Annual Report
and Accounts 2016

PageGroup

WORK AS A TEAM

NEVER GIVE UP

BE PASSIONATE

MAKE IT FUN

TAKE PRIDE

We are one of the world's best known and most respected specialist recruitment consultancies. We deliver recruitment services to clients through a network of 140 offices across 36 countries. Our vision is to be the leading specialist recruiter in the markets in which we operate.

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Highlights

Gross profit increase

+3.0%* (up 11.7% in reported rates)

Revenue

£1,196.1m

2015: £1,064.9m | **+3.6%***

Gross Profit

£621.0m

2015: £556.1m | **+3.0%***

Operating Profit

£101.0m

2015: £90.1m | **+1.4%***

Basic Earnings Per Share

23.1p

2015: 21.3p | **-1.7%***

* In constant currency at prior year rates

Ordinary and Special Dividend

18.44p

2015: 27.5p

% Non-UK

76.4%

2015: 72.7%

% Non-Accounting and Financial Services

61.6%

2015: 60.4%

Conversion rate

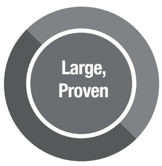
16.3%

2015: 16.2%

Our strategy

We have established three categories into which we have grouped each of our markets based on criteria including the size of the opportunity and the potential for future growth.

Typically under-developed markets, but where we have a successful track record and confidence in our ability to scale our operations substantially.

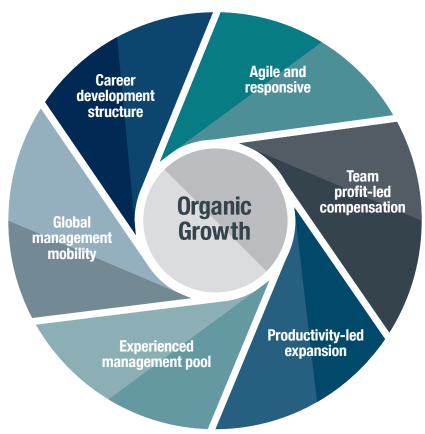


These are large markets where we are already proven with a strong track record and a significant presence.

Markets which are, or could be, significant profit contributors with attractive conversion margins, but are unlikely (or not yet proven) to be able to grow to more than 300 fee earners.

Business model

PageGroup's business model has proved itself both through economic cycles and as the business has expanded into a global enterprise. At its core is a focus on organic growth.



Where we operate

36 Countries across the world

Headcount

6,099

EMEA (44% of Group)

£272m

Gross Profit

Page 23 for EMEA Performance Review

UK (24% of Group)

£146m

Gross Profit

Page 23 for the UK Performance Review

Asia Pacific (19% of Group)

£120m

Gross Profit

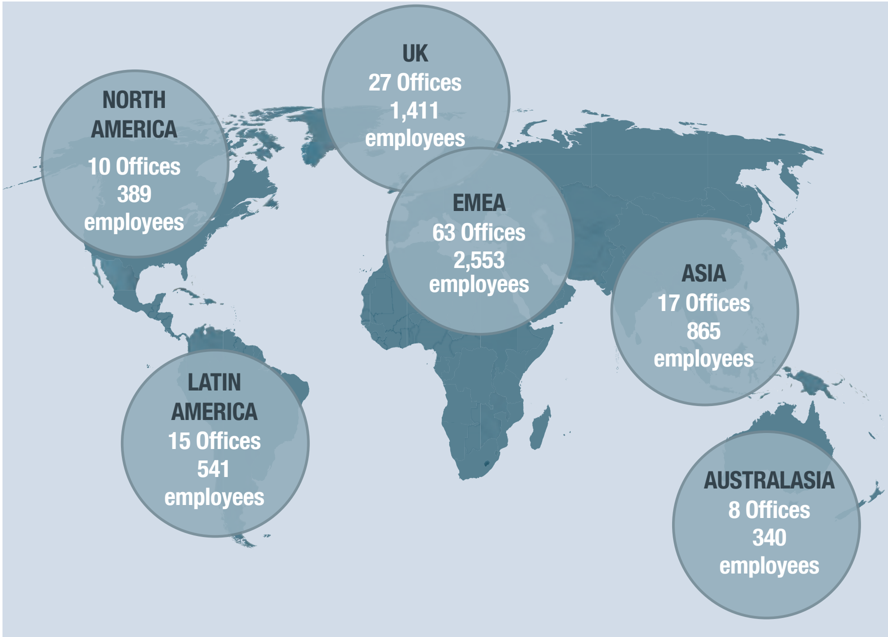
Page 24 for Asia Pacific Performance Review

The Americas (13% of Group)

£83m

Gross Profit

Page 24 for The Americas Performance Review



Gross profit by discipline

Accounting and Financial Services	£238.4m
Legal, Technology, HR etc	£138.8m
Engineering, Property & Construction, Procurement & Supply Chain	£125.5m
Marketing, Sales & Retail	£118.3m

Sustainability

Being a responsible corporate citizen is not only the right thing to do, it is good for the long-term health of our business.

53%

Working population is female

81%

Positive score to Employee Engagement Survey

13%

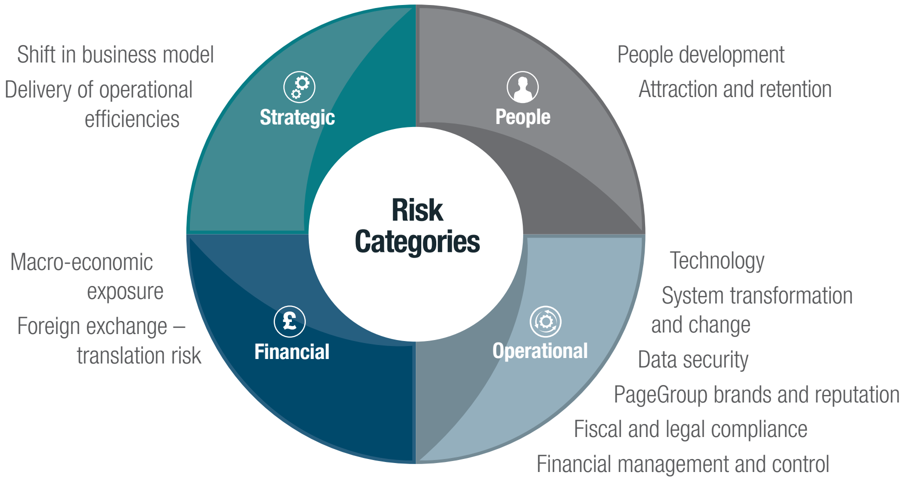
Reduction in energy derived emissions

Our competitive advantage

Our true competitive advantage is the combination of these three factors and the balance we have achieved in the business over the past 40 years.

- Brand
- Scale
- Culture

Principal risks



Chairman's Introduction

2016 Performance

In 2016 we celebrated our 40th anniversary, we have certainly come a long way since 1976. From those initial days, trading above a laundrette in London, we have grown into a FTSE 250 company with operations in 36 countries and over 6,000 staff.

The Group recorded its highest level of gross profit in 2016 of £621m, an increase of 11.7% over the prior year in reported rates and 3.0% in constant currency, with 20 of our 36 countries delivering their best recorded level of gross profit. However, our growth was impacted by the unexpected EU referendum result in June in our UK business, which was down 3.5% on the prior year and the continued uncertainty in the Financial Services sector which had a negative effect on a number of our businesses, in particular the US, which was down 3% in constant currency. We continued to invest in to new markets and disciplines and finished the year with an increase in the number of fee earners to 4,711. At the same time we continued to deliver efficiencies in our back office activities and finished the year with a fee earner to operational support staff ratio of 77:23. During the year, our new headcount was added at a ratio of 86 fee earners for every 14 operational support staff as we continued to move towards our target ratio of 80:20.

David Lowden
Chairman

The best performing region was once again our largest region, EMEA, which delivered another strong year, with now 10 consecutive quarters of double-digit gross profit growth in constant currency. EMEA grew gross profit 25.3% in reported rates over the prior year and 11.5% in constant currency, an outstanding result. In terms of gross profit, Southern Europe grew over 18% in constant currency. There were a number of other pleasing results such as Latin America, outside of Brazil, which also grew strongly, up 19% on the prior year in constant currency, and the US, excluding New York Financial Services, which grew 11%. However, our business in Brazil was once again subject to difficult trading conditions. The macro-economic environment in Brazil continued to impact our business, with negative growth in constant currency of 21%. In our Asia Pacific region, although we had strong performances across a number of our countries, the trading environment in Greater China meant our businesses there had a difficult year, down 2.2% in constant currency.

The PageGroup leadership team also continues to make progress on the strategic priorities. In 2017, we will continue to invest in our five Large High Potential Markets, namely the US, Germany, South East Asia, Greater China and Latin America. In November 2016, we opened our 36th country, Thailand, to extend our South East Asian platform. In 2016, the overall performance of our Large High-Potential Markets was impacted by the weak Financial Services market in New York, the continued macroeconomic issues in Brazil and uncertainty in Greater China. However, despite these challenges, this category was flat on the prior year in constant currency, and continues to represent 30% of Group gross profit.

To enable us to grow our market presence, we have continued to expand our disciplines into new countries such as Procurement and Supply Chain into India and Malaysia as well as Healthcare and Life Sciences into Poland and Portugal. We will also invest in headcount, not only in our Large High Potential Markets, but also in those businesses where growth is strongest and where market conditions support investment. We have made good progress in setting up our European Shared Service Centre. The Marketing and Finance elements of the transition are now complete and we are approximately two thirds of the way through the IT transition. As well as improving quality and efficiency through improved operational consistency, it is anticipated that this will lead to cost savings in 2017 and beyond.

During 2016, we completed the roll-out of our operating system, Page Recruitment System (PRS). Initial feedback has been extremely positive, with consultants benefiting from the enhanced speed and functionality of the new system. Each PRS roll-out also saw the introduction of our next generation website, a key part of our approach to candidate acquisition.

> "We continued to invest in to new markets and disciplines"

One of the key factors of our continued success is the retention of our highly talented people. The importance of their continued dedication and willingness to move within the business to where they can add most value, cannot be underestimated and is greatly appreciated. Our ongoing focus on staff retention, mobility and development will enable us to improve productivity and, consequently, improve conversion rates.

The Group benefited from positive foreign exchange movements which increased our reported gross profit by £48m and operating profit by £10m. Operating profit grew 12.1% in reported rates, 1.4% in constant currencies and basic EPS rose over 8%.

We believe, our continued focus on our high potential markets, the roll-out of new disciplines, increasing headcount where market conditions are favourable and the investment in the skills of our people, will enable us to achieve longer-term growth and deliver robust shareholder returns.

Dividends

In 2016, in addition to paying over £36m in ordinary dividends, we returned £20m to shareholders by way of a special dividend. This followed the £50m we paid to shareholders in 2015, which was the first time we had returned cash in this way. The Group's first use of cash remains to satisfy operational and investment requirements, as well as to hedge its liabilities under the Group's share plans. Our second use of cash is to make returns to shareholders by way of an ordinary dividend. Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends and/or share buybacks.

Historically, the Group has returned cash to shareholders through share buybacks and cancelling the shares. Over the 15 years since flotation, the Group has returned over £275m by share buybacks and cancelled around 30% of its issued share capital. This is on top of over £350m of ordinary dividend payments during the same period and the £70m returned by special dividend. Our ordinary dividend policy is to grow the dividend over the course of the economic cycle in line with our long-term growth rate. In this way we can sustain the level of dividend payment during downturns, as well as increasing it during more prosperous times.

In 2016, we generated cash from operations of £121.3m and ended the year with cash balances of £92.8m. Given this cash position and our results for the year, we propose to increase the final dividend to 8.23p. When taken together with the interim dividend paid in October of 3.75p, this implies a total dividend of 11.98p, an increase of 4.2% on 2015.

Board

Your Board remains diligent in both supporting and challenging the executive team's strategy recommendations and their responses to changing market conditions. Full details of the work of the Board and subjects discussed in the year are set out in the Directors' and Committees' reports.

All Board members have considerable experience of working internationally in different parts of the world. Indeed, the Board has a good mix of relevant skills, experience, gender and backgrounds. This diversity is of great benefit to the business.

In October 2016 we welcomed Michelle Healy onto the Board. Michelle has a wealth of experience in global human resources leadership and general management. She is currently the Group Chief People & Culture Officer and a member of the Executive Group Management of ISS A/S, a leading global provider of facility services, listed on the Copenhagen Stock Exchange. Michelle has previously held global, regional and country leadership roles with British American Tobacco plc and SABMiller plc. Her breadth of experience in global human resources leadership will complement the experience of other Board members and I believe will bring great benefit to PageGroup.

Baroness Ruby McGregor-Smith has informed us that she will not renew the term of her appointment when it expires on 23 May 2017. Consequently Ruby will not stand for re-election at the forthcoming Annual General Meeting. Ruby has been a Non-Executive Director of PageGroup for 10 years. She has made an outstanding contribution over this time and has played an important role in helping to drive the Group's growth and development. I would like to thank her on behalf of the Board for all she has done for PageGroup.

Strategic Report

This report sets out PageGroup's strategic vision and how we address the various markets and the opportunities before us. We have highlighted areas which are critical to achieving this vision, such as our Employee Value Proposition shown on page 19. The report also details our approach to corporate and social responsibility, including how we engage with our stakeholders.

Looking Ahead

The global trading environment for 2017 is very difficult to predict. The UK will initiate Brexit, the US with a new President will introduce new economic policies, and there will be elections in several of our major markets such as Brazil, Germany and France. However, we will continue to focus on driving profitable growth while being able to respond quickly to any changes in market conditions, as we did throughout 2016.

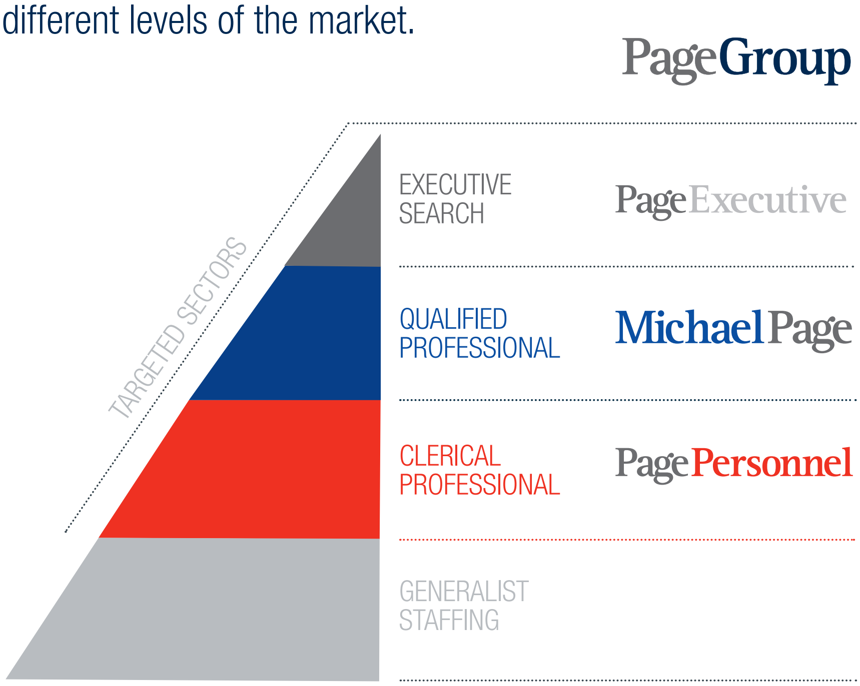
Last, but by no means least, on behalf of the Board I would like to thank our people. PageGroup is a people business with a clear and tangible culture. Our staff are dedicated, hard working and committed to the Brand. They have a very strong team ethos which is evident in everything we do. Our success over the last 40 years is purely due to their efforts.

Overview

	Financial	Strategic	People	Operational
Business Model P4	Highly profitable Maintain a strong balance sheet Highly cash generative	Sustainable organic growth Diversification to mitigate cyclicality by geography, brand and discipline Focus on operational efficiency	Team-based service delivery Talent and skills development/ retention	Strong brands Effective use of technology
Strategy P7	Long-term investment into core markets: Large, High Potential; Large, Proven; and Small and Medium, High Margin	To be the leading specialist recruiter in each of the markets in which we operate	Career development structure	Assurance of a quality service Effective recruitment process
Risks P25	Macro-economic exposure Foreign exchange translation risk	Shift in business model Delivery of operational efficiencies	People development Attraction and retention	Technology; systems transformation and change; data security; brand reputation; financial management and control; fiscal and legal compliance
KPIs P15	Gross profit growth Gross profit diversification Earnings per share Net cash Perm:Temp ratio	Fee earner headcount growth Gross profit per fee earner Fee earner:operational support staff ratio Conversion rate	Employee satisfaction survey Management experience	Measurement performed at a granular level
Remuneration P53	EPS growth: 3 year cumulative PBT performance Comparator gross profit growth	Strategic targets IT transformation	Leadership and people development Retention/succession	Cost and financial management Risk management and internal controls IT strategic development
Dividend Policy P35	Maintain a strong balance sheet	Return surplus cash to shareholders	Ensure dividends are paid at sustainable levels such that investment in the business and its people is maintained	First use of cash is to satisfy operational and investment needs, as well as to hedge liabilities under the Group's share plans

Business Model

PageGroup is organised into three brands operating at different levels of the market.



Page Executive

Page Executive is the Group's executive search business and offers a range of search, selection and management solutions for organisations needing to attract and retain their leadership talent. The roles on which we focus typically sit at the sub-board and board levels.

Michael Page

Michael Page is the original PageGroup brand and is normally established as the first business in each new country that we enter. Michael Page is comprised of 14 broad disciplines, each providing a service to a specialist area of the market. Operating at the qualified professional and management level, Michael Page recruits on a permanent, temporary, contract or interim basis.

Page Personnel

Page Personnel offers specialist recruitment services to organisations requiring permanent employees or temporary or contract staff at technical and administrative support, professional clerical and junior management levels.

A Global Leader

What we do

We are one of the world's best known and most respected specialist recruitment consultancies. We deliver recruitment services to clients through a network of 140 offices across 36 countries.

Geographic reach

PageGroup has a truly global reach, with a substantial and well-balanced business across all regions, including Latin America and Asia. We source candidates from domestic and international markets and provide a comprehensive service to both local and multinational clients.

Discipline expertise

We organise our consultants into 14 specialist discipline teams, grouped into four broad categories. We then specialise further (e.g. digital marketing within Marketing) to ensure we provide expert recruitment services to our clients.

Perm and temp mix

PageGroup is the international market leader for permanent recruitment in the majority of countries in which we operate. We also have a substantial and growing temporary recruitment business in markets where temporary placements for professionally qualified candidates are culturally accepted.

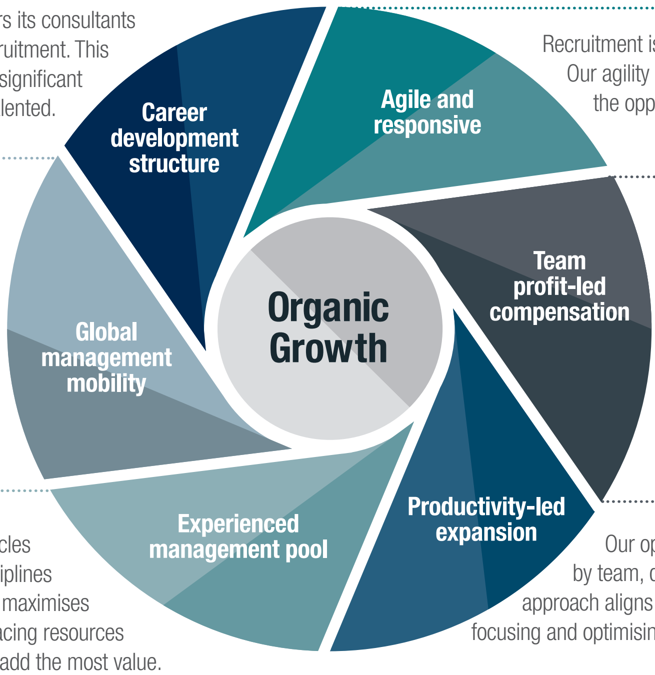
Business Model

A focus on organic growth

PageGroup's business model has proved itself both through economic cycles and as the business has expanded into a global enterprise. At its core is a focus on organic growth.

PageGroup offers its consultants a well-defined and varied career in recruitment. This includes a clear development structure with significant opportunities for the most talented.

Recruitment is a fast-paced and dynamic business. Our agility gives us the confidence to respond quickly to the opportunities and challenges as they appear.



We regularly move experienced directors into markets where they can add the most value and guide the business through the challenges of a market cycle, while allowing us to retain and motivate key senior talent.

A focus on team-based performance rather than the individual promotes positive corporate behaviour and consistent quality of service for both clients and candidates.

Experience through economic cycles and across geographies and disciplines reduces our learning curve, maximises scalability and is crucial for placing resources where they will add the most value.

Our operational metrics focus on productivity, by team, discipline and geography. This bottom-up approach aligns expansion criteria throughout the Group, focusing and optimising investment on key priorities.

Our objectives

Diversification helps to mitigate the cyclical nature of the recruitment markets, which for us is combined with high operational gearing given our permanent recruitment bias.

Our broad-based capabilities enable us to capitalise on market opportunities across the globe, avoiding over-reliance on any one geography or discipline.

The ability to respond quickly to changing market conditions is critical to managing the business efficiently throughout economic cycles.

We ensure that we always have the ability to flex our capacity up and down, while maintaining a core presence in each market to service clients properly and retain management experience to enable a quick recovery.

Our business is reliant on having the experience to manage the challenges and identify the opportunities across our local markets.

Our scalability is dependent on having the right people available to grow the business and nurture the next generation.

The combination of these objectives has enabled PageGroup to deliver strong cash flows and have the financial strength to prosper through economic cycles.

It also gives the resilience to cope with market downturns without damaging the business's long-term prospects.

Our competitive advantage

Brand | Scale | Culture

Our true competitive advantage is the combination of these three factors and the balance we have achieved in the business over the past 40 years. We generate funds through fees earned for placing candidates in permanent and temporary roles.

Brand

Page Executive, Michael Page and Page Personnel are brands which inspire high levels of confidence, trust and assurance of quality service. Our consistent commitment to the markets in which we operate and level of expertise enables these brands to resonate strongly in their marketplace.

The digital revolution has reshaped the recruitment sector's marketing and delivery channels. We are a highly active online participant. However, high quality candidates will only continue to place key decisions on their future in the hands of consultants who have substance behind their online marketing profile.

We are trusted by our clients and candidates to remain committed, to provide a high quality service and to be there for the long term.

Scale

Our scale enables PageGroup to commit to markets through cycles giving clients the confidence to build long-term relationships with us. It also enables a broader client offering with participation from multiple disciplines, even in some of our newest markets.

The ability to offer diverse expertise across a broad range of complementary specialisms and geographies enhances our offering and the candidate pools we can access. Our scale enables us to build an unrivalled skillset and level of experience, equally available to the smallest and largest of our clients.

Our strong financial standing has also been increasingly important for many clients who prefer not to work with the smaller market players, particularly in times of economic uncertainty. Temporary staff also derive comfort from our financial strength that their salaries will be paid.

Culture

PageGroup's culture is unique in the sector and has ingrained values of how to do business ethically and to make decisions for the long term.

It is a global culture that delivers a consistent approach both internally and externally, while being accepting of the particular character of each local market. The global nature of the culture is aided by a high degree of management mobility.

It is reinforced through our consultant training programmes, the processes by which we do business, and our team-based approach which is at the heart of everything we do. It also encourages us to challenge ourselves with confidence, and to respect the successes of our colleagues.

Our strategy

Our strategy aims to fulfil our vision of being the leading specialist recruiter in each of the markets in which we operate. Our service offering is spread across a broad set of disciplines and geographies, focusing on opportunities where our industry and market experience can set us apart from the competition. Operating in 36 geographies and in highly diverse cultures, we have established three categories into which we have grouped each of our markets based on criteria including the size of the opportunity and the potential for future growth. This structure has provided a clear investment framework for the business.

Large, High Potential

Typically under-developed markets, but where we have a successful track record and confidence in our ability to scale our operations substantially, for example Latin America and South East Asia.

Large, Proven

These are large markets where we are already proven with a strong track record and a significant presence, for example the UK and Australia.

Small and Medium, High Margin

Markets which are, or could be, significant profit contributors with attractive conversion margins, but are unlikely (or not yet proven) to be able to grow to more than 300 fee earners, for example Japan and Switzerland.

See page 7 for more on our Strategic Vision

Strategic Review

I would like to welcome you to our Strategic Review, where we have outlined how we see current market dynamics, together with PageGroup's business model and strategy.

Steve Ingham
CEO PageGroup

This review will take you through the source of our competitive advantage and the relationship to our Strategic Plan. Then following on from this, how we approach our investment plan in our markets.

We continue this year to relate how we measure performance, through our KPIs – both financial and non financial – with associated risks. These risks then directly link to the four elements (financial, strategic, people and operational) of the performance criteria in our current executive remuneration plans.

Global vision

Our global diversification strategy is part of our clear strategic vision: to be the leading specialist recruiter in the markets in which we operate. Our presence in major global economies enables the greatest potential for long-term growth in gross profit at attractive conversion rates. This enables us to offer a premium service that is valued by clients and attracts the highest calibre of clients.

We offer our services across a broad set of disciplines and specialisations, solely within the professional recruitment market. Our background is in permanent recruitment, but nearly 25% of the business is now in the temporary market, with this being dependent on local culture and market conditions.

We offer a premium service which is valued by clients and attracts the highest calibre of candidates, due to our focus on opportunities where our market and industry knowledge can set us apart.

> "Our global diversification strategy is part of our clear strategic vision: to be the leading specialist recruiter in the markets in which we operate."

Strategic framework

PageGroup is focused on delivering against three key objectives to achieve its strategic vision and sustainable financial returns. These are to:

1) look for organic and diversified growth;

2) position the business to be efficiently scalable and highly flexible to react to market conditions; and

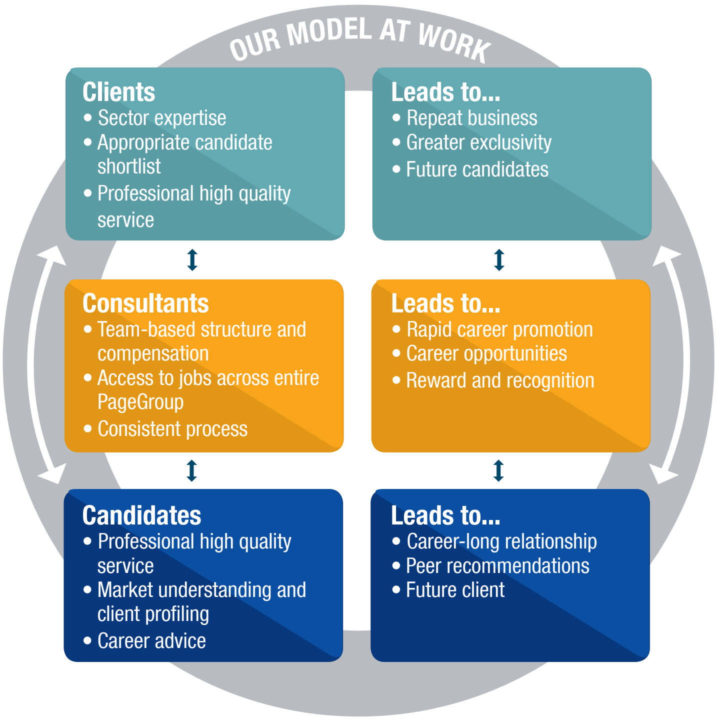
3) nurture and develop our people, driving our meritocratic growth model.

Organic growth is at the centre of our business model. As set out on page 5, key elements of our business model are derived from this team-led approach, with great value placed on structured career development and the value that experienced management brings to the business.

Our value proposition

Our value proposition is based around expertise and specialism and for this to be delivered in a consistent manner, supported by high quality processes.

When these elements are brought together, the potential for a successful outcome for both client and candidate is maximised. Such successes enhance our reputation; bring greater repeat business; and turn candidates into clients and vice-versa.



Specialist industry and market knowledge

Global reach, with deep local knowledge

Expertise in premium candidate sourcing

Experienced advocate for client and candidate

Consistent, high quality processes

People and management

We recognise that it is our people who are at the heart of everything we do, particularly as an organically grown business. Our consultants quickly come to understand that we can offer more than a long-term and fulfilling career in recruitment. Our strong record of internal career moves and promotion from within, means that people who join us know that they could be our future senior managers and main Board Directors. The experience acquired throughout their career is valued greatly, and, as such, our management team has some of the longest tenure and experience in the industry. Due to this constant depth of talent that is available to the business, the senior executive team can flex the business exposure to any of our markets, both up and down, according to prevailing market conditions. They take decisions as to where PageGroup can achieve the greatest return on investment from the allocation of management resource.

The mobility of our people, together with the significant loyalty of the management team, vastly enhances the flexibility of our business model and allows the business to progress even in uncertain markets. We therefore invest significantly in our people, as the recruitment, retention and development of talent is fundamental in our ability to achieve long-term sustainable growth.

Strategic Review

Market dynamics

The professional recruitment sector has always been highly sensitive to fluctuating economic conditions and is strongly influenced by client and candidate confidence. Market liquidity can change rapidly, whether in terms of availability of jobs and candidates, or candidate confidence in taking the next step in their career. It can also be localised, whether by geography or discipline, and differ between temporary and permanent placements in the same market. We intend to maintain our strategy of retaining our market presence throughout downturns, whilst closely controlling our cost base.

Through diversification, PageGroup has a well-balanced business profile in order to mitigate the exposure to any one geographic area or discipline. This strategy requires us to operate in very diverse markets, each with a particular recruitment culture, such as the degree to which temporary placement opportunities are acceptable to professionals. Other aspects of this culture include the degree of outsourced recruitment undertaken, as opposed to in-house by HR departments.

In a number of geographic regions, such as Latin America or Greater China, our potential markets are very large, yet relatively immature. This provides not only significant market share opportunities, but also business development challenges. New markets can take time to crack, but the advantages of being an early participant and building scale can be considerable.

As set out in the table below, PageGroup views certain key features as defining a particular recruitment market profile, categorised by the proportion of roles filled through a recruitment agency ("market penetration").

The challenges to achieving a significant market position vary across these markets, as does their attractiveness to PageGroup. These features, when taken together with PageGroup's historic success in a particular market, helped define the Strategic Vision and identify which geographies would have the highest potential for long-term success.

Strategic vision

PageGroup has a Strategic Vision which defines its aspirations within various markets. It provides a disciplined framework to focus investment plans on geographies with the greatest long-term potential, and to help structure the career moves of the rising stars in the business. A portion of the Executive Directors' remuneration is also linked to the performance against milestones within this Vision, and its overall achievement.

An essential part of the development of this Vision was to review the markets in which PageGroup operated, and to identify which had the greatest potential and likely future impact on Group revenue. Set out on page 11 is an explanation of these categorisations and our approach to these different markets.

Our market categorisation has provided the business with a framework within which investment decisions can be judged, and guidance as to where management expertise and fee earner headcount is best placed. These decisions are continuously reviewed in order to best align them to the business needs and the prevailing market environment, which is often fast moving and highly dynamic.

Operational efficiency

PageGroup is very aware of the need for high levels of operational efficiency in a recruitment business, and especially one with such a global footprint. Central to the strategic objectives of scalable growth and flexibility through the cycle is for this to be achieved while controlling the fixed asset base.

Our relentless focus on sharing best practice across the Group enhances the quality and consistency of the service offering. We have continued to centralise many of our support functions into regional shared service centres enabling the capture and leverage of skills and expertise for the benefit of the whole Group, whilst maintaining the robustness of the operational platform.

	Emerging		Developing	Mature
Market penetration	0-15%	15-30%	30-70%	Over 70%
Competition	Limited international operators present	Few well-established regional players	Well developed markets with many international operators	Highly competitive
Examples	Latin America, SE Asia	Germany, China	France, Australasia, Holland, Spain, Italy	UK, US

Market drivers of PageGroup performance

As well as the influence of the general macro-economic environment on business activity, there are a number of specific market-based drivers which can materially impact PageGroup's financial performance. These are split into elements which affect market liquidity and those which influence gross profit and consultant productivity. It is the nature of the professional recruitment market that strong market conditions will see drivers in both elements rapidly align, and this has a dramatic impact on PageGroup's overall performance and conversion margins.

	Impact	Comment	Financial Impact
Market Liquidity	**Candidate shortages**	Often highly discipline/geography-specific, especially at midpoints in the cycle as client confidence grows. This is a key driver of most other elements, as the quality of a recruiter is most clearly demonstrated through their ability to source difficult-to-find candidates.	Mainly visible through improvement in gross profit, but a buoyant market helps to drive productivity, principally through reducing the time to hire.
	Candidate confidence	A major influence on market liquidity where macro-environment is sufficiently stable, candidates will look to progress their careers, which helps to drive job liquidity.	
Gross Profit and Productivity	**Fees/rates**	Group average historically moves within a 10% range over the cycle (19.5%-22%).	Notable influence on both gross profit and also conversion rate. Productivity, especially in permanent recruitment, is significantly enhanced as these market drivers positively align.
	Wage inflation	Reflects level of candidate shortage and liquidity within a particular discipline or geography, plus macro-economic conditions.	
	Time to hire	As candidates become scarcer, companies reduce the number of interviews and shorten the decision making process in order not to lose preferred candidates.	

Our 2016 achievements

PageGroup made good progress against its three strategic objectives in 2016. The business continued to grow its market presence in core target areas with the continued introduction of new specialisms. The opening of the new office in Thailand, along with increasing our market share in already established countries, emphasises further the Group's strategy of global diversification.

Growth was in temporary as well as permanent recruitment, further diversifying the service offering. At the end of 2016, the fee earner and total headcount was at record levels for the Group. This was achieved together with the continued best operational support ratio to date, reflecting operational efficiencies delivered within the business.

As well as progress in headcount and market presence, there has been a strong focus on operational flexibility across the Group.

We completed the Marketing and European Finance transition to our new Shared Service Centre in Barcelona.

Finally, further work on YourPage, our Employee Value Proposition programme, has looked to provide greater clarity of individual career paths, and to increase retention of identified talent at key career points and in key markets.

Strategic Review

How we categorise the markets

In 2013, PageGroup categorised each of its markets around the globe based on criteria such as the potential for future growth. This growth potential was assessed on a combination of expectations for economic growth, size of the existing PageGroup operations relative to the market, and competitive landscape.

The outcome was three categories (as set out in the table to the right), into which the 36 geographical markets in which we operate were placed. Five markets were identified as Large, High Potential markets. These include the large economies of the US, Germany and Greater China, together with the regions of Latin America and South East Asia. Typically under-developed from a recruitment perspective, each satisfied key criteria, including:

- Positive PageGroup track record;
- Ability to adapt PageGroup culture to local culture;
- Ability to hire and retain local consultants;
- Ability to roll-out disciplines and open offices;
- Attractive conversion rate potential; and
- Large-scale economies.

Six historically successful geographies were categorised as Large, Proven, reflecting the fact that PageGroup had, within the last economic cycle, operated substantial businesses in each. While currently below peak levels, they have a proven track record, and, as a group, the potential to return to historic high levels – albeit with a different mix of headcount and disciplines.

Finally, the remaining businesses were categorised as Small and Medium, High Margin. This reflects the fact that each individually will not have the scale or potential to be a significant contributor to gross profit. However, they each offer the prospect of attractive margins and include countries with some of the highest fee rates and conversion margins in the Group. Within this category are three markets – Japan, India and Africa – that all have the long-term potential to achieve Large, High Potential status.

Investment approach

Investment in the business has been focused on developing the long-term sustainability of the business and is supported by significant balance sheet strength and cash flow generation. The market categorisation provides an investment framework for the business. Investment comes in a range of forms including headcount, new offices and infrastructure, marketing spend and minimum levels of market presence through the economic cycle.

	Large, High Potential
CATEGORISATION	Substantial, high potential markets for recruitment. Typically under-developed, but where PageGroup has a successful track record, and confidence in its ability to successfully scale operations.
EXAMPLES	**Germany, Greater China, Latin America, South East Asia and the US.**
INVESTMENT APPROACH	Sustained investment through cycle – adding headcount/offices/ disciplines.
STRATEGIC VISION	Create a market leading network of offices, management and headcount. c. 40% of Group gross profit/fee earners; 30% conversion rates.
2016 RESULTS	Gross profit flat for the year, strong growth in LatAm ex. Brazil of 19%. Conditions difficult in Brazil and within New York Financial Services.
2017 PLAN	Continue investment in new headcount and management team, whilst improving conversion rates.

	Large, Proven	Small and Medium, High Margin
CATEGORISATION	Large markets in which PageGroup is already proven with a strong track record and a significant presence.	Have been, or could be, significant profit contributors for PageGroup, but not likely to be in excess of 300 fee earners.
EXAMPLES	**UK, France, Australia, the Netherlands, Italy and Spain.**	**Japan, Middle East, Africa, India, Canada, Turkey and other European countries.**
INVESTMENT APPROACH	Investment reflects gross profit growth and market conditions.	Respond to market conditions, focus on high margin opportunities.
STRATEGIC VISION	Collectively return to 2007 peak levels of operating profit and conversion rates; equivalent to c. 45% of Group gross profit/fee earners.	Investment responsive to market conditions. Expected to represent c.15% of Group gross profit/fee earners; 30% conversion rates.
2016 RESULTS	Gross profit growth of 4%, tough trading conditions in the UK. Excluding this, growth was 11%.	Gross profit records in 11 countries, improving profitability.
2017 PLAN	Continue to drive future growth through existing capacity, as well as improving conversion rates.	Continued focus on growth and improving our conversion rates.

Latin America and the UK in the Brexit landscape

Latin America

For PageGroup, Latin America in recent years has been a success story, notwithstanding the challenging market conditions in Brazil.

We opened our first office in the continent in Brazil in 2000, with Mexico following in 2006, Argentina in 2007 and Chile in 2010. Colombia opened in 2012 and our sixth country, Peru, commenced operations in 2014.

Excluding Brazil, Latin America has seen remarkable growth for PageGroup in recent years, with gross profit growth of 19% in 2016. Argentina had growth of 49% and has delivered a remarkable run of 12 consecutive quarters of +30% growth. Peru more than doubled its gross profit in 2016. Both countries, along with Mexico and Colombia, had record years. The US election result may impact on Mexico, but we have not seen any indication of this yet, whilst for Peru, Argentina, Chile and Colombia there is no sign of any slowdown.

In 2010, Latin America excluding Brazil generated £5.7m gross profit for the Group, a figure which reached £24.1m in 2016. In constant currencies, this is a compound annual growth rate of over 35%. Fee earner headcount (excluding Brazil) grew over the same period from 80 to just under 300, a compound annual growth rate of 24%. For the first time, in 2016, Mexico's fee earner headcount exceeded that of Brazil.

As well as expanding geographically, we have also expanded the number of disciplines and specialisms in which we operate, with recent additions including Sales in Mexico, Legal in Argentina and Technology in both Colombia and Peru. Overall, we now operate in 59 country disciplines across Latin America, up from 31 in 2010. On average, each country operates in 10 disciplines. We also operate our high end Page Executive division in all six countries, generating £2m of gross profit in 2016, a compound annual growth rate of 22% since 2010.

Whilst Brazil has experienced an extremely challenging year, down 21%, we ended the year with a fee earner headcount of c. 130 and retained our office and discipline structure. There have been encouraging signs in Brazil's Temp market and we have invested in this sector. Our business in Brazil is leaner and more efficient, ready to take advantage of every opportunity the market provides.

2017 will see an acceleration of the implementation of our Shared Service Centre in Argentina and we will plan further investment in new disciplines and sectors, such as Page Interim in Peru and expansion of our Page Personnel brand in Argentina.

The UK in the Brexit landscape

For the UK, 2016 was a year dominated by uncertainty. The UK entered June on the back of a five months' cautious trading which saw a cumulative year-on-year contraction in gross profit of 1% (compared to growth of 9.6% for 2015 as a whole). The impending Referendum was clearly an important factor. We commented at the time that whilst activity levels had largely held up, there was a slowdown in the final decision making process, as clients and candidates became more cautious in both offering and accepting jobs.

Following the result of the Referendum, we saw activity levels fall, initially by around 10% in some sectors and particularly in Financial Services, then recovering slightly. For the year as a whole, the UK saw its gross profit contract by 3.5%. Uncertainty remained as to our future trading relationship with the EU and in consequence, confidence levels have remained low, particularly amongst our multi-national clients. Business confidence was, however, higher with our SME clients, who are generally less exposed to global trade or financial markets.

Although the UK remains PageGroup's biggest single market, representing 21% of the Group's gross profit in Q4 2016, our geographic and discipline diversification strategy of the past few years has meant that we are no longer as dependent on the UK or on Financial Services, which represented 5% of the UK's 2016 Gross Profit. This is a much reduced dependency than in the past. 10 years ago, for example, in 2006, the UK represented 45% of PageGroup and within the UK, Financial Services accounted for 11% of gross profit.

We can still point to a number of bright spots in 2016. Our Legal and Technology disciplines both saw gross profit growth of 10% in 2016, with our Procurement & Supply Chain sector up 5%. With recruitment at the lower salary end of the market less impacted by the slowdown from Brexit, our Page Personnel business, which represent 22% of the UK, grew 2%. Our Logistics business and our Scotland operation also experienced success.

Above all, the UK remains an extremely profitable market for PageGroup, with operating profit for 2016 of £24.2m. Our flexible model and ability to scale up and down quickly means we have strong cost control. By way of natural attrition, particularly of newer, less experienced consultants and non or delayed replacement of leavers, we were able to lower our fee earner headcount by 85 in the year, or by 8%. We have also reduced our support staff by 20, through a number of initiatives, such as our new Scotland-based centralised CV Processing Centre. We currently have over 1,000 fee earners in the UK, in 27 cities and working across 13 disciplines.

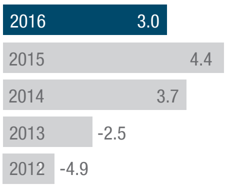
Going forward into 2017, whilst caution remains the market sentiment, PageGroup has identified a number of opportunities to grow, and we remain confident that we can, as ever, respond rapidly to any changes in market conditions.

Key Performance Indicators

We measure our progress against our strategic objectives using the following key performance indicators:

FINANCIAL

Gross profit growth (%)*



* Increase in gross profit in constant currency over the prior year

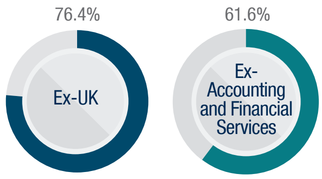
How measured: Gross profit growth represents revenue less cost of sales expressed as the percentage change over the prior year. It consists principally of placement fees for permanent candidates and margin earned on the placement of temporary candidates.

Why it's important: This metric indicates the degree of revenue growth in the business. It can be impacted significantly by foreign exchange movements in our international markets. Consequently, we look at both reported and constant currency metrics.

How we performed in 2016: Gross profit increased 11.7% in reported rates, 3.0% in constant currencies, as favourable currency movements benefited the full year figures.

Relevant strategic objective: Organic growth.

Gross profit diversification (%)



	2012	2013	2014	2015	**2016**
Ex-UK	77.0	75.9	74.0	72.7	**76.4**
Ex-Finance	58.1	58.8	60.3	60.4	**61.6**

How measured: Total gross profit from a) geographic regions outside the UK; and b) disciplines outside of Accounting and Financial Services, each expressed as a percentage of total gross profit.

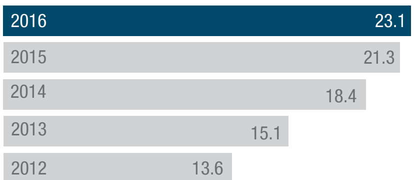
Why it's important: These percentages give an indication of how the business has diversified its revenue streams away from its historic concentrations in the UK and from the Accounting and Financial Services discipline.

How we performed in 2016: Geographies: the percentage increased to 76.4% from 72.7% in 2015, demonstrating a high degree of diversification. This also reflected strong trading conditions in Continental Europe, along with the weakness of Sterling.

Disciplines: The percentage increased slightly to 61.6% (2015: 60.4%), as our professional disciplines of Legal, HR, IT and Secretarial performed strongly combined with good growth in our Technical disciplines comprising Property & Construction, Procurement & Supply Chain and Engineering.

Relevant strategic objective: Diversification.

Basic earnings per share (p)



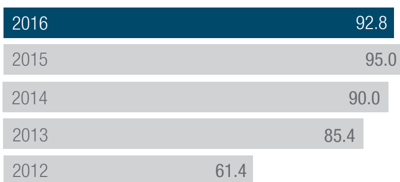
How measured: Profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year, and compared to the prior year.

Why it's important: This measures the underlying profitability of the Group and the progress made against the prior year.

How we performed in 2016: The Group saw an 8.5% rise in Basic EPS to 23.1p. Improvements in trading and favourable foreign exchange movements drove strong growth in the Group's EPS in 2016.

Relevant strategic objective: Sustainable growth.

Net cash (£m)



How measured: Cash and short-term deposits less bank overdrafts and loans.

Why it's important: The level of net cash reflects our cash generation and conversion capabilities and our success in managing our working capital. It determines our ability to reinvest in the business, to return cash to shareholders and ensure we remain financially robust through cycles.

How we performed in 2016: Net cash remained broadly flat at £92.8m (2015: £95m). This was after dividend payments of £56.3m (including a special dividend of £20m), and the purchase of shares by the Employee Benefit Trust of £15.1m.

Relevant strategic objective: Sustainable growth.

Ratio of permanent vs temporary placements

Gross profit	2012	2013	2014	2015	**2016**
Permanent	78	76	76	76	**76**
Temporary	22	24	24	24	**24**

How measured: Gross profit from each type of placement expressed as a percentage of total gross profit.

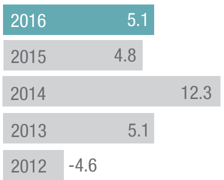
Why it's important: This ratio reflects both the current stage of the economic cycle and our geographic spread, as a number of countries culturally have minimal temporary placements. It gives a guide as to the operational gearing potential in the business, which is significantly greater for permanent recruitment.

How we performed in 2016: The ratio was flat at 76%, with strong growth in temporary placements in our more mature markets matched by permanent fee growth at lower salary levels in both mature and less developed markets.

Relevant strategic objective: Diversification.

STRATEGIC

Fee earner headcount growth (%)



How measured: Number of fee earners and directors involved in revenue-generating activities at the year end, expressed as the percentage change compared to the prior year.

Why it's important: Growth in fee earners is a guide to our confidence in the business and macro-economic outlook, as it reflects expectations as to the level of future demand above the existing capacity within the business.

How we performed in 2016: Fee earner headcount grew at 5.1% in the year, resulting in 4,711 fee earners at the end of the year, a record for the Group.

Relevant strategic objective: Sustainable growth.

Gross profit per fee earner (£'000)

How measured: Gross profit divided by the average number of fee-generating staff, calculated on a rolling monthly average basis.

Why it's important: Our indicator of productivity; affected by levels of activity in the market, capacity within the business and the number of recently hired fee earners who are not yet at full productivity. Currency movements can also impact this figure.

How we performed in 2016: In reported rates, this increased to £135.2k from £126.8k. However, in constant currency, it fell slightly to £124.8k as a result of the investment in fee earners and challenging conditions in some of our larger markets.

Relevant strategic objective: Organic growth.

Fee earner:operational support staff ratio

	2012	2013	2014	2015	**2016**
Fee earner	71	74	77	77	**77**
Support	29	26	23	23	**23**

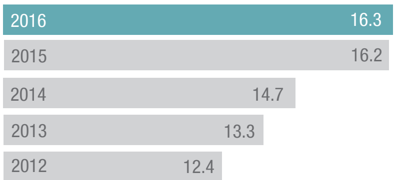
How measured: The percentage of fee earners compared to operational support staff at the year-end, expressed as a ratio.

Why it's important: This reflects the operational efficiency in the business in terms of our ability to grow the revenue-generating platform at a faster rate than the staff needed to support this growth.

How we performed in 2016: The ratio was maintained at the record 77:23, in line with 2015. This was facilitated by operational efficiencies achieved in the business that enabled 5.1% fee earner headcount growth. The ratio of joiners in the year was 86:14.

Relevant strategic objective: Sustainable growth.

Conversion rate (%)



How measured: Operating profit (EBIT) before exceptional items expressed as a percentage of gross profit.

Why it's important: This reflects the level of fee earner productivity and the Group's effectiveness at cost control in the business, together with the degree of investment being made for future growth.

How we performed in 2016: The Group's conversion rate increased slightly to 16.3% (2015: 16.2%) with a combination of steadily improving conditions in a number of markets, offset in part by more challenging conditions in some of the Group's larger individual markets, such as the UK and Brazil.

Relevant strategic objective: Sustainable growth.

PEOPLE

Employee index

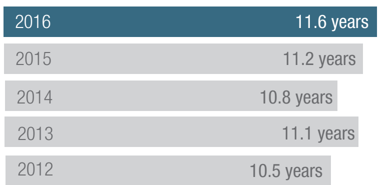
How measured: A key output of the employee surveys undertaken periodically within the business.

Why it's important: A positive working environment and motivated team helps productivity and encourages retention of key talent within the business.

How we performed in 2016: We recorded an 81% positive score for employee engagement in the latest Employee Survey in 2015 (2014: 75%). This was a combination of questions, including: how valued our people felt; how proud they were to work for PageGroup; and the level of trust and recognition they received for their work. No survey was performed in 2016 and the next one is planned for 2017, as we participated in a number of local employee satisfaction surveys including the Sunday Times best 100 Companies to work for, where we were ranked 77th.

Relevant strategic objective: Sustainable growth.

Management experience



How measured: Average tenure of front-office management measured as years of service for directors and above.

Why it's important: Experience through the economic cycle and across both geographies and disciplines is critical for a cyclical business operating across the globe. Our organic business model relies on an experienced management pool to enable flexibility in resourcing and senior management succession planning.

How we performed in 2016: The average tenure of the Group's management increased from 11.2 years to 11.6 years, with a particular increase in the Americas.

Relevant strategic objective: Talent and Skills development.

Key Performance Indicators

GHG EMISSIONS

Total GHG emissions

Total energy-derived emissions (CO_2e tonnes)		
Source of emissions	2015	**2016**
Direct GHG emissions	1,705	**1,662**
Indirect GHG emissions	4,981	**4,703**

How measured: Direct and Indirect GHG emissions calculated in line with the UK Government's 2016 DEFRA reporting standards. Principally based on data from a sample of our offices, covering 65% of the Group by headcount, and extrapolated for the Group as a whole.

Why it's important: The emissions calculations look at the CO_2e impact of our operations in absolute terms.

How we performed in 2016: Direct GHG emissions relating to the combustion of fuel decreased by 2.5% to 1,662 tonnes CO_2e, while Indirect GHG emissions, through the purchase of energy such as electricity, decreased by 5.6% to 4,703 tonnes.

Relevant strategic objective: Sustainable growth.

Intensity values of GHG emissions

CO_2e tonnes per 1,000 employees	2015	**2016**
Energy-derived emissions	1,209	**1,052**

How measured: Intensity values for GHG emissions are based on property and vehicle energy-derived emissions per 1,000 headcount. Headcount is viewed as being the most representative metric for PageGroup's activity levels and is unaffected by issues such as business mix or foreign exchange variations.

Why it's important: Intensity values help to normalise the GHG metrics and place them in the context of the Group's changing business profile, particularly in terms of increases in headcount. It helps to identify where progress has been made on emission reduction.

How we performed in 2016: Energy-derived emissions were reduced by 13.0% compared with 2015, largely due to relocations to more energy efficient offices, changes in fuel sources, and an increase in headcount without a corresponding increase in the number of offices.

Relevant strategic objective: Sustainable growth.

2015 Direct and Indirect GHG emissions were originally reported as 1,527 and 4,935 respectively. These have been restated to reflect the change in the use of IEA conversion factors for non-UK countries in 2016. The 2015 Intensity value of energy-derived emissions has been restated from 1,118 to 1,209 on the same basis. The source of data and calculation methods year-on-year are on a consistent basis. The movements in KPIs are in line with expectations.

Greenhouse Gas Emissions ("GHG")

In line with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report Regulations), PageGroup reports on all direct greenhouse gas (GHG) emissions (relating to the combustion of fuel and the operation of any facility, together with any fugitive emissions); and indirect GHG emissions (through the purchase of electricity, heat, steam or cooling).

Since 2014, we have gathered energy data from our major offices. This is in conjunction with our environmental policy that focuses on implementing efficiency measures in our offices to reduce energy consumption and carbon emissions. As a result, we enhanced the quality of our 2013 and 2014 data collation, and the data collation process has continued since 2015.

The Group's total 2016 emissions from energy and fuel used in its properties and vehicles, together with comparable data for the previous three years, are reported below.

	Total energy derived emissions (tonnes CO_2e) properties and vehicles			
Source of emissions	**2013**	**2014**	**2015**	**2016**
Direct GHG emissions (relating to the combustion of fuel and the operation of any facility)	1,745	1,647	1,705	**1,662**
Indirect GHG emissions (through the purchase of electricity, heat, steam or cooling)	4,099	4,898	4,981	**4,703**
Total emissions	5,844	6,545	6,686	**6,365**

Emissions derived from property energy consumption directly under the Group's control have been calculated by using a sample of offices across the world (including those for the entire UK business). These offices represent 65% of the global headcount in 2016. The emissions for the remaining offices were calculated by extrapolating headcount. Emissions from fuel consumed by Group owned or leased vehicles were calculated using the fuel consumed by the German based car fleet. This represents around 15% of the Group's global car fleet of just under 1,100 vehicles. The emissions for vehicles in other countries were calculated by first extrapolating the Germany's fuel consumption per vehicle and then calculating the resulting emissions. There were no fugitive emissions related to refrigerants topped up as part of air conditioning maintenance.

Emissions have been calculated in line with the 2016 DEFRA reporting standards, and calculated using 2016 DEFRA conversion factors for fuels, gases and UK electricity, and International Energy Agency conversion factors for non-UK electricity generation.

The intensity values are based on emissions derived from property energy and vehicle fuel per 1,000 headcount. This factor was chosen as being most representative of the Group's activity levels, and being unaffected by issues such as business mix or foreign exchange variations. 2016 emissions improved by 18.8% compared with 2015.

Energy derived emissions – CO_2e tonnes per 1,000 employees			
2013	**2014**	**2015**	**2016**
1,152	1,189	1,209	**1,052**

The reduction in 2016 is largely attributable to improvement in the property energy derived emissions (emissions deriving from property energy consumption amounted to nearly 80% of total emissions). This is due to factors such as relocation to more energy efficient offices, as was the case with our relocation in New York City, change of fuel sources, as was the case in France, and increasing the numbers of employees without increasing the numbers of office locations.

Q&A with Steve Ingham, CEO

Q. How do you maximise technology in your business and what impact does social media and LinkedIn have on your business?

A. Technology delivers speed and efficiency for our teams, boosting their productivity. It drives candidate acquisition and gives management the tools to drive sales on an ongoing basis. By using technology efficiently, it allows our consultants to focus their time on understanding and delivering the clients' requirements.

It minimises the time consultants spend on administration, whether that be searching, loading vacancies on job boards, or compliance. In turn, this maximises their exposure talking to candidates and clients with a system focused on streamlining processes, resulting in an increase in productivity. Technology also gives better performance measurement, with access to visual KPIs which appear on each manager's dashboard, so they can actively manage performance amongst the team. These can be tailored to each consultant daily, to ensure they are focusing on the most relevant task.

This real time data allows us to manage consultants more effectively on a day-to-day basis and to develop them more quickly into great recruiters. It also allows us to deploy training to the most relevant area. For example, a consultant making a number of business development calls but not generating enough new jobs, clearly needs training around the content of their calls to ensure success. This benefits us as a Group but also benefits the consultants through increased remuneration and improved skills.

LinkedIn is another significant channel for us to acquire candidates and clients, as well as an opportunity to build awareness and affinity for our brands. Technology, including CV boards and networks like LinkedIn, has driven a perception that everyone has equal access to every candidate. Our skill at PageGroup is putting the human initiative and contact back into that process, which is crucial in such a candidate driven market. We know more about our candidates than any publicly available data ever will: their motivations; requirements; skills; personality; culture; style; image and desires.

Q. You've paid special dividends over the last two years. Do you anticipate that continuing into 2017?

A. We continue to operate a policy of financing the activities and development of the Group from our retained earnings and to operate while consistently maintaining a strong balance sheet position. We first use our cash to satisfy our operational and investment requirements, and to hedge our liabilities under the Group's share plans. We then review our liquidity over and above this requirement to make returns to shareholders, firstly by way of ordinary dividend.

Our policy is to grow this ordinary dividend over the course of the economic cycle, in line with our long-term growth rate; we believe this enables us to sustain the level of ordinary dividend payments during a downturn, as well as increasing it during more prosperous times.

Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends or share buybacks. In 2016, after consultation with our shareholders, we made a supplementary return of 6.46p per share. We will continue to monitor our liquidity in 2017 and will make returns to shareholders in line with the above policy.

Q. What do you consider the outlook to be for 2017 and what do you consider to be your biggest challenge?

A. It is clear that there are a number of macro-economic challenges in a number of our larger markets and the current cycle is proving to be unpredictable in nature. In particular, in 2016 we experienced tough trading conditions in a number of our markets such as New York Financial Services, the UK, Greater China and Brazil. We have very limited visibility on the economic outlook, but we will continue to focus on driving profitable growth, as we have throughout 2016.

I am confident that we have the best management team in place to guide the Group through the current economic uncertainty. We have reduced the exposure in the business to any one market, with the development of our Page Personnel business as well as discipline and geographic diversification. This means we are far less dependent on Financial Services than we have historically been, this now only representing 7% of the Group.

Q. What are the progression opportunities at PageGroup?

A. As an organically grown business, there is plenty of opportunity to progress rapidly within PageGroup, from consultant to the senior leadership team, and we have many examples of this across the Group. The management team, and myself as CEO, started as consultants, demonstrating the significant progression opportunities that we can offer. We also enjoy the performance culture.

This is also true of every member of the senior operational management team; none were brought in externally. To facilitate this progression, we have a clearly defined talent development training roadmap, supporting the professional development of all our staff at every stage of their career.

Q. How is PageGroup developing its consultants to become senior leaders of the future?

A. We invest a significant amount of resource to succession planning, talent development and retention. We offer a competitive remuneration package, we run executive coaching schemes, internal and external mentor programmes, 360 degree feedback assessments, Personal Development Plan development and a Global Directors Academy in which we partner with an external leadership development company. This investment is designed so that we can develop our current consultants into the leaders of tomorrow. We also have an international mobility programme where we have grown our business with confidence through moving some of our most talented employees to new locations for the most beneficial impact.

Corporate Social Responsibility

Corporate social responsibility is not just an item on our to-do list. At PageGroup it's an inherent part of our culture and our business.

We are proud to continue our commitments to our stakeholders, to:

Our people	Our candidates Our clients Our suppliers Our shareholders		The communities in which we operate	Society at large
Workplace	**Marketplace**	**Governance**	**Community**	**Environment**
Make PageGroup a great place to work Value our people	Ensure we have the highest ethical standards Maintain the highest standards of corporate governance		Contribute positively to the communities in which we operate	Minimise and mitigate our environmental footprint Provide responsible, global citizenship

Our People

PageGroup is all about people. The people who work here, the companies we do business with, the candidates whose lives we change for the better on a daily basis, and the communities and individuals we help as we give back to others.

It is in our DNA to focus on people, constantly looking for ways to improve – and that begins with our employees.

Passionate about progress

Our organic business model promotes from within, based on merit – the majority of our Executive Board are proud to have started their life at PageGroup as consultants, including CEO Steve Ingham. Our team-based culture and reward system drives collaborative behaviours which give the best possible outcome for both clients and candidates.

Career development is transparent and meritocratic, and includes opportunities to make international moves. During 2016, we made over 1,400 promotions and saw nearly 100 international moves.

Never give up learning

In 2016, we enhanced our already industry-renowned training and development framework by starting the roll-out of a new learning management system which includes online learning modules, the ability to request and track training, and self-help materials.

Rewards and health made fun

Other initiatives introduced during the year include our performance management toolbox which drives an improved, consistent way of managing and rewarding the talent within our business; the introduction of flexible benefits; and initiatives to introduce new ways of working more flexibly.

Many of the initiatives helping to refine our Employee Value Proposition (EVP) have come from employee feedback. We constantly listen to our people in a variety of ways, including one to one discussions, team and department meetings, consultant forums, and our global 'Have Your Say' engagement survey. Our last survey saw a global participation rate of 77% with 81% positive engagement – excellent results for a new survey in a global business such as ours. Our next survey takes place in the second half of 2017.

A team that's diverse

A diverse team brings different perspectives and insight to our business, generating creativity, problem-solving capability and sustainability that wouldn't otherwise be possible. We want our people to be able to bring their true selves to work so that they feel comfortable and perform to the best of their ability. That's good for them and good for our organisation. We will continue to attract good people and retain them for longer, and we will have the best possible understanding of our equally diverse clients and candidates.

OpenPage underpins our commitment to inclusivity and diversity. It encompasses a broad range of activities, active networks using our internal communication channels and memberships. Our aim is to continue globalising our initiatives in a way that works at a local level, and to celebrate the positive impact they have on our business.

In line with our commitment to listening to our people and encouraging open and honest communication, we have an independently hosted whistleblowing facility for our employees to easily and anonymously report any perceived wrong-doing. For more information see the Audit Committee Report on page 52 in the Corporate Governance section of this Report. We had no reportable incidents in 2016.

Gender diversity

	Male	%	Female	%
At 31 December 2016				
Board Directors	5	62	3	38
Senior Management	293	81	70	19
Total employees	2,867	47	3,232	53
At 31 December 2015				
Board Directors	5	71	2	29
Senior Management	247	79	66	21
Total employees	2,813	48	3,022	52

Women@Page

International Women's Day

Global Campaign – International Women's Day

Signed up to the Think Act Report campaign

Think Act Report
Gender equality at work

Global internal **mentoring programme**
Over 200 taking part in the UK

" The ability to talk honestly about difficulties, frustrations and areas of concern within one's role "

" It's been a very positive development/retention initiative "

Pride@Page

Stonewall global diversity champion
– **Work equality index** since 2015

Stonewall
DIVERSITY CHAMPION

Celebrated **LGBT Pride month** in June, sharing real life stories and promoting acceptance without exception

Acceptance without exception

Parents@Page

Signed the **Working Forward** pledge to support pregnant women and new mums

WORKING FORWARD
SUPPORTING PREGNANCY

Pre and post maternity **coaching programmes**

High maternity return rates – **100% in some key countries** including Austria, Germany, North America, Poland, Portugal and Spain

Family days – France, UK, Singapore, Japan, Brazil

Parenting seminars

Ability@Page

Launched **Ability@Page** July 2016

Mental health champions appointed

First recruitment company to sign the **Time to Change** Pledge

Corporate Social Responsibility

The communities in which we operate

Giving back to others is part of our culture. We live and work in the communities we serve, and we encourage our people to be proactive in their charitable support of those communities.

All areas of the organisation are involved, from the CEO running in fund-raising triathlons and serving on the Board of Great Ormond Street Hospital, to holding recruitment advice workshops for immigrants in Australia, carrying out suit drives helping unemployed people back to work in Germany, and visiting schools to provide CV, career and interviewing advice in the UK.

We encourage our people to take a volunteer day annually when they can use their time to support good causes. Often those efforts are co-ordinated so that whole teams are contributing. In the UK, PageGroup also promotes a payroll-based donation scheme which the Company then matches.

We share and celebrate our activities through our internal communication channels, fostering creativity and sharing ideas across all our regions.

PageTalent Schools programme

Over 2,500 students interviewed

Monaco No Finish Line helping disadvantaged and sick children

China – become reading partners to children with leukaemia and donate money to purchase new story books

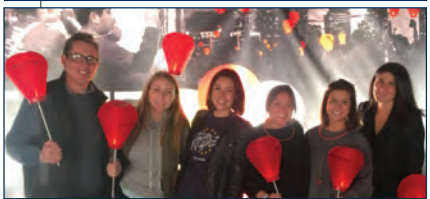
Singapore Yellow Ribbon Project

Malaysia Sanctuary Care Centre – High Tea for Underprivileged Children

Germany donating work clothing

New Zealand Ronald McDonald Charities – wrapped presents for and spent time with patients and families

UK Fundraising event for Teenage Cancer Trust



New York LLS Light the Night event

Candidates clients suppliers shareholders

Highest ethical standards

PageGroup is a leading global recruiter, with strong brands and a reputation for integrity. We continue to reinforce that position by actively seeking ways to improve.

In our daily operations, we are constantly aware of our responsibilities to both our clients and our candidates. Confidentiality and sensitivity are at the core of all our dealings with them.

We expect the same high standards from our suppliers and our supplier code of conduct is now an integral part of all our procurement activities. During 2016 we started the process of formalising our modern slavery policy, and our commitment to that work continues.

We constantly review communication and engagement with our shareholders, and will continue to hold our successful investor relations events which give the opportunity to meet our regional leadership teams.

Highest standards of corporate governance

At PageGroup we believe high standards of governance underpin sustainable performance. The Board is collectively responsible for the Group's financial and operational performance as well as promoting the success of the business. The Board fulfils its responsibilities by directing and supervising the Company's strategy and policies.

The Corporate Governance section of this report sets out details of the activities undertaken by the Board and its Standing Committees during 2016.

Society at large

As a service based organisation, our environmental impact is indirect (predominantly energy consumption and business travel) but we take our responsibilities seriously and our CEO is the sponsor of our environmental policy. We have processes in place to monitor and report on our green house gas emissions. See page 17 for GHG reporting for 2016.

We continue to look at ways to mitigate our impact, and activities during the last year included:

- Putting in place Skype for Business, increasing our use of video conferencing and helping to minimise air and car travel;
- Making environmental criteria as a key consideration in decision making when leasing new offices, seeking energy efficient premises where landlords are able to provide us with supporting data. For example, during 2016 we relocated from the Chrysler building in New York to a more efficient building with a fit-out including remote controlled lighting and low energy air conditioning equipment; and
- In the UK, replacing legacy print and copy devices with new machines which are energy efficient, utilising secure release and default double-sided functions. This has resulted in 50% reduction in CO_2 emissions and over 60% reduction in the use of paper.

Public recognition during the year included:

Highly commended for Global Diversity – **2016 ENEI Awards**

Shortlisted for Head of Diversity – European Diversity Awards

Stonewall Global Diversity Champion

FTSE4Good

Attained **Proud to be Clear** Assured Status

Best & Brightest Companies to work for in the Nation – **2016 winner (USA)**

International Recruiter of the year (Australasia)

Highly commended for Global Mobility of the Year (Small Program) and **Best Redesign** of Global Mobility Strategy

Top Employer Europe
Belgium | France | Germany | Spain
Switzerland

Excellent Employer award

ICT Recruiter of the year 2016 (Netherlands)

Asia Recruitment **Grand Winner Agency 2016**

Regional Perspectives

EMEA

What are your priorities for 2017?

We will continue to drive growth throughout the region if the trading conditions we saw in 2016 continue in 2017. We will focus on driving productivity improvements from PRS, our new operating system, as well as investing in our fee earner headcount where we see opportunities for growth.

We remain mindful of possible political uncertainty that may occur throughout 2017, though with our flexible business model, remain able to react quickly to any changes in market conditions.

How did you deliver against your 2016 priorities?

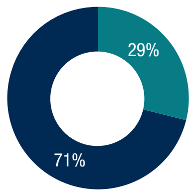
We delivered another strong performance in 2016, with overall growth of 11.5% and 12 countries delivering record years. We continue to focus on our conversion rate, and despite the costs of transitioning to our new European Shared Service Centre, we improved our conversion rate to 19%. We saw good growth in our largest countries of France and Germany, up 6% and 9% respectively.

We completed the transition of our European Finance functions to our new Shared Service Centre in Barcelona, with Marketing also fully transitioned. IT is now two-thirds complete and will continue in line with our strategy to move to the Cloud.

Gross profit £m

2016	**£271.9m**
2015	£217.0m
2014	£212.0m
2013	£207.8m

Permanent to temporary ratio



%	2016	2015
Permanent	71	72
Temporary	29	28

Headcount

2016	**2,553**
2015	2,295
2014	2,113
2013	1,886

UK

What are your priorities for 2017?

We anticipate that candidate and client confidence levels will remain subdued in 2017 due to the ongoing political uncertainty. We will continue to manage our fee earner headcount accordingly in response to market conditions.

Despite this, we will seek to maximise the growth opportunities that arise, through investment in the disciplines in which we see opportunities for growth.

How did you deliver against your 2016 priorities?

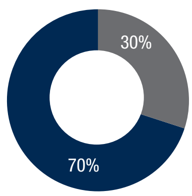
Due to uncertainty in the lead up to, and post the result of the Referendum, we experienced decreased client and candidate confidence levels as 2016 progressed. As a result, we saw an overall reduction in our gross profit of 3.5%. Confidence was impacted most in our Michael Page business, which was down 5%, whereas our Page Personnel business was more resilient, up 2%. We did see strong performances from our Legal and Technology disciplines, both up 10%.

We managed our headcount to reflect the more challenging trading conditions, and ended the year down 85 fee earners.

Gross profit £m

2016	**£146.3m**
2015	£151.6m
2014	£138.4m
2013	£124.1m

Permanent to temporary ratio



%	2016	2015
Permanent	70	71
Temporary	30	29

Headcount

2016	**1,411**
2015	1,516
2014	1,441
2013	1,319

Asia Pacific

What are your priorities for 2017?

We will continue to monitor the level of demand throughout the region, which combined with our flexible business model, will enable us to make sure we have our fee earner headcount in the most appropriate markets.

We will continue to invest in the markets where we see opportunities for growth such as the domestic market within China and Japan, as well as driving future growth in our improving businesses in Australasia.

How did you deliver against your 2016 priorities?

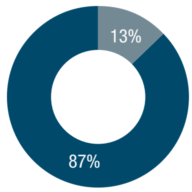
The region was impacted throughout 2016 by economic uncertainty in China. This led to a reduction in gross profit for the year of 2.2%. Conditions were tougher within Asia, down 4%, though we saw an improvement as 2016 progressed in Australasia, with overall growth for the year of 4%, and growth of 9% in our Page Personnel business.

In Asia, we focused on the Chinese domestic market, which now represents 30% of our Chinese business and saw good growth in the year. We also launched our business in Bangkok, Thailand at the end of the year, giving us our seventh country in Asia.

Gross profit £m

2016	£119.7m
2015	£109.1m
2014	£105.5m
2013	£105.8m

Permanent to temporary ratio



%	2016	2015
Permanent	87	87
Temporary	13	13

Headcount

2016	1,205
2015	1,180
2014	1,141
2013	1,111

The Americas

What are your priorities for 2017?

In North America, we will seek to diversify our offerings to the market, in response to changed market conditions, by growing our market share in our offices outside of New York. We will continue to focus on retaining the best performing individuals which will drive improvements in our conversion rate.

In Latin America, we will expand our business in the region outside of Brazil, through rolling out new disciplines to our existing office network, as well as focusing on our new temporary recruitment market. We will continue to maintain our platform in Brazil, and will make investment here if we begin to see more favourable market conditions in 2017.

How did you deliver against your 2016 priorities?

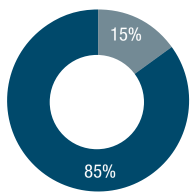
North America saw confidence levels fall within the Financial Services market, with the greatest impact seen in our office in New York. We therefore have sought to drive growth from our businesses outside of New York Financial Services, with strong performances from our offices in Boston, Los Angeles and Philadelphia.

Latin America continued to see mixed market conditions. Brazil experienced tough market conditions throughout the year, though we did see a slight improvement in the fourth quarter. However, we saw very strong growth from our other businesses in Latin America, which represented 65% of the region, and collectively grew 19%.

Gross profit £m

2016	£83.1m
2015	£78.4m
2014	£76.9m
2013	£76.2m

Permanent to temporary ratio



%	2016	2015
Permanent	85	85
Temporary	15	15

Headcount

2016	930
2015	844
2014	883
2013	814

Risk Management Structure

Principal Risks

The Group recognises that the effective management of risk is key in achieving our strategic objectives.

A Group risk review process is in place which identifies the strategic and operational risks which could impact on our business and the mitigating actions required to ensure that these risks are controlled to an acceptable level. Our agreed level of risk appetite approved by the Board guides the level of acceptable risk.

The process of risk management is an integral part of our business forming part of our strategy review, our business plans and the delivery of our daily activity.

It is supported by risk registers that are maintained locally at country and process level and consolidated twice a year. This is then combined with a top-down review of risks conducted with senior management and the summarised output formally reviewed by the Executive Board and the Audit Committee on behalf of the Board.

In the intervening periods the risks associated with changes in either the external environment or as a result of internal proposals are discussed as part of our ongoing business reviews and are responded to accordingly.

We also have well established compliance teams: IT risks and security, who focus on delivery of activity to mitigate our IT risks and systems and data security; and regional revenue recognition compliance teams who ensure accurate reporting of our revenue worldwide.

Our Internal Audit programme of activity aligns the provision of assurance to the controls that mitigate the risks identified from this process.

Our risk management process categorises our principal risks into Strategic, Financial, People and Operational.

Within this process we assess all risks that could have a significant impact on the ability of the business to deliver its short-term plans and medium and long-term strategy.

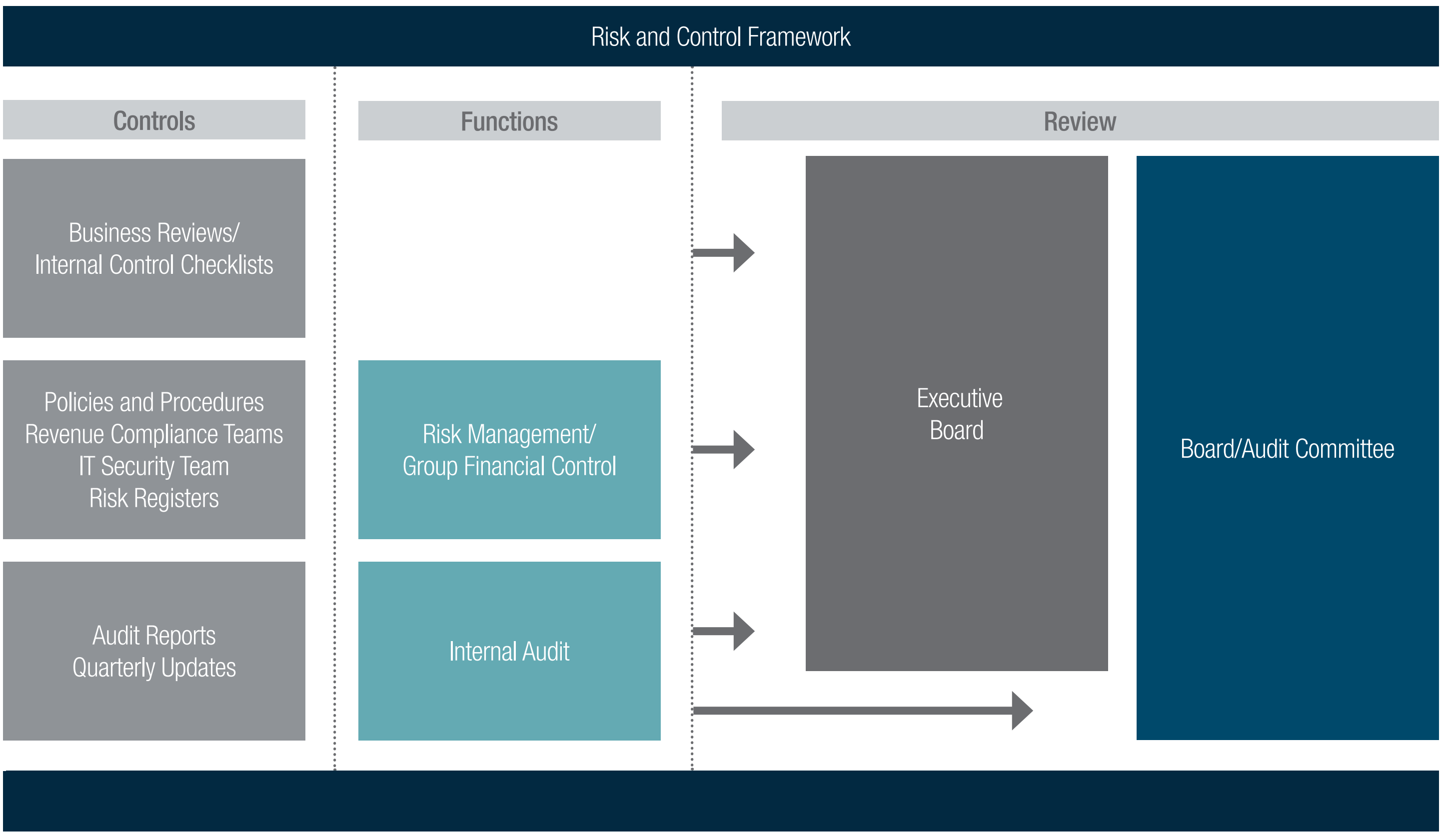
The Executive Board and the Board continue to focus on Strategic, People and Financial risks. For these, we disclose KPIs which we use to monitor the risk impact, and the rewards and incentives we apply to ensure effective management.

See strategic framework on page 7.

Our Operational risks are those that the Executive Board have agreed can be managed by our people on a day-to-day basis. These are included within our risk registers and are reviewed by the Board on an exceptions basis. The risks around data security (cyber risk) is one such area which is reviewed at Board level on an ongoing basis. Previously systems transformation was also included, but with the completion of the roll-out of our Page Recruitment System, this no longer carries the same level of review.

Our risk evaluation includes matters relating to all our key stakeholders and encompasses considerations of governance, social, environmental and legal requirements.

Our Risk and Control Framework



Risk Appetite

Recruitment is inherently cyclical and provides limited forward visibility. This makes it sensitive to the economic environment and thus financially volatile creating a higher risk environment.

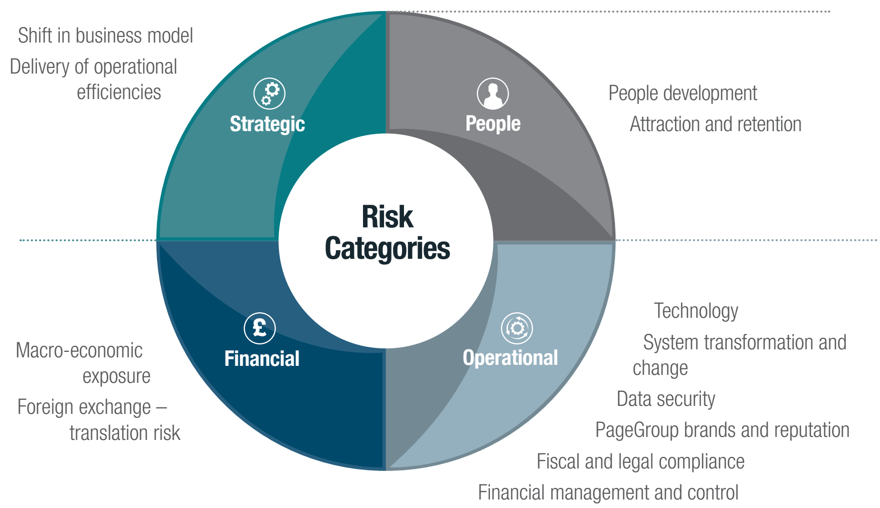
PageGroup operates in this environment with a low risk appetite, seeking to mitigate its strategic risks, maintain a strong financial position and only taking the operational risks it has the experience and capability to manage.

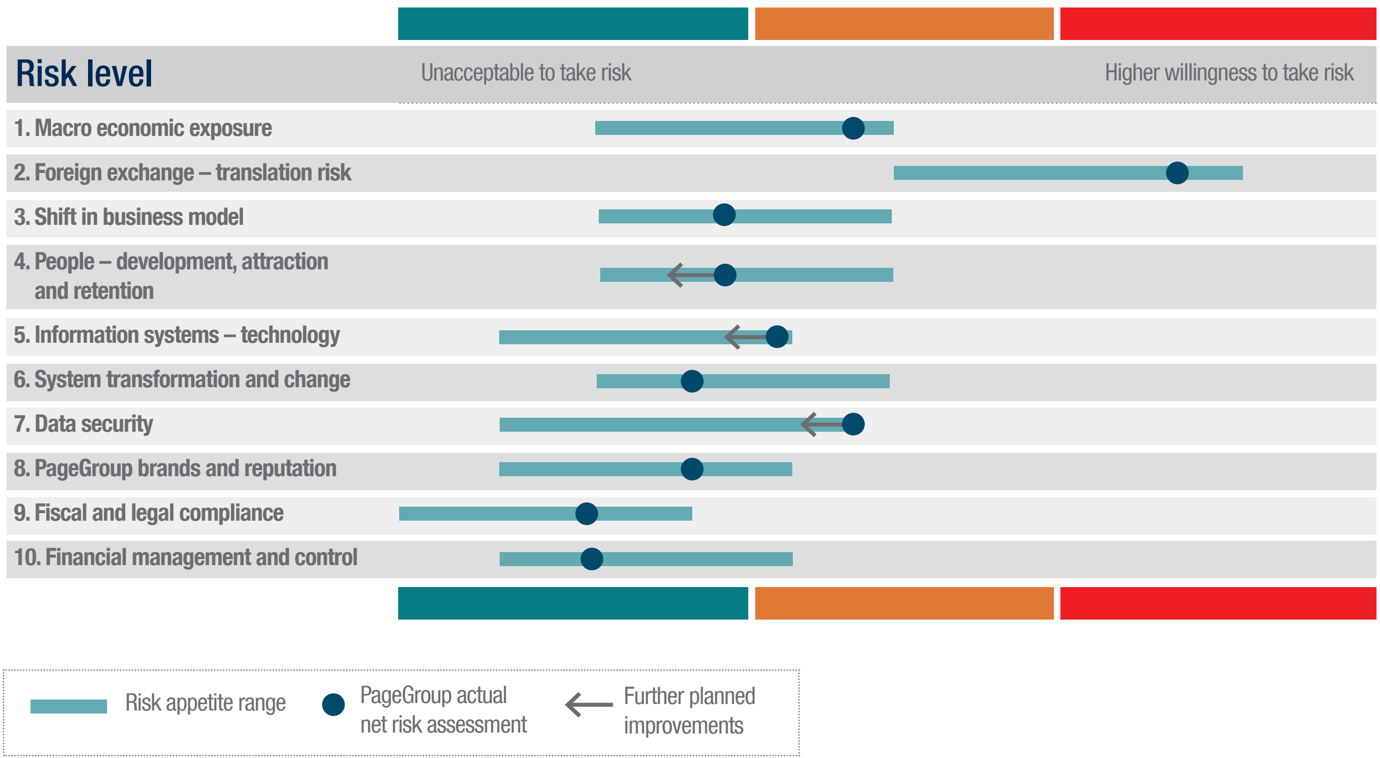
Our growth model is organic, rolling out the proven disciplines for brands to a wide geographic spread. We drive this by developing and promoting our people from within the business, ensuring consistency of model and business culture across the Group.

We maintain a strong sales driven, meritocratic culture with a commitment to operating in an ethical, legal and sustainable manner.

We will always operate a conservative financial position with a strong balance sheet, reflecting the degree of operational gearing inherent in the business.

This measured approach to taking risk ensures we are best placed for success globally.





Principal Risks and Uncertainties

Financial Risks

Macro-economic exposure

Recruitment activity is driven largely by economic cycles and the levels of business confidence. Businesses are less likely to need new hires and employees are less likely to move jobs when they do not have confidence in the market, so leading to reduced recruitment activity.

A substantial proportion of the Group's profit arises from fees that are contingent upon the successful placement of a candidate in a position. If the client cancels the assignment at any stage in the process, the Group receives no remuneration.

Actions to Mitigate Risk

- We have diversified our business by expanding geographically, by increasing the number of disciplines we support, and by establishing three brands to address the different levels of the recruitment market: the clerical professional sector; the qualified professional market; and the executive search sector.
- Our strategy recognises large high potential markets in which we operate, principally Germany, Greater China, Latin America, South East Asia and the US, where we believe it is appropriate to continue to invest through the economic cycles for the long-term. This investment is principally in our people in these areas and can be offset by balancing against costs in other regions where we seek to drive further efficiencies.
- We continue to balance our permanent and temporary staff in line with the ratio of our permanent to temporary business in each of the markets in which we operate. The temporary business tends to be more resilient in times of economic downturn.
- We maintain a relatively low fixed cost base which allows the Group to scale up and down according to the economic environment. Our information systems model is service based and we have centralised support activities at a Group and regional level to ensure we benefit from the efficiencies of scale and standard processes where possible.

Foreign exchange – translation risk

The majority of the Group's operating profit is derived from operations outside of the UK, so material changes in the strength of Sterling against the main functional currencies could have an adverse effect on the Group's reported Sterling profits in the financial statements. The main functional currencies in addition to Sterling are the Euro, Australian Dollar, Swiss Franc, Chinese Renminbi and Singapore Dollar.

- The Group does not actively attempt to hedge the exposure from translation risk as this is a reporting risk only and not an operational risk. In 2016 the Company entered into hedges to cover its investment in foreign entities in the US and Canada.
- The Group does not have material exposure to foreign denominated monetary assets and liabilities.
- Note 20 of the financial statements includes a sensitivity analysis showing the effect of a 10% strengthening of Sterling against other key currencies.

Strategic Risks

Shift in business model

The emergence of new technology platforms including, for example, social media, may lead to increased competition and pressure on margins which may adversely affect the Group's results if it is unable to respond effectively.

Actions to Mitigate Risk

- We actively monitor developments in new technologies and their use in the recruitment sector, and we have a pro-active social media strategy.
- We partner with the large providers, such as LinkedIn and Facebook, to ensure that we use this form of media to enhance our value to clients. All consultants are trained in utilising the benefits of social media in their day-to-day activity.
- Our highly trained and often specialised consultants maintain an extensive qualified candidate database which we use to resource for our clients at an overall cost that they cannot match.
- We have established a network of innovation teams comprising senior management who focus on developments in the marketplace.

People

People attraction, development and retention

The Group's strategy of organic growth, with nearly all senior operational positions being filled from within, relies on its ability to develop high-performing individuals.

The failure to attract and retain employees with the right skill-set, particularly the resignation of key individuals, may adversely affect the Group's operational performance and financial results.

Actions to Mitigate Risk

- We have a well established appraisal process applied throughout the organisation which reviews performance against objectives supported by personal development plans.
- We make significant investments in employees' training and development across the organisation including the opportunity for international career development supported by a global mobility policy. Training is aligned at the consultant level, set at a high standard and is both broad based and individually focused with a "9 step" modular programme to support leaders as they develop through the Group.
- Key high performing individuals are identified and have progression plans recognising their specific needs at different stages of their development.
- We have a strong focus on succession planning at all levels of the business with particular focus on the development of high performing individuals identified as future team leaders.
- We continue to have a strategy of filling senior operational positions from within which is a key part of our retention strategy. Our employees observe high performers being rewarded with promotion and know that the Group provides sustainable career opportunities.
- The Group targets its recruitment process to attract and employ high quality individuals.
- We are committed to a competitive pay and benefits structure and use benchmarking to ensure we remain competitive. We incorporate a performance-led culture with bonus representing a proportion of pay. This bonus structure is based on team profitability which has been shown to encourage the retention of high-performing individuals even in economic downturns.
- We make awards of share options linked to the Group's financial performance to key senior employees. This provides a long-term retention incentive and aligns their motivations with those of our shareholders.
- The Group employment contracts contain protection in the event of an employee leaving, which at our senior level usually contain notice periods and provisions relating to confidentiality and non-solicitation.
- We have a strong sense of pride in everything we do, with a firm belief in teamwork being core to the Group culture. This drives determination to succeed both individually and as a team, increasing the motivation of our staff and making their careers more rewarding.

Operational Risks

Information systems – technology

Our systems are an integral part of our operations. Loss of systems capability would have a high impact on our performance, impacting the quality of service we provide to clients and candidates and our ability to deliver our financial performance.

Our move to the delivery of IT as a flexible service increases our reliance on third party vendors for service delivery. Should one of these vendors fail we are at risk of a service disruption.

(Assessed under technology in our risk appetite)

Actions to Mitigate Risk

- Our core operating systems are governed on a global basis but are regionally based. We recognise the need to ensure best practice is applied throughout the Group and therefore our approach is to ensure common platforms, standards and processes are being applied. Within regions we have developed highly resilient IT operation environments.
- We have a dedicated security team who ensure our systems are protected from unauthorised access. This includes ensuring appropriate multi-layered protection at network and local levels and regular monitoring and testing of our capabilities.
- We have in place disaster recovery plans for each of our services at global and regional levels which provide a level of service agreed with the business in the event of a disaster.
- We are in the process of migrating our services to a cloud-based infrastructure which will further enhance resilience and our disaster recovery capabilities.
- We select vendors through a robust vendor selection process which ensures those chosen have the ongoing capability to support our business requirements effectively. This is reviewed and managed on an ongoing basis through the services delivery team.
- We have in place a central procurement team who in addition to supporting management in commercial negotiations ensure that the relationship with third party suppliers are appropriately defined and operationalised.
- We have in place service delivery contracts with our key vendors which include levels of resilience appropriate to the nature of our business.
- Our service roll-out strategy is to fully pilot new services to ensure they operate effectively and achieve the benefits planned before they are deployed across the Group.

Principal Risks and Uncertainties

Operational Risks

System transformation and change

The Group is in the process of implementing a new suite of IT applications. This has now been successfully delivered to all of our users. We have a working application suitable for our business which will deliver benefits on a global basis. There are still some residual risks around timing.

As our business grows we may be unable to support our front end activities in an efficient and effective manner.

Actions to Mitigate Risk

- We have successfully rolled-out our Page Recruitment System to all of the Group. The next stage in the programme is to ensure the business is deriving the benefits from the enhanced capability and common platforms.
- A programme to implement a global, cloud-based finance system has been initiated which will deliver common systems enabling standard processes and efficiencies. We are using third party specialists to support our internal team in this implementation.
- We have established a dedicated Group Programme Management Office which co-ordinates the delivery of Group-wide projects and ensures appropriate prioritisation of activity through regular reporting into regional and Executive Board meetings.
- Our systems strategy will ensure IT is delivered on a service model managed by a global IT capability which not only ensures an efficient service provision but one which is highly resilient and scalable.
- Our back-office support activity covering IT, Finance, HR and Marketing is provided via shared service centres to ensure we maximise our opportunities for process standardisation and gain the benefits of scale.

Data security

Confidential, sensitive and personal data is held across the Group. Failure to secure and handle this data properly could expose the Group to loss of business, financial penalties and/or reputational damage. As stated earlier, our move to the delivery of IT as a flexible service increases our reliance on third parties. As a consequence, we also have an increased reliance on the third parties' IT security to secure our confidential and sensitive data.

- We have comprehensive data protection policies and procedures in place for the management of confidential, sensitive and personal data.
- Security vulnerability is assessed as part of our IT security strategy and the remediation of identified risks and alerts is tracked. Regular security assurance checks take place across all regions and penetration testing is undertaken by specialist third parties.
- The Board reviews data security on a regular basis and receives updates on the status of our security activity and statistics on attempted data breaches, both internal and external.
- We continue to review our processes and resource requirements in line with developments in both how our business operates, greater reliance on third party suppliers and the level of external risk. During the year we further strengthened the team with additional resource to maintain this focus.

PageGroup brands and reputation

Our brands are material assets of the Group and maintaining their reputation is key to continued success.

In the short-term, any event that could cause reputational damage is a risk to the Group, such as a failure to comply with legislation, or other regulatory requirements, or confidential data lost or stolen. Use of new social media network sites has increased the speed of communication and the reach, increasing the impact of an incident.

In the medium to longer term, a lack of awareness of the Group brands, or a deterioration in the quality of service we provide to both clients and candidates, could have a significant impact.

- We have comprehensive policies for key areas including social media, data protection and information security.
- We actively monitor media to identify where there are unusually high references to the PageGroup, Michael Page, Page Personnel and Page Executive trademarks. We have a clear escalation/reporting path so that any potential incidents can be managed effectively.
- We are supported by external advisers who provide ongoing advice on the protection and management of our brand.
- Our marketing strategy recognises the need to engage with candidates and clients using the latest media available in a way that reflects changing behaviours. We conduct ongoing surveys of clients and candidates to ensure that we understand their requirements and can adapt our processes and procedures accordingly.
- We train our consultants to effectively use new media, making the channels available to them as part of their day-to-day activity.
- We have a programme of activity which ensures that we effectively communicate the Page brands, keeping awareness high among both current and potential clients and candidates.

Operational Risks

Fiscal and legal compliance

The Group operates in a large number of legal jurisdictions that have varying legal, tax and compliance requirements. Any non-compliance with client contract requirements and legislation or regulatory requirements could have an adverse effect on the Group's brands or financial results.

Actions to Mitigate Risk

- The Company Secretary and local legal and compliance teams are advised by leading external advisers, as required, in regard to changes in legislation that affect the Group's business, including employment, legislation, tax and corporate governance.
- Our staff receive induction training and regular updates regarding the Group's policies and procedures and compliance with relevant legislation covering, for example, discrimination legislation, anti-bribery and corruption and pre-employment checks.
- The Group has central tax and treasury functions, which manage the Group's cash position and tax compliance.
- The Group tax function regularly monitors transfer pricing requirements and developments to ensure that appropriate actions are being taken and appropriate documentation is being maintained to meet local reporting and compliance requirements.
- The Group holds all normal business insurance cover including employers' liability, public liability and professional indemnity insurance.
- Contracts include clauses to ensure the Group's rights are protected.

Financial management and control

Failure to maintain adequate financial and management processes and controls could lead to poor quality management decisions, resulting in the Group not achieving its financial targets, or errors in the Group's financial reporting.

- The Group has financial policies and procedures that support effective financial management and financial control and reporting.
- The Finance structure mirrors and supports the local, regional and Group management structure.
- Monthly management information is produced and reconciled, which facilitates regular performance reviews.
- There are compliance teams located in each region which ensure revenues are appropriately recognised.
- The Group operates regional share or service centres which, as well as driving efficiencies, enable more effective control of activities.

The Board's view of direction of travel of gross risk: Similar to prior year | Lower than prior year | Increased since prior year

Going Concern

In adopting the going concern basis for preparing the financial statements for accounting purposes under International Accounting Standard 1 "Presentation of Financial Statements", the Directors have considered the business activities of the Group as well as the principal risks and uncertainties as set out on pages 27 to 30. Based on the Group's level of cash, the level of borrowing facilities available, the geographical and discipline diversification, the limited concentration risk, as well as the ability to manage the cost base, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

Viability Statement

Assessing the prospects of the Company

Our strategy and the key risks we face are described on pages 7 and 27 to 30. A full business forecasting process is performed on a quarterly basis, with a full budget for the following year created during October and November, being presented to the Board in December. The Board reviews the Group's strategy and approves an annual Group budget. Performance is then monitored by the Board through the review of monthly reports showing comparisons of results against budget, quarterly forecasts and the prior year, with explanations provided for significant variances. Discussion around strategy is undertaken by the Board in its normal course of business, as well as at an annual dedicated strategy day.

We also prepare longer-term projections which drive our Strategic Vision. These are typically three years. Our Strategic Vision provides a clear vision for the Group, aligns the Group to one clear culture, provides clarity on investment priorities, branding, belief in achievable goals, and clarity on the goals for our financial vision.

Principal Risks and Uncertainties

The period over which we confirm longer-term viability

Within the context of the above, in accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Board has assessed the viability of the Group.

Given the inherent uncertainty involved, the period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is the three year period to 31 December 2019. This period has been selected as it is short enough to present the Board and, therefore, users of the Annual Report with a reasonable degree of confidence, while still providing an appropriate longer-term outlook. While the Board has no reason to believe the Group will not be viable over a longer period, the Board has taken into account the short-term visibility inherent in a recruitment business with a permanent recruitment bias.

Stress testing

The forecasting and budgeting process is also supported by scenarios that encompass a broad range of potential outcomes. These scenarios are designed to explore the resilience of the Group to the potential impact of the significant risks as set out on pages 27 to 30, or a combination of those risks. We considered cyber incidents, disintermediation by way of innovation, changes in technology, movements in foreign exchange rates, and a global downturn. We have assumed that, as in the past, as downside risks materialise our headcount will flex through natural attrition in line with the drop in gross profit, such that the impact on operating profit is partially mitigated.

The scenarios were designed to be severe, but plausible and were modelled individually and in combination. In each case, the Group remained viable throughout. However, it is considered extremely unlikely that this combination of events would ever occur. Controls are also in place, where possible, to mitigate the impact of these scenarios and these are described on pages 27 to 30.

Various events may also alert the Main and Executive Boards to a potential threat to viability for example, macro-events drive the recruitment industry, a drop in GDP in a particular country may lead to a reduction in gross profit growth rates.

We consider that this stress testing based assessment of the Group's prospects is reasonable in the circumstances given the inherent uncertainty involved.

Confirmation of longer-term viability

The Directors confirm that their assessment of the principal risks and uncertainties facing the Group was robust.

Based upon the robust assessment of the principal risks and uncertainties facing the Company and the stress testing-based assessment of the Company's prospects, all of which are described above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2019. However, we operate in an environment of limited visibility, dependent upon confidence in the global marketplace. Further weakness in the macro-economic outlook may cause us to adapt our strategy during the three-year period in response, leading to a re-evaluation of additional risks involved which might impact the business model.

Review of the Year

Financial summary	2016	2015	Change	Change CER*
Revenue	**£1,196.1m**	£1,064.9m	+12.3%	+3.6%
Gross profit	**£621.0m**	£556.1m	+11.7%	+3.0%
Operating profit	**£101.0m**	£90.1m	+12.1%	+1.4%
Profit before tax	**£100.0m**	£90.7m	+10.3%	
Basic earnings per share	**23.1p**	21.3p	+8.5%	
Diluted earnings per share	**23.1p**	21.1p	+9.5%	
Total dividend per share (excl. special dividend)	**11.98p**	11.5p	+4.2%	
Total dividend per share (incl. special dividend)	**18.44p**	27.5p		

*In constant currency at prior year rates

At constant exchange rates, the Group's revenue for the year ended 31 December 2016 increased 3.6% and gross profit by 3.0%. At reported rates, revenue increased 12.3% to £1,196.1m (2015: £1,064.9m) and gross profit increased 11.7% to £621.0m (2015: £556.1m).

The Group's revenue and gross profit mix between permanent and temporary placements was in line with the prior year at 40:60 and 76:24 respectively. Revenue from temporary placements comprises the salaries of those placed, together with the margin charged. This margin on temporary placements increased slightly to 21.0% in 2016 (2015: 20.8%). Overall, pricing remained relatively stable across all regions, although a stronger pricing environment was experienced in markets and disciplines where there were increased instances of candidate shortages.

Our Large, High Potential Markets category declined 0.3% in constant currencies, but achieved a record gross profit of £186m and growth of 8.9% in reported rates. Strong performances in Germany and Mexico were offset by the difficult trading conditions experienced in Brazil, the US and Greater China.

Total Group headcount increased by 264 in the year, up 5% to a record 6,099. This comprised a net increase of 227 fee earners (+5.1%) and an increase of 37 operational support staff (+3%), reflecting the continued strong focus on operational efficiency. The ratio of net additions in the year was 86 fee earners to 14 operational support staff.

As a result, our fee earner to operational support staff ratio was maintained at the record level of 77:23. In total, administrative expenses increased 11.6% to £520.1m (2015: £466.0m). The Group's operating profit from trading activities totalled £101.0m (2015: £90.1m), an increase of 1.4% at constant rates and 12.1% in reported rates.

The Group's conversion rate of gross profit to operating profit from trading activities increased slightly to 16.3% (2015: 16.2%). This reflected a combination of steadily improving conditions in a number of markets, offset in part by more challenging conditions in some of the Group's larger individual markets such as the UK and Brazil.

Regional Reviews

Gross profit		Reported (£m)			CER
Year-on-year	**% of Group**	**2016**	**2015**	**%**	**%**
EMEA	44%	271.9	217.0	+25.3%	+11.5%
UK	24%	146.3	151.6	-3.5%	-3.5%
Asia Pacific	19%	119.7	109.1	+9.7%	-2.2%
Americas	13%	83.1	78.4	+6.0%	-0.9%
Total	**100%**	**621.0**	**556.1**	**+11.7%**	**+3.0%**
Permanent	76%	470.0	424.0	+10.8%	+2.3%
Temporary	24%	151.0	132.1	+14.4%	+5.1%

Review of the Year

Europe, Middle East and Africa (EMEA)

EMEA	Gross profit (£m)		Growth rates	
(44% of Group in 2016)	**2016**	2015	Reported	CER
	271.9	217.0	+25.3%	+11.5%

Market Presence

EMEA is the Group's largest region, contributing 44% of the Group's gross profit in the year. With operations in 18 countries, PageGroup has a strong presence in the majority of EMEA markets, and is the clear leader in specialist permanent recruitment in the two largest, France and Germany. Across the region, permanent placements accounted for 71% and temporary placements 29% of gross profit.

The region comprises a number of large, proven markets, such as France, Spain, Italy and the Netherlands, across which there is a broad range of competition. EMEA also includes one of the Group's Large, High Potential Markets, Germany, which has low penetration rates (markets where less than 30% of recruitment is outsourced) and significant growth potential, particularly in temporary recruitment. In addition, there are a number of markets such as Poland, Turkey and Africa that are less developed, with limited competition, but are increasingly looking for professional recruitment services. The Middle East, where PageGroup is the largest international recruiter, has some of the Group's highest conversion rates.

Performance

In 2016, the EMEA region generally saw strong market conditions, with 12 countries delivering record gross profit for the year. In constant currency, revenue increased 13.6% on 2015 and gross profit increased by 11.5%. In reported rates, revenue in the region was up 27.8% to £538m (2015: £421m), and gross profit increased 25.3% to £272m (2015: £217m). The region benefited from favourable foreign exchange movements that increased revenue and gross profit by £60m and £30m, respectively.

Our larger businesses in France, Germany and the Netherlands, together representing nearly 60% of the region by gross profit, grew 6%, 9% and 26% respectively, for the full year in constant currencies. Page Personnel in Germany, where last year we invested heavily in temporary and contracting recruitment, grew 17%. Page Personnel now represents over a third of our German business. Overall, 13 countries, representing 44% of the region, had double-digit growth during the year.

The Middle East and Africa, which represented 5% of the region, saw a decline of 7% in gross profit compared to 2015 due to political uncertainty and the weakness in the oil and gas sector.

The 62.1% increase in operating profit for 2016 to £51.7m (2015: £31.9m) and the increase in the conversion rate to 19.0% (2015: 14.7%) is the result of continued favourable market conditions in the region, combined with good control over costs despite transitioning to our new European Shared Service Centre.

Headcount across the region increased by 258 (+11%) to 2,553 at the end of 2016 (2015: 2,295). The majority of the increase was fee earners, as the business added headcount where growth opportunities were strongest, predominately in France, the Netherlands and Southern Europe.

United Kingdom

UK	Gross profit (£m)		Growth rates
(24% of Group in 2016)	**2016**	2015	
	146.3	151.6	-3.5%

Market Presence

The UK represented 24% of the Group's gross profit in 2016 and is the Group's largest single market, operating from 27 offices covering all major cities. It is a mature, highly competitive and sophisticated market with the majority of vacant positions being outsourced to recruitment firms. PageGroup has a market leading presence in permanent recruitment across the UK and a growing presence in temporary recruitment. In the UK, permanent placements accounted for 70% and temporary placements 30% of gross profit.

The UK business operates under the three brands of Michael Page, Page Personnel and Page Executive, with representation in 12 specialist disciplines via the Michael Page brand. There is significant opportunity to roll-out new discipline businesses under the lower-level Page Personnel brand, which now represents 22% of UK gross profit. Our Michael Page business was impacted the most by the Brexit-related economic uncertainty, with activity levels stronger at the lower salary levels and in Page Personnel.

Performance

Revenue of £325m (2015: £338m) and gross profit of £146m (2015: £152m) declined 3.9% and 3.5% respectively, reflecting continued economic uncertainty. UK disciplines such as Technology (+10%), Legal (+10%) and Procurement & Supply Chain (+5%), performed well. However, market conditions in our Accounting & Financial Services discipline (-2%) and Sales and Marketing disciplines were more challenging, with Marketing down 13%. Michael Page was down 5%, while Page Personnel was up 2%, reflecting stronger activity in temporary and permanent recruitment at the professional clerical level. These challenging market conditions resulted in a decline in operating profit of 17.4% to £24.2m (2015: £29.2m) and a reduction in the conversion rate to 16.5% (2015: 19.3%).

Headcount fell 7% during the year to 1,411 at the end of December 2016 (2015: 1,516). With a relatively high staff turnover of newer, less experienced consultants, we will continue to monitor activity and will, if needed, use that turnover to lower headcount, and therefore costs, by natural attrition.

Asia Pacific

Asia Pacific	Gross profit (£m)		Growth rates	
(19% of Group in 2016)	**2016**	2015	Reported	CER
	119.7	109.1	+9.7%	-2.2%

Market Presence

Asia Pacific represented 19% of the Group's gross profit in 2016, with 71% of the region being Asia and 29% Australasia. Other than in the financial centres of Tokyo, Singapore and Hong Kong, the Asian market is generally highly under-developed, but offers attractive opportunities in both international and domestic marketplaces at good conversion rates. Two of our Large, High Potential Markets, South East Asia and Greater China, are in this region. With a highly experienced management team of c. 800 staff and limited competition, the size of the opportunity in Asia is significant. Across Asia, permanent placements accounted for 95% and temporary placements 5% of gross profit.

Australasia is a mature, well-developed and highly competitive recruitment market. PageGroup has a meaningful presence in permanent recruitment in the majority of the professional disciplines and major cities in Australia and New Zealand. Page Personnel has a growing presence and significant potential to expand and grow market share.

Performance

In Asia Pacific, in constant currencies, revenue decreased 3.0% and gross profit decreased by 2.2%. In reported rates, revenues increased 9.6% to £210m (2015: £191m), while gross profit rose 9.7% to £120m (2015: £109m).

Australasia benefited from growth in our Australian Page Personnel business of 9% and growth in New Zealand of 37%. Trading conditions in Greater China (-4%) improved towards the end of the year, driven in particular by Eastern China. In Hong Kong, where we have a large number of multinational clients, we continue to experience tough market conditions. South East Asia was down 6% on the prior year, due primarily to difficult trading conditions in Singapore. We made leadership and management changes in Singapore during the year, which, we believe, will enable us to better react to the current environment and growth opportunities.

Operating profit fell 8.8% to £20.7m (2015: £22.7m), resulting in a reduction in the conversion rate to 17.3% (2015: 20.8%). Headcount across the region rose by 25 (2%) in the year, ending the year at 1,205 (2015: 1,180). The majority of these headcount additions were in Asia.

The Americas

Americas	Gross profit (£m)		Growth rates	
(13% of Group in 2016)	**2016**	2015	Reported	CER
	83.1	78.4	+6.0%	-0.9%

Market Presence

The Americas represented 13% of the Group's gross profit in 2016, being North America (56% of the region) and Latin America (44% of the region). Both the US and Latin America are considered to be Large, High Potential Markets in our growth strategy. The US, where we have eight offices, has a well-developed recruitment industry, but in many disciplines, especially technical, there is limited national competition of any scale. PageGroup's breadth of professional specialisms and geographic reach is uncommon and provides a competitive advantage. Latin America is a very under-developed region, where PageGroup enjoys the leading market position with around 550 employees in six countries and 15 offices. There are few international competitors and none with any regional scale. Across Latin America, permanent placements accounted for 92% of gross profit and temporary placements 8%.

Performance

In constant currencies, revenue decreased 0.2% and gross profit declined by 0.9%. In reported rates, revenue increased 7.7% to £124m (2015: £115m) while gross profit improved 6.0% to £83m (2015: £78m). During the year, the region benefited from favourable foreign exchange movements that increased revenue and gross profit by £9m and £5m, respectively.

In North America, our gross profit decreased by 4% in constant currencies. This was driven by the US (down 3%) which was impacted in particular by our Financial Services business in New York and the Tri-state area, as well as in our Canadian business which declined 8%, due to the prevailing economic conditions and the challenging oil and gas market.

In Latin America, gross profit was up 2% year-on-year in constant currencies. The region continued to operate in two divergent markets, with tough economic conditions in Brazil, which led to a fall in gross profit of 21%, offset by strong performances elsewhere. Our business in Brazil reacted to the challenging economic conditions by reducing the number of fee earners by 7% during the year. Excluding Brazil, the other countries in the region, which made up 65% of Latin America, saw growth of 19%.

Operating profit fell 29.6% to £4.4m (2015: £6.2m), with a conversion rate of 5.3% (2015: 7.9% %). Headcount increased by 86 (+10%) in 2016 to 930 (2015: 844).

Review of the Year

Operating Profit and Conversion Rates

The Group's organic growth model and profit-based team bonus ensures cost control remains tight. Approximately three-quarters of costs were employee related, including wages, bonuses, share-based long-term incentives, and training and relocation costs.

Our fee earner to operational support staff ratio maintained its record level of 77:23, with our ongoing focus on conversion rates and maximising productivity from the investment of 206 fee earners added in 2015, as well as the further 227 added in 2016. Net additions in the year were 86 fee earners to 14 operational support staff.

The combination of the weakness in Sterling and the ongoing focus on cost control resulted in operating profit of £101.0m (2015: £90.1m), an increase of 12.1% in reported rates and 1.4% in constant currencies.

In December, we completed the roll-out of PRS, our new operating system. We also completed the European Finance transition into our Shared Service Centre in Barcelona, although with the last countries transitioning in December, there was still some temporary parallel-running in place at the year end. The Marketing transition completed earlier in the year and IT is now two-thirds complete, the latter progressing in line with our strategy to move to the Cloud.

Depreciation and amortisation for the year totalled £17.1m (2015: £15.4m). This included amortisation relating to PRS of £7.6m (2015: £6.7m).

The Group's conversion rate for the period of 16.3% was a slight improvement from 16.2% in 2015. This was achieved alongside the Group's investment programme, which was focused in particular on our Large, High Potential Markets, and despite the tough market conditions faced in a number of the Group's core markets.

In EMEA, despite the costs of transitioning to our new European Shared Service Centre, conversion increased from 14.7% to 19.0%. This was driven by operational leverage on gross profit growth. All other regions saw a worsening of conversion rates due to tough trading conditions. In the UK, the conversion rate fell from 19.3% to 16.5%, while Asia Pacific saw a fall from 20.8% to 17.3%, driven mainly by economic concerns in Greater China. The Americas conversion rate was impacted by tough market conditions within our New York Financial Services market, down to 5.3% from 7.9% in 2015.

The Group benefited from movements in foreign exchange rates, as Sterling weakened against almost all currencies in which the Group operates. The weakness of Sterling increased the Group's revenue, gross profit and operating profit by £93m, £48m and £10m, respectively.

A net interest charge of £1.0m primarily reflected the catch up of £0.6m interest expense relating to the discounting of French construction participation tax which has now been recognised. Interest of £0.1m was received on cash balances held through the year, offset by financial charges relating to the Group's invoice discounting facility and overdrafts used to support local operations of £0.5m.

Earnings Per Share and Dividends

In 2016, basic earnings per share increased 8.5% to 23.1p (2015: 21.3p), reflecting the favourable foreign exchange movements and improved business performance. Diluted earnings per share, which takes into account the dilutive effect of share options, was up 9.5% to 23.1p (2015: 21.1p).

The Group's strategy is to operate a policy of financing the activities and development of the Group from our retained earnings and to maintain a strong balance sheet position. We first use our cash to satisfy our operational and investment requirements and to hedge our liabilities under the Group's share plans. We then review our liquidity over and above this requirement to make returns to shareholders, firstly by way of ordinary dividend.

Our policy is to grow this ordinary dividend over the course of the economic cycle, in line with our long-term growth rate; we believe this enables us to sustain the level of ordinary dividend payments during a downturn as well as increasing it during more prosperous times.

Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends or share buybacks.

In line with the improved growth rates and increase in operating profits, a final dividend of 8.23p (2015: 7.9p) per ordinary share is proposed. When taken together with the interim dividend of 3.75p (2015: 3.6p) per ordinary share, this would imply an increase in the total dividend for the year of 4.2% over 2015 to 11.98p per ordinary share.

The proposed final dividend, which amounts to £25.6m, will be paid on 19 June 2017 to shareholders on the register as at 19 May 2017, subject to shareholder approval at the Annual General Meeting on 8 June 2017.

After consultation with our shareholders, we also paid a special dividend of 6.46p per share on 12 October 2016, totalling £20m. We will continue to monitor our cash position in 2017 and will make returns to shareholders in line with the above policy.

Cash Flow and Balance Sheet

Cash flow in the year was strong, with £121.3m (2015: £101.6m) generated from operations. The closing net cash balance was £92.8m at 31 December 2016, a decrease of £2.2m on the prior year. The movements in the Group's cash flow in 2016 reflected trading conditions in 2016, with a £1.1m increase in working capital.

The Group has a £50m invoice financing arrangement and a £13m committed overdraft facility to facilitate cash flows across its operations and ensure rapid access to funds should they be required. Neither of these were in use at the year end.

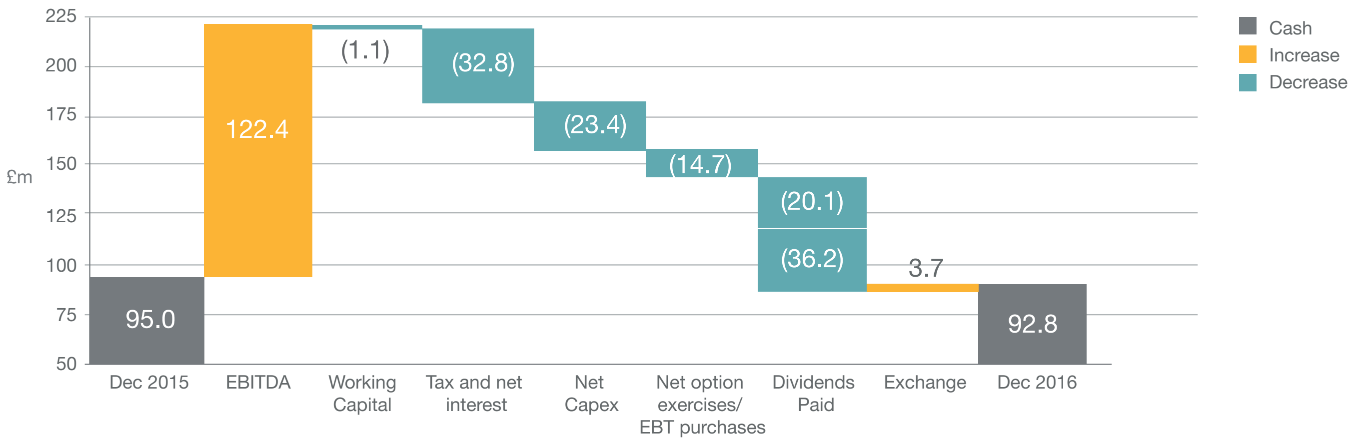
Income tax paid in the year was £32.5m (2015: £19.1m) an increase of £13.4m on the prior year. The increase reflects principally an increase in the UK arising from the impact of a repayment received in 2015 and an additional payment made in 2016, both in respect of earlier years. The adjustment by way of repayment and additional payment is a normal consequence of periodic payments on account in the UK with liabilities not being finalised until 12 months after the financial year. There was also increased foreign withholding tax incurred in the year and higher tax payments in EMEA resulting from its stronger trading performance. In addition, the weakening of Sterling in the year has increased the value of foreign tax payments when translated into Sterling.

Net capital expenditure in 2016 was £23.4m (2015: £14.8m). Spending on software increased as we completed the implementation of our new PRS operating system and started the transition to our new Global Finance System. Spending on property, plant and equipment increased due to office moves in the year in New York, Tokyo and Neuilly, Paris, which is now the Group's largest office by headcount.

Dividend payments were down on the prior year at £56.3m (2015: £85.1m), as a result of the larger special dividend paid in 2015. There was also a significant reduction in cash receipts from share option exercises. In 2016, £0.4m was received by the Group from the exercise of options compared to £22.6m received in 2015, driven by the higher share price at that time. In 2016, £15.1m was also spent on the purchase of 3.7m shares by the Employee Benefit Trust to satisfy future obligations under our employee share plans (2015: £nil).

The most significant item in our balance sheet was trade receivables, which amounted to £205.1m at 31 December 2016 (2015: £163.4m), comprising permanent fees invoiced and salaries and fees invoiced in the temporary placement business, but not yet paid. Day's sales in debtors at 31 December 2016 were 50 days (2015: 46 days).

Cash flow waterfall 2016



Foreign Exchange

Foreign exchange provided a substantial benefit to our reported results for the year, increasing gross profit by £48m, administrative expenses by £38m and therefore operating profit by £10m. This impact was felt globally, but by far the largest impact was within EMEA, where gross profit increased by £30m.

Taxation

The tax charge for the year was £27.9m (2015: £24.5m). This represented an effective tax rate of 27.9% (2015: 27.0%). The rate is higher than the effective UK Corporation Tax rate for the year of 20.0% (2015: 20.25%) principally due to the impact of disallowable expenditure and higher tax rates in overseas countries.

For 2016, the underlying tax rate was 27.4% (2015: 29.4%). The reduction from 2015 was predominantly owing to greater profits from territories with lower tax rates and rate changes, predominantly reductions, in approximately one third of the countries in which PageGroup operates such as the UK where the corporation tax rate has fallen from 20.25% to 20.0%. In addition to the movement in the underlying rate, the effective tax rate in 2016 was impacted by a mix of recognition (0.5% decrease) and derecognition (0.8% increase) of losses across a range of territories (overall 0.3% increase) and tax on share options (0.2% increase) which together increased the rate by 0.5%.

The tax charge for the year reflects the Group's tax policy, which is aligned to business goals. It is PageGroup's policy to pay its fair share of tax in the countries in which it operates and to deal with its tax affairs in a straightforward, open and honest manner.

Share Options and Share Repurchases

At the beginning of 2016 the Group had 17.9m share options outstanding, of which 5.4m had vested, but had not been exercised. During the year, options were granted over 1.8m shares under the Group's share option plans. Options were exercised over 0.1m shares, generating £0.4m in cash, and options lapsed over 1.6m shares. At the end of 2016, options remained outstanding over 17.9m shares, of which 7.8m had vested, but had not been exercised. During 2016, 3.7m shares were purchased at a cost of £15.1m by the Group's Employee Benefit Trust to satisfy obligations under future employee share plans (2015: £nil). No shares were repurchased by the Company or cancelled during the year (2015: nil).

Approved by the Board on 7 March 2017 and signed on its behalf by:

Steve Ingham
Chief Executive Officer

Chairman's Introduction to Corporate Governance

David Lowden, Chairman

Dear Shareholder,

I am pleased to present the Company's Corporate Governance Report for the financial year ended 31 December 2016. Your Board believes that sound governance, both in the boardroom and throughout the Group, is fundamental to the long-term success of the business. It remains committed to high standards of governance and the fostering of an effective governance framework. This underpins the Board's ability to set the overall strategic direction of PageGroup and supports its core values, policies and procedures, which in turn, creates an environment in which our business and employees can act with integrity and effectiveness, while driving profitable growth.

The following pages of this Corporate Governance Report set out how the Company has complied with the UK Corporate Governance Code; the work and activities of each Board Committee; and the annual evaluation process, which this year was an externally facilitated review undertaken by Lintstock Limited.

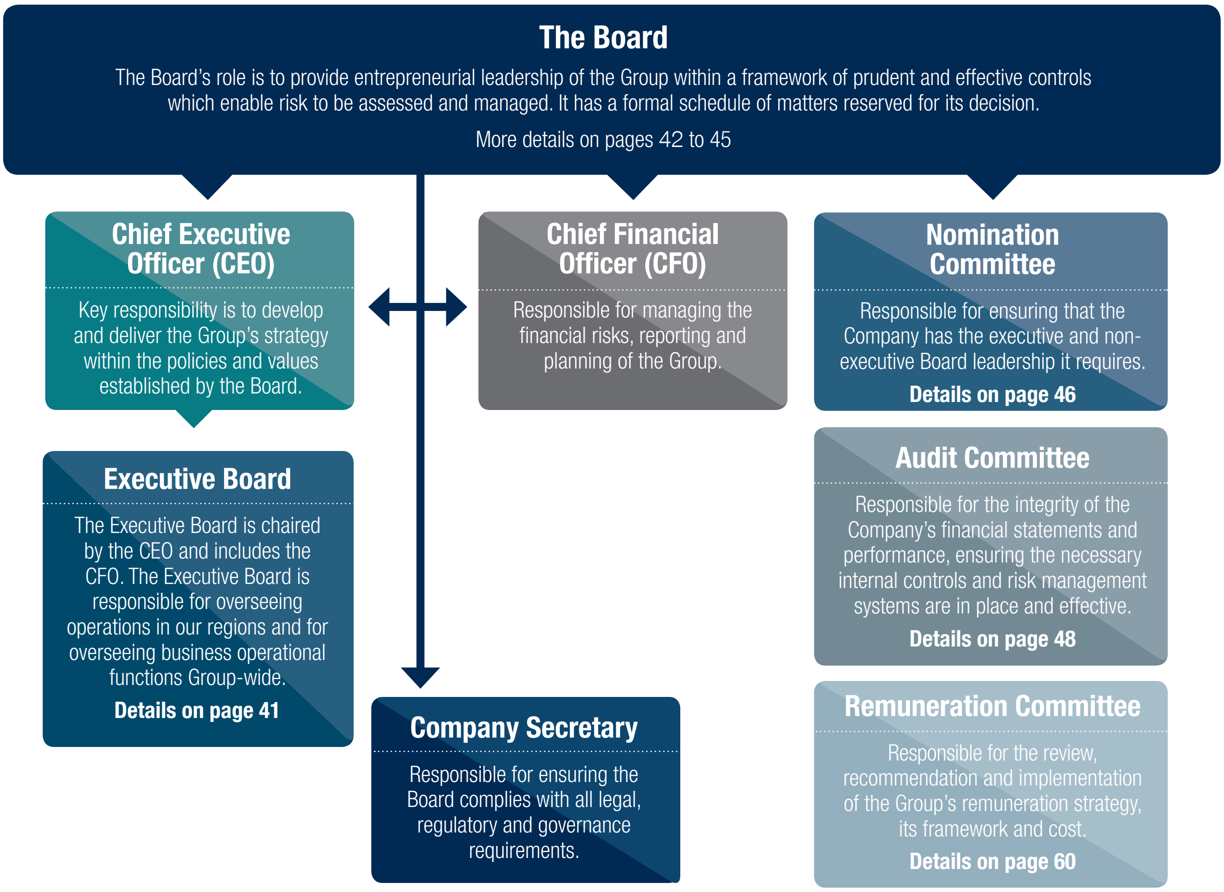
During the year under review the Board continued to build a strong and well balanced Board. Baroness Ruby McGregor-Smith completed nine years on the Board in May 2016 and at the request of the Board continued to serve on the Board as a Non-Executive Director. Ruby was re-elected by shareholders at the Annual General Meeting in June 2016. Ruby ceased to be a member of the Audit and Remuneration Committees with effect from 23 May 2016 and stood down as Senior Independent Director on 9 June 2016, when Patrick De Smedt was appointed in her stead. In October, on the recommendation of the Nomination Committee, the Board appointed Michelle Healy as a Non-Executive Director. Michelle has extensive experience in global human resources management. This experience, together with Michelle's general management experience in the service sector, complements that of the other Board members.

I hope you find our Corporate Governance Report informative and I will be available at the 2017 Annual General Meeting to respond to any questions you may have on this Report.

David Lowden
Chairman

7 March 2017

Our Corporate Governance Framework



Our Board of Directors

David Lowden, Chairman

Date of Appointment:
Director August 2012
Chairman December 2015

Past Roles: David was a member of the Board of Taylor Nielson Sofres plc, the marketing services business, from 1999 to 2009, becoming Chief Executive Officer in 2006. Before joining Taylor Nielson Sofres plc David held senior financial positions in Asprey plc, A.C. Nielsen Corporation and Federal Express Corporation.

Other Current Appointments: Senior Independent Director and Chairman of the Remuneration Committee, Berensden plc; Non-Executive Director and Chairman of the Audit and Risk Committee, William Hill plc.

Board Committees: Nomination (Chairman)

Skills and Experience:

- Extensive experience in both general management and financial management
- Many years of operating within international businesses with cultural diversity
- Strong strategic understanding
- Proven ability for delivering shareholder value
- Strong financial, marketing and commercial skills
- Experienced non-executive in several sectors

Steve Ingham, Chief Executive Officer, Executive Director

Date of Appointment:
February 2001
Chief Executive Officer April 2006

Past Roles: Steve joined Michael Page in 1987 as a consultant with Michael Page Marketing and Sales. He was responsible for setting up the London Marketing and Sales business and was promoted to Operating Director in 1990. He was appointed Managing Director of Michael Page Marketing and Sales in 1994. Subsequently Steve took additional responsibility for several businesses. He was promoted to the Board as Executive Director of UK Operations in February 2001 and subsequently to Managing Director of UK Operations in May 2005. Steve was appointed Chief Executive Officer in April 2006.

Other Current Appointments: Non-Executive Director, Debenhams plc. Member of the Corporate Partnership Board, Great Ormond Street Hospital.

Board Committees: None

Skills and Experience:

- 30 years' service with the Group and recruitment industry
- 11 years as a CEO of a public company, now FTSE 250, with strong IR skills, delivering shareholder value
- Strong entrepreneurial and strategic skills having initiated and grown many businesses
- Extensive experience in business development and account management
- Significant international experience including the emerging markets of SE Asia, China, Latin America and India
- Leadership of a global people business having seen PageGroup grow from 200 to over 6,000 employees
- Experience in other sectors and industries having worked on the Boards of a major charity and retailer

Kelvin Stagg, Chief Financial Officer, Executive Director

Date of Appointment:
June 2014

Past Roles: Kelvin joined PageGroup plc in July 2006 as Group Financial Controller and Company Secretary. He was appointed Acting Chief Financial Officer in October 2013. He held the title of Company Secretary until December 2013. In June 2014 Kelvin was appointed Chief Financial Officer. Prior to joining the Group, Kelvin spent six years at Allied Domecq and three years at Unilever in a variety of finance functions. He has significant international experience and has high levels of compliance, change management, large teams and systems experience, across almost every finance discipline.
He is a Chartered Management Accountant.

Other Current Appointments: None

Board Committees: None

Skills and Experience:

- More than ten years in the Group with a detailed knowledge of the Group's operations
- Extensive experience in finance, audit and risk management
- Significant international experience including roles in the UK, Continental Europe and Asia
- High levels of compliance, change management, large teams and systems experience, across almost every finance discipline
- Strong network of finance professionals

Our Board of Directors

Baroness Ruby McGregor-Smith CBE, Non-Executive Director

Date of Appointment:
May 2007

Past Roles: Ruby qualified as a Chartered Accountant with BDO Stoy Hayward. Ruby joined Mitie Group plc in December 2002 as Group Finance Director and was appointed Chief Operating Officer in September 2005. She was Chief Executive of Mitie Group plc from March 2007 to December 2016.

Other Current Appointments: Member of the Women's Business Council; Non-Executive Director of the Department of Education.

Board Committees: Nomination*

Skills and Experience:

- CEO, COO and CFO experience with a FTSE 250 public company for over 13 years
- Strong strategic and commercial understanding
- Proven ability for delivering shareholder value
- Extensive experience in customer services
- Significant financial, audit and risk management systems experience

* Ruby was a member of the Audit and Remuneration Committees until 23 May 2016

Simon Boddie, Independent Non-Executive Director

Date of Appointment:
September 2012

Past Roles: Simon qualified as a Chartered Accountant with Price Waterhouse. He was Group Finance Director of Electrocomponents plc until 2015. Prior to that Simon held a variety of senior finance positions with Diageo over a 13-year career, latterly Finance Director of Key Markets.

Other Current Appointments: Chief Financial Officer, Coats Group plc.

Board Committees: Audit (Chairman), Nomination, Remuneration

Skills and Experience:

- CFO of FTSE 250 public company for over ten years
- Extensive experience in financial, audit and risk management
- Many years of operating within international businesses with cultural diversity
- Emerging markets experience
- Strong strategic and commercial understanding
- Broad industry experience, including consumer goods, distribution and manufacturing

Danuta Gray, Independent Non-Executive Director

Date of Appointment:
December 2013

Past Roles: Danuta was Chairman of Telefonica O2 in Ireland until December 2012, having previously been its Chief Executive from 2001 to 2010. Prior to that Danuta was Senior Vice President for BT Europe in Germany and during her career gained experience in sales, marketing, customer services and technology and in leading and changing large businesses. She previously served for seven years on the Board of Irish Life and Permanent plc and was a Director of Business in the Community Ireland and Aer Lingus plc.

Other Current Appointments: Non-Executive Director and Remuneration Committee Chairman, Old Mutual plc; Non-Executive Director and Senior Independent Director of Aldermore Bank PLC; Non-Executive Director of Paddy Power Betfair plc*; Non-Executive Director, Direct Line Insurance Group plc; Member of the Defence Board, UK Ministry of Defence.

Board Committees: Remuneration (Chairman), Audit, Nomination

Skills and Experience:

- Chairman and CEO experience
- Experienced non-executive in several sectors
- Extensive experience in general management
- Proven ability for delivering shareholder value
- Strong strategic understanding
- Extensive experience in sales, marketing, customer services and technology
- Leading and changing large businesses

* Danuta will cease to be a Non-Executive Director of Paddy Power Betfair plc from 17 May 2017

Michelle Healy, Independent Non-Executive Director

Date of Appointment:
October 2016

Past Roles: Before joining ISS in April 2015 Michelle was Director, Group Integrated Change Programme at SABMiller plc. Prior to this, Michelle was General Manager UK & Ireland for British American Tobacco plc, having previously held a number of senior roles within the Group. Michelle's earlier career included assignments with Kerry Group plc and Trust Management Consultants in Germany.

Other Current Appointments: Group Chief People & Culture Officer, ISS World Services A/S.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience in global human resources leadership
- Leading and delivering change
- Extensive experience in general management

Patrick De Smedt, Senior Independent Director

Date of Appointment:
August 2015

Past Roles: Patrick spent 23 years at Microsoft during which time he founded the Benelux subsidiaries, led the development of its Western European business and served as Chairman of Microsoft for Europe, Middle East and Africa. Since leaving Microsoft in 2006, Patrick has served on the boards of a number of European public and private companies. He has deep knowledge of international markets and information technology, and experience as a non-executive in diverse industry sectors.

Other Current Appointments: Non-Executive Director and Remuneration Committee Chairman of Victrex plc; Senior Independent Director of KCOM Group plc; Senior Independent Director and Remuneration Committee Chairman of Morgan Sindall Group plc; Non-Executive Director of Kodak Alaris Holdings Ltd; Non-Executive Director of Nexinto GmbH.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience of technology and customer services
- Experienced non-executive in several sectors
- Extensive experience in general management
- Many years of operating within international businesses with cultural diversity
- Proven ability for delivering shareholder value
- Leading and changing large businesses

Elaine Marriner, Company Secretary

Date of Appointment:
December 2013

Past Roles: Prior to this appointment Elaine was Company Secretary and General Counsel of HMV Group plc.

Skills and Experience:

- Over 25 years' experience as a Chartered Secretary
- Extensive public company, compliance and corporate governance experience
- General counsel experience in FTSE250 companies from a number of business sectors

The Executive Board

Steve Ingham

Chief Executive Officer, Executive Director

See biography on page 38.

Kelvin Stagg

Chief Financial Officer, Executive Director

See biography on page 38.

Gary James

Executive Board Director, Asia Pacific

Gary joined Michael Page Finance in London in 1984. He was appointed director of Michael Page UK Sales and Marketing in 1994 and Managing Director of Michael Page UK Marketing in 1997. In 2002 he transferred to the USA on his appointment as Managing Director of our business in North America. He was appointed Regional Managing Director of the Asia Pacific region in August 2006.

Olivier Lemaitre

Executive Board Director, Continental Europe

Olivier joined Michael Page Finance in Paris in 1997, having worked previously as a Controller for Renault in Poland. In 1999, he moved to Sao Paulo to launch Michael Page Brazil, before returning to Europe in November 2002 to lead our Michael Page Frankfurt office. He was appointed managing director of Michael Page Germany in 2004. In 2007, he was appointed Regional Managing Director in charge of Austria, Belgium, Germany, the Netherlands, Luxembourg and Switzerland. Since 2012 he has been responsible for PageGroup's operations in Continental Europe.

Patrick Hollard

Executive Board Director, Latin America, Middle East and Africa

Patrick joined Michael Page in France in 1996, having worked previously for KPMG Peat Marwick. Prior to that, he had been Vice-President of AISEC International, the student-led organisation, from 1991 to 1992. Appointed director in 1999, he moved to Sao Paulo to launch Michael Page Brazil, and then launched offices in Mexico in 2006, Argentina in 2008, Chile in 2010 and Colombia in 2011. Appointed Regional Managing Director in 2007, he is now responsible for PageGroup's operations in Latin America, Middle East and Africa.

Oliver Watson

Executive Board Director, UK, USA and Canada

Oliver joined Michael Page in 1995 as a consultant in London. He was appointed director of Michael Page UK Sales in 1997 and then managing director in 2002. In 2006, he was appointed Regional Managing Director for Michael Page UK Sales, Marketing and Retail. In 2007, he launched Michael Page Middle East and has since developed our office network across the region. In 2009, he became Regional Managing Director for Michael Page UK Finance, Marketing and Sales, Middle East, Scotland and Ireland. He is now responsible for PageGroup's operations in the UK, USA and Canada.

Corporate Governance Report

Compliance with the UK Corporate Governance Code

During the year ended 31 December 2016 and to the date of this document, the Company has complied with the provisions of the UK Corporate Governance Code 2014 (the "Code"). The Code is publicly available on the FRC website (www.frc.org.uk). In this Corporate Governance section, together with the Strategic Report on pages 1 to 36, the Directors' Remuneration Report on pages 53 to 72 and the Directors' Report on pages 73 to 75, we describe how we have applied the main principles of the Code.

The Board and its operation

The Board of PageGroup plc is the body responsible for the overall conduct of the Group's business and has the powers and duties set out in relevant laws of England and Wales and in its Articles of Association.

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board is collectively responsible to the Company's shareholders for the success of the Company. The Board is satisfied that it has met the Code's requirements for its effective operation.

Composition of the Board

As at the end of the year under review the Board comprised the Chairman, the Chief Executive Officer, the Chief Financial Officer and five Non-Executive Directors. The biographies of each of these Directors can be found on pages 38 to 40.

Michelle Healy was appointed a Non-Executive Director of the Company on 10 October 2016. All other Directors served throughout the year. The Board considers that during the year under review, and in the case of Michelle Healy from her date of appointment onwards, each of Simon Boddie, Patrick De Smedt and Danuta Gray were independent. In addition, the Board determined that David Lowden was independent at the time of his appointment as Chairman.

Baroness Ruby McGregor-Smith completed nine years on the Board in May 2016. At the request of the Directors, Ruby agreed to continue to serve on the Board as a Non-Executive Director and consequently stood for re-election at the 2016 Annual General Meeting, where she was reappointed. Ruby ceased to be a member of the Audit and Remuneration Committees with effect from 23 May 2016 and stood down as Senior Independent Director on 9 June 2016. The Board determined that Ruby remained independent for these few days, during which no matters arose which required the attention of the Senior Independent Director. Ruby's term of appointment will cease on 23 May 2017 and will not be renewed for a further period.

There is a clear division of responsibilities between the role of the Chairman and that of the Chief Executive Officer. While the Board is collectively responsible for the success of the Company, the Chairman manages the Board to ensure that the Company has appropriate objectives and an effective strategy. He ensures that there is a Chief Executive Officer with a team to implement the strategy and that there are procedures in place to inform the Board of performance against objectives. The Chairman also ensures that the Company is operating in accordance with the principles of corporate governance. The Chairman's other significant commitments are noted on page 38. The Board considers that these are not a constraint on the Chairman's agreed time commitment to the Company.

Patrick De Smedt was appointed as the Senior Independent Director on 9 June 2016 and acts as an alternative channel of communication for shareholders. He also acts as a sounding board for the Chairman and serves as an intermediary for other Directors.

Steve Ingham, the Chief Executive Officer, has overall responsibility for the day-to-day management of the Group's operations. He develops the vision and strategy for the Board's review, implements the Board's approved strategy and chairs the Executive Committee (known within the Group as the "Executive Board") which executes the delivery of the annual operating plans. He also leads the programme of communication with shareholders.

Executive and Non-Executive Directors are equal members of the Board and have collective responsibility for Board decisions. The Non-Executive Directors bring a wealth of skills and experience to the Board and its Committees.

The Board has a formal schedule of matters reserved for its decision which includes:

- Group strategy and corporate objectives;
- Determining the nature and extent of the significant risks the Board is willing to take in achieving the strategic objectives of the Company;
- Major changes to the nature, scope or scale of the business of the Group;
- Corporate governance matters;
- Approval of Nomination Committee recommendations on the appointment and removal of Directors and succession planning;
- Changes to the Group's capital structure and approval of any business plan prior to a new entity being established in a new territory;
- Financial reporting, audit and tax matters;
- Material contracts and transactions not in the ordinary course of business;
- Material capital expenditure projects;
- Approval of the annual budget;
- Obtaining major finance; and
- Communications with stakeholders and complying with regulatory requirements.

Induction, training and information

The Chairman is responsible for the induction of new directors and is assisted by the Company Secretary. On appointment to the Board, each Director discusses with the Chairman and the Company Secretary the extent of the training required. A tailored induction programme to cover their individual requirements is then compiled. Elements of the programme typically

Corporate Governance Report

consist of meetings with senior executives, site visits, attending internal conferences and consultant shadowing to understand the day-to-day activities of a recruitment consultant. In addition, information is provided on the Company's services, Group structure, Board arrangements, financial and environmental, social and governance information, major competitors and major risks.

Directors update and refresh their knowledge and familiarity with the Group through site visits, participation at meetings with and receiving presentations from senior management. This is in addition to the access that every Director has to the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with as well as advising the Board on new legislation and corporate governance matters. Board Committees and Directors are also given access to independent professional advice at the Group's expense if the Directors deem it necessary in order for them to carry out their responsibilities.

For each Board and Committee meeting Directors receive a pack of relevant information on the matters to be discussed. The Board uses a third party board portal to distribute information quickly and securely. The Chief Executive Officer presents a comprehensive update on the business issues across the Group to the Board and the Chief Financial Officer presents a detailed analysis of the financial performance. The Board also receives at each Board Meeting an Investor Relations Report, including any feedback from investors and Investor Roadshows. Regional Managing Directors and other senior managers also attend relevant parts of Board meetings and the Board Strategy Day in order to make presentations on their areas of responsibility.

Board Committees

The Board has three principal Board Committees, each of which regularly reports to the Board: the Audit Committee, Nomination Committee and Remuneration Committee. The Audit and Remuneration Committees are comprised solely of independent Non-Executive Directors.

The Nomination Committee is comprised of all Non-Executive Directors and is chaired by the Chairman of the Board who was independent on appointment.

Details of the composition and activities of each Committee can be found in the respective reports of each Committee: Audit Committee Report on pages 48 and 49; the Nomination Committee Report on page 46; and the Directors' Remuneration Report on page 60.

Each Committee has clear terms of reference, copies of which can be found on the Company's website www.page.com. Each Committee also reviews its effectiveness and makes recommendations to the Board of any appropriate changes as and when required. The Chairman of each of the Board Committees will be available to answer shareholders' questions at the forthcoming Annual General Meeting.

The Company Secretary acts as secretary to each of these Committees and minutes of meetings are circulated to all Committee members and to all members of the Board unless it would be inappropriate to do so.

The Group also has an Executive Board which is chaired by the Chief Executive Officer. It comprises the Chief Financial Officer and other senior executives, biographies for whom can be found on page 41. The Executive Board usually meets four times a year and is responsible for assisting the Chief Executive Officer in the performance of his duties. These include the development and implementation of strategy, operational plans, policies, procedures and budgets. These activities are performed at a regional level by regional boards for each of the UK and North America, Continental Europe, Asia Pacific and Latin America, Middle East and Africa. Each regional board usually meets at least four times a year.

Board and Committee Attendance

The table below sets out the number of meetings of the Board held during the year and individual attendance by the Directors at these meetings, demonstrating commitment to their role as Directors of the Company. Attendance by the relevant members of each Committee can be found on page 48 (Audit Committee), page 46 (Nomination Committee) and page 60 (Remuneration Committee). The Board met eight times during the year. During the year under review the Non-Executive Directors met on several occasions without the Executive Directors being present. The Non-Executive Directors also met without the presence of the Chairman.

Succession Planning

Executive development and succession planning discussions are held each year. These discussions focus on the development and succession of the Executive Directors, Executive Board members and other senior managers in the Group with the aim of ensuring that existing senior executives are being developed and that there is a pipeline of talented senior individuals within the business. Development and succession planning is a critical part of the Chief Executive Officer's performance objectives for annual bonus and long-term remuneration.

Director	No. of meetings	
	Held	Attended
David Lowden	8	8
Simon Boddie	8	8
Patrick De Smedt	8	8
Danuta Gray	8	8
Michelle Healy[1]	8	1
Steve Ingham	8	8
Baroness Ruby McGregor-Smith[2]	8	6
Kelvin Stagg	8	8

Notes:

1. Michelle Healy was appointed as a Director of the Company on 10 October 2016 so was eligible to attend only one Board meeting.
2. Baroness Ruby McGregor-Smith was unable to attend the Board meetings held in August and December due to prior engagements.

In addition, the Nomination Committee also considers the breadth and depth of experience of the Non-Executive Directors and considers on a regular basis succession planning for the Board as a whole. Information on the Board's policy on diversity both at Board level and the Group as a whole can be found in the Nomination Committee Report on page 46 and the Strategic Report on page 20.

Performance Evaluation

In line with the Code, each year the Board undertakes a formal and rigorous evaluation of its own performance, that of its Committees and its individual Directors. In accordance with the Code, during the year under review an externally facilitated evaluation was undertaken by Lintstock Limited (an advisory firm that specialises in Board performance reviews) of the Board and each of the Audit, Nomination and Remuneration Committees.

The 2015 internal evaluation resulted in an action plan of matters for further attention during 2016 as follows:

- Continue to build the bench strength as part of the ongoing succession planning process;
- With the recent Board changes, review the Board's ongoing improvement of its composition, practices and processes; and
- Further investigate the strategic investment opportunities in key markets which will deliver competitive advantage.

These action points were reviewed by the Board and its relevant Committees and were dealt with accordingly.

In 2016 the Board engaged Lintstock Limited to undertake an evaluation of its performance, as well as that of the Board Standing Committees and the Chairman. Apart from the provision of this service, Lintstock has no other connection with the Group.

The review involved Lintstock engaging with the Company Secretary and Chairman to set the context for the evaluation, to tailor survey content to the specific circumstances of PageGroup. All Board members were requested to complete an online survey addressing the performance of the Board, its Committees, and the Chairman. Interviews were conducted with members of the Board by two representatives from Lintstock to expand upon the issues raised in the questionnaires, with anonymity of all respondents being ensured throughout the process in order to promote the open and frank exchange of views.

Lintstock subsequently produced a report covering the following areas of review:

- The composition of the Board and whether changes could be considered to the profile of the Board in the context of PageGroup's strategic goals.
- The Board's understanding of the views of key stakeholders and the markets in which the Group operates.
- The management and focus of Board meetings as well as the quality of information provided to the Board and its Committee's.
- The Board's oversight of strategy and its implementation as well as the Directors' views as to the main strategic issues facing the Group.
- The Board's focus on risk as well as the Board's oversight of culture and behaviours throughout the organisation.
- The adequacy of succession plans for members of top management and the level of exposure the Board has to management in various settings were considered. The Board's oversight of the processes for managing, developing and retaining internal talent was also considered.

The output of the review was discussed by the Board and its Standing Committees and amongst other things the Directors agreed to:

- Focus on future Board composition priorities, taking into account the likely tenure of current Non-Executive Directors
- Continue enhancing the understanding of PageGroup through site visits and by engaging with management outside of Board meetings
- Assess the quality of information provided to the Board, particularly on strategic initiatives
- Continue to focus on key strategic issues and investments
- Focus on overseeing the development of the senior leadership team, with the support of the new Group HR Director

It is envisaged that the Board review exercise next year will follow up on the themes from the 2016 review, to ensure that year-on-year progress is measured.

Re-election of Directors

The Company's Articles of Association provide that each Director must retire from office every three years. The Code goes beyond this, requiring all Directors to retire and stand for re-election at each Annual General Meeting. The Company complies with the Code requirement. All Directors, except Baroness Ruby McGregor-Smith and Michelle Healy, will submit themselves for re-election at the forthcoming Annual General Meeting. Baroness Ruby McGregor-Smith will step down from the Board on 23 May 2017. Michelle Healy, who was appointed a Director after the Company's last Annual General Meeting will, in accordance with the Company's Articles of Association, stand for election at the Annual General Meeting.

Internal Control and Risk Management

In accordance with the Code, the Board has overall responsibility for the effectiveness of the Group's system of internal control and risk management. The procedures established by the Board have been designed and implemented to meet the particular requirements of the Group and the risks to which it is exposed.

These procedures also provide an ongoing process for identifying, evaluating and managing principal risks. The system of internal control includes financial, compliance and operational controls, which are designed to meet the Group's particular needs. These controls aim to safeguard Group assets, ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable and to support the successful delivery of the Group's Strategic Plan. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. In practice

Corporate Governance Report

the Board delegates the implementation of the Board's policy on risks and control to executive management and this is monitored by an Internal Audit function which reports back to the Board through the Audit Committee.

The key elements of our system of internal control are as follows:

- **Group Organisation** – The Board of Directors meets eight times a year, focusing both on strategic issues and operational and financial performance. There is also a defined policy on matters reserved strictly for the Board. The Regional Managing Director, supported by a Regional Finance Director, of each of our four regions is accountable for establishing and monitoring internal controls within our respective regions.
- **Annual Business Plan** – The Board reviews the Group's strategy and approves an annual Group budget. Performance is then monitored by the Board through the review of monthly reports showing comparisons of results against budget, quarterly forecasts and the prior year, with explanations provided for significant variances.
- **Policies and Procedures** – Policies and procedures are documented over both financial controls and non-quantifiable areas such as the Group's whistleblowing policy and its policy relating to anti-bribery and corruption, gifts and hospitality.
- **Risk Management** – The Board has established a framework for identifying and managing risk, both at a strategic and operational level. An overview of this framework and a summary of the principal risks identified, together with mitigating actions, can be found in the Strategic Report on pages 1 to 36.
- **Internal Audit** – The Group's Internal Audit function examines business process controls throughout the Group on a risk basis and reports the findings to the Executive Board and Audit Committee. Agreed actions are monitored and reported to the Audit Committee.
- **Confirmations from Executive Management** – The Managing Director and Finance Director of our operations in each country formally certify twice a year whether the business has adhered to the system of internal control during the period, including compliance with Group policies. The statement also requires the reporting of any significant control issues that have emerged, including suspected or reported frauds, so that areas of Group concern can be identified and investigated as required. These confirmations and supporting controls self-assessment questionnaires are reviewed by the Internal Audit function and a summary of findings is provided to the Audit Committee for review.

In accordance with the requirements of the Code and the recommendations of the FRC's Guidance on Risk Management and Related Financial and Business Reporting, the Board has reviewed and agreed its approach to risk and its risk appetite when considering its strategy and the management of its risks. It has also considered its longer-term viability. Details on the Board's risk appetite and its assessment of its longer-term viability can be found in the Strategic Report on pages 26 and 30. Further, the Board, with the assistance of the Audit Committee, has carried out a review of the effectiveness of the Group's risk management and internal control systems, including a review of the Internal Audit activities and the financial, operational and compliance controls for the period from 1 January 2016 to the date of this Annual Report. No significant failings or weaknesses were identified. A confirmation of any necessary actions is, therefore, not provided. However, had there been any such failings or weaknesses the Board confirms that necessary actions would have been taken to remedy them.

Relations with Shareholders

Communications with shareholders are given a high priority. The majority of contact between the Board and shareholders is through the Chief Executive Officer and the Chief Financial Officer. They make themselves available, where possible, to meet with shareholders and analysts at their request. During 2016 the Executive Directors visited eight cities on roadshows across the United Kingdom, Europe and North America. They also held investor conferences and equity sales teams' briefings, as well as over 147 investor meetings. The Annual Report and Accounts is sent to all shareholders and is also available on the Company's website www.page.com. The website contains up-to-date information on the Group's activities, published financial results and the presentations used for briefings and investor meetings held during the year. These are available to download.

The Annual General Meeting is an additional opportunity for all Board members to meet with shareholders and investors and give them the opportunity to ask questions. Final voting results are published through a Regulatory Information Service and on the Company's website following the Meeting.

Conflicts

The Company has implemented robust procedures in line with the Companies Act 2006, requiring Directors to seek appropriate authorisation from the Board prior to entering into any outside business interests which have, or could have, a direct or indirect interest that conflicts, or may conflict, with the Group's interests. These procedures have operated effectively throughout the year under review. The Nomination Committee is responsible for reviewing possible conflicts of interest. It makes recommendations to the Board as to whether a conflict should be authorised and the terms and conditions on which any such authorisation should be given by the Board. Only Directors without an interest in the matter being considered will be involved in the decision and each Director must act in a way they consider, in good faith, will promote the success of the Group. All Directors are aware of their continuing obligation to report any new interests, or changes in existing interests, that might amount to a possible conflict of interest in order that these may be considered by the Board and appropriate authorisation given.

David Lowden
Chairman

7 March 2017

Nomination Committee Report

David Lowden, Committee Chairman

Purpose

The Nomination Committee is responsible for ensuring that the Company has the executive and non-executive Board leadership it requires, both now and for the future.

Membership

During the year under review the members of the Committee were David Lowden, who was Chairman of the Committee, Simon Boddie, Patrick De Smedt, Danuta Gray, Michelle Healy and Baroness Ruby McGregor-Smith. Michelle Healy became a member of the Committee on 10 October 2016 on her appointment as a Director of the Company. All other members served throughout the year. Details of David Lowden's other significant commitments can be found on page 38.

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chief Executive Officer, the Group Human Resources Director and external advisers, may attend meetings by invitation when appropriate and necessary. This arrangement fosters appropriate challenge, questioning and debate of the recommendations made by the Committee to the Board.

Responsibilities

The key responsibilities of the Committee are to:

- Assess and nominate members to the Board;
- Maintain the right mix of character, skills and experience on the Board and its Committees;
- Make recommendations to the Board on development and succession plans for members of the Board and senior management;
- Approve job descriptions and written terms of appointment for Directors; and
- Review the independence of Non-Executive Directors, taking into account their other directorships.

The Committee follows formal and transparent procedures for appointing Directors. It is assisted in its search for new non-executive directors by an independent executive search company. With each new search the Committee selects the executive search company which it considers the most appropriate and relevant for the assignment. These executive search companies have no connection with the Company other than the provision of the search services. With each assignment a detailed candidate profile is compiled and discussed by the Committee, taking into consideration the balance of skills and experience of existing Board members and the requirements of the Company and its future strategy. Once finalised the profile is recommended by the Committee to the Board for its approval.

If approved, a search and selection process based on that profile is undertaken. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender. A shortlist of candidates is then interviewed by the Chairman of the Board, the Chief Executive Officer and members of the Committee. Thereafter a recommendation of appointment is made to the Board.

Geographic and gender diversity is important both at Board level and at every other level in the business. It therefore remains the Committee's policy to seek diversity of experience, capability, geographic experience and gender in order to create a talented high-performing Board. Details on the Company's work in respect of diversity below Board level can be found in the Strategic Report on page 20.

Activities During the Year

During 2016 the Committee met on five occasions. Details of the members' attendance at meetings of the Committee are as follows:

Director	No. of meetings	
	Held	Attended
David Lowden	5	5
Simon Boddie	5	5
Patrick De Smedt	5	5
Danuta Gray	5	5
Michelle Healy[1]	5	1
Baroness Ruby McGregor-Smith[2]	5	3

Notes:

1. Michelle Healy was appointed to the Committee on 10 October 2016 so was eligible to attend only one Nomination Committee meeting.
2. Baroness Ruby McGregor-Smith was unable to attend two meetings of the Nomination Committee due to prior engagements.

Nomination Committee Report

The Committee continues to focus on succession planning both for senior management and the Board. The Committee undertook the selection of a new Non-Executive Director which resulted in the appointment of Michelle Healy on 10 October 2016. The independent executive search agency, The Zygos Partnership, were engaged for this appointment.

The Committee also considered the extension of the term of appointment for each of Baroness Ruby McGregor-Smith and Danuta Gray. Neither Ruby nor Danuta took part in discussions about the extension of their own term.

Baroness Ruby McGregor-Smith completed nine years as a Non-Executive Director on 23 May 2016. Due to the Board changes which took place in 2015 and Ruby's extensive experience, gained through the different parts of the economic cycle, the Directors requested Ruby to continue to serve on the Board. Ruby ceased to be a member of the Audit and Remuneration Committees with effect from 23 May 2016. She also ceased to be the Senior Independent Director from 9 June 2016 when Patrick De Smedt was appointed in her stead. At the Annual General Meeting of the Company held in June 2016, Baroness Ruby McGregor-Smith was reappointed as a Director of the Company for a further year.

The letter of appointment for Danuta Gray reached the end of its initial three-year term in December 2016 and the Committee recommended to and the Board approved its renewal for a further three-year period.

The Committee also considered the pipeline of talent for the Executive Board to ensure there is sufficient bench strength to run key parts of PageGroup. Committee members meet Executive Committee members, and executives at the level below the Executive Board, through presentations at the Company's annual Strategy Day and at Board Meetings. The management and development of the talent pipeline is left to the Chief Executive Officer so that the independence of the Committee and its members is maintained.

The activities of the Committee were reviewed as part of the annual Board evaluation process. During the year under review the external evaluation process was undertaken independently by Lintstock Limited. Details of the evaluation process can be found in the Corporate Governance Report on page 44.

Plan for 2017

In 2017 the Committee will continue to review the size of the Board, its mix of skills and experience, and succession plans for both Executive and Non-Executive Directors.

Audit Committee Report

Simon Boddie,
Committee Chairman

Purpose

The Audit Committee is the guardian of the integrity of the Company's financial statements and external reporting of performance. It also has the responsibility for ensuring that the necessary internal controls and risk management systems are in place and effective.

Membership

During the year under review the members of the Committee were Simon Boddie, who was the Chairman of the Committee, Patrick De Smedt, Danuta Gray, Baroness Ruby McGregor-Smith and Michelle Healy. All served throughout the year except Baroness Ruby McGregor-Smith and Michelle Healy. Ruby ceased to be a member of the Committee on 23 May 2016 when she completed her ninth year as a Non-Executive Director. Michelle was appointed a member of the Committee on 10 October 2016 on her appointment as a Director of the Company. As part of the director induction programme Michelle was, amongst other things, provided with a copy of the Committee's Terms of Reference and an indication of the expected time commitment required as a Director of the Company. Michelle was also provided with an overview of the Company's business model and strategy as well as the principal risks of the Company. Training of all members of the Committee takes place on a regular and ongoing basis through updates, provided by the Company's external auditor, on developments in corporate reporting and regulation.

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the Director of Internal Audit and the external audit partner are regularly invited to attend meetings as appropriate and necessary. The Committee can invite others to attend as appropriate.

The Board is satisfied that the Chairman of the Committee has the current and relevant financial and accounting experience required by the provisions of the Code. Other members of the Committee have a sufficiently wide range of business experience and expertise such that the Committee can effectively fulfil its role. The relevant qualifications and experience of the Committee members are shown in their biographies on pages 38 to 40. The Committee met with the external auditor during the year without the presence of management in order to provide an opportunity for confidential discussion. The Director of Internal Audit and the external auditor have direct access to the Chairman of the Committee throughout the year.

During the year under review the Committee met on seven occasions. Committee meetings are set to coincide with key dates of the financial reporting calendar and the audit cycle. The Committee is provided with sufficient resources to undertake its duties. Details of the members' attendance at the meetings of the Committee are as follows:-

Director	No. of meetings	
	Held	Attended
Simon Boddie	7	7
Patrick De Smedt	7	7
Danuta Gray	7	7
Michelle Healy[1]	7	1
Baroness Ruby McGregor-Smith[2]	7	3

Notes:

1. Michelle Healy was appointed to the Committee on 10 October 2016 so was eligible to attend only one Audit Committee meeting.
2. Baroness Ruby McGregor-Smith ceased to be a member of the Audit Committee on 23 May 2016 so was only eligible to attend three Audit Committee meetings.

Set out in the table on page 49 is a summary of the main activities of the Committee during 2016. Key issues covered by the Committee are reported to the Board.

Financial Reporting

In its financial reporting to shareholders and other interested parties, the Board aims to present a fair, balanced and understandable assessment of the Group's position and prospects, providing necessary information for shareholders to assess the Company's business model, strategy and performance. The Company has an established process for reviewing the Annual Report and Accounts to ensure it is fair, balanced and understandable. This was used again this year. It included a thorough understanding of the regulatory requirements for the Annual Report and Accounts; a process to determine the accuracy, consistency and clarity of the data and language; and a detailed review by all appropriate parties including external advisers. A checklist of all the elements of the process was completed to document the process and cascaded sign-off implemented through the Group's management structure to provide assurance to the Committee that the appropriate procedures had been undertaken by all Group companies.

As part of the FRC's thematic review on tax risks disclosures (which it undertook in respect of 10% of FTSE 350 companies) it reviewed the Company's 2015 Annual Report and Accounts in relation to the transparent recording of the relationship between tax charges and accounting profit. The FRC gave the Company's tax disclosures a favourable review.

The Committee has reviewed the Company's 2016 Annual Report and Accounts. It provided comments which were incorporated into the Annual Report and Accounts and has advised the Board that, in its opinion, the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's performance, business model and strategy.

Audit Committee Report

Main Activities of the Audit Committee During 2016

January

Review of Financial Statements
- Quarter 4 trading update

March

Review of Financial Statements
- Draft preliminary announcement and 2015 Annual Report and Accounts
- External auditor's year-end report
- Going concern analysis
- Viability Statement
- Review of non-audit fees
- Fair, balanced and understandable review
- Management letter of representation

Risk and Internal Control
- Ratification of principal risks
- Internal audit update

Compliance
- Meeting with external auditor without Executive Directors

External Auditor
- External auditor satisfaction survey
- Reappointment of external auditor

Treasury Policy
- Review and update

April

Review of Financial Statements
- Quarter 1 trading update

July

Review of Financial Statements
- Quarter 2 trading update

August

Review of Financial Statements
- Draft interim report

Risk and Internal Control
- Internal audit update
- Risk management update

External Auditor
- External auditor's 2015 management letter
- External auditor's interim review
- Assessment of risk of material misstatement
- Scope of the full year audit
- Interim review management letter of representation
- Review of the external auditor's fee
- Review of external auditor independence and objectivity
- Policy on the provision of non-audit services
- External auditor partner rotation

Compliance
- Meeting with external auditor without Executive Directors

October

Review of Financial Statements
- Quarter 3 trading update

External Auditor
- Approval of the external auditor's fees

December

Review of Financial Statements
- Review of 2016 Annual Report and Accounts process
- Viability Statement review

Risk and Internal Control
- Internal audit update
- Approval of internal audit plan for 2017
- Confirmation of principal risks
- Review of the approach for the Viability Statement in the 2016 Annual Report and Accounts

External Auditor
- Updated assessment of risk of material misstatement
- Updated scope of the full year audit

Compliance
- Year-end legislative and procedural matters

Regulatory update
- Implications of IFRS 15 and IFRS 16

Significant Accounting Issues and Areas of Judgement

The Committee focuses in particular on key accounting policies and practices adopted by the Group and any significant areas of judgement that may materially impact reported results as well as the clarity of disclosures, compliance with financial reporting standards and the relevant requirements around financial and governance reporting. Details on accounting policies can be found on pages 86 to 90.

The significant issues and areas of judgement considered by the Committee during the year and how these were addressed were as follows:

Significant issue	How the Committee addressed the issue
Revenue Recognition	**Context:** Revenue recognition for permanent and temporary placements, with particular focus on period end cut off and appropriate accounting treatment in accordance with IFRS and Group accounting policies. Revenue from permanent placements is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an offer is accepted by a candidate and where a start date has been determined). Revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff, is recognised when the service has been provided. **Actions taken:** The Committee reviews and discusses revenue recognition with management, the internal audit team and the external auditor. **Conclusions and rationale:** The Committee concluded that the approach to revenue recognition was consistent with the policies and that any judgments made were appropriate
Transfer Pricing Provision	**Context:** Transfer pricing provisions with particular reference to their recoverability and adequacy. With c.75% of its operations in overseas territories, the Group is subject to significant international tax legislation which impacts the determination of the transfer pricing provision. **Actions taken:** The Committee reviews this area on a six monthly basis to ensure transfer pricing provisions remain appropriate. **Conclusions and rationale:** The Committee agreed with management's assessment of the provisions held around transfer pricing.

The Committee reviewed with Ernst & Young LLP, the Company's external auditor, the methodology used to test the assumptions and estimates made by management in each of these areas.

Audit Committee Report

External Auditor's Independence and Effectiveness

The Committee monitors the objectivity, independence and effectiveness of the external auditor. The Company is mindful of the provisions of the Code, best practice, the Competition and Market Authority Audit Order 2014 and EU audit legislation as regards audit firm rotation and the provision of non-audit services. The Committee considered both matters in each of 2014, 2015 and 2016.

Ernst & Young LLP, the Company's current external auditor, was appointed in 2011 following a tender process. In accordance with audit regulation, Ernst & Young LLP operate a policy of rotating the Audit Partner every five years. The Audit Partner who had served as the Company's Audit Partner since 2011 stepped down after the completion of the 2015 year end audit and a new Audit Partner, Bob Forsyth, was appointed in 2016.

The Committee approved and implemented in 2014 a policy for the tender of external audit services. This policy provides that the Company will retender the external audit at least every ten years and will change the external auditor at least every 20 years. Thus, the Company expects to tender the external audit in respect of the 2021 year end during the course of 2020, but this position is subject to annual review by the Audit Committee.

The Committee also reviewed its policy on the use of the external auditor for non-audit services in 2014, 2015 and again in 2016 and determined that the policy should remain unchanged. The policy prohibits the external auditor from certain services which could give rise to independence threats such as computing tax provisions, payroll services, acting as an advocate, internal audit and system design. In line with new ethical regulations for external auditors, the Audit Committee has agreed a more restrictive policy from 1 January 2017 which prohibits the external auditor from providing a more extensive range of services which includes, inter alia, tax advice, tax compliance services and global mobility support. Arrangements were made before the end of 2016 for all such existing services provided by Ernst & Young LLP to be transferred to other service providers.

In respect of 2016 the level of non-audit services relative to the global audit fee was 35%. The Audit Committee reviewed the safeguards in place to deal with the independence threats from such work (as detailed in Note 3 to the financial statements) and concluded that Ernst & Young LLP remained independent.

The Committee considers that in 2016 it has complied with the Competition and Market Authority Audit Order 2014.

Further, during the year under review, the Committee discussed and agreed the scope of the year-end audit and approved the audit fee. Details of the fees paid to Ernst & Young LLP during 2016 in respect of non-audit services are shown on page 93.

The objectivity and independence of the external auditor is safeguarded by:

- Obtaining assurances from the external auditor that adequate policies and procedures exist within its firm to ensure that the firm and staff are independent of the Group by reason of family, finance, employment, investment and business relationship (other than in the normal course of business);
- Enforcing a policy of reviewing all cases where it is proposed that a former employee of the external auditor be employed by the Group in a senior management position or at Board level;
- Monitoring the external auditor's compliance with applicable UK ethical guidance on the rotation of audit partners; and
- Enforcing a policy concerning the provision of non-audit services by the external auditor.

The Committee considers the annual appointment of the external auditor by shareholders at the Annual General Meeting to be a fundamental safeguard.

The performance and effectiveness of the external auditor is also reviewed annually by the Committee. This covers qualification, expertise, resources and reappointment as well as assurance that there are no issues which could adversely affect the external auditor's independence and objectivity taking into account the relevant standards. In this respect the Committee reviewed the:

- Robustness of the external auditor's plan and its identification of key risks;
- Fulfilment of the agreed external audit plan and any variations from the plan;
- Robustness and perceptiveness of the external auditor in handling key accounting and audit judgements;
- Content of reports provided to the Committee by the external auditor including reporting on internal control; and
- Feedback from management which is ascertained from staff surveys completed by staff involved in the audit process.

Following a full evaluation of the external auditor at the end of the 2016 audit, the Committee recommended to the Board the reappointment of Ernst & Young LLP as Auditor of the Company at the forthcoming Annual General Meeting.

Internal Control and Risk Management

The Board's responsibilities for, and their report on, risk management and the systems of internal control and their effectiveness are set out in the Corporate Governance Report on pages 44 and 45.

On behalf of the Board the Committee reviewed the Group's risk assessment procedures for identifying its principal risks and its longer-term viability. The risk assessment takes account of all risks, including environmental, social and governance matters, inherent in the strategy of the business and its plan. These procedures include regular reports to the Committee from the Director of Internal Audit on the performance of the system of internal control and on its effectiveness in managing material risks and identifying any control failings or weaknesses.

The Committee also reviews the Group's risk management process annually, with the outcome being reported to the Board. This, together with regular updates to the Board on material risks, allows the Board to make the assessment on the systems of internal control and the residual risk for the purpose of making its public statement. The risk process, together with the key risks and their indicators, have been identified and mitigating actions are described in the Strategic Report on pages 25 to 30. Key performance indicators and management incentives are highlighted for the main financial, strategic and people risks in the Strategic Report on pages 15 to 17.

Where weaknesses have been identified in the internal control system for the mitigation of risks to an acceptable level, plans to strengthen the control system are put in place. Action plans in this respect are regularly monitored until complete. During the period under review there were no control failings or weaknesses that resulted in unforeseen material losses.

Internal Audit Activities

During the year under review the Committee monitored and reviewed the effectiveness of the Internal Audit function. To ensure there is breadth and depth of risk and internal control experience to this function, the Group's Internal Audit function comprises a Director of Internal Audit and a team of internal auditors. The Director of Internal Audit reports to the Chief Financial Officer on a day-to-day basis, but also has a reporting line to the Chairman of the Audit Committee. He also has direct access to the Committee and the Board. This ensures there is opportunity for frank and open dialogue. The scope of work for the Internal Audit function is agreed with the Committee annually with the findings from internal audits being reported to the Executive Board and the Audit Committee. Businesses are visited on a rotational risk-based approach to assess the effectiveness of controls to mitigate risks to an acceptable level. All major risks are addressed in this process, including those around governance, environmental and social related matters.

Actions to maintain and improve the effectiveness of the control environment are agreed with the Executive Board and are monitored and reported to the Committee. Risks are also regularly reviewed and required changes are made to the risk profile and, where necessary, to the activity of Internal Audit. All changes to the Internal Audit plan are agreed with the Chairman of the Committee and reported to the Executive Board and the Committee.

Committee Evaluation

The activities of the Committee were reviewed as part of the Board evaluation process performed during the year under review. The 2016 evaluation process was undertaken by an external third party. Details and the outcome of the evaluation process can be found in the Corporate Governance Report on page 44.

Fraud

The Committee reviews the procedures for the prevention and detection of fraud in the Group. Suspected cases of fraud must be reported to the Chief Financial Officer and the Director of Internal Audit and investigated by operational management and Internal Audit. The outcome of any investigation is reported to the Committee. A register of all suspected fraudulent activity and the outcome of any investigation is kept and is circulated to the Committee on a regular basis. During the year in question, no frauds of a material nature were reported.

Anti-Bribery and Corruption and Business Ethics

The Company has a Code of Conduct which can be found on its website www.page.com. This sets out the standards of behaviour by which all employees of the Group are bound and is based on the Company's commitment to acting professionally, fairly and with integrity.

The Group maintains a zero tolerance approach against corruption. It has an established anti-bribery and corruption policy, which includes guidance on the giving and receiving of gifts and hospitality. This policy applies throughout the Group. The policy and the training of employees is regularly reviewed and updated when required. The training is undertaken by all managers and all staff in risk areas across the Group by means of review and presentation of standard Group-prepared training material. A gifts and entertainments register is maintained to ensure transparency. A review of compliance with the policy is undertaken annually. The review undertaken in 2016 showed there was a good understanding of the issue and no breaches were reported.

Whistleblowing

In accordance with the provisions of the Code, the Committee is responsible for reviewing the arrangements whereby staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensuring that these concerns are investigated and escalated as appropriate. This is promoted in all regions by the Internal Audit function, is run by an external third party and is available to all employees in the Group. There were no reportable whistleblowing incidents reported during the year under review.

Simon Boddie
Chairman of the Audit Committee

7 March 2017

Directors’ Remuneration Report

Danuta Gray,
Committee Chairman

ANNUAL STATEMENT

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the year ended 31 December 2016. This Directors’ Remuneration Report is split into three parts: this Statement; the Annual Report on Remuneration; and the new Directors’ Remuneration Policy for Executive Directors and Non-Executive Directors.

During the year, the Committee reviewed the current Directors’ Remuneration Policy (the ‘Policy’) to ensure it reflects our pay-for-performance philosophy and provides alignment to our strategy. As a result of this review, the Remuneration Committee identified a number of issues with the current Policy and has proposed to address these through the introduction of a new Executive Single Incentive Plan (‘ESIP’). The ESIP represents a radical simplification and will replace both the current annual bonus and Long Term Incentive Plan, with no increase in the maximum variable pay opportunity. If approved at the 2017 Annual General Meeting, the ESIP will make its first award in the 2018 financial year in respect of 2017 performance. Further information on the ESIP is provided below in this Annual Statement and in the Directors’ Remuneration Policy.

The Remuneration Committee addressed the following areas in 2016:

Future Directors’ Remuneration Policy and Introduction of the Executive Single Incentive Plan (‘ESIP’)

PageGroup operates in a cyclical industry in which the retention and ongoing motivation of executives and management continuity is critical to the success of the Company. The Committee’s aim is for the Remuneration Policy to encourage long-term decision making, to avoid undue volatility in remuneration outcomes and to act as an effective retention tool in market downturns. Following a review of remuneration in 2016, the Committee determined that these goals could not be achieved successfully within the construct of the existing Policy. A new Remuneration Policy is now proposed which will simplify remuneration by combining the annual bonus and LTIP into a single scheme, the Executive Single Incentive Plan (‘ESIP’).

The key features of the ESIP are:

- simplification – replacing the existing annual bonus and LTIP with one plan;
- no change in the maximum total quantum available to executives;
- use of a single performance scorecard, with a balance of metrics, aligning reward outcomes to our Key Performance Indicators and strategy;
- significant deferral ensuring that awards drive shareholding of executives – 60% of each award will be deferred in shares over three years;
- continuation of the Executive shareholding requirement of two-times base salary and the introduction of a two-year holding period on vesting ESIP awards for Executives who have not met the requirement;
- both annual and longer-term (trailing) performance will be measured;
- the longer-term metrics will include both absolute and relative performance; and
- simpler accounting treatment and transparent remuneration reporting disclosures.

With regard to the assessment of performance under the ESIP, at least 70% of any assessment will be linked to financial outcomes, and we will include further financial goals within the personal element linked to the specific objectives of the individual where appropriate. For the first award, the balanced scorecard will be as follows:

Measure		Weightings
Annual performance	PBT	30
	Non-financial, strategic	15
	Personal performance	10
Longer-term metrics	EPS growth	35
	Relative Gross Profit growth	10

Annual performance measures will include PBT, strategic and personal performance. Annual targets will be set for PBT. Strategic measures will focus Executives on key drivers of long-term performance. For example, these will be key milestones or projects that ensure the business is appropriately developed for the future, and are likely to be shared across both Executives. Personal measures will be tailored to each role, and cover areas such as people development, specific job related goals, and the extent to which the Executives set and drive the culture of PageGroup and have the appropriate succession plans in place for the future.

Longer-term metrics will include Gross Profit growth relative to peers, and EPS growth. Targets for the trailing EPS performance metric will take account of the internal business plan and strategic goals, broker forecasts, and EPS target ranges used by other FTSE 250 companies.

Shareholder consultation

We consulted with shareholders and shareholder representatives about the introduction of the ESIP and the base salary increase for the Chief Financial Officer in 2017. The Committee would like to thank all the shareholders and shareholder representatives who took part in this consultation and provided constructive feedback which resulted in adaptations being made to the original proposal. In summary, feedback was supportive. Shareholders welcomed the simplification of remuneration and the requirement to always defer a portion of variable remuneration, as well as the introduction of a holding requirement on all vesting share awards. Taking account of the feedback received, the Committee made some amendments to performance metrics and weightings.

Base Salary

The base salary for the Chief Executive Officer will be £601,749 in 2017. This represents an increase of 2.6% for 2017, which is slightly below the average UK Head Office percentage increases. The Chief Financial Officer's base salary in 2017 will be £350,000. Kelvin Stagg was appointed as PageGroup's Chief Financial Officer in June 2014 with a base salary set below market median, with the intention to make a series of staged increases. Since his appointment, Kelvin's range of accountabilities has increased and he has developed into a well-rounded and effective Chief Financial Officer. In line with the Directors' Remuneration Policy, the Committee decided to award Kelvin a salary increase of 7.7% for 2017 to bring his base salary closer in line with the FTSE 250 median.

Annual Bonus

As in previous years, the performance criteria in 2016 were a combination of profit before tax, and the achievement of strategic targets. The total annual bonus payout for the Chief Executive Officer was determined at £604,828, being 58.9% of the maximum bonus opportunity and for the Chief Financial Officer was £302,900, being 62.1% of the maximum bonus opportunity. These bonus payments represent a reduction compared to last year. Full detail on the annual bonus targets and the strategic objectives is set out on pages 62 and 63.

Long-Term Incentives

The LTIP awards made in 2014 reached the end of their performance period on 31 December 2016. The performance metrics for these awards were cumulative EPS, relative gross profit against peer companies, and a range of strategic objectives for each Director. Following an assessment of performance against each performance metric, the Chief Executive Officer received 60% of his maximum award and the Chief Financial Officer received 60% of his maximum award. Further detail is set out on pages 63 and 64.

Conclusion

The purpose of the ESIP is to simplify remuneration significantly, and to align remuneration with sustained and balanced performance. The ESIP will provide an effective incentive for our Executive team in the next phase of PageGroup's growth and development.

We are aware of the desire from some shareholders for Executive Director pension benefits to be reduced to align with those of other employees. We are closely monitoring market developments with respect to pension benefits and will keep this aspect of policy under review for any new Executive Director appointments.

At the 2017 Annual General Meeting, the Annual Statement and Annual Report on Remuneration for 2017 will be subject to an advisory vote. The new Directors' Remuneration Policy will be subject to the triennial binding shareholder vote.

I very much hope that we will receive your support at the 2017 AGM.

Danuta Gray
Chairman of the Remuneration Committee

7 March 2017

Directors’ Remuneration Policy Report

PageGroup is a global business that operates in a cyclical industry in which the retention and ongoing motivation of Executives and management continuity is critical to the success of the Company. As a result, the Directors’ Remuneration Policy set out in this report has been designed to encourage long-term decision making, to avoid undue volatility in remuneration outcomes, and to act as an effective retention tool during market downturns.

The Remuneration Policy set out below will take effect, subject to shareholder approval, from 8 June 2017 (the date of the Annual General Meeting). This new policy will replace the Annual Bonus and LTIP with a single plan, the Executive Single Incentive Plan (‘ESIP’). This change will not increase the maximum total quantum available to executives, and will: simplify remuneration; introduce a single balanced scorecard; incorporate deferral of a significant portion of any award; introduce post-vesting holding periods on all vesting shares for executives who have not met the shareholding requirement; maintain both annual and longer-term performance measurement; and result in simpler disclosure of remuneration outcomes. There are no other new components in the remuneration policy.

Future Policy Table for Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity
Salary (Fixed pay)	Attract, retain and reward high calibre Executive Directors	Salary levels (and subsequent increases) are set after reviewing various factors including individual and Company performance, role and responsibility, internal relativities such as the increases awarded to other employees and prevailing market levels for Executive Directors at companies of comparable status and market value, taking into account the total remuneration package. Salaries are normally reviewed annually. Salary is paid monthly and increases are generally effective from 1 January.	Salaries will not increase by more than RPI +5% except increases in excess of this may be awarded in the case of new Executive Directors where it is appropriate to offer a below market salary initially on appointment and a series of staged increases, subject to performance and experience in role, to bring to a market competitive salary. Aim for market competitive salaries. For information the 2017 CEO salary level is £601,749 and the 2017 CFO salary is £350,000 which can be increased in line with the parameters set out under the column ‘Operation’.
Benefits (Fixed pay)	Attract, retain and reward high calibre Executive Directors Provision of opportunities for connecting with clients, investors and staff to facilitate growth strategy	Competitive benefits including car allowance or company car (including running costs), private medical insurance for the individual and family, permanent health insurance and four times salary life assurance. Provision of relocation assistance and any associated costs or benefits (including but not limited to housing benefits, personal tax advice and school fees) upon appointment if/when applicable. The Company may also provide tax equalisation arrangements. Membership of clubs as appropriate for the development of business.	Competitive benefits in line with market practice.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Executive Single Incentive Plan (ESIP)	Rewards both short and long term performance Aligns interests of Executive Directors with shareholders	Awards are paid in cash (40%), and deferred shares (60%) which vest in equal tranches over a minimum three-year period. The plan consists of annual awards with performance measured over both one year and trailing long-term performance periods. At least 40% of any award will depend on trailing longer-term metrics. Performance will be measured against a balanced scorecard, to support the company's strategy. Performance targets will be a mix of financial, strategic/operational and personal targets which may comprise, but are not limited to, the following: PBT; key strategic projects; people development; cost management; relative Gross Profit vs a comparator group; and EPS. A post-vesting holding period applies. Directors who have not reached the shareholding requirement of 200% of base salary will be required to hold vested shares from each tranche of the ESIP for a further two years post-vesting, except for sales for the purposes of meeting tax liabilities on vesting and exercise. A minimum of 70% of the possible award will normally be linked to financial metrics. Dividend equivalents accrue during the vesting period but are only released to the extent awards vest. Malus and clawback provisions will apply to the total award, including cash and deferred portions, for misstatement of performance, substantial failure of risk control, and gross misconduct.	The ESIP allows for annual awards of up to a maximum of 375% of base salary for each Executive Director.
Pension (Fixed pay)	Attract, retain and fairly reward high calibre Executive Directors	Executive Directors may receive a defined contribution pension benefit or cash supplement.	CEO: 25% of salary. Other Executive Directors: 20% of salary.

To avoid measuring performance over periods already known at implementation, the trailing element for the first ESIP award to be made in 2018 will be based on 2017 EPS. For the second ESIP award, performance will be measured over a two-year performance period. For the third and subsequent awards, performance will be measured over a three-year performance period.

Choice of performance measures and target setting

Information on performance measures and targets for each annual award is disclosed in detail in the Directors' Annual Remuneration Report. When choosing performance measures and setting targets the Committee is guided by the following principles:

- performance measures should drive and reward the achievement of key short and long-term financial and strategic goals
- performance measures should provide alignment between the interests of management and those of shareholders
- a significant proportion of any incentive scheme should be linked to Group financial performance
- PBT and EPS are used currently because they are key measures of business performance and profitability

Strategic measures will focus Executives on key drivers that underpin long-term financial performance. The Committee are mindful that:

- targets for financial and strategic measures should be stretching yet achievable, and set with reference to internal plans and external expectations
- targets should not incentivise excessive risk taking

Legacy arrangements

In approving this Directors' Remuneration Policy Report, authority is given to the

Directors' Remuneration Policy Report

Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or awards pursuant to the terms of the legacy share schemes such as the Long-Term Incentive Plan and the Deferred Bonus Plan) granted prior to the date that this policy takes effect. Details of any such payments will be set out in the Directors' Annual Remuneration Report as they arise.

Consistency with remuneration for the wider group

The Committee reviews and considers remuneration across PageGroup when setting the Executive Director remuneration policy. Remuneration levels for all employees are set in the context of internal relativities and market levels of remuneration for comparable roles. Policy for Executive Directors differs from other senior executives in that Executive Director variable remuneration is capped, whereas for other senior executives it is uncapped. This is in line with practice in the recruitment industry where variable remuneration is funded from an uncapped profit pool. This arrangement provides a strong incentive for employees to grow PageGroup profit.

Executive shareholding requirements

Shareholding requirements are operated to align Executive Directors' interests with those of shareholders. The current requirement is 200% of base salary. This will be achieved through the retention of half of any vesting share award (net of tax) made under the legacy deferred bonus arrangement, and through the application of 2-year post-vest holding periods (net of tax) if the award was made under the legacy LTIP or the new ESIP.

Our approach to recruitment

Remuneration will be subject to the maximum levels as set out in the Directors Remuneration Policy in force at the time of appointment. As a result, the maximum level of variable remuneration is 375% of base salary under the ESIP (excluding any "buy out" payments).

Individuals will participate in the ESIP up to the normal annual limit subject to:

- Award levels in the year of appointment being pro-rated to reflect the proportion of the financial year worked
- Performance measures and/or measurement periods may be adjusted for newly appointed Executive Directors, taking account of the timing of appointment and the individual's role

The table below sets out our approach to the treatment of outstanding awards of variable remuneration when recruiting externally or internally:

Element of remuneration	External recruits	Internal recruits
Treatment of outstanding awards of variable remuneration	May offer additional cash and/or share-based elements when considered to be in the best interests of the Company and, therefore, shareholders, in order to 'buy out' forfeited remuneration. Any 'buy-out' payments would be based solely on remuneration lost when leaving the former employer and would be on terms that are no more favourable than the delivery mechanism (i.e. cash, shares, options) and time horizons. Where forfeited remuneration is performance related, any 'buy-out' payment would be subject to performance conditions determined by the Committee. The Committee may need to avail itself of the current Listing Rule 9.4.2 R to make such awards where doing so is necessary to facilitate, in exceptional circumstances, the recruitment of the relevant individual.	Any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms on grant.

In addition, the structure of remuneration for a new Executive Director may differ temporarily from that in effect for other Executive Directors. The circumstances in which this may occur are as follows:

- when it is appropriate to offer a below market salary initially, a series of salary increases may be given over the following few years subject to individual performance and experience in role which bring the incumbent to the determined salary level, reflective of the policy to pay market competitive salaries
- the Committee may agree that the Company will meet certain costs associated with the recruitment (for example legal fees)

Policy on payment for loss of office

On termination, any compensation payments due to an Executive Director are calculated in accordance with normal legal principles, including mitigation, as appropriate. Should notice be served by either party, an Executive Director can continue to receive basic salary, benefits and pension for the duration of his notice period during which time the Company may require the individual to continue to fulfil his current duties or may place the individual on garden leave. The Company can make a payment in lieu of notice (PILON) as a lump sum equivalent to the amount of base salary, benefits and pension that would have been payable to the executive. This payment can be phased over the remainder of the notice period and be subject to reduction if there are alternative earnings. The phasing and reduction of PILON will not apply to Executive Directors in post at 31 December 2013. A payment may be made in respect of accrued but untaken holiday.

An Executive Director who resigns or is dismissed for cause will not be eligible for an ESIP award and will forfeit any deferred awards.

In respect of the ESIP, an Executive Director may be deemed a 'good leaver', for example due to:

- Redundancy, retirement, injury, disability, ill health or death in service;
- A transfer of employment in connection with the disposal of a business or undertaking;
- The company with which the Executive Director holds office or employment ceasing to be a member of the Group; or
- Other appropriate circumstances at the discretion of the Committee.

As a 'good leaver' they will be eligible for an ESIP award for their last year of employment pro-rated for the portion of the year worked and subject to performance. Unvested deferred ESIP awards may be retained by the Executive Director and will normally vest at the established vesting dates and will continue to be subject to malus and clawback. They may also be subject to time pro-ration at the Remuneration Committee's discretion.

The extent to which any awards made under legacy share plans prior to the effective date of this policy would vest upon cessation of employment would be determined in accordance with their terms and the plan rules.

In considering the exercise of discretion as set out above, the Committee will take into account all relevant circumstances. Factors that the Committee may (but shall not be obliged to) take into account will include, but not be limited to, the following:

- the best interests of the Company
- the contribution of the Executive Director to the success of the Company during their tenure
- the need to ensure continuity
- the need to compromise any claims that the Executive Director may have
- whether the Executive Director received a PILON payment
- whether a greater proportion of the outstanding award may have vested had the Executive Director served out his notice
- whether the Executive Director has presided over an orderly handover
- adjustment of performance outcomes to ensure that payout is fair and reasonable in the context of the Company's overall performance.

Illustration of the application of our remuneration policy

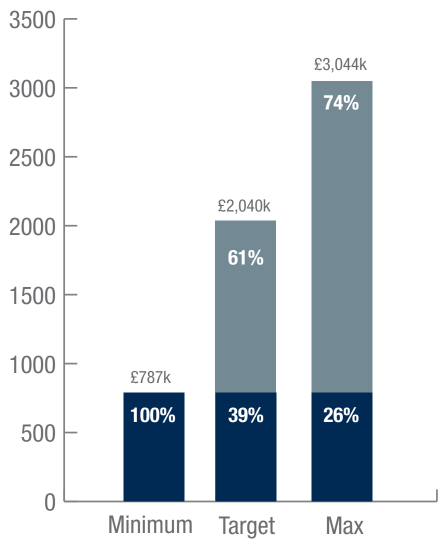
The chart below gives an indication of the total remuneration which could be received by the Chief Executive Officer and Chief Financial Officer under the policy. Three scenarios are presented: the minimum remuneration receivable; the amount receivable if they perform in line with the Company's expectations; and the maximum remuneration receivable.

Note that the charts are only indicative, as share price movement and dividend accruals have been excluded and performance outcomes are assumed. Assumptions for each illustrative scenario are as follows:

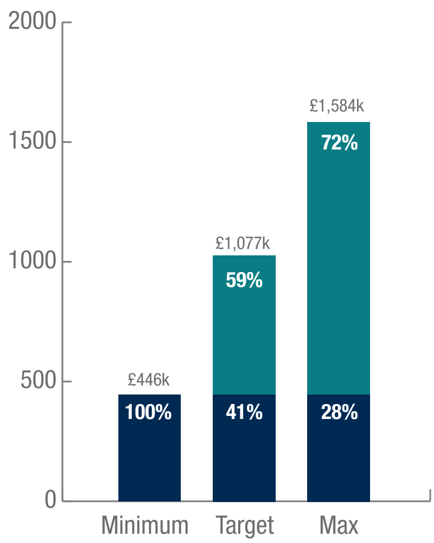
- Minimum: fixed remuneration only (i.e. salary, benefits and pension)
- Target: fixed remuneration plus 60% of the maximum payable under the annual elements of the ESIP, and 50% of the maximum payable under the longer-term trailing elements of the ESIP
- Maximum: fixed remuneration plus maximum ESIP opportunity

The charts are based on an annual salary of £601,749, for the Chief Executive Officer and £350,000 for the Chief Financial Officer, and assume a maximum ESIP opportunity of 375% and 325% of maximum salary for the Chief Executive Officer and Chief Financial Officer respectively.

Chief Executive Officer



Chief Financial Officer



Directors’ Remuneration Policy Report

Statement of consideration of employment conditions elsewhere in the Group

PageGroup does not consult directly with employees when determining remuneration policy for Executive Directors. However, increases in pay across the senior management population and the wider workforce are taken into account when setting pay levels for Executive Directors.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the AGM. The Remuneration Committee Chairman will seek to inform major shareholders of any material changes to the Remuneration Policy in advance and will generally offer a meeting to discuss these changes.

Key areas of discretion

Key areas of Committee discretion in the Remuneration Policy include (but are not limited to):

- the choice of financial performance measures in variable remuneration and the choice of performance targets for those measures
- the treatment of leavers in the ESIP (as described in the “Policy on payment for loss of office” section on page 58)
- certain discretions as set out in the ESIP plan rules such as:
  – the timing of grant of award and/or payment
  – the size of an award and/or a payment (subject to the maximums set out in the Future Policy Table for Executive Directors)
  – determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of the ESIP, and the resulting treatment of the award (as described in the “Policy on payment for loss of office” section on page 58)
  – adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends)
  – the ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose (subject to the amended condition not being materially less challenging)

External Non-Executive Director positions

Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. Details of outside directorships held by the Executive Directors and any fees that they received are provided on page 72 of the Directors’ Annual Remuneration Report.

Future Policy Table for Board Chairman and Non-Executive Directors

The Board Chairman and Non-Executive Directors receive a fee for their services and do not receive any other benefits from the Group, nor do they participate in any of the bonus or share schemes. The fees recognise the responsibility of the role and the time commitments required, and are not performance related or pensionable. They are paid monthly in cash and there are no other benefits.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	Attract, retain and fairly reward high calibre individuals.	Reviewed by the Board after recommendation by the Chairman and Chief Executive (and by the Committee in the case of the Chairman) taking into account individual responsibilities, such as committee Chairmanship, time commitment, general employee pay increases, and prevailing market levels at companies of comparable status and market value. Fee increases are normally reviewed annually and are generally effective from 1 March.	The maximum aggregate fees for all Directors allowed by the Company’s Articles of Association is £600,000. Current fee levels are set out in the Directors’ Annual Remuneration Report.

The above principles will also be applied for the recruitment of new Non-Executive Directors.

Service contracts and letters of appointment

All Executive Directors’ service contracts contain a twelve month notice period. The service contracts also contain restrictive covenants preventing the Executive Directors from competing with the Group for six months following the termination of employment and preventing the Executive Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment.

Non-Executive Directors, including the Chairman of the Board, are engaged under letters of appointment and do not have service contracts with the Company. They are appointed for a fixed term of three years, during which period the appointment may be terminated by either party upon one month’s written notice or in accordance with the Articles of Association of the Company. There are no provisions on payment for early termination in the letters of appointment. After the initial three year term they may be reappointed for a further term of three years, subject to annual re-election at Annual General Meetings.

Further detail on service contracts and letters of appointment are set out on page 69 and copies are available for inspection at the Company’s registered office during normal business hours.

Directors' Remuneration Report

This part of the report has been prepared in accordance with Part 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information on pages 60 to 72 has been audited where required under the Regulations. The elements of the Directors' Annual Remuneration Report subject to audit are the:

(a) Single total figure for remuneration and the accompanying notes;

(b) Details of the performance against metrics for variable awards included in the single sum;

(c) Details of the long-term variable pay awarded in 2016; and

(d) Section on outstanding share awards.

During the year under review the members of the Committee were Danuta Gray, who was Chairman of the Committee, Simon Boddie, Patrick De Smedt, Baroness Ruby McGregor-Smith and Michelle Healy. All served throughout the year except Ruby McGregor-Smith who ceased to be a member of the Committee on 23 May 2016 and Michelle Healy who became a member of the Committee on her appointment as a Director of the Company on 10 October 2016. Details of the members' attendance at meetings of the Committee were as follows:-

Director	No of meetings	
	Held	
Danuta Gray	5	5
Simon Boddie	5	5
Patrick De Smedt	5	5
Michelle Healy[1]	5	1
Baroness Ruby McGregor-Smith[2]	5	1

Notes:

1. Michelle Healy was appointed to the Committee on 10 October 2016 so was eligible to attend only one Remuneration Committee meeting.
2. Baroness Ruby McGregor-Smith ceased to be a member of the Remuneration Committee on 23 May 2016 so was eligible to attend one Remuneration Committee meeting.

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chairman of the Board, who attends meetings of the Committee regularly, Baroness Ruby McGregor-Smith, the Chief Executive Officer, the Chief Financial Officer, the Group Human Resources Director and external advisers, may attend meetings by invitation when appropriate and necessary. No Director takes part in discussions relating to their own remuneration.

The Committee appointed New Bridge Street as its remuneration consultants in September 2013 as a result of a competitive retendering process. New Bridge Street is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. New Bridge Street is a member of the Aon Group who provided insurance services to the Company during the year under review. £97,000 was paid to Aon in respect of broker fees. During the year New Bridge Street has provided independent advice to the Committee on the proposed new remuneration policy and the associated shareholder consultation process; the setting of performance criteria for the Company's various incentive arrangements; benchmarking of remuneration against market levels; and advised on the remuneration report. The fees paid to New Bridge Street totalled £66,749. New Bridge Street did not provide any services to the Company. The Committee also received input from Caddow Consulting Limited for a fee of £13,000, the Chairman, Chief Executive Officer, Company Secretary and Group Human Resources Director.

The Committee met a total of five times during 2016 and discussed the following matters:

- The proposed new remuneration policy and associated shareholder consultation process;
- The setting of performance targets for the 2016 incentive awards made to the Executive Directors;
- Monitoring the progress of strategic objectives;
- Reviewing reporting regulations regarding remuneration;
- Approving the amount of bonuses and share plan awards for the Executive Directors based on pre-set performance targets;
- Reviewing various shareholder bodies' communications and policies in respect of remuneration; and
- Undertaking its annual review and approval of salaries and incentives of the Executive Directors and other senior executives.

The Remuneration Committee set out in the 2013 Annual Report and Accounts the PageGroup Remuneration Policy which was approved by shareholders at the Company's Annual General Meeting held on 5 June 2014. Full details of the shareholder voting in this respect can be found on page 72. A copy of the Remuneration Policy in full can be found in the 2013 Annual Report and Accounts in the Investors section of our website www.page.com. The Committee continued to operate this Remuneration Policy during 2016.

The Remuneration Committee will put before shareholders at the Annual General Meeting of the Company to be held on 8 June 2017 the remuneration policy which appears on pages 55 to 59.

Directors’ Remuneration Report

Directors’ Remuneration as a single figure

The tables below report a single figure for total remuneration for each Director for the years ended 31 December 2016 and 31 December 2015.

2016

Executive	Salary and Fees (note 1) £’000	Benefits (note 2) £’000	Pensions (note 3) £’000	Short-term incentives (note 4) £’000	Long-term incentives (note 5a) £’000	Dividends paid on unvested shares £’000	Total £’000
Steve Ingham	587	35	147	605	509	131	2,014
Kelvin Stagg	325	26	65	303	161	52	932
Non-Executive							
David Lowden	200	–	–	–	–	–	200
Simon Boddie	66	–	–	–	–	–	66
Patrick De Smedt	55	–	–	–	–	–	55
Danuta Gray	66	–	–	–	–	–	66
Michelle Healy[6]	12	–	–	–	–	–	12
Ruby McGregor-Smith	55	–	–	–	–	–	55

2015

Executive	Salary and Fees (note 1) £’000	Benefits (note 2) £’000	Pensions (note 3) £’000	Short-term incentives (note 4) £’000	Long-term incentives (Note 5b) £’000	Dividends paid on unvested shares £’000	Total £’000
Steve Ingham	575	35	144	682	485	153	2,074
Kelvin Stagg	307	24	61	309	110	50	861
Non-Executive							
Robin Buchanan[8]	233	–	–	–	–	–	233
Simon Boddie	66	–	–	–	–	–	66
Patrick De Smedt[7]	22	–	–	–	–	–	22
Danuta Gray	52	–	–	–	–	–	52
David Lowden	67	–	–	–	–	–	67
Ruby McGregor-Smith	58	–	–	–	–	–	58

Notes:

1. Salary and fees represent the salary and fees paid in cash in respect of the financial year.
2. Benefits represent the taxable value of the benefits provided in the year and comprise a company car or cash equivalent; fuel; permanent health insurance; medical insurance; life insurance; and in respect of the Chief Executive Officer, golf club membership used for corporate entertaining.
3. Pension includes the cash value of Company contributions to defined contribution pension plans and cash payments in lieu of pension contributions.
4. The “Short-Term Incentives” figure for each of the 2015 and 2016 years includes the annual cash bonus.

5a. The value of shares vesting under the 2014 LTIP, for which the performance period ended in the financial year. Following the assessment of performance, 136,363 shares will vest to Steve Ingham and 42,149 shares will vest to Kelvin Stagg. In addition, the value of 2,000 share options awarded to Kelvin Stagg on 9 March 2009 which will become exercisable in March 2017 are also shown in the single figure table above. The figures shown in the table are based on the average share price in the three months to 31 December 2016, which is 372.62p. The figure will be restated next year using the actual share price on the relevant date. Further details relating to performance targets, weightings and outcomes can be found on pages 63 and 64.

5b. The long-term incentives were earned in the 2015 year but paid in March 2016.

6. Michelle Healy was appointed a Director of the Company on 10 October 2016. The fees shown in the 2016 table reflect the amount paid to her from the date of appointment to 31 December 2016.
7. Patrick De Smedt was appointed a Director of the Company on 1 August 2015. The fees shown in the 2015 table reflect the amount paid to him from the date of appointment to 31 December 2015.
8. Robin Buchanan ceased to be a Director of the Company on 31 December 2015. The fees noted above cover the period 1 January 2015 to 31 December 2015.

Determination of Annual Bonus for the Financial Year Ended 31 December 2016

The annual bonus payment for the Executive Directors was £604,828 to Steve Ingham (103.1% of base salary) which represented 58.9% of £1,026,375, this being the maximum payable under the annual bonus. Kelvin Stagg received £302,900 (93.2% of base salary) which represented 62.1% of £487,500, this being the maximum payable under the annual bonus.

As in prior years, the annual bonus was based on PBT and strategic measures. The PBT thresholds and maximum targets for 2016 were set having considered both internal budgets and market expectations, being adjusted for the impact of foreign currency in the financial year. Performance against the strategic measures was assessed against a number of areas.

The performance metrics, weightings and targets, together with the determination of the annual bonus payment, are as set out in the tables below for both Executive Directors:

CEO

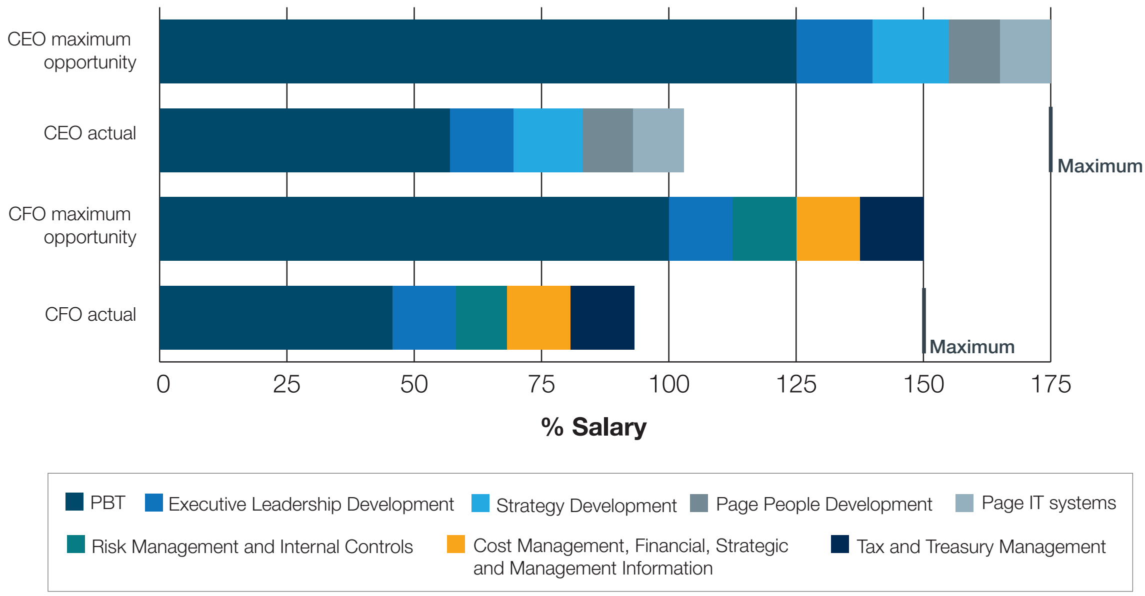
Performance metric	Weighting (max % of salary)	Achievements	Outcome (% of salary)
Financial – PBT	125% of salary	• Threshold PBT – £77.3m • Target PBT – £103m • Maximum PBT – £128.8m 2016 PBT at budget rates of £88.6m resulted in a bonus payment of 57.1% of this element, which was determined using a sliding scale. To ensure no benefit is received from favourable foreign exchange movements, the actual PBT is re-translated to the exchange rates prevailing at the time of setting the target.	57.1%
Executive Leadership Development	15% of salary	Organisational and individual development plans implemented for senior leadership group at executive and regional level. This will ensure talent pipeline development and choice for future succession planning for Page leadership.	12.5%
Strategy Development	15% of salary	Productivity and fee earner headcount was increased in line with objectives in three key categories in spite of adverse global political and economic events. In particular in HPM fee earner headcount up to 1,576. Efficiencies were delivered through the Barcelona Shared Service Centre. Despite adverse market conditions, investment in Brazil continued with new investments in Peru, Latam, Indonesia, regional US. Investments were made in the growing sector of IT contracting in Germany and the UK.	13.5%
Page People Development	10% of salary	At year end, diversity targets for 2016 were met with the percentage of females in the UK business increasing from 48% to 52% and the number of female directors increased from 26% to 33%. Decrease in attrition of fee earners in performing markets due to better retention of talent.	10%
Page IT systems	10% of salary	100% completion of PRS roll-out and 100% completion of IT roll-out in UK & ROW, LATAM, APAC and Europe within budget.	10%
Total (% of salary)	**175%**		**103.1%**

CFO

Performance metric	Weighting (max % of salary)	Achievements	Outcome (% of salary)
Financial – PBT	100% of salary	• Threshold PBT - £77.3m • Target PBT – £103m • Maximum PBT – £128.8m 2016 PBT at budget rates of £88.6m resulted in a bonus payment of 45.7% of this element, which was determined using a sliding scale. To ensure no benefit is received from favourable foreign exchange movements, the actual PBT is re-translated to the exchange rates prevailing at the time of setting the target.	45.7%
Executive Leadership Development	12.5% of salary	Key executives for Shared Services Centres were identified and developed. New performance management process for the global finance function was rolled out. New capability added in the global finance team including tax and new European-wide procurement resource.	12.5%

Directors' Remuneration Report

Performance metric	Weighting (max % of salary)	Achievements	Outcome (% of salary)
Risk Management and Internal Controls	12.5% of salary	Global legal and commercial framework for the Group was designed and implemented. There was an improvement in the Audit Committee's assessment of risk due to the integration of risk register and risk management processes into the Group's strategy and business management processes.	10%
Cost Management, Financial, Strategic and Management Information	12.5% of salary	Mainland European finance functions were transferred to the Shared Services Centre generating operational efficiencies and ongoing cost savings. Global finance system project is on-budget for 2016 and all 2016 actions are complete.	12.5%
Tax and Treasury Management	12.5% of salary	100% completion of the new Treasury Management System (TMS) within the agreed budget. Successful conclusion of corporate tax management trial.	12.5%
Total (% of salary)	**150%**		**93.2%**



Deferred Annual Bonus

Any bonus above 125% for each of the Chief Executive Officer and the Chief Financial Officer is deferred into Ordinary shares of the Company. As shown on pages 62 and 63 the annual bonus for the financial year ended 31 December 2016 for the Chief Executive Officer and the Chief Financial Officer was 103.1% and 93.2% of salary respectively and, therefore, no bonus was deferred.

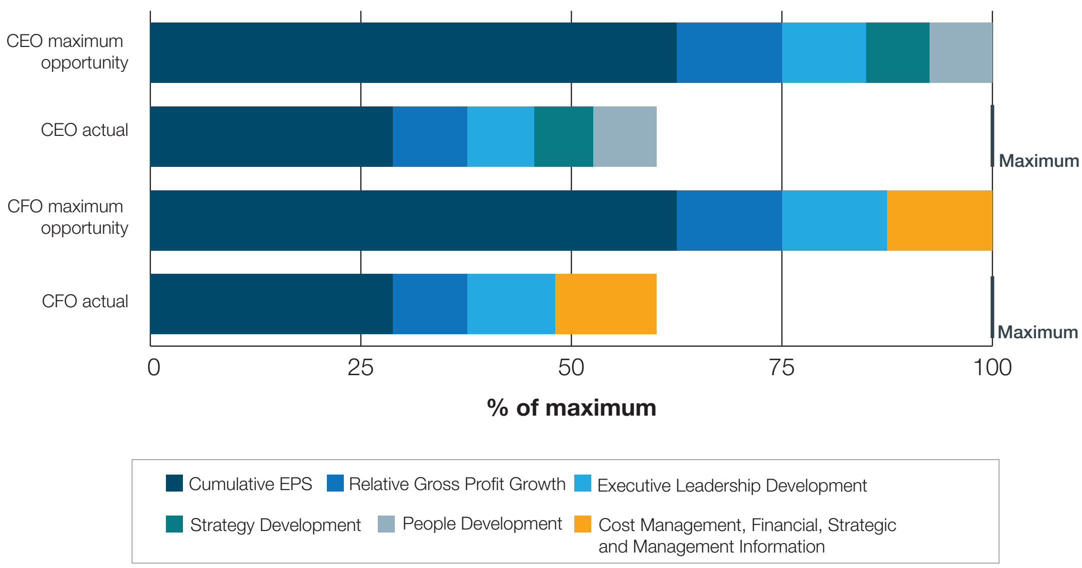
Long-Term Incentives included in the Single Figure Table

The long-term incentive awards granted in March 2014 to Steve Ingham and Kelvin Stagg were subject to EPS, Relative Gross Profit and Strategic targets measured over a three year period. The Committee assessed performance against each of these targets at the end of the performance period, 31 December 2016, and determined that 60% of the LTIP award should vest to Steve Ingham, and 60% should vest to Kelvin Stagg. This resulted in 136,363 shares vesting to Steve Ingham and 42,149 shares vesting to Kelvin Stagg.

The determination of these vesting outcomes is set out in the table below:

Performance metric	Weighting (max % of award)	Achievements	Outcome (% of award)
Financial			
Cumulative EPS	62.5%	• Threshold EPS – 57p • Maximum EPS – 78p • Actual EPS – 62.8p	28.7%
Relative Gross Profit Growth	12.5%	• Median comparator group gross profit growth – 6.1% • Upper quartile comparator group gross profit growth – 8.4% • PageGroup actual gross profit growth – 7.4%	8.8%

Performance metric	Weighting (max % of award)	Achievements	Outcome (% of award)
Strategic			
Executive Leadership Development	CEO: 10%	The first three years of the five year development and succession plan were successfully implemented for the CEO and other senior executives. The succession plan for senior executives has already operated successfully for a senior executive position in Asia Pacific.	8%
	CFO: 12.5%	Years 1, 2 and 3 of the Global Finance Strategy have been implemented effectively. People and systems have been put in place for the Shared Service Centres and their reach has been extended systematically over the 3 years. The Strategic Finance Team has been embedded into the business and strategic planning. Introduction of a global procurement strategy into the group.	10.5%
Strategy Development	CEO: 7.5%	After the end of the three-year period, PageGroup has record Revenue, Gross Profit and Headcount. Successful brand development was achieved, with high Gross Profit growth over the three-year period for Page Personnel of 13% CAGR. Execution of strategic vision resulted in Large High Potential Markets (LHPM) exhibiting strong Gross Profit growth over the three-year period.	7%
People Development	CEO: 7.5%	People development plan executed over the three years resulting in improvements in employee engagement survey results. Roll-out of employer value proposition. Integration of Women-only and Inclusive Leadership programmes into wider development programmes. Global performance management and digital learning systems have been rolled out.	7.5%
Cost Management, Financial, Strategic and Management Information	CFO: 12.5%	Record ratio of 77:23 of fee-earners to operational support roles.	12%
Total CEO (% of max)	**100%**		**60.0%**
Total CFO (% of max)	**100%**		**60.0%**



Directors' Remuneration Report

Percentage Change in Remuneration for the Chief Executive Officer

The following table provides a summary of the 2016 increase in base salary for the Chief Executive Officer compared to the average increase for the Group Head Office population in the same period. Also included is the proposed 2017 salary increase for the purpose of comparison.

		Proposed 2017 increase %	2016 increase %	2015 increase %
Salary	Chief Executive Officer	2.6	2.0	1.8
	Group Head Office Population	2.8[1]	2.0[1]	2.5[1]
Benefits	Chief Executive Officer	–	–	–
	Group Head Office Population	–	–	–
Annual Bonus	Chief Executive Officer	–	-11.3	-2.8
	Group Head Office Population	–	3.0[1]	10.9[1]

Note:

1. Represents average increase.

The Group Head Office population was chosen as the most relevant population comparison as the Chief Executive Officer is based in the UK, as are the Group Head Office staff and the Group Head Office population does not include operational staff incentivised against sales targets.

Details of the Long-Term Incentive Award made in 2016

On 18 March 2016 an award of shares under the Long-Term Incentive Plan was made to each of the Chief Executive Officer and the Chief Financial Officer as follows:

Executive	Type of Award	Basis of Award	Face Value	% of Award if vesting at threshold	End of performance period
Steve Ingham	284,865 shares	200% of salary	£1,150,000	25	31 December 2018
Kelvin Stagg	133,298 shares	175% of salary	£538,125	25	31 December 2018

Note:
The market price of the shares as at the date of grant was 427.20p.

The performance conditions attaching to the Long-Term Incentive Plan awards can be found on pages 66 and 67.

Outstanding Share Awards

This section sets out the share interests of the Executive Directors under the old ISP, the legacy Executive Share Option Scheme, the 2009 Share Option Scheme and the Long-Term Incentive Plan.

Incentive Share Plan – Performance Award

Details of Performance Awards made under the Incentive Share Plan were as follows:

Executive	Grant date	Number of shares at 1 January 2016	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2016	End of performance period	Vesting date
Steve Ingham	11 March 2013	41,968	–	(41,968)	–	–	31 December 2015	11 March 2016
Total		**41,968**	**–**	**(41,968)**	**–**	**–**		
Kelvin Stagg	11 March 2013	9,427	–	(9,427)	–	–	31 December 2015	11 March 2016
Total		**9,427**	**–**	**(9,427)**	**–**	**–**		

The performance conditions relating to the Performance Awards made to the Executive Directors are noted below.

Value of Shares subject to Performance conditions vesting on Award Date	Average annual growth in Company EPS in excess of the increase in the Retail Prices Index over three years
Shares with greater value than 75% of Participant's salary at Award Date	10%
Shares with value between 50% and 75% of Participant's salary at Award Date	7.5%
Shares with value up to 50% of Participant's salary at Award Date	5%

Incentive Share Plan – Deferred Awards

Details of the Deferred Awards under the Incentive Share Plan that remain outstanding at 31 December 2016 are as follows:

Executive	Grant date	Number of shares at 1 January 2016	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2016	End of performance period	Vesting date
Steve Ingham	11 March 2013	83,937	–	(83,937)	–	–	N/A	11 March 2016
Total		**83,937**	**–**	**(83,937)**	**–**	**–**		
Kelvin Stagg	11 March 2013	18,854	–	(18,854)	–	–	N/A	11 March 2016
Total		**18,854**	**–**	**(18,854)**	**–**	**–**		

Long-Term Incentive Plan

Details of awards made under the Long-Term Incentive Plan that remain outstanding at 31 December 2016 are as follows:

Executive	Grant date	Number of shares at 1 January 2016	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2016	End of performance period	Vesting date
Steve Ingham	11 March 2014	227,273	–	–	–	227,273	31 December 2016	11 March 2017
Steve Ingham	20 March 2015	211,413	–	–	–	211,413	31 December 2017	20 March 2018
Steve Ingham	18 March 2016	–	284,865	–	–	284,865	31 December 2018	18 March 2019
Total		**438,686**	**284,865**	–	–	**723,551**		
Kelvin Stagg	11 March 2014	70,248	–	–	–	70,248	31 December 2016	11 March 2017
Kelvin Stagg	20 March 2015	84,191	–	–	–	84,191	31 December 2017	20 March 2018
Kelvin Stagg	18 March 2016	–	133,298	–	–	133,298	31 December 2018	18 March 2019
Total		**154,439**	**133,298**	–	–	**287,737**		

The performance criteria relating to the Long-Term Incentive Plan awards granted in the year are as follows:

Performance Measure	Weighting (% of award)	% of award vesting at threshold
Cumulative 3-year real EPS	62.5	25
Comparator gross profit growth	12.5	25
Strategic targets	25	25

Directors' Remuneration Report

The shares subject to the cumulative three-year EPS performance condition will vest as follows after the completion of the three-year performance period:

- 25% will vest for achieving three-year cumulative EPS of 66p;
- 100% of the shares will vest for achieving three-year cumulative EPS of 80.5p; and
- Between 25% to 100% of the shares will vest for three-year cumulative EPS in between 66p and 80.5p.

The shares subject to the comparator gross profit measure will vest as follows after the completion of the three year performance period:

- 25% will vest for achieving the median gross profit growth of the comparator group;
- 100% of the shares will vest for achieving the upper quartile gross profit growth of the comparator group; and
- Between 25% to 100% of the shares will vest for achieving gross profit growth in between median and upper quartile.

The comparator group comprises the following companies and where relevant and practical, is measured only against organic growth against relevant divisions: Adecco, Hays, Hudson, Manpower, Randstad, Robert Half, Robert Walters and SThree. The Committee currently considers the targets for the other performance measures to be commercially sensitive and will disclose the performance targets for each of the 2015 and 2016 awards once the final vesting outcome has been determined. The performance targets for the 2014 award can be found on pages 63 and 64. The outturn of performance against the comparator group for the 2014 award can be found on page 63.

Executive Share Option Scheme

Details of options granted under The Michael Page International plc Executive Share Option Scheme and The Michael Page 2009 Share Option Scheme that remain outstanding at 31 December 2016 are as follows:

The Michael Page Executive Share Option Scheme

Executive	Grant date	Number of options at 1 January 2016	Exercised during the year	Lapsed during the year	Number of options at 31 December 2016	Exercise price (p)	Exercise period
Steve Ingham	10 March 2010	374,147	–	–	374,147[1]	381.5	2013-2020
Total		**374,147**	**–**	**–**	**374,147**		
Kelvin Stagg	10 March 2010	50,000	–	–	50,000[1]	381.5	2013-2020
Total		**50,000**	**–**	**–**	**50,000**		

Note:

1. At 31 December 2016 all options had vested and were available for exercise.

The market price of the shares as at 31 December 2016 was 390.50p per share, with a range during the year of 264.90p to 481.20p per share.

The Michael Page 2009 Share Option Scheme

Executive	Grant date	Number of options at 1 January 2016	Exercised during the year	Lapsed during the year	Number of options at 31 December 2016	Exercise price (p)	Exercise period
Kelvin Stagg	9 March 2009	20,000	–	–	20,000[1]	187.5	2012-2019
Kelvin Stagg	11 March 2011	30,000	–	–	30,000	491.0	2014-2021
Kelvin Stagg	12 March 2012	30,000	–	–	30,000[1]	477.0	2015-2022
Total		**80,000**	**–**	**–**	**80,000**		

Note:

1. At 31 December 2016 45,030 of the options had vested and were available for exercise.

Steve Ingham does not hold any options under The Michael Page 2009 Share Option Scheme.

Statement of Directors' Shareholdings

It is the Company's policy that Executive Directors are required to build and hold a direct beneficial holding in the Company's Ordinary shares of an amount equal to two times their base salary. As at 31 December 2016 Steve Ingham complied with this requirement. Kelvin Stagg who was appointed a Director during 2014 is in the process of building the required minimum holding.

The beneficial interests of the Directors who served during 2016, and their connected persons, in the Ordinary shares of the Company are shown in the table below. The table shows interests which are held outright and does not include interests held in shares which are subject to ongoing vesting and/or performance conditions which are set out on page 66 or share options which have vested but have not been exercised, as set out on page 67.

Executive Directors	Ordinary shares as at 1 January 2016	Ordinary shares acquired on vesting of ISP share award	Purchased in year	Disposal in year	No longer a connected person	Ordinary shares as at 31 December 2016	Value of holding as at 31 December 2016	Executive Directors' value of holding as at 31 December 2016 as a % of salary
Steve Ingham	1,284,007	125,905	–	(59,324)	(26,633)	1,323,955	£5,170,044	880
Kelvin Stagg	14,804	28,281	–	(13,326)	–	29,759	£116,209	35

Notes:
1. In addition to the Ordinary shares shown in the table above, Steve Ingham and Kelvin Stagg have a beneficial interest in the Ordinary shares shown on page 66 as outstanding awards under the Long-Term Incentive Plan.
2. Steve Ingham: During the year under review 125,905 Ordinary shares vested under the ISP.
3. Kelvin Stagg: During the year under review 28,281 Ordinary shares vested under the ISP.
4. The value of the Executive Directors' holdings uses the closing share price on 31 December 2016 of 390.5p per share.

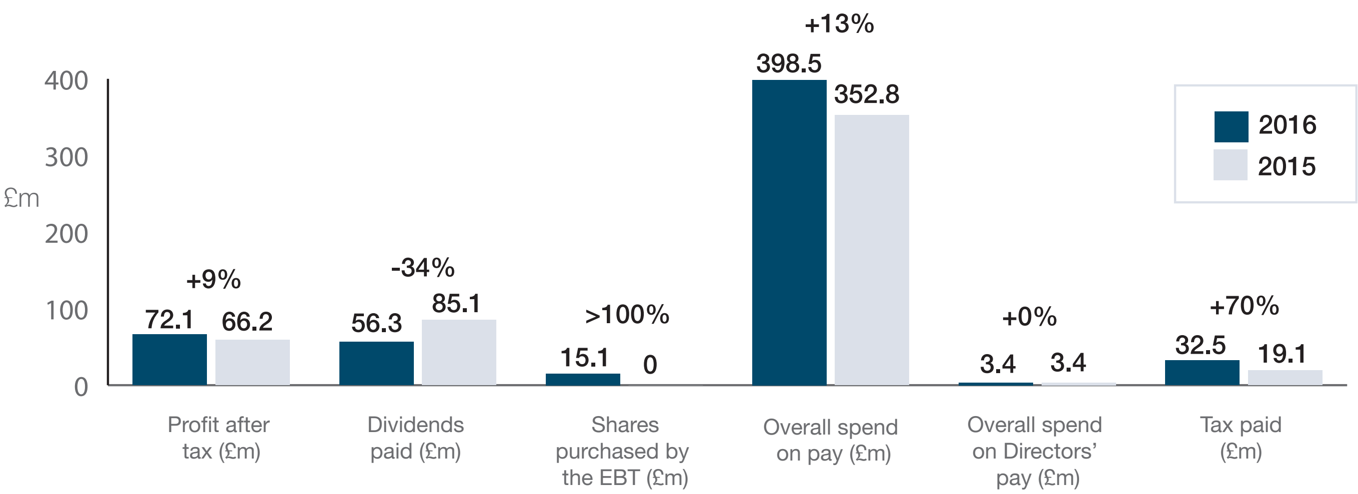
Non-Executive Directors	Ordinary shares of 1p	As at 1 January 2016	Purchased in the year	As at 31 December 2016
David Lowden	Connected person	–	10,000	10,000

No other Non-Executive Director held Ordinary shares in the Company during the year under review.

There have been no changes to the Directors' shareholdings since 31 December 2016 to the date of this Directors' Remuneration Report.

Relative Importance of Spend on Pay

The graph below shows details of the Company's retained profit after tax, distributions by way of dividend, shares purchased by the Michael Page Employees' Benefit Trust, overall spend on pay to all employees (see Note 4 in the financial statements on page 93) overall spend on Directors' pay as included in the single figure table on page 61 and the tax paid in the financial year. The percentage change to the prior year is also shown.



Directors’ Remuneration Report

Service Contracts and Letters of Appointment

All Executive Directors’ service contracts contain a twelve month notice period. The service contracts also contain restrictive covenants preventing the Executive Directors from competing with the Group for six months following the termination of their employment and preventing the Executive Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment. The Remuneration Committee has the right to exercise mitigation in the event of termination.

Non-Executive Directors, including the Chairman of the Board, are engaged under letters of appointment and do not have service contracts with the Company. They are appointed for a fixed term of three years, during which period the appointment may be terminated by either party upon giving one month’s written notice or in accordance with the provisions of the Articles of Association of the Company. There are no provisions on payment for early termination in the letters of appointment. After the initial three-year term, they may be reappointed for a further term of three years, subject to annual re-election at the Annual General Meeting. Copies of the service contracts and letters of appointment are available for inspection during normal business hours at the Company’s registered office.

Executive Director	Service Contract Date	Unexpired Term	Notice Period
Steve Ingham	31 December 2010	No specific term	12 months
Kelvin Stagg	6 June 2014	No specific term	12 months

Non-Executive Directors	Letter of Appointment Date	Unexpired Term at 31 December 2016
Simon Boddie	24 September 2015	19 months
Patrick De Smedt	1 August 2015	18 months
Danuta Gray	9 December 2016	36 months
Michelle Healy	2 September 2016	34 months
David Lowden	9 December 2015	18 months
Ruby McGregor-Smith	23 May 2016	5 months

Implementation of the Remuneration Policy for Executive Directors in 2017

Base Salary

The base salaries of the Executive Directors were considered with reference to the general salaries across the Group Head Office population and other market benchmarks. The Remuneration Committee decided to increase the salary of the Chief Executive Officer by 2.6% which is below the increase awarded to the Group Head Office population.

The CFO was promoted onto the Executive Committee and the Board from within the business. His initial base salary was set below the market median for a FTSE 250 Finance Director and the Remuneration Committee stated intention was to make a series of staged increases, subject to performance and experience in role, to bring him to a market competitive salary. Since appointment, the CFO’s range of accountabilities has increased. Having reviewed his performance and the salary levels of CFOs across the sector (and the wider FTSE 250) the Remuneration Committee has decided to increase the CFO base pay to the current FTSE 250 median of £350,000 from 1 January 2017, which represents an increase of 7.7%.

Executive Single Incentive Plan

As set out in the Annual Statement and Directors’ Remuneration Policy, the first ESIP award will be paid in 2018 and will replace the Annual Bonus to be paid in 2018 and the LTIP award to be granted in 2018. The maximum opportunity under the ESIP will be equal to the current combined opportunity under the Annual Bonus and LTIP, namely 375% of base salary for the CEO and 325% of base salary for the CFO.

The first award will be based on the following scorecard:

Measure		Weightings
Annual Performance	PBT	30%
	Non-financial, strategic	15%
	Personal performance	10%
Longer-term metrics	EPS growth	35%
	Relative Gross Profit	10%

Annual performance measures will include PBT, strategic and personal performance. Annual targets will be set for PBT. Strategic measures will focus Executives on key drivers of long-term performance. For example, these will be key milestones or projects that ensure the business is appropriately developed for the future, and are likely to be shared across both Executives. Personal measures will be tailored to each role, and cover areas such as people development, specific job related goals, and the extent to which the Executives set and drive the culture of PageGroup and have the appropriate succession plans in place for the future.

Longer-term metrics will include Gross Profit growth relative to peers, and EPS growth. Targets for the trailing EPS performance metric for 2017 will take account of the internal long-term business plan and strategic goals, and broker forecasts. The Committee's intention for future awards is to set targets, in normal circumstances, that align to a sustained, long-term rate of EPS growth. The threshold performance level is expected to imply an annual growth rate above price inflation, and a materially more significant margin above price inflation at maximum vesting. For the first award, performance will be measured over one year to avoid measuring performance over periods already known. For the second award, performance will be measured over two years, and for the third and later awards performance will be measured over three years. Transparent disclosure of performance measures, targets, and the assessment of performance will be provided retrospectively, starting in the 2018 Annual Report on Remuneration.

Long-Term Incentive

From 2018 there will be no further awards under the LTIP. The last LTIP award will be granted in March 2017 under the existing policy before the new policy comes into force. The face value of awards will be 200% of base salary for the Chief Executive Officer and 175% of base salary for the Chief Financial Officer. The performance measures and weightings for these awards will be unchanged from 2016:

- Cumulative 3-year EPS (62.5% of award)
- Comparator Gross Profit Growth (12.5% of award)
- Strategic measures (25% of award)

For the portion of the award subject to the EPS performance condition, cumulative EPS will be measured over the three years 2017-19 with threshold performance of 69p (25% vesting) and maximum performance of 84p (100% vesting). This performance range takes account of broker forecasts and the Company's business plan. The relative gross profit metric will be measured against a comparator group of companies and structured on the same basis as for awards granted in 2016. The Committee currently considers the targets for strategic measures to be commercially sensitive and will disclose the targets once the final vesting outcome has been determined.

Pensions

In line with the Remuneration Policy the Executive Directors receive a contribution to a defined contribution pension scheme or a cash equivalent. The Chief Executive Officer receives a contribution equivalent to 25% of his base salary. The Chief Financial Officer receives a contribution equivalent to 20% of his base salary.

Implementation of the Remuneration Policy for the Chairman and Non-Executive Directors in 2017

The fees per annum for the Board Chairman and the Non-Executive Directors have been agreed as follows:

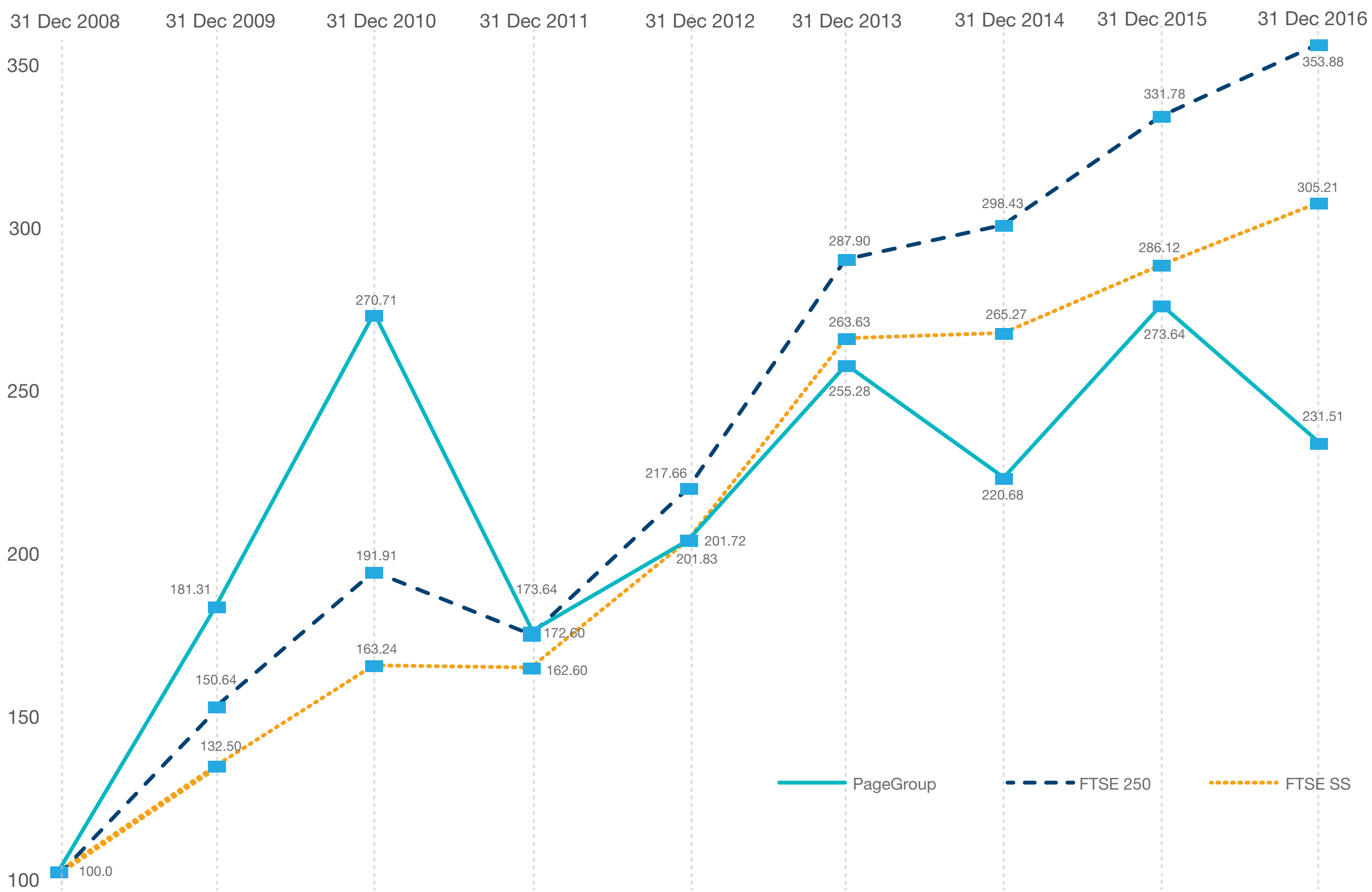
Chairman	£205,000
Non-Executive basic fee	£53,300
Additional fees payable:	
Senior Independent Director	£7,000
Chairman of the Audit Committee	£14,000
Chairman of the Remuneration Committee	£14,000

Following a review of fee levels, it was decided to increase the Chairman's and Non-Executive basic fees by 2.5%, which is slightly below the average UK Head Office percentage salary increase.

Total Shareholder Return

The performance graph below shows the movement in the value of £100 invested in the shares of the Company compared to an investment in the FTSE 250 index and the FTSE Support Services index over the period 31 December 2008 to 31 December 2016. The graph shows the Total Shareholder Return generated by the movement in the share price and the reinvestment of dividends.

The FTSE 250 index and the FTSE Support Services indexes have been selected as the Company was a member of each index throughout the period.The table below shows the total remuneration of the Chief Executive Officer over the same eight year period.



CEO	2009	2010	2011	2012	2013	2014	2015	2016
Single remuneration total	£1,010,000	£2,184,000	£1,647,000	£2,723,000	£1,318,000	£1,494,000	£2,074,000	£2,014,000
Short-term incentives (% of maximum) (note 1)	N/A	N/A	N/A	N/A	58%	71%	68%	59%
Long-term incentives (% of maximum)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60%

Notes:

1. Prior to 2012 the Company operated uncapped incentives which, by definition, did not have the concept of "maximum". As a result it is not possible to provide this information historically. However, following the changes in 2012 it is possible to provide this information for the years 2013, 2014, 2015 and 2016.

Statement of Voting at the Annual General Meeting

At the Company's Annual General Meeting held on 5 June 2014, shareholders approved the current Remuneration Policy. The Remuneration Policy was not varied or amended so was not put to shareholders at the 9 June 2016 Annual General Meeting. The table below shows the results of the voting on the Remuneration Policy at the 2014 Annual General Meeting and the Directors' Remuneration Report put to shareholders at the 2016 Annual General Meeting. Each resolution required a simple majority of the votes cast to be in favour in order for each of the resolutions to be passed.

Resolutions	AGM	Votes For	%	Votes Against	%	Votes Withheld
Remuneration Policy Report	5 June 2014	263,878,771	98.70	3,467,477	1.30	10,806,402
Directors' Remuneration Report	9 June 2016	236,349,070	92.18	20,056,781	7.82	2,626,945

A full schedule in respect of shareholder voting on all the resolutions put to shareholders at the 2016 Annual General Meeting is available on the Company's website at www.page.com.

External Directorships

During the year Steve Ingham, Chief Executive Officer, earned and retained £42,500 (2015: £42,500) in respect of fees from his role as a non-executive director of Debenhams plc. No other Executive Director earned any fees from external directorships.

The Directors' Remuneration Report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors

Danuta Gray
Chairman of the Remuneration Committee
7 March 2017

Directors' Report

Elaine Marriner, Company Secretary

The Directors present their Report together with the consolidated financial statements for the year ended 31 December 2016.

Certain information that fulfils the requirements of the Directors' Report can be found elsewhere in this document as noted in the table below. This information is incorporated into this Directors' Report by reference. A summary of the disclosures required to be made in, and incorporated into, this Directors' Report is given below.

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Company Name

At the Annual General Meeting held on 9 June 2016 the shareholders of the Company approved a change of the Company's name from Michael Page International plc to PageGroup plc.

Directors

The Directors who served throughout the year under review were David Lowden, Simon Boddie, Patrick De Smedt, Danuta Gray, Steve Ingham, Baroness Ruby McGregor-Smith and Kelvin Stagg. Michelle Healy was appointed a Non-Executive Director on 10 October 2016.

Results and Dividends

The results for the year are set out in the Consolidated Income Statement on page 81. An analysis of revenue, profit and net assets by region is shown in Note 2 on pages 91 and 92. A final dividend for 2015 of 7.9p per Ordinary share was paid on 20 June 2016; an interim dividend for 2016 of 3.75p per Ordinary share was paid on 12 October 2016; and a special dividend of 6.46p per share was also paid on 12 October 2016.

The Directors recommend the payment of a final dividend for the year ended 31 December 2016 of 8.23p per Ordinary share on 19 June 2017 to shareholders on the register of members on 19 May 2017. If approved by shareholders at the Annual General Meeting, this will result in a total ordinary dividend for the year of 11.98p per Ordinary share (2015: 11.5p). This, together with the payment of the special dividend, gives a total dividend for the year of 18.44p (2015: 27.5p).

Share Capital

As at 31 December 2016 the Company's issued capital comprised a single class of 325,975,455 Ordinary shares of 1p each, totalling £3,259,754.55. At the Annual General Meeting held on 9 June 2016 the shareholders authorised the Company to purchase up to a maximum of 10% of the issued share capital in the market. No shares were repurchased during the year. A further resolution in this respect will be put to shareholders at the forthcoming Annual General Meeting.

During the year 55,750 shares were issued to satisfy share options exercised. The Company reviews the award of shares made under the various employee and executive share plans in terms of their effect on dilution limits and complies with the dilution limits recommended by The Investment Association.

Employment Policy and Employee Involvement

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The Group's employment policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Group also remains committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Group through personal briefings, regular meetings, Yammer (the Group's internal social collaboration site), emails and other communications from the Chief Executive Officer and members of the Executive Board. Further details of employment policies and employee involvement can be found in the Strategic Report on pages 19 to 22.

Directors' Indemnities

The Company has not granted separate indemnities to the Directors. The Company purchased and maintained Directors' and Officers' Liability Insurance throughout the period under review, which gives appropriate cover for legal actions brought against the Directors.

Financial Instruments and Financial Risk Management

Details of the Group's use of financial instruments, including financial risk management objectives and policies of the Group, and exposure of the Group to certain financial risks can be found in Note 20 on pages 107 to 111.

Significant Agreements Containing Change of Control Provisions

The Company has an invoice discounting facility that terminates on a change of control, with prepaid amounts being repayable.

Directors' and employees' contracts do not normally provide for payment for loss of office or employment as a result of a change of control. However, the Company operates several share and share option schemes for the benefit of its Executive Directors and employees, the rules of which contain provisions which may cause options and share awards granted to vest on a change of control.

Substantial Shareholders

At 31 December 2016 the Company had been notified, in accordance with the FCA Disclosure and Transparency Rules, of the undermentioned noted interests in its Ordinary share capital. The percentage of voting rights shown below are as at the date of notification.

Shareholder	No. of Ordinary shares	% of voting rights
Sanne Fiduciary Services Ltd as Trustee of the Michael Page Employees' Benefit Trust	16,830,751	5.16
Baillie Gifford & Co	16,512,860	5.07
Heronbridge Investment Management LLP	16,289,042	4.99
Causeway Capital Management LLC	16,198,834	4.97
J O Hambro Capital Management Limited	15,872,246	4.87
Franklin Templeton Institutional LLC	15,308,070	4.70
UBS Trustees (Jersey) Limited as Trustee of the Michael Page Employees' Benefit Trust*	Nil	0

* This notification was made with the change of Trustee of the Michael Page Employees' Benefit Trust.

The following notifications were received during the period 1 January 2017 to 7 March 2017:

Shareholder	No. of Ordinary shares	% of voting rights
Baillie Gifford & Co	16,512,860	5.06

Since the date of disclosure, the above shareholdings may have changed.

Directors' Report

Political Contributions

No political contributions were made during the year. The Company has a policy of not making political donations to political organisations or independent election candidates anywhere in the world as defined by the Political Parties, Election and Referendums Act 2000.

Post Balance Sheet Events

There have been no significant post balance sheet events since 31 December 2016.

Reappointment of Auditor

Ernst & Young LLP are willing to continue in office and, accordingly, resolutions concerning their reappointment and to authorise the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting.

Directors' Statements of Responsibility

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations and keeping proper accounting records. Detailed below are statements made by the Directors in relation to their responsibilities, disclosure of information to the Company's auditor and going concern.

1. Financial Statements and Accounting Records

Company law of England and Wales requires the Directors to prepare for each financial year financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

(i) state whether the Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU and Article 4 of the EU IAS Regulations;

(ii) state whether the parent company financial statements have been prepared in accordance with IFRS as adopted for use in the EU;

(iii) select suitable accounting policies and apply them consistently;

(iv) make judgments and estimates that are reasonable and prudent;

(v) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and

(vi) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements and Directors' Remuneration Report comply with the Companies Act 2006 and, for the consolidated financial statements, Article 4 of the EU IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

2. Directors' Responsibility Statement

The Board confirms to the best of its knowledge that:

(i) the Group and parent company financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and parent company; and

(ii) the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

3. Directors' Confirmation

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law.

4. Disclosure of Information to the Auditor

Having made the requisite enquiries, so far as the Directors are aware as at the date of this Statement, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of the Company will be held on 8 June 2017. The notice of meeting can be found in the document which accompanies this Annual Report and Accounts. It is also available on the Company's website www.page.com.

By order of the Board

Elaine Marriner

Company Secretary

7 March 2017

Independent Auditor's Report to the Members of PageGroup plc

Our opinion on the financial statements

In our opinion:

- PageGroup plc's Group financial statements and Parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

PageGroup plc's financial statements comprise:

Group	Parent company
Consolidated income statement	
Consolidated statement of comprehensive income	
Consolidated balance sheet	Balance sheet
Consolidated statement of changes in equity	Statement of changes in equity
Consolidated cash flow statement	Cash flow statement
Related notes 1 to 24	Related notes 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

Risks of material misstatement	• Revenue recognition for permanent and temporary placements • Provision for transfer pricing
Audit scope	• We performed a full scope audit of six component operations of the Group and audit procedures on specific balances for a further five components. • The components where we performed full or specific audit procedures accounted for 85% of revenue, 80% of gross profit, 90% of profit before tax and 78% of total assets. • We performed other audit procedures over the remaining 27 components.
Materiality	• Overall Group materiality of £4.9m which represents 5% of profit before tax

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

<table>
<tr><th>Risk</th><th>Our response to the risk</th><th>Key observations communicated to the Audit Committee</th></tr>
<tr><td>Revenue recognition for permanent and temporary placements
The Group has reported permanent placement revenues of £476.3million (2015: £431.3million) and temporary placement revenue of £719.8million (2015: £633.7million).
For permanent placement revenue, there is a risk around the timing of the recognition of revenue as a contract may be agreed with a customer and candidate several months in advance of the start of employment. Consequently, there is a risk that:
revenue recognition may occur before revenue recognition criteria have been met
revenue is not recognised in the correct period
the placement is not taken up as agreed, which could result in the reversal of previously recorded revenue
For temporary placement revenue there is a risk that:
revenue may be recognised when an approved timesheet has not been submitted
revenue is recorded for days worked prior to submission of the weekly timesheets
Refer to the Audit Committee Report (page 50); Accounting policies (page 90); and Note 2 of the Consolidated Financial Statements (page 91)</td><td>We performed full and specific scope audit procedures over this risk area in 11 components, which covered 85% of the revenue balance. We performed following procedures in full and specific scope components:
Updated our understanding of the revenue processes at all full scope and specific scope components. We independently tested key management controls around recognition and measurement of revenue at three of six full scope components and three of five specific scope components. For the other components, we increased our substantive sampling procedures as described below.
Selected a sample at all full scope and specific scope components of permanent and temporary placement revenue transactions for detailed transaction testing to verify that the revenue recognition criteria had been met and to verify that the transaction had actually occurred and was recorded at the correct value. We performed analytical procedures at all full scope and specific scope components.
Performed period-end cut off testing at all full scope and specific scope components focusing on material items to check all revenue recognition criteria for the placements had been met and revenue had been recognised in the correct period.
Compared the level of actual permanent placement revenue reversals, which occur as a result of non-completion of contractual placements, to the provision recorded against accrued income to determine if the provision was appropriate.
For all other components which covered 15% of the revenue balance, we performed audit procedures centrally on a country by country basis to address the risk of an undetected material error occurring in these components. Such procedures included analytical review of revenue and gross profit, and ratio analysis of key performance indicators including revenue and gross profit per fee earner. The processes and group-wide controls for these components are consistent with the rest of the Group.</td><td>We concluded that revenue recognised for permanent and temporary placements is correctly recorded in accordance with the Group’s revenue recognition criteria and IFRS, and that the provision for expected revenue reversals was reasonably estimated.</td></tr>
<tr><td>Provision for transfer pricing
Charges between components of the Group are potentially open to challenge by local tax jurisdictions, especially as 75% of the Group’s operations are overseas. Significant management judgement is involved in determining the appropriate level of provision to cover any adjustments to expected tax liabilities that might arise. There is a risk that judgements and estimates applied in determining tax provisions may not be appropriate and supportable.
Refer to the Audit Committee Report (page 50); Accounting policies (page 90); and Note 7 of the Consolidated Financial Statements (page 95)</td><td>With assistance from our international tax specialists:
we checked whether the model employed by management appropriately reflects the country risks;
we sample tested the data input to the model and its arithmetical integrity;
using our experience of country transfer pricing risks we challenged the assumptions and judgements inherent in the model; and
we compared the approach taken by the Group to other groups.</td><td>We concluded that management’s judgements in relation to the transfer pricing provision are reasonable.</td></tr>
</table>

In the prior year, our auditor’s report included a risk of material misstatement in relation to the following areas of audit focus. We have assessed that these no longer represent a significant risk of material misstatement:

1. Accounting for Page Recruitment System (PRS) no longer represents a significant risk due to a reduction in the transition and execution risk as the implementation is complete. This means that the risk of impairment or accelerated depreciation is reduced.

2. Recognition of deferred tax assets on US tax losses and timing differences is dependent on the level of confidence in US profit projections. Given the 3-year track record of profitability in the US, we now believe that the risk related to recoverability is lower than in prior years.

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each entity.

We used gross profit as a measure to determine our group audit scope in addition to revenue and profit before tax as this is a key measure used by management to determine the size of a component in relation to the Group.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 11 of the 38 reporting components that represent the principal business units within the Group.

Of the 11 components selected, we performed a full scope audit of 6 components ("full scope components"), which comprised the United Kingdom, France, China, Hong Kong, Australia and the USA. These were selected based on their size or risk characteristics. For the remaining 5 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the group financial statements either because of the size of these accounts or their risk profile. The specific scope components comprised Italy, Germany, the Netherlands, Spain and Switzerland.

These 11 reporting components where we performed audit procedures accounted for:

		2016	2015
Revenue	Full scope components	62%	60%
	Specific scope components	23%	27%
	Total	**85%**	**88%**
Gross profit	Full scope components	57%	53%
	Specific scope components	23%	29%
	Total	**80%**	**82%**
Profit before tax	Full scope components	68%	49%
	Specific scope components	22%	24%
	Total	**90%**	**83%**
Total assets	Full scope components	57%	56%
	Specific scope components	21%	26%
	Total	**78%**	**81%**

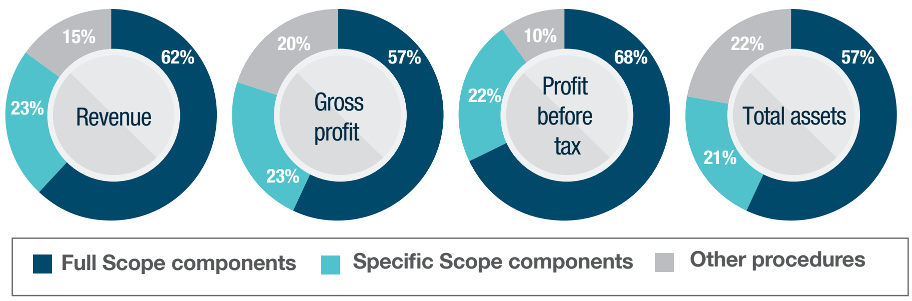
The audit scope of these specific scope components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The remaining 27 components together represent:

- 15% of the Group's revenue;
- 20% of the Group's gross profit;
- 10% of the Group's profit before tax; and
- 22% of the Group's total assets.

None of the remaining 27 components are individually greater than 2% of the Group's revenue, 2% of the Group's gross profit, 2% of the Group's profit before tax, and 2% of the Group's total assets. For these components, we performed other audit procedures, including analytical review procedures on a country-by-country basis, obtaining an understanding of the group wide entity level controls over all components, including the level of CEO, CFO and other group management visits, oversight and review, and the scope of the annual Internal Audit programme and the results of those visits to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the audit work performed.



Changes from the prior year

1. The USA has been designated as full scope component this year, whereas this was designated as specific scope in the prior year. We have changed the designation to obtain greater quantitative full scope coverage of the Group's key metrics.

2. Brazil is not identified as full or specific scope component this year as it is not significant based on the Group's financial metrics shown above.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 6 full scope components, audit procedures were performed on a part of one of these components, being the Group's Head Office, directly by the Group audit team. For the largest full scope component, the United Kingdom, the component audit team included the Group audit senior manager from the Group audit team. For the remaining 5 full scope components and the 5 specific scope components, where the work was performed by component auditors, we determined the appropriate level of group team involvement as described below to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, visits were undertaken by the Group audit partner and the Group audit senior manager to the UK and France. A visit to the Group's new European shared service centre (SSC) based in Barcelona, Spain was undertaken by the Group audit senior manager. These visits involved discussing the audit approach with the component teams and any issues arising from their work, reviewing key audit working papers on risk areas and attending the audit closing meeting with local management. The purpose of the visit to the SSC was to obtain an understanding of the SSC operations and perform walkthrough procedures for all significant processes in relation to the countries now supported by the SSC. The Group audit team attended 3 regional audit closing meetings with regional management and the Group CFO, at which all key areas of judgement were discussed and challenged.

The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £4.9million (2015: £4.5million), which is 5% of profit before tax (2015: 5% profit before tax). We believe that profit before tax is the principal consideration for stakeholders in assessing the financial performance of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2015: 50%) of our planning materiality, namely £3.6million (2015: £2.25million). The calculation of performance materiality was increased to 75% in the current year due to our low expectation of misstatements for the current year. Misstatements identified in the prior year were one-off and lower in value and number compared to earlier years, and are therefore not expected to recur in the current year.

Audit work at components for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.7million to £1.18million (2015: £0.45million to £1.13million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.24million (2015: £0.23million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- based on the work undertaken in the course of the audit:
  - the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report. We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or • the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the directors' statement in relation to going concern, set out on page 30, and longer-term viability, set out on page 30; and • the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

7 March 2017

Notes:

1. The maintenance and integrity of the PageGroup plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	2	**1,196,125**	1,064,945
Cost of sales		**(575,091)**	(508,840)
Gross profit	2	**621,034**	556,105
Administrative expenses		**(520,082)**	(466,034)
Operating profit	2	**100,952**	90,071
Financial income	5	**117**	1,116
Financial expenses	5	**(1,073)**	(490)
Profit before tax	2	**99,996**	90,697
Income tax expense	6	**(27,900)**	(24,489)
Profit for the year	3	**72,096**	66,208
Attributable to:			
Owners of the parent		**72,096**	66,208
Earnings per share			
Basic earnings per share (pence)	9	**23.1**	21.3
Diluted earnings per share (pence)	9	**23.1**	21.1

The above results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the year	**72,096**	66,208
Other comprehensive income/(loss) for the year		
Items that may subsequently be reclassified to profit and loss:		
Currency translation differences	**22,105**	(5,825)
Loss on hedging instruments	**(2,468)**	(173)
Total comprehensive income for the year	**91,733**	60,210
Attributed to:		
Owners of the parent	**91,733**	60,210

CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS

As at 31 December 2016

		Note	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Non-current assets						
Property, plant and equipment		10	**29,461**	21,411	**–**	–
Intangible assets	- Goodwill and other intangibles	11	**1,696**	1,733	**–**	–
	- Computer software (including assets held under construction)	11	**36,187**	34,533	**–**	–
Investments		12	**–**	–	**509,872**	505,912
Deferred tax assets		16	**16,547**	14,055	**–**	–
Other receivables		13	**7,640**	2,693	**–**	–
			91,531	74,425	**509,872**	505,912
Current assets						
Trade and other receivables		13	**259,328**	214,732	**664,008**	636,601
Current tax receivable		7	**12,743**	8,814	**–**	–
Cash and cash equivalents		19	**92,796**	95,018	**–**	–
			364,867	318,564	**664,008**	636,601
Total assets		2	**456,398**	392,989	**1,173,880**	1,142,513
Current liabilities						
Trade and other payables		14	**(175,059)**	(141,935)	**(798,503)**	(724,291)
Current tax payable		7	**(24,404)**	(22,738)	**–**	–
			(199,463)	(164,673)	**(798,503)**	(724,291)
Net current assets/(liabilities)			**165,404**	153,891	**(134,495)**	(87,690)
Non-current liabilities						
Other payables		14	**(9,944)**	(5,390)	**–**	–
Deferred tax liabilities		16	**(430)**	(1,167)	**–**	–
			(10,374)	(6,557)	**–**	–
Total liabilities		2	**(209,837)**	(171,230)	**(798,503)**	(724,291)
Net assets			**246,561**	221,759	**375,377**	418,222
Capital and reserves						
Called-up share capital		17	**3,259**	3,258	**3,259**	3,258
Share premium		18	**90,458**	90,268	**90,458**	90,268
Capital redemption reserve		18	**932**	932	**932**	932
Reserve for shares held in the employee benefit trust		18	**(72,941)**	(61,365)	**–**	–
Currency translation reserve		18	**32,746**	10,641	**–**	–
Retained earnings			**192,107**	178,025	**280,728**	323,764
Total equity			**246,561**	221,759	**375,377**	418,222

The financial statements of PageGroup plc (Company Number 3310225) set out on pages 81 to 112 were approved by the Board of Directors and authorised for issue on 7 March 2017. The Company's profit for the financial year amounted to £8.8m (2015: £3.6m).

Signed on behalf of the Board of Directors

Steve Ingham,
Chief Executive Officer

Kelvin Stagg,
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

2015	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reserve for shares held in the employee benefit trust £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015		**3,219**	**75,215**	**932**	**(72,407)**	**16,466**	**192,798**	**216,223**
Currency translation differences		–	–	–	–	(5,825)	–	(5,825)
Net expense recognised directly in equity		–	–	–	–	(5,825)	–	(5,825)
Loss on hedging instruments		–	–	–	–	–	(173)	(173)
Profit for the year		–	–	–	–	–	66,208	66,208
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**(5,825)**	**66,035**	**60,210**
Exercise of share plans		39	15,053	–	–	–	7,770	22,862
Transfer from reserve for shares held in the employee benefit trust		–	–	–	11,042	–	(11,042)	–
Credit in respect of share schemes		–	–	–	–	–	6,801	6,801
Credit in respect of tax on share schemes		–	–	–	–	–	728	728
Dividends	8	–	–	–	–	–	(85,065)	(85,065)
		39	15,053	–	11,042	–	(80,808)	(54,674)
Balance at 31 December 2015 and 1 January 2016		**3,258**	**90,268**	**932**	**(61,365)**	**10,641**	**178,025**	**221,759**
2016								
Currency translation differences		–	–	–	–	22,105	–	22,105
Net income recognised directly in equity		–	–	–	–	22,105	–	22,105
Loss on hedging instruments		–	–	–	–	–	(2,468)	(2,468)
Profit for the year		–	–	–	–	–	72,096	72,096
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**22,105**	**69,628**	**91,733**
Purchase of shares held in employee benefit trust		–	–	–	(15,058)	–	–	(15,058)
Exercise of share plans		1	190	–	–	–	173	364
Transfer from reserve for shares held in the employee benefit trust		–	–	–	3,482	–	(3,482)	–
Credit in respect of share schemes		–	–	–	–	–	4,442	4,442
Debit in respect of tax on share schemes		–	–	–	–	–	(368)	(368)
Dividends	8	–	–	–	–	–	(56,311)	(56,311)
		1	190	–	(11,576)	–	(55,546)	(66,931)
Balance at 31 December 2016		**3,259**	**90,458**	**932**	**(72,941)**	**32,746**	**192,107**	**246,561**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

For the year ended 31 December 2016

Company	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015		**3,219**	**75,215**	**932**	**398,398**	**477,764**
Profit for the year		–	–	–	3,630	3,630
Total comprehensive income for the year		**–**	**–**	**–**	**3,630**	**3,630**
Exercise of share plans		39	15,053	–	–	15,092
Credit in respect of share schemes		–	–	–	6,801	6,801
Dividends	8	–	–	–	(85,065)	(85,065)
		39	15,053	–	(78,264)	(63,172)
Balance at 31 December 2015 and 1 January 2016		**3,258**	**90,268**	**932**	**323,764**	**418,222**
2016						
Profit for the year		–	–	–	8,833	8,833
Total comprehensive income for the year		**–**	**–**	**–**	**8,833**	**8,833**
Exercise of share plans		1	190	–	–	191
Credit in respect of share schemes		–	–	–	4,442	4,442
Dividends	8	–	–	–	(56,311)	(56,311)
		1	190	–	(51,869)	(51,678)
Balance at 31 December 2016		**3,259**	**90,458**	**932**	**280,728**	**375,377**

CONSOLIDATED AND PARENT COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2016

	Note	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Profit before tax	2	**99,996**	90,697	**8,833**	3,630
Depreciation and amortisation charges	10/11	**17,065**	15,417	**–**	–
Loss on sale of property, plant and equipment, and computer software		**186**	690	**–**	–
Share scheme charges		**4,235**	6,869	**–**	–
Net finance cost/(income)		**956**	(626)	**–**	–
Operating cash flow before changes in working capital and finance costs		**122,438**	113,047	**8,833**	3,630
Increase in receivables		**(21,061)**	(20,248)	**(27,407)**	(230)
Increase in payables		**19,942**	8,804	**74,212**	63,366
Cash generated from operations		**121,319**	101,603	**55,638**	66,766
Income tax paid		**(32,499)**	(19,091)	**–**	–
Net cash from operating activities		**88,820**	82,512	**55,638**	66,766
Cash flows from investing activities					
Proceeds in respect of share scheme recharges to subsidiaries		**–**	–	**482**	3,207
Purchases of property, plant and equipment	10	**(14,111)**	(9,161)	**–**	–
Purchases of intangibles	11	**(11,153)**	(6,015)	**–**	–
Proceeds from the sale of property, plant and equipment, and computer software		**1,890**	374	**–**	–
Interest received		**117**	1,116	**–**	–
Net cash (used in)/from investing activities		**(23,257)**	(13,686)	**482**	3,207
Cash flows from financing activities					
Dividends paid		**(56,311)**	(85,065)	**(56,311)**	(85,065)
Interest paid		**(460)**	(269)	**–**	–
Issue of own shares for the exercise of options		**364**	22,619	**191**	15,092
Purchase of shares held in the employee benefit trust		**(15,058)**	–	**–**	–
Net cash used in financing activities		**(71,465)**	(62,715)	**(56,120)**	(69,973)
Net (decrease)/increase in cash and cash equivalents		**(5,902)**	6,111	**–**	–
Cash and cash equivalents at the beginning of the year		**95,018**	90,012	**–**	–
Exchange gain/(loss) on cash and cash equivalents		**3,680**	(1,105)	**–**	–
Cash and cash equivalents at the end of the year	19	**92,796**	95,018	**–**	–

Notes to the Financial Statements

For the year ended 31 December 2016

1. Significant accounting policies

Statement of compliance

PageGroup plc is a company incorporated in the United Kingdom under the Companies Act.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss. This is in accordance with current International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The Company financial statements have been prepared under the historical cost convention and in accordance with current IFRS as adopted by the European Union.

Basis of preparation

The financial statements of PageGroup plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The Company's profit for the financial year amounted to £8.8m (2015: £3.6m). The increase in the Company's profit this year is as a result of increased dividend income.

Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Employee Benefit Trust

Shares in PageGroup plc held by the trust are shown as a reduction in shareholders' funds.

Changes in accounting policy – new accounting standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial years except for the following amendments to IFRS effective as of 1 January 2016:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 10 Consolidated Financial Statements
- IAS 1 Presentation of Financial Statements
- IAS 19 Employee Benefits
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The adoption of these standards or interpretations did not have any impact on the accounting policies, financial position or performance of the Group.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IAS 7 Disclosure Initiative – Amendments to IAS 7; effective date 1 January 2017
- IFRS 9 Financial Instruments; effective date 1 January 2018
- IFRS 15 Revenue from Contracts with Customers; effective date 1 January 2018
- IFRS 16 Leases; effective date 1 January 2019
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; effective date 1 January 2017
- IFRS 2 Classification and Measurement of Share-based Payment Transactions; effective date 1 January 2018
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration; effective date 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle; effective date 1 January 2017/1 January 2018

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. It is the Group's current plan to adopt the new standard on the required effective date using the full retrospective method.

The Group is in the business of providing recruitment services. IFRS 15 requires revenue to be recognised once value has been received by the customer and when the performance obligations have been satisfied. IFRS 15 also prohibits the recognition of up-front fees.

During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. As a result of this preliminary assessment, we do not expect any adjustment to be material being less than £1m. Further detail is included below.

In preparing to transition to IFRS 15, the Group is considering the following:

Revenue earned on a contingent basis (c. 26% of revenue)

Currently revenue recognised from permanent placements on a contingent basis is typically based on a percentage of the candidate's remuneration package, this income being recognised at the date an offer is accepted by a candidate and where a start date has been determined. It includes revenue anticipated, but not invoiced, at the balance sheet date, which is correspondingly accrued on the balance sheet within accrued income. A provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment. Our current view is that this basis of revenue recognition remains appropriate as our only performance obligation (the placement of the candidate) has been performed. We therefore do not expect any adjustment as a result of the transition to IFRS 15 of revenue earned on a contingent basis.

Revenue earned on a retained basis (c. 9% of revenue)

Currently revenue recognised from permanent placements on a retained basis is typically based on a percentage of the candidate's remuneration package, this income being recognised on the completion of defined stages of work. The defined stages are "Retainer", "Shortlist" and "Completion".

One area of contention is around the first stage, retainer revenue. As IFRS 15 effectively prohibits the recognition of upfront fees as revenue, we need to be able to demonstrate that the client gets an element of value from this initial stage and if so, how much. As the client receives a retainer pack, information on the market, salary levels, potential candidate requirements, and production of job specifications at this first stage, there is therefore clearly an element of value. The value received by the client in the latter two stages also needs to be defined and this, combined with the value received at the first stage, will determine the percentage of revenue which should be recognised in each of the three stages.

It is therefore possible that the percentage of revenue recognised at each stage will differ following transition to IFRS 15. However, bearing in mind the relatively low percentage of retained revenue as a proportion of total revenue, combined with the adjustment only being required to retained revenue earned in the last few weeks of the year having to be deferred or anticipated (in turn offset by revenue coming into the start of the year being deferred or anticipated from an earlier period), we do not expect any adjustment to be material with our current estimate being less than £1m.

Temporary revenue (c. 60% of revenue)

Revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff is recognised when the service has been provided. We do not anticipate any change as a result of the transition to IFRS 15 for revenue earned from temporary placements.

Other revenue (c. 5% of revenue)

Other revenue earned, principally advertising revenue representing amounts billed to clients for expenses incurred on their behalf, is recognised when the expense is incurred. We do not anticipate any change as a result of the transition to IFRS 15 for revenue earned from temporary placements.

Presentation and disclosure requirements

IFRS 15 also provides presentation and disclosure requirements, which are more detailed than under current IFRS and may result in an increase in the volume of disclosures required in the Group's financial statements. IFRS requires an entity to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group has already commenced a review of the required disclosures, appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 16 – Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

IFRS 16 requires all leases in excess of $5k and 12 months in length to be recognised as an asset on the balance sheet, with a corresponding lease liability. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

As the Group does not currently have any finance leases, the transition to IFRS 16 is likely to have a significant effect on the Group, the main areas impacted being leases for properties and cars. It is considered unlikely for there to be many other leases in the Group either exceeding $5k, or a term of more than 12 months.

IFRS 16 is expected to result in an increase in EBITDA for the Group, as rentals are reclassified as depreciation and interest expense. Margins may also appear higher as a result. IFRS 16 also requires us to make more extensive disclosures than under IAS 17. Note 21 gives the current lease portfolio. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements. It is our current intention to adopt the full retrospective approach to this standard to provide transparency to the users of the financial statements.

IFRS 9 – Financial Instruments

The Group doesn't anticipate that IFRS 9 will have a material impact on the Group's financial statements once it becomes effective from 1 January 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

No other issued but not endorsed amendments to IFRS will have a material impact on the Group's financial statements once they become endorsed and effective.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic Report on page 30.

a) Revenue and income recognition

Revenue, which excludes value added tax (VAT), constitutes the value of services undertaken by the Group from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff. This is recognised when the service has been provided;
- revenue from permanent placements is typically based on a percentage of the candidate's remuneration package and is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an

- offer is accepted by a candidate and where a start date has been determined). The latter includes revenue anticipated, but not invoiced, at the balance sheet date, which is correspondingly accrued on the balance sheet within accrued income. A provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment; and
- revenue from amounts billed to clients for expenses incurred on their behalf (principally advertisements) is recognised when the expense is incurred.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Cost of sales

Cost of sales consists of the salary cost of temporary staff and costs incurred on behalf of clients, principally advertising costs.

c) Gross profit

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

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the respective functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment (see accounting policy h). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Computer software acquired or developed by the Group is stated at cost less accumulated amortisation (see below). The Group reviews intangible software assets for any indication of impairment annually.

(iii) Software under construction

Software under construction relates to cost capitalised in relation to the development of a new operating system and related applications. Costs are capitalised when they fulfil the criteria in IAS 38 regarding internally developed intangible assets. While still under construction, assets are tested for impairment annually. Assets are moved from software under construction to computer software when they become available for use.

(iv) Trademark

Acquired trademarks are stated at cost and are written down over five years on a straight-line basis, which represents the estimated useful life of the intangible.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill has an indefinite useful life. Computer software is amortised at 20% per annum unless it is considered to have a shorter life, in which case the period of amortisation is reduced. The cumulative amount of goodwill written off directly to retained earnings in respect of acquisitions prior to 31 December 1997 is £311.7m (2015: £311.7m).

f) Property, plant and equipment

Property, plant and equipment are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

- Leasehold improvements 10% per annum or period of lease if shorter
- Furniture, fixtures and equipment 10-20% per annum
- Motor vehicles 25% per annum

g) Investments

Fixed asset investments are stated at cost less provision for impairment.

h) Impairment of assets

Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

i) Taxation

Income tax expense represents the sum of the current tax and deferred tax charges. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

j) Pension costs

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charged to the income statement represent the contributions payable by the Group to the funds during each period.

k) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group does not currently have any finance leases.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

l) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance. Information provided to the Board is focused on regions and as a result, reportable segments are on a regional basis. Transactions between segments are recorded and allocated on an arms-length basis.

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by (for final dividends) or paid to (for interim dividends) the Company's shareholders.

n) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The accounting treatments for the Group and parent company are described below:

(i) Share option schemes

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement of the Group with a corresponding adjustment to equity. In the parent company, it is capitalised as an investment, with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimate of the number of options that are expected to become exercisable is revised. The Group recognises the impact of the revision of original estimates, if any, in the income statement, and the corresponding adjustment to equity over the remaining vesting period.

(ii) Management Incentive Plan and Long-Term Incentive Plan

Where deferred awards are made to Directors and senior executives under either the Management Incentive Plan or the Long-Term Incentive Plan, to reflect that the awards are for services over a longer period, the value of the expected award is charged to the income statement of the Group on a straight-line basis over the vesting period to which the award relates. In the Parent Company, it is capitalised as an investment, with a corresponding adjustment to equity.

o) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including any directly attributable costs, is recognised as a change in equity.

p) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group has not capitalised any borrowing costs in either the current or preceding years.

r) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents includes cash-in-hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables are stated at cost. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The Group has derivative contracts at the balance sheet date that have been valued at fair value through the income statement.

s) Hedge accounting

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other Comprehensive Income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

t) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no accounting areas which require significant judgements, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1 – revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from permanent placements where a position has been accepted by a candidate, a start date agreed, but employment has not yet commenced. A provision is made by management, based on past historical experience, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date.

- Note 7 – current tax assets and liabilities

The Group, being a multinational company, is subject to both international and local transfer pricing legislation. Management has reviewed the transfer pricing position to ensure any potential exposure is adequately provided.

- Note 11 – intangibles

The Group determines whether goodwill and other intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- Note 13 – trade and other receivables

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the economic climate in the respective markets, the ageing of the debt and the potential likelihood of default.

- Note 16 – deferred tax

Management has estimated the likely value of deferred tax assets in respect of trading losses carried forward.

- Note 17 – share-based payments

The Group's policy for share-based payments is stated in Note 1 (n). The equity-settled share-based payments charge is partly derived from estimates of factors such as lapse rates and achievement of performance criteria. It is also derived from assumptions such as the future volatility of the Company's share price, expected dividend yields and risk-free interest rates.

u) Exceptional items

Exceptional items are those items the Group considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

v) Employee Benefit Trust

The Employee Benefit Trust is considered a separate legal entity and not an extension of the parent company. It is included in the consolidated results of the Group as it is deemed to have control of the entity.

2. Segment reporting

All revenues disclosed are derived from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment operating profit represents the profit earned by each segment including allocation of central administration costs. This is the measure reported to the Group's Board, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance. Segments are aggregated in accordance with management ownership, determined by the possession of similar characteristics. No judgements were applied to identify the reportable segments.

(a) Revenue, gross profit and operating profit by reportable segment

2016		Revenue 2016 £'000	Gross profit 2016 £'000	Operating profit 2016 £'000
EMEA		**538,403**	**271,863**	**51,685**
United Kingdom		**324,548**	**146,313**	**24,153**
Asia Pacific	Australia and New Zealand	**103,979**	**35,085**	**4,592**
	Asia	**105,692**	**84,644**	**16,135**
	Total – Asia Pacific	**209,671**	**119,729**	**20,727**
Americas		**123,503**	**83,129**	**4,387**
Operating profit		**–**	**–**	**100,952**
Financial expense		**–**	**–**	**(956)**
Revenue/gross profit/profit before tax		**1,196,125**	**621,034**	**99,996**

2015		Revenue 2015 £'000	Gross profit 2015 £'000	Operating profit 2015 £'000
EMEA		421,310	216,987	31,889
United Kingdom		337,673	151,581	29,235
Asia Pacific	Australia and New Zealand	95,835	30,077	4,696
	Asia	95,468	79,033	18,020
	Total – Asia Pacific	191,303	109,110	22,716
Americas		114,659	78,427	6,231
Operating profit		–	–	90,071
Financial income		–	–	626
Revenue/gross profit/profit before tax		**1,064,945**	**556,105**	**90,697**

The above analysis by destination is not materially different to the analysis by origin.

The analysis opposite is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The individual reportable segments exclude income tax assets and liabilities. Non-current assets include property, plant and equipment, computer software, goodwill and other intangibles.

(b) Segment assets, liabilities, non-current assets and capital expenditure by reportable segment

		Total assets		Total liabilities	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
EMEA		**187,257**	143,621	**96,270**	74,687
United Kingdom		**119,036**	128,699	**43,306**	40,499
Asia Pacific	Australia and New Zealand	**24,869**	21,953	**10,526**	8,008
	Asia	**56,182**	48,213	**16,462**	12,616
	Total – Asia Pacific	**81,051**	70,166	**26,988**	20,624
Americas		**56,311**	41,689	**18,869**	12,682
Segment assets/liabilities		**443,655**	384,175	**185,433**	148,492
Income tax		**12,743**	8,814	**24,404**	22,738
		456,398	392,989	**209,837**	171,230

		Property, plant and equipment		Intangible assets	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
EMEA		**10,707**	6,479	**3,862**	2,449
United Kingdom		**7,142**	7,204	**33,278**	33,187
Asia Pacific	Australia and New Zealand	**1,376**	1,255	**22**	73
	Asia	**3,053**	1,364	**31**	43
	Total – Asia Pacific	**4,429**	2,619	**53**	116
Americas		**7,183**	5,109	**690**	514
		29,461	21,411	**37,883**	36,266

		Property, plant and equipment		Intangible assets	
Capital expenditure		2016 £'000	2015 £'000	2016 £'000	2015 £'000
EMEA		**6,283**	3,252	**2,242**	709
United Kingdom		**2,345**	2,866	**8,595**	5,149
Asia Pacific	Australia and New Zealand	**407**	133	**–**	8
	Asia	**2,390**	628	**–**	7
	Total – Asia Pacific	**2,797**	761	**–**	15
Americas		**2,686**	2,282	**316**	142
		14,111	9,161	**11,153**	6,015

(c) Revenue and gross profit by discipline

	Revenue		Gross profit	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accounting and Financial Services	**511,449**	468,364	**238,366**	220,082
Legal, Technology, HR, Secretarial and other	**294,972**	253,456	**138,830**	119,842
Engineering, Property & Construction, Procurement & Supply Chain	**227,908**	190,547	**125,545**	106,321
Marketing, Sales and Retail	**161,796**	152,578	**118,293**	109,860
	1,196,125	1,064,945	**621,034**	556,105

(d) Revenue and gross profit generated from permanent and temporary placements

	Revenue		Gross profit	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Permanent	**476,321**	431,292	**469,960**	424,015
Temporary	**719,804**	633,653	**151,074**	132,090
	1,196,125	1,064,945	**621,034**	556,105

3. Profit for the year

		2016 £'000	2015 £'000
Profit for the year is stated after charging:			
Employment costs (Note 4)		**398,530**	352,753
Net exchange losses		**1,207**	827
Depreciation of property, plant and equipment – owned (Note 10)		**7,917**	7,366
Amortisation of intangibles (Note 11)		**9,148**	8,051
Impairment of trade receivables (Note 20)		**12,264**	7,167
Loss on sale of property, plant and equipment and computer software		**186**	690
Operating lease rentals	– Land and buildings	**29,980**	24,926
	– Plant and machinery	**7,252**	2,895

	2016 £'000	2015 £'000
Fees payable to the Company's auditor:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**207**	194
Fees payable to the Company's auditor and associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**477**	410
– Audit related assurance services	**52**	87
Total audit fees	**736**	691
– Tax compliance services for the Company and its subsidiaries	**60**	78
– Tax advice for the Company, its subsidiaries and individual employees in relation to moving employees internationally	**153**	194
– Tax advisory services	**48**	29
Total non-audit fees	**261**	301
Total fees	**997**	992

4. Employee information

The average number of employees (including Executive Directors) during the year and total number of employees (including Executive Directors) at 31 December 2016 were as follows:

	2016 Average No.	2015 Average No.	At 31 Dec 2016 No.	At 31 Dec 2015 No.
Management	**295**	310	**292**	301
Client services	**4,297**	4,071	**4,419**	4,183
Administration	**1,392**	1,333	**1,388**	1,351
	5,984	5,714	**6,099**	5,835

Employment costs (including Directors' emoluments) comprised:

	2016 £'000	2015 £'000
Wages and salaries	**336,874**	295,767
Social security costs	**39,686**	34,984
Pension costs – defined contribution plans	**14,187**	11,801
Share-based payments and deferred cash plan	**7,783**	10,201
	398,530	352,753

No staff are employed by the parent company (2015: none) hence no remuneration has been disclosed for the Company. Remuneration for Directors for their services on behalf of the parent company are included in the Directors' Remuneration Report on pages 60 to 68.

5. Financial income/(expenses)

	2016 £'000	2015 £'000
Financial income		
Interest receivable	**117**	1,116
	117	1,116
Financial expenses		
Interest payable	**(465)**	(490)
Interest on discounting of French construction participation tax	**(608)**	–
	(1,073)	(490)

6. Income tax expense

The charge for taxation is based on the effective annual tax rate of 27.9% on profit before tax (2015: 27.0%).

Analysis of charge in the year	2016 £'000	2015 £'000
UK income tax at 20.00% (2015: 20.25%) for year	**11,078**	13,462
Adjustments in respect of prior year	**259**	64
Overseas income tax	**18,976**	14,289
	30,313	27,815
Deferred tax		
Adjustment in respect of prior years	**(2,015)**	(365)
Origination and reversal of temporary differences	**(53)**	(2,039)
Recognition of previously unrecognised losses and other tax attributes	**–**	(1,893)
Derecognition of previously recognised losses	**252**	–
(Credit)/charge for tax losses recognised	**(597)**	971
Deferred tax income	**(2,413)**	(3,326)
Total income tax expense in the income statement	**27,900**	24,489

Final determination of taxable impact of certain items has resulted in a prior year reclassification between current and deferred tax.

Reconciliation of effective tax rate	2016 £'000	%	2015 £'000	%
Profit before taxation	**99,996**		90,697	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	**19,999**	**20.0**	18,364	20.2
Effects of:				
Disallowable items and other permanent differences	**1,134**	**1.1**	1,840	2.0
Unrelieved overseas losses	**1,180**	**1.1**	568	0.6
Utilisation of losses not previously recognised	**(240)**	**(0.2)**	(28)	–
Recognition of overseas losses and other tax attributes	**–**	**–**	(1,893)	(2.1)
Derecognition of overseas losses	**252**	**0.3**	–	–
Higher tax rates on overseas earnings	**3,346**	**3.3**	3,000	3.3
Other tax overseas	**4,153**	**4.2**	2,951	3.3
Movement of rate difference	**(168)**	**(0.1)**	(12)	–
Adjustment to tax charge in respect of prior periods	**(1,756)**	**(1.8)**	(301)	(0.3)
Tax expense and effective rate for the year	**27,900**	**27.9**	24,489	27.0

Tax recognised directly in equity	2016 £'000	2015 £'000
Relating to settled transactions	**368**	(728)

7. Current tax assets and liabilities

The current tax asset of £12.7m (2015: £8.8m), and current tax liability of £24.4m (2015: £22.7m) for the Group, and current tax asset and liability of £nil (2015: £nil) for the parent company, represent the amount of income taxes recoverable and payable in respect of current and prior periods. The Group maintains a provision in relation to disputes and uncertain tax positions, including transfer pricing, which is included in the current tax liability. The Group has considered if there is a need to make a disclosure in relation to IAS 1 Estimation Uncertainty and has concluded that as no material adjustment to the carrying value of the transfer pricing reserve at 31 December 2016 is anticipated within the next financial year, no disclosure is required.

8. Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2015 of 7.90p per Ordinary share (2014: 7.58p)	**24,564**	23,702
Interim dividend for the year ended 31 December 2016 of 3.75p per Ordinary share (2015: 3.60p)	**11,660**	11,271
Special dividend for the year ended 31 December 2016 of 6.46p per Ordinary share (2015: 16.0p)	**20,087**	50,092
	56,311	85,065
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 December 2016 of 8.23p per Ordinary share (2015: 7.90p)	**25,599**	24,747

The proposed final dividend had not been approved by shareholders at 31 December 2016 and therefore has not been included as a liability. The comparative final dividend at 31 December 2015 was also not recognised as a liability in the prior year.

The proposed final dividend of 8.23p (2015: 7.90p) per Ordinary share will be paid on 19 June 2017 to shareholders on the register at the close of business on 19 May 2017, subject to approval by shareholders.

When the Company pays a dividend to shareholders, there may be income tax consequences. The impact will depend upon the individual circumstances of the shareholder.

9. Earnings per Ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	2016 £'000	2015 £'000
Earnings		
Earnings for basic and diluted earnings per share (£'000)	**72,096**	66,208
Number of shares	**number**	number
Weighted average number of shares used for basic earnings per share ('000)	**311,534**	311,436
Dilutive effect of share plans ('000)	**802**	2,368
Diluted weighted average number of shares used for diluted earnings per share ('000)	**312,336**	313,804
	pence	pence
Basic earnings per share	**23.1**	21.3
Diluted earnings per share	**23.1**	21.1

The above results relate to continuing operations.

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Employee Benefit Trust and held in the reserve.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. This calculation determines the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated in the basic earnings per share is then adjusted to reflect the number of shares deemed to be issued for nil consideration as a result of the potential exercise of existing share options.

The remaining share options that are currently not dilutive and hence excluded from the dilutive earnings per share calculation remain potentially dilutive until they are either exercised or they lapse.

10. Property, plant and equipment

Group	Leasehold improve-ments £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
	2016			
Cost				
At 1 January	**32,101**	**47,428**	**2,269**	**81,798**
Additions	**6,853**	**6,420**	**838**	**14,111**
Disposals	**(4,977)**	**(10,155)**	**(829)**	**(15,961)**
Effect of movements in foreign exchange	**4,462**	**6,306**	**146**	**10,914**
At 31 December	**38,439**	**49,999**	**2,424**	**90,862**
Depreciation				
At 1 January	**22,187**	**37,163**	**1,037**	**60,387**
Charge for the year	**3,425**	**3,910**	**582**	**7,917**
Disposals	**(4,718)**	**(9,322)**	**(552)**	**(14,592)**
Effect of movements in foreign exchange	**3,000**	**4,612**	**77**	**7,689**
At 31 December	**23,894**	**36,363**	**1,144**	**61,401**
Net book value				
At 31 December	**14,545**	**13,636**	**1,280**	**29,461**

Group	Leasehold improve-ments £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
	2015			
Cost				
At 1 January	33,696	48,050	2,622	84,368
Additions	3,609	4,807	745	9,161
Disposals	(3,868)	(3,833)	(951)	(8,652)
Effect of movements in foreign exchange	(1,336)	(1,596)	(147)	(3,079)
At 31 December	32,101	47,428	2,269	81,798
Depreciation				
At 1 January	22,943	38,488	1,129	62,560
Charge for the year	3,146	3,630	590	7,366
Disposals	(3,195)	(3,838)	(579)	(7,612)
Effect of movements in foreign exchange	(707)	(1,117)	(103)	(1,927)
At 31 December	22,187	37,163	1,037	60,387
Net book value				
At 31 December	9,914	10,265	1,232	21,411

11. Intangible assets

2016							
Group	Computer software £'000	Computer software, assets under construction £'000	Subtotal £'000	Goodwill £'000	Trademark £'000	Subtotal £'000	Total £000
Cost							
At 1 January	**66,762**	**3,204**	**69,966**	**1,539**	**746**	**2,285**	**72,251**
Additions	**2,773**	**8,380**	**11,153**	**–**	**–**	**–**	**11,153**
Disposals	**(5,685)**	**–**	**(5,685)**	**–**	**–**	**–**	**(5,685)**
Transfers	**4,648**	**(4,648)**	**–**	**–**	**–**	**–**	**–**
Effect of movements in foreign exchange	**1,556**	**–**	**1,556**	**–**	**–**	**–**	**1,556**
At 31 December	**70,054**	**6,936**	**76,990**	**1,539**	**746**	**2,285**	**79,275**
Amortisation							
At 1 January	**35,433**	**–**	**35,433**	**–**	**552**	**552**	**35,985**
Charge for the year	**9,111**	**–**	**9,111**	**–**	**37**	**37**	**9,148**
Disposals	**(4,978)**	**–**	**(4,978)**	**–**	**–**	**–**	**(4,978)**
Effect of movements in foreign exchange	**1,237**	**–**	**1,237**	**–**	**–**	**–**	**1,237**
At 31 December	**40,803**	**–**	**40,803**	**–**	**589**	**589**	**41,392**
Net book value							
At 31 December	**29,251**	**6,936**	**36,187**	**1,539**	**157**	**1,696**	**37,883**

2015							
Group	Computer software £'000	Computer software, assets under construction £'000	Subtotal £'000	Goodwill £'000	Trademark £'000	Subtotal £'000	Total £000
Cost							
At 1 January	63,327	1,819	65,146	1,539	746	2,285	67,431
Additions	1,009	5,006	6,015	–	–	–	6,015
Disposals	(384)	–	(384)	–	–	–	(384)
Transfers	3,621	(3,621)	–	–	–	–	–
Effect of movements in foreign exchange	(811)	–	(811)	–	–	–	(811)
At 31 December	66,762	3,204	69,966	1,539	746	2,285	72,251
Amortisation							
At 1 January	28,453	–	28,453	–	432	432	28,885
Charge for the year	7,931	–	7,931	–	120	120	8,051
Disposals	(359)	–	(359)	–	–	–	(359)
Effect of movements in foreign exchange	(592)	–	(592)	–	–	–	(592)
At 31 December	35,433	–	35,433	–	552	552	35,985
Net book value							
At 31 December	31,329	3,204	34,533	1,539	194	1,733	36,266

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. A summary of the goodwill allocation is presented below:

	2016 £'000	2015 £'000
UK	**1,274**	1,274
USA	**214**	214
Singapore	**51**	51
	1,539	1,539

In assessing value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget, management projections for five years, followed by an assumed growth rate of 0%, which does not exceed the long-term average growth rate of the relevant markets and reflects long-term wage inflation fee growth. Management applied a discount rate of 8%, representing the weighted average cost of capital for the Group, to the estimated future cash flows to calculate the terminal value of those cash flows. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill allocated to any CGU to materially exceed its recoverable amount.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. It is the opinion of the Directors that at 31 December 2016 there was no impairment of goodwill.

12. Investments

Company	Subsidiary undertakings £'000
Cost at 1 January 2016	**505,912**
Transactions relating to share plans for subsidiaries' employees	**3,960**
Cost at 31 December 2016	**509,872**

The Company's principal subsidiary undertakings at 31 December 2016, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Argentina SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Page Personnel Argentina SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Page Personnel Argentina Servicios Eventuales SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Michael Page International (Australia) Pty Limited	Australia	Recruitment Consultancy	Level 32, 225 George Street, Sydney, NSW 2000, Australia
Michael Page International GmbH	Austria	Recruitment Consultancy	Mariahilfer Strasse 17, 1060, Wien, Austria
Michael Page International (Belgium) NV/SA	Belgium	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Page Interim (Belgium) NV/SA	Belgium	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Michael Page International Do Brasil - Recrutamento Especializado Ltda	Brazil	Recruitment Consultancy	Rua Funchal 375, 7th Floor Vila Olimpia, CEP 04551-060, Sao Paulo, Brazil
Page Interim Do Brasil - Recrutamento Especializado Ltda	Brazil	Recruitment Consultancy	Av. das Nações Unidas, 10.989 - 4º Andar , Conjunto 41 - Edifício Mendes Caldeira, CEP 04578-900, São Paulo - SP, Brazil
Page Personnel Do Brasil - Recrutamento Especializado e servicos corporativos Ltda	Brazil	Recruitment Consultancy	Av. Engenheiro Luis Carlos Berrini, 716, 1º andar - CJ.12 - Cidade Monções, CEP 04571-000, São Paulo - SP, Brazil
Michael Page International Canada Limited	Canada	Recruitment Consultancy	130 Adelaide Street West, 21st Floor, Toronto, Ontario, M5H 1J8, Canada

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 16, Las Condes, Santiago 7550055, Chile
Page Personnel International Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 1, Las Condes, Santiago 7550055, Chile
Page Consulting Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 16, Las Condes, Santiago 7550055, Chile
Empresa de Servicios Transitorios Page Interim Chile Limitada	Chile	Recruitment Consultancy	Magdalena 181, Piso 1, Las Condes, Santiago 7550055, Chile
Michael Page (Beijing) Recruitment Co. Ltd	China	Recruitment Consultancy	Room 2701 & 2708, SK Tower Beijing, No.6 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, China
Michael Page (Shanghai) Recruitment Co. Ltd	China	Recruitment Consultancy	Level 11, Tower 2, Jing An Kerry Centre, 1539 Nanjing Road West, Shanghai, 200040, China
Michael Page International Colombia SAS	Colombia	Recruitment Consultancy	Av. Calle 82 No. 10-33 - Oficina 801, Colombia
Michael Page Partnership Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Employment Services Limited	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
LPM (Professional Recruitment) Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Accountancy Additions Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Slamway Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
The Assessment Centre Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
LPM (Group Services) Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
The Page Partnership Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Sales Recruitment Specialists Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International 1982 Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Investment Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Finance Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Page Personnel (UK) Limited	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Holdings Limited	England and Wales	Support services	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Holdings Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Recruitment Limited*	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Limited	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Southern Europe Limited*	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page UK Limited	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Recruitment Group Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International (France) SAS	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Financial Services SAS	France	Support services	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Personnel SAS	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Commercial EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Ignenieurs et Informatuque SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Formation EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP International – LRR EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Finance et Comptabilitie EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Services SASU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Nord EURL	France	Recruitment Consultancy	1, Rue Esquermoise, 59800 Lille, France
MP Sud EURL	France	Recruitment Consultancy	48, Rue de la République, 69002 Lyon, France
Michael Page Advertising SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Consulting SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Executive EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page EDP EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Monaco SARL	France	Recruitment Consultancy	7 Rue de l'Industrie, 98000 Monaco
MP Immobilier et Construction EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page IT Services SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Talent for SARLU	France	Non-trading	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International (Deutschland) GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Page Personnel Services GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Page Personnel (Deutschland) GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page Interim GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page International (Hong Kong) Limited	Hong Kong	Recruitment Consultancy	611 One Pacific Place, 88 Queensway, Hong Kong
Michael Page International Recruitment Pvt Ltd	India	Recruitment Consultancy	5th Floor, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (E), Mumbai 400051, India
PT Michael Page International Indonesia	Indonesia	Recruitment Consultancy	One Pacific Place, Suites B-F, Level 12, Sudirman Central Business District, Jl. Jend. Sudirman Kav 52-53, Jakarta 12190, Indonesia
Michael Page International (Ireland) Limited	Ireland	Recruitment Consultancy	c/o Mason Hayes & Curran, Southbank House, Barrow Street, Dublin 4, Ireland
Michael Page International Italia Srl	Italy	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Page Personnel Italia SpA	Italy	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Michael Page International (Japan) K.K.	Japan	Recruitment Consultancy	6F Hulic Kamiyacho Building, 4-3-13 Toranomon, Minato-ku, Tokyo 105-0001, Japan
Michael Page International (Malaysia) Sdn Bhd	Malaysia	Recruitment Consultancy	Level 27, Integra Tower, The Intermark, 348 Jalan Tun Razak, Kuala Lumpur, 50400, Malaysia
Michael Page International Mexico Reclutamiento Especializado, S.A. de C.V.	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec,Z.C. 11000, CDMX, Mexico
Michael Page International Mexico Servicios Corporativos SA de CV	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec,Z.C. 11000, CDMX, Mexico
Page Interim Mexico Servicios SA de CV	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec,Z.C. 11000, CDMX, Mexico
Michael Page International (Maroc) SARL AU	Morocco	Recruitment Consultancy	Residence Plein Ciel 9, Angle rue Mahassine Arrouyani et Ali Abderrazak. Quartier Racine-20.100 Casablanca- Maroc
Michael Page International (Nederland) BV	Netherlands	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Page Interim BV	Netherlands	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Michael Page International (New Zealand) Limited	New Zealand	Recruitment Consultancy	Level 17, 191 Queen Street, Auckland NZ 1010
Michael Page International Peru SRL	Peru	Recruitment Consultancy	Calle Las Orquídeas 665 esq. Andrés Reyes - Piso 2, Oficina 201 San Isidro, Peru
Michael Page International (Poland) Sp.z.o.o	Poland	Recruitment Consultancy	ul. Zlota 59, 00-120 Warsaw, Poland
Michael Page International Empressa de Trabalho Temporário e Serviços de Consultadoria Lda	Portugal	Recruitment Consultancy	Avenida da Liberdade n 180A, 1250-146 Lisboa, Portugal

Name of undertaking	Country of incorporation	Principal activity	Registered office
Portugal MP Outsourcing	Portugal	Recruitment Consultancy	Avenida da Liberdade n 180A, 1250-146 Lisboa, Portugal
Michael Page International Qatar (Branch)	Qatar	Recruitment Consultancy	Qatar Financial Centre, Office 2, Ground Floor, Tornado Tower, West Bay, PO Box 23153, Doha, Qatar
Michael Page International Russia LLC (In liquidation)	Russia	Recruitment Consultancy	Building 9, Zemlianoy val Str., Moscow, 105064, Russian Federation
Michael Page International Pte Limited*	Singapore	Recruitment Consultancy	One Raffles Place, #09-61 Office Tower Two, Singapore 048616
Michael Page International (SA) (Pty) Limited	South Africa	Recruitment Consultancy	PO Box 653555, Benmore 2010, South Africa
Michael Page Africa (SA) (Pty) Limited	South Africa	Non-trading	PO Box 653555, Benmore 2010, South Africa
Michael Page International (España) SA	Spain	Recruitment Consultancy	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Michael Page Holding (España) SL	Spain	Holding company	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Page Personnel Seleccion SA	Spain	Recruitment Consultancy	Calle Julian Camarillo 42-4, 28037 Madrid, Spain
Michael Page AD SL	Spain	Recruitment Consultancy	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Page Group Europe SL	Spain	Recruitment Consultancy	Plaza Europa 21-23 5ª, 08908 Hospitalet de Llobregat (Barcelona), Spain
Page Personnel ETT SA	Spain	Recruitment Consultancy	Calle Julian Camarillo 42-4, 28037 Madrid, Spain
Michael Page International (Sweden) AB	Sweden	Recruitment Consultancy	Master Samuelsgatan 42, l4tr 111 57 Stockholm, Sweden
Michael Page International (Switzerland) SA	Switzerland	Recruitment Consultancy	Quai de la Poste 12, CH-1204 Geneva, Switzerland
Taiwan Michael Page International Co Ltd	Taiwan	Recruitment Consultancy	8F-1 Shin Kong Xin Yi Financial Building, 36-1 Songren Road Xing-Yi District, Taipei City, Taiwan 110
Michael Page Thailand Limited	Thailand	Holding company	17th Floor, ITF Tower, No 140/36-37 Silom Road, Kwaeng Suriawong, Khet Banrak, Bangkok, Thailand
Michael Page International Recruitment (Thailand) Limited	Thailand	Recruitment Consultancy	Unit 3076, 30th Floor Bhiraji Tower, EmQuartier, 689 Sukhumvit Road, Klongton Nuea, Vadhanna, Bangkok 10110, Thailand
Michael Page International NEM IstihdamDanismanligi Limited Sirketi	Turkey	Recruitment Consultancy	Buyukdere Caddesi, Kanyon Ofis, Binasi No. 185, Kat 5 34394 Levent, Instanbul, Turkey
Michael Page International Yonetim Servisleri Danismanligi Ltd	Turkey	Recruitment Consultancy	Buyukdere Caddesi, Kanyon Ofis, Binasi No. 185, Kat 5 34394 Levent, Instanbul, Turkey
Michael Page International (UAE) Limited	United Arab Emirates	Recruitment Consultancy	No. 202, Al Fattan Currency House, Tower 1, Dubai International Finance Centre (DIFC), PO Box 506702, Dubai, United Arab Emirates
Michael Page International Inc*	United States	Recruitment Consultancy	622 3rd Avenue, 29th Floor, New York, NY10017, USA

*The equity of these subsidiary undertakings is held directly by PageGroup plc. All companies have been included in the consolidation and operate principally in their country of incorporation.

The percentage of the issued share capital held is equivalent to the percentage of voting rights held. The Group holds 100% of all classes of issued share capital. The share capital of all the subsidiary undertakings comprise Ordinary shares.

13. Trade and other receivables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Current				
Trade receivables	**210,145**	169,012	**–**	–
Less provision for impairment of receivables	**(5,070)**	(5,635)	**–**	–
Net trade receivables	**205,075**	163,377	**–**	–
Amounts due from Group companies	**–**	–	**664,008**	636,601
Other receivables	**9,612**	9,041	**–**	–
Accrued Income	**37,623**	34,226	**–**	–
Prepayments	**7,018**	8,088	**–**	–
	259,328	214,732	**664,008**	636,601
Non-current				
Other receivables	**7,640**	2,693	**–**	–

The fair values of trade and other receivables are not materially different to those disclosed above.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 20.

All amounts due from Group undertakings are unsecured, interest-free and repayable on demand.

14. Trade and other payables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Current				
Trade payables	**7,515**	15,659	**–**	–
Amounts owed to Group companies	**–**	–	**798,493**	724,291
Other tax and social security	**46,813**	44,181	**–**	–
Other payables	**21,407**	10,813	**–**	–
Accruals	**98,084**	70,543	**10**	–
Deferred income	**1,240**	739	**–**	–
	175,059	141,935	**798,503**	724,291
Non-current				
Deferred income	**9,702**	5,092	**–**	–
Other tax and social security	**242**	298	**–**	–
	9,944	5,390	**–**	–

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

All amounts due to Group undertakings are unsecured, interest-free and repayable on demand.

The total liability relating to other tax and social security includes a balance of £0.8m (2015: £1.1m) relating to social charges on share-based payments.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

15. Bank overdrafts

No bank overdrafts were utilised in respect of the year ended 31 December 2016 (2015: £Nil).

The carrying amounts of the Group's borrowings are denominated in Sterling.

The Group has a £10m committed overdraft facility with Deutsche Bank, as well as a £2m facility with HSBC. All other bank overdrafts and facilities are repayable on demand.

At 31 December 2016, the Group had available £10m (2015: £10m) of undrawn committed borrowing facilities with Deutsche Bank, £2m facility with HSBC, £1m elsewhere in the Group and £36.9m of undrawn borrowing facilities under the Invoice Discounting arrangement with HSBC. All conditions precedent on each of these facilities had been met.

The Group's exposure to interest rate, foreign currency and liquidity risk for financial assets and liabilities is disclosed in Note 20.

16. Deferred tax

The following are the major deferred tax (assets)/liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 1 January 2016	**(2,570)**	**(4,990)**	**(5,328)**	**(12,888)**
Recognised in equity for the year	**392**	**–**	**–**	**392**
Recognised in profit or loss for the year	**762**	**949**	**(4,124)**	**(2,413)**
Exchange differences	**–**	**(1,020)**	**(188)**	**(1,208)**
At 31 December 2016	**(1,416)**	**(5,061)**	**(9,640)**	**(16,117)**
At 1 January 2015	(2,468)	(4,481)	(2,086)	(9,035)
Recognised in equity for the year	(512)	–	–	(512)
Recognised in profit or loss for the year	410	(509)	(3,228)	(3,327)
Exchange differences	–	–	(14)	(14)
At 31 December 2015	(2,570)	(4,990)	(5,328)	(12,888)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2016 £'000	2015 £'000
Deferred tax assets	**(16,547)**	(14,055)
Deferred tax liabilities	**430**	1,167
	(16,117)	(12,888)

No deferred tax liability has been recognised in respect of £110.3m (2015: £87.9m) of unremitted earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future.

The net reduction of the deferred tax asset balance by £0.9m in the year includes £1.3m for the effects of recognition and derecognition of tax losses across a number of territories plus the utilisation of losses in other territories. The movement in 'Other' is comprised of temporary differences between the recognition of income and expenditure for accounting and tax purposes. This can vary from year to year and in 2016 resulted in an increase in the deferred tax asset of £4.3m (2015: £3.2m decrease).

The realisation of the deferred tax asset is dependent upon generating future taxable profits in the overseas territories in which the deferred tax has arisen. Of the net deferred tax asset recognised, £0.4m relates to territories that were loss making in the current year. In addition there are carried forward losses of £14.0m (2015: £12.1m) arising in overseas territories for which no deferred tax is recognised given the future utilisation of the tax losses is uncertain; there were no other tax attributes recognised in those territories. These tax losses and other tax attributes remain available to offset future taxable profits in the respective territories where they have arisen.

The Group has estimated the likely value of deferred tax assets in respect of trading losses carried forward and all other categories. The Group has considered if there is a need to make a disclosure in relation to IAS 1 Estimation Uncertainty and have concluded that as no material adjustment to the carrying value of the deferred tax asset at 31 December 2016 is anticipated within the next financial year, no disclosure is required.

17. Called-up share capital

	2016		2015	
	£'000	Number of shares	£'000	Number of shares
Allotted, called-up and fully paid Ordinary shares of 1p each				
At 1 January	**3,258**	**325,919,705**	3,219	321,834,542
Shares issued	**1**	**55,750**	39	4,085,163
At 31 December	**3,259**	**325,975,455**	3,258	325,919,705

Shares issued in the year related to the Executive Share Option Scheme.

Share option plans

The Group has share option awards currently outstanding under an Executive Share Option Scheme (ESOS) and a Share Option Scheme (SOS). These plans are described below.

At 31 December 2016 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1p under both the Michael Page Executive Share Option Scheme and the Share Option Scheme. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Year of grant	Balance at 1 January 2016	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding at 31 December 2016	Base EPS/ OP range†	Exercise price per share	Exercise period
2006 (Note 1)*	28,000	–	(28,000)	–	–	15.5	309.9p	March 2009 – March 2016
2009 (Note 2)	1,043,365	–	(92,275)	(64,072)	887,018	OP range	187.5p-211.84p	March 2012 – March 2019
2010 (Note 1)*	2,626,024	–	(27,750)	(139,357)	2,458,917	6.6	381.5p-383.0p	March 2013 – March 2020
2011 (Note 2)	2,628,569	–	–	(359,000)	2,269,569	OP range	491.0p-492.9p	March 2014 – March 2021
2012 (Note 2)	2,164,318	–	–	(181,415)	1,982,903	OP range	477.0p	March 2015 – March 2022
2013 (Note 2)	3,567,473	–	–	(479,640)	3,087,833	OP range	442.0p	March 2016 – March 2023
2014 (Note 2)	4,148,606	–	–	(327,992)	3,820,614	OP range	484.0p	March 2017 – March 2024
2015 (Note 2)	1,710,000	90,000	–	(87,573)	1,712,427	OP range	526.0p-534.0p	March 2018 – March 2025
2016 (Note 2)	–	1,700,000	–	–	1,700,000	OP range	406.0p-427.0p	March 2019 – March 2026
Total 2016	17,916,355	1,790,000	(148,025)	(1,639,049)	17,919,281			
Weighted average exercise price 2016 (£)	4.48	4.14	2.47	4.55	4.45			
Total 2015	24,102,409	1,860,000	(5,967,626)	(2,078,428)	17,916,355			
Weighted average exercise price 2015 (£)	4.27	5.26	3.83	4.66	4.48			

* These options have fully vested

† The Operating Profit ranges for each award are fully disclosed in Note 2 of this Note. 7,820,896 options were exercisable at the end of 2016 at a weighted average exercise price of £4.05 (2015: £3.83). The weighted average share price at the date of exercise was £3.83.

Note 1

Executive Share Option Scheme

Using the ESOS, awards of share options can be made to key management personnel and senior employees to receive shares in the Company.

No awards have been made under the ESOS since 2010 and this award has fully vested.

For grants under the ESOS, the performance condition is tested on the third anniversary and no retesting will occur thereafter. These options were granted subject to a performance condition requiring that an option may only be exercised, in normal circumstances, if there has been an increase in base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index. The respective base earnings per share for each grant are shown in the table above.

Note 2

Share Option Scheme

Executive Directors of the Company are not eligible to participate in this plan. Any exercises of awards made under this plan are settled by shares held in the Employee Benefit Trust.

This share option scheme was created in 2009 to provide an effective plan under which to grant awards from 2009 onwards. It was the Board's view that grants made under the existing ESOS, which would have required an increase over the 2008 base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index by 2011, would not be achievable due to the impact of the global downturn on the Group's EPS and thus would not provide the required retention incentive.

The 2009 grant made under the SOS is subject to a performance condition that was tested, initially, three years after the date of grant and since then has been and will be tested annually until either the entire grant vests, or ten years from the date of grant of the award have elapsed, in which case any awards outstanding under the grant will lapse. The performance condition is directly linked to the Group's Operating Profit. If Operating Profit is £30m then 30% of the award would vest. For every £1m of Operating Profit over £30m, a further 1% would vest. 100% of the award would vest if Operating Profit was £100m.

As the Group's 2011 Operating Profit was £86.0m, 86% of this award vested on 10 March 2012, with a further 4% vesting on 10 March 2016 following the 2015 result. Following 2016's Operating Profit of £101.0m, the final portion of the award will vest on 10 March 2017.

Further grants under the SOS have been made in each year from 2011. The performance conditions for these grants are also directly linked to the Group's Operating Profit.

For the 2011 grant, if Operating Profit is in excess of £100m, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £200m or more. Following 2016's operating profit, none of this award will vest.

For grants between 2012 and 2015, if Operating Profit is in excess of £50m, a proportion of the award equivalent to the amount of Operating Profit achieved will vest up to a maximum of 100% if the Operating Profit is £100m or more. As Operating Profit of £101.0m was achieved this year, the performance criteria have been fully achieved and these awards will vest in full when their three year time periods have elapsed.

For the 2016 grant, if Operating Profit is in excess of £75m, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £125m or more. None of this award has yet vested.

Other share-based payment plans

The Company also operates a Management Incentive Plan for the Executive Directors and senior employees and a Long-Term Incentive Plan for the Senior Executives. Details of these plans are disclosed in the Directors' Remuneration Report and are settled by cash or the physical delivery of shares, currently satisfied by shares held in the Employee Benefit Trust, to the extent that service and performance conditions are met. Movements on these plans are shown below:

	LTIP	MIP
As at 1 January 2016	**593,125**	**2,008,320**
Granted	418,163	824,157
Lapsed	–	(20,319)
Exercised	–	(753,448)
Outstanding as at 31 December 2016	**1,011,288**	**2,058,710**
Weighted average fair value at the date of measurement	–	–

Share option valuation and measurement

In 2016, options were granted on 18 March with the estimated fair value of the options granted on that day of £0.68. In 2015, options were granted on 20 March with the estimated fair value of the options granted on that day of £0.84.

Share options are granted under service and non-market performance conditions. These conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants.

The options outstanding at 31 December 2016 have an exercise price in the range of 187.5p to 534.0p and a weighted average contractual life of 5.9 years. The fair values of options and other share awards granted during the year were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Share Option Plans		Long-Term Incentive Plan		Management Incentive Plan	
	2016	2015	2016	2015	2016	2015
Share price (£)	**4.06**	5.26	**4.04**	5.26	**4.04**	5.26
Average exercise price (£)	**4.06**	5.26	**Nil**	Nil	**Nil**	Nil
Weighted average fair value (£)	**0.68**	0.84	**3.72**	5.26	**3.72-4.04**	4.94-5.26
Expected volatility	**25.7%**	23%	**25.7%**	23%	**25.7%**	23%
Expected life	**5 years**	5 years	**3 years**	3 years	**3 years**	3 years
Risk free rate	**0.89%**	0.71%	**0.89%**	0.71%	**0.89%**	0.71%
Expected dividend yield	**2.75%**	2.09%	**Nil**	Nil	**2.75%**	2.09%

Expected volatility was determined by reference to historical volatility of the Company's share price in the last 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expectations of early exercise are incorporated into the Black-Scholes option pricing model.

The Group recognised total expenses of £4.2m, including social security, (2015: £7.6m) related to share-based payment transactions during the year.

18. Reserves

Share premium

The share premium account has been established to represent the excess of proceeds over the nominal value for all share issues, including the excess of the exercise share price over the nominal value of the shares on the exercise of share options.

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the Company's own shares.

Reserve for shares held in the Employee Benefit Trust

At 31 December 2016, the reserve for shares held in the employee benefit trust consisted of 17,592,938 Ordinary shares (2015: 14,776,231 Ordinary shares) held for the purpose of satisfying awards made under the Management Incentive Share Plan, the Long-Term Incentive Plan and the SOS, representing 5.4% of the called-up share capital with a market value of £68.7m (2015: £71.6m).

There are 14,926,677 (2015: 12,663,133) of these shares held in the trust on which dividends are waived.

Currency translation reserve

Since first-time adoption of the International Financial Reporting Standards, the currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company.

19. Cash and cash equivalents

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash at bank and in hand	**78,022**	76,957	**–**	–
Short-term deposits	**14,774**	18,061	**–**	–
Cash and cash equivalents	**92,796**	95,018	**–**	–
Cash and cash equivalents in the statement of cash flows	**92,796**	95,018	**–**	–
Net funds	**92,796**	95,018	**–**	–

The Group operates a multi-currency notional cash pool. Currently the main Eurozone subsidiaries and the UK-based Group Treasury subsidiary participate in this cash pool, although it is the Group's intention to extend the scope of the participation to other Group companies going forward. The structure facilitates interest and balance compensation of cash and bank overdrafts.

20. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

(i) credit risk

(ii) liquidity risk

(iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Trade and other receivables

Total trade receivables (net of allowances) held by the Group at 31 December 2016 amounted to £205.1m (2015: £163.4m).

An initial credit period is made available on invoices. No interest is charged on trade receivables from the date of the invoice during this credit period. Thereafter, interest is charged on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts from the provision of our services, determined by reference to past default experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of £92.9m (2015: £67.4m) that are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The days sales of these receivables at the year end is 50 days in excess of the initial credit period (2015: 46 days).

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2016 £'000	Provision 2016 £'000	Net trade receivables 2016 £'000	Gross trade receivables 2015 £'000	Provision 2015 £'000	Net trade receivables 2015 £'000
Not past due	**112,326**	**179**	**112,147**	96,207	258	95,949
Past due 0-30 days	**60,705**	**102**	**60,603**	43,928	118	43,810
Past due 31-150 days	**31,542**	**53**	**31,489**	22,760	60	22,700
More than 150 days	**5,572**	**4,736**	**836**	6,117	5,199	918
	210,145	**5,070**	**205,075**	169,012	5,635	163,377

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Group's client base, including the country in which clients operate, also has an influence on credit risk. Less than 3% of the Group's revenue is attributable to sales transactions with a single client. The geographic diversification of the Group's revenue also reduces the concentration of credit risk.

The majority of the Group's clients have been transacting with the Group for several years, with losses rarely occurring. In monitoring client credit risk, clients are grouped according to their credit characteristics, including geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

Movement in the allowance for doubtful debts:

	2016 £'000	2015 £'000
Balance at beginning of the year	**5,635**	5,818
Impairment losses recognised on receivables	**12,264**	7,167
Amounts written off as uncollectable	**(1,259)**	(1,405)
Amounts recovered during the year	**(8,026)**	(2,579)
Impairment losses reversed	**(3,544)**	(3,366)
Balance at end of the year	**5,070**	5,635

Most of the allowance for doubtful debts represents a provision for debts which the Group estimate may be irrecoverable, as well as individually impaired trade receivables with a balance of £2.4m (2015: £2.9m) which have been placed in litigation.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Exposure to credit risk

The maximum exposure to credit risk for net trade receivables at the reporting date by geographic region was:

	Carrying amount 2016 £'000	Carrying amount 2015 £'000
EMEA	**122,858**	89,288
United Kingdom	**37,028**	40,147
Asia Pacific	**27,290**	20,545
Americas	**17,899**	13,397
	205,075	163,377

The maximum exposure to credit risk for net accrued income at the reporting date by geographic region was:

	Carrying amount 2016 £'000	Carrying amount 2015 £'000
EMEA	**1,917**	1,128
United Kingdom	**15,617**	14,902
Asia Pacific	**12,620**	12,036
Americas	**7,469**	6,160
	37,623	34,226

The entire accrued income balance is not past due. The fair values of trade and other receivables are not materially different to those disclosed above and in note 13. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework that aims to ensure that the Group has sufficient cash or credit facilities at all times to meet all current and forecast liabilities as they fall due. It is the Directors' intention to continue to finance the activities and development of the Group from retained earnings.

Cash surpluses are invested in short-term deposits, with any working capital requirements being provided from Group cash resources, Group facilities, or by local overdraft facilities. The Group also operates a multi-currency notional cash pool to facilitate interest and balance compensation of cash and bank overdrafts.

The following are the contractual maturities of financial liabilities:

2016	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	**5,330**	**787**	**971**	**427**
Accruals and other payables	**58,796**	**16,236**	**44,459**	**–**

2015	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	9,302	5,122	1,191	44
Accruals and other payables	42,032	21,603	17,721	–

Capital is equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders through share repurchases with subsequent cancellation, or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

(iii) Market risk and sensitivity analysis

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, but these risks are not deemed to be material. However, a sensitivity analysis showing hypothetical fluctuations in Pounds Sterling against the Group's main exposure currencies is shown on the next page. There has been no material change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group does not consider this risk as significant. The benchmark rates for determining floating rate liabilities are based on relevant national LIBOR equivalents.

The Group's only interest bearing assets and liabilities at 31 December 2016 relate to cash and bank overdrafts. The average interest rate paid on bank overdrafts was 2.50% (2015: 2.23%).

Currency rate risk

The Group publishes its results in Pounds Sterling and conducts its business in many foreign currencies. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements. The Group is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currencies of some of its subsidiaries and the translation of the results and underlying net assets of foreign subsidiaries.

The main functional currencies of the Group are Sterling, Euro, Chinese Renminbi, Swiss Franc, Singapore Dollar and Australian Dollar. The Group does not have material transactional currency exposures. The Group is exposed to foreign currency translation differences in accounting for its overseas operations. The Group policy is not to hedge translation exposure.

The Group has entered into hedges to cover its investments in foreign entities in the US and Canada designating them as net investment hedges. The portion of gains or losses on the hedging instruments determined to be an effective hedge is transferred to other comprehensive income. The pre-tax loss on effective hedging instruments deferred within other comprehensive income as at 31 December 2016 is £2.5m (2015: £0.2m).

In certain cases, where the Company gives or receives short-term loans to and from other Group companies with different reporting currencies, it may use foreign exchange rate derivatives to manage the currency exposure that arises on these loans. It is the Group's policy not to seek to designate these derivatives as hedges.

All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through the income statement. The Group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are undertaken to manage the risks arising from underlying business activities.

Information on the fair value of derivative financial instruments held at the balance sheet date is shown in the table below.

Fair values are not adjusted for credit risk, as required by IFRS 13, because credit impact is not material given the low fair value levels. All derivative instruments are classified as level 1 instruments.

Derivative financial instruments

	Derivatives at fair value	
	2016 £m	2015 £m
Derivative assets	**1.5**	0.3
Derivative liabilities	**(1.0)**	(0.8)
Net derivative liabilities	**0.5**	(0.5)

Sensitivity analysis – currency risk

A 10% strengthening of Sterling against the following currencies at 31 December 2016 would have increased/(decreased) equity and profit or loss by the amounts shown over the page. This analysis is applied currency by currency in isolation, i.e. ignoring the impact of currency correlation, and assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected, due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the table over the page, which therefore should not be considered a projection of likely future events and losses.

	2016 equity £'000	2016 PBT £'000
Euro	**(6,929)**	**(1,992)**
Australian Dollar	**(1,247)**	**56**
Swiss Franc	**(1,727)**	**(182)**
Chinese Renminbi	**(1,178)**	**(386)**
Singapore Dollar	**(1,203)**	**40**
Other	**(4,040)**	**(506)**

	2015 equity £'000	2015 PBT £'000
Euro	(5,287)	(1,271)
Australian Dollar	(1,232)	(24)
Swiss Franc	(1,355)	(96)
Chinese Renminbi	(964)	(228)
Singapore Dollar	(1,044)	(52)
Other	(3,099)	(516)

A 10% weakening of Sterling against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

21. Commitments

Operating lease commitments

At 31 December 2016 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	**28,987**	23,473	**5,020**	3,399
Within two to five years	**63,684**	57,584	**5,301**	3,602
After five years	**20,319**	21,766	**–**	–
Total	**112,990**	102,823	**10,321**	7,001

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The Group also leases various plant and machinery under operating lease agreements. The Group is required to give varying notice for the termination of these agreements.

Capital commitments

The Group had £0.7m of contractual capital commitments as at 31 December 2016 relating to property, plant and equipment (2015: £2.6m). The Group had contractual capital commitments of £0.7m as at 31 December 2016 relating to computer software (2015: £1.1m).

22. Contingent liabilities

Guarantees

The Company has provided guarantees to other Group undertakings amounting to £nil (2015: £0.3m) in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

VAT Group registration

As a result of Group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2016 amounted to £4.8m (2015: £7.5m).

23. Events after the balance sheet date

Between 31 December 2016 and 6 March 2017, 5,000 options were exercised, leading to an increase in share capital of £50 and an increase in share premium of £19k.

24. Related party transactions

Identity of related parties

The Company has a related party relationship with its Directors and members of the Executive Committee, and subsidiaries (Note 12).

Transactions with key management personnel

Key management personnel are deemed to be the Directors and members of the Executive Committee as detailed in the biographies on pages 38 to 41. The remuneration of Directors and members of the Executive Committee is determined by the Remuneration Committee having regard to the performance of individuals and market trends. The transactions for the year were:

Related party transactions

	2016 £'000	2015 £'000
Wages and salaries	**5,786**	5,420
Social security costs	**517**	1,000
Pension costs – defined contribution plans	**180**	189
Share-based payments and deferred cash plan	**1,177**	1,882
	7,660	8,491

Company

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the parent company and subsidiary undertakings are shown below.

	Dividends received		Amounts owed by related parties		Amounts owed to related parties	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Transactions	**8,890**	3,630	**664,008**	636,601	**798,493**	724,291

FIVE YEAR SUMMARY

	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000
Revenue	989,882	1,005,502	1,046,887	1,064,945	**1,196,125**
Gross profit	526,869	513,881	532,817	556,105	**621,034**
Operating profit before exceptional items	65,121	68,178	78,461	90,071	**100,952**
Operating profit after exceptional items	57,287*	65,725*	80,092*	90,071	**100,952**
Profit before tax	57,003*	64,057*	80,361*	90,697	**99,996**
Profit attributable to equity holders	36,197*	42,604*	59,331*	66,208	**72,096**
Conversion†	12.4%	13.3%	14.7%	16.2%	**16.3%**
Basic earnings per share (pence)	11.9*	13.8*	19.3*	21.3	**23.1**

* Includes exceptional items.

† Operating profit before exceptional items as a percentage of gross profit.

Shareholder information and advisers

Annual General Meeting

To be held on 8 June 2017 at 9.30am at Page House, 1 Dashwood Lang Road, The Bourne Business Park, Addlestone, Surrey, KT15 2QW. Every shareholder is entitled to attend and vote at the Meeting.

Final dividend for the year ended 31 December 2016

To be paid (if approved) on 19 June 2017 to shareholders on the register of members on 19 May 2017.

Company Secretary

Elaine Marriner

Company number

3310225

Registered office, domicile and legal form

The Company is a limited liability company incorporated and domiciled within the United Kingdom.

The address of its registered office is:

Page House,
1 Dashwood Lang Road,
The Bourne Business Park,
Addlestone,
Surrey, KT15 2QW.

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Solicitors

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

Bankers

HSBC Bank plc
West End Business
Banking Centre
70 Pall Mall
London SW1Y 5GZ

Deutsche Bank Netherlands N.V.
De Entree 99
1101 HE Amsterdam
The Netherlands

Joint corporate brokers

Citigroup
33 Canada Square
Canary Wharf
London E14 5LB

HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Financial PR

FTI Consultancy
200 Aldersgate
Aldersgate Street
London EC1A 4HD

Articles of association

The following summarises certain provisions of the Company's Articles of Association (as adopted on 21 May 2010) and applicable English Law. The summary is qualified in its entirety by reference to the Companies Act 2006 of Great Britain (the "Act"), as amended, and the Company's Articles of Association. Under the Act, the Memorandum of Association of the Company has now become a document of record, and no longer contains any operative provisions.

Incorporation

The Company is incorporated under the name PageGroup plc and is registered in England and Wales with registered number 3310225.

Share capital

The Act abolished the concept of, and requirement for a company to have, an authorised share capital. As such, the Company no longer has an authorised share capital.

Alteration of capital

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares; and

(c) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others.

Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, in any way.

Purchase of own shares

Subject to the provisions of the Act, the Company may purchase its own shares, including redeemable shares. The Company proposes to renew its authority to purchase its own shares for another year in item 16 of the Annual General Meeting notice.

General meetings and voting rights

The Directors may call general meetings whenever and at whatever time and location they so determine. Subject to the provisions of the Act, an annual general meeting and all general meetings (which shall be called extraordinary general meetings) shall be called by at least 21 clear days' notice. Subject to the provisions of the Act, the Company may resolve to reduce the notice period for general meetings (other than annual general meetings) to 14 days on an annual basis. The Company proposes to renew its authority to hold general meetings on 14 days' notice for another year in item 17 of the Annual General Meeting notice. Two persons entitled to vote upon the business to be transacted shall be a quorum.

The Articles of Association provide that subject to any rights or restrictions attached to any shares, on a show of hands every member and every duly appointed proxy present shall have one vote. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every member present in person or by a duly appointed proxy or corporate representative shall have one vote for every share of which he is a holder or in respect of which his appointment as proxy or corporate representative has been made. No member shall be entitled to vote in respect of any share held by him if any call or other sum payable by him to the Company remains unpaid.

If a member or any person appearing to be interested in shares held by a member has been duly served with a notice under the Act and is in default for the prescribed period in supplying to the Company information thereby required, unless the Directors otherwise determine, the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general or class meeting of the Company or on any poll or to exercise any other right conferred by membership in relation to such meeting or poll. In certain circumstances, any dividend due in respect of the default shares shall be withheld and certain certificated transfers may be refused.

A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and speak and vote at a meeting of the Company. A proxy need not be a member. A member may appoint more than one proxy to attend on the same occasion. This does not preclude the member from attending and voting at the meeting or at any adjournment of it.

Limitations and non-resident or foreign shareholders

English law treats those persons who hold the shares and are neither UK residents nor nationals in the same way as UK residents or nationals. They are free to own, vote on and transfer any shares they hold.

Variation of rights

If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either:

(a) in such manner (if any) as may be provided by those rights; or

(b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class,

but not otherwise, and may be so varied either whilst the Company is a going concern or during, or in contemplation of, a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), save that at any adjourned meeting any holder of shares of the class (other than treasury shares) present or by proxy shall be a quorum. Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall be deemed not to be varied by the purchase by the Company of any of its own shares or the holding of such shares as treasury shares.

Dividend rights

Holders of the Company's ordinary shares may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. If, in the opinion of the Directors, the profits of the Company available for distribution justify such payments, the Directors may, from time to time, pay interim dividends on the shares of such amounts and on such dates and in respect of such periods as they think fit. The profits of the Company available for distribution and resolved to be distributed shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid. The members may, at a general meeting declaring a dividend upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of specific assets.

No dividend shall be paid otherwise than out of profits available for distribution as specified under the provisions of the Act.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall, if the Directors so resolve, be forfeited and shall revert to the Company.

Calls on shares

Subject to the terms of allotment, the Directors may make calls upon members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall pay to the Company as required by the notice the amount called on his shares.

Transfer of shares

Any member may transfer all or any of his shares in certificated form by instrument of transfer in the usual common form or in any other form which the Directors may approve. The transfer instrument shall be signed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee.

Where any class of shares is for the time being a participating security, title to shares of that class which are recorded as being held in uncertificated form, may be transferred (to not more than four transferees) by the relevant system concerned.

The Directors may in their absolute discretion refuse to register any transfer of shares (being shares which are not fully paid or on which the Company has a lien), provided that if the share is listed on the Official List of the UK Listing Authority such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of shares (whether fully paid or not) unless the transfer instrument:

(a) is lodged at the registered office, or such other place as the Directors may appoint, accompanied by the relevant share certificate(s)

(b) is in respect of only one class of share

(c) is in favour of not more than four transferees

The Directors of the Company may refuse to register the transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirements) under the Uncertificated Securities Regulations 2001 to register the transfer.

Directors

The Company's Articles of Association provide for a Board of Directors, consisting of (unless otherwise determined by the Company by ordinary resolution) not fewer than two Directors, who shall manage the business of the Company. The Directors may exercise all the powers of the Company, subject to the provisions of the Articles of Association and any directions given by special resolution. If the quorum is not fixed by the Directors, the quorum shall be two.

Subject to the provisions of the Company's Articles of Association, the Directors may delegate any of their powers:

(a) to such person or committee

(b) by such means (including power of attorney)

(c) to such an extent

(d) in relation to such matters or territories

(e) on such terms and conditions

as in each case they think fit, and such delegation may include authority to sub-delegate all or any of the powers delegated, may be subject to conditions and may be revoked or varied.

The Directors may also, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes and subject to such conditions as they think fit, and may delegate any of their powers to such an agent.

The Articles of Association place a general prohibition on a Director voting on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through the Company), unless his interest arises only because the case falls within one or more of the following:

(a) the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiary undertakings

(b) the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security

(c) the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other directors and/or the funding by the Company of this expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors have been given or are to be given substantially the same arrangements

(d) the purchase or maintenance for any director or directors of insurance against liability

(e) his interest arises by virtue of his being, or intending to become a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange

(f) any arrangement for the benefit of the employees and directors and/or former employees and former directors of the Company or any of its subsidiaries and/or the members of their families or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to him any privilege or advantage not generally accorded to employees and/or former employees to whom the arrangement relates

(g) any transaction or arrangement with any other company in which he is interested, directly or indirectly (whether as a director or shareholder or otherwise), provided that he is not the holder of or beneficially interested in at least 1% of any class of shares of that company (or of any other company through which his interest is derived), and is not entitled to exercise at least 1% of the voting rights available to members of the relevant company

If a question arises at a Directors' meeting as to the right of a Director to vote, the question may be referred to the Chairman of the meeting (or if the Director concerned is the Chairman, to the other Directors at the meeting), and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the Chairman) shall be final and conclusive.

The Act requires a Director of a company who is in any way interested in a proposed transaction or arrangement with the company to declare the nature of his interest at a meeting of the Directors of the company (save that a director need not declare an interest if it cannot reasonably be regarded as giving rise to a conflict of interest). The definition of "interest" includes the interests of spouses, civil partners, children, companies and trusts.

Borrowing powers of the Directors

The Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group), shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of:

(a) the amount paid up on the share capital of the Company

(b) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve, capital contribution reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiary undertakings of the Company and deducting any debit balance on the profit and loss account, all as shown in the latest audited consolidated balance sheet and profit and loss account of the Group, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Company since the date of that balance sheet and further adjusted as may be necessary to reflect any change since that date in the companies comprising the Group

Director's appointment, retirement and removal

At each annual general meeting, there shall retire from office by rotation:

(a) all Directors of the Company who held office at the time of the two preceding annual general meetings and who did not retire by rotation at either of them

(b) such additional number of Directors as shall, when aggregated with the number of Directors retiring under paragraph (a) above, equal either one third of the number of Directors, in circumstances where the number of Directors is three or a multiple of three, or in all other circumstances, the whole number which is nearest to but does not exceed one-third of the number of Directors (the "Relevant Proportion") provided that:

  (i) the provisions of this paragraph (b) shall only apply if the number of Directors retiring under paragraph (a) above is less than the Relevant Proportion

  (ii) subject to the provisions of the Act and to the relevant provisions of the Articles of Association, the Directors to retire under this paragraph (b) shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot

If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless a resolution not to fill the vacancy or not to reappoint that Director is passed.

In addition to any power of removal under the Act, the Company may, by special resolution, remove a director before the expiration of his period of office (without prejudice to any claim for damages for breach of any contract of service between the director and the Company) and, subject to the Articles of Association, may by ordinary resolution, appoint another person who is willing to act as a director, and is permitted by law to do so, to be a director instead of him. The newly appointed person shall be treated, for the purposes of determining the time at which he or any other director is to retire as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed as a Director.

A Director shall be disqualified from holding office as soon as:

(a) that person ceases to be a director under the provisions of the Act or is prohibited by law from being a Director

(b) a bankruptcy order is made against that person

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts

(d) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have

(e) notification is received by the Company from that person that he is resigning or retiring from his office as director, and such resignation or retirement has taken effect in accordance with its terms

(f) in the case of an Executive Director, his appointment as such is terminated or expires and the Directors resolve that he should cease to be a Director

(g) that person is absent from Directors' meetings for more than six consecutive months (without permission of the other Directors) and the Directors resolve that he should cease to be a Director

(h) a notice in writing is served on him signed by all the Directors stating that that person shall cease to be a Director with immediate effect

There is no requirement of share ownership for a Director's qualification.

Amendments to the articles of association

Subject to the Act, the Articles of Association of the Company can be altered by special resolution of the members.

Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law:

(a) divide among the members in kind the whole or any part of the assets of the Company and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out between the members

(b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is a liability

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