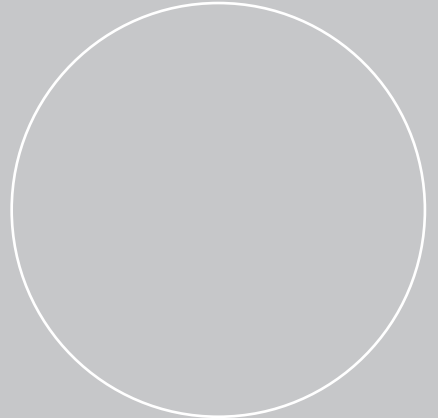
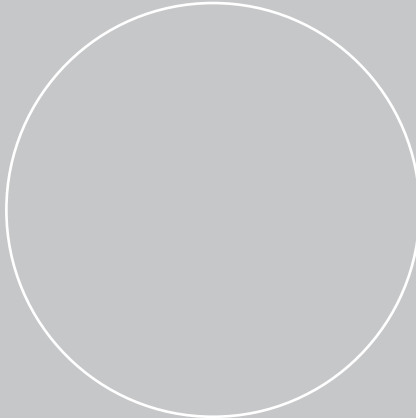


SThree plc
Interim Statement 2006



SThree plc

Company Information

Executive

Russell Clements
Michael Nelson
Sunil Wickremeratne

Non-Executive

Sir Anthony Cleaver
Alicja Lesniak (Appointed 3 May 2006)
Brian McBride
The Baroness Noakes

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SThree plc

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Name: Marjolein Gerritsen

Current Position: European Training Manager
Computer Futures Solutions

Started as: Graduate Trainee Recruiter

Pictured at: Schiphol Airport, Amsterdam, The Netherlands



Interim Highlights

Interim Results for the Six Months Ended 31 May 2006



Commenting on STthree plc Interim results Russell Clements, Chief Executive Officer, said:

"The first half of 2006 has seen the Group report a further strong set of results and it is particularly pleasing to report growth across all sectors and geographies, a reflection of the fact that trading conditions in the specialist recruitment markets we serve remain positive. We remain confident that the first half positions us well to make further progress for the year as a whole."

Operational Highlights

STthree, one of the UK's leading specialist staffing businesses, announces its interim results for the six months ended 31 May 2006.

- Strong first half performance, continuing the trend from 2005
- Number of permanent placements increased by 32.0% to 3,475 in the first half (2005: 2,633), with average fees increased by 6.5%
- Number of active contractors at period end increased by 14.8% to 4,335 (2005: 3,777), with average gross profit per day rates increased by 2.3%
- Information and Communications Technology ("ICT") business segment increased gross profit by 23.0% to £49.7m (2005: £40.4m)
- Rapid growth in non-ICT - banking and finance, accountancy, human resources and engineering staffing businesses increased gross profit by 70.4% to £9.5m (2005: £5.6m)
- Non-UK businesses continuing to perform strongly – gross profits increased by 43.7% to £15.7m (2005: £10.9m)
- Headcount increased by 12.8% to 1,210 since year end
- Further expansion of international network – new office opened in Paris in the first half, with further openings in New York, Frankfurt and Munich scheduled for the second half
- Adjusted earnings per share before exceptional items increased by 145.5% to 8.1p (2005: 3.3p)
- Maiden dividend of 2.4p per share declared

Operating Review

Interim Results for the Six Months Ended 31 May 2006

Operating Review

The Group achieved another strong set of results in the first half, continuing the trends evidenced last year and ahead of market expectations set at the beginning of the financial year.

As a consequence of the strong growth in the share price since IPO, the Group has recently joined the FTSE 250 index, a significant achievement so early in our life as a public company.

These interim results are our first to be prepared under International Financial Reporting Standards (IFRS). While the application of IFRS has no significant impact on the reported results for the Group, the results for 2005 have been restated in accordance with IFRS. A reconciliation of prior periods' results to those restated under IFRS is shown in Note 12.

The Group's turnover for the six months ended 31 May 2006 increased by 24.0% to £178.0m (2005: £143.5m). Gross profit increased by 28.7% to £59.2m (2005: £46.0m). The inherent operational gearing of the Group's business model has resulted in operating profit before exceptional items increasing by 44.0% to £15.1m (2005: £10.5m). The conversion ratio of operating profit (before exceptional items) to gross profit also increased substantially in the first half to 25.6% (2005: 22.9%). Operating profit after exceptional items increased by 34.4% to £13.1m (2005: £9.7m). Profit before tax was £12.5m (2005: £8.9m).

In addition to our ongoing investment in human capital we have continued to invest in our international office network and systems infrastructure. At 31 May 2006 our staff numbers had increased to 1,210 (30 November 2005: 1,073) operating from 39 offices in 6 countries. During the period under review we opened a new office for Progressive in Paris. We continue

to expand organically and during the second half of 2006 are committed to open offices in New York and Frankfurt for Huxley Associates, in addition to a new office in Munich for Computer Futures Solutions. These latter two openings will increase our presence in the German market to four offices. We are also successfully progressing with the development of a new Enterprise Resource Planning system for the Group which we expect to deliver considerable benefits in staffing efficiencies and other cost savings. The project is on budget and on schedule for implementation at the start of 2007.

Gross profit from permanent placements continued to grow in the first half of 2006 at a faster rate (+40.5%) than that from contract placements (+19.5%) reflecting the upside gearing of the permanent business in a buoyant market. As a consequence, the ratio of gross profit between the contract and permanent segments reached 52:48 (2005: 56:44). The gross margin on contract placements remained broadly constant at c.21%. The number of active contractors at the half year end increased by 14.8% to 4,335, and we also saw an increase in the average gross profit per day rates year on year of 2.3% to £59.70. The number of permanent placements increased by 32.0% to 3,475, with an increase in average fees for the six months of 6.5% to £8,140 year on year.

United Kingdom vs Non-UK

Turnover from UK-based clients increased by 23.3% to £134.7m (2005: £109.2m) and gross profit increased by 24.1% to £43.5m (2005: £35.0m). Turnover from non-UK based clients increased by 26.2% to £43.3m (2005: £34.3m) and gross profit increased by 43.7% to £15.7m (2005: £10.9m). The higher increase in gross profit outside of the UK is partly related to the greater percentage of permanent placements in the business mix.

ICT vs Non-ICT

Turnover from our ICT business increased by 20.4% to £160.9m (2005: £133.6m) and gross profit increased by 23.0% to £49.7m (2005: £40.4m). Turnover from non-ICT clients increased by 72.2% to £17.1m (2005: £9.9m) and gross profit increased by 70.4% to £9.5m (2005: £5.6m). It is pleasing to note that our long established ICT franchise posted further healthy growth whilst our newer non-ICT businesses, as we would expect, continue to grow at a faster pace.

Brand Contribution

Gross profit from our four largest brands Computer Futures, Huxley, Progressive and Pathway increased by 14.8%, 41.3%, 20.2% and 39.8% respectively. We are particularly pleased that our longest established brands continue to post strong growth in fee income. The performance of Huxley reflects not only its established presence in ICT, but also particularly strong growth outside the ICT sector and its increasing international presence.

Gross profit from our smaller UK-based brands, which are primarily ICT focused, also continued to increase strongly by 42.9% to £11.9m (2005: £8.3m).

Exceptional Items

Certain employees received share options and awards at flotation and subsequently under related arrangements. Under IFRS 2, the charge to the income statement is based on the fair value of the shares at the time of the award or grant of the option. This amounted to £2.1m (2005: £0.8m). However, since these options and awards relate to shares already in issue prior to flotation, the only related cash cost to the Group is the Employer's National Insurance cost (£0.2m). The difference of £1.9m between the charge reported in the income statement and the net cash cost is reported as a credit to equity.

Operating Review

Interim Results for the Six Months Ended 31 May 2006

Taxation

The charge for taxation on profits before exceptional items amounts to £4.2m (2005: £3.3m), giving an effective tax rate of 29.0% (2005: 34.3%). Under Schedule 23 of the Finance Act 2003, the Group obtains a corporation tax deduction relating to the various share awards and options exercised. The amount of the tax deduction is calculated by reference to the share price at the time of exercise. As a consequence, the cash benefit to the Group of the tax deduction is greater than the tax credit on the exceptional item reported in the income statement. This difference under IFRS is dealt with through equity. The total Schedule 23 tax benefit amounts to £1.8m, of which £0.6m appears in exceptional items in the income statement and the remaining £1.2m is therefore a credit to equity.

Earnings Per Share

Due to the complex nature of our capital structure before the flotation we have presented an "adjusted" earnings per share for the 2005 comparative period based on the capital structure immediately post flotation, to enable the figures to be compared meaningfully to earnings per share for the current period. On this basis, the basic earnings per share before exceptional items increased by 145.5% to 8.1p (2005: 3.3p "adjusted"), with basic earnings per share after exceptional items being 6.9p (2005: 2.8p "adjusted").

On an unadjusted basis for 2005, basic earnings per share before exceptional items were 8.1p (2005: 11.0p) and after exceptional items were 6.9p (2005: 9.5p). The diluted earnings per share before exceptional items were 7.9p (2005: 11.0p).

Cash Flow

At the start of 2006, the Group had net debt of £9.6m. This number was flattered to the tune of £10.0m of cash representing income tax and social charge liabilities relating to the share awards made on IPO, which had been collected from beneficiaries but was not liable to be paid over to the tax authorities until shortly after year-end. In the first half of 2006, the Group used £0.2m of cash in operations, after funding a £16.7m increase in working capital as a result of increased business activity and settlement of the above mentioned income tax liabilities. Tax recovered, as a result of the exceptional tax credit, amounted to £2.0m and net capital expenditure was £1.4m. As at 31 May 2006, the Group had net debt of £9.8m.

Dividends

It is the Board's intention to pay dividends at a level that it believes is sustainable throughout the economic cycle and is in line with comparable quoted businesses. The Board proposes to pay an interim dividend of 2.4p per share. The interim dividend will be paid on 22 September 2006 to those shareholders on the register at 25 August 2006.

Current Trading & Future Prospects

The first half of 2006 has seen the Group report a further strong set of results and it is particularly pleasing to report growth across all sectors and geographies, a reflection of the fact that trading conditions in the specialist recruitment markets we serve remain positive. We remain confident that the first half positions us well to make further progress for the year as a whole.



Russell Clements
CHIEF EXECUTIVE OFFICER

SThree plc

Consolidated Income Statement - unaudited for the 6 months ended 31 May 2006

Six months ended 31 May 2006

		Ordinary activities	Exceptional items	Total
	Note	£'000	£'000	£'000
Revenue	2	177,993	-	177,993
Cost of sales		(118,829)	-	(118,829)
Gross profit	2	59,164	-	59,164
Administrative expenses	3	(44,038)	(2,068)	(46,106)
Operating profit		15,126	(2,068)	13,058
Finance income		84	-	84
Finance cost		(738)	-	(738)
Share of profit of joint venture		49	-	49
Profit before taxation		14,521	(2,068)	12,453
Taxation	4	(4,214)	621	(3,593)
Profit after taxation		10,307	(1,447)	8,860
Dividends - non-equity	5	-	-	-
Profit for the period		10,307	(1,447)	8,860
Attributable to:				
Equity holders of the Company		10,173	(1,447)	8,726
Minority interest		134	-	134
		10,307	(1,447)	8,860
Earnings per share	6	pence	pence	pence
Basic		8.1	(1.2)	6.9
Diluted		7.9	(1.1)	6.8
Adjusted - basic		8.1	(1.2)	6.9
Adjusted - diluted		7.9	(1.1)	6.8

All amounts relate to continuing operations.

An interim dividend of 2.4 pence (2005: nil) per Ordinary Share will be paid on 22 September 2006 to shareholders on the register at the close of business on 25 August 2006.

Six months ended 31 May 2005

Year ended 30 November 2005

Ordinary activities <i>restated</i>	Exceptional items <i>restated</i>	Total <i>restated</i>	Ordinary activities <i>restated</i>	Exceptional items <i>restated</i>	Total <i>restated</i>
£'000	£'000	£'000	£'000	£'000	£'000
143,546	-	143,546	315,087	-	315,087
(97,587)	-	(97,587)	(210,606)	-	(210,606)
45,959	-	45,959	104,481	-	104,481
(35,456)	(788)	(36,244)	(75,022)	(15,939)	(90,961)
10,503	(788)	9,715	29,459	(15,939)	13,520
229	-	229	482	-	482
(999)	-	(999)	(1,973)	-	(1,973)
-	-	-	-	-	-
9,733	(788)	8,945	27,968	(15,939)	12,029
(3,336)	236	(3,100)	(8,702)	4,759	(3,943)
6,397	(552)	5,845	19,266	(11,180)	8,086
(2,263)	-	(2,263)	(4,351)	-	(4,351)
4,134	(552)	3,582	14,915	(11,180)	3,735
4,076	(552)	3,524	14,780	(11,180)	3,600
58	-	58	135	-	135
4,134	(552)	3,582	14,915	(11,180)	3,735
pence	pence	pence	pence	pence	pence
11.0	(1.5)	9.5	35.1	(26.6)	8.5
11.0	(1.5)	9.5	34.1	(25.8)	8.3
3.3	(0.5)	2.8	11.9	(9.0)	2.9
3.3	(0.5)	2.8	11.5	(8.7)	2.8

SThree plc

Consolidated Statement of Changes in Equity - unaudited as at 31 May 2006

	Share capital	Share premium	Shares to be issued	Capital reserve	Currency translation reserve	Retained earnings	Attributable to Company's shareholders
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2004 (restated)	2,214	-	6,035	-	-	(1,967)	6,282
Profit for the 6 months to 31 May 2005						3,524	3,524
Issue of share capital	14	74					88
Deferred tax on employee share options						8,641	8,641
Currency translation differences					(187)		(187)
Balance at 31 May 2005 (restated)	2,228	74	6,035	-	(187)	10,198	18,348
Profit for the 6 months to 30 November 2005						76	76
Employee share award and share option credit						11,966	11,966
Deferred tax on employee share options						(1,326)	(1,326)
Current tax on employee share options						3,136	3,136
Satisfaction of rights of shares to be issued	30	6,005	(6,035)				-
Share issue costs charged to share premium		(3,154)					(3,154)
Conversion of preference shares	(878)			878			-
Currency translation differences					41		41
Balance at 30 November 2005 (restated)	1,380	2,925	-	878	(146)	24,050	29,087
Profit for the 6 months to 31 May 2006						8,726	8,726
Employee share award and share option credit						1,874	1,874
Deferred tax on employee share options						2,337	2,337
Current tax on employee share options						1,231	1,231
Currency translation differences					63		63
Balance at 31 May 2006	1,380	2,925	-	878	(83)	38,218	43,318

SThree plc

Consolidated Balance Sheet - unaudited as at 31 May 2006

		31 May 2006	31 May 2005	30 November 2005
	Note	£'000	<i>restated</i> £'000	<i>restated</i> £'000
ASSETS				
Non-current assets				
Intangible assets		68	57	43
Property, plant and equipment		2,623	2,579	2,815
Assets under construction		790	-	-
Investment in joint venture		49	-	-
Deferred tax asset		12,115	10,374	10,014
		15,645	13,010	12,872
Current assets				
Trade and other receivables		83,761	66,128	74,900
Current tax debtor		-	-	2,994
Cash and cash equivalents	8	2,468	21,995	2,901
		86,229	88,123	80,795
Total assets	2	101,874	101,133	93,667
LIABILITIES				
Current liabilities				
Provisions for liabilities and charges		(484)	(316)	(364)
Trade and other payables		(38,342)	(36,560)	(46,141)
Financial liabilities - borrowings		(12,250)	(39,900)	(12,451)
Current tax liabilities		(1,114)	(1,207)	-
		(52,190)	(77,983)	(58,956)
Non-current liabilities				
Provisions for liabilities and charges		(6,061)	(4,714)	(5,453)
		(6,061)	(4,714)	(5,453)
Total liabilities		(58,251)	(82,697)	(64,409)
Net Assets		43,623	18,436	29,258
EQUITY				
Capital and reserves attributable to the Company's shareholders				
Share capital		1,380	2,228	1,380
Share premium		2,925	74	2,925
Shares to be issued		-	6,035	-
Capital reserve		878	-	878
Currency translation reserve		(83)	(187)	(146)
Retained earnings		38,218	10,198	24,050
		43,318	18,348	29,087
Minority interest		305	88	171
Total equity		43,623	18,436	29,258

SThree plc

Consolidated Cash Flow Statement - unaudited for the 6 months ended 31 May 2006

		Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	Note	£'000	£'000	£'000
Cash flows from operating activities				
Cash (used in)/generated from operating activities	7	(179)	6,192	24,954
Income tax received/(paid)		1,978	(2,556)	(5,449)
Net cash generated from operating activities		1,799	3,636	19,505
Cash flows from investing activities				
Purchase of fixed assets		(1,446)	(1,327)	(2,702)
Proceeds from disposal of fixed assets		56	-	-
Net cash used in investing activities		(1,390)	(1,327)	(2,702)
Cash flows from financing activities				
Expenses paid in respect of share issue		-	-	(1,008)
Drawdown on new loan facility		3,250	-	9,000
Repayment of loan stock		-	-	(39,900)
Interest received		84	229	482
Interest paid		(738)	(999)	(1,973)
Proceeds from issue of ordinary shares		-	85	88
Issue of share capital to minority interest		-	-	30
Preference dividends paid		-	(4,525)	(8,876)
Net cash generated from/(used in) financing activities		2,596	(5,210)	(42,157)
Net increase/(decrease) in cash and cash equivalents		3,005	(2,901)	(25,354)
Cash and cash equivalents at beginning of the period		(550)	24,956	24,956
Exchange gains/(losses) on cash and cash equivalents		13	(60)	(152)
Cash and cash equivalents at the end of the period	8	2,468	21,995	(550)

SThree plc

Notes to the Financial Statements - unaudited

1. Accounting policies

The consolidated interim financial statements are for the six months ended 31 May 2006. These financial statements have been prepared in accordance with accounting policies expected to be followed for the year ending 30 November 2006 and the Listing Rules of the London Stock Exchange. European Union (EU) law requires that the consolidated financial statements for the year ending 30 November 2006 be prepared in accordance with IFRS adopted for the use in the EU. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 27.

Following the implementation of IFRS, SThree plc's accounting policies, as set out below, have been consistently applied to all the periods presented, unless otherwise stated.

Consolidation

The consolidated financial statements incorporate the financial statements of SThree plc and of its subsidiaries, together with the Group's share of the results of its joint ventures. Subsidiaries are all entities over which SThree plc has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to SThree plc; they are de-consolidated from the date when control ceases. Joint ventures are defined as where the Group has joint control and are accounted for using the equity method of accounting.

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

Foreign currencies

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

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is included in intangible assets and is tested annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

SThree plc

Notes to the Financial Statements - unaudited

1. Accounting policies (continued)

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives.

Costs that are directly associated with the production of identifiable and unique software products, controlled by SThree plc and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the employee costs of the development team and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their expected useful lives (not exceeding five years). Amortisation will commence once the computer software is fully implemented and put into use.

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

Trademarks

Trademarks are 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.

Property, plant and equipment

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

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

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

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

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

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

Impairment of assets

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

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

SThree plc

Notes to the Financial Statements - unaudited

1. Accounting policies (continued)

Trade receivables

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

Cash and cash equivalents

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

Assets leased under an operating lease

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.

Provisions, contingent liabilities and contingent assets

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

Deferred tax

Deferred income 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 income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Share capital

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

Employee benefits

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

SThree plc

Notes to the Financial Statements - unaudited

1. Accounting policies (continued)

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

- Termination benefits – Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. SThree plc recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Employee Benefit Trusts

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

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

Share-based compensation

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

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

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

Revenue

Revenue represents sales to third parties for services provided during the period, excluding value added tax and other sales taxes outside the UK.

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

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

Exceptional items

Items which are non-recurring and sufficiently material are presented separately within their relevant consolidated income statement category. The separate reporting of such items helps provide a better indication of the Group's underlying business performance.

SThree plc

Notes to the Financial Statements - unaudited

2. Segmental analysis

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

	By location of client			By location of operating company		
	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
United Kingdom	134,676	109,228	243,602	168,750	136,075	299,019
Europe and rest of the world	43,317	34,318	71,485	9,243	7,471	16,068
	177,993	143,546	315,087	177,993	143,546	315,087
Gross profit						
United Kingdom	43,469	35,038	79,501	51,663	40,348	92,147
Europe and rest of the world	15,695	10,921	24,980	7,501	5,611	12,334
	59,164	45,959	104,481	59,164	45,959	104,481
Operating profit						
<i>Operating profit before exceptional items</i>						
United Kingdom				13,339	10,135	27,789
Europe and rest of the world				1,787	368	1,670
				15,126	10,503	29,459
<i>Exceptional items:</i>						
United Kingdom				(2,068)	(788)	(15,939)
				13,058	9,715	13,520
Total assets						
United Kingdom				96,140	93,761	87,248
Europe and rest of the world				5,734	7,372	6,419
				101,874	101,133	93,667
Capital expenditure						
United Kingdom				1,446	1,327	2,548
Europe and rest of the world				-	-	154
				1,446	1,327	2,702

SThree plc

Notes to the Financial Statements - unaudited

2. Segmental analysis (continued)

The following segmental analyses, by brand, by recruitment classification and by discipline, have been included as additional disclosure over and above the requirements of IAS 14 "Segment Reporting".

	Revenue			Gross Profit		
	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Brand						
Computer Futures Solutions	51,492	46,654	96,223	16,948	14,765	30,620
Huxley Associates	39,654	28,581	64,971	14,973	10,595	24,911
Progressive Computer Recruitment	36,375	30,797	66,728	11,070	9,212	19,750
Pathway	16,769	12,531	27,586	4,281	3,063	6,979
Others	33,703	24,983	59,579	11,892	8,324	22,221
	177,993	143,546	315,087	59,164	45,959	104,481
Recruitment classification						
Contract	149,707	123,417	267,071	30,878	25,830	56,465
Permanent	28,286	20,129	48,016	28,286	20,129	48,016
	177,993	143,546	315,087	59,164	45,959	104,481
Discipline						
Information & communication technology	160,862	133,599	285,388	49,666	40,386	88,190
Other ⁽¹⁾	17,131	9,947	29,699	9,498	5,573	16,291
	177,993	143,546	315,087	59,164	45,959	104,481

⁽¹⁾ Including banking and finance, accountancy, human resources and engineering sectors.

SThree plc

Notes to the Financial Statements - unaudited

3. Administrative expenses - exceptional items

	Six months ended 31 May 2006	Six months ended 31 May 2005	Year ended 30 November 2005 <i>restated</i>
	£'000	£'000	£'000
Employee share awards and share options	1,874	-	11,966
Employer's National Insurance on share awards and options, and related costs	194	-	2,529
Special management bonuses	-	788	1,444
	2,068	788	15,939

Certain employees received share options and awards at flotation and subsequently under related arrangements. In accordance with IFRS 2 "Share-based Payment", a charge has been reflected in the income statement, with a corresponding charge for Employer's National Insurance.

Special management bonuses related to amounts paid to certain Directors and senior Group management, in proportion to their interest in Zero coupon preference shares, for services provided, recognising the fact that these preference shares did not bear dividends. The Zero coupon preference shares ceased to exist after the flotation and the special management bonuses were no longer payable.

SThree plc

Notes to the Financial Statements - unaudited

4. Taxation

				Six months ended 31 May 2006	Six months ended 31 May 2005	Year ended 30 November 2005
		<i>Ordinary activities</i>	<i>Exceptional items</i>	<i>Total</i>	<i>restated</i>	<i>restated</i>
		£'000	£'000	£'000	£'000	£'000
Current tax	- United Kingdom	3,422	(621)	2,801	2,574	4,318
	- Overseas	729	-	729	450	495
Deferred tax		63	-	63	76	(870)
		4,214	(621)	3,593	3,100	3,943

The total tax charge is in line with the standard rate of corporation tax in the UK (30%).

In the six months to 31 May 2006 a current tax credit of £1.2m (31 May 2005: nil; 30 November 2005: £3.1m) has been taken directly to equity under IFRS 2 "Share-based Payment" and IAS 12 "Income Taxes".

The tax charge does not include the anticipated Schedule 23 tax credit which would crystallise on share awards that are expected to be granted during the second half of the financial year (no later than 9 months after the date of flotation). Only the Schedule 23 tax credit on share awards and options actually granted during the six months to 31 May 2006 has been included.

5. Dividends

	Six months ended 31 May 2006	Six months ended 31 May 2005	Year ended 30 November 2005
	£'000	£'000	£'000
Amounts paid as distributions to non-equity holders in the period:			
Preference dividend payable of 5% (net) on Preference and 'A' Preference Shares	-	2,263	4,351

SThree plc

Notes to the Financial Statements - unaudited

6. Earnings per share

	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	£'000	£'000	£'000
Earnings			
Profit for the period	8,726	3,524	3,600
Effect of exceptional items (net of tax)	1,447	552	11,180
Profit for the period excluding exceptional items	10,173	4,076	14,780
Number of shares			
	millions	millions	millions
Weighted average number of shares used for basic EPS	125.9	37.1	42.2
Dilution effect of share plans	2.1	-	1.2
Diluted weighted average number of shares used for diluted EPS	128.0	37.1	43.4
Basic			
	pence	pence	pence
Basic earnings per share	6.9	9.5	8.5
Basic earnings per share excluding exceptional items	8.1	11.0	35.1
Dilutive			
Diluted earnings per share	6.8	9.5	8.3
Diluted earnings per share excluding exceptional items	7.9	11.0	34.1

SThree plc

Notes to the Financial Statements - unaudited

6. Earnings per share (continued)

Additional disclosure

The earnings per share figures presented above have been prepared in accordance with International Financial Reporting Standard IAS 33 "Earnings per share". Due to the flotation and, consequently, the share capital conversion occurring late in the financial year, the weighted average number of shares used in the above calculations is considerably lower than the actual number of Ordinary Shares in issue at the end of the financial year. Therefore, the Directors believe that an additional EPS figure as at 31 May 2005 and 30 November 2005 should be disclosed, based on the capital structure at the balance sheet date. For this EPS figure the preference dividend is excluded from the calculation of earnings as it would not have been paid had the capital structure as at the balance sheet date been in place throughout the relevant period. The Directors believe that these adjustments result in an EPS figure which is a better representation of the underlying trend in Group performance. The following tables set out the number of shares and the earnings used in the calculation of the adjusted earnings per share.

	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	millions	millions	millions
Adjusted			
Adjusted basic number of ordinary shares	125.9	124.3	124.3
Adjusted dilutive number of ordinary shares	128.0	124.3	128.0
	pence	pence	pence
Basic earnings per share	6.9	2.8	2.9
Basic earnings per share excluding exceptional items	8.1	3.3	11.9
Diluted earnings per share	6.8	2.8	2.8
Diluted earnings per share excluding exceptional items	7.9	3.3	11.5

All earnings are derived from continuing operations

SThree plc

Notes to the Financial Statements - unaudited

7. Cash flows from operating activities

	Six months ended 31 May 2006	31 May 2005 <i>restated</i>	Year ended 30 November 2005 <i>restated</i>
	£'000	£'000	£'000
Profit before taxation	12,453	8,945	12,029
Adjustments for:			
Depreciation and amortisation	708	570	1,442
Loss on disposal of fixed assets	23	-	275
Non-cash element of the charge for share awards and options	1,874	-	11,966
Profit from partial deemed disposal	-	-	24
Interest receivable	(84)	-	-
Interest payable	738	770	1,491
Foreign exchange gain	-	(106)	-
Changes in working capital and provisions:			
Increase in debtors	(8,891)	(6,621)	(15,462)
(Decrease)/increase in creditors	(7,728)	2,921	12,689
Increase/(decrease) in provisions	728	(287)	500
Cash (used in)/generated from operations	(179)	6,192	24,954

8. Cash and cash equivalents

	Six months ended 31 May 2006	31 May 2005	Year ended 30 November 2005
	£'000	£'000	£'000
Cash and cash equivalents include the following for the purposes of the cash flow statement:			
Cash at bank and in hand	2,468	21,995	2,901
Bank overdrafts	-	-	(3,451)
	2,468	21,995	(550)

SThree plc

Notes to the Financial Statements - unaudited

9. Capital commitments

The Group had capital commitments of £5.8m (31 May 2005: nil; 30 November 2005: £0.1m).

10. Basis of preparation

The interim financial information has been prepared on the assumption that all IFRS statements, including International Accounting Standards (IAS's), Standing Interpretations Committee (SIC) interpretations and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) as effective for 2006 reporting will be endorsed by the European Commission. These are subject to ongoing review and possible amendment by the IASB and subsequent endorsement by the European Commission and therefore may change. Further standards and interpretations may also be issued that will become applicable for the Group's financial year ending 30 November 2006. In 2006 the Group has adopted IFRS for the first time with the date of transition being 1 December 2004. The interim financial information is covered by IFRS 1 "First-time Adoption of International Financial Reporting Standards", being part of the period covered by the Group's first IFRS financial statements for the year ended 30 November 2006. IAS 34 "Interim Financial Reporting" has not been applied to this interim financial information.

The financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 November 2005, which were prepared under accounting policies generally accepted in the UK, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement made under Section 237(2) or Section 237(3) of the Companies Act 1985.

11. Date of approval of interim statements

The interim announcement covers the period 1 December 2005 to 31 May 2006 and was approved by the Board on 21 July 2006.

The interim report will be sent to shareholders in due course. Further copies will be available from the Company's registered office, 41-44 Great Windmill Street, London W1D 7NB, and can be accessed on the SThree website, www.sthree.com.

SThree plc

Notes to the Financial Statements - unaudited

12. Principal impact of IFRS

The key differences between UK GAAP and IFRS that will impact the SThree Group are set out below.

The Group has taken advantage of the exemption available under IFRS 1 where cumulative translation differences for all foreign operations are deemed to be zero at the date of transition. The Group has also taken the exemption not to apply IFRS 2 "Share-based payment" to share options granted before 7 November 2002. In addition, as permitted by IFRS 1, the Group has adopted IAS 32 "Financial Instruments: disclosure and presentation" and IAS 39 "Financial Instruments: recognition and measurement", prospectively from 1 December 2005.

Software development costs

Under UK GAAP, the costs of developing software were written off to the income statement in the year in which they were incurred.

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

As a result of this change in accounting policy, SThree plc's net assets under IFRS have increased by £67,000 as at 1 December 2004, £57,000 as at 31 May 2005 and £43,000 as at 30 November 2005, before the impact of deferred tax. Operating profit decreased for the six month period ended 31 May 2005 by £10,000 and for the year to 30 November 2005 by £24,000, represented by the capitalisation of costs previously written off under UK GAAP of £7,000 and £14,000 respectively, offset by £17,000 and £38,000 of amortisation of amounts capitalised.

Foreign exchange on inter-company loans

Under UK GAAP, foreign exchange differences arising on inter-company financing loans were recognised directly within reserves, where those loans were deemed to be permanent in nature. For SThree plc, a number of these loans are between one subsidiary of SThree plc and another subsidiary, rather than from the parent to a subsidiary.

Under IFRS, IAS 21 "The effects of changes in foreign exchange rates" does allow foreign exchange permanent differences arising on loans between fellow subsidiaries to be dealt with in reserves when it is considered to be part of the net investment in a foreign operation. Any temporary foreign exchange differences that do not form part of the net investment in a foreign operation must be recognised within the income statement.

As a result of the application of IAS 21, SThree plc's reported profit for the six months ended 31 May 2005 has increased by £106,000 and for the year ended 30 November 2005 has decreased by £24,000, following the reclassification of a foreign exchange credit from reserves into the IFRS income statement.

Share-based payments

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

SThree plc

Notes to the Financial Statements - unaudited

12. Principal impact of IFRS (continued)

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

The application of IFRS 2 has not resulted in any material adjustment to SThree plc's reported profits for the six months ended 31 May 2005 as SThree plc have concluded that the fair value of SThree plc share awards at the date of their issue was not significant. For the year ended 30 November 2005 the adjustment was £3.2m of which £3.1m was due to the change in the treatment of current tax which has been taken directly to equity (IAS 12 "Income taxes"). If further share options are issued in the future then the charge in respect of any such share options could be significant.

Deferred tax

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

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

- under IFRS deferred tax is provided on the temporary difference arising between the tax base of any share-based payments and the accounting base of those share based payments. This gives rise to an additional deferred tax asset of £8.6 million as at 31 May 2005 and £7.3 million at 30 November 2005;
- under IFRS deferred tax is provided on temporary differences arising on investments in subsidiaries (principally in respect of unremitted earnings), except where an entity can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. SThree plc has decided that the remittance of earnings held by overseas subsidiaries is not probable and that therefore no deferred tax liability is required.

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

SThree plc

Reconciliation of Profit

	As at 31 May 2005 <i>(comparable interim period under UK GAAP)</i>			As at 30 November 2005 <i>(end of last period presented under UK GAAP)</i>		
	Under UK GAAP	Effect of transition to IFRS	Under IFRS	Under UK GAAP	Effect of transition to IFRS	Under IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	143,546	-	143,546	315,087	-	315,087
Cost of sales	(97,587)	-	(97,587)	(210,606)	-	(210,606)
Gross profit	45,959	-	45,959	104,481	-	104,481
Administrative expenses	(36,340)	96	(36,244)	(90,838)	(123)	(90,961)
Operating profit	9,619	96	9,715	13,643	(123)	13,520
Net finance cost	(770)	-	(770)	(1,491)	-	(1,491)
Profit before taxation	8,849	96	8,945	12,152	(123)	12,029
Taxation	(3,103)	3	(3,100)	(831)	(3,112)	(3,943)
Profit after taxation	5,746	99	5,845	11,321	(3,235)	8,086
Dividends - non-equity	(2,263)	-	(2,263)	(4,351)	-	(4,351)
Profit for the period	3,483	99	3,582	6,970	(3,235)	3,735
Attributable to:						
Equity holders of the Company	3,425	99	3,524	6,835	(3,235)	3,600
Minority interest	58	-	58	135	-	135
	3,483	99	3,582	6,970	(3,235)	3,735
Earnings per share	pence	pence	pence	pence	pence	pence
Basic	9.2	0.3	9.5	16.2	(7.7)	8.5
Diluted	9.2	0.3	9.5	15.7	(7.4)	8.3
		IAS	£'000			£'000
Profit under UK GAAP			3,483			6,970
Capitalisation of intangible assets		38	7			14
Amortisation of intangible assets		36	(17)			(38)
IFRS 2 employee share awards		-	-			(75)
Translation differences on intercompany loans		21	106			(24)
Tax effect on IFRS adjustments		12	3			(3,112)
Profit under IFRS			3,582			3,735

SThree plc

Reconciliation of Equity

As at 01 December 2004

(date of transition)

	Under UK GAAP	Effect of transition to IFRS	Under IFRS
	£'000	£'000	£'000
Non-current assets			
Intangible assets	-	67	67
Property, plant and equipment	1,833	-	1,833
Deferred tax asset	-	1,809	1,809
	1,833	1,876	3,709
Current assets			
Trade and other receivables	61,336	(1,829)	59,507
Current tax debtor	-	-	-
Cash and cash equivalents	24,956	-	24,956
	86,292	(1,829)	84,463
Total assets	88,125	47	88,172
Current liabilities			
Provisions for liabilities and charges	-	(479)	(479)
Trade and other payables	(39,118)	3,214	(35,904)
Financial liabilities - borrowings	-	(2,475)	(2,475)
Current tax liabilities	-	(739)	(739)
	(39,118)	(479)	(39,597)
Non-current liabilities			
Provisions for liabilities and charges	(5,317)	479	(4,838)
Financial liabilities - borrowings	(37,425)	-	(37,425)
	(42,742)	479	(42,263)
Total liabilities	(81,860)	-	(81,860)
Net assets	6,265	47	6,312
Equity			
Capital and reserves			
Share capital	2,214	-	2,214
Share premium	-	-	-
Shares to be issued	6,035	-	6,035
Capital reserve	-	-	-
Currency translation reserve	-	-	-
Retained earnings	(2,014)	47	(1,967)
Shareholders' equity	6,235	47	6,282
Minority interest	30	-	30
Total equity	6,265	47	6,312
Total equity under UK GAAP			6,265
Capitalisation of intangible assets			144
Amortisation of intangible assets			(77)
Deferred tax on employee share options			-
Tax effect on IFRS adjustments			(20)
Total equity under IFRS			6,312

As at 31 May 2005

(comparable interim period under UK GAAP)

Year ended 30 November 2005

(end of last period presented under UK GAAP)

Under UK GAAP	Effect of transition to IFRS	Under IFRS	Under UK GAAP	Effect of transition to IFRS	Under IFRS
£'000	£'000	£'000	£'000	£'000	£'000
-	57	57	-	43	43
2,579	-	2,579	2,815	-	2,815
-	10,374	10,374	-	10,014	10,014
2,579	10,431	13,010	2,815	10,057	12,872
67,878	(1,750)	66,128	80,589	(5,689)	74,900
-	-	-	-	2,994	2,994
21,995	-	21,995	2,901	-	2,901
89,873	(1,750)	88,123	83,490	(2,695)	80,795
92,452	8,681	101,133	86,305	7,362	93,667
-	(316)	(316)	-	(364)	(364)
(77,667)	41,107	(36,560)	(58,592)	12,451	(46,141)
-	(39,900)	(39,900)	-	(12,451)	(12,451)
-	(1,207)	(1,207)	-	-	-
(77,667)	(316)	(77,983)	(58,592)	(364)	(58,956)
(5,030)	316	(4,714)	(5,817)	364	(5,453)
-	-	-	-	-	-
(5,030)	316	(4,714)	(5,817)	364	(5,453)
(82,697)	-	(82,697)	(64,409)	-	(64,409)
9,755	8,681	18,436	21,896	7,362	29,258
2,228	-	2,228	1,380	-	1,380
74	-	74	2,925	-	2,925
6,035	-	6,035	-	-	-
-	-	-	878	-	878
-	(187)	(187)	-	(146)	(146)
1,330	8,868	10,198	16,542	7,508	24,050
9,667	8,681	18,348	21,725	7,362	29,087
88	-	88	171	-	171
9,755	8,681	18,436	21,896	7,362	29,258
		9,755			21,896
		151			158
		(94)			(115)
		8,641			7,315
		(17)			4
		18,436			29,258

Audit Review Report

Independent review report to SThree plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 May 2006 which comprises summarised income statement, statement of changes of equity, summarised balance sheet information as at 31 May 2006, summarised cash flow statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in the basis of preparation in the interim consolidated financial statement, the next annual financial statements of the Group will be prepared in accordance with accounting standards adopted for use in the European Union. This interim report has been prepared in accordance with the basis of preparation set out in note 12 of the interim financial statements.

The accounting policies are consistent with those that the Directors intend to use in the next annual financial statements. As explained in the basis of preparation, there is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations

that will be applicable and adopted for use in the European Union at 30 November 2006 are not known with certainty at the time of preparing this interim financial information.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 May 2006.

PricewaterhouseCoopers LLP
Chartered Accountants London
21 July 2006

Notes:

- (a) The maintenance and integrity of the SThree plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SThree plc

Corporate Advisers

Solicitors

Linklaters

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