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

Final results for the year ended 1 December 2013

SThree, the international specialist staffing business, is today announcing its final results for the year ended 1 December 2013.

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

Financial Highlights

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

* 2012 reported figures excluding ITJB

Operational Highlights

- Group performance improved as the year progressed against a backdrop of weaker macroeconomic conditions;
- Further progress made against key strategic priorities – Contract, ongoing sector diversification and international expansion;
- Contract GP grew by 4%** year on year, with Contract now accounting for 56%** of Group GP (2012: 51%);
- Non-UK&I share of GP increased to 69% (2012: 67%) as the Group's business mix underwent a further shift in favour of our international operations;
- Continued sector diversification with non-ICT disciplines now representing 57% (2012: 54%)
- Strong performance from newer sectors. Energy (+9.3%**) and Life Sciences (+18.3%**) now representing 27% of GP (2012: 22%)
- New offices opened in Calgary, Tokyo and Berlin, bringing the Group total to 55 in 21 countries, of which 40 are outside the UK;
- Disposal of ITJB, a small non-core business, in July 2013 for an initial cash consideration of £9.2m, a further £0.5m receivable in 2014 and a further £2.5m contingent on the performance of ITJB in FY 2014;

- Restructuring of the Group's cost base brought savings of circa £3.2m in H2 2013 and reduces annualised costs by circa £8.5m pa;
- Group headcount at year end increased by 10% to 2,327 (2012: 2,116) although average headcount at 2,228 was flat year on year (2012: 2,234);
- The Group retains a strong balance sheet position, with year end net cash of £8.7m (2012: £28.3m), after the dividend payment of £16.9m and capital expenditure of £5.6m.

**at constant currency

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

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

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

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

SThree will host a live presentation and conference call for analysts at 9am today, held at UBS' London offices. The conference call participant telephone and reference are as follows:

Dial in: +44 (0) 20 3003 2666 - Standard International Access
0808 109 0700 - UK Toll Free
Call reference: 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 Q1 Interim Management Statement on Friday 14 March 2014.

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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 Banking & Finance, Energy & Engineering and Life Sciences.

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 2,300 employees in over 20 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. Certain data from the announcement is sourced from unaudited internal management information. Accordingly, undue reliance should not be placed on forward looking statements.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

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

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

During the year, we continued to invest in our international expansion, opening three new offices and three smaller business development offices in Asia. In 2014 we expect to focus on driving the productivity of existing teams across the Group, with future investment in further territories more likely to be led by specific client requirements.

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

Financial Results

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

International Diversification and Expansion

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

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

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

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

Sector Diversification and Expansion

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

ICT **

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

Non-ICT**

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

Contract/Permanent Business Mix

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

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

Highly Skilled and Niche

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

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

In parallel, we continued to look to move further "up the food chain" and place more highly paid candidates, either as a function of their seniority and/or their niche specialisation. During the year, we also established two new niche brands, Newington International, an executive search specialist focused on the fixed income, currency & commodities ("FICC") markets and Enterprise Partners, an enterprise resource planning ("ERP") specialist. The Group's overall Contract margin remained robust at 20.2% (2012: 21.5%) while the average GP per day rate (GPDR) reduced to £81 (2012: £85) reflecting geographical mix and the competitive environment**.**

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

Headcount

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

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

Board

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

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

Outlook

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

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

Notes

**Variances are in constant currency.*

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

CHIEF FINANCIAL OFFICER'S REVIEW

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

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

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

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

Restructuring

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

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

Disposal of IT Job Board

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

Taxation

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

Earnings per share

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

Dividends per share

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

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

Financial position

The Group had net assets of £51.6m at 1 December 2013 (2012: £61.9m). The decrease in net assets reflected the costs of the restructuring and payment of a maintained dividend for the year, despite the reduced profits.

The Group bought back £1.3m of shares (0.4m shares) to be held in treasury (2012: £6.7m, 2.4m shares), with the intention of using these to settle the buy-back of certain tracker shares and/or awards of shares under the Group's share plans. A total of 2.0m treasury shares were used to satisfy tracker share buy-backs and other awards (2012: 3.4m). It is anticipated that a combination of treasury shares and newly issued shares will be used to satisfy further settlement of share awards under the Group's share plans.

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

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

Cash flow

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

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

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

Treasury management and currency risk

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

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

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

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

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

SThree plc

Consolidated income statement

For the 53 weeks ended 1 December 2013

	Note	Before exceptional items £'000	Exceptional items £'000	53 weeks ended 1 December 2013 Total £'000	52 weeks ended 25 November 2012 Total £'000
Continuing operations					
Revenue	2	634,297	-	634,297	577,457
Cost of sales		(434,480)	-	(434,480)	(372,161)
Gross profit	2	**199,817**	**-**	**199,817**	**205,296**
Administrative expenses	3	(178,644)	(10,763)	(189,407)	(180,205)
Gain on disposal of subsidiaries	4	-	5,267	5,267	-
Operating profit	5	**21,173**	**(5,496)**	**15,677**	**25,091**
Finance income		130	-	130	222
Finance costs		(285)	-	(285)	(46)
Profit before taxation		**21,018**	**(5,496)**	**15,522**	**25,267**
Taxation	6	(9,956)	1,821	(8,135)	(8,442)
Profit for the year attributable to owners of the Company		**11,062**	**(3,675)**	**7,387**	**16,825**
Earnings per share	8	**pence**	**pence**	**pence**	**pence**
Basic		9.1	(3.0)	6.1	14.1
Diluted		8.2	(2.7)	5.5	12.6

Consolidated statement of comprehensive income

For the 53 weeks ended 1 December 2013

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

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Consolidated statement of financial position

As at 1 December 2013

	Note	1 December 2013 £'000	25 November 2012 £'000
Assets			
Non-current assets			
Property, plant and equipment		3,950	5,897
Intangible assets		12,033	14,250
Deferred tax assets		3,481	4,871
Trade and other receivables		1,449	-
		20,913	25,018
Current assets			
Trade and other receivables		124,905	113,994
Current tax assets		510	653
Cash and cash equivalents	9	13,690	28,291
		139,105	142,938
Total assets		**160,018**	**167,956**
Equity and Liabilities			
Equity attributable to owners of the Company			
Share capital		1,240	1,234
Share premium		4,961	4,138
Other reserves		(5,440)	(8,952)
Retained earnings		50,854	65,503
Total equity		**51,615**	**61,923**

Non-current liabilities

Provisions for liabilities and charges	4,748	1,484
Trade and other payables	758	1,136
	5,506	2,620
Current liabilities		
Provisions for liabilities and charges	7,361	5,410
Trade and other payables	88,500	98,003
Current tax liabilities	2,036	-
Borrowings	5,000	-
	102,897	103,413
Total liabilities	**108,403**	**106,033**
Total equity and liabilities	**160,018**	**167,956**

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Consolidated statement of changes in equity

For the 53 weeks ended 1 December 2013

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

SThree plc
Consolidated statement of cash flows
For the 53 weeks ended 1 December 2013

	Note	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Cash flows from operating activities			
Profit before taxation		15,522	25,267
Adjustments for:			
Depreciation and amortisation charge		5,800	6,841
Impairment of intangible assets		1,190	-
Finance income		(130)	(222)
Finance cost		285	46
(Gain)/loss on disposal of property, plant and equipment		(14)	9
Gain on disposal of subsidiaries		(5,267)	-
Gain on tracker shares transactions		(423)	-
Non-cash charge for share-based payments		1,555	1,548
Operating cash flows before changes in working capital and provisions		**18,518**	**33,489**
(Increase)/decrease in receivables		(10,932)	(5,265)
(Decrease)/Increase in payables		(7,881)	3,952
Increase in provisions		4,535	513
Cash generated from operations		4,240	32,689
Finance income		130	222
Income tax paid		(4,539)	(9,527)
Net cash (used in)/generated from operating activities		(169)	23,384
Cash generated from operating activities before exceptional items		5,063	23,384
Cash outflow from exceptional items		(5,232)	-
Net cash (used in)/generated from operating activities		(169)	23,384
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,171)	(3,862)
Purchase of intangible assets		(4,430)	(6,669)
Investment in a subsidiary		-	-
Proceeds from disposal of subsidiaries (net of cash)	4	6,003	-
Net cash generated from/(used in) investing activities		402	(10,531)
Cash flows from financing activities			
Finance cost		(285)	(46)
Employee subscription for tracker shares		311	341
Proceeds from exercise of share options		372	564
Purchase of own shares		(1,423)	(6,882)
Repurchase of unvested tracker shares		(205)	(78)
Proceeds from borrowings		5,000	-
Dividends paid to equity holders	7	(16,934)	(29,951)
Distributions to tracker shareholders		(264)	(424)
Net cash used in financing activities		(13,428)	(36,476)
Net decrease in cash and cash equivalents		**(13,195)**	**(23,623)**
Cash and cash equivalents at beginning of the period		28,291	55,605
Effect of exchange rate changes		(1,406)	(3,691)
Cash and cash equivalents at end of the period	9	**13,690**	**28,291**

SThree plc

Notes to the Financial Information

Year ended 1 December 2013

1. Basis of preparation

The financial information in this preliminary announcement has been extracted from the Group audited financial statements for the year ended 1 December 2013 and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Group financial statements and this preliminary announcement were approved by the Board of Directors on 31 January 2014.

The auditors have reported on the Group's financial statements for the years ended 1 December 2013 and 25 November 2012 under s495 of the Companies Act 2006. The auditors' reports are unqualified and do not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Group's statutory accounts for the year ended 25 November 2012 have been filed with the Registrar of Companies and those for the year ended 1 December 2013 will be filed following the Company's Annual General Meeting.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted and endorsed by the European Union and have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit and loss as required under IFRSs.

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

The same accounting policies, presentation and computation methods are followed in this preliminary announcement as in the preparation of the Group financial statements. The accounting policies have been applied consistently by the Group.

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

Going concern

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

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

2. Segmental analysis

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

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

The Group's management reporting and controlling systems use accounting policies that are the same as those described in note 1 to the Group 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/(loss) comprising revenue less cost of sales.

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

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

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

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

Other information

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

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

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

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

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

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

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

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

3. Administrative expenses - Exceptional items

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

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

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

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

4. Disposal of subsidiaries - Exceptional items

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

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

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

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

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

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

5. Operating profit

Operating profit is stated after charging/(crediting):

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Depreciation	2,704	3,177

Amortisation	3,096	3,664
Foreign exchange gains	(406)	(335)
Staff costs	128,782	127,308
Movement in bad debt provision and debts directly written off	466	1,737
(Gain)/loss on disposal of property, plant and equipment	(14)	9
Gain on disposal of subsidiaries (note 4)	(5,267)	-
Exceptional restructuring costs (note 3)	10,763	-
Operating lease charges		
- Motor vehicles	1,561	1,480
- Land and buildings	10,602	11,183

6. Taxation

(a) Analysis of tax charge for the year

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

(b) Reconciliation of the effective tax rate

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

	Before exceptional items £'000	Exceptional items £'000	53 weeks ended 1 December 2013 Total £'000	52 weeks ended 25 November 2012 Total £'000

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

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

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

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

7. Dividends

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

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

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

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

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

8. Earnings per share

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

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

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

	53 weeks ended 1 December 2013 £'000	52 weeks ended 25 November 2012 £'000
Earnings		
Profit after taxation excluding exceptional items	11,062	16,825
Effect of exceptional items	(3,675)	-
Profit after taxation attributable to owners of the Company	7,387	16,825
	million	**million**
Number of shares		
Weighted average number of shares used for basic EPS	121.1	119.5
Dilutive effect of share plans	14.0	14.3
Diluted weighted average number of shares used for diluted EPS	135.1	133.8
	pence	**pence**
Basic		
Basic EPS	6.1	14.1
Impact of exceptional items	3.0	-
Adjusted basic EPS before exceptional items	9.1	14.1
Diluted		
Diluted EPS	5.5	12.6
Impact of exceptional items	2.7	-
Adjusted diluted EPS excluding exceptional items	8.2	12.6

9. Cash and cash equivalents

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

10. Annual Report, Financial Statements and Annual General Meeting

The 2013 Annual Report, Financial Statements and Notice of 2013 Annual General Meeting will be posted to shareholders shortly. Copies will be available on the Company's website www.sthree.com or from the Company Secretary, 5th Floor, GPS House, 215 -227 Great Portland Street, London, W1W 5PN. The Annual General Meeting of SThree plc is to be held on 24 April 2014.