SThree plc

("SThree" or the "Group")

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MAY 2017

FINANCIAL HIGHLIGHTS

	As Reported	*Adjusted[(1)]*	*As Reported*	*Adjusted*	*Adjusted*
	H1 2017	**H1 2016**	**H1 2016**	***Actual Growth[(2)]***	***Constant Currency Growth***
	£m	**£m**	**£m**	**%**	**%**
Revenue	521.0	443.5	443.5	+17%	+7%
Contract gross profit	94.2	79.7	79.7	+18%	+8%
Permanent gross profit	40.2	40.1	40.1	-	-10%
Gross profit	**134.4**	**119.8**	**119.8**	**+12%**	**+2%**
Operating profit	**19.3**	**15.3**	**13.0**	**+26%**	**+5%**
Conversion ratio	14.4%	12.8%	10.9%	+1.6% pts	+0.3% pts
Profit before taxation	**19.2**	**15.1**	**12.8**	**+27%**	**+5%**
Basic earnings per share	**11.0p**	**8.6p**	**7.3p**	**+29%**	**+6%**
Interim dividend per share	4.7p	4.7p	4.7p	-	-
Net cash	5.2	(4.4)	(4.4)		

[(1)] H1 2016 figures were adjusted for the impact of £2.3m of restructuring costs. There were no adjustments to H1 2017 figures.
[(2)]All variances compare reported H1 2017 against adjusted H1 2016 to provide a like-for-like view.

OPERATIONAL HIGHLIGHTS

- Encouraging first half performance with accelerated momentum in Q2
- Operating profit ('OP') up 26% year on year ("YoY") to £19.3m (H1 2016 adjusted: £15.3m) with an improved operating profit conversion ratio of 14.4% (H1 2016 adjusted: 12.8%)
- Foreign exchange increased reported OP by £3.3m. OP was up 5%* at constant currency and up 8%* excluding innovation spend of £0.6m
- Group gross profit ('GP') up 2%* YoY
  - Strong performance in the USA (up 16%* YoY), now representing 22% of Group GP (H1 2016: 19%)
  - Robust performance in Continental Europe (up 7%* YoY)
  - Continued strong growth in Life Sciences (up 6%* YoY)
  - UK&I performance, as expected, continues to be adversely impacted by the EU Referendum result, General Election and Public Sector reforms, with GP down 16%* YoY
- 80% of Group GP generated from markets outside the UK&I (H1 2016: 73%)
- Contract GP, which represented 70% of Group GP (H1 2016: 67%), ahead by 8%* YoY with strong growth across Engineering up 17%*, Life Sciences up 15%* and Energy up 9%*
- Permanent GP down 10%* YoY, with productivity up 8%* YoY
- Group period-end sales headcount up 1% on the 2016 year-end position, but down 4% YoY. Average sales headcount down 7% YoY
- Strong financial position with net cash of £5.2m (H1 2016: net debt £4.4m)
- SThree will host a Capital Markets Day in London on the afternoon of 15 November 2017

** Variances in constant currency*

Gary Elden, CEO, commented: "We are encouraged by our first half performance, with a step up in growth achieved in Q2 against a background of mixed trading conditions. The growing breadth and scale of our international operations, which now account for four fifths of gross profit, underline how far the Group has grown from its UK roots, with particularly strong performances in Continental Europe and the USA, which is now our second largest region.

"Our strategic focus on Contract business continues to deliver good growth across almost all regions, as well as a greater resilience in more uncertain economic conditions. Our Permanent business made good progress in increasing productivity and remains focused on achieving further gains in the balance of the year.

“Looking ahead to our seasonally more important second half, the continued momentum of our Contract business and improved Permanent yields give us a solid base from which to grow in a macro-economic environment which remains uncertain.”

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

Dial in:	+44 (0) 20 3003 2666
Call passcode:	SThree

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

SThree will be announcing its Q3 Trading Update on Friday 15 September 2017.

Enquiries:

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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 Communication Technology ('ICT') sector the Group has broadened the base of its operations to include businesses serving the Banking & Finance, Energy, Engineering and Life Sciences sectors.

Since launching its original business, Computer Futures, in 1986, the Group has adopted a multi-brand strategy, establishing new operations to address growth opportunities. SThree brands include Computer Futures, Huxley Associates, Progressive and The Real Staffing Group. The Group has circa 2,600 employees in sixteen 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.

INTERIM MANAGEMENT REPORT

CHIEF EXECUTIVE OFFICER’S REVIEW

Overview

We delivered Group GP for the period up 2%* YoY, driven by positive results from our continued investment in Contract, our drive to build productivity in Permanent and our ability to capitalise on opportunities in key markets, especially Continental Europe and the USA.

Underlying performances by region and sector were mixed. We saw some continued strong performances:

- Contract GP up 8%* YoY

- Strong growth in the USA up 16%* YoY
- Continental Europe up 7%* YoY
- Continued robust growth in Life Sciences up 6%* YoY

This good progress was offset by the UK&I, due to the adverse impact of the UK's decision to leave the EU and Public Sector reforms, with GP down 16%* YoY.

The rate of growth for the Group improved from flat* YoY in Q1 to up 4%* YoY in Q2.

The conversion ratio for GP into operating profit improved slightly as we benefited from improved yields. Headcount build remained modest, with Group period-end sales headcount up 1% on the 2016 year-end position and down 4% YoY, as we managed our sales heads to reflect the current trading environment. Our focus in H2 is on selective headcount investment to facilitate further growth.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
	Q1 17	+7%	(14%)	-			(1%)	(18%)	(8%)
Group	Q2 17	+9%	(6%)	+4%			-	(15%)	(6%)
	HY 17	+8%	(10%)	+2%	70%	30%	-	(17%)	(7%)

Breakdown of GP	HY 2017 %	HY 2016 %	FY 2016 %
Geographical Split			
UK&I	20%	27%	25%
Continental Europe	51%	48%	49%
USA	22%	19%	20%
Asia Pac & Middle East	7%	6%	6%
	100%	**100%**	**100%**
Sector Split			
ICT	44%	45%	45%
Banking & Finance	15%	16%	16%
Energy	9%	8%	8%
Engineering	9%	9%	9%
Life Sciences	21%	20%	21%
Other Sectors	2%	2%	1%
	100%	**100%**	**100%**

Operating Review

Business Mix

Contract is well suited to our STEM market focus and geographical mix. It remained the key area of investment and growth throughout the period, while improving productivity per head was the prime focus in Permanent, following a restructuring in 2016.

Our Contract business maintained its robust performance. Contract GP was up 8%* YoY, with average sales headcount flat YoY and an increase in productivity of 8%* YoY. Q2 was the 14th consecutive quarter of GP growth achieved by Contract since it was given greater strategic focus. We exit the period with runners up 12% YoY, but period-end gross profit per day rates down 3%* YoY. As well as being an important driver of GP growth, our investment in Contract makes us more resilient in times of economic uncertainty and measured expansion of our Contract teams will be a key focus for the remainder of 2017.

Permanent GP, which represented 30% of Group GP, was down 10%* YoY, with the Group being successful in driving up productivity by 8%* YoY.

Permanent is more sensitive to market sentiment and has been hit harder by continuing weakness in the Banking & Finance market globally and the UK's decision to leave the EU. Average Permanent fees were up 3%* YoY as we focus on more niche recruitment. Average sales headcount in our Permanent business was down 17% YoY, largely due to restructuring in the UK and our continued efforts to remix towards Contract. We expect to invest in Permanent selectively in the remainder of 2017, where there is clear evidence of improving candidate and client confidence, but our primary focus will be on improving consultant yields.

Sector Highlights

Continued robust growth in Life Sciences. Modest growth in ICT up 1%* YoY. Growth trends in Energy are picking up in Q2 up 23%* YoY, especially in the USA up 77%* YoY. Strong growth in Engineering in the Contract Division, up 17%* YoY while Banking and Finance is showing early signs of recovery for H2.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
ICT 44% of GP	**Q1 17**	+7%	(10%)	+2%			-	(14%)	(5%)
	Q2 17	+3%	(6%)	+1%			-	(14%)	(5%)
	HY 17	+5%	(8%)	+1%	74%	26%	-	(14%)	(5%)

ICT is our largest and most established sector representing 44% of the Group GP and 46% of the Group average sales headcount, with the majority of its business in the more mature UK&I and European markets. GP for the period was up 1%* YoY, against strong comparatives (H1 2016 was up 18%* YoY). Average headcount in ICT was down 5% YoY, with a decline in Permanent headcount following a restructuring of underperforming teams in 2016, while Contract was flat YoY. The performance of ICT was mixed by market with strong growth in ICT in Continental Europe up 13%* YoY, offset with weak growth in the UK&I down 19%* YoY, in particular driven by a challenging UK Public Sector (specifically IR35 and rate caps).

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Life Sciences 21% of GP	**Q1 17**	+17%	(13%)	+4%			+3%	(17%)	(7%)
	Q2 17	+12%	-	+7%			+2%	(9%)	(3%)
	HY 17	+15%	(7%)	+6%	64%	36%	+3%	(13%)	(5%)

GP growth in Life Sciences, which is our second largest sector after ICT, improved quarter-on-quarter in the period. Contract continued to post double digit growth and was up 15%* YoY in H1, against a strong comparative of +10%* YoY in H1 2016. Permanent was down 7%* YoY at the end of H1, with average sales headcount down 13%. The emergence of new technology and data analytics in this sector are enhancing the ability of our highly skilled people to find the best candidates to support business and capitalise on market opportunities.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Banking & Finance 15% of GP	**Q1 17**	(5%)	(12%)	(8%)			(1%)	(20%)	(11%)
	Q2 17	+3%	(6%)	(1%)			(9%)	(18%)	(14%)
	HY 17	(1%)	(9%)	(5%)	55%	45%	(5%)	(19%)	(13%)

Uncertainty in the global banking markets impacted our Banking & Finance business since Q2 2016, with GP down 5%* YoY. Hiring freezes continue at a number of major clients. This impacted our Permanent businesses in the UK&I and APAC & ME, while the USA saw improvements in this sector, up 11%* YoY. Contract performance in Q2 (up 3%* YoY) is showing improvement from Q1, driven by a more resilient performance in Continental Europe.

GP		HY 2017 Mix	Average Sales Headcount
Growth* YoY			Growth YoY

		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Energy 9% of GP	**Q1 17**	(10%)	+1%	(8%)			(13%)	(48%)	(17%)
	Q2 17	+29%	(35%)	+23%			(6%)	+2%	(6%)
	HY 17	+9%	(15%)	+7%	92%	8%	(9%)	(32%)	(12%)

Overall conditions in the Oil and Gas market have stabilised and the sector is showing early signs of improvement. Continental Europe which is 42% of Global Energy grew by 2%* YoY, showing sequential improvement from Q1, (down 2%* YoY) to Q2, (up 5%* YoY). The USA is showing an improving exit rate into H2. Contract Runners in Global Energy were up 39% YoY and exceeded our 2016 year end peak; however, average GP per day was down 14%* YoY and down 9%* from year end. We will continue to review the Energy business and selectively invest where we can maximise market opportunities.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Engineering 9% of GP	**Q1 17**	+22%	(34%)	(1%)			+6%	(28%)	(10%)
	Q2 17	+14%	(17%)	+3%			+15%	(17%)	+1%
	HY 17	+17%	(26%)	+1%	72%	28%	+10%	(23%)	(5%)

The Engineering business showed moderate growth YoY up 1%*, despite a 5% decrease in sales headcount. The performance varied considerably by division, with a strong and improving performance in Contract. Average sales headcount in Permanent was down 23% YoY, with GP down 26%* YoY, following a restructuring in 2016. Contract was up 17%* YoY, with average sales headcount up 10% YoY. This sector operates predominantly from Continental Europe, but a weak Sterling boosted the UK&I performance where GP grew by 9%* YoY.

Regional Growth

We are encouraged by the improvement across the business in the period. We saw strong growth in Contract across most regions and Permanent continued to benefit from improved productivity. 80% of Group GP is now generated from outside the UK, with the USA becoming our second largest region and remaining a key growth engine for the Group. We opened a new office in Vienna in June 2017 and expanded our offering with the introduction of an employed contractor model to help expedite growth across Continental Europe.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Continental Europe 51% of GP	**Q1 17**	+17%	(11%)	+7%			+15%	(9%)	+5%
	Q2 17	+15%	(8%)	+7%			+20%	(9%)	+8%
	HY 17	+16%	(9%)	+7%	70%	30%	+17%	(9%)	+6%

Continental Europe is our largest region with the key contributors to our business being Germany, Netherlands, Belgium, France, Switzerland and Luxembourg. These regional markets vary significantly in their level of maturity and competition, with Germany remaining the most significant structural growth opportunity.

The region delivered robust growth in the period, up 7%* YoY, with growth across all key countries. The Netherlands performed particularly well, with GP ahead by 16%* YoY and average sales headcount up 10%. Germany, our largest market in the region, was up 5%* YoY, against strong YoY comparatives (up 22%* YoY).

We saw double digit growth in contract runners YoY, creating a strong exit rate for Contract GP. Contract GP has continued to post double digit growth in this region over the last six consecutive quarters. Contract growth in ICT, Engineering and Life Sciences remains robust.

		GP					Average Sales Headcount		

		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
USA 22% of GP	**Q1 17**	+11%	+16%	+12%			(17%)	(28%)	(21%)
	Q2 17	+23%	+13%	+20%			(19%)	(17%)	(18%)
	HY 17	+17%	+14%	+16%	68%	32%	(18%)	(23%)	(20%)

The USA is the world's largest specialist STEM staffing market and has become our second largest region for the first time. Representing 22% of our Group GP, the USA was our fastest growing region once again with GP up 16%* YoY. Although the headline growth in H1 is boosted by relatively weak comparatives, we are encouraged by the improvements in the USA.

Double digit GP growth YoY was achieved in all sectors except Banking & Finance (up 1%*), reflecting tough trading conditions in the sector. Energy in this region saw significant improvement in the upstream business where clients are moving to onshore shale opportunities. The Group is investing cautiously given the risks and volatility inherent in the Energy market.

Permanent GP in the USA was up 14%* YoY across all sectors, with Banking & Finance up 11%* YoY and Life Sciences up 8%* YoY. Average headcount in Permanent was down 23% YoY, but broadly in line with our year end position on sales headcount.

Contract GP in the USA was up 17%* YoY across all sectors except Banking & Finance. Sales headcount was down 18% YoY, but in line with the 2016 year end position.

We exit H1 with a strong and improving Contract runner book and a high yielding business. Future growth is contingent on headcount investment and we plan to invest across both Permanent and Contract in H2 to expand our service to clients and candidates.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
UK&I 20% of GP	**Q1 17**	(13%)	(37%)	(19%)			(12%)	(27%)	(18%)
	Q2 17	(15%)	(11%)	(14%)			(15%)	(22%)	(17%)
	HY 17	(14%)	(25%)	(16%)	79%	21%	(14%)	(24%)	(17%)

The UK&I is our longest established region and the business is increasingly Contract focused as this is where we see the best opportunities in the STEM market. Public Sector reforms and the UK's decision to leave the EU have continued to dampen performance. GP in the region was down 16%* YoY, in line with average sales headcount which was down 17% YoY.

In H1, GP across all sectors was down YoY with the exception of Engineering, which was up 9%*. Our aim is to cautiously invest to maximise market opportunity.

Productivity per head has remained broadly flat* YoY.

		GP					Average Sales Headcount		
		Growth* YoY			HY 2017 Mix		Growth YoY		
		Cont	Perm	Total	Cont	Perm	Cont	Perm	Total
Asia Pacific & Middle East 7% of GP	**Q1 17**	+11%	(30%)	(14%)			(4%)	(22%)	(17%)
	Q2 17	+53%	(22%)	+5%			(12%)	(19%)	(17%)
	HY 17	+31%	(26%)	(4%)	53%	47%	(8%)	(21%)	(17%)

Our Asia Pacific business principally includes Australia, Singapore, Japan and Hong Kong and the Middle East mainly covers Dubai.

Growth in this region is primarily driven by Contract where GP was up 31%* YoY and Contract Runners up 25% YoY. Contract growth is fuelled by ICT in Australia and Energy in Dubai. ICT which was 29% of the region was up 5%* YoY, with Contract up 33%* YoY, offset by a 15%* YoY decline in Permanent. This region was significantly impacted by a slowdown of the Energy and Banking & Finance markets last year, although early signs of recovery have been noted in Energy Contract so far this year. Banking & Finance in the region has shown moderate growth, up 1%* YoY, with this market remaining relatively flat.

Innovation

The Group launched a programme to foster greater innovation within its operations during the first half to help future-proof the business against possible disruptive technologies and as a source of new revenue streams. The programme encompasses investments in third-party start-ups and the introduction of new technology and systems into its existing Contract and Permanent businesses. Operational expenditure on innovation totalled £0.6m during the first half and the Group expects to spend circa £2m for the year as a whole.

Outlook

"We are encouraged by our first half performance, with a step up in growth achieved in Q2 against a background of mixed trading conditions. The growing breadth and scale of our international operations, which now account for four fifths of gross profit, underline how far the Group has grown from its UK roots, with particularly strong performances in Continental Europe and the USA, which is now our second largest region.

"Our strategic focus on Contract business continues to deliver good growth across almost all regions, as well as a greater resilience in more uncertain economic conditions. Our Permanent business made good progress in increasing productivity and remains focused on achieving further gains in the balance of the year.

"Looking ahead to our seasonally more important second half, the continued momentum of our Contract business and improved Permanent yields give us a solid base from which to grow in a macro-economic environment which remains uncertain."

** Variances in constant currency*

CHIEF FINANCIAL OFFICER'S REVIEW

Operating Profit

Group revenue for the period was up by 17% to £521.0m (H1 2016: £443.5m) and up 7% at constant currency. Gross profit ('GP') increased by 12% to £134.4m (H1 2016: £119.8m) and was up 2% at constant currency. There was a positive foreign exchange impact on the revenue and GP growth YoY on a reported basis. Growth in revenue exceeded growth in GP as the business continued to remix towards Contract. This resulted in a decline in the overall GP margin to 25.8% (H1 2016: 27.0%) as Permanent has no cost of sale. The Contract margin reduced slightly to 19.6% (H1 2016: 19.8%).

The Group delivered operating profit of £19.3m up 26% on an adjusted basis and up 48% on an as reported basis (H1 2016: adjusted £15.3m, reported £13.0m) and the conversion ratio was up 1.6 percentage points to 14.4% (H1 2016: adjusted 12.8%, reported 10.9%). The H1 2016 "adjusted" profit excludes £2.3m of one-off costs that resulted from the restructuring initiatives carried out for certain Group sales businesses and central support functions. The increase in operating profit ("OP") was largely driven by a lower headcount generating an increase in GP and a foreign exchange tailwind, net of an increase in investment in projects to support the future growth of our business. Foreign exchange increased reported OP by £3.3m. OP was up 5%* at constant currency and up 8%* excluding innovation spend of £0.6m.

Profit before tax ("PBT") was £19.2m (H1 2016: adjusted £15.1m, and reported £12.8m).

Taxation

The tax charge for the period was £5.0m (H1 2016: £3.5m), representing an effective tax rate ("ETR") of 26% (H1 2016: 27%). The ETR primarily reflects our geographical mix of profits and an ongoing prudent approach to the treatment of tax losses.

Earnings per Share ("EPS")

Basic EPS increased to 11.0p (H1 2016: adjusted 8.6p, reported 7.3p). The weighted average number of shares used for basic EPS remained broadly level at 128.7m (H1 2016: 128.5m). Diluted EPS were 10.6p (H1 2016: 7.0p), up 51%. Share dilution is primarily driven by the vesting impact of currently outstanding share awards, as well as the expected future settlement of tracker shares. The dilutive effect on EPS from tracker shares will vary in future periods depending on the profitability of the underlying tracker businesses, the volume of new tracker arrangements created and the settlement practice for vested arrangements.

Dividends

The Board proposes to pay an interim dividend of 4.7p (H1 2016: 4.7p). This will be paid on 8 December 2017 to shareholders on the register on 3 November 2017. The total payment to shareholders on this date will be approximately £6.0m.

Cash Flow

We started the period with net cash of £10.0m.

We generated higher cash from operations of £11.9m (H1 2016: £3.2m) principally due to a £6.3m increase in reported operating profit. This helped drive a higher cash conversion ratio of 48% (H1 2016: 46%).

The cash outflow on capital expenditure decreased to £2.6m (H1 2016: £4.0m) with lower spend on new offices and IT. An initial prepayment of £0.8m was made to acquire a minority interest in the share capital of HRecTech Sandpit Limited.

Income tax paid increased to £3.4m (H1 2016: £2.3m) and dividends remained unchanged at £6.0m (H1 2016: £6.0m). During the period the Group also paid £3.4m (H1 2016: £4.6m) for the purchase of its own shares to satisfy future vesting of awards under employee share schemes. The cash outflow from previously recognised exceptional items was £0.1m (H1 2016: £0.6m).

Foreign exchange had a negative impact of £0.3m (H1 2016: positive impact of £2.8m).

We closed the period with net cash of £5.2m (H1 2016: net debt £4.4m).

Treasury Management

We finance the Group's operations through equity and bank borrowings. We intend to continue this strategy while maintaining a strong balance sheet position. We have a committed revolving credit facility ("RCF") of £50m in place with Citibank and HSBC. This facility expires in May 2019 and £2.5m was drawn down at half year (H1 2016: £26.0m). We also have a £5m overdraft facility with RBS. The RCF is subject to conventional covenants and the funds borrowed under this facility bear interest at a minimum annual rate of 1.3% above 3 month Sterling LIBOR giving an average interest rate of 1.6% during the period (H1 2016: 1.8%). The finance costs for the half-year amounted to £0.2m (H1 2016: £0.3m).

Foreign Exchange

Foreign exchange volatility continues to be a significant factor in the reporting of the overall performance of the business with the main functional currencies of the Group being Sterling, the Euro and the US Dollar.

For H1 2017, currency movements versus Sterling provided a strong tailwind for the reported performance of the Group with the highest impact coming from Eurozone countries. Over the course of the period, the exchange rate movements increased our reported H1 2017 GP and operating profit by circa £12.7m and £3.3m, respectively.

Exchange rate movements remain a material sensitivity. By way of illustration, each 1 percent movement in annual exchange rates of the Euro and the US Dollar impacted our H1 2017 GP by £0.7m and £0.3m, respectively, per annum; and H1 2017 operating profit by £0.2m and £0.1m, respectively, per annum.

The Board reviews its currency hedging strategy periodically to ensure that it remains appropriate. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

Principal Risks and Uncertainties

Principal risks and uncertainties affecting the business activities of the Group are the same as those detailed within the Strategic Report section of the Group's 2016 Annual report, a copy of which is available on the Group's website www.sthree.com.

In terms of macroeconomic environment risks, our strategy is to continue to grow the size of our international business and newer sectors, in both financial terms and geographical coverage. This will help reduce our exposure or reliance on any one specific economy, although a downturn in a particular market could adversely affect the Group's key risk factors.

In the view of the Board, there is no material change expected to the Group's key risk factors in the foreseeable future.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

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

(b) the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules (‘DTR’) paragraph 4.2.7R (an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial information, and description of principal risks and uncertainties for the remaining six months of the financial year); and

(c) the interim management report includes a fair review of the information required by DTR paragraph 4.2.8R (disclosure of material related parties' transactions and changes therein during the first six months of the financial year).

Approved by the Board on 21 July 2017 and signed on its behalf by:

Gary Elden
Chief Executive Officer

Alex Smith
Chief Financial Officer

www.sthree.com/investors

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

for the half year ended 31 May 2017

	Note	31 May 2017 £'000	31 May 2016 £'000
Continuing operations			
Revenue	2	520,961	443,495
Cost of sales		(386,611)	(323,654)
Gross profit	2	**134,350**	**119,841**
Administrative expenses		(115,007)	(106,837)
Operating profit		**19,343**	**13,004**
Finance income		30	56
Finance costs		(217)	(255)
Profit before taxation		**19,156**	**12,805**
Taxation	3	(4,981)	(3,458)
Profit for the period attributable to owners of the Company		**14,175**	**9,347**

Earnings per share	5	pence	pence
Basic		11.0	7.3
Diluted		10.6	7.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

for the half year ended 31 May 2017

	31 May 2017 £'000	31 May 2016 £'000
Profit for the period	14,175	9,347
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	337	2,588
Other comprehensive income for the period (net of tax)	337	2,588
Total comprehensive income for the period attributable to owners of the Company	**14,512**	**11,935**

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

as at 31 May 2017

	Note	31 May 2017 £'000	Audited 30 November 2016 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		6,691	7,100
Intangible assets		11,585	11,597
Investments		727	727
Deferred tax assets		2,650	2,501
		21,653	21,925
Current assets			
Trade and other receivables		195,254	189,169
Current tax assets		-	4,650
Cash and cash equivalents	6	13,831	15,707
		209,085	209,526
Total assets		**230,738**	**231,451**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	7	1,313	1,312
Share premium		27,560	27,406
Other reserves		(5,494)	(5,381)

Retained earnings		46,925	52,333
Total equity		**70,304**	**75,670**
Non-current liabilities			
Provisions for liabilities and charges		794	907
Current liabilities			
Bank overdraft	6	6,103	5,685
Provisions for liabilities and charges		4,560	4,953
Trade and other payables		144,010	138,859
Current tax liabilities		2,467	5,377
Borrowings	8	2,500	-
		159,640	154,874
Total liabilities		**160,434**	**155,781**
Total equity and liabilities		**230,738**	**231,451**

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

for the half year ended 31 May 2017

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Treasury reserve	Currency translation reserve	Retained earnings	Total equity attributable to owners of the Company
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Audited balance at 30 November 2015	**1,295**	**23,140**	**168**	**878**	**(1,318)**	**(10,758)**	**46,001**	**59,406**
Profit for the half year ended 31 May 2016	-	-	-	-	-	-	9,347	9,347
Other comprehensive income for the period	-	-	-	-	-	2,588	-	2,588
Total comprehensive income for the period	-	-	-	-	-	2,588	9,347	11,935
Dividends paid to equity holders (Note 4)	-	-	-	-	-	-	(6,044)	(6,044)
Dividends payable to equity holders (Note 4)	-	-	-	-	-	-	(11,934)	(11,934)
Settlement of share-based payments	2	500	-	-	1,720	-	(1,720)	502
Purchase of own shares	-	-	-	-	(4,633)	-	-	(4,633)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	1,659	1,659
Total movements in equity	**2**	**500**	**-**	**-**	**(2,913)**	**2,588**	**(8,692)**	**(8,515)**
Unaudited balance at 31 May 2016	**1,297**	**23,640**	**168**	**878**	**(4,231)**	**(8,170)**	**37,309**	**50,891**
Audited balance at 30 November 2016	**1,312**	**27,406**	**168**	**878**	**(6,443)**	**16**	**52,333**	**75,670**
Profit for the half year ended 31 May 2017	-	-	-	-	-	-	14,175	14,175
Other comprehensive income for the period	-	-	-	-	-	337	-	337
Total comprehensive income for the period	-	-	-	-	-	337	14,175	14,512
Dividends paid to equity holders (Note 4)	-	-	-	-	-	-	(6,046)	(6,046)
Dividends payable to equity holders (Note 4)	-	-	-	-	-	-	(11,951)	(11,951)
Settlement of share-based payments	1	154	-	-	2,959	-	(2,971)	143
Purchase of own shares	-	-	-	-	(3,409)	-	-	(3,409)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	1,385	1,385
Total movements in equity	**1**	**154**	**-**	**-**	**(450)**	**337**	**(5,408)**	**(5,366)**
Unaudited balance at 31 May 2017	**1,313**	**27,560**	**168**	**878**	**(6,893)**	**353**	**46,925**	**70,304**

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

for the half year ended 31 May 2017

	Note	31 May 2017 £'000	31 May 2016 £'000
Cash flows from operating activities			
Profit before taxation after exceptional items		19,156	12,805
Adjustment for:			
Depreciation and amortisation charge		2,898	2,568
Accelerated amortisation and impairment of intangible assets		-	190
Finance income		(30)	(56)
Finance cost		217	255
Loss on disposal of property, plant and equipment		95	3
Non-cash charge for share-based payments		1,385	1,659
Operating cash flows before changes in working capital and provisions		**23,721**	**17,424**
Increase in receivables		(2,709)	(1,857)
Decrease in payables		(8,672)	(12,026)
Decrease in provisions		(464)	(354)
Cash generated from operations		11,876	3,187
Finance income		30	56
Income tax paid		(3,391)	(2,345)
Net cash generated from operating activities		8,515	898
Cash generated from operating activities before previously recognised exceptional items		8,593	1,487
Cash outflow from previously recognised exceptional items		(78)	(589)
Net cash generated from operating activities		8,515	898
Cash flows from investing activities			
Purchase of property, plant and equipment		(947)	(1,389)
Purchase of intangible assets		(1,667)	(2,571)
Prepaid investment	9	(802)	-
Net cash used in investing activities		(3,416)	(3,960)
Cash flows from financing activities			
Finance cost		(217)	(255)
Employee subscriptions for tracker shares		13	90
Proceeds from exercise of share options		106	524
Purchase of own shares		(3,409)	(4,633)
Increase in borrowings		2,500	26,000
Dividends paid to equity holders	4	(6,046)	(6,044)
Net cash (used in)/generated from financing activities		(7,053)	15,682
Net (decrease)/increase in cash and cash equivalents		**(1,954)**	**12,620**
Cash and cash equivalents at beginning of the period		10,022	6,159
Effect of foreign exchange rate changes		(340)	2,821
Cash and cash equivalents at end of the period	6	**7,728**	**21,600**

The accompanying notes form an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION - UNAUDITED
for the half year ended 31 May 2017

1. ACCOUNTING POLICIES

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

The Company is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom and registered in England and Wales. Its registered office is 8th Floor, City Place House, 55 Basinghall Street, London, EC2V 5DX.

The condensed consolidated interim financial information ('interim financial information') of the Group as at and for the half year ended 31 May 2017 comprises that of the Company and all its subsidiaries. The interim financial information is unaudited and has not been reviewed by external auditors. It does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 November 2016 were approved by the Board of Directors on 20 January 2017 and a copy was delivered to the Registrar of Companies. The auditors reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information of the Group was approved by the Board for issue on 21 July 2017.

Basis of Preparation
The interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The interim financial information is presented on a condensed basis as permitted by IAS 34 and therefore does not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Group's 2016 annual financial statements, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted and endorsed by the European Union.

Going Concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the accompanying Interim Management Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in other sections of this interim financial information.

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

Significant Accounting Policies
The accounting policies adopted are consistent with those applied in the preparation of the Group's 2016 annual financial statements except as described below.

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

New Standards and Interpretations
There are no new standards or IFRIC interpretations that were effective during the period that significantly affect this interim financial information.

As at the date of authorisation of this interim financial information, the following key standards and amendments to standards were in issue but not yet effective (IFRS 16 has not yet been endorsed by the EU). The Group has not applied these standards and interpretations in the preparation of this interim financial information.

- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'

IFRS 9

The standard is effective for annual periods beginning on or after 1 January 2018. It introduces new classification and impairment models for financial assets. The Group does not anticipate that IFRS 9 will have a material impact on its financial statements once it becomes effective.

The Group will start reporting under the new standard during the financial year ending on 30 November 2019. At present there is no plan for the Group to adopt this standard early.

IFRS 15
The standard is effective for annual periods beginning on or after 1 January 2018. It introduces the concept of distinct performance obligations; revenue is recognised once performance obligations are satisfied and a customer starts benefiting from the transferred goods or service.

During 2017, the Group performed an initial impact assessment of IFRS 15. The preliminary results indicate that the adoption of IFRS 15 will not have a significant impact on the Group.

Under IFRS 15 revenue from permanent placements will continue to be recognised on the day when a recruited employee starts their job and will be based on a percentage of the candidate's remuneration package. Contract revenue, which represents amounts billed or accrued for the services of temporary staff, will continue to be recognised when the service has been provided.

The Group also earns revenue from 'retained' assignments. A typical 'retainer' agreement is based on the following three stages:
1. A percentage of the fee is payable by the client before the recruitment consultant starts the search
2. A second payment is due when a pre-agreed milestone has been met
3. The remainder of the fee is payable on the appointment of a candidate

The Group is in the process of evaluating the impact of adoption of IFRS 15 on 'retainer' income. However, as this revenue stream represents a low percentage of total revenue, the Group does not anticipate that IFRS 15 will have a significant impact.

The Group will start reporting under the new standard during the financial year ending on 30 November 2019. At present there is no plan for the Group to adopt this standard early.

IFRS 16
The new leasing standard is effective for the annual periods beginning on or after 1 January 2019.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. For every lease brought onto the balance sheet, lessees will recognise a right-of-use asset and a lease liability, and consequently the depreciation and interest expense in the income statement.

The Group anticipates that operating profit will improve due to a new requirement to present lease interest payments as part of finance costs.

The Group is currently performing a preliminary assessment to establish the potential financial impact of adopting IFRS 16 on the results and net assets.

The Group will start reporting under the new standard during the financial year ending on 30 November 2020. At present there is no plan for the Group to adopt this standard early.

Estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, the actual results may ultimately differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the Group's 2016 annual financial statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

Seasonality of Operations

Due to the seasonal nature of the recruitment business, higher revenues and operating profits are usually expected in the second half of the year compared to the first half. In the financial year ended 30 November 2016, 46% of gross profits were earned in the first half of the year, with 54% earned in the second half.

2. SEGMENTAL ANALYSIS

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

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

The Group's management reporting and controlling systems use accounting policies that are the same as those described in note 1 in the summary of significant accounting policies in the Group's 2016 annual financial statements.

Revenue and Gross Profit by Reportable Segment

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

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

	REVENUE		GROSS PROFIT	
	31 May 2017 £'000	31 May 2016 £'000	31 May 2017 £'000	31 May 2016 £'000
United Kingdom & Ireland	129,896	142,915	27,039	32,096
Continental Europe	262,990	198,919	69,069	57,900
USA	100,237	77,728	29,729	22,132
Asia Pacific & Middle East	27,838	23,933	8,513	7,713
	520,961	**443,495**	**134,350**	**119,841**

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

APAC & ME mainly includes Australia, Dubai, Singapore, Hong Kong and Japan.

Other Information

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

	REVENUE		GROSS PROFIT	
	31 May 2017 £'000	31 May 2016 £'000	31 May 2017 £'000	31 May 2016 £'000
UK	124,887	135,480	25,320	29,413
Germany	117,684	89,486	36,014	30,258
USA	100,237	77,728	29,739	22,132
Netherlands	81,061	59,203	17,319	13,440
Other	97,092	81,598	25,958	24,598
	520,961	**443,495**	**134,350**	**119,841**

	NON-CURRENT ASSETS	
		Audited
	31 May	30 November

	2017 £'000	2016 £'000
UK	15,124	15,044
USA	2,029	2,481
Germany	701	589
Netherlands	126	165
Other	1,023	1,145
	19,003	**19,424**

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

	REVENUE		GROSS PROFIT	
	31 May 2017 £'000	31 May 2016 £'000	31 May 2017 £'000	31 May 2016 £'000
Brands				
Progressive	157,806	126,013	35,105	30,591
Computer Futures	147,653	121,128	39,774	34,983
Real Staffing Group	110,222	105,713	32,997	31,020
Huxley Associates	105,280	90,641	26,474	23,247
	520,961	**443,495**	**134,350**	**119,841**

Other brands including Global Enterprise Partners, Hyden, JP Gray, Madison Black, Newington International and Orgtel are rolled into the above brands.

	REVENUE		GROSS PROFIT	
	31 May 2017 £'000	31 May 2016 £'000	31 May 2017 £'000	31 May 2016 £'000
Recruitment classification				
Contract	480,819	403,423	94,208	79,769
Permanent	40,142	40,072	40,142	40,072
	520,961	**443,495**	**134,350**	**119,841**
Sectors				
Information & Communication Technology	239,007	207,276	59,701	54,228
Banking & Finance	85,238	79,311	20,520	19,457
Life Sciences	82,245	65,575	28,779	24,079
Energy	63,429	51,322	11,363	9,426
Engineering	44,488	35,371	11,800	10,754
Other	6,554	4,640	2,187	1,897
	520,961	**443,495**	**134,350**	**119,841**

Other includes Procurement & Supply Chain and Sales & Marketing.

3. TAXATION

Income tax for the half year is accrued based on management's best estimate of the average annual effective tax rate for the financial year. The tax charge for the half year amounted to £5.0m (2016: £3.5m) at an effective rate of 26% (2016: 27%).

4. DIVIDENDS

	31 May 2017 £'000	31 May 2016 £'000
Amounts recognised as distributions to equity holders in the period		
Interim dividend of 4.7p (2015: 4.7p) per share	6,046	6,044
Final dividend of 9.3p (2015: 9.3p) per share	11,951	11,934
	17,997	**17,978**

2016 interim dividend of 4.7 pence (2015: 4.7 pence) per share was paid on 9 December 2016.

2016 final dividend of 9.3 pence (2015: 9.3 pence) per share was approved by shareholders at the AGM on 20 April 2017 and has been included as a liability in this interim financial information. The dividend was paid on 9 June 2017 to shareholders on record at 5 May 2017.

2017 interim dividend of 4.7 pence per share was proposed and approved by the Board on 21 July 2017 and has not been included as a liability as at 31 May 2017. It will be paid on 8 December 2017 to shareholders on record at 3 November 2017.

5. EARNINGS PER SHARE

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

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

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

	31 May 2017 £'000	31 May 2016 £'000
Earnings		
Profit for the period attributable to owners of the Company	**14,175**	**9,347**
	millions	**millions**
Number of shares		
Weighted average number of shares used for basic EPS	128.7	128.5
Dilutive effect of share plans	4.7	5.0
Diluted weighted average number of shares used for diluted EPS	**133.4**	**133.5**
	pence	**pence**
Basic EPS	**11.0**	**7.3**
Diluted EPS	**10.6**	**7.0**

6. CASH

	31 May 2017 £'000	Audited 30 November 2016 £'000
Cash at bank	13,831	15,707
Bank overdraft	(6,103)	(5,685)
Cash and cash equivalents per the statements of cash flows	**7,728**	**10,022**

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

The Group has cash pooling arrangements with legally enforceable rights to set-off cash and overdraft balances. Where there is an intention to settle on a net basis, cash and overdraft balances relating to the cash pooling arrangements are reported on a net basis in the statement of financial position. Other bank overdrafts are shown separately in the statement of financial position.

7. SHARE CAPITAL

During the period 56,440 (H1 2016: 224,906) new ordinary shares were issued, resulting in a share premium of £0.2m (H1 2016: £0.5m). These shares were issued pursuant to the exercise of share awards under the Save As You Earn (SAYE) scheme.

Treasury Reserve

During the period, SThree plc purchased 1,078,788 of its own shares to be held as treasury shares (H1 2016: 1,465,579). The average price paid per share was 316 pence (H1 2016: 316 pence) with total consideration amounting to £3.4m (H1 2016: £4.6m). During the period, 1,000,000 shares (H1 2016: 510,081) were transferred from treasury for LTIP exercises. At the half year end, 2,265,868 (H1 2016: 1,329,082) shares with a value of £6.9m (H1 2016: £4.2m) were held in treasury.

8. BORROWINGS

The Group has a committed RCF of £50m along with an uncommitted £20m accordion facility in place with HSBC and Citibank, giving the Group an option to increase its total borrowings under the facility to £70m. The RCF expires in May 2019. The funds borrowed under the facility bear interest at a minimum annual rate of 1.3% (H1 2016: 1.3%) above 3 month Sterling LIBOR. The average interest rate paid on the RCF during the half year was 1.6% (H1 2016: 1.8%). The Group also has an uncommitted £5m overdraft facility with RBS.

At the half year end the Group had drawn down £2.5m (H1 2016: £26.0m) on the RCF.

The RCF is subject to certain covenants requiring the Group to maintain financial ratios over interest cover, leverage and guarantor cover. The covenants' ratios are disclosed in the Group's 2016 annual financial statements. The Group has been in compliance with these covenants throughout the period.

The Group's exposure to interest rate, liquidity, foreign currency and capital management risks is disclosed in the Group's 2016 annual financial statements.

9. RELATED PARTY DISCLOSURES

During the period, the Group entered into an agreement whereby a prepayment was made to acquire a 30% minority interest in the share capital of HRecTech Sandpit Limited ('HRecTech') for a total consideration of £0.8 million.

The Sandpit Limited is a privately owned group that specialises in developing early stage start-up companies within defined vertical markets. HRecTech, The Sandpit Limited's newest vertical market, is focused on business-to-business HR and recruitment. The investment in HRecTech is consistent with the Group's innovation strategy to unlock the potential of disruptive technologies, as outlined in the Group's 2016 annual strategic report.

At the half-year, the investment was classified as a 'prepaid investment' within the 'trade and other receivables' in the statement of financial position. On share allocation date, expected in the second half of the current year, the investment will be re-classified to 'investments in associate' because, in management's judgement, the Group will have significant influence over HRecTech.

Gary Elden, Chief Executive Officer of SThree, and David Rees, Director of SThree GmbH, a subsidiary company of SThree, are existing minority shareholders in The Sandpit Limited and will each be allotted shares on a pro-rata basis in HRecTech. The Group's investment in The Sandpit Limited was undertaken on an arms' length basis and the board are satisfied that there is no conflict of interest.

David Rees was appointed as a director of HRecTech on 22 June 2017. As a result of this appointment, SThree plc is deemed to have significant influence over HRecTech and the business will be treated as an associate from this date.

The Group's other significant related parties are as disclosed in the Group's 2016 annual financial statements. There were no other material differences in related parties or related party transactions in the period compared to the prior period.

10. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. There have been no material changes in these since the 2016 year end and none are expected to result in a material cash outflow for the Group.

11. SHAREHOLDER COMMUNICATIONS

SThree plc has taken advantage of regulations which provide an exemption from sending copies of its interim report to shareholders. Accordingly, the 2017 interim report will not be sent to shareholders but will be available on the Company's website www.sthree.com or can be inspected at the registered office of the Company.

FINANCIAL CALENDAR

2017	
15 September	Q3 Trading Update
2 November	Ex-dividend date for 2017 interim dividend
15 November	Capital Markets Day
30 November	2017 Financial Year end
8 December	2017 Interim dividend paid
15 December	Trading update for the year ended 30 November 2017
2018	
29 January	Annual results for the year ended 30 November 2017