13 July 2015

SThree plc
("SThree" or the "Group")

Interim Results for the half year ended 31 May 2015

SThree, the international specialist staffing business, is today announcing its interim results for the half year ended 31 May 2015.

FINANCIAL HIGHLIGHTS

	Half year ended		Growth	
	31 May 2015**	1 June 2014	As reported	At CC*
	£m	£m	%	%
Revenue	403.6	341.7	+18%	+21%
Gross profit	110.5	100.8	+10%	+14%
Operating profit	14.1	8.4	+68%	+79%
Operating profit conversion ratio	12.8%	8.3%	+4.5%pts	+4.8%pts
Profit before taxation	13.8	8.2	+68%	+78%
Basic earnings per share	7.3p	4.7p	+55%	
Interim dividend per share	4.7p	4.7p	-	-

OPERATIONAL HIGHLIGHTS

- Gross profit ("GP") up 10% year on year ("YoY") or 14%* on a constant currency basis with good progress on productivity per consultant, up 9%* YoY
  - Strong growth across ICT (+20%*) and Life Sciences (+21%*) offset by weak performance in Energy (-3%*)
  - Another strong performance in the Americas (up 34%*), which represented 18% of Group GP (H1 2014: 14%)
- Decisive response to rebalance our sector portfolio in the face of challenging conditions in the Energy recruitment market
- An encouraging trading performance with significant progress made against our key strategic priorities – contract, ongoing sector diversification and international growth
- Operating profit increased 68% to £14.1m (H1 2014: £8.4m) or 79%* on a constant currency basis
- Operating profit conversion ratio up 4.5 percentage points to 12.8% (H1 2014: 8.3%)
- Contract GP delivered further strong growth up 20%* YoY and now accounts for 64% of Group GP (H1 2014: 60%)
- Strong seasonal recovery in contractor runners - up 19% YoY at the end of H1 and 2% above 2014 year end peak
- Permanent GP up 5%* YoY, with Permanent GP excluding Energy up 10%* YoY
- Period end Group sales headcount at 2,119 up 2% both YoY and against year end. Average sales headcount up 5% YoY
- Ongoing foreign exchange headwinds impacted reported GP for the period by £3.6m and operating profit by £0.9m
- Net debt was broadly flat at £9.4m (YE 2014: £9.9m)

** Variances in constant currency against like-for-like calendar period comparatives*
*** The figures exclude the impact of a £0.4m exceptional gain related to the disposal of IT Job Board in 2013*

GARY ELDEN, CHIEF EXECUTIVE OFFICER

Gary Elden, Chief Executive Officer, commented: “Overall, the Group produced a pleasing first half performance with strong growth in ICT and Life Sciences helping to offset the weakness in Energy, demonstrating, once again, the inherent benefit of remaining well-diversified by sector and geography. We also made good progress with Contract - our strategic priority - and our drive to rebuild productivity in Permanent.“

“We believe our Americas business which grew by 34%* year on year remains one of our most exciting growth opportunities as we continue to expand and diversify our sector offering in the USA, the world’s largest specialist STEM staffing market.”

“Looking ahead, the trading environment remains positive in the majority of our territories. While the outlook for Energy remains challenging and foreign exchange continues to be a headwind, we are confident that there are good growth opportunities available to us across the geographies and sectors we serve in the seasonally more important second half. Investment in Contract headcount will be a key focus in the remainder of the year.”

SThree will host a live presentation and conference call for analysts at 0900 BST today. The conference call participant telephone details are as follows:

Dial in:	+44 (0) 20 3003 2666 0808 109 0700 – UK Toll Free	Standard International Access
Call passcode:	SThree	

This event will also be simultaneously audio webcast, hosted on the SThree website at http://www.sthree.com. Note that this is a listen only facility and an archive of the presentation will be available via the same link later.

SThree will be announcing its Q3 Interim Management Statement on Friday 11 September 2015.

Enquiries:

SThree plc Gary Elden, Chief Executive Officer Alex Smith, Chief Financial Officer Sarah Anderson, Deputy Company Secretary / Investor Relations	020 7268 6000
Citigate Dewe Rogerson Kevin Smith / Jos Bieneman	020 7638 9571

Notes to editors

SThree is a leading international specialist staffing business, providing permanent and contract specialist staff to a diverse client base of over 7,000 clients. From its well-established position as a major player in the Information and Communications Technology ("ICT") sector the Group has broadened the base of its operations to include businesses serving the Banking & Finance, Energy, Engineering and Life Sciences sectors.

Since launching its original business, Computer Futures, in 1986, the Group has adopted a multi-brand strategy, establishing new operations to address growth opportunities. SThree brands include Computer Futures, Huxley Associates, Progressive and The Real Staffing Group. The Group has circa 2,700 employees in fifteen countries.

SThree plc is quoted on the Official List of the UK Listing Authority under the ticker symbol STHR and also has a US level one ADR facility, symbol SERTY.

Important notice

Certain statements in this announcement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Data from the announcement is sourced from unaudited internal management information. Accordingly, undue reliance should not be placed on forward looking statements.

SThree plc
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Interim results for the half year ended 31 May 2015

INTERIM MANAGEMENT REPORT

Introduction
Our strong financial performance during the first half, with excellent profit growth, was driven by positive results from our continued investment in Contract, our drive to rebuild productivity in Permanent, savings from closing a number of loss making offices and a tight control over central costs. Gross profit was up 10% YoY or 14%* on a constant currency basis and operating profit increased 79%* to £14.1m. We responded decisively to rebalance our sector portfolio in the face of the challenging conditions in the Energy recruitment market and the strong overall performance demonstrates once again the inherent benefit of remaining well-diversified by sector and geography, with strong growth in ICT and Life Sciences helping to offset the Energy weakness.

Group Strategy
The Group is strategically focused to become a leading international specialist recruitment business in its chosen markets, expanding and diversifying its operations both geographically and across a range of disciplines in order to achieve this. In implementing this strategy we are building on a combination of our pure play STEM positioning, multi-brand approach, entrepreneurial culture, and mix of Contract and Permanent exposure, whilst also growing our global database of candidates and clients.

We had notable success in many of these areas during the first half.

Breakdown of GP	**Half year ended 31 May 2015 %**	**Half year ended 1 June 2014 %**	**Year ended 30 November 2014 %**
Contract	64%	60%	61%
Permanent	36%	40%	39%
Total	**100%**	**100%**	**100%**
UK&I	30%	30%	30%
Continental Europe	44%	47%	46%
Americas	18%	14%	15%
Asia Pac & Middle East	8%	9%	9%
Total	**100%**	**100%**	**100%**
ICT	41%	40%	39%
Energy	12%	14%	15%

Other Sectors [1]	47%	46%	46%
Total	**100%**	**100%**	**100%**

[1] Other Sectors include Banking & Finance, Engineering and Life Sciences.

Business Mix

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	**Perm**	**Total**	**Cont**	**Perm**	**Cont**	**Perm**	**Total**
Group	**H1 15**	+20%	+5%	+14%	64%	36%	+14%	(4%)	+5%
	FY 14	+27%	+6%	+18%			+24%	+9%	+16%

Contract is well suited to our STEM market focus and our geographical mix. It remained the key area of focus during the first half of the year and although both divisions were adversely impacted by the weakening Energy sector, we achieved excellent growth in Contract GP and reasonable growth in Permanent.

Contract GP, which represented 64% of GP, increased by 20%* YoY. This was driven by a 14% increase in average Contract headcount and a 5%* improvement in consultant yields. Gross profit per day rates were down 2%* YoY, largely due to Energy.

The Contract exit growth rate was strong, with period end runners up 19% YoY at 7,715 (H1 2014: 6,493) and up 2% since the traditional year-end peak. This strong runner position combined with period end contract consultant headcount up 11% YoY provides a strong platform to build from in the second half of the year. Adding further headcount to our Contract teams will be a key focus in H2.

Permanent GP, which represented 36% of Group GP, grew by 5%* YoY (10%* excluding Energy). This was driven by a 10%* increase in average yields and a 4% decrease in average headcount. During the period, we made 3,066 Permanent placements (H1 2014: 3,057), a 2% increase YoY, and average fees remained robust.

Period end consultant headcount in our Permanent business was down 8% YoY at 810 (H1 2014: 878) largely due to the reduction in our Energy business. Excluding Energy, period end Permanent consultant headcount was down 1% YoY. We expect to selectively increase investment in Permanent in the second half to take advantage of improving candidate and client confidence in key markets, with the primary focus on improving yields.

Regional Overview

We saw growth across our international foot print, building scale and critical mass in our existing 41 offices in 15 countries, of which 29 are outside of the UK. The Russia sales office and India Resourcer Centre were closed in the period as we rationalised our operations. The rationalisation of our office network over the last twelve months has changed the regional shape of the business YoY.

The Group generated £77.1m of GP from outside UK&I (H1 2014: £70.2m), up 15%* YoY.

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	**Perm**	**Total**	**Cont**	**Perm**	**Cont**	**Perm**	**Total**

UK&I	**H1 15**	+10%	+16%	+11%	73%	27%	+7%	+1%	+4%
	FY 14	+14%	+3%	+11%			+15%	+11%	+13%

UK&I GP was up 11%* YoY to £33.5m (H1 2014: £30.6m), driven by a 10%* increase in Contract GP with a 7% increase in average Contract consultant headcount and a 3%* increase in yields. The period end contractors were up 3% YoY, while GP per day rates ("GPDR") remained broadly level. While UK&I Permanent placements were up 17% YoY, average fees decreased by 5%*. There has also been an increase in retainers in the UK.

		GP Growth YoY			**H1 2015 Mix**		**Average Consultant Growth YoY**		
		Cont	**Perm**	**Total**	**Cont**	**Perm**	**Cont**	**Perm**	**Total**
Continental Europe	**H1 15**	+19%	+2%	+12%	64%	36%	+16%	(8%)	+4%
	FY 14	+23%	(3%)	+11%			+22%	+6%	+14%

Continental Europe GP at £48.4m (H1 2014: £47.8m) was up 12%* YoY, again mainly due to a strong performance in the Contract business. Contract GP was up 19%*, with period end contractors up 30% YoY while GPDR fell 6%*. Although Permanent placements were down 1% YoY, average fees increased by 1%*, with Permanent GP up 2%*. There has also been an increase in retainers in the region, especially in DACH.

		GP Growth YoY			**H1 2015 Mix**		**Average Consultant Growth YoY**		
		Cont	**Perm**	**Total**	**Cont**	**Perm**	**Cont**	**Perm**	**Total**
Americas	**H1 15**	+51%	+13%	+34%	62%	38%	+36%	+8%	+21%
	FY 14	+98%	+52%	+73%			+63%	+22%	+39%

The Group generated £19.7m GP from the Americas (H1 2014: £13.6m), up 34%* YoY. The region, which is mainly represented by the USA, the world's largest specialist STEM staffing market, now accounts for 18% of Group GP (H1 2014: 14%). The major contributors to growth were the Life Sciences and Banking & Finance sectors, up 50%* and 15%* YoY respectively and ICT which more than trebled in size albeit from a low base. Contract GP was up 51%* YoY and period end contractors increased by 44% YoY, while GPDR reduced by 1%*. Permanent placements decreased by 2% YoY while average fees increased by 9%*, mainly due to sector mix. There has also been an increase in retainers in the region. Our performance in the USA continues to be highly encouraging and we see significant opportunities to maintain these high levels of growth for the foreseeable future.

		GP Growth YoY			**H1 2015 Mix**		**Average Consultant Growth YoY**		
		Cont	**Perm**	**Total**	**Cont**	**Perm**	**Cont**	**Perm**	**Total**
	H1 15	+25%	(5%)	+3%	32%	68%	+10%	(11%)	(6%)

Asia Pac & Middle East	**FY 14**	+62%	+1%	+14%			+40%	+4%	+11%

Asia Pac & Middle East GP at £8.9m (H1 2014: £8.8m) was up 3%* YoY with Contract GP up 25%* YoY while Permanent GP is down 5%*. This region has the biggest percentage exposure to Energy (31% of GP) and was materially impacted by the decline in that sector.

Sector Overview

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
ICT	**H1 15**	+20%	+20%	+20%	70%	30%	+20%	+7%	+15%
	FY 14	+12%	(1%)	+8%			+18%	+7%	+13%

ICT represented 41% of Group GP (H1 2014: 40%). ICT GP for the period was £45.3m (H1 2014: £40.4m), up 20%* YoY. ICT is our largest and most established sector and consequently the majority of ICT business is in the more mature UK and European markets. During the period, we saw exciting growth in ICT in the USA and we expect it to continue to grow rapidly in this vast specialist staffing market.

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Life Sciences	**H1 15**	+28%	+10%	+21%	60%	40%	+20%	+10%	+14%
	FY 14	+58%	+26%	+42%			+37%	+27%	+31%

Life Sciences GP increased by 21%* YoY to £20.6m (H1 2014: £17.1m), due to strong performances in UK&I and the USA. Contract GP was up 28%* YoY and Permanent placements were up 11% YoY.

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Banking & Finance	**H1 15**	+17%	(2%)	+7%	49%	51%	+8%	(16%)	(8%)
	FY 14	+31%	+11%	+19%			+27%	+9%	+15%

Banking & Finance GP was £19.9m (H1 2014: £18.7m), up 7%* YoY, due to a strong performance in the Contract business with Contract GP up 12%* in the USA and 25%* in Continental Europe.

GP Growth YoY	H1 2015 Mix	Average Consultant Growth YoY

		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Energy	H1 15	+11%	(25%)	(3%)	70%	30%	+9%	(31%)	(12%)
	FY 14	+99%	+9%	+51%			+43%	+7%	+22%

Energy GP was £13.3m (H1 2014: £13.9m), down 3%* YoY. Energy represented 12% of GP in the period (H1 2014: 14%). Having been an area of significant GP growth in recent years, the material fall in the oil price and resulting weakness in the Energy recruitment market has led us to reassess short to medium term opportunities within this sector. We have taken decisive action to reduce costs and re-deploy our resources in Permanent from upstream to midstream, downstream businesses and to other sectors. We continue to monitor market developments closely.

Contract Energy GP increased by 11%* YoY which was largely helped by a relatively strong exit rate in terms of contractors from the year end. Although period end runners remain up 6% YoY, they are down 17% since the year end with GPDR down 19% YoY. Period end consultant headcount was down 9% from the year end.

Permanent Energy GP decreased by 25%* YoY and period end consultant headcount was down 46% YoY and down 41% since the start of the year. The Permanent Energy pipeline at the period end was down 54% on a volume basis.

		GP Growth YoY			H1 2015 Mix		Average Consultant Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Engineering	H1 15	+13%	+12%	+13%	67%	33%	(3%)	+15%	+5%
	FY 14	(7%)	(26%)	(15%)			+7%	(19%)	(6%)

Engineering GP was £9.6m (H1 2014: £9.0m), up 13%* YoY, with strong performances in both Contract and Permanent, albeit against weak comparators.

Infrastructure for Growth

We are proud of the Global IT infrastructure that we have in place. It gives us market leading insight as well as enabling us to support significantly higher consultant headcount with limited additional support costs. We believe that equipping our consultants with the latest technology tools improves their effectiveness, enabling them to find the best candidates for their clients' roles ahead of the competition. Our award winning Apollo Search tool is the most innovative technology for searching candidates. We continue to invest in our technology to maintain our market leading position and we will benefit from operational gearing as GP continues to grow.

We have a scalable infrastructure in terms of office footprint and our support function. Our office infrastructure is approximately 78% occupied, with significant capacity available in our new USA offices, in particular, to support our strong growth trajectory.

Capital expenditure in the period was principally driven by investment in IT infrastructure and new systems. During the first half, we spent £3.7m (H1 2014: £2.3m) mainly on upgrading and developing our sales systems and rolling out enhanced hardware and software.

Headcount

We ended the first half with total headcount of 2,673 up 4% YoY (H1 2014: 2,579). Relative to the 2014 year end position, UK&I sales headcount remained flat, Continental Europe was up 6%, Americas up 14% and Asia Pac and Middle East was down 21%. Overall, average sales headcount was up 5% YoY, with a ratio of average sales headcount to support service staff of 4:1. Contract consultant average headcount was up 14% YoY and Permanent consultant average headcount was down 4% YoY.

The growth in headcount in the period was impacted by the re-allocation of resource from Energy to other sectors. With market conditions remaining supportive in most regions and sectors, the investment in consultant headcount is expected to increase in the second half of the year by selectively investing in consultant headcount in our key growth markets. Targeting investment in this way ensures we maximise current and future growth opportunities.

Operating Profit

Operating profit (before an exceptional item) increased by 68% YoY to £14.1m (H1 2014: £8.4m). Despite a weaker Energy business and significant FX headwinds, the conversion ratio strengthened from 8.3% to 12.8% YoY. Increasing productivity per consultant, strong contract growth, savings from closing loss-making offices and tight control of central support costs drove significant operational gearing in the first half.

Cash Flow

We started the period with net debt of £9.9m. During the period, the Group generated £16.7m of cash from operations (H1 2014: consumed £5.5m of cash) mainly due to improved profits and lower working capital absorbed than in H1 2014. This included a cash outflow from previously recognised exceptional items of £2.4m (H1 2014: £1.7m). The cash outflow on capital expenditure increased to £3.7m (H1 2014: £2.3m), income taxes paid increased to £5.3m (H1 2014: £4.8m) and dividends were broadly unchanged at £5.9m (H1 2014: £5.7m). We also received £2.0m on the final earn out of the IT Job Board which we disposed of in 2013. After adverse currency movements of £3.5m, the Group had net debt of £9.4m at the end of the period, with £21.0m of the £50m revolving credit facility utilised at period end.

Taxation

The taxation charge for the half year (before an exceptional item) was £4.5m (H1 2014: £2.5m), representing an effective tax rate ("ETR") of 33% (H1 2014: 30%). The ETR primarily reflects our geographical mix of profits and an ongoing prudent approach to the treatment of tax losses. The increase in the rate is mainly due to increasing profits in higher tax rate countries such as the USA and Germany.

Earnings per Share

Basic earnings per share (before an exceptional item) increased by 55% to 7.3p (H1 2014: 4.7p). The weighted average number of shares used for basic EPS increased by 3% to 126.3m (H1 2014: 122.8m). Diluted earnings per share increased by 58% to 6.8p (H1 2014: 4.3p). Share dilution arises from share option schemes including tracker share arrangements. The dilutive effect on EPS from tracker shares will vary in future periods depending on the profitability of the underlying tracker businesses, the volume of new tracker arrangements created and the settlement of vested arrangements by way of new issue SThree plc shares.

Dividends

The Board proposes to pay an interim dividend of 4.7p (H1 2014: 4.7p) per share. This will be paid on 11 December 2015, to the shareholders on record at 6 November 2015. The total payment to shareholders on this date will be approximately £6.1m.

Foreign Exchange

Foreign exchange volatility continues to be a significant factor in the reporting of the overall performance of the business.

The Group is mainly exposed to the Euro and the US dollar ("USD") when converting its results into Sterling. Based on the 2014 full year results, for every one percent change in the Euro and USD rates, there is a £1.0m and £0.3m impact on GP, respectively. There is an associated £0.3m and £0.1m impact on the 2014 operating profit in terms of Euro and USD translation, respectively.

During H1 2015, the significant weakening of the Euro adversely affected the Group results, although this was partially offset by the strengthening USD. Adverse exchange rate movements in the first half reduced the Group's H1 GP and operating profit by £3.6m and £0.9m respectively, compared to the same period last year.

If the Group's H1 operating profit (before an exceptional item) of £14.1m were to be translated at current exchange rates of £1:€1.40 and £1:$1.55 as at 7 July 2015, then the Group's actual reported first half operating profit would be reduced by £0.8m to £13.3m.

Treasury Management

The Group's operations are financed by equity and bank borrowings. We intend to continue this strategy for operating the business while maintaining a strong balance sheet position. The Group has a committed revolving credit facility ("RCF") of £50m in place with RBS and HSBC which expires in May 2019. In addition, the Group has recently signed a £5m overdraft facility with RBS. The RCF is subject to conventional banking covenants and the funds borrowed under this facility bear interest at a minimum annual rate of 1.3% above 3 month Sterling LIBOR, giving an average interest rate for the period of 1.8% (H1 2014: 1.8%).

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

Principal Risks and Uncertainties

Principal risks and uncertainties affecting the business activities of the Group are the same as those detailed within the Strategic Report section of the Group's 2014 Annual Report, a copy of which is available on the Group's website at www.sthree.com.

In terms of macroeconomic environment risks, our strategy is to continue to grow the size of our international business and newer sectors, in both financial terms and geographical coverage. This will help reduce our exposure or dependence on any one specific economy, although a downturn in a particular market could adversely affect the Group's key risk factors. In the view of the Board, there is no material change expected to the Group's other key risk factors in the foreseeable future.

Outlook

Looking ahead, we believe the trading environment remains positive in the majority of our territories. While the outlook for Energy remains challenging and foreign exchange continues to be a headwind, the Group's strong performance overall demonstrates the inherent benefits of our well-diversified portfolio. The expanded Contract book and improving Permanent performance give us a strong base from which to grow in the seasonally more significant second half of the year.

** Variances in constant currency against like-for-like calendar period comparatives*

Responsibility Statement

The Directors confirm that to the best of their knowledge:

• the condensed consolidated interim financial information (unaudited) has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union; and

• the interim highlights and operating review include a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

(a) DTR 4.2.7R of the Disclosure and Transparency Rules of the Financial Services Authority, being an indication of important events that have occurred during the first half of the financial year and their impact on the condensed consolidated interim financial information and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules of the Financial Services Authority, being related party transactions that have taken place in the first half of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the Annual Report for the year ended 30 November 2014.

Approved by the Board on 10 July 2015 and signed on its behalf by:

Gary Elden
Chief Executive Officer

Alex Smith
Chief Financial Officer

SThree plc

Condensed consolidated income statement - unaudited

for the half year ended 31 May 2015

	Note	31 May 2015 Before exceptional items £'000	31 May 2015 Exceptional items £'000	31 May 2015 Total £'000	1 June 2014 Total £'000
Continuing operations					
Revenue	2	**403,589**	**-**	**403,589**	**341,735**
Cost of sales		(293,048)	-	(293,048)	(240,905)
Gross profit	2	**110,541**	**-**	**110,541**	**100,830**
Administrative expenses		(96,392)	-	(96,392)	(92,434)
Gain on disposal of subsidiaries	3	-	377	377	-
Operating profit		**14,149**	**377**	**14,526**	**8,396**
Finance income		40	-	40	34
Finance cost		(429)	-	(429)	(187)
Profit before taxation		**13,760**	**377**	**14,137**	**8,243**
Taxation	4	(4,541)	(78)	(4,619)	(2,506)
Profit for the period attributable to owners of the Company		**9,219**	**299**	**9,518**	**5,737**
Earnings per share	6	**pence**	**pence**	**pence**	**pence**
Basic		7.3	0.2	7.5	4.7
Diluted		6.8	0.2	7.0	4.3

SThree plc

Condensed consolidated statement of comprehensive income - unaudited

for the half year ended 31 May 2015

	31 May 2015 £'000	1 June 2014 £'000
Profit for the period	**9,518**	**5,737**
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	(2,879)	(1,150)
Other comprehensive loss for the period (net of tax)	(2,879)	(1,150)
Total comprehensive income for the period attributable to owners of the Company	**6,639**	**4,587**

SThree plc

Condensed consolidated statement of financial position - unaudited

as at 31 May 2015

	31 May 2015 £'000	Audited 30 November 2014 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,947	4,219
Intangible assets	10,360	11,080
Deferred tax assets	2,489	3,424
	17,796	18,723
Current assets		
Trade and other receivables	157,539	169,270
Current tax assets	1,884	1,361
Cash and cash equivalents	11,590	14,071
	171,013	184,702
Total assets	**188,809**	**203,425**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	1,273	1,266
Share premium	14,930	14,470
Other reserves	(8,559)	(5,680)
Retained earnings	35,160	41,290
Total equity	**42,804**	**51,346**
Non-current liabilities		
Provisions for liabilities and charges	1,417	3,216
Trade and other payables	-	379
	1,417	3,595

Current liabilities		
Provisions for liabilities and charges	8,187	8,807
Trade and other payables	115,401	114,583
Current tax liabilities	-	1,094
Borrowings	21,000	24,000
	144,588	148,484
Total liabilities	**146,005**	**152,079**
Total equity and liabilities	**188,809**	**203,425**

SThree plc

Condensed consolidated statement of changes in equity - unaudited

for the half year ended 31 May 2015

	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
Audited balance at 1 December 2013	**1,240**	**4,961**	**168**	**878**	**(1,514)**	**(4,972)**	**50,854**	**51,615**
Profit for the half year ended 1 June 2014	-	-	-	-	-	-	5,737	5,737
Other comprehensive loss for the period	-	-	-	-	-	(1,150)	-	(1,150)
Total comprehensive income for the period	-	-	-	-	-	(1,150)	5,737	4,587
Dividends paid to equity holders	-	-	-	-	-	-	(5,728)	(5,728)
Dividends payable to equity holders	-	-	-	-	-	-	(11,458)	(11,458)
Issue of new shares for settlement of vested tracker shares	4	1,188	-	-	-	-	(628)	564
Treasury shares used for settlement of vested tracker shares	-	-	-	-	1,352	-	(1,326)	26
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	1,225	1,225
Current and deferred tax on share-based payment transactions	-	-	-	-	-	-	112	112
Total movements in equity	4	1,188	-	-	1,352	(1,150)	(12,066)	(10,672)
Unaudited balance at 1 June 2014	**1,244**	**6,149**	**168**	**878**	**(162)**	**(6,122)**	**38,788**	**40,943**
Audited balance at 30 November 2014	**1,266**	**14,470**	**168**	**878**	**(162)**	**(6,564)**	**41,290**	**51,346**
Profit for the half year ended 31 May 2015	-	-	-	-	-	-	9,518	9,518
Other comprehensive loss for the period	-	-	-	-	-	(2,879)	-	(2,879)
Total comprehensive income for the period	-	-	-	-	-	(2,879)	9,518	6,639
Dividends paid to equity holders	-	-	-	-	-	-	(5,903)	(5,903)
Dividends payable to equity holders	-	-	-	-	-	-	(11,833)	(11,833)
Settlement of share-based payments	7	460	-	-	-	-	75	542
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	1,915	1,915
Current and deferred tax on share-based payment transactions	-	-	-	-	-	-	98	98
Total movements in equity	7	460	-	-	-	(2,879)	(6,130)	(8,542)
Unaudited balance at 31 May 2015	**1,273**	**14,930**	**168**	**878**	**(162)**	**(9,443)**	**35,160**	**42,804**

SThree plc
Condensed consolidated statement of cash flows - unaudited
for the half year ended 31 May 2015

	31 May 2015 £'000	1 June 2014 £'000
Cash flows from operating activities		
Profit before taxation after exceptional items	14,137	8,243
Adjustment for:		
Depreciation and amortisation charge	2,225	2,638
Accelerated amortisation and impairment of intangible assets	1,322	-
Finance income	(40)	(34)
Finance cost	429	187
Loss on disposal of property, plant and equipment	101	39
Gain on disposal of subsidiaries	(377)	-
Non-cash charge for share-based payments	1,915	1,225
Operating cash flows before changes in working capital and provisions	**19,712**	**12,298**
Decrease/(increase) in receivables	5,616	(19,129)
(Decrease)/increase in payables	(6,374)	3,668
Decrease in provisions	(2,225)	(2,371)
Cash generated from/(used in) operations	16,729	(5,534)
Finance income	40	34
Income tax paid	(5,342)	(4,750)
Net cash generated from/(used in) operating activities	11,427	(10,250)
Cash generated from/(used in) operating activities before previously recognised exceptional items	13,828	(8,600)
Cash outflow from previously recognised exceptional items	(2,401)	(1,650)
Net cash generated from/(used in) operating activities	11,427	(10,250)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,804)	(537)
Purchase of intangible assets	(1,906)	(1,772)
Proceeds from disposal of subsidiaries	2,002	401
Net cash used in investing activities	(1,708)	(1,908)
Cash flows from financing activities		
Finance cost	(429)	(187)
Employee subscription for tracker shares	115	24
Settlement of unvested tracker shares	-	(7)
Proceeds from exercise of share options	542	574
(Repayment of)/proceeds from borrowings	(3,000)	31,000
Dividends paid to equity holders	(5,903)	(5,728)
Net cash (used in)/generated from financing activities	(8,675)	25,676
Net increase in cash and cash equivalents	**1,044**	**13,518**
Cash and cash equivalents at beginning of the period	14,071	13,690
Effect of foreign exchange rate changes	(3,525)	(1,272)
Cash and cash equivalents at end of the period	**11,590**	**25,936**

SThree plc

Notes to the interim financial information - unaudited
for the half year ended 31 May 2015

1. Accounting policies

General information
SThree plc ('the Company') and its subsidiaries (together 'the Group') operate predominantly in the United Kingdom & Ireland, Continental Europe, the Americas and Asia Pacific & Middle East. The Group consists of different brands and provides both permanent and contract specialist staffing services, primarily in the ICT, Banking & Finance, Energy, Engineering and Life Sciences sectors.

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

The condensed consolidated interim financial information ('interim financial information') of the Group as at and for the half year ended 31 May 2015 comprises that of the Company and all its subsidiaries. The interim financial information is unaudited and has not been reviewed by external auditors. It does not comprise statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 November 2014 were approved by the Board of Directors on 23 January 2015 and a copy was delivered to the Registrar of Companies. The auditors reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information of the Company is for a six month calendar period (2014: 26 weeks) and was approved by the Board for issue on 10 July 2015.

Basis of preparation
The interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The interim financial information is presented on a condensed basis as permitted by IAS 34 and therefore does not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Group's 2014 annual financial statements, which were prepared in accordance with IFRSs as adopted and endorsed by the European Union.

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 accompanying Interim Management Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in other sections of this interim financial information.

Having considered the Group's resources and available banking facilities, the Directors are satisfied that the Group has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing this interim financial information.

Significant accounting policies
The accounting policies adopted are consistent with those applied in the preparation of the Group's 2014 annual financial statements except as described below.

Taxes on income in the interim period are accrued using the effective tax rate that would be applicable to the Group's expected total annual earnings.

New standards and interpretations
There are no new standards or IFRIC interpretations that are either effective or issued but not effective that have had or would be expected to have a material impact on the Group.

Estimates
The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the end of the reporting period, and the reported amounts

of revenue and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, the actual results may ultimately differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the Group's 2014 annual financial statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

Seasonality of operations
Due to the seasonal nature of the recruitment business, higher revenues and operating profits are usually expected in the second half of the year compared to the first half. In the financial year ended 30 November 2014, 46% of gross profits were earned in the first half of the year, with 54% earned in the second half.

2. Segmental analysis

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

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

The Group's management reporting and controlling systems use accounting policies that are the same as those described in note 1 in the summary of significant accounting policies in the Group's 2014 annual financial statements.

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 comprising revenue less cost of sales.

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

	REVENUE		GROSS PROFIT	
	31 May 2015 £'000	1 June 2014 £'000	31 May 2015 £'000	1 June 2014 £'000
United Kingdom & Ireland	145,105	129,820	33,463	30,632
Continental Europe	162,214	147,726	48,418	47,814
Americas	73,179	45,646	19,738	13,600
Asia Pac & Middle East	23,091	18,543	8,922	8,784
	403,589	**341,735**	**110,541**	**100,830**

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

Americas includes the USA, Brazil and Canada.

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

Other information

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

	REVENUE		GROSS PROFIT	
	31 May 2015 £'000	1 June 2014 £'000	31 May 2015 £'000	1 June 2014 £'000
UK	134,198	120,627	30,486	27,727
USA	73,128	44,764	19,689	13,024
Germany	70,056	64,640	23,902	23,227
Netherlands	48,066	40,147	11,417	10,572
Other	78,141	71,557	25,047	26,280
	403,589	**341,735**	**110,541**	**100,830**

	NON-CURRENT ASSETS	
		Audited
	31 May 2015 £'000	30 November 2014 £'000
UK	12,430	12,531
USA	1,433	1,166
Germany	466	425
Netherlands	132	155
Other	846	1,022
	15,307	**15,299**

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

	REVENUE		GROSS PROFIT	
	31 May 2015 £'000	1 June 2014 £'000	31 May 2015 £'000	1 June 2014 £'000
Brand				
Progressive	127,390	113,027	30,368	31,148
Computer Futures	101,024	83,788	29,215	25,402
Real Staffing Group	92,438	70,368	27,747	22,567
Huxley Associates	82,737	74,552	23,211	21,713
	403,589	**341,735**	**110,541**	**100,830**
Recruitment classification				
Contract	363,605	301,673	70,557	60,768
Permanent	39,984	40,062	39,984	40,062
	403,589	**341,735**	**110,541**	**100,830**
Discipline				
Information & communication technology	170,113	147,336	45,302	40,395
Energy	63,666	51,415	13,283	13,918

Others	169,810	142,984	51,956	46,517
	403,589	**341,735**	**110,541**	**100,830**

Others include Banking & Finance, Engineering and Life Sciences.

3. Gain on disposal of subsidiaries

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

4. Taxation

Income tax is accrued based on management's best estimate of the average annual effective tax rate for the financial year. The tax charge for the half year amounted to £4.6m (2014: £2.5m) at an effective rate of 33% (2014: 30%).

5. Dividends

	31 May 2015 £'000	1 June 2014 £'000
Amounts recognised as distributions to equity holders in the period		
2014 interim dividend of 4.7p (2013: 4.7p) per ordinary share	5,903	5,728
2014 final dividend of 9.3p (2013: 9.3p) per ordinary share	11,833	11,458
	17,736	**17,186**

An interim dividend of 4.7 pence (2014: 4.7 pence) per share for the half year ended 1 June 2014 was paid on 5 December 2014.

A final dividend of 9.3 pence per ordinary share for the year ended 30 November 2014 (2013: 9.3 pence) was approved by shareholders on 23 April 2015 and has been included as a liability in this interim financial information. The dividend was paid on 5 June 2015 to shareholders on record at 1 May 2015.

An interim dividend for the half year ended 31 May 2015 of 4.7 pence per share will be paid on 11 December 2015 to shareholders on record at 6 November 2015.

6. Earnings per share

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

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

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

	31 May 2015 £'000	1 June 2014 £'000
Earnings		

Profit after taxation before exceptional items	9,219	5,737
Exceptional items net of tax	299	-
Profit for the period attributable to owners of the Company	**9,518**	**5,737**

	millions	**millions**
Number of shares		
Weighted average number of shares used for basic EPS	126.3	122.8
Dilutive effect of share plans	9.5	11.2
Weighted average number of shares used for diluted EPS	**135.8**	**134.0**

	pence	**pence**
Basic		
Basic EPS after exceptional items	7.5	4.7
Impact of exceptional items	(0.2)	-
Basic EPS before exceptional items	**7.3**	**4.7**
Diluted		
Diluted EPS after exceptional items	7.0	4.3
Impact of exceptional items	(0.2)	-
Diluted EPS before exceptional items	**6.8**	**4.3**

7. Related party disclosures

The Group's significant related parties are as disclosed in the Group's 2014 annual financial statements. There were no material differences in related parties or related party transactions in the period compared to the prior period.

8. Contingent liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. There have been no material changes in these since the 2014 year end and none are expected to result in a material cash outflow for the Group.

9. Shareholders communications

SThree plc has taken advantage of regulations which provide an exemption from sending copies of its interim report to shareholders. Accordingly, the 2015 interim report will not be sent to shareholders but will be available on the Company's website www.sthree.com or can be inspected at the registered office of the Company.