 month LIBOR of respective currencies in which balances are denominated.

17 BORROWINGS

	GROUP		COMPANY	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Revolving credit facility	**5,000**	**-**	**5,000**	**-**

In January 2012 the Company signed a committed revolving credit facility of £20m with The Royal Bank of Scotland (RBS). The facility expires in January 2017 and is secured by way of a floating charge over trade receivables of the Group. The funds borrowed under this facility bear interest at a minimum rate of 1.3% above 3 month Sterling LIBOR. At the year end, the Group and the Company have drawn £5.0m (2012: £nil) on this facility.

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

18 PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	Dilapidations £'000	Tracker shares £'000	Legal £'000	Restructuring £'000	Onerous contract £'000	Total £'000
At 25 November 2012	1,987	4,369	538	–	–	6,894
Charged/(released) to the income statement	430	(423)	182	4,305	1,557	6,051
Utilised during the year	(128)	(584)	(191)	–	(307)	(1,210)
Tracker share consideration received	–	374	–	–	–	374
At 1 December 2013	**2,289**	**3,736**	**529**	**4,305**	**1,250**	**12,109**

Analysis of total provisions:	1 December 2013 £'000	25 November 2012 £'000
Current	7,361	5,410
Non-current	4,748	1,484
	12,109	**6,894**

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

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

Restructuring
The Group undertook a restructuring exercise in the second half of the year. The Group has charged the restructuring costs of £10.8m to the income statement in the current period (note 3). As at 1 December 2013, £4.3m remains unpaid in relation to various onerous property leases (£2.6m), personnel (£0.5m) and other costs (£1.2m).

18 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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

	1 December 2013 £'000	25 November 2012 £'000
Within one year	2,471	503
One to five years	3,818	1,190
After five years	305	294
	6,594	**1,987**

Tracker shares

The provision relates to the obligation to repay amounts received or receivable in relation to the subscription of tracker shares awarded to certain employees under the terms of the tracker share arrangements (note 20(c)). The timing of economic outflows is subject to the factors governing each tracker shareholder.

Legal

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

Onerous contract – Group and Company

A long term service contract entered into during the period is not expected to provide future economic benefits to the Group. As a result, this contract has been deemed to be onerous and provided against. This liability is expected to crystalise within 2 years.

COMPANY	Onerous contract £'000
At 25 November 2012	–
Charged to the income statement	1,557
Utilised during the year	(307)
At 1 December 2013	**1,250**

Analysis of total provisions:	1 December 2013 £'000	25 November 2012 £'000
Current	625	–
Non-current	625	–
	1,250	**-**

19 DEFERRED TAX

GROUP	Accelerated tax depreciation £'000	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 27 November 2011	(899)	1,017	5,514	763	6,395
Credit/(charge) to income statement for the year	146	145	(527)	(146)	(382)
Prior year credit/(charge) to income statement for the year	685	124	(1,352)	63	(480)
Charge directly to equity	–	(513)	–	–	(513)
Exchange differences	30	–	(211)	32	(149)
At 25 November 2012	(38)	773	3,424	712	4,871
Credit/(charge) to income statement for the year	1,629	(69)	(671)	(18)	871
Prior year credit/(charge) to income statement for the year	(603)	–	(1,224)	(204)	(2,031)
Adjustment due to tax rate changes	(68)	(45)	(10)	(24)	(147)
Resulting from disposals	34	(14)	(176)	(19)	(175)
Credit directly to equity	–	69	–	–	69
Exchange differences	9	–	26	(12)	23
At 1 December 2013	**963**	**714**	**1,369**	**435**	**3,481**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	1 December 2013 £'000	25 November 2012 £'000
Deferred tax assets	3,481	4,909
Deferred tax liabilities	–	(38)
Net deferred tax assets	**3,481**	**4,871**

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

At the reporting date, the Group has unused tax losses of £28.5m (2012: £22.9m) available for offset against future profits. A deferred tax asset of £1.4m (2012: £3.4m) has been recognised in respect of £5.9m (2012: £12.9m) of such losses. No deferred tax asset has been recognised in respect of the remaining £22.6m (2012: £10.0m) of losses. Included in unrecognised tax losses are losses of £3.3m (2012: £1.4m) subject to expiry. Of this amount, £1.2m expires in 2016, £1.0m in 2020, and £0.6m in 2023. The balance of £0.5m expires at various other times up to 2033. Other unrecognised tax losses of £19.3m may be carried forward indefinitely.

Unremitted earnings from overseas subsidiaries may be liable to some overseas tax if they were to be distributed as dividends. However, at the end of the reporting period, no tax is expected to be payable on them because there are no plans to remit these earnings. Therefore, no provision for tax in respect of possible future remittances has been made.

In March 2013, the Finance Bill 2013 reduced the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. As a result, the Group's deferred tax asset has been reduced as at 1 December 2013 by £0.1m, resulting in a charge to the income statement.

19 DEFERRED TAX (continued)

COMPANY

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

	£'000
At 27 November 2011	199
Credit to income statement for the year	124
Prior year credit to income statement for the year	16
Charge directly to equity	(45)
At 25 November 2012	294
Charge to income statement for the year	(41)
Adjustment due to tax rate changes	(18)
Credit directly to equity	39
At 1 December 2013	**274**

20 SHARE CAPITAL

GROUP AND COMPANY

(a) Share capital

Issued and fully paid	Number of shares	Ordinary shares £'000	Treasury reserve £'000
At 25 November 2012	121,227,719	1,234	(5,928)
Issue of new shares	648,583	6	–
Repurchase of own shares	(377,903)	–	(1,272)
Utilisation of treasury shares	2,019,867	–	5,686
At 1 December 2013	**123,518,266**	**1,240**	**(1,514)**

Share issue

During the year, 648,583 (2012: 386,548) ordinary shares were issued to satisfy the exercise of awards under the Long Term Incentive Plan (LTIP), Save As You Earn (SAYE) and the buy-back of vested tracker shares. This resulted in share premium of £823,000 (2012: £1,213,000).

Treasury reserve

During the year, as part of the share buy-back programme, SThree plc purchased 377,903 (2012: 2,363,116) of its own shares to be held as treasury shares. The average price paid per share was 336.52p (2012: 282.78p) and the total consideration paid was £1,272,000 (2012: £6,682,000). An amount of £nil (2012: £151,309) was under an irrecoverable purchase agreement (now expired) and was included in accruals at the prior year end. Shares are held in treasury for awards and grants under the Group's various share option and share award schemes, which include the LTIP, SAYE and Employee Benefit Trust (EBT) as well as to satisfy the buy-back of vested tracker shares. During the year, 2,019,867 (2012: 3,380,605) shares were transferred from treasury to LTIP, SAYE and the buy-back of tracker shares. At the year-end, 524,444 (2012: 2,166,408) shares were held in treasury.

20 SHARE CAPITAL (continued)

(b) Share-based payments

The Group has a number of share-based payment schemes to incentivise directors and employees. All schemes are treated as equity-settled as the Group has no legal or constructive obligation to repurchase or settle the options in cash. The schemes are detailed below.

	1 December 2013		25 November 2012					
Scheme	**Charge (£'000)**	**Number of share options**	**Charge (£'000)**	**Number of share options**	**Vesting period**	**Expiry date**	**Valuation method**	**Performance metrics**
LTIP*	1,412	4,073,810	1,389	3,342,708	3 years	10 years	Montecarlo model	Incremental EPS growth/TSR ranking against comparator group
SAYE	143	1,032,153	160	1,097,936	3 years	6 months after 3 year vesting period	Binomial	None
SIP	194	N/A	261	N/A	1 year	N/A	N/A	None
Total	**1,749**	**5,105,963**	**1,810**	**4,440,644**				

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

Long Term Incentive Plan (LTIP)

	Options
At 27 November 2011	3,432,860
Granted	1,778,191
Exercised	(1,651,770)
Forfeited	(216,573)
At 25 November 2012	3,342,708
Granted	1,389,955
Exercised	(279,673)
Expired	(100,134)
Forfeited	(279,046)
At 1 December 2013	**4,073,810**

Out of the 4,073,810 (2012: 3,342,708) options outstanding, 748,826 (2012: none) options were exercisable. Options exercised in 2013 resulted in 402,679 new shares being issued (2012: none). Additionally, 119,721 (2012: 1,645,000) shares were transferred from treasury shares. The related weighted average share price at the time of exercise was 344p (2012: 287p) per share. The related transaction costs were negligible.

20 SHARE CAPITAL (continued)

At the end of the reporting period, share options in relation to the outstanding LTIP were valued as follows:

	2013	2012
Weighted average fair value (£)	2.86	2.43
Key assumptions used:		
Weighted average share price	3.32	2.82
Expected volatility	41%	45%
Expected option term (life)	3 years	3 years

Other schemes

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

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

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

These awards generally have the following characteristics:

- an employee receives an award of "tracker shares" in a subsidiary business. This share gives the employee certain rights to income and capital growth of a "tracked" business;

- the employee must subscribe for this award of tracker shares at fair value, as determined by an independent third party share valuer and taking into account the particular rights attached to the shares described in the relevant businesses' Articles of Association. The value takes into consideration factors such as the size and trading record of the underlying business, budget projections, as well as the external market, sector and country data. The external valuer is supplied with detailed financial analysis down to Profit Before Tax. Using this information an independent calculation of the initial Equity Value (EV) is completed based on ratio analysis and modelling of financial information. This EV is then discounted to take account of small scale risk, minority status, stock liquidity and the absence of voting rights to arrive at a valuation. A number of awards were granted in the year and, although the methodology for calculating the EVs was applied consistently, the data varied depending on the business and timing of the grant date;

- if the employee remains in employment with the Group for a pre-agreed period, being not less than three years depending on the life of the tracker business, they may then offer the tracker shares for sale to the Group. Should the Group decide to buy back the tracker shares, it will do so at a price based on the tracker shares' fair value at that date, which is determined using a formula stipulated in the tracker shares agreement. SThree plc may settle this transaction in cash or in its shares, as it chooses. The current policy is to settle in shares. During the period of tracker share ownership, the employee may be entitled to a cash dividend distribution based on the underlying profitability of the tracked business at the discretion of the Group;

- if the employee leaves the Group before the pre-agreed period, they are entitled to receive the lower of the initial subscription amount they contributed or the fair value on the date of departure as set out under the relevant businesses' Articles of Association. A provision relating to the obligation to repay amounts received or receivable in relation to tracker shares is recognised (note 18); and

- employees may receive loans from the Group to pay the initial subscription for their tracker shares, on which interest is charged. These loans are included within other receivables.

20 SHARE CAPITAL (continued)

Movements in tracker share awards during the year were as follows:

	Number of awards			
	Outstanding at at start of the year	Granted during the year	Bought back/ redeemed during the year	Outstanding at at end of the year
Tracker share awards – 2013	22,435	516	(5,296)	17,655
Tracker share awards – 2012	25,924	189	(3,678)	22,435

Employees must pay the fair value of the awards at the time of the initial subscription and the Group intends to settle all vested tracker shares with shares in SThree plc. Therefore, no share-based payment charge is recognised in the income statement. During the year, net subscription proceeds received for tracker share awards were £311,000 (2012: £341,000), with proceeds ranging from £75 to £7,415 (2012: £114 to £4,205) per individual award. The Group bought back 4,962 (2012: 3,614) tracker shares during the year for a total consideration of £7,211,000 (2012: £5,884,000), out of which 4,867 (2012: 2,502) were vested shares.

21 CONTINGENCIES

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

22 COMMITMENTS

OPERATING LEASES

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

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

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

	MOTOR VEHICLES		LAND AND BUILDINGS*	
	1 December 2013 £'000	25 November 2012 £'000	1 December 2013 £'000	25 November 2012 £'000
Within one year	755	1,229	10,321	11,109
In the second to fifth years inclusive	239	906	24,372	28,048
After five years	–	–	10,596	11,394
	994	**2,135**	**45,289**	**50,551**

*These include lease commitments of £2.0m at the year end in respect of leased offices which have been vacated as part of the restructuring during the year and have become onerous on the Group (notes 3 and 18).

Capital commitments

At the end of the reporting period, the Group contracted capital expenditure but not yet incurred of £0.2m (2012: £0.4m).

Guarantees

The Group issued bank guarantees for commitments which amounted to £2.4m (2012: £2.6m).

23 RELATED PARTY TRANSACTIONS

GROUP

Balances and transactions with subsidiaries (note 13) have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its Directors and with members of the Executive Board, who are key related parties, are disclosed below.

Remuneration of key management personnel

The Group's key management comprises the Directors (Executive and Non-Executive), members of the Executive Committee and other key managers who are deemed to influence the day to day activities. Details of Directors' remuneration, as determined by the SThree plc Remuneration Committee in accordance with its stated policy, are given in the Directors' Remuneration Report. Total remuneration for members of key management is detailed below.

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Short-term employee benefits	5,059	4,453
Share-based payments	659	1,054
Post-employment benefits	229	209
Termination benefits	–	222
	5,947	**5,938**

COMPANY

The Company has related party relationships with its subsidiaries (note 13) and with members of the Board. The Directors receive remuneration from the Company which is disclosed in the Directors' Remuneration Report. The Company did not have any transactions with the Directors during the financial year other than those disclosed in the Remuneration Report and below. Details of transactions between the Company and other related parties are disclosed below.

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Transactions with the related parties during the year		
Investment in a subsidiary	37,000	–
Loans and advances received from subsidiaries	12,704	9,978
Loans and advances repaid by subsidiaries	(2,125)	(4,342)
Loans paid/(repaid) by directors	104	(53)
Interest income received in respect of interest bearing loans and advances	266	46
Interest paid in respect of interest bearing loans and advances	(86)	(653)
Dividend income received	34,141	49,885

No purchase or sales transactions were entered into between the Company and its subsidiaries.

	1 December 2013 £'000	25 November 2012 £'000
Year end balances arising from transactions with related parties		
Amounts payable to subsidiaries	(23,758)	(11,054)
Amounts receivable from subsidiaries	858	2,983
Amounts receivable from directors	313	417

24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

GROUP

Financial Risk Factors

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

During the year, the Board undertook a review of its currency hedging strategy to ensure it is appropriate. The Group does not hold or issue derivative financial instruments for speculative purposes and our Treasury policies specifically prohibit such activity. All transactions in financial instruments are undertaken to manage the risks arising from underlying business activities, not for speculation.

Group Treasury enters into a limited amount of derivative transactions, principally currency swaps and forward currency contracts with the purpose of managing the currency risks arising from operations and financing of subsidiaries.

At the year end, the Group had net foreign exchange swaps of: €7.0m, HK$5.0m, US$4.0m and SG$0.9m, all together equivalent of £9.1m (2012: €16m equivalent of £13m). The swaps were taken out close to the year end date for a range of periods of 4 to 25 days (2012: 12 days) and their fair values are not material.

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

(a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group and its subsidiaries' ability to continue as going concerns in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2012.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Except for compliance with certain bank covenants (note 17), the Group is not subject to any externally imposed capital requirements.

At the end of the reporting period, total capital was:

	1 December 2013 £'000	25 November 2012 £'000
Cash and cash equivalents (note 15)	13,690	28,291
Revolving credit facility (note 17)	(5,000)	–
Equity	51,615	61,923
Total capital	**60,305**	**90,214**

Equity includes all capital and reserves of the Group that are managed as capital.

(b) Foreign currency risk management

The Group has Sterling as presentation currency. It undertakes transactions in a number of foreign currencies. Consequently exposures to exchange rate fluctuations do arise. Such exchange rate movements affect the Group's transactional revenues, cost of sales, the translation of the earnings and net assets/ liabilities of its overseas operations.

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

24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is mainly exposed to the Euro. If the Euro strengthened against Sterling by a movement of more than 10%, the anticipated impact on the Group's results in terms of translational exposure will be an increase in profit before taxation and pre-exceptional items of £2.7m (2012: £3.5m). If the Euro weakened against Sterling by more than 10% this would result in a decrease in profit before taxation and pre-exceptional items of £2.7m (2012: £3.5m). 10% was used on the assumption that rates are not likely to move by more than this percentage given the history during the year.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(c) Liquidity risk management

The Group's treasury function centrally co-ordinates relationships with banks, manage borrowing requirements, foreign exchange requirements and cash management. The Group believes it has access to sufficient funding through a revolving credit facility with the RBS that provides a committed borrowing facility of £20m which expires in January 2017. £5m was drawn down at the year end.

The revolving credit facility requires, among other matters, compliance with the following three financial covenant ratios which are to be tested twice a year on the basis of year-end and half-year financial statements:

(i) Interest Cover: interest cover shall not be less than the ratio of 4:1 at any time;

(ii) Leverage: the ratio of total net debt on the last day of a period to EBITDA in respect of that period shall not exceed the ratio of 2:1; and

(iii) Guarantor Cover: the aggregate Adjusted EBITDA and gross assets of all the Guarantor subsidiaries must at all times represent at least 85% of the Adjusted EBITDA and gross assets of the Group as a whole.

The table below shows the maturity profile of the financial liabilities which are held at amortised cost based on the contractual amounts payable on the date of repayment:

	BORROWINGS		TRADE AND OTHER PAYABLES	
At 1 December 2013	**Group £'000**	**Company £'000**	**Group £'000**	**Company £'000**
Within one year	5,000	5,000	81,224	24,612
One to five years	–	–	758	–
	5,000	**5,000**	**81,982**	**24,612**
At 25 November 2012				
Within one year	–	–	88,398	12,001
One to five years	–	–	1,136	–
	–	**–**	**89,534**	**12,001**

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In the normal course of business, the Group participates in cash pooling arrangements with its counterparty bank. The maximum exposure to a single banking group for deposits and funds held on accounts as at the year end was £8.9m (2012: £17.9m). The Group will not accept any counterparty bank for Group pooled deposits unless it has been awarded a minimum recognised credit rating of A3/Prime-2 (Moody's). Some local banks in emerging markets may have lower ratings but the funds at risk will be small. The Group will permit exposures with individual counterparty banks and exposure types up to pre-defined limits as part of the Group treasury policy. Exposure to all transaction limits are monitored daily.

24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

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

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

Trade receivables of £54.2m (2012: £54.4m) were neither past nor impaired.

As of 1 December 2013, trade receivables of £22.1m (2012: £20.9m) were past due but not impaired. These pertain to a number of unrelated customers for whom there is no recent history of default.

As of 1 December 2013, trade receivables of £4.3m (2012: £2.8m) were impaired.

Trade receivables	2013 £'000	2012 £'000
Neither impaired nor past due	54,168	54,350
Ageing of past due but not impaired receivables:		
within 30 days	16,174	16,096
31 to 60 days	4,279	3,633
61 to 90 days	1,629	1,176
Ageing of impaired receivables:		
within 90 days	222	187
over 90 days	4,063	2,661
Provision for impairment of trade receivables	(1,439)	(1,576)
Total	**79,096**	**76,527**

(e) Interest rate risk management

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

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

Taking into consideration all variable rate borrowings and bank balances as at 1 December 2013, if the interest rate payable or receivable moved by 100 basis points in either direction, the effect to the Group would be minimal. 100 basis points was used on the assumption that applicable interest rates are not likely to move by more than this basis given the history during the year.

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

At the reporting date, the Group and the Company did not have any significant financial liabilities exposed to interest rate risk except for the revolving credit facility (note 17). The only financial assets which accrued interest were cash and cash equivalents (note 15) with maturity of less than a year and subject to floating interest income.

As part of the presentation of market risks, IFRS 7 requires disclosure on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indices. As of 1 December 2013, the Group and the Company did not hold any material investments to be classified as 'available for sale' or as 'held for trading'. Therefore there are no financial instruments which would be materially impacted by risk variables affecting the price of financial instruments.

24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(g) Currency profile of net cash and cash equivalents

Functional currency of Group operations:

At 1 December 2013	**Euro £'000**	**US dollar £'000**	**Other currencies £'000**	**Total £'000**
Sterling	7,669	172	780	8,621
Other	–	73	–	73
Total	**7,669**	**245**	**780**	**8,694**

At 25 November 2012	**£'000**	**£'000**	**£'000**	**£'000**
Sterling	15,042	298	294	15,634
Other	–	348	–	348
Total	**15,042**	**646**	**294**	**15,982**

Other foreign currencies held by the Group include: Swiss Francs, United Arab Emirates Dirhams, Australian Dollars, Hong Kong Dollars, Singapore Dollars, Swedish Kronor, Bahrain Dinars, Kuwait Dinars, Qatar Riyals, Saudi Arabia Riyals, Indian Rupees, Nigerian Nairas, Malaysian Ringgits, Thailand Bahts, Russian Ruble, Japanese Yen and Brazilian Real.

The Company does not have exposure to other currencies.

(h) Fair values of financial assets and liabilities

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

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

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

Summary of methods and assumptions

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

25 SUBSEQUENT EVENT

Subsequent to the year end, the Group restructured some of its UK business into a Limited Liability Partnership ('LLP').

FIVE YEAR FINANCIAL SUMMARY

	1 December 2013 £m	25 November 2012 £m	27 November 2011 £m	28 November 2010 £m	29 November 2009 £m
Turnover					
Geographic analysis – by location of client					
United Kingdom & Ireland	247.3	246.7	242.7	227.9	274.8
Europe and Rest of World	387.0	330.8	299.8	246.6	244.6
	634.3	**577.5**	**542.5**	**474.5**	**519.4**
Gross profit					
Geographic analysis – by location of client					
United Kingdom & Ireland	63.2	70.9	71.3	68.3	78.1
Europe and Rest of World	136.6	134.4	124.2	98.1	93.1
	199.8	**205.3**	**195.5**	**166.4**	**171.2**
Operating profit before exceptional items	**21.2**	**25.1**	**30.0**	**21.2**	**18.0**
	pence	pence	pence	pence	pence
Basic earnings per share before exceptional items	9.1	14.1	16.8	11.9	9.5
Dividends per share					
– ordinary	14.0	14.0	14.0	12.0	12.0
– special	–	11.0	–	–	–
Other key performance indicators					
	number	number	number	number	number
Average headcount	2,228	2,234	2,042	1,772	1,841
Permanent placements in financial year	6,429	7,343	7,434	6,551	6,060
Active contractors at year end	5,791	5,122	4,692	4,359	4,157
	£	£	£	£	£
Average placement fee – permanent	12,695	13,509	13,061	12,123	11,930
Average gross profit per day – contractors	81.35	85.30	86.70	84.24	84.69

The 2013 results comprise 53 weeks and include both the costs of the mid-year restructuring of the business and the disposal of the IT Job Board business ("ITJB"). Comparative periods comprise 52 week data and include a full year of results for ITJB.

The fees from ITJB are excluded from the "Average placement fees – permanent" figures reported for 2013. "Average placement fees – permanent" figures reported for 2012 would have been £12,715, excluding the results of ITJB.

SHAREHOLDER **INFORMATION**

SHAREHOLDER ENQUIRIES AND ELECTRONIC COMMUNICATIONS – WWW.CAPITASHAREPORTAL.COM

Shareholders with enquiries relating to their shareholding should contact Capita Asset Services. Alternatively, you may access your account via www.capitashareportal.com, but will need to have your shareholder reference available when you first log in, which may be found on your dividend voucher, share certificate or form of proxy. The online facility also allows shareholders to view their holding details, find out how to register a change of name or what to do if a share certificate is lost, as well as download forms in respect of changes of address, dividend mandates and share transfers. Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by e-mail each time the Company distributes documents, instead of receiving a paper version of such documents, by registering a request via the registrar by calling 0871 664 0391 (from UK – calls cost 10p per min plus network extras; lines are open 8.30am – 5.30pm Mon to Fri) or + 44 208 639 3367 (Non UK) or register online at: www.capitashareportal. There is no fee for using this service and you will automatically receive confirmation that a request has been registered. Should you wish to change your mind or request a paper version of any document in the future, you may do so by contacting the registrar.

POTENTIAL TARGETING OF SHAREHOLDERS

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

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check the FCA Register at www.fca.org.uk/register to ensure they are authorized.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register of you are told they are out of date.
- The FCA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors.
- If you deal with an unauthorised firm, you will not have access to the Financial Ombudsman Services or Financial Services Compensation Scheme.
- Any approach from such organisations should be reported to the FSA using the share fraud reporting form at www.fca.org.uk/scams. You can also call the Consumer Helpline on 0800 111 6768.

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

ADR INFORMATION

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

The Bank of New York Mellon
Depositary Receipts, PO Box 43006
Providence, RI 02940-3006
Customer service:
Tel: 1 800 269-2377
(from outside the US Tel: 001 201 680-6825)
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Website: http://www.adrbnymellon.com

SHARE PRICE INFORMATION

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

SHARE DEALING SERVICE

Capita Share Dealing Services provide a telephone and online share dealing service for UK and EEA resident shareholders. To use this service, shareholders should contact Capita, tel: 0871 664 0384 – lines are open Mon to Fri 8.00am – 4.30pm UK time (calls cost 10p per min plus network extras). Alternatively log on to www.capitadeal.com. (Capita Share Dealing Services is a trading name of Capita IRG Trustees Limited which is authorised and regulated by the FSA)

DIVIDEND RE-INVESTMENT PLAN (DRIP) (NON SPONSORED)

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

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

SHAREGIFT

ShareGift (reg charity no. 1052686) operates a charity share donation scheme for shareholders with small parcels of shares whose value may make it uneconomic to sell. Details of the scheme are available from:
Website: www.sharegift.org;
Tel: 0207 930 3737

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Alex Smith, Chief Financial Officer
Steve Quinn, CEO, Americas
Justin Hughes, CEO, Asia Pacific and MENA

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Paul Bowtell, Non Executive
Alicja Lesniak, Non Executive
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