ANNUAL REPORT AND ACCOUNTS 2017

Contents

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 139 offices across 36 countries. Our vision is to increase the scale and diversification of PageGroup by organically growing existing and new teams, offices, disciplines and markets.

Highlights

Revenue 2016: £1,371.5m → **£1,371.5m** +9.8%*

2016: £1,196.1m

Gross Profit
£711.6m +9.8%*
2016: £621.0m

Operating Profit
£118.3m +11.3%*
2016: £101.0m

Basic Earnings Per Share
26.5p +14.7%
2016: 23.1p

* In constant currency at prior year rates

Ordinary and Special Dividend
25.23p
2016: 18.44p

% Non-UK Gross Profit
80.2%
2016: 76.4%

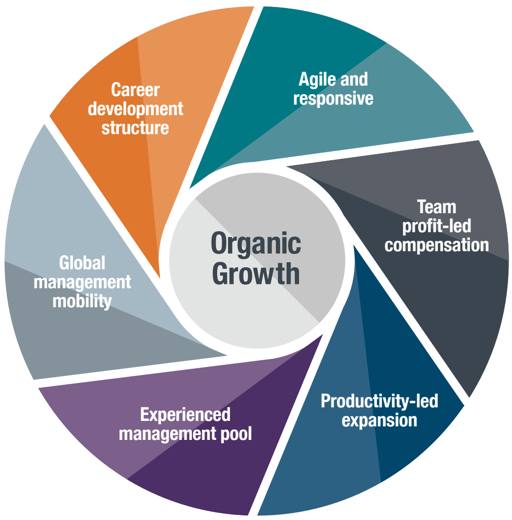
% Non-Accounting and Financial Services Gross Profit
63.3%
2016: 61.6%

Conversion rate*
16.6%
2016: 16.3%

* Operating profit as a percentage of gross profit

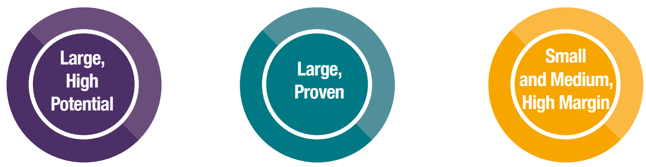
Business model

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.



Our strategy

We have established three categories into which we have grouped each of our geographical 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.

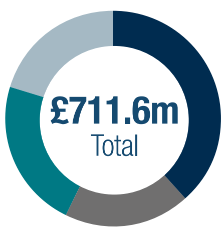
These are large markets where we are already proven with a strong track record and a significant presence.

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

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.

Gross profit by discipline



Accounting and Financial Services	£261.1m
Legal, Technology, HR etc	£161.4m
Engineering, Property & Construction, Procurement & Supply Chain	£158.7m
Marketing, Sales & Retail	£130.4m

Where we operate

36 Countries across the world

Headcount

7,029

EMEA (47% of Group)

£332m
Gross Profit

Page 31 for EMEA Performance Review

UK (20% of Group)

£141m
Gross Profit

Page 31 for the UK Performance Review

Asia Pacific (19% of Group)

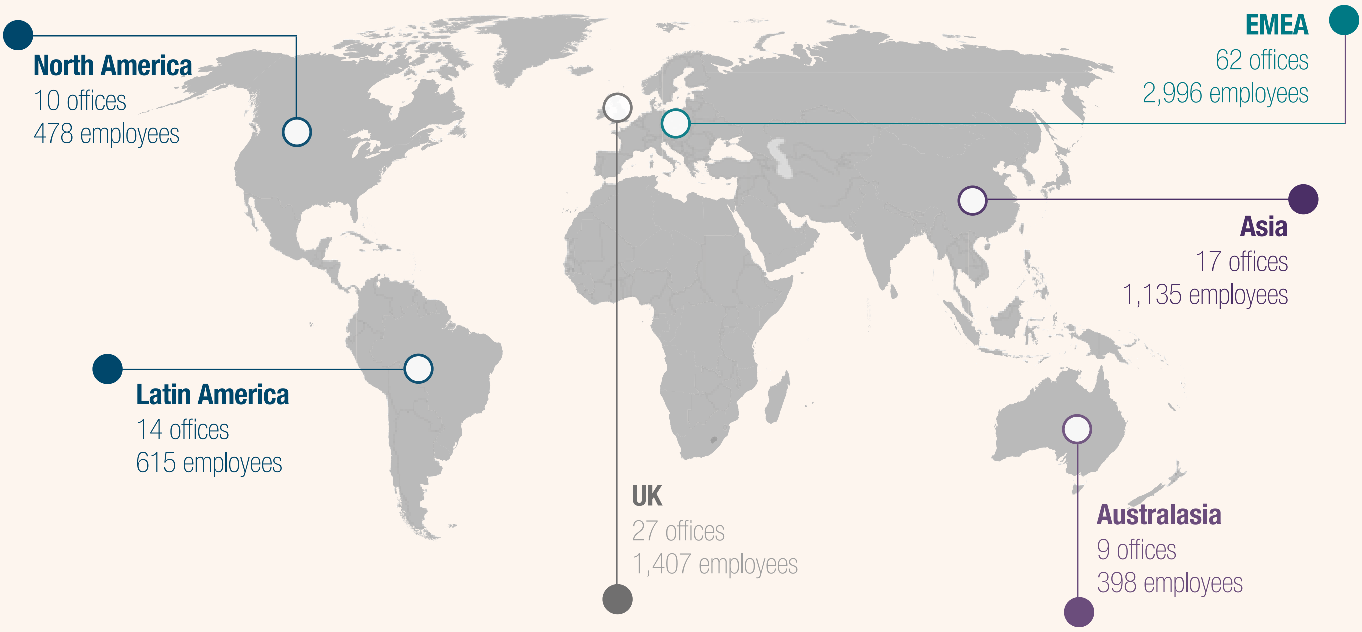
£137m
Gross Profit

Page 32 for Asia Pacific Performance Review

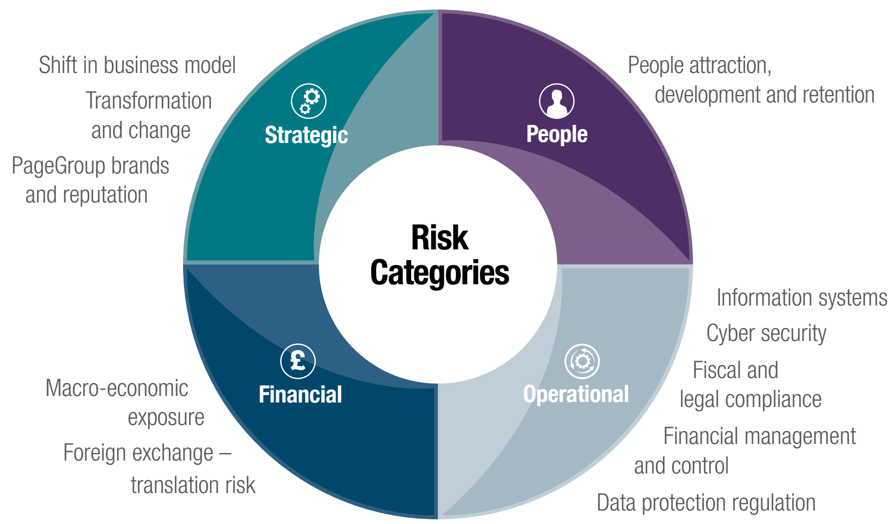
The Americas (14% of Group)

£101m
Gross Profit

Page 32 for The Americas Performance Review



Principal risks



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.

54%
Working population is female

83%
Positive score to Employee Engagement Survey

10%
Reduction in energy derived emissions

Chairman's Introduction

David Lowden
Chairman

2017 Performance

It gives me great pleasure to report that the Group delivered a strong trading performance for the year ended 31 December 2017.

As we entered 2017, there were challenging trading conditions in many of our core markets, including in the UK, Brazil, Singapore, Australia and Financial Services in New York. Upcoming elections across Europe were also adding to the uncertainty.

Whilst some of these uncertainties proved to be less severe than originally anticipated, our continued focus on the strategy and strong performances in key markets, helped us to deliver well ahead of the market expectations in existence at the start of the year.

Market expectations continued to increase significantly as the year progressed as a result of this strong performance as we delivered against our strategy. Even with these upgrades taking place throughout the year, our performance still finished towards the top end of market expectations, with yet another year of continued profitable growth.

The management team has continued to make strong progress in delivering our long-term strategy, with 2017 total shareholder return being ranked amongst the highest in our peer group, and higher than our FTSE 250 index comparators. Strategic initiatives regarding people, efficiency, risk management and diversity have continued to be successfully rolled out, with measurable outcomes being seen. Full details of how this strong performance has been measured and reflected in the remuneration of the management team, is shown in the Remuneration Report on pages 63 to 76.

The Group again achieved a record level of gross profit in 2017 of £711.6m, an increase of 14.6% over the prior year in reported rates and 9.8% in constant currency. We delivered strong performances in Continental Europe, Asia and the Americas and were encouraged by improvements and a return to growth in Australia, Brazil and Singapore as 2017 progressed. Overall, 22 of our 36 countries delivered their best recorded level of gross profit. However, our growth was impacted in the UK where we continued to experience challenging market conditions, with the macro environment impacting some clients and senior candidates.

We continued to invest in new markets and disciplines and finished the year with an increase of 786 fee earners to 5,497, another record for the Group. During the year, new headcount was added at a ratio of 85 fee earners for every 15 operational support staff as we continued to move towards our target ratio of 82:18. 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 78:22.

Our largest region, Europe, Middle East and Africa, which now represents just under 50 percent of the Group, grew gross profit 22.2% in reported rates over the prior year and 15.0% in constant currency, an outstanding result. In terms of gross profit, France and Germany, the two largest countries in the region, grew 25% and 12% percent respectively, with The Netherlands up 14% and Spain up 16%. The UK was the only region not to improve on the prior year but was broadly in line, down 3.8% compared to down 3.5% in 2016.

> "Yet another year of continued profitable growth"

Both Asia Pacific and the Americas returned to positive growth. Asia Pacific grew 10.2% in 2017 after a decline of 2.2% in 2016. Greater China, the Group's third largest market after the UK and France, grew 14%, after a decline of 4% in 2016 and this was the main driver for the region's return to growth. We grew 16.4% in the Americas in 2017 after a decline of 0.9% in 2016. Growth in this region was driven by a strong recovery in the US, up 21% and a return to growth for Brazil, up 3%, after respective declines of 3% and 21% in 2016.

The PageGroup leadership team also made further progress on the Group's strategic priorities. In 2017, we continued to invest in our five Large High Potential Markets, namely the US, Germany, South East Asia, Greater China and Latin America. Gross profit growth in this market was above the Group average at 14.6%. These strategic investments will continue in 2018, as well as in those businesses where we are seeing strong growth.

To enable us to grow our market presence, we have continued to expand our disciplines into new countries, such as oil, gas and mining in Chile. We have also made further investments into markets such as the Nikkei market in Japan, regional and domestic markets in Mainland China, as well as investments in US markets outside Financial Services in New York. These investments have helped us achieve record levels of growth in these businesses.

We have also benefited from the transition into our European Shared Service Centre in Barcelona, which completed in 2016. In this region, operational support cost per fee earner has fallen by around 20% since 2014, attributed to process alignment across all 14 European countries, wage arbitrage and other efficiencies.

These efficiencies are demonstrated further with fee earner headcount additions of over 400 in the region, but only requiring relatively few operational support additions.

Dividends

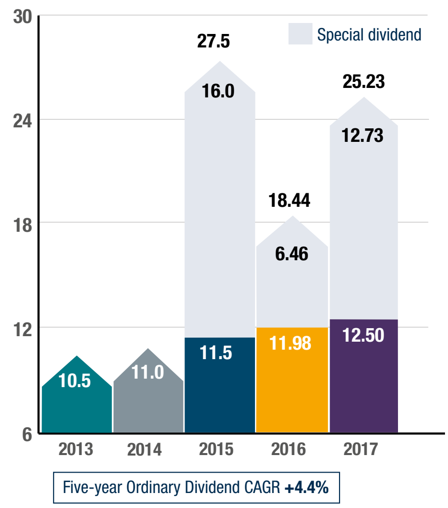
In 2017, in addition to paying over £38m in ordinary dividends, we returned £40m to shareholders by way of a special dividend. We have now paid special dividends totalling £110m in the last three years.

The Group's first use of cash remains the satisfaction of 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.

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 2017, we generated cash from operations of £130.0m and ended the year with cash balances of £95.6m and a level of distributable reserves that support more than three times this annual dividend. Given this cash position, levels of distributable reserves and our results for the year, we propose to increase the final dividend to 8.60p. When taken together with the interim dividend paid in October of 3.90p, this implies a total dividend of 12.50p, an increase of 4.3% on 2016.

Dividend Per Share (p)



Board

Since I became Chairman of the Board in December 2015, I have consistently focused on Board composition as one of the most important aspects of my role. Today's continually evolving business world presents a range of risks and opportunities, which is why it is essential to maintain the right mix of skills and experience on the Board to mitigate these risks effectively and to work with the Executive team to deliver the Group's strategy.

We strive for a diversified Board with a wide range of experience, thought and perspective. We are pleased to have appointed two female Non-Executive Directors this financial year and now have 44% female representation on the Board.

Chairman's Introduction

In September 2017, we welcomed Sylvia Metayer onto the Board. Sylvia brings extensive experience to the PageGroup Board, having held a variety of finance and general management roles in companies operating in a number of different sectors, including Mattel Inc, Vivendi SA and Houghton Mifflin Harcourt & Co. Her understanding of international markets is extensive and includes the US, Europe, China, India and South East Asia. She is currently Chief Executive, Worldwide Corporate Services Segment of the Euronext Paris listed company Sodexo SA. She is also a member of the Sodexo Group Executive Committee. Sylvia holds a chartered accountancy qualification, is a Trustee of the Quebec Labrador Foundation, and sits on the Research Orientation Committee of the Foundation of HEC Business School in Paris.

In October 2017, we welcomed Angela Seymour-Jackson onto the Board. She has a wealth of experience in service focused organisations and has a Masters degree in Marketing and a Diploma from the Chartered Institute of Marketing. Angela is currently Deputy Chairman, Senior Independent Director and Chair of the Remuneration Committee at GoCompare.com Group, and a Non-Executive Director at Janus Henderson Group plc, esure plc and Rentokil Initial plc. Angela has previously held Executive Director roles at Aegon UK, RAC Motoring Services Limited and Aviva UK Limited, and was a Senior Adviser at Lloyds Banking Group (insurance). Prior to that, Angela held senior marketing roles with Bluecycle.com Limited, CGU Insurance plc, General Accident plc and the Norwich Union Insurance Group.

As mentioned last year, Baroness Ruby McGregor-Smith informed us that she would not renew the term of her appointment when it expired on 23 May 2017. Ruby had been a Non-Executive Director of PageGroup for 10 years. She made an outstanding contribution over this time and played an important role in helping to drive the Group's growth and development. I would like to thank her again on behalf of the Board for all she did for PageGroup.

Danuta Gray has decided not to stand for re-election as a Director of the Company at the forthcoming AGM, so will step down from the Board on 7 June 2018. I would like to thank Danuta for her significant contribution to the Company since she joined the Board in December 2013.

As a Board, we also look to internal experience as being one of the core perspectives we review in terms of appointments to the Board. Discussions are held each year, focusing on the development and succession of the Executive Directors, Executive Board members and other senior managers in the Group. This ensures a pipeline of talented senior individuals is present within the business and that existing senior executives are being developed.

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. The addition of Sylvia and Angela to the Board, and their respective depth and breadth of experience, will complement the experience of other Board members and will bring great benefit to PageGroup. Both will also be members of the Audit, Nomination and Remuneration Committees.

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 Corporate Governance Report.

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 diversity, inclusion and equality agenda.

The report also details our approach to corporate and social responsibility, including how we engage with our stakeholders.

Looking Ahead

We exited 2017 with a record quarter and the best quarterly growth rate since the third quarter of 2011. We also saw improvements and a return to growth in Australia, Brazil and Singapore. As a result, we go into 2018 optimistic, but remain cautious in some key markets.

In the UK political uncertainty remains, impacting some clients and senior candidates. Here, we will continue to focus on protecting margins whilst investing in structural opportunities. Australia remains challenging in the markets in which we operate, but we have invested in headcount and a new office in Canberra. Brazil had a good end to the year, but is still suffering from macroeconomic headwinds and will have elections this year.

However, our proven strategy remains unchanged. Investment will continue in our Large High Potential Markets, as well as in markets with favourable trading conditions. This includes the newer markets such as the Nikkei market in Japan. We will, as always, continue to focus on driving profitable growth while being able to respond quickly to changes in market conditions.

Last, but by no means least, on behalf of the Board I would like to thank our people, as the success of PageGroup depends on the quality of its staff. PageGroup is a people business with a clear and tangible culture, and this year we have redefined our PageVision, please see page 13 for more details. Our staff are dedicated, hard-working and committed to the brands. They have a very strong team ethos which is evident in everything they do.

Delivering our strategy against rapidly changing markets in terms of technology and macroeconomic environment, can only be done successfully with excellent people. On behalf of the Board, therefore, I would like to thank all our staff for their very considerable efforts in the past year.

David Lowden
Chairman

Overview

	Financial	Strategic	People	Operational
Business Model P5	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 P8	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 P33	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 P21	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 P63	EPS growth: three year cumulative PBT performance Comparator gross profit growth	Strategic targets Systems and innovation	Leadership and people development Retention/succession	Cost and financial management Risk management and internal controls IT strategic development
Dividend Policy P12	Maintain a strong balance sheet	Return surplus cash to shareholders by special dividends and/or share buybacks	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

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 139 offices across 36 countries.

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.

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.

Perm and temp mix

PageGroup is the international market leader for permanent recruitment in the majority of the 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.

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

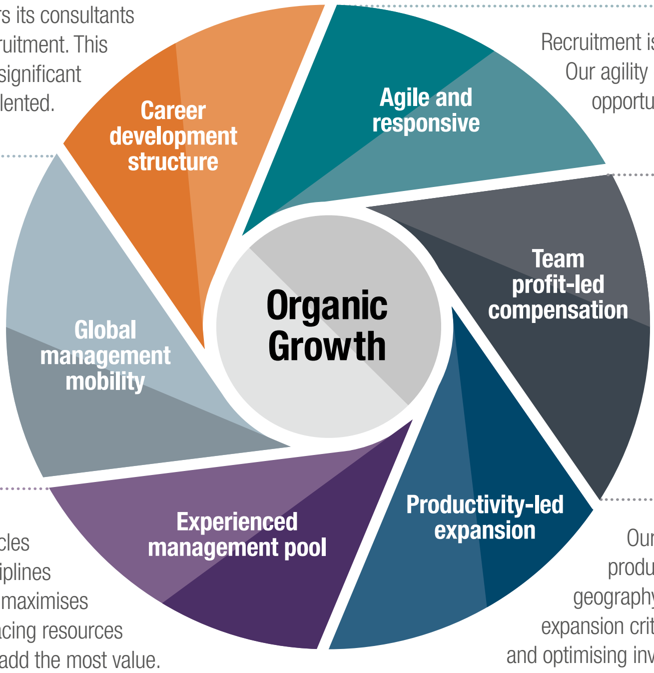
Page Personnel offers specialist recruitment services to organisations requiring permanent employees, temporary or contract staff at technical and administrative support, professional clerical and junior management levels.

Page Outsourcing

Page Outsourcing, the Group's newest brand, was created to meet the growing demands of our clients. Leveraging the internal capabilities of our elite recruitment specialists in offering customised solutions for high-volume hiring and specific project recruitment needs. Page Outsourcing recruits across all levels of the market.

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 opportunities and challenges as they appear.

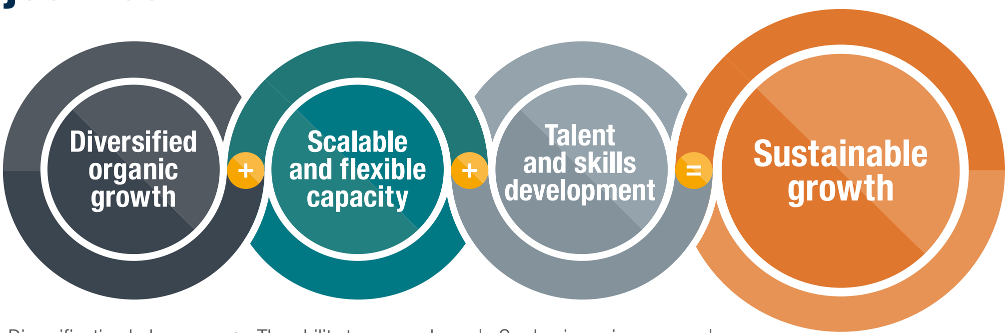
We regularly move experienced directors into markets where they can add the most value and guide the business through the challenges of a market cycle, while allowing us to retain and motivate key senior talent.

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

Business Model

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, Page Personnel and Page Outsourcing are brands which inspire high levels of confidence, trust and assurance of quality service. We have a consistent commitment to the markets in which we operate, which combined with our level of expertise, enables these brands to operate strongly in their market place.

The recruitment sector's marketing and delivery channels have been reshaped by the digital revolution and 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 provide a high quality service, to be committed 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, even in our new markets, with participation from multiple disciplines.

The ability to offer diverse expertise across a broad range of complementary specialisms and geographies enhances our offering to the market and the candidate pools we can access. Our scale enables us to build an unrivalled skillset and level of experience, which is available equally to the smallest and largest of 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. We have ingrained values of how to do business ethically and to make long term decisions. It is a global culture that delivers a consistent approach both internally and externally, though we always remain accepting of each of our markets' local characteristics.

The global nature of our 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.

Our purpose and our values that are the key to our success are set out on page 25.

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 countries 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 each are unlikely (or not yet proven) to be able to grow to more than 300 fee earners, for example Belgium and Switzerland.

See page 8 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.

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.

Steve Ingham
CEO PageGroup

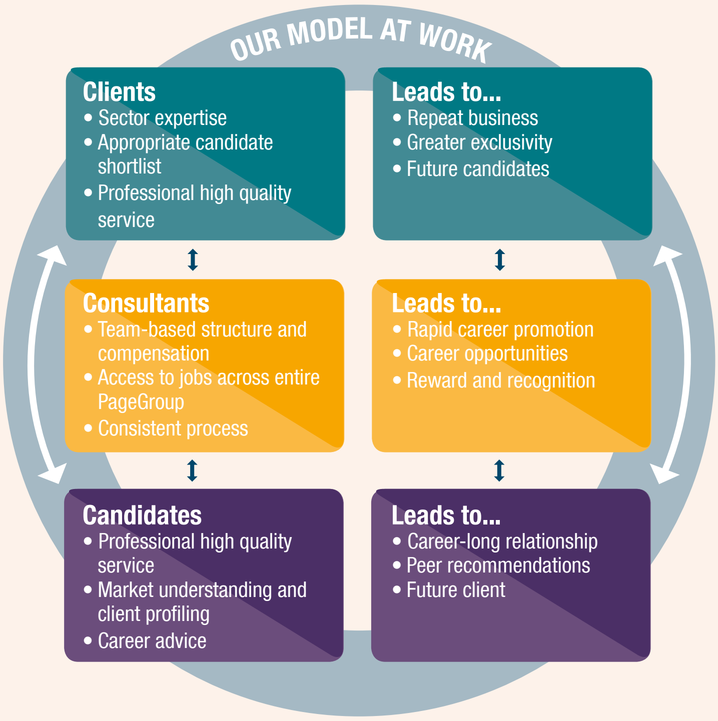
Strategic Review

Our value proposition

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 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

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, high margin 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, high margin and Diversified growth

Our business model is centred around organic growth. The key elements are derived from our team-led approach as set out on page 10, with great value placed on structured career development and the value that experienced management brings to the business.

PageGroup's diversification strategy has led to a well-balanced business profile and mitigation of exposure to any one geographic area, brand or discipline.

Through global diversification, we have a 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 candidates.

PageGroup's historic success in each our markets has helped identify which geographies will likely produce high margin growth, with the greatest potential for long-term success. The challenges to achieving a significant market position vary across these markets, as does their attractiveness to PageGroup. These features, when taken together, helped define our strategic vision.

Our background is in permanent recruitment, but 25% of the business is now in the temporary market, with this being dependent on local culture and market conditions. Our service offering covers a broad set of disciplines and specialisations, solely within the professional and clerical recruitment market.

Efficiently scalable and highly flexible

Our scale enables us to build an unrivalled skillset, together with the ability to respond quickly to changing market conditions, which are explained in more detail on page 11.

Our flexibility enables 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 proportion of recruitment that is outsourced, as opposed to undertaken in-house by HR departments.

PageGroup's strategic vision was developed by reviewing the markets in which we operate, to identify which had the greatest potential and therefore likely future impact on Group revenue. Set out on page 15 is an explanation of these categorisations and our approach to these different markets.

Our global footprint requires high levels of operational efficiency in order to achieve this strategic objective. Our focus is centred around attaining operational efficiencies while controlling the fixed asset base.

We focus relentlessly on sharing best practice across the Group to enhance the quality and consistency of our 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.

Nurture and develop our people, driving our meritocratic growth model

We recognise that it is our people who are at the heart of everything we do, particularly as an organically grown business.

The mobility of our people, the significant loyalty of the management team and constant depth of talent greatly enhances the flexibility of our business model. The senior executive team can flex the business exposure to any of our markets, both up and down, allowing the business to progress even in uncertain markets. They take decisions as to where PageGroup can achieve the greatest return on investment from the allocation of management resource.

PageGroup's 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 Executive Board Members. Our consultants quickly come to understand that we can offer a long-term and fulfilling career in recruitment.

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.

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.

Innovation

At PageGroup we are clear on the role innovation can play in driving our business. We use three principles in pursuit of innovation.

1) improve the client and candidate experience;
2) identify tools we can deploy at scale to make our processes more efficient; and
3) measure the efficiency of investments.

Innovation will be core for PageGroup growth. The impact of technology on behaviours and expectations of all the people PageGroup works with, be they clients, candidates or our own people, continues to grow at pace. At PageGroup, we will take a pragmatic approach to our adoption and use of innovative ideas and technologies, as we have in successfully building our business to date.

Innovation is not just limited to technology. Innovation allows us to look at new business models and recruitment markets to evolve what PageGroup offers as part of our service.

We have structures in place to ensure we secure the best ideas coming from the market and our own people. Our approach will remain agile, initiating innovation in measurable pilots before implementing successful ideas with industrial and international scale.

We have established an infrastructure from top to bottom of our business addressing innovation: Our Executive Board reviews and steers our programme on a quarterly basis. Functional experts in Marketing, HR, Finance and Business Technology identify and pilot new technologies and processes. Additionally we have established and embedded regional innovation groups via our internal social media network to surface opportunities from our consultants.

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.

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").

	Emerging markets		**Developing** markets	**Mature** markets
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, Greater 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 that 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 align rapidly, and this has a dramatic impact on PageGroup's overall performance and conversion margins.

Market liquidity

Impact	Comment	Financial Impact
Candidate availability	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, but also in wage inflation and increased fee rates.
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

Impact	Comment	Financial Impact
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.	

Capital Allocation Policy

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.

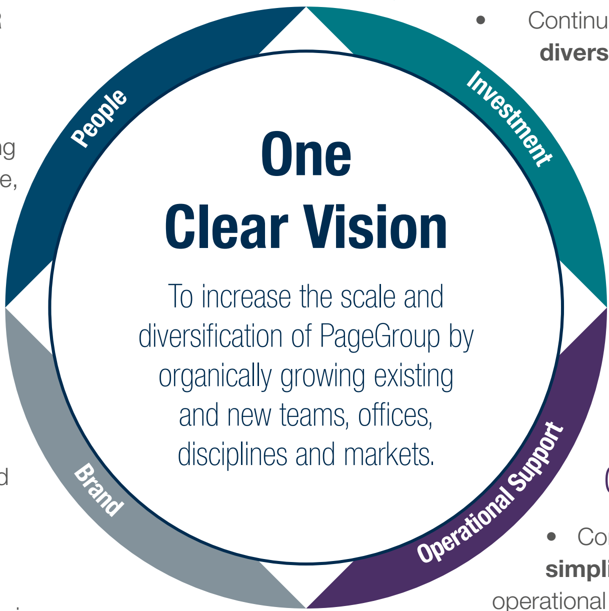
Strategic Review

Clear on people

- Consistent **performance culture** reflecting our values
- Evolving the way we work to allow **flexibility** towards how, where and when we work
- Leading the way on **Diversity and Inclusion** via initiatives such as Women@Page, Ability@Page, Parents@Page, Pride@Page
- Consistent approach to **CSR**
- Market leading and blended approach to **learning**
- Consistent focus on improving the **quality of people** we hire, retain and grow

Clear on investment

- **3 geographic market categories** each with clear investment strategies
- Capitalising on the structural opportunity for **Page Personnel** and **Page Executive**
- Growing the proportion of our revenues from **temp/contract/interim** as this becomes more culturally accepted
- Continued focus on increasing **discipline diversity** and specialisation



Clear on brand

- One clear global Group brand

PageGroup

PageExecutive

- Huge potential to have increasing representation in every Page market

MichaelPage

- Qualified professional recruitment – in 36 countries with significant opportunities to expand in new markets, disciplines and cities

PagePersonnel

- Clerical professional recruitment – in 19 countries with huge potential to launch and expand in new markets, disciplines and in particular to increase the proportion of Group revenues generated from temporary, contract and Interim placements

PageOutsourcing

- Page's newest brand – offering customised solutions, delivered by one or all of our brands, for high-volume and specific project needs

Clear on operational support

- Continue to **standardise and simplify** as far as possible our operational support functions
- Centralise into **Shared Service Centres** to drive efficiencies and improved controls
- Roll-out the **Global Finance System (GFS) programme** and transition to a new **Target Operating Model** in IT
- Build **Innovation** into all areas of the organisation, whether that be through the use of new technologies, evolving the role of the consultant, or changing our interaction with clients and candidates
- Continue to build **effective customer relationships** through efficient digital platforms
- Enhance our approach to **succession planning** and **talent management**

OUR **Purpose**

PAGEGROUP
CHANGES LIVES
for
PEOPLE
through creating
OPPORTUNITY
to reach
POTENTIAL

OUR **Values**

WE MAKE A **DIFFERENCE**	WE **ENJOY** WHAT WE DO
WE VALUE **DETERMINATION**	
WE WORK AS A **TEAM**	WE ARE **PASSIONATE**

Strategic Review

How we categorise the markets

In 2013, PageGroup categorised each of its geographic 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.
2017 RESULTS	Gross profit growth of 15% for the year and gross profit records in all markets. Strong growth in US +21% and Latin America +14%.
2018 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 each 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.
2017 RESULTS	Gross profit growth of +7%, tough trading conditions in the UK. Excluding this, growth was +15%.	Gross profit growth of 10% for the year. Strong gross profit growth in Japan of +23% and Belgium +22%.
2018 PLAN	Continue to drive future growth through existing capacity, as well as improving conversion rates.	Continued focus on growth and improving our conversion rates.

South East Asia

South East Asia

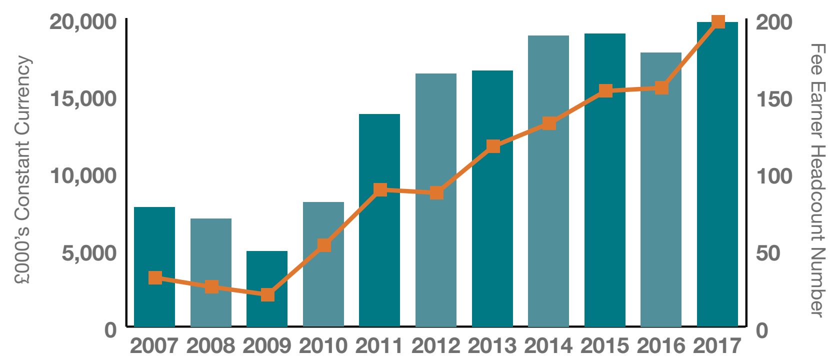
South East Asia is one of the Group's Large, High Potential Markets, with exceptional performance since 1996 when we opened our first office in Singapore. With a 10 year CAGR of 9.8%, its gross profit has increased from £4.6m in 2007 to £19.7m in 2017. During the same 10 year period, we invested in fee earners with a CAGR of 20% to bring our fee earner headcount to nearly 200. This has been achieved in line with our strategy of diversification where we have expanded throughout South East Asia, opening Malaysia in 2011, Indonesia in 2014, Thailand in 2016 and we will be opening in Vietnam in 2018. Our success in this market enables us to operate out of all 4 brands across 14 disciplines.

Growth for South East Asia for the year was 12% despite the challenging conditions experienced in Singapore, where gross profit declined by 5%. Although the economy in Singapore had experienced a slow down, it returned to growth by the end of the year, driven by our Finance & Accounting and Technology disciplines. Singapore offers 11 disciplines across our Michael Page, Page Personnel and Page Executive brands.

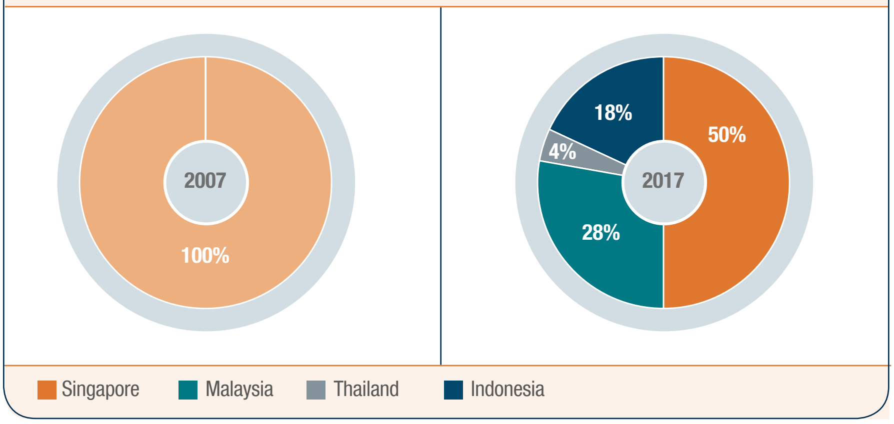
Our Malaysia office has grown strongly, with a CAGR of 27% over the last five years and now has 65 fee earners. Our office in Thailand opened at the end of 2016 is performing well and is profitable. Indonesia's growth rate for 2017 was 48%, where we now offer 7 disciplines with stand out performances from Sales and Finance & Accounting over the last year. Following our expansion into Thailand and Indonesia and the addition of 105 fee earners, our 5 year CAGR in South East Asia excluding Singapore was 43%.

We believe this market presents great opportunities for the future, where we can expand both the breadth of our disciplines and brands across the countries we already operate in, but also with opportunity of opening offices in other countries across South East Asia.

Gross Profit and Fee Earner Headcount



Gross Profit by business



Greater China

Greater China

Our other Large, High Potential market in Asia Pacific is Greater China and comprises Mainland China, Hong Kong and Taiwan, now representing 8% of the Group and 43% of our Asia Pacific market. We are considered the leading player across Greater China and have achieved a CAGR of 10.2% over the last ten years, where our gross profit has increased from £14.0m to £58.7m. This has been achieved alongside fee earner investment with a CAGR of 19% over the same period, where our headcount has increased from 88 to over 500.

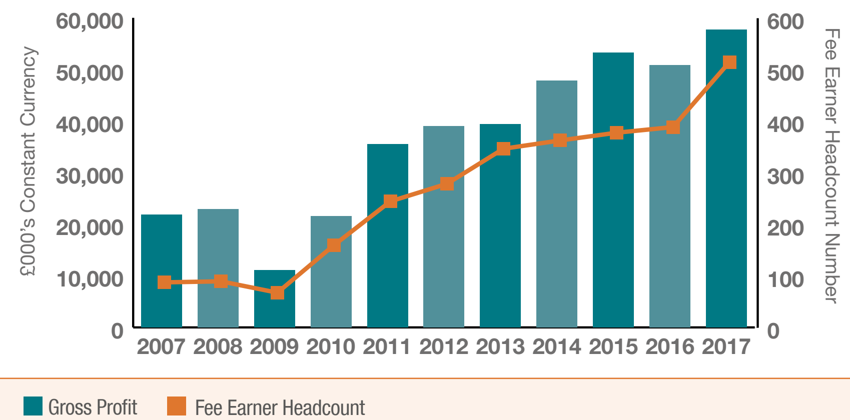
We opened our first business in Greater China in Hong Kong in 1995. Hong Kong now consists of 145 fee earners operating out of 5 offices across our Michael Page, Page Personnel and Page Executive brands. In Hong Kong where we have a large number of multinational clients, we offer 12 disciplines, with Accounting & Financial Services and our Technical disciplines performing strongly in 2017, up 13% and 23% respectively.

Our business in Mainland China opened in 2003 and now operates out of 4 offices and represents over 50% of Greater China. Due to local laws, we offer predominately permanent recruitment from our Michael Page and Page Executive brands. Following the addition of 93 fee earners in 2017, our performance has been excellent throughout Mainland China, where we have seen growth of 18%. Our offices in Beijing, Taipei and Shanghai delivered particularly strong performances up 21%, 18% and 18% respectively. Mainland China offers 11 disciplines, with our Procurement & Supply Chain, Financial Services and Marketing disciplines all with growth in excess of 30% for the year.

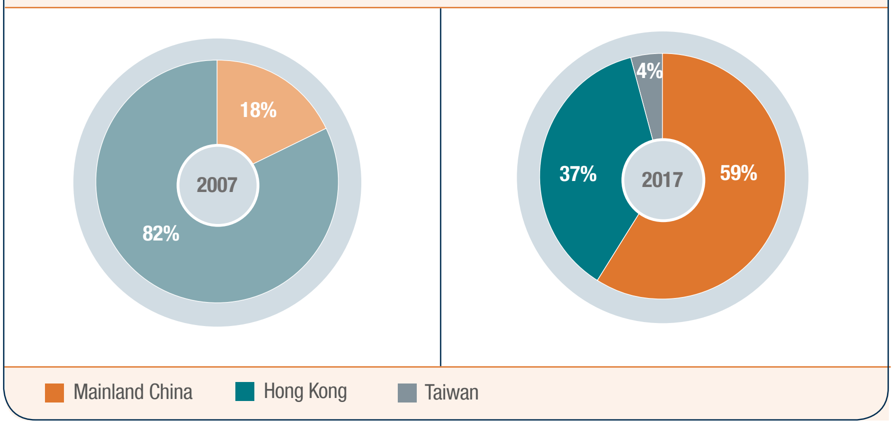
Despite experiencing challenging economic conditions through 2016, Greater China performed strongly in 2017, delivered a record gross profit and grew 14%.

Looking forward, we believe our main opportunities for growth are expanding our offering of technical disciplines and increasing our presence in the regional and domestic Chinese market. Where local laws allow we will also look to diversify further into temporary and contracting recruitment.

Gross Profit and Fee Earner Headcount



Gross Profit by business

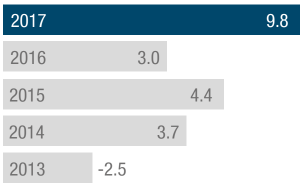


Key Performance Indicators

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

FINANCIAL

Gross profit growth (%)*



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.

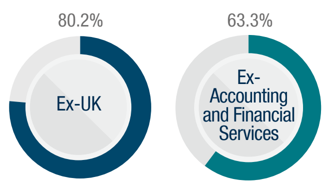
Why it's important: This metric indicates the degree of gross profit growth in the business. It can be impacted significantly by foreign exchange movements in our international markets. Consequently, we look at both reported and constant currency metrics.

How we performed in 2017: Gross profit increased 14.6% in reported rates, 9.8% in constant currencies, as favourable currency movements benefited the full year figures.

Relevant strategic objective: Organic growth.

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

Gross profit diversification (%)



	2013	2014	2015	2016	**2017**
Ex-UK	75.9	74.0	72.7	76.4	**80.2**
Ex-Finance	58.8	60.3	60.4	61.6	**63.3**

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.

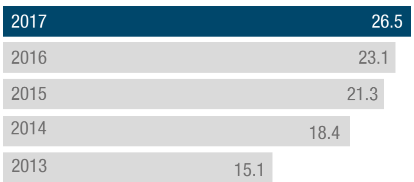
Why it's important: These percentages give an indication of how the business has diversified its revenue streams away from its historic concentrations in the UK and from the Accounting and Financial Services discipline.

How we performed in 2017: Geographies: the percentage increased to 80.2% from 76.4% in 2016, demonstrating a high degree of diversification. This also reflected strong trading conditions in the majority of our overseas businesses, along with the weakness of Sterling.

Disciplines: The percentage increased to 63.3% (2016: 61.6%), as our professional disciplines of HR, IT, Executive Search 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)



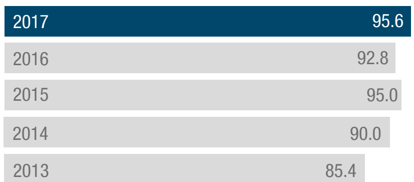
How measured: Profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year, and compared to the prior year.

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

How we performed in 2017: The Group saw an 14.7% rise in Basic EPS to 26.5p. Improvements in trading and favourable foreign exchange movements drove strong growth in the Group's EPS in 2017.

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 2017: Net cash remained broadly flat at £95.6m (2016: £92.8m). This was after dividend payments of £78.3m, including a special dividend of £40m.

Relevant strategic objective: Sustainable growth.

Ratio of permanent vs temporary placements

Gross profit	2013	2014	2015	2016	**2017**
Permanent	76	76	76	76	**75**
Temporary	24	24	24	24	**25**

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

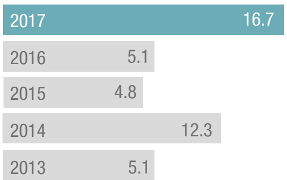
Why it's important: This ratio reflects both the current stage of the economic cycle and our geographic spread, as a number of countries culturally have minimal temporary placements. It gives a guide as to the operational gearing potential in the business, which is significantly greater for permanent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

How we performed in 2017: The ratio improved slightly to 75:25, with strong growth in temporary placements in our more mature markets as well the emerging temporary market in places such as Asia and Latin America.

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 2017: Fee earner headcount grew at 16.7% in the year, resulting in 5,497 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 2017: In reported rates, this increased to £139.9k from £135.2k. However, in constant currency, it fell slightly to £133.8k as a result of the 16.7% investment in fee earners during 2017.

Relevant strategic objective: Organic growth.

Fee earner:operational support staff ratio

	2013	2014	2015	2016	**2017**
Fee earner	74	77	77	77	**78**
Support	26	23	23	23	**22**

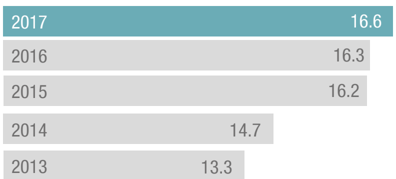
How measured: The percentage of fee earners compared to operational support staff at the year-end, expressed as a ratio.

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 2017: The ratio improved to a record 78:22 from 77:23 in 2016. This was driven by 16.7% fee earner headcount growth, as well as operational support initiatives. The ratio of new joiners in the year was 85:15.

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 2017: The Group's conversion rate increased to 16.6% (2016: 16.3%) 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

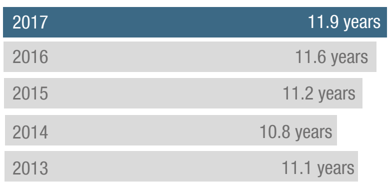
How measured: A key output of the employee surveys undertaken periodically within the business.

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 2017: We recorded an 83% positive score for employee engagement in the 2017 Employee Survey. Our previous survey was in 2015 where we recorded 81%. 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.

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 2017: The average tenure of the Group's management increased from 11.6 years to 11.9 years, with a particular increase in EMEA.

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	2016	2017
Direct GHG emissions	1,832	**1,627**
Indirect GHG emissions	4,689	**4,948**

How measured: Direct and Indirect GHG emissions calculated in line with the UK Government's 2017 DEFRA reporting standards. Principally based on data from a sample of our offices, covering 63% 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 2017: Direct GHG emissions relating to the combustion of fuel decreased by 11.2% to 1,627 tonnes CO_2e, while Indirect GHG emissions, through the purchase of energy such as electricity, increased by 5.5% to 4,948 tonnes.

Relevant strategic objective: Sustainable growth.

Intensity values of GHG emissions

CO_2e tonnes per 1,000 employees	2016	2017
Energy-derived emissions	1,078	**974**

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 2017: Energy-derived emissions were reduced by 9.6% compared with 2016, 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.

2016 Direct and Indirect GHG emissions were originally reported as 1,662 and 4,703 respectively. These have been restated to reflect the latest DEFRA fuel conversion rates in 2017. The 2016 Intensity value of energy-derived emissions has been restated from 1,052 to 1,078 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. We have continued to enhance the quality of our data collation process. Fugitive emissions are not reported as the company is not responsible for maintenance of air conditioning in any of its offices.

The Group's total 2017 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	**2014**	**2015**	**2016**	**2017**
Direct GHG emissions (relating to the combustion of fuel and the operation of any facility)	1,647	1,705	1,832	**1,627**
Indirect GHG emissions (through the purchase of electricity, heat, steam or cooling)	4,898	4,981	4,689	**4,948**
Total emissions	6,545	6,686	6,521	**6,575**

Emissions derived from property energy consumption directly under the Company's control have been calculated by using a sample of offices across the world (including the entire UK business). These offices represent 63% of the global headcount in 2017. The emissions for the remaining offices were calculated by extrapolating headcount. Emissions from fuel consumed by company owned or leased vehicles in 2017 were calculated using the fuel consumed by the company car fleets in UK, Germany, Sweden and Italy (in prior years this calculation was based only on the German company car fleet). For 2017 these fleets represented around 25% of the Company's global car fleet of just under 1,200 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. Emissions derived from property energy consumption amounted to just under 80% of total emissions.

Emissions have been calculated in line with the 2017 DEFRA reporting standards, and calculated using 2017 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.

Energy derived emissions – CO_2e tonnes per 1,000 employees			
2014	**2015**	**2016**	**2017**
1,189	1,209	1,078	**974**

2017 emissions intensity improved by 9.6% compared with 2016 due to better occupation efficiency and to the number of offices being reduced by one over the year. In addition, the Company continued to relocate to more energy efficient offices. This programme started in 2016, and initiatives have included installing more energy efficient windows in the Milan offices. In addition, in UK offices, a focus on more energy efficient printers resulted in savings in running costs of 75% between 2015 and 2017, with emissions and energy consumption due to print activities being reduced by nearly 80% over that period and paper used being reduced by nearly 45%. In another environmental initiative, the UK business introduced dedicated recycling bins for use by all its staff.

Q&A with Steve Ingham, CEO

Q Do you see LinkedIn as a threat to the recruitment market and what impact does disintermediation have?

A Technology, such as job boards and LinkedIn has given the perception that everyone has complete and equal access to potential candidates. However, in such a candidate driven market, our skill is putting the human touch back into this process. We know more about our candidates than would ever be possible through online profiles, and are best placed to deliver our client requirements.

We have a number of global strategic partnerships of which LinkedIn is one and it plays a key role in our acquisition landscape. We work alongside them to constantly improve our use of their inventory and as part of their panel we contribute to steering their product development of tools specifically for recruitment. Each of our consultants is trained on optimising their use of LinkedIn and as a company we have over 1.2m followers. Whilst LinkedIn is a social network we measure the effectiveness of each part of its inventory for the functionality it provides. For example: we compare their job slots against job boards and aggregators.

A key success of our global platform is how we execute at regional level. For example in Mainland China our social strategy is focused on WeChat. For those of you who haven't heard of it, WeChat is Facebook, WhatsApp, Instagram and Paypal all rolled into one and has over 550m users. We are the world's first recruitment company to deploy job alerts to WeChat.

We were also very proud to win once again in 2017, LinkedIn's Most Socially Engaged Recruiter, having won this previously in 2015. It means more people engage with our content and presence on LinkedIn than any other recruiter. The content we put on to LinkedIn is meaningful and relevant, helping to build our brand awareness so that we are the recruiter of choice.

Q You've paid special dividends over the last three years. Do you anticipate that continuing into 2018?

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 2017, after consultation with our shareholders, we made a supplementary return of 12.73p per share. We will continue to monitor our liquidity in 2018 and will make returns to shareholders in line with the above policy.

Q What do you consider the outlook to be for 2018 and what do you consider to be your biggest challenge?

A Our strategy to invest in our Large, High Potential Markets remains unchanged and we are pleased that we are seeing strong growth in all five of these markets. We will continue to diversify in the US, invest in Latin America and South-East Asia, develop the domestic market in China and expand our temporary and contracting businesses in Germany. Where we are seeing strong growth elsewhere, such as in Continental Europe, India and Japan, we will continue to add heads selectively, but remain mindful of the impact on our conversion rate.

A number of our markets remain challenging. In the UK we remain cautious, as considerable uncertainty remains around the timing and terms of Brexit. While Australia, Brazil and Singapore have shown improvement in Q4, we remain cautious on these markets as we go into 2018. As ever, we will continue to focus on driving profitable growth whilst retaining the flexibility to adjust rapidly to changing market conditions.

Q What are the progression opportunities at PageGroup and how do you invest in tour leaders of the future?

A More than most companies, being an organically grown business means there are plenty of opportunities for rapid progression 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. To facilitate this progression, we have clearly defined career paths, a global succession planning process and a talent development learning roadmap, which supports the professional development of all our staff at every stage of their career.

We are serious about succession planning and talent development in order to grow consultants to be the leaders of tomorrow. We offer a competitive remuneration package, we run executive coaching schemes, internal and external mentor programmes, Personal Development Plan development, Management Development programmes, a Global Directors Academy and an Executive Leadership programme. To enable all of our people to develop their skills and capabilities whether in a classroom or virtually, we have also recently invested in a global digital learning platform BOOST! Our international mobility programme gives opportunities to our people at all levels to develop themselves even further in different countries and regions so that they can take on new challenges and grow as individuals.

Corporate Social Responsibility

OUR **Purpose**

PageGroup Changes Lives for **People** through creating **Opportunity** to reach **Potential**

OUR **Values**

We make a **Difference** We **Enjoy** what we do We value **Determination**

We work as a **Team** We are **Passionate**

Our Commitment to our Stakeholders

Our People

People are at the heart of our business. Our purpose is to change lives for people through creating opportunity to reach potential. That starts with our own people. Our organic business model promotes from within based on merit and has always been at the heart of our success, with the majority of our Executive Board starting here as consultants, including CEO Steve Ingham.

In a video message to employees across the world, Steve Ingham said:

"We've talked about our purpose – about changing people's lives. PageGroup does that. It changes our candidates' lives by placing them in better jobs. It changes our clients' lives by helping them to improve and grow, but most importantly it changes our lives – by helping us develop, get promoted, and move in many cases."

We listen to what our people tell us and use that feedback to drive improvement. In our bi-annual 'Have Your Say' employee survey in September 2017, 81% of our people completed the survey worldwide (up from 77% in 2015) with a positive engagement score of 83% (up from 81% in 2015). Using the feedback from the survey, we are developing action plans to improve our business and make PageGroup an even better place to work. The next survey is planned for 2019.

Corporate Social Responsibility

Public recognition:

UK

Best Places to Work 2017

Glassdoor Employees' Choice Awards

'100 Best Companies to Work For'

The Sunday Times

Winner of the **'Diversity & Inclusion'** award

HR Excellence Awards 2017

PageGroup CEO, Steve Ingham ranked seventh in the **'Highest Rated CEOs'**

Glassdoor Employees' Choice Awards

USA

Forum for Expatriate Management Awards

Winner in the **'Best Redesign of Global Mobility Strategy'**

Runner-up in the **'Global Mobility Team of the Year'**

APAC

Liepin Extraordinary Hunter 2017 Award: Michael Page China

EUROPE

Top Employer Europe: Germany, France, Switzerland, Poland, Spain, Netherlands, Belgium and Italy

LATAM

Michael Page Brazil recognised by Gestão & RH Magazine as one of the **'Top 10 HR Providers'** and **'Top 25 Most Admired HR Partners In The Country'**

GLOBAL

PageGroup named winner of the **'Most Socially Engaged Recruitment Company'** on LinkedIn

Our Employee Value Proposition

Passionate about your progress

We have a clear and transparent career path with international opportunities, supported by our industry-renowned training and development.

2,010 Global promotions in 2017

98 International moves in 2017

Determined to learn

In 2017 we rolled out our innovative online learning system Boost! across all regions. Supporting our existing training and development framework, Boost! provides online learning modules, the ability to request and track training, and self-help materials. All designed to help our people continuously develop and improve their skills and abilities.

Enjoying rewards and wellbeing

During the year we embedded our performance management toolbox, providing a consistent framework for managing and rewarding our people. We continued to introduce initiatives supporting more flexible ways of working and flexible benefits to suit our people's lifestyles.

A team that's diverse

Our diverse, global team continues to bring different perspectives and insight to our business, generating creativity, problem-solving capability and sustainability that would not otherwise be possible.

We want our people to reflect the communities in which we work, and to create an inclusive culture of trust and support where people can achieve their potential and feel comfortable being themselves.

OpenPage (our commitment to inclusivity and diversity) includes a broad range of support materials, activities, networks and memberships. We are continuing to globalise their impact by extending support throughout all regions and through worldwide communication campaigns, for example supporting International Women's Day, Pride Month and World Mental Health Day.

Gender diversity

As at 31 December 2017

Board Directors	5 (56%)	4 (44%)
Senior Management	310 (77%)	90 (23%)
Other employees	3,224 (46%)	3,805 (54%)

As at 31 December 2016

Board Directors	5 (62%)	3 (38%)
Senior Management	293 (81%)	70 (19%)
Other employees	2,867 (47%)	3,232 (53%)

Corporate Social Responsibility

The communities we serve

Making a difference

Our commitment to changing people's lives extends to the communities in which we live and work. Giving back to others is in our DNA and we actively encourage our people to get involved in a huge variety of ways.

During 2017, we saw our people involved with fundraising through sport, bake sales and joining major events such as the Three Peaks Challenge in the UK and the Light the Night walk in Boston. In Mexico we raised funds which will be used to build homes for victims of the earthquake. Other ways of using our combined talents to give back to society included providing and serving meals to people in need in multiple countries. Our association with Mencap in the UK saw us raise funds and help people with learning disabilities into the workplace through sharing practical skills and advice.

We continue to promote our payroll-based donation scheme with fund-matching. We encourage our people to take a volunteer day annually, using their time to support good causes – often coming together in teams to help make a real difference. Steve Ingham, our CEO, remains a serving Board member of Great Ormond Street Hospital as well as supporting and taking part in our PageGroup charitable activities.

Our PageTalent programme helps students looking for internships, apprenticeships and advice. It helps connect them with employers who are able to advertise their opportunities at no cost. In the UK alone there are currently 212 companies involved including Barclays, Nike, Lloyds Bank and Bosch.

Australia giving Christmas presents to under-privileged children

UK Yorkshire 3 peaks challenge

UK Mencap workshop

France AFM Telethon

UAE Smart Life Foundation feeding workers in a Dubai labour camp during Ramadan

Mexico Aldeas Infantiles children's villages

Belgium Red Cross blood donation

Belgium Red Cross Christmas donation

North America Dress for Success and A New Suit, a New Start

Houston Food Bank Raised and Served 12,068 Meals

Boston – Light the Night Walk to support Leukemia & Lymphoma Society

Canada raising funds and distributing breakfasts to schools

Society

As a service based organisation, our environmental impacts are small compared with many other businesses. However, we are committed to managing and minimising the impacts resulting from our day to day business.

We have processes in place to monitor and report on our greenhouse gas emissions. Our impact is predominantly through energy consumption and business travel. See page 23 for GHG reporting for 2017.

Further mitigation of our impacts during 2017 included:

- Implementing our managed print solution in the UK with further roll-out planned;
- Routinely replacing light fittings with environmentally friendly alternatives during refurbishment;
- Continuing to work with our landlords and co-tenants to make changes to HVAC systems, reducing energy consumption; and
- Replacing franking machines with pre-printed envelopes to reduce ink and label use.

All our offices are rented or serviced and we continue to seek premises which are energy efficient and where the landlords are able to provide us with data to support that aim.

Our candidates; clients; suppliers; shareholders

1. Highest ethical standards

PageGroup is a leading global recruiter, with strong brands and a reputation for integrity. We continue to reinforce that position by building trust and loyalty with all our stakeholders.

The way we do business is as important as what we do. We encourage a culture which puts our customers first and empowers our people to make the right decisions. We continuously look for ways to improve and involve our people in that process.

Our independently hosted whistleblowing facility gives our employees the ability to easily and anonymously report any perceived wrongdoing. For more information see the Audit Committee Report in the governance section of this report – we're pleased that in 2017, once again, we had no reportable issues.

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 2017 we formalised our approach to modern slavery and continued to undertake further work. Our commitment to that policy is published on our corporate website **www.page.com**. We constantly review our communication and engagement with our shareholders, and will continue to hold our successful investor relations events which give the opportunity to meet our Directors and regional leadership teams.

2. 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 Group's strategies and policies.

The Corporate Governance section of this report sets out details of the activities undertaken by the Board and its Standing Committees during 2017.

"One of the key aspects of our partnership with PageGroup is the opportunity it gives people with a learning disability to benefit from the expertise of their recruitment consultants."

Mark Capper, Business Development Manager at Mencap

Regional Perspectives

EMEA

What are your priorities for 2018?

If trading conditions from 2017 continue into 2018, we will continue to drive growth and make investments in our fee earner headcount to maximise our performance.

We remain mindful of some political uncertainty in the region, though with our flexible business model, we remain able to react quickly to any changes in market conditions.

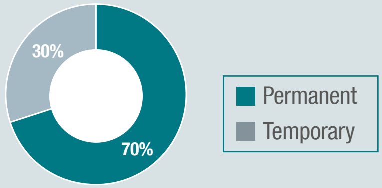
How did you deliver against your 2017 priorities?

We delivered a record performance in 2017, with overall growth of 15%. This was driven by particularly strong performances in France and Germany, up 25% and 12% respectively. Reflecting our confidence, we grew our fee earner headcount in the region by 352, or 18% compared to December 2016. We anticipate this investment will drive further growth in the future. This record performance, combined with efficiency savings from the completed transition to our Shared Service Centre in Barcelona, led to an increase in our operating profit from £51.7m in 2016 to £69.7m in 2017, which represents an improvement in the conversion rate to 21.0% (2016: 19.0%).

Gross profit £m

2017	£332.3m
2016	£271.9m
2015	£217.0m

Permanent to temporary ratio



Headcount

2017	2,996
2016	2,553
2015	2,295

UK

What are your priorities for 2018?

We remain mindful of the political and economic uncertainty, and anticipate this will continue throughout 2018. We will continue to respond to market conditions and look to progressively consolidate our position in all of our markets. We will also continue to make selective investments in specific disciplines and regions where we see opportunities for growth.

How did you deliver against your 2017 priorities?

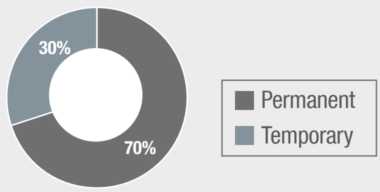
The UK continued to be impacted by subdued client and candidate confidence through 2017 as a result of the political and economic uncertainty. Consequently, we saw a reduction in our gross profit of -3.8%. All disciplines, regions and brands were impacted to a greater or lesser extent, as were both Permanent and Temporary recruitment. We did, however, see growth in some individual disciplines, with growth of 4% from our Technical disciplines.

With our flexible business model, we were able to manage our headcount and therefore cost base through natural attrition. We ended the year with just over 1,000 fee earners, broadly in line with 2016.

Gross profit £m

2017	£140.8m
2016	£146.3m
2015	£151.6m

Permanent to temporary ratio



Headcount

2017	1,407
2016	1,411
2015	1,516

Asia Pacific

What are your priorities for 2018?

We expect current trading conditions to prevail and will continue to make investments into our fee earner headcount, particularly into the Group's Large, High Potential markets of Greater China and South East Asia. Following highly encouraging progress in 2017, we will continue to drive growth in the domestic markets in China and Japan, as well as building further upon our established platform in India.

We will also focus on growth in our businesses in Australia and New Zealand, having made significant investment in our fee earner headcount during 2017 to support recent management changes and the successful launch of a new office in Canberra.

How did you deliver against your 2017 priorities?

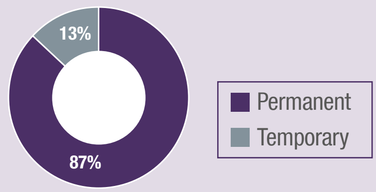
The region saw overall growth of 10.2% for the year, a significant improvement on 2016. There were notable performances from Greater China and Japan, up 14% and 23% respectively. In South East Asia, we delivered growth of 12% and, despite tough trading conditions in Singapore for the majority of the year, we did see an improvement in Q4. Conditions in Australasia were more challenging, with gross profit up 1%.

We made significant fee earner headcount investments during 2017, with an overall increase of 305, or 33%. This was most noticeable in the markets of Australia, Greater China and Japan.

Gross profit £m

2017	**£137.2m**
2016	£119.7m
2015	£109.1m

Permanent to temporary ratio



Headcount

2017	**1,533**
2016	1,205
2015	1,180

The Americas

What are your priorities for 2018?

In North America we will continue to grow our business through investment in fee earner headcount, particularly in our regional offices. We are focused on a small number of large discipline opportunities in our existing offices and we see this continuing in 2018, before exploring further diversification in 2019 and beyond. Developing our management infrastructure and retaining top talent is key to delivering these future goals.

In Latin America, we will continue to invest in our fee earner headcount to take advantage of the growth opportunities that exist. There will also be a particular focus on the emerging temporary recruitment market.

How did you deliver against your 2017 priorities?

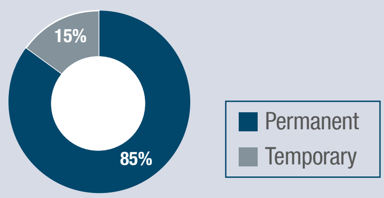
In North America, our strategy of diversification out of the New York Financial Services ("NYFS") market continued, and led to overall growth of 21% for the US, a record year. We saw standout results from our offices in Boston, Chicago and Los Angeles. Our business outside of NYFS collectively grew 32% and now represents almost three quarters of our US business. Reflecting these favourable trading conditions, we made a significant investment in fee earner headcount, up 21% compared to 2016.

Latin America, one of the Group's Large, High Potential markets, delivered a record year, up 14%. Brazil saw improvement in 2017 and was up 3% for the year. Elsewhere, we saw collective growth of 20% with record performances from all five countries. Reflecting our confidence and strategy of investing in our Large, High Potential markets, fee earner headcount increased 15%.

Gross profit £m

2017	**£101.3m**
2016	£83.1m
2015	£78.4m

Permanent to temporary ratio



Headcount

2017	**1,093**
2016	930
2015	844

Risk Management

Principal Risks

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

A Group risk review process is in place which identifies the strategic and operational risks which could impact our business and determines 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.

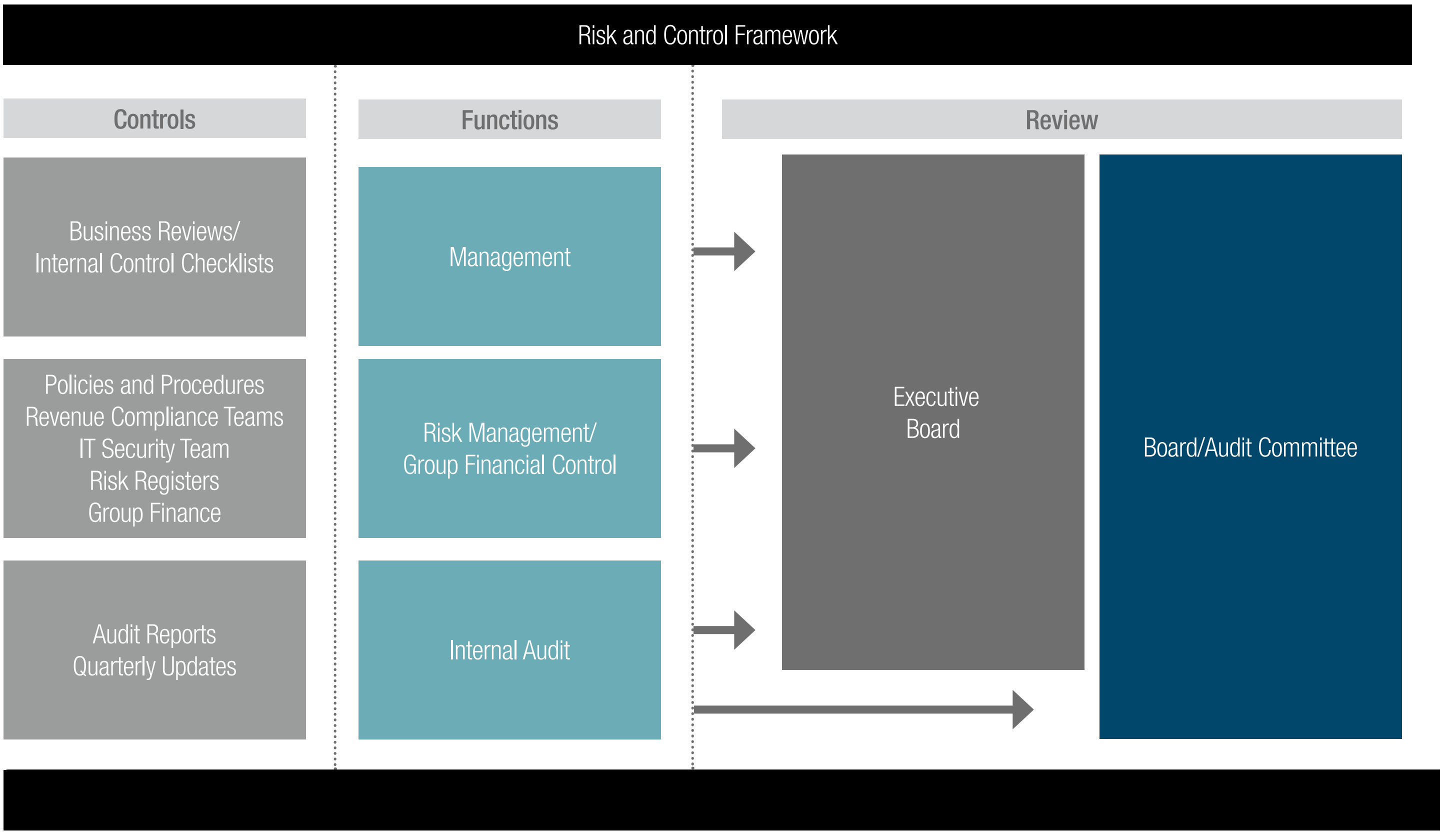
See strategic framework on page 9.

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 exception which is reviewed at Board level on an ongoing basis.

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 and Net Risk Levels

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

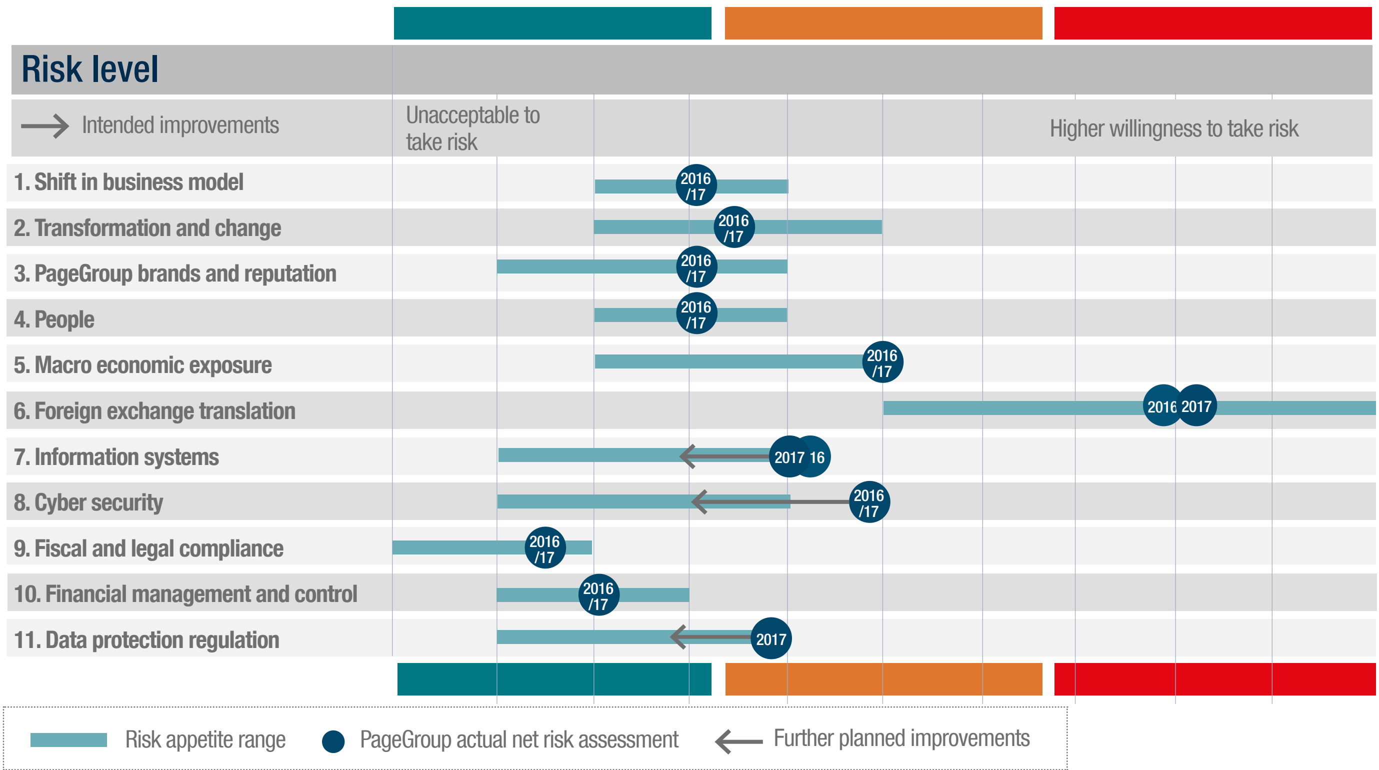
PageGroup operates in this environment with a low risk appetite, seeking to mitigate its strategic risks, maintain a strong financial position and only taking the operational risks it has the experience and capability to manage.

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

Strategic Risks

Shift in Business Model

The emergence of new platforms technology providers offering HR solutions and consulting 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.
- As well as our ongoing day to day interaction with clients and candidates, we conduct formal surveys through the Exact Target programme which we are standardising across the Group to understand how candidate and client needs are developing.
- We continue to develop Page Outsourcing in response to RPO's and the expansion of internal recruitment functions.
- 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 revenue attribution model built using google analytics and AI provides data driven ROI implementation addressing online and offline conversions and spend allocations.
- Our highly trained and often specialist consultants maintain an extensive qualified candidate database which we use to resource candidates for our clients at an overall cost that they cannot match.
- We have established an innovation infrastructure with Executive Board Governance and regional innovations groups embedded globally. These teams continually generate ideas that are evaluated and those that pass our criteria are developed and piloted. (For Audit Committee – we have hired a Group Insights innovations manager).
- We have also set up a review, led by our Group Marketing Director on how we can capitalise on the data we have with the developments in data analytics and AI.
- Our IT strategy and transformation initiative recognises the need for us to be able to respond more rapidly in rolling out enabling technologies.

Transformation and change

We have a programme of activity which will complete the transformation of our IT capability to a Group wide service delivery model. This is a two year programme which will build on the work done to date on centralising our IT in shared service centres, standardising our infrastructure and applications and migrating to cloud services. This level of activity poses a change management risk to both successfully deliver the new model maintain service levels to the business.

The Group is in the process of implementing a Global Finance System. This has been developed centrally and has been successfully rolled out to the UK, US and ROW businesses with the plan to roll out to all remaining regions by 2019.

- We have developed a transformation programme which will manage the change activities we have defined. This programme will be governed by the senior IT leadership Team who are responsible for both the programme and the provision of IT services. The components of the programme have been defined such that they can be implemented in discrete phases allowing us to determine the success of each prior to progressing to the next stage. We are being supported in the programme by a specialist third party organisational change implementation partner.
- We have built and implemented the global template into the UK, US and ROW regions. We have a phased rollout plan, by region, of the global template which is appropriately resourced to ensure we can protect business as usual and support regional management in the successful delivery. We continue to utilise the expertise of our third party systems implementation partner and have dedicated resource within our IT programme management office to co-ordinate GFS activity requirements alongside business as usual and IT transformation.

PageGroup brands and reputation

The quality and relevance of service we provide to both clients and candidates, could have a significant impact on how our brand is seen.

As the way clients and candidates source information changes the awareness of the PageGroup brand and services of clients and candidates could deteriorate.

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 reach, increasing the impact of an incident.

- We have programmes that gain feedback actively from our clients and candidates. We utilise Exact Target, an event based survey, and are developing an event based approach of feedback gathering through the use of Qualtrix.
- We actively monitor media online through Brandwatch to identify where there are unusual references to the PageGroup, Michael Page, Page Personnel, Page Executive and Page Outsourcing trademarks.
- 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 have a programme of activity which ensures that we communicate effectively the Page brands, keeping awareness high among both current and potential clients and candidates.
- We train our consultants to use new media effectively, making the channels available to them as part of their day-to-day activity.
- We have a comprehensive brand management policy which includes key areas such as social media, data protection and information security.
- We have in place a tested incident response process with clear escalation and activity guidelines to ensure any incidents are managed effectively.
- We are supported by external advisers who provide ongoing advice on the protection and management of our brand.

People

People attraction, development and retention

PageGroup needs to hire, train and retain a large number of appropriately skilled people across the Group to achieve its vision.

The factors that motivate, encourage and enable individuals to perform to their best have and will continue to evolve with an emphasis on work life balance, flexibility and the working environment.

Diversity is a key enabler to any successful business. A lack of diversity in our people will impact on the achievement of our objectives.

Our biggest challenge is still to address attrition levels during the first year of training.

Actions to Mitigate Risk

- We have made significant investment in HR resources, adding a Group Talent Director and business partners in Europe and a North America HR Director. We have also appointed a new Group HR Director. These will all support our HR programmes which are focused on addressing issues around attraction, development and retention.
- We are also addressing issues such as work-life balance, flexible working and benefits schemes and equality that are seen to have a positive impact on employees. Our Page programmes covering these areas have been rolled out around the Group. We conduct exit interviews to ensure that we are aware of any underlying issues that need to be addressed.
- We have invested more in online learning capabilities, BOOST!, which commenced in the UK in February, has now been rolled out in Europe, LATAM and APAC and will be rolled out to all operations by early 2018.
- We have Group-wide initiatives which look at the issues around achieving diversity. These are part of our wider PageGroup programmes which combined will ensure we create an open environment where working practices suit and encourage diversity in all its aspects.
- We have also established mentoring programmes, a Group-wide appraisal process and are reviewing our reward packages.
- We conduct regular employee surveys, with the last one in September 2017. This shows us how our people view working in PageGroup and provides us with feedback to address and focus on improving.

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.

Brexit has increased the levels of uncertainty in the UK.

Actions to Mitigate Risk

- We maintain our investment in Large, High Potential markets. Our strategy recognises Large, High Potential markets in which we operate, namely Germany, Greater China, Latin America, South East Asia and the US, where we believe it is appropriate to continue to invest through the economic cycle 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 efficiencies.
- We look for opportunities to develop our brands and disciplines in each geography. We have diversified our business by expanding geographically, by increasing the number of disciplines we support, and by establishing four brands to address the different levels of the recruitment market: the clerical professional sector; the qualified professional market and the executive search sector. We have expanded our presence in IT recruitment, initially in Germany, but also in the UK region and have expanded our US footprint so that we are not as dependent on financial services in New York. Overall we have also reduced our dependence on Accounting and Financial Services.
- Driving domestic business in new markets. In newer markets, for example Japan and China, we are driving to shift our client base to include more domestic businesses.
- We are expanding our variable costs structure. This enables us to respond to changes in business levels driven by economic circumstances. As well as our variable front end staffing costs, principally bonus payments, our move to an IT service based model and the rollout of a cloud and service based finance system solution enhances this capability. Our regional shared service centre approach to support activities gives us greater flexibility in resource reallocations.
- We continue to balance our mix of permanent and temporary recruitment. This is 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.

Foreign exchange translation

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 Group's 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, Singapore and US Dollars.

- We do not anticipate any hedging for translation and focus on ensuring the market correctly adjusts for any impact.
- We are, however, repatriating funds and converting them back to Sterling to protect against a Sterling recovery. Our Group Treasury function takes a much more proactive role in the management of our cash resources.
- We have a relatively small amount of cross border trading activity so the impact on transactions is limited to intercompany activity.

Principal Risks and Uncertainties

Operational Risks

Information Systems

Our systems are an integral part of our operations. A major 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.

Failure of our IT systems to adapt to levels of business activity could result in lost opportunity during periods of rapid expansion or excessive costs during periods of contraction.

The 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.

Our systems must be able to adapt to the evolving technologies around Cloud to allow faster implementation of innovation or we could miss business opportunities.

Actions to Mitigate Risk

- Our core operating systems standards have been defined globally and under tighter global governance are delivered regionally. We have and continue to migrate to standard platforms, procedures and processes which gives us a greater degree of resilience. In addition, the current transformation in IT creates global accountability to adopt and implement the defined standards.
- We now have a standard disaster recovery plan appropriate for all regions with the option of transferring to a Cloud service for each of our services in the event of a disaster with our core systems. Our core finance systems are in the process of migrating onto a Cloud service. Our IT transformation programme includes the migration of core IT services to third party providers on a SAAS basis. Activity can quickly and economically be scaled up or down with business requirements.
- 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. Our central procurement team, in addition to supporting management in commercial negotiations, ensures that relationships with third party suppliers are appropriately defined and operationalised.
- We have invested in resource to support vendor and asset management. We have in place service delivery contracts with our key vendors which include levels of resilience appropriate to the nature of our business.
- Our new Global Service Delivery model will enable faster rollout of our piloted new services as we standardise our infrastructure and applications across the Group. Our Global Service Delivery model will ensure these services operate effectively and achieve the benefits planned before they are deployed.
- Our IT strategy and infrastructure team are changing our model to one which is common applications based, enabling faster adoption of innovation.

Cyber 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.

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 operate in an external environment that is seeing an increase in, and sophistication of, cyber attacks from organised crime and nation states. In addition, the increased use of social media and digital communications channels, as well as reliance on third parties, Cloud computing and mobile data facilities, increase our exposure.

- We have information security policies in place for the management of confidential, sensitive and personal data. Security risks are identified through a structured process of assessment and a programme of remediation activities is executed, with activities prioritised according to the associated level of business risk.
- We have a dedicated Global Information Security team that ensures our information remains protected. This includes ensuring appropriate multi-layered protection at network and system levels, regular monitoring and third party testing of our capabilities. The Information Security team comprises Security Operations, Security Architecture and Information Security Management. The team not only deals with IT security matters, but also works directly with suppliers and key business stakeholders to ensure everyone across the business protects the data of our Group, clients and candidates.
- We have technical security protections in place that mitigate the risks posed by the use of modern communications media, Cloud services and mobile devices. The threat landscape is under constant review to ensure our technology provides the right level of protection.
- Supplier contracts are negotiated and reviewed to ensure data protection and IT security obligations are included as a standard requirement.
- New IT projects and initiatives are reviewed for security risk, to ensure new technologies are adopted safely.
- Security vulnerabilities are assessed regularly and the remediation of identified risks and alerts is tracked to conclusion. Regular security assurance checks take place across all regions and penetration testing is undertaken by specialist third parties.
- The Board and Audit Committee reviews data security on a regular basis and receives updates on the status of our security programme.
- We continue to review our processes and resource requirements in line with developments in how our business operates, the level of 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.

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, with 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, sanctions 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.
- Sales and procurement contracts include clauses to ensure the Group's rights are protected. All non standard contracts are legally reviewed and where appropriate approved by senior management.

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 in errors in the Group's financial reporting.

- The Group has financial policies and procedures which are reviewed on a regular basis. Changes are approved by the Audit Committee.
- Regional and local finance teams ensure that Group reporting requirements adhere to these policies as well as ensuring local statutory requirements are met. The Group Finance function reviews submissions to ensure policies are adhered to.
- Monthly management information is produced that supports effective financial management.
- The Group operates regional shared service centres which, as well as driving efficiencies, enable more effective control of activities through common processes and segregation of control activities.
- The Finance structure mirrors and supports local, regional and Group management structures.
- There are compliance teams located in each region that support the local, regional and Group management in ensuring revenues are appropriately recognised.
- Internal Audit regularly review local and regional financial controls and report on the results to the Executive Board and the Audit Committee.

Data Protection Regulations

New European data protection legislation comes into force in May 2018. This increases data governance and management requirements significantly, as well as increasing the potential penalties for non compliance or data breaches.

Legislation was also introduced in June 2017 in the People's Republic of China, which requires data of Chinese citizens to be held and processed in Mainland China.

- We have convened a GDPR Steering Committee to agree requirements, champion implementation and monitor progress to ensure that we are compliant with the regulatory requirements by the implementation date. We are being supported by external specialists in data protection.
- A gap analysis has been performed and we are implementing the new processes and procedures required. Amongst others, we are updating the Company's Data Protection Policy and Data Retention Policy, updating contracts with all suppliers that process personal data, creating the documentation required to demonstrate compliance at all times and updating our procedures to respond to statutory requests from data subjects in good time.
- A programme of data protection awareness and training has been put together to ensure that personnel and management are aware of the new legislation. Training will be delivered in a repeatable, tracked manner, allowing staff to receive regular refresher training. Specialist training will be provided where required.
- We have engaged with third party consultants to assist in interpreting the highly complex high-level law and advise on an appropriate course of action.
- Where necessary, this could include migrating the data of Chinese nationals (including candidates, clients and employees) into datacentres and Cloud services in Mainland China for the purpose of processing candidate data, finance and payroll and our own data processing activities.
- Management have appointed a Group Data Protection Officer, who, together with the legal teams in our regions, will proactively monitor the ever-changing legislative landscape to ensure we remain ready and able to respond as necessary.

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

Principal Risks and Uncertainties

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 35 to 38. 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 8 to 16 and 35 to 38. 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.

The period over which we confirm longer-term viability

Within the context of the above, in accordance with provision C.2.2 of the 2016 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 2020. 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 35 to 38, 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 35 to 38.

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 2020. 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	2017	2016	Change	Change CER*
Revenue	**£1,371.5m**	£1,196.1m	+14.7%	+9.8%
Gross profit	**£711.6m**	£621.0m	+14.6%	+9.8%
Operating profit	**£118.3m**	£101.0m	+17.2%	+11.3%
Profit before tax	**£118.2m**	£100.0m	+18.2%	
Basic earnings per share	**26.5p**	23.1p	+14.7%	
Diluted earnings per share	**26.4p**	23.1p	+14.3%	
Total dividend per share (excl. special dividend)	**12.50p**	11.98p	+4.3%	
Total dividend per share (incl. special dividend)	**25.23p**	18.44p		

*In constant currency at prior year rates

At constant exchange rates, the Group's revenue and gross profit for the year ended 31 December 2017 both increased 9.8%. At reported rates, revenue increased 14.7% to £1,371.5m (2016: £1,196.1m) and gross profit increased 14.6% to £711.6m (2016: £621.0m).

The Group's revenue mix between temporary and permanent placements was 60:40 (2016: 60:40) and for gross profit our permanent to temporary ratio was 75:25 (2016: 76:24). Revenue from temporary placements comprises the salaries of those placed, together with the margin charged. This margin on temporary placements increased slightly to 21.2% in 2017 (2016: 21.0%). 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 increased 14.8% in constant currencies and achieved a record gross profit of £222.7m and growth of 19.9% in reported rates. All five markets included within this category achieved record gross profit and delivered double digit growth.

Total Group headcount increased by 930 in the year, up 15.2% to a record 7,029. This comprised a net increase of 786 fee earners (+16.7%) and an increase of 144 operational support staff (+10.4%), reflecting the continued strong focus on operational efficiency. The ratio of net additions in the year was 85 fee earners to 15 operational support staff.

As a result, our fee earner to operational support staff ratio improved to a record level of 78:22. In total, administrative expenses increased 14.1% to £593.2m (2016: £520.1m). The Group's operating profit from trading activities totalled £118.3m (2016: £101.0m), an increase of 11.3% at constant rates and 17.2% in reported rates.

The Group's conversion rate of gross profit to operating profit from trading activities increased to 16.6% (2016: 16.3%). 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 Australia, Brazil, Singapore and the UK.

Regional Reviews

Gross profit		Reported (£m)			CER
Year-on-year	**% of Group**	**2017**	**2016**	**%**	**%**
EMEA	47%	332.3	271.9	+22.2%	+15.0%
UK	20%	140.8	146.3	-3.8%	-3.8%
Asia Pacific	19%	137.2	119.7	+14.6%	+10.2%
Americas	14%	101.3	83.1	+21.9%	+16.4%
Total	**100%**	**711.6**	**621.0**	**+14.6%**	**+9.8%**
Permanent	75%	536.0	470.0	+14.1%	+9.4%
Temporary	25%	175.6	151.0	+16.2%	+11.1%

Review of the Year

Europe, Middle East and Africa (EMEA)

EMEA	Gross profit (£m)		Growth rates	
(47% of Group in 2017)	**2017**	2016	Reported	CER
Gross profit	**332.3**	271.9	+22.2%	+15.0%
Operating profit	**69.7**	51.7	+34.8%	+26.2%

Market Presence

EMEA is the Group's largest region, contributing 47% 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 70% and temporary placements 30% 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 2017, the EMEA region saw strong market conditions, with 10 countries delivering record gross profit for the year. In constant currency, revenue increased 18.1% on 2016 and gross profit increased by 15.0%. In reported rates, revenue in the region was up 25.6% to £676.0m (2016: £538.4m), and gross profit increased 22.2% to £332.3m (2016: £271.9m). The region benefited from favourable foreign exchange movements that increased revenue and gross profit by £40m and £20m, respectively.

Our larger businesses in France, Germany and the Netherlands, together representing nearly 60% of the region by gross profit, grew 25%, 12% and 14% respectively, for the full year in constant currencies. Michael Page Interim in Germany, where last year we invested heavily in temporary and contracting recruitment, grew 19%. Overall, 9 countries, representing 84% of the region, delivered double-digit growth during the year.

The Middle East and Africa, which represented 4% of the region, saw an improvement compared to the prior year with a decline of -1% (2016: -7%).

The 34.8% increase in operating profit for 2017 to £69.7m (2016: £51.7m) and the increase in the conversion rate to 21.0% (2016: 19.0%) was the result of continued favourable market conditions in the region, combined with good control over costs as a result of our transition in to our European Shared Service Centre.

Headcount across the region increased by 443 (+17.4%) to 2,996 at the end of 2017 (2016: 2,553). The majority of this increase was fee earners, as the business added headcount where growth opportunities were strongest, predominately in France, Germany and Southern Europe.

United Kingdom

UK	Gross profit (£m)		Growth rates
(20% of Group in 2017)	**2017**	2016	
Gross profit	**140.8**	146.3	-3.8%
Operating profit	**16.0**	24.2	-33.8%

Market Presence

The UK represented 20% of the Group's gross profit in 2017 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 four brands of Michael Page, Page Personnel, Page Executive and Page Outsourcing with representation in 12 specialist disciplines via the Michael Page brand. There remains 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 current macro-economic uncertainty, with activity levels stronger at the lower salary levels and in Page Personnel.

Performance

Revenue of £312.9m (2016: £324.5m) and gross profit of £140.8m (2016: £146.3m) declined 3.6% and 3.8% respectively, reflecting continued economic uncertainty.

UK disciplines such as Engineering (+6%), Property & Construction (+10%) and Technology (+7%), performed well. However, market conditions in our Legal discipline (-11%) and Sales and Marketing disciplines were more challenging, with Marketing down 11%. Michael Page and Page Personnel were affected relatively equally, down 4% and 3%, respectively. These challenging market conditions resulted in a decline in operating profit of 33.8% to £16.0m (2016: £24.2m) and a reduction in the conversion rate to 11.4% (2016: 16.5%). Excluding the effect of share plan charges, for which the UK takes a disproportionate charge due to location of senior management, conversion would have been around two percentage points higher.

Headcount remained broadly flat at 1,407 at the end of December 2017 (2016: 1,411). 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 2017)	**2017**	2016	Reported	CER
Gross profit	**137.2**	119.7	+14.6%	+10.2%
Operating profit	**23.5**	20.7	+13.5%	+8.6%

Market Presence

Asia Pacific represented 19% of the Group's gross profit in 2017, with 73% of the region being Asia and 27% 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 markets at good conversion rates. Two of our Large, High Potential Markets, Greater China and South East Asia, are in this region. With a highly experienced management team, over 1,000 staff and limited competition, the size of the opportunity in Asia is significant. Across Asia, driven by cultural attitudes towards white collar temporary recruitment, 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 increased 7.4% and gross profit increased by 10.2%. In reported rates, revenues increased 12.7% to £236.3m (2016: £209.7m), while gross profit rose 14.6% to £137.2m (2016: £119.7m).

Asia, representing 14% of the Group, delivered gross profit growth of 15%. Greater China returned to growth in the year up 14% (2016 -4%), driven by Mainland China where our offices in Beijing and Shanghai performed particularly well. In Hong Kong, where we have a large number of multinational clients, we also saw an improvement in market conditions and delivered growth of 7%. South East Asia was up 12% on the prior year driven by growth in Indonesia and Malaysia up 48% and 11% respectively. Singapore, despite challenging market conditions, returned to growth in the second half of the year. Japan, where we invested heavily in fee earners, saw growth of 23% and delivered a record year. In Australia, where we were up 1% against the prior year, we saw an improvement towards the end of the year following a 25% investment in our fee earner headcount and the opening of a new office in Canberra.

Operating profit rose 13.5% to £23.5m (2016: £20.7m), with the conversion rate broadly flat at 17.1% (2016: 17.3%) despite our fee earner investment in the region. Headcount across the region rose by 327 (27.1%) in the year, ending the year at 1,532 (2016: 1,205). The majority of these headcount additions were in Asia, particularly Greater China and Japan.

The Americas

Americas	Gross profit (£m)		Growth rates	
(14% of Group in 2017)	**2017**	2016	Reported	CER
Gross profit	**101.3**	83.1	+21.9%	+16.4%
Operating profit	**9.2**	4.4	+108.6%	+96.5%

Market Presence

The Americas represented 14% of the Group's gross profit in 2017, being North America (56% of the region) and Latin America (44% of the region). Both the US and Latin America are two of the 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 over 600 employees in six countries and 14 offices. There are few international competitors and none with regional scale. Across Latin America, permanent placements accounted for 91% of gross profit and temporary placements 9%.

Performance

In constant currencies, revenue increased by 12.8% and gross profit increased by 16.4%. In reported rates, revenue increased by 18.5% to £146.3m (2016: £123.5m) while gross profit improved 21.9% to £101.3m (2016: £83.1m). During the year, the region benefited from favourable foreign exchange movements that increased revenue and gross profit by £7m and £5m, respectively.

In North America, our gross profit increased by 18% in constant currencies. This was driven by the US (+ 21%) where we saw strong performances from our regional offices including Boston, Chicago and Los Angeles, as our strategy of diversification continued into disciplines outside of Financial Services in New York.

In Latin America, gross profit was up 14% year-on-year in constant currencies. Our business in Brazil returned to growth, up +3%, as we saw an improvement in trading conditions as the year progressed. Excluding Brazil, the other countries in the region, which made up two thirds of Latin America, saw growth of 20% and all delivered record years.

Operating profit increased 108.6% to £9.2m (2016: £4.4m), with a conversion rate of 9.0% (2016: 5.3%). Headcount increased by 164 (+17.6%) in 2017 to 1,094 (2016: 930).

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 & relocation costs.

Our fee earner to operational support staff ratio improved to a record level of 78:22, with our ongoing focus on conversion rates and maximising productivity from the investment of 227 fee earners added in 2016, as well as the further 786 added in 2017. Net additions in the year were at a ratio of 85 fee earners to 15 operational support staff.

The combination of gross profit growth, the weakness in Sterling and the ongoing focus on cost control resulted in operating profit of £118.3m (2016: £101.0m), an increase of 17.2% in reported rates and 11.3% in constant currencies.

Depreciation and amortisation for the year totalled £19.1m (2016: £17.1m). This included amortisation relating to our operating system, PRS, of £8.1m (2016: £7.6m).

The Group's conversion rate for the period of 16.6% was an improvement from 16.3% in 2016. 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 some of the Group's core markets as well as our operational support programmes.

In EMEA, conversion increased from 19.0% to 21.0%. This was driven by the benefits of operational gearing coming through, combined with cost benefits from our new European shared service centre in Barcelona. In the UK, the conversion rate fell from 16.5% to 11.4%, while Asia Pacific remained broadly flat at 17.1% (2016: 17.3%), despite our high level of fee earner investment in the region. The America's conversion rate increased from 5.3% to 9.0% due to an improvement in trading conditions.

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 £58m, £29m and £6m, respectively.

A net interest charge of £0.2m reflected the continuing low interest rate environment. Interest of £0.2m 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 £0.4m.

Earnings Per Share and Dividends

In 2017, basic earnings per share increased 14.7% to 26.5p (2016: 23.1p), reflecting the improved business performance, as well as some favourable foreign exchange movements. Diluted earnings per share, which takes into account the dilutive effect of share options, was up 14.3% to 26.4p (2016: 23.1p).

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 8.60p (2016: 8.23p) per ordinary share is proposed. When taken together with the interim dividend of 3.90p (2016: 3.75p) per ordinary share, this would imply an increase in the total dividend for the year of 4.3% over 2016 to 12.50p per ordinary share.

The proposed final dividend, which amounts to £27.1m, will be paid on 18 June 2018 to shareholders on the register as at 18 May 2018, subject to shareholder approval at the Annual General Meeting on 7 June 2018.

After consultation with our shareholders, we also paid a special dividend of 12.73p per share on 11 October 2017, totalling £40m. We will continue to monitor our cash position in 2018 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 £124.5m (2016: £121.3m) generated from operations. The closing net cash balance was £95.6m at 31 December 2017, an increase of £2.8m on the prior year. The movements in the Group's cash flow in 2017 reflected the underlying trading conditions, with a £19.6m increase in working capital.

The Group had a £50m invoice financing arrangement and £13m uncommitted overdraft facilities to support cash flows across its operations and ensure rapid access to funds should they be required. None of these were in use at the year end.

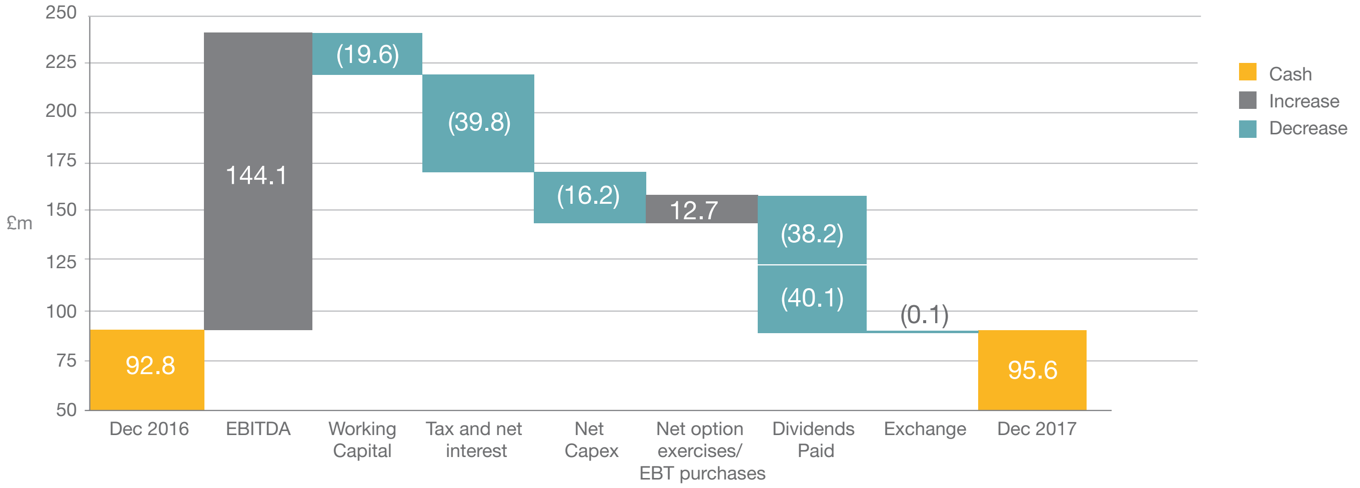
Income tax paid in the year was £38.2m (2016: £32.5m). The increase of £5.7m over 2016 arose largely because of a payment in the UK on agreeing the taxation of prior year repayments of VAT which had been fully provided for.

Net capital expenditure in 2017 was £16.2m (2016: £23.4m). Spending on software decreased from 2016 when we completed the implementation of our new operating system, PRS and started the transition to our new Global Finance System. Spending on property, plant and equipment decreased due to large office moves in 2016 in New York, Tokyo and Neuilly, Paris, which is now the Group's largest office by headcount. There were no such significant moves in 2017.

Dividend payments were up on the prior year at £78.3m (2016: £56.3m), as a result of the larger special dividend paid in 2017. There was also a significant increase in cash receipts from share option exercises. In 2017, £12.7m was received by the Group from the exercise of options compared to £0.4m received in 2016, driven by the higher share price. 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. No such purchase was made in 2017.

The most significant item in our balance sheet was trade receivables, which amounted to £245.4m at 31 December 2017 (2016: £205.1m), 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 2017 were 53 days (2016: 50 days).

Cash flow waterfall 2017



Foreign Exchange

Foreign exchange provided a substantial benefit to our reported results for the year, increasing gross profit by £29m, administrative expenses by £23m and therefore operating profit by £6m. This impact was felt globally, but the largest impact was within EMEA, where gross profit increased by £20m.

Taxation

The tax charge for the year was £35.1m (2016: £27.9m). This represented an effective tax rate of 29.7% (2016: 27.9%). The rate is higher than the effective UK rate for the calendar year of 19.25% (2016: 20.0%) principally due to the impact of disallowable expenditure and higher tax rates in overseas countries. There are some countries in which the tax rate is lower than the UK, but the impact is very small either because the countries are not significant contributors to Group profit or the tax rate difference is not significant.

The effective rate was impacted principally by the US tax reform which reduced the headline rate of tax from 35% to 21% from 1 January 2018. This resulted in a write down of deferred tax assets representing the future value for accumulated losses and other deductions which, together with other adjustments in the US, increased the tax charge by 2.4%. Going forwards, depending on the relative profitability of the US within PageGroup and having regard to the interaction of federal tax with state tax, we may expect the headline rate to benefit the Group ETR by c. 0.5 percentage points. In addition, the tax rate was impacted by tax on share based payments (0.7% decrease), a reduction in provisions for tax risk (0.6%) and the recognition/derecognition of losses (0.3% decrease).

The tax charge for the year reflects the Group's tax strategy, which is aligned to business goals. It is PageGroup's policy to pay its fair share of taxes in the countries in which it operates and deal with its tax affairs in a straightforward, open and honest manner. The Group's tax strategy is set out in detail on our website in the Investor section under "Responsibilities".

Share Options and Share Repurchases

At the beginning of 2017 the Group had 17.9m share options outstanding, of which 7.8m had vested, but had not been exercised. During the year, options were granted over 1.7m shares under the Group's share option plans.

Options were exercised over 3.2m shares, generating £12.7m in cash, and options lapsed over 1.0m shares. At the end of 2017, options remained outstanding over 15.5m shares, of which 8.6m had vested, but had not been exercised. During 2017, no shares were repurchased by the Company or the Group's Employee Benefit Trust, and no shares were cancelled (2016: 3.7m shares were purchased at a cost of £15.1m).

Approved by the Board on 6 March 2018 and signed on its behalf by:

Kelvin Stagg

Chief Financial 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 2017. 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.

The Board continued to build a strong and well balanced Board with the appointment of Sylvia Metayer and Angela Seymour-Jackson as Non-Executive Directors of the Company. Sylvia brings extensive experience to the PageGroup Board, having held a variety of finance and general management roles in companies operating in a number of different sectors. She is also a Chartered Accountant, so adds to the financial experience of the Audit Committee. Angela has a wealth of experience in service focused organisations and has both executive and non-executive director experience from a number of different companies. The skills and experience of both Sylvia and Angela complement that of the other Board members, providing a balanced Board.

Baroness Ruby McGregor-Smith stepped down from the Board in May 2017 and, in March 2018, Danuta Gray decided not to offer herself for re-election at the forthcoming Annual General Meeting on 7 June 2018. Danuta will also cease to be Chair of the Remuneration Committee and Angela Seymour-Jackson will be appointed in her stead. I would like to thank both Ruby and Danuta for their contribution to the Company.

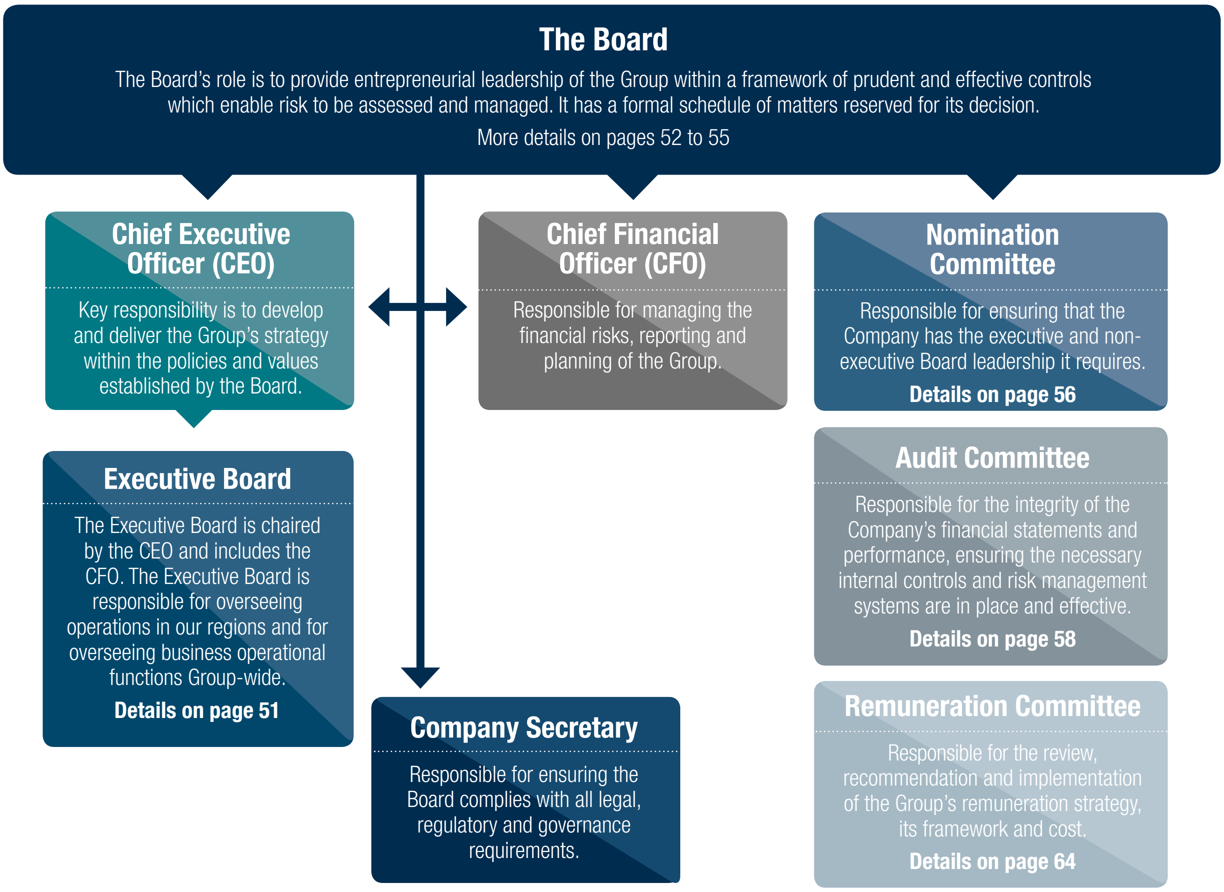
I hope you find our Corporate Governance Report informative. I will be available at the 2018 Annual General Meeting to respond to any questions you may have on this Report.

David Lowden

Chairman

6 March 2018

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. David was also Senior Independent Director and Chairman of the Remuneration Committee of Berensden plc from March 2010 until September 2017.

Other Current Appointments: 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
- 12 years as a CEO of a FTSE 250 public company, 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 7,000 employees
- Experience in other sectors and industries having worked on the Boards of a major charity and retailer
- Awarded the Institute of Recruitment Professionals Lifetime Achievement Award in 2017

Our Board of Directors

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

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 from 2005 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, was a Director of Business in the Community Ireland and Aer Lingus plc and a Non-Executive Director of Paddy Power Betfair plc.

Other Current Appointments: Non-Executive Director and Remuneration Committee Chairman, Old Mutual plc; Interim Chair of Aldermore Bank 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

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

Our Board of Directors

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: 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.

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

Sylvia Metayer, Independent Non-Executive Director

Date of Appointment: September 2017

Past Roles: Sylvia has previously held a variety of finance and general management roles in companies operating in a number of sectors, including Mattel Inc, Vivendi SA, and Houghton Mifflin Harcourt & Co.

Other Current Appointments: Chief Executive, Worldwide Corporate Services of Sodexo SA and member of the Sodexo Group Executive Committee. Trustee of the Quebec-Labrador Foundation and member of the Research Orientation Committee of the Foundation of HEC Business School, Paris.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience and understanding of international markets, including the USA, Europe, China, India, and South East Asia
- Extensive experience in general and financial management
- Leading and delivering change
- Finance, HR, IT and Supply Chain management
- Proven ability for delivering shareholder value
- Strong strategic understanding

Angela Seymour-Jackson, Non-Executive Director

Date of Appointment: October 2017

Past Roles: Angela has previously held Executive Director roles with Aegon UK, RAC Motoring Services Limited and Aviva UK Limited, and was Senior Advisor to Lloyds Banking Group (insurance). Prior to that Angela held senior marketing roles with Bluecycle.com Limited, CGU Insurance plc, General Accident plc and the Norwich Union Insurance Group.

Other Current Appointments: Deputy Chairman, Senior Independent Director and Chair of the Remuneration Committee at GoCompare.com Group plc; Non-Executive Director at Janus Henderson Group plc, esure plc and Rentokil Initial plc.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Wealth of experience in service focused organisations
- Experienced executive and non-executive in several sectors
- Strong marketing and commercial skills
- Strong strategic understanding
- Member of the Chartered Institute of Marketing

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 FTSE 250 companies from a number of business sectors

The Executive Board

Steve Ingham

Chief Executive Officer, Executive Director

See biography on page 46.

Kelvin Stagg

Chief Financial Officer, Executive Director

See biography on page 47.

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.

Anthony Thompson

Executive Board Director, Asia (excluding Japan)

Anthony moved from South Australia to commence his Michael Page career in Hong Kong in 2001. He managed and established several disciplines and brands in Hong Kong and China and was appointed Managing Director, Hong Kong and Southern China in 2006. In 2012, he was appointed Regional Managing Director for Greater China with several offices established across China, Hong Kong and Taiwan. In 2015, Anthony moved to Singapore with additional responsibility for PageGroup in South East Asia which now encompasses offices in Singapore, Malaysia, Indonesia and Thailand. In 2016 he also became responsible for India. Anthony is currently responsible for PageGroup's operations in Greater China, South-East Asia and India.

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 2017 and to the date of this document, the Company has complied with the provisions of the UK Corporate Governance Code 2016 (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 44, the Directors' Remuneration Report on pages 63 to 76 and the Directors' Report on pages 82 to 84, 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 six Non-Executive Directors. The biographies of each of these Directors can be found on pages 46 to 50.

Sylvia Metayer and Angela Seymour-Jackson were appointed as Non-Executive Directors of the Company on 1 September 2017 and 1 October 2017 respectively. Baroness Ruby McGregor-Smith ceased to be a Non-Executive Director of the Company on 23 May 2017. All other Directors served throughout the year. The Board considers that during the year under review, and in the case of Sylvia Metayer and Angela Seymour-Jackson from their respective dates of appointment onwards, each of Simon Boddie, Patrick De Smedt, Danuta Gray and Michelle Healy were independent. In addition, the Board determined that David Lowden was independent at the time of his appointment as Chairman.

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 46. The Board considers that these are not a constraint on the Chairman's agreed time commitment to the Company.

Patrick De Smedt as Senior Independent Director 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 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

Corporate Governance Report

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 58 to 60; the Nomination Committee Report on pages 56 and 57; and the Directors' Remuneration Report on page 64.

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 51. 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 58 (Audit Committee), page 57 (Nomination Committee) and page 64 (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.

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 56 and the Strategic Report on page 28.

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	8	8
Steve Ingham	8	8
Baroness Ruby McGregor-Smith[1]	8	3
Sylvia Metayer[2]	8	1
Angela Seymour-Jackson[2]	8	2
Kelvin Stagg	8	8

Notes:

1. Baroness Ruby McGregor-Smith ceased to be a member of the Committee on 23 May 2017 so was only eligible to attend three meetings.
2. Sylvia Metayer and Angela Seymour-Jackson were appointed to the Committee on 1 September 2017 and 1 October 2017 respectively, so were only eligible to attend two Committee meetings. Sylvia Metayer was unable to attend one of the two meetings as she had a prior engagement which had been scheduled prior to her appointment as a Director of the Company.

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, in 2016 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 2017 review of the Board and its Committees followed up on the themes of and actions points from the 2016 review, to ensure that year-on-year progress was measured. The review was facilitated by Lintstock through the use of questionnaires with anonymity of all respondents being ensured throughout the process in order to promote the open and frank exchange of views. Apart from the provision of this service, Lintstock has no other connection with the Group. The Senior Independent Director conducted a review of the Chairman and the Chairman evaluated the performance of the individual Directors, by means of interviews for both review processes.

Whilst material progress has been made on the 2016 action points, the Directors agreed that the actions were still relevant and further work would be undertaken in 2018. The action points were:

- 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 Group HR Director

In addition it was agreed to:-

- conduct, in 2018, a third party quality assessment of the Group's Internal Audit function; and
- carry out a further review of the Board's risk appetite, due to the change in composition of the Board over the past calendar year.

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 Danuta Gray, Sylvia Metayer and Angela Seymour-Jackson, will submit themselves for re-election at the forthcoming Annual General Meeting. Danuta Gray will cease to be a Director of the Company from 7 June 2018. Sylvia Metayer and Angela Seymour-Jackson, both of whom were appointed as Directors 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 Vision. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. In practice 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 33 to 39.
- **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

Corporate Governance Report

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 33 to 39. 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 2017 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. In addition, during 2017 the Company carried out an extensive shareholder consultation process in respect of the Directors' Remuneration Policy which was put to shareholders at the June 2017 Annual General Meeting. The Executive Directors also visited nine 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 118 investor meetings. The Annual Report and Accounts is available to all shareholders either in hard copy or via 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

6 March 2018

Nomination Committee Report

David Lowden, Committee Chairman

Dear Shareholder,

It is with pleasure that I present the Nomination Committee Report for the year ended 31 December 2017. Board and senior leadership succession planning continued to be a major priority for the Board and is something the Nomination Committee keeps under continuous review. As I mentioned in my Chairman's statement on page 2, during the year, we announced the appointment of two new Non-Executive Directors, Sylvia Metayer and Angela Seymour-Jackson. Since the end of the period under review Danuta Gray has decided not to stand for re-election at the June 2018 Annual General Meeting and will, consequently, cease to be a Director from that date. I would like to thank Danuta for her contribution to the Company, especially as Chair of the Remuneration Committee.

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, Baroness Ruby McGregor-Smith, Sylvia Metayer and Angela Seymour-Jackson. Baroness Ruby McGregor-Smith resigned from the Board on 23 May 2017 and ceased to be a member of the Committee on that date. Sylvia Metayer and Angela Seymour-Jackson became members of the Committee on 1 September 2017 and 1 October 2017 respectively, on their appointment as Directors of the Company. All other members served throughout the year. Details of David Lowden's other significant commitments can be found on page 46.

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 28.

Nomination Committee Report

Activities During the Year

During 2017 the Committee met on four occasions. Details of the members' attendance at meetings of the Committee are as follows:

Director	No. of meetings	
	Held	Attended
David Lowden	4	4
Simon Boddie	4	4
Patrick De Smedt	4	4
Danuta Gray	4	4
Michelle Healy	4	4
Baroness Ruby McGregor-Smith[1]	4	1
Sylvia Metayer[2]	4	0
Angela Seymour-Jackson[2]	4	1

Notes:

Baroness Ruby McGregor-Smith ceased to be a member of the Committee on 23 May 2017 so was eligible to attend only one Nomination Committee meeting.

Sylvia Metayer and Angela Seymour-Jackson were appointed to the Committee on 1 September 2017 and 1 October 2017 respectively, so were only eligible to attend one Committee meeting. Sylvia Metayer was unable to attend this meeting as she had a prior engagement which had been scheduled prior to her appointment as a Director of the Company.

The Committee continues to focus on succession planning both for senior management and the Board. The Committee undertook the selection of two new Non-Executive Directors which resulted in the appointment of Sylvia Metayer on 1 September 2017 and Angela Seymour-Jackson on 1 October 2017. The independent executive search agency, The Inzito Partnership, were engaged for these appointments.

Baroness Ruby McGregor-Smith stepped down as a Non-Executive Director on 23 May 2017, having completed 10 years service to the Company. I would like to thank Ruby, on behalf of the Board, for her contribution to the Company.

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. During the year under review the Committee members met 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, and during a site visit to the Group's European Shared Service Centre in Barcelona. The management and development of the talent pipeline is the responsibility of 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 which, in 2017, was facilitated by Lintstock Limited. Details of the evaluation process can be found in the Corporate Governance Report on page 54.

Plan for 2018

In 2018 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

Dear Shareholder,

As Chairman of the Audit Committee I am pleased to present the Audit Committee Report for the year ended 31 December 2017. This Report provides an overview of the Committee's principal areas of focus during the year under review, which includes ensuring the integrity of the Company's published financial information, the independence and effectiveness of the Group's external auditor, and the effectiveness of the internal audit process.

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, Michelle Healy, Sylvia Metayer and Angela Seymour-Jackson. All served throughout the year except Sylvia Metayer and Angela Seymour-Jackson who were appointed as members of the Committee on their appointment as Directors of the Company on 1 September 2017 and 1 October 2017 respectively. As part of the director induction programme both Sylvia and Angela were, 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. They were 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. Sylvia Metayer has relevant financial and accounting experience and 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 47 to 50. 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.

Principal areas of focus

During the year, under review the Committee has continued to focus on maintaining the quality and integrity of financial reporting, as well as monitoring the Company's risk management systems and internal control environment to ensure they remain appropriate. In response to the increase in importance of data security, a Director of Information Security was appointed during the year and has reported on their activities to the Committee and the Board. The Committee has also continued to monitor the interaction between the Internal Audit function and the external auditors, to monitor and review the effectiveness of the external audit process and to ensure that the Group's governance standards are maintained. The Company's tax strategy was considered by the Committee and recommended for approval by the Board. It is published on the Company's website **www.page.com**. Set out in the table on page 59 is a summary of the main activities of the Committee during 2017. Key issues covered by the Committee are reported to the Board.

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	7	7
Sylvia Metayer[1]	7	1
Angela Seymour-Jackson[1]	7	2

Notes:
Sylvia Metayer and Angela Seymour-Jackson were appointed to the Committee on 1 September 2017 and 1 October 2017 respectively, so were eligible to attend only two Audit Committee meetings. Sylvia Metayer was unable to attend one of those meetings as she had a prior engagement which had been scheduled prior to her appointment as a Director of the Company.

Audit Committee Report

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.

The Committee has reviewed the Company's 2017 Annual Report and Accounts. It provided comments that 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.

Main Activities of the Audit Committee During 2017

The Committee has an agreed, rolling programme of agenda items to ensure that relevant matters are properly considered. The list below summarises the key items considered by the Committee during the year.

January

Review of Financial Statements

- Quarter 4 trading update

March

Review of Financial Statements

- Draft preliminary announcement and 2016 Annual Report and Accounts
- External auditor's year-end report
- Revenue recognition
- Going concern analysis
- Viability Statement
- 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

Regulatory update

- Implications of IFRS 15 (Revenue)

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
- Cyber security

External Auditor

- External auditor's 2016 year end management letter
- External auditor's interim review
- Scope of the full year audit
- Interim review management letter of representation
- Review of the external auditor's fee and non-audit services fees
- Review of external auditor independence and objectivity

Compliance

- Meeting with external auditor without Executive Directors

October

Review of Financial Statements

- Quarter 3 trading update

December

Review of Financial Statements

- Review of 2017 Annual Report and Accounts process
- Review of FRC Letter to Audit Chairs
- Revenue recognition

Risk and Internal Control

- Internal audit update
- Approval of internal audit plan for 2018
- Risk review and confirmation of principal risks
- Crisis management plan review
- Annual review of anti-bribery compliance

External Auditor

- Audit progress update report

Compliance

- Year-end legislative and procedural matters

Tax and Treasury

- Review of Tax Strategy
- Annual review of Treasury Policy

Regulatory update

- Implications of IFRS 15 (Revenue) and IFRS 16 (Leases)

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 96 to 100.

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). There is a risk that a candidate reverses their decision to take up a placement before the start date and as such the revenue recognised would be reversed. A provision is made by management, based on past historical experience, for the proportion of those placements where this expected to occur. 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 assesses the Group's revenue recognition policies relative to IFRS and the sector to ensure they are appropriate, and challenges management on the internal control and compliance processes over revenue recognition, taking into account the views of Internal Audit and the external auditors. **Conclusions and rationale:** The Committee concluded that the approach to revenue recognition was consistent with the policies and the judgements made were appropriate.

In the Audit Committee Report for the 2016 financial year, transfer pricing was included as a significant issue. In determining the risks for the 2017 financial year it is the Audit Committee's opinion that this is no longer a significant issue. This is based on the Committee's assessment of the risk of challenge by tax authorities which has decreased due to the passage of time and the overall decrease in the relevant provision.

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

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.

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 considers that in 2017 it has complied with the Competition and Market Authority Audit Order 2014.

The Committee has regularly reviewed its policy on the use of the external auditor for non-audit services, with the last review taking place in 2016. The policy prohibits the external auditor from providing 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 the FRC Revised Ethical Standard for external auditors, the Audit Committee has operated 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. All such services provided by Ernst & Young LLP were transferred to other service providers prior to the end of the 2016 financial year. However, the finalisation and transition of the employee mobility services to the new service provider were not ultimately finalised until early 2017. In addition, a role on the board of the statutory auditors in Italy, performed by Ernst & Young, will transition to a new service provider in 2018. No further services have been supplied by Ernst & Young in respect of employee mobility services. The total non-audit fees in respect of these services for the year under review amounted to £28,000, of which £4,000 was pre-approved by the Audit Committee. The remainder were approved retrospectively by the Audit Committee on notification by Ernst & Young that these fees had been incurred. At the half year Ernst & Young LLP carried out audit related services when they reviewed the interim statement. The fees in respect of this work amounted to £52,000 which, together with the non-audit fees mentioned above, represent 10.2% of the total fees payable to Ernst & Young. No other non-audit services were provided by the external auditor. The Audit Committee reviewed the safeguards in place to deal with the independence threats from this work and concluded that Ernst & Young LLP remained independent.

Further, during the year under review, the Committee discussed and agreed the scope of the year-end audit and approved the audit fee of £784,000. 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 (including the audit's team's ability to challenge management) and perceptiveness of the external auditor in handling key accounting and audit judgements including demonstrating professional scepticism and independence;
- 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 2017 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 54 and 55.

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 33 to 38. Key performance indicators and management incentives are highlighted for the main financial, strategic and people risks in the Strategic Report on pages 21 to 22.

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 Group functions and change programmes as 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 2017 evaluation process was facilitated by an external third party, Lintstock Limited. Details and the outcome of the evaluation process, and the agreed actions to be taken during 2018, can be found in the Corporate Governance Report on page 54.

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 significant 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 and reported to the Committee. The review undertaken in 2017 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 Human Resources function and audited by Internal Audit. It 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

6 March 2018

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 2017.

Our remuneration policy

Last year we reviewed and refreshed our remuneration policy (the "Policy") following an extensive consultation with shareholders, shareholder bodies and proxy advisory firms. Given the cyclical nature of our industry and ongoing economic uncertainty following the Brexit vote in the UK, we wanted to ensure that our pay structure continued to encourage long-term decision making while also recognising the volatile environment in which we operate and the need for flexibility and agile thinking. We therefore decided to replace our Annual Bonus and LTIP with a new Executive Single Incentive Plan ("ESIP"), a single performance scorecard incorporating a balance of metrics aligned with the Company's long-term strategic vision.

Our new Policy was approved by 66% of shareholders at the June 2017 Annual General Meeting. The majority of shareholders who engaged with us to discuss the Policy during the consultation process recognised the challenges the Company faces and gave us their support. But a number of shareholders raised concerns which we have sought to address:

Addressing shareholder concerns

Some shareholders asked whether the new ESIP would result in a move away from long-term remuneration.

The ESIP's annual performance metrics are fully aligned with the Company's long-term strategic vision and objectives which have remained broadly consistent since 2013. We also seek to ensure metrics remain relevant and specific in a volatile environment, while still aligned to long-term performance.

60% of any ESIP award is deferred in to shares that vest over three years. This represents an increase in deferral at most levels of performance including on target performance when compared with the annual bonus and fair value of LTIP awards under the previous policy. The majority of any award is now in shares.

Additionally, a number of shareholders wanted reassurance on the level of disclosure that would be provided on performance metrics, targets and assessment, specifically with regard to personal and non-financial measures. As can be seen from the disclosures on pages 66 to 68, we are committed to providing full and transparent disclosure for each ESIP award made, including disclosure of the targets set and narrative outlining the performance and corresponding weighting achieved for personal targets and the threshold, target and stretch performance levels, and the outcome for all financial metrics.

2017 performance

Despite some ongoing economic and market uncertainty, PageGroup has had a very successful year, significantly outperforming both internal and external expectations. Financial performance has been strong and PBT is 18.2% higher than in 2016. The Group has also continued to make good progress in delivering its long-term strategy objectives of:

- delivering organic, diversified growth;
- building an efficiently scalable and highly flexible business; and
- nurturing and developing our people.

This good progress is reflected in a total shareholder return in 2017 of 26% which includes the payment of a special dividend of £40m during the year. EPS is 14.7% up on 2016, and 2017 total shareholder return is ranked amongst the highest in our peer group, and higher than our FTSE 250 index comparator.

ESIP outcomes

The ESIP awards directly reflect the strong 2017 performance as well as individual achievement of the targets set for each Executive Director aligned with the strategic objectives. Targets were set in early 2017 when the business outlook for the recruitment sector was negatively impacted by an uncertain political and economic environment. Financial targets for the ESIP took into account the internal budget, the prevailing consensus forecasts for PageGroup performance, and long-term growth rates. Very strong performance at PageGroup over 2017 as set out in the previous section resulted in the achievement of the maximum targets

Steve Ingham, Chief Executive Officer, received £2,053,469 which represents 91% of the maximum under the ESIP. Kelvin Stagg, Chief Financial Officer, received £1,073,800 which represents 94.4% of the maximum. 60% of each award will be deferred into shares over three years. Full details of the performance targets, assessment and outcomes are set out on pages 66 to 68.

Legacy Long-Term Incentive Plan outcomes

The legacy 2015 LTIP vested at the end of its performance period on 31 December 2017. 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 CEO received 55.35% of his maximum award and the CFO received 55.98% of his maximum award.

Further detail is set out on pages 69 and 70.

Total remuneration figure for 2017

As we move from the old to the new policy, total remuneration figures will include legacy awards from the LTIP. As a result, the Total Remuneration Figures shown in the Report include both the grant of the 2017 ESIP award, of which 60% is deferred in shares, and the vesting of the legacy 2015 LTIP award. There are no further grants under this LTIP after 2017. The payments from these two schemes have been separated clearly on page 65.

Conclusion

The outcomes of these awards reflect the Company's performance over the short and longer term and achievement of targets set.

Looking ahead, performance expectations for the sector have much improved during the course of 2017 and there has been a significant upwards shift in earnings consensus forecasts for PageGroup, reflecting the more positive environment. These revised expectations have been reflected in our targets for the year ahead, including our target for EPS, which take account of the positive outlook for the Company. The stretch performance level for 2018 has been set to be very demanding. Full disclosure of targets will be provided in next year's Annual Report on Remuneration.

We continue to engage with our shareholders openly and constructively to ensure we understand and reflect their views. At the 2018 Annual General Meeting, the Annual Statement and Annual Report on Remuneration for 2017 will be subject to an advisory vote and I very much hope that we will receive your support.

Danuta Gray
Chairman of the Remuneration Committee

6 March 2018

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 64 to 76 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 2017; 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, Michelle Healy, Sylvia Metayer and Angela Seymour-Jackson. All served throughout the year except Sylvia Metayer and Angela Seymour-Jackson who became members of the Committee on their appointment as Directors of the Company on 1 September 2017 and 1 October 2017 respectively. Details of the members' attendance at meetings of the Committee were as follows:

Director	No of meetings	
	Held	Attended
Danuta Gray	9	9
Simon Boddie	9	9
Patrick De Smedt	9	9
Michelle Healy	9	9
Sylvia Metayer[1]	9	2
Angela Seymour - Jackson[1]	9	3

Note:

1. Sylvia Metayer and Angela Seymour-Jackson were appointed to the Committee on 1 September 2017 and 1 October 2017 respectively so were eligible to attend only three Remuneration Committee meetings. Sylvia Metayer was unable to attend one of those three meetings due to an existing commitment which had been arranged prior to her appointment as a Director of the Company.

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, 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 re-tendering 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. During the year New Bridge Street has provided independent advice to the Committee on the remuneration policy and the Executive Single Incentive Plan; 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 £106,733 . New Bridge Street did not provide any other services to the Company. The Committee also received input from Caddow Consulting Limited for a fee of £18,077, the Chairman, Chief Executive Officer, Company Secretary and Group Human Resources Director.

The Committee met a total of nine times during 2017 and discussed the following matters:

- The remuneration policy that was put to shareholders at the 2017 AGM;
- The shareholder consultation process associated with the proposed remuneration policy and dealing with shareholder feedback, including the significant vote against the proposed remuneration policy;
- Monitoring the progress of incentive plan strategic objectives;
- The setting of performance targets for the 2017 incentive awards made to the Executive Directors under the LTIP and the ESIP;
- Reviewing reporting regulations regarding remuneration;
- Approving the quantum of share plan vesting 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 2016 Annual Report and Accounts the PageGroup Remuneration Policy which was approved by shareholders at the Company's Annual General Meeting held on 8 June 2017. Full details of the shareholder voting in this respect can be found on page 76. A copy of the Remuneration Policy in full can be found on pages 77 to 80. The Committee continued to operate this Remuneration Policy during 2017 and intends to continue its operation during 2018.

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 2017 and 31 December 2016.

2017

Executive	Salary and Fees (note 1) £'000	Benefits (note 2) £'000	Pensions (note 3) £'000	ESIP - Cash (note 4) £'000	ESIP - Deferred Shares (note 4) £'000	Legacy Long-term incentives (note 5) £'000	Dividends paid on unvested shares £'000	Total £'000
Steve Ingham	602	37	150	821	1,232	547	192	3,581
Kelvin Stagg	350	23	70	430	644	220	89	1,826
Non-Executive								
David Lowden	203	–	–	–	–	–	–	203
Simon Boddie	67	–	–	–	–	–	–	67
Patrick De Smedt	60	–	–	–	–	–	–	60
Danuta Gray	67	–	–	–	–	–	–	67
Michelle Healy	53	–	–	–	–	–	–	53
Sylvia Metayer[8]	18	–	–	–	–	–	–	18
Angela Seymour-Jackson[8]	13	–	–	–	–	–	–	13
Ruby McGregor-Smith[9]	22	–	–	–	–	–	–	22

2016

Executive	Salary and Fees (note 1) £'000	Benefits (note 2) £'000	Pensions (note 3) £'000	Short-term incentives (note 6) £'000	Long-term incentives (Note 7) £'000	Dividends paid on unvested shares £'000	Total £'000
Steve Ingham	587	35	147	605	584	131	2,089
Kelvin Stagg	325	26	65	303	189	52	960
Non-Executive							
David Lowden	200	–	–	–	–	–	200
Simon Boddie	66	–	–	–	–	–	66
Patrick De Smedt	55	–	–	–	–	–	55
Danuta Gray	66	–	–	–	–	–	66
Michelle Healy[10]	12	–	–	–	–	–	12
Ruby McGregor-Smith	55	–	–	–	–	–	55

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; in respect of the Chief Executive Officer, golf club membership used for corporate entertaining and a long service award.
3. Pension includes the cash value of Company contributions to defined contribution pension plans and cash payments in lieu of pension contributions.
4. The ESIP payment is determined using a balanced scorecard of short-and long-term performance measures as set out on pages 66 and 67. 40% of the ESIP award is delivered in cash and as shown in the "ESIP – Cash" column above. The remaining 60% of the ESIP is delivered in shares which vest over a three-year time period, and is shown in the "ESIP – Deferred Shares" column above.
5. The value of shares vesting under the 2015 LTIP, for which the performance period ended in the financial year. Following the assessment of performance, 211,413 shares will vest to Steve Ingham and 84,191 shares will vest to Kelvin Stagg. The figures shown in the table are based on the average share price in the three months to 31 December 2017, which is 467.52p. 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 69 and 70.
6. The "Short-Term Incentives" figure for 2016 includes the annual cash bonus. No cash bonus awards were made in 2017 with the introduction of the Executive Single Incentive Plan.
7. The long-term incentives were earned in the 2016 year but paid in March 2017. In addition 2,000 share options awarded on 9 March 2009 to Kelvin Stagg (before he was appointed a Director of the Company) became exercisable in March 2017. These options have not been exercised. The figures provided in the 2016 single figure table above represent the actual value of those awards on the vesting and exercise date, this being 428.09p.
8. Sylvia Metayer and Angela Seymour-Jackson were appointed as Directors of the Company on 1 September 2017 and 1 October 2017 respectively. The fees shown in the 2017 table reflect the amount paid to them from the date of their respective appointments to 31 December 2017.
9. Baroness Ruby McGregor-Smith ceased to be a Director of the Company on 23 May 2017. The fees noted in the 2017 table cover the period 1 January 2017 to 23 May 2017.
10. 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.

2017 ESIP

Annual performance element

PBT element:

Successful execution of our strategy in 2017 resulted in strong PBT performance, which was significantly above internal and external expectations at the start of the year when targets were set and has resulted in a payment for this element of 100% of maximum. To ensure no benefit is received from favourable foreign exchange movements, the actual PBT is measured at constant exchange rates.

How the PBT targets were set:

Targets were set for 2017 taking account of internal goals, planned investments, and broker forecasts and the business outlook at the time targets were considered. In the final quarter 2016 when targets were being considered, the business outlook for the recruitment sector was negatively affected by a very uncertain political and economic environment following the EU referendum result, and concerns about the potential impact of US elections in November 2016 and forthcoming elections in France and The Netherlands in spring 2017.

During the course of 2017 some of the risks and uncertainties envisaged did not materialise to the extent expected, or were mitigated. The UK declined by only 3.8%, which was lower than our expectation at the beginning of the year. In markets such as France, China and the US, we saw far stronger growth than anticipated as investments we made into additional capabilities delivered results ahead of plan.

There has also been a significant upwards shift in earnings consensus forecasts for 2017, not only for PageGroup, but for the majority of PageGroup's competitors. Performance expectations for the sector have significantly improved during the course of 2017. It is important to consider PageGroup's 2017 targets in the light of these changes.

Strategic element

Strategic objectives for the year included growing revenue in Large, High Potential Markets, successfully executing the Shared Service Centre programme and embedding a culture of innovation across the Group. Strong performance was delivered throughout 2017 in all these areas. Fee earners and directors in Large, High Potential Markets increased by 22.7%, and in particular Large, High Potential Markets growth was 14.8% in constant currencies. The SSC programme was successfully executed. An innovation group was created to prioritise the adoption of innovations across the business and resulted in the assessment of 288 ideas of which 25 were piloted.

Personal element

Personal objectives covered the development of a Senior Leadership programme to facilitate succession planning; progress on talent development; and continuing to further our diversity agenda. During the year, a Senior Leadership programme was successfully launched to ensure development of potential successors to the Board. In addition, a new Global Talent Review is being developed. Commitment to gender diversity was demonstrated by the improved progress of women in director roles and the increased women in the succession planning process. Other personal objectives covered risk management and internal controls; cost management, financial and strategic information; and tax and treasury management. Further disclosure can be found on pages 67 to 68.

Long-term trailing performance element:

In 2017, this element was based on targets for 2017 EPS and gross profit growth relative to comparators.

EPS element:

Over 2017, PageGroup has delivered strong performance through the implementation of efficiency measures and driving growth in our key markets. As a result, we have delivered 2017 EPS of 26.5p, which represents year-on-year growth of 14.7% and three-year growth of 13.3% per annum. 26.5p is above the stretch performance level set at the beginning of the year.

Although not a metric used in the ESIP, the Company also achieved total shareholder return of +26% for the year, exceeding the FTSE All-share by 13 percentage points.

How the targets were set:

Targets for EPS were set at the start of the year taking account of consensus expectations at that time. At the start of 2017, the market outlook for the year was very challenging; the Committee set a wide range for the ESIP which would take into account the high level of market uncertainty. The stretch was set at 25p, more than 4p above consensus. The threshold target was set at 19p. The prevailing market consensus of approximately 20.9p, which represented a three-year growth of around 4.7% per annum, was towards the bottom of this range.

The EPS range that was set represented a target cumulative three-year growth range of 7% to 12% per annum, if measured on the same cumulative basis as for the legacy LTIP.

Relative Gross Profit element:

PageGroup delivered strong gross profit growth of +9.8% in 2017. This was above the upper quartile of the peer group and resulted in this element being paid in full.

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

CEO ESIP disclosure

Performance metric	Weighting (max % of max)	Achievements	Outcome (% of max)
Annual performance			
2017 PBT	30%	• Threshold – £69.0m (20% award) • Target – £86.7m (60% award) • Maximum – £115.0m (100% award) • Actual PBT – £118.2m	30%
Non-financial strategic			
Strategy development	10%	Record results achieved in the Large, High Potential Markets and grew 14.8% in Gross Profit vs prior year (in constant currency). Excellent progress in the year in the USA with prior investments in new offices, sectors and headcount delivering 21% growth. Latin America, despite continued challenging macro-economic conditions in Brazil, grew by 14%. China and SE Asia growth was 14% and 12% respectively. Germany improved 12% vs 2016 with the largest opportunity in Germany in Page Interim grew by 19.2% with headcount up by 84.3%. The achievement against this objective was judged to be strong in the year with still some opportunity for improvements in Germany and Latam in particular and overall an increased percent of GP from these markets.	7%
Systems and Innovation	5%	Delivery of benefits from the European Shared Service Centre implementation with a reduction in back office HR, Finance and standardisation of processes across the Group. The Group initiated an innovation team and continued to invest in the digital strategy, winning the LinkedIn global award for Most Socially Engaged Recruitment Company for the second time. Refreshed execution of information security and cyber security resilience plans. Roll out of a new HR learning system and Global Finance System is expected to deliver benefits in future years.	3%
Personal performance			
Executive Leadership	6%	Good progress on the development of the executive pipeline to ensure future succession plans. A new leadership assessment and development programme was introduced in the year together with organisational structure development. These will provide opportunities to enable future leadership progression.	3%
Page People Development	4%	The Group ended the year with a record level of fee earner headcount. We continued to grow the diversity of our leadership population in terms of gender and nationality. There was an increase in women in director roles by year end from 29% to 32% and we have less reliance on expat resources as leaders are developed from local in-country talent through targeted local leadership development activity.	3%
Longer-term metrics			
2017 EPS growth	35%	• Threshold EPS – 19p (0% award) • Max EPS – 25p (100% award) • Actual EPS – 26.5p	35%
2017 Relative Gross Profit growth	10%	• Median comparator group gross profit growth – 6.6% (25% award) • Upper quartile comparator group gross profit growth – 8.8% (100% award) • PageGroup actual gross profit growth – 9.8%	10%
Total	**100%**		**91% of max**

CFO ESIP disclosure

Performance metric	Weighting (max % of max)	Achievements	Outcome (% of max)
Annual performance			
2017 PBT	30%	• Threshold – £69.0m (20% award) • Target – £86.7m (60% award) • Maximum – £115.0m (100% award) • Actual PBT – £118.2m	30%
Non-financial strategic			
Risk Management and Internal Controls	3%	Group risk management plan and mitigation planning enhanced. Risk and control environment has been improved through the implementation of standard processes across the Group together with supporting IT systems. Improved systems resilience and delivery with the in time, on budget delivery of Global Finance System, Shared Service Centre and HR digital learning system.	2.1%
Cost Management, Financial, Strategic and Management information	9%	European Shared Service Centre – during 2017 Finance and Marketing transitioned 100% into the SSC, other functions partially transferred with benefits in in-country back office staff reductions between 30-70%. Standardised processes and systems have resulted in the cost per fee earner reducing by 21%. Extension of the centre concept is being planned for extension to other geographies. The Global Finance System went live in the UK Shared Service Centre with further countries to be rolled out, introducing standards and simplifying processes to drive efficiency.	6.3%
Tax and Treasury Management	3%	Resource and capability in Group Treasury enhanced. Treasury Management System fully implemented and integrated into Global Finance System and group standardisation of Treasury and Cash management functions and processes. Improved efficiency by transfer of local bank relationship to one global provider.	3%
Personal performance			
Leadership Development	10%	Enhancement of global finance leadership group with development programme succession plans now in place for all key leadership roles. Enhanced capability in several finance functions	8%
Longer-term metrics			
2017 EPS growth	35%	• Threshold EPS – 19p (0% award) • Max EPS – 25p (100% award) • Actual EPS – 26.5p	35%
2017 Relative Gross Profit growth	10%	• Median comparator group gross profit growth – 6.6% (25% award) • Upper quartile comparator group gross profit growth – 8.8% (100% award) • PageGroup actual gross profit growth – 9.8%	10%
Total	**100%**		**94.4% of max**

Directors' Remuneration Report

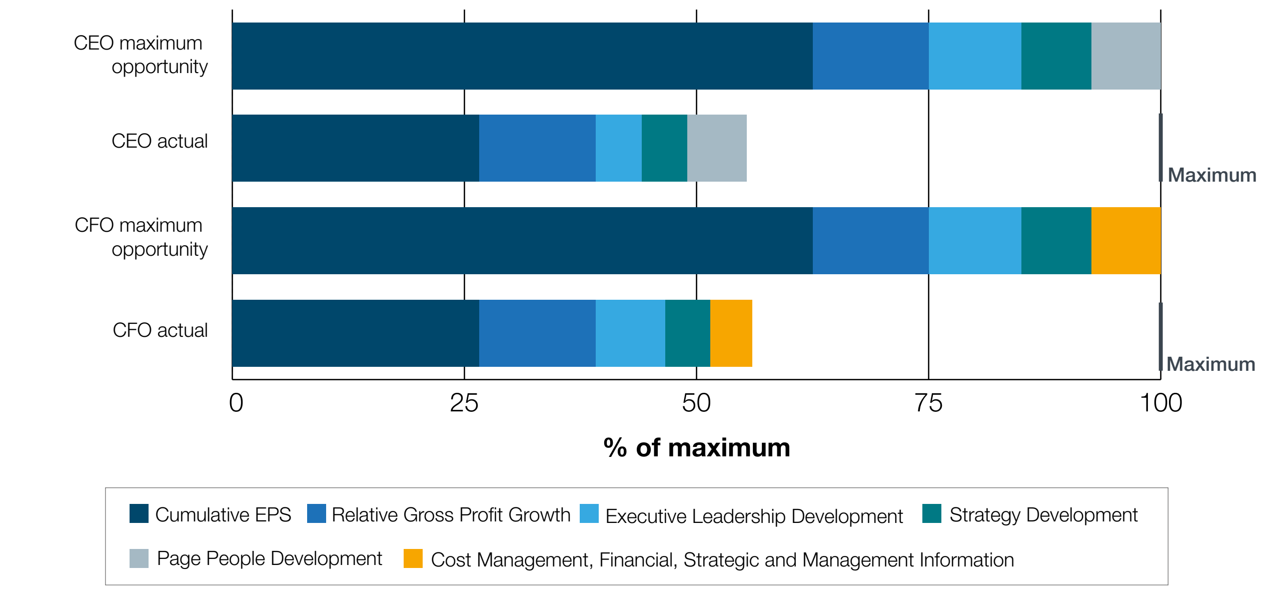
Legacy Long-Term Incentives included in the Single Figure Table

The long-term incentive figures reported in the single figure table relate to the legacy awards granted in March 2015 to Steve Ingham and Kelvin Stagg. These awards were subject to EPS (62.5% of the award), Relative Gross Profit (12.5% of the award) and Strategic targets (25% of the award), measured over a three-year period. Cumulative EPS over the 3-year period was 70.9p compared to a threshold level of 66p and a stretch of 87p. As a result, 42.5% of the EPS element vested. Strong gross profit performance over the three-year performance period was above upper quartile compared to the comparator group and resulted in 100% of this element vesting, whilst progress against our long-term strategic objectives resulted in 65% of that element vesting for Steve Ingham and 67.5% of that element vesting for Kelvin Stagg. Taking into account the weightings of each performance measure, the overall LTIP vesting outcome was 55.35% for Steve Ingham, and 55.98% for Kelvin Stagg. This resulted in 117,017 and 47,130 shares vesting to Steve Ingham and Kelvin Stagg respectively. 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 – 66p • Maximum EPS – 87p • Actual EPS – 70.9p	26.6%
Relative Gross Profit Growth	12.5%	• Median comparator group gross profit growth – 5.7 % • Upper quartile comparator group gross profit growth – 6.5% • PageGroup actual gross profit growth – 7.4%	12.5%
Strategic			
Executive Leadership and Page People Development	CEO: 10%	Target – development of executive and senior leadership through talent pipeline development and rotation of executives in order to facilitate succession planning. Over the three-year period progress has been made in developing the executive talent pipeline. The planned international rotation of executives has been developed further. In the latter part of the period, organisational development and the creation of Chief Operating Officer roles provide for greater opportunity for development into the executive committee of the business. In addition, more formal development programmes have been introduced to identify and develop talent for the future.	5%
	CFO: 10%	Development of a global finance team and facilitate succession planning in finance. The central finance team has been developed in capability and capacity. A more aligned global finance team have driven standardisation in systems and processes across the Group and have enabled the implementation of programmes such as the Global Finance System and Shared Service Centre. A formal rotation of executives internationally and between the centre and businesses has further developed the executive pipeline in Finance and helped to facilitate succession planning for future Finance leadership.	7.5%
Strategy Development	CEO: 7.5% CFO: 7.5%	Target – Growth in Large High Potential Markets in line with Strategic Plan measured by improvements in market presence; growth in Gross Profit by market; growth in percentage of Group Gross Profit represented by the Large High Potential Markets. Good progress has been made in all Large High Potential Markets against the business growth goals. Measured in constant currency over the three-year period, LHPMs grew by 7.6%. As a percentage of Group Gross Profit, these markets increased from 30.3% to 31.3%. Fee earners and directors grew 10.5% CAGR. Latam performance suffered from difficult macro-economic conditions. Investment in diversifying the USA market in terms of locations and sectors served paid off in the latter part of the period. The achievement reflects strong growth in some markets with slower and later improvements in Germany and the USA.	4.88%
Page People Development	CEO: 7.5%	There has been substantial and measurable progress made in the development of broader talent in Page. Women@Page is an example of one programme developed in the UK during the three-year period for which the Group won recognition in the UK HR Excellence Diversity & Inclusion Award. The percentage of female managers rose from 41% to 48% in the period and at director level from 26% to 32%. Attrition has reduced from 39% to 36%.	6.37%

Performance metric	Weighting (max % of award)	Achievements	Outcome (% of award)
Cost Management, Financial, Strategic and Management Information	CFO: 7.5%	Target – introduction of standardised and more global processes and systems to enable improved cost management and productivity across the Group. Shared Service Centre programme was planned, and successfully implemented in the three-year period. Execution on time and in budget and with Finance and Marketing functions fully transitioned with Business Technology to be completed in 2018. In-country back office teams have been reduced in size between 30-75% and helped to achieve a reduction in cost per fee earner of 21% over the plan. Global Finance System commenced implementation in 2016 and has been partially completed with productivity improvements to be delivered from 2018.	4.5%
Total CEO (% of max)	**100%**		55.35%
Total CFO (% of max)	**100%**		55.98%

Legacy 2015 Long-Term Incentive Plan Performance Outcome



Percentage Change in Remuneration for the Chief Executive Officer

The following table provides a summary of the 2017 increase in base salary for the Chief Executive Officer compared to the average increase for the UK employee population in the same period. Also included is the proposed 2018 salary increase for the purpose of comparison.

		Proposed 2018 increase %	2017 increase %	2016 increase %
Salary	Chief Executive Officer	2.3	2.6	2.0
	UK Employee Population	2.3[1]	2.8[1]	2.0[1]
Benefits	Chief Executive Officer	–	5.7	–
	UK Employee Population	–	–	–
Annual Cash Incentive	Chief Executive Officer	–	35.8	-11.3
	UK Employee Population	–	–	3.0[1]

Note:

1. Represents average increase.

2. For 2017, PageGroup replaced both annual bonus and LTIP with the new ESIP. For like-for-like comparison, the table shows the change in the cash element of the 2016 annual bonus and 2017 ESIP. For information, the total ESIP award for the performance period ending 31 December 2017 was £2,053k (of which 60% is deferred) which is 239.5% above the total annual bonus for 2016 (of which 0% was deferred).

The UK employee population was chosen as the most relevant population comparison as the Chief Executive Officer is based in the UK.

Directors' Remuneration Report

Details of the Legacy Long-Term Incentive Award made in 2017

On 16 March 2017 an award of shares under the legacy 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	276,387 shares	200% of salary	£1,203,499	25	31 December 2019
Kelvin Stagg	140,662 shares	175% of salary	£612,498	25	31 December 2019

Note:
The market price of the shares as at the date of grant was 435.50p.

The performance conditions attaching to the Long-Term Incentive Plan awards can be found below and on page 72.

Outstanding Share Awards

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

Long-Term Incentive Plan

Details of awards made under the Long-Term Incentive Plan that remain outstanding at 31 December 2017 are as follows:

Executive	Grant date	Number of shares at 1 January 2017	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2017	End of performance period	Vesting date
Steve Ingham	11 March 2014	227,273	–	(136,363)	(90,910)	–	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
Steve Ingham	16 March 2017	–	276,387	–	–	276,387	31 December 2019	16 March 2020
Total		**723,551**	**276,387**	**(136,363)**	**(90,910)**	**772,665**		
Kelvin Stagg	11 March 2014	70,248	–	(42,149)	(28,099)	–	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
Kelvin Stagg	16 March 2017	–	140,662	–	–	140,662	31 December 2019	16 March 2020
Total		**287,737**	**140,662**	**(42,149)**	**(28,099)**	**358,151**		

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

The last LTIP award was granted in March 2017 under the existing policy before the new Directors' Remuneration policy came into force. The face value of awards were 200% of base salary for the Chief Executive Officer and 175% of base salary for the Chief Financial Officer. From 2018 there will be no further awards under the LTIP, with future awards being made under the ESIP. 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 69p;
- 100% of the shares will vest for achieving three-year cumulative EPS of 84p; and
- Between 25% to 100% of the shares will vest for three-year cumulative EPS in between 69p and 84p.

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 awards once the final vesting outcome has been determined. The performance targets for the 2015 award can be found on pages 69 and 70. The outturn of performance against the comparator group for the 2015 award can be found on page 69.

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 2017 are as follows:

The Michael Page Executive Share Option Scheme

Executive	Grant date	Number of options at 1 January 2017	Exercised during the year	Lapsed during the year	Number of options at 31 December 2017	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 2017 all options had vested and were available for exercise.

The market price of the shares as at 29 December 2017 (the last business day of 2017 when the London Stock Exchange was open) was 464.50p per share, with a range during the year of 393.10p to 525.50p per share.

The Michael Page 2009 Share Option Scheme

Executive	Grant date	Number of options at 1 January 2017	Exercised during the year	Lapsed during the year	Number of options at 31 December 2017	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 2017 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.

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

Directors' Remuneration Report

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 2017
Simon Boddie	24 September 2015	7 months
Patrick De Smedt	1 August 2015	6 months
Danuta Gray	9 December 2016	24 months
Michelle Healy	2 September 2016	22 months
David Lowden	9 December 2015	6 months
Sylvia Metayer	22 August 2017	32 months
Angela Seymour-Jackson	22 August 2017	33 months

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 2017 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 2017, 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 71 or share options which have vested but have not been exercised, as set out on page 72.

Executive Directors	Ordinary shares as at 1 January 2017	Ordinary shares acquired on vesting of legacy ISP share award	Purchased in year	Disposal in year	No longer a connected person	Ordinary shares as at 31 December 2017	Value of holding as at 31 December 2017	Executive Directors' value of holding as at 31 December 2017 as a % of salary
Steve Ingham	1,323,955	136,363	–	–	(14,386)	1,445,932	£6,759,732	1,123
Kelvin Stagg	29,759	42,149	–	(19,860)	–	52,048	£243,324	70

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 71 as outstanding awards under the Long-Term Incentive Plan.
2. Steve Ingham: During the year under review 136,363 Ordinary shares vested under the LTIP.
3. Kelvin Stagg: During the year under review 42,149 Ordinary shares vested under the LTIP.
4. The value of the Executive Directors' holdings uses the closing share price on 29 December 2017 (the last business day of 2017 when the London Stock Exchange was open) of 467.5p per share.

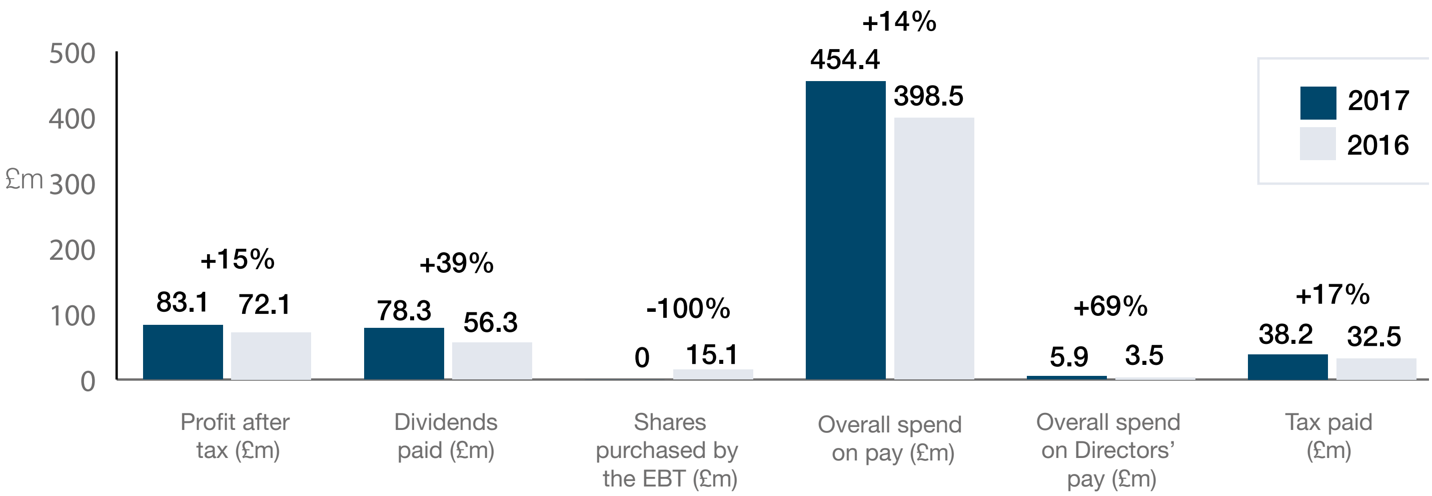
Non-Executive Directors	Ordinary shares of 1p	As at 1 January 2017	Purchased in the year	As at 31 December 2017
David Lowden	Connected person	10,000	–	10,000

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 2017 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 103) overall spend on Directors' pay as included in the single figure table on page 65 and the tax paid in the financial year. The percentage change to the prior year is also shown.



Implementation of the Remuneration Policy for Executive Directors in 2018

Base Salary

The base salaries of the Executive Directors were considered with reference to the general salaries across the UK employee population. The Remuneration Committee decided to increase the salary of each of the Chief Executive Officer and the Chief Financial Officer by 2.3% which is in line with the increase awarded to the UK employee population.

Executive Single Incentive Plan

As set out in the Annual Statement and Directors' Remuneration Policy, the first ESIP award will be paid in 2018. This award replaced the annual bonus and LTIP award that operated under the previous policy. The next ESIP award will be paid in April 2019 subject to both annual performance over 2018, and long-term trailing performance over 2017 and 2018. The scorecard and weightings for this award are set out below. Full retrospective disclosure will be provided in next year's Annual Report on Remuneration.

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

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.

Directors' Remuneration Report

Implementation of the Remuneration Policy for the Chairman and Non-Executive Directors in 2018

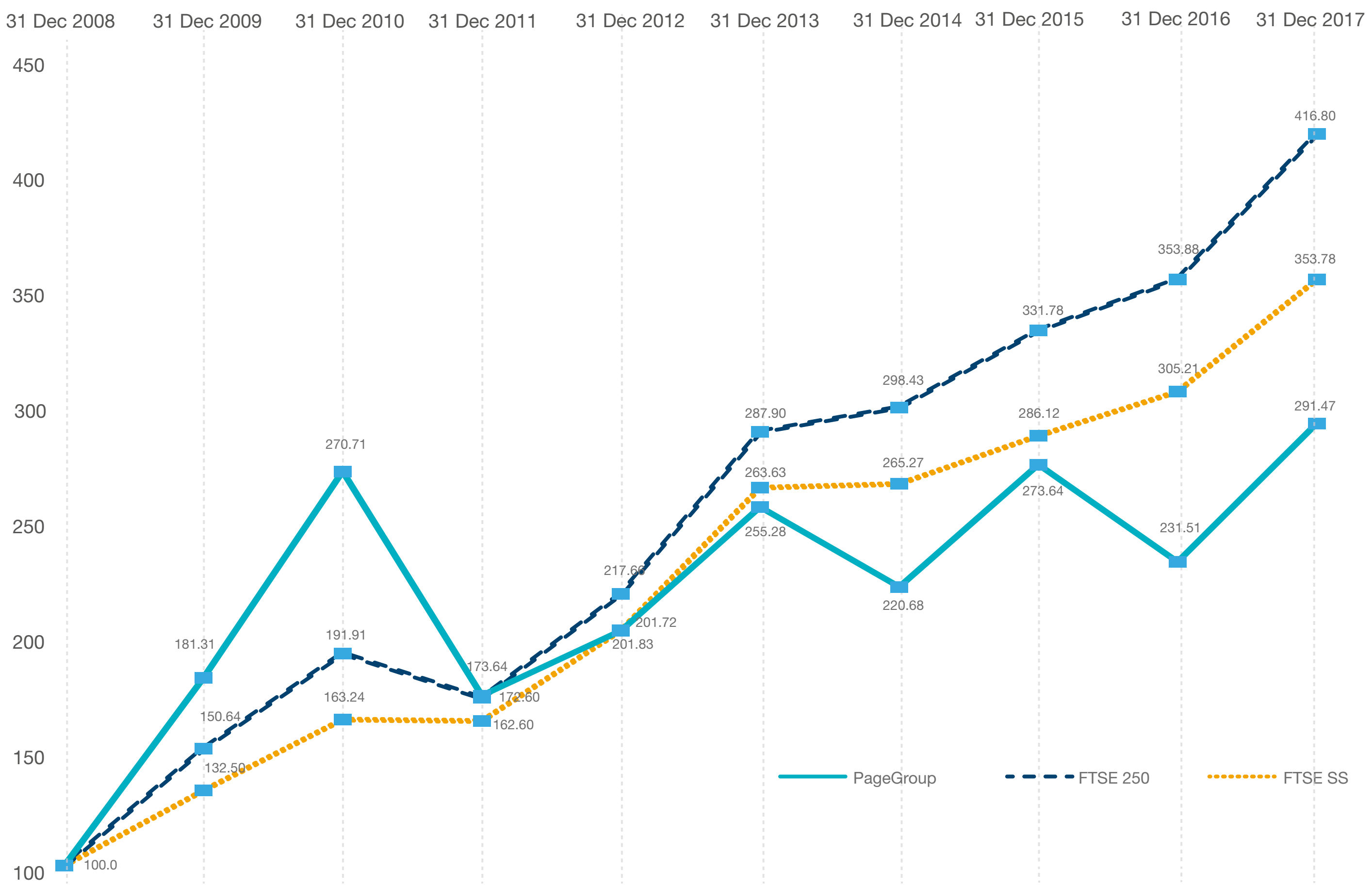
The fees per annum for the Board Chairman and the Non-Executive Directors have been agreed as follows:

	31 December 2017	From March 2018
Chairman	£205,000	£209,000
Non-Executive basic fee	£53,300	£54,300
Additional fees payable:		
Senior Independent Director	£7,000	£7,000
Chairman of the Audit Committee	£14,000	£14,000
Chairman of the Remuneration Committee	£14,000	£14,000

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 2017. 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 on page 76 shows the total remuneration of the Chief Executive Officer over the same nine year period.



CEO	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single remuneration total	£1,010,000	£2,184,000	£1,647,000	£2,723,000	£1,318,000	£1,494,000	£2,074,000	£2,089,000	£3,581,000
Short-term incentives (% of maximum) (note 1)	N/A	N/A	N/A	N/A	58%	71%	68%	60%	N/A
Long-term incentives (% of maximum)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60%	55.35%
Executive Single Incentive Plan (% of maximum)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	91%

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 8 June 2017, shareholders approved the current Remuneration Policy. The table below shows the results of the voting on the Remuneration Policy and the Directors' Remuneration Report put to shareholders at the 2017 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	8 June 2017	163,167,784	66.18	83,370,082	33.82	134,123
Directors' Remuneration Report	8 June 2017	239,274,272	97.00	7,397,717	3.00	0

A full schedule in respect of shareholder voting on all the resolutions put to shareholders at the 2017 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 (2016: £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
6 March 2018

Directors’ Remuneration Report

Directors' Remuneration Policy

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 was approved by shareholders at the Company's Annual General Meeting held on 8 June 2017 and became effective from that date. This new policy replaced the Annual Bonus and LTIP with a single plan, the Executive Single Incentive Plan (‘ESIP’) but did not increase the maximum total quantum available to executives. It simplified remuneration; introduced a single balanced scorecard; incorporated deferral of a significant portion of any award; introduced post-vesting holding periods on all vesting shares for executives who have not met the shareholding requirement; maintained both annual and longer-term performance measurement; and results in simpler disclosure of remuneration outcomes. There are no other new components in the remuneration policy.

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.
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 was 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 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 two-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

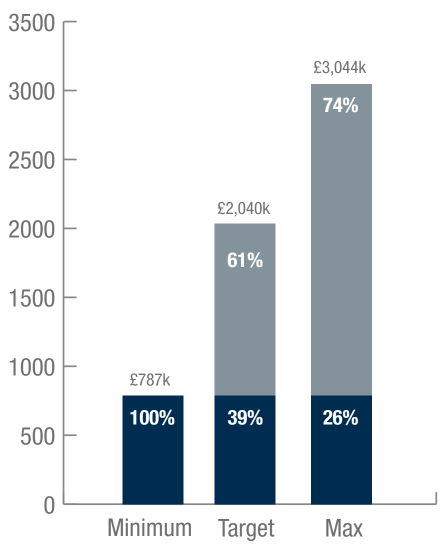
The chart below gives an indication of the total remuneration which could be received by the Chief Executive Officer and Chief Financial Officer under the policy. Three scenarios are presented: the minimum remuneration receivable; the amount receivable if they perform in line with the Company's expectations;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

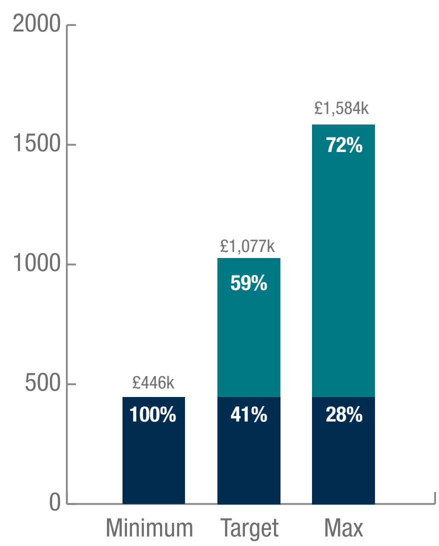
- Minimum: fixed remuneration only (i.e. salary, benefits and pension)
- Target: fixed remuneration plus 60% of the maximum payable under the annual elements of the ESIP, and 50% of the maximum payable under the longer-term trailing elements of the ESIP
- Maximum: fixed remuneration plus maximum ESIP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

The charts are based on an annual salary for 2017, when the policy was approved, for the Chief Executive Officer 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 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 80)
- 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 80)
  - 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 76 of the Directors' Annual Remuneration Report.

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 72 and copies are available for inspection at the Company's registered office during normal business hours.

Directors' Report

Elaine Marriner, Company Secretary

The Directors present their Report together with the consolidated financial statements for the year ended 31 December 2017.

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.

Directors

The Directors who served throughout the year under review were David Lowden, Simon Boddie, Patrick De Smedt, Danuta Gray, Steve Ingham, Michelle Healy and Kelvin Stagg. Baroness Ruby McGregor-Smith ceased to be a Director on 23 May 2017. Sylvia Metayer and Angela Seymour-Jackson were each appointed as a Non-Executive Director of the Company on 1 September 2017 and 1 October 2017 respectively. Danuta Gray has decided not to offer herself for re-election at the forthcoming Annual General Meeting so will cease to be a Director from 7 June 2018.

Results and Dividends

The results for the year are set out in the Consolidated Income Statement on page 91. An analysis of revenue, profit and net assets by region is shown in Note 2 on pages 101 and 102. A final dividend for 2016 of 8.23p per Ordinary share was paid on 19 June 2017; an interim dividend for 2017 of 3.90p per Ordinary share was paid on 11 October 2017; and a special dividend of 12.73p per share was also paid on 11 October 2017.

The Directors recommend the payment of a final dividend for the year ended 31 December 2017 of 8.60p per Ordinary share on 18 June 2018 to shareholders on the register of members on 18 May 2018. If approved by shareholders at the Annual General Meeting, this will result in a total ordinary dividend for the year of 12.5p per Ordinary share (2016: 11.98p). This, together with the payment of the special dividend, gives a total dividend for the year of 25.23p (2016: 18.44p).

Directors’ Report

Share Capital

As at 31 December 2017 the Company’s issued capital comprised a single class of 326,808,701 Ordinary shares of 1p each, totalling £3,268,087.01. At the Annual General Meeting held on 8 June 2017 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 833,246 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 26 to 28.

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 117 to 121.

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 2017 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	16,243,053	4.98
Baillie Gifford & Co	16,512,860	Below 5%
Heronbridge Investment Management LLP	16,546,842	5.067

The following notifications were received during the period 1 January 2018 to 6 March 2018:

Shareholder	No. of Ordinary shares	% of voting rights
Sanne Fiduciary Services Ltd as Trustee of the Michael Page Employees’ Benefit Trust	13,007,956	3.96%

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

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 2017.

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 judgements 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 7 June 2018. 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

6 March 2018

Independent Auditor's Report to the Members of PageGroup plc

Opinion

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 2017 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.

We have audited the financial statements of PageGroup plc which 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 statement of cash flows	Statement of cash flows
Related notes 1 to 24 to the financial statements, including a summary of significant accounting policies	Related notes 1 to 24 to the financial statements including a summary of significant accounting policies

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 35 to 38 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 39 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 directors' statement set out on page 84 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
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 39 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.

Overview of our audit approach

Key audit matters	• Revenue recognition for permanent and temporary placements
Audit scope	• We performed a full scope audit of 6 components of the Group and audit procedures on specific balances for a further 5 components. • The components where we performed full or specific audit procedures accounted for 83% of revenue, 83% of profit before tax and 82% of total assets.
Materiality	• Overall Group materiality of £5.4 million which is based on 5% of profit before tax

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition for permanent and temporary placements *Refer to the Audit Committee Report (page 58); Accounting policies (page 96); and Note 2 of the Consolidated Financial Statements (page 101)* The Group has reported permanent placement revenues of £543.3million (2016: £476.3million) and temporary placement revenue of £828.3million (2016: £719.8million). For permanent placements there is a risk around the timing of revenue recognition as revenue is recognised when customer and candidate agreement is achieved, which may be several months in advance of the start of employment. Consequently, there is a risk that: • recognition occurs before revenue recognition criteria have been met; • period end cut-off is performed incorrectly; or • management judgement is incorrectly applied in estimating the level of provision required for potential revenue reversals when placements are not taken up as agreed. Temporary placement revenue is recognised when the customer has approved the timesheet. Consequently there is a risk that: • revenue is recognised before an approved timesheet has been submitted; or • that period end cut-off is performed incorrectly. For both permanent and temporary placements we have identified the following risk: • Management override by manipulation of revenue through manual or top-side journals.	We performed the following full and specific scope audit procedures over this risk area at 11 components, which covered 83% of the revenue balance: • For permanent and temporary revenue streams, we identified and assessed the design of key controls to validate that revenue recognition was appropriate and applied in accordance with the Group's accounting policies. • For 9 of the components, we used data analytics covering all revenue transactions in the year to test the correlation between revenue, accrued revenue, accounts receivable and cash. • For the remaining 2 components we tested the operating effectiveness of key controls over revenue recognition and selected a sample of permanent and temporary revenue placements for detailed transaction testing to verify that the revenue recognition criteria had been met and revenue was recorded at the correct value. • Performed period-end cut off testing for samples of revenue transactions to check all revenue recognition criteria for the permanent and temporary placements had been met and that revenue had been recognised in the correct period. • Compared the level of permanent placement revenue reversals over the last 12 months, which occur as a result of non-completion of contractual placements, to the provision recorded against accrued income to determine if the assumptions used to calculate the provision were appropriate. We also re-performed the provision calculation to confirm its accuracy. • Performed sampling procedures to validate the existence of accrued revenue and trade receivable balances. • Performed journal entry testing around revenue, focusing on manual entries and top-side adjustments specifically around year end. For all other components which represent 17% of the revenue balance: • For any component representing greater than 2% of the Group's revenue we performed period-end cut off testing over for a sample of revenue transactions to check all revenue recognition criteria for the permanent and temporary placements had been met and that revenue had been recognised in the correct period. • We performed audit procedures centrally on a country-by-country basis to address the risk of an undetected material error occurring in these components. These comprised analytical review of revenue and gross profit, and ratio analysis of key performance indicators including revenue and gross profit per fee earner.	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 appropriate.

In the prior year, our auditor's report included a key audit matter in relation to the provision for transfer pricing. We have determined that this no longer represents a key audit matter. This judgement is based on our assessment that the likelihood of a material misstatement is lower, taking into account the risk of tax authority challenge, and that the overall provision is less than audit materiality.

An overview of 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.

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 36 reporting components that represent the principal business units within the Group within the following countries: United Kingdom, France, United States, Australia, China, Hong Kong, Italy, Germany, Spain, Netherlands and Belgium.

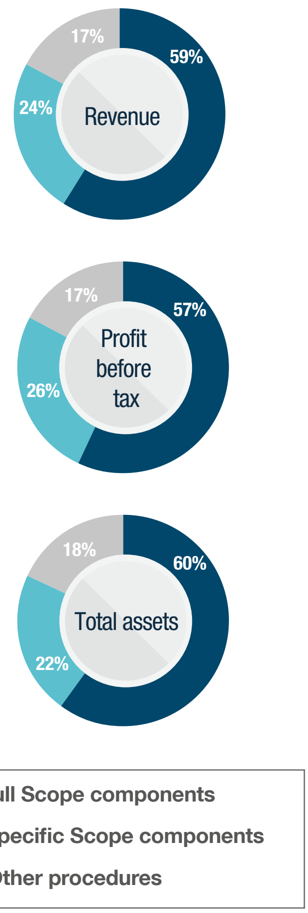
Of the 11 components selected, we performed an audit of the complete financial information of 6 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant balances tested for the Group.

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

		2017	2016
Revenue	Full scope components	59%	62%
	Specific scope components	24%	23%
	Total	**83%**	**85%**
Profit before tax	Full scope components	57%	68%
	Specific scope components	26%	22%
	Total	**83%**	**90%**
Total assets	Full scope components	60%	57%
	Specific scope components	22%	21%
	Total	**82%**	**78%**

Of the remaining 25 components that together represent 17% of the Group's profit before tax, none are individually greater than 3% of the Group's profit before tax. 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 and assessing the results of the Internal Audit reviews to identify any potential risks of material misstatement to the Group financial statements. We have also verified bank reconciliations to test cash balances and performed revenue cut-off procedures around year-end at some of the larger locations within these remaining 25 components.

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



Changes from the prior year

To incorporate an element of unpredictability and change into our audit approach we rotated the smallest component from last year's audit (Switzerland) and replaced it with the next largest component, Belgium (specific scope). This year we also performed additional revenue cut-off procedures centrally for the next 4 largest components not identified as full or specific scope, namely Switzerland, Japan, Mexico and Brazil.

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 component auditors from other EY global network firms operating under our instruction or in some cases by us, as the primary audit engagement team. For the 6 full scope components, audit procedures were performed by component audit teams. Procedures on the Group's Head Office were performed directly by the primary audit team. Of the 5 specific scope components, audit procedures on one of the components were performed directly by the primary audit team. For 2 of the full scope components, the United Kingdom and the US, the component audit team included the Group audit senior manager from the primary audit team. For the remaining 4 full scope components and the 4 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.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits all full scope locations at least once every 3 years. During the current year's audit cycle, visits were undertaken by the Senior Statutory Auditor to the UK and Italy. A visit to France and the Group's EMEA shared service centre (SSC) based in 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 for the Italian component with local management. The purpose of the visit to the SSC was to obtain an understanding of the SSC operations, perform walkthrough procedures for all significant processes in relation to the countries now supported by the SSC, perform independent testing of management controls on some of the processes and perform audit procedures on one of the components for which Group audit team was directly responsible. The Group audit team attended 3 regional audit closing meetings or calls with regional management and the Group CFO, at which key areas of local judgement and audit findings were discussed.

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 £5.4million (2016: £4.9million), which was based on 5% of profit before tax (2016: 5% profit before tax). We believe that profit before tax is the principal consideration for stakeholders in assessing the financial performance of the Group.

We determined materiality for the Parent company to be £5.8million (2016: £5.8million), which is 0.5% (2016: 0.5%) of total assets.

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% (2016: 75%) of our planning materiality, namely £4.1million (2016: £3.6million).

Audit work at component locations 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 £0.8million to £1.8million (2016: £0.7million to £1.18million).

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 £0.27m (2016: £0.24m), 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.

Other information

The other information comprises the information included in the Annual Report and accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** (set out on page 84) – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** (set out on page 58) – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** (set out on page 52) – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, 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 and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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
- a Corporate Governance Statement has not been prepared by the company

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 84, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the group operates. There are no significant, industry specific laws or regulations that we considered in determining our approach.
- We understood how PageGroup plc is complying with those frameworks making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures were focused on revenue recognition, which is described in more detail in our Key audit matters and journal entry testing, with a focus on manual or top-side adjustments.
- Our audit procedures were communicated to and performed by our component teams.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company in June 2011 to audit the financial statements for the year ended 31 December 2011 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ending 31 December 2011 to 2017.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent company and we remain independent of the Group and the Parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Bob Forsyth (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

6 March 2018

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 2017

	Note	2017 £'000	2016 £'000
Revenue	2	**1,371,534**	1,196,125
Cost of sales		**(659,966)**	(575,091)
Gross profit	2	**711,568**	621,034
Administrative expenses		**(593,246)**	(520,082)
Operating profit	2	**118,322**	100,952
Financial income	5	**229**	117
Financial expenses	5	**(389)**	(1,073)
Profit before tax	2	**118,162**	99,996
Income tax expense	6	**(35,082)**	(27,900)
Profit for the year	3	**83,080**	72,096
Attributable to:			
Owners of the parent		**83,080**	72,096
Earnings per share			
Basic earnings per share (pence)	9	**26.5**	23.1
Diluted earnings per share (pence)	9	**26.4**	23.1

The above results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 £'000	2016 £'000
Profit for the year	**83,080**	72,096
Other comprehensive income/(loss) for the year		
Items that may subsequently be reclassified to profit and loss:		
Currency translation differences	**(2,888)**	22,105
Gains/(Loss) on hedging instruments	**1,340**	(2,468)
Total comprehensive income for the year	**81,532**	91,733
Attributed to:		
Owners of the parent	**81,532**	91,733

CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS

As at 31 December 2017

		Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Non-current assets						
Property, plant and equipment		10	**30,158**	29,461	**–**	–
Intangible assets	- Goodwill and other intangibles	11	**1,685**	1,696	**–**	–
	- Computer software (including assets held under construction)	11	**32,473**	36,187	**–**	–
Investments		12	**–**	–	**516,681**	509,872
Deferred tax assets		16	**14,637**	16,547	**–**	–
Other receivables		13	**10,513**	7,640	**–**	–
			89,466	91,531	**516,681**	509,872
Current assets						
Trade and other receivables		13	**299,089**	259,328	**647,607**	664,008
Current tax receivable		7	**15,652**	12,743	**–**	–
Cash and cash equivalents		19	**95,605**	92,796	**–**	–
			410,346	364,867	**647,607**	664,008
Total assets		2	**499,812**	456,398	**1,164,288**	1,173,880
Current liabilities						
Trade and other payables		14	**(187,730)**	(175,059)	**(848,476)**	(798,503)
Current tax payable		7	**(22,166)**	(24,404)	**–**	–
			(209,896)	(199,463)	**(848,476)**	(798,503)
Net current assets/(liabilities)			**200,450**	165,404	**(200,869)**	(134,495)
Non-current liabilities						
Other payables		14	**(19,489)**	(9,944)	**–**	–
Deferred tax liabilities		16	**(370)**	(430)	**–**	–
			(19,859)	(10,374)	**–**	–
Total liabilities		2	**(229,755)**	(209,837)	**(848,476)**	(798,503)
Net assets			**270,057**	246,561	**315,812**	375,377
Capital and reserves						
Called-up share capital		17	**3,268**	3,259	**3,268**	3,259
Share premium		18	**92,677**	90,458	**92,677**	90,458
Capital redemption reserve		18	**932**	932	**932**	932
Reserve for shares held in the employee benefit trust		18	**(58,931)**	(72,941)	**–**	–
Currency translation reserve		18	**29,858**	32,746	**–**	–
Retained earnings			**202,253**	192,107	**218,935**	280,728
Total equity			**270,057**	246,561	**315,812**	375,377

The financial statements of PageGroup plc (Company Number 3310225) set out on pages 91 to 122 were approved by the Board of Directors and authorised for issue on 6 March 2018. The Company's profit for the financial year amounted to £9.6m (2016: £8.8m).

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 2017

2016	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 2016		**3,258**	**90,268**	**932**	**(61,365)**	**10,641**	**178,025**	**221,759**
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 and 1 January 2017		**3,259**	**90,458**	**932**	**(72,941)**	**32,746**	**192,107**	**246,561**
2017								
Currency translation differences		–	–	–	–	(2,888)	–	(2,888)
Net loss recognised directly in equity		–	–	–	–	(2,888)	–	(2,888)
Profit on hedging instruments		–	–	–	–	–	1,340	1,340
Profit for the year		–	–	–	–	–	83,080	83,080
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**(2,888)**	**84,420**	**81,532**
Exercise of share plans		9	2,219	–	–	–	10,458	12,686
Transfer from reserve for shares held in the employee benefit trust		–	–	–	14,010	–	(14,010)	–
Credit in respect of share schemes		–	–	–	–	–	6,809	6,809
Credit in respect of tax on share schemes		–	–	–	–	–	720	720
Dividends	8	–	–	–	–	–	(78,251)	(78,251)
		9	2,219	–	14,010	–	(74,274)	(58,036)
Balance at 31 December 2017		**3,268**	**92,677**	**932**	**(58,931)**	**29,858**	**202,253**	**270,057**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

For the year ended 31 December 2017

Company	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016		**3,258**	**90,268**	**932**	**323,764**	**418,222**
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 and 1 January 2017		**3,259**	**90,458**	**932**	**280,728**	**375,377**
2017						
Profit for the year		–	–	–	9,649	9,649
Total comprehensive income for the year		**–**	**–**	**–**	**9,649**	**9,649**
Exercise of share plans		9	2,219	–	–	2,228
Credit in respect of share schemes		–	–	–	6,809	6,809
Dividends	8	–	–	–	(78,251)	(78,251)
		9	2,219	–	(71,442)	(69,214)
Balance at 31 December 2017		**3,268**	**92,677**	**932**	**218,935**	**315,812**

CONSOLIDATED AND PARENT COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2017

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Profit before tax	2	**118,162**	99,996	**9,649**	8,833
Depreciation and amortisation charges	10/11	**19,094**	17,065	**–**	–
(Income)/Loss on sale of property, plant and equipment, and computer software		**(159)**	186	**–**	–
Share scheme charges		**6,796**	4,235	**–**	–
Net finance cost		**160**	956	**–**	–
Operating cash flow before changes in working capital and finance costs		**144,053**	122,438	**9,649**	8,833
(Increase)/decrease in receivables		**(42,629)**	(21,061)	**16,401**	(27,407)
Increase in payables		**23,040**	19,942	**49,973**	74,212
Cash generated from operations		**124,464**	121,319	**76,023**	55,638
Income tax paid		**(38,154)**	(32,499)	**–**	–
Net cash from operating activities		**86,310**	88,820	**76,023**	55,638
Cash flows from investing activities					
Proceeds in respect of share scheme recharges to subsidiaries		**–**	–	**–**	482
Purchases of property, plant and equipment	10	**(13,415)**	(14,111)	**–**	–
Purchases of intangibles	11	**(7,508)**	(11,153)	**–**	–
Proceeds from the sale of property, plant and equipment, and computer software		**4,688**	1,890	**–**	–
Interest received		**229**	117	**–**	–
Net cash (used in)/from investing activities		**(16,006)**	(23,257)	**–**	482
Cash flows from financing activities					
Dividends paid		**(78,251)**	(56,311)	**(78,251)**	(56,311)
Interest paid		**(1,845)**	(460)	**–**	–
Issue of own shares for the exercise of options		**12,686**	364	**2,228**	191
Purchase of shares held in the employee benefit trust		**–**	(15,058)	**–**	–
Net cash used in financing activities		**(67,410)**	(71,465)	**(76,023)**	(56,120)
Net increase/(decrease) in cash and cash equivalents		**2,894**	(5,902)	**–**	–
Cash and cash equivalents at the beginning of the year		**92,796**	95,018	**–**	–
Exchange (loss)/gain on cash and cash equivalents		**(85)**	3,680	**–**	–
Cash and cash equivalents at the end of the year	19	**95,605**	92,796	**–**	–

Notes to the Financial Statements

For the year ended 31 December 2017

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 £9.6m (2016: £8.8m). 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 2017. 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 2017:

- IAS 7 Disclosure Initiative
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs 2014-2016 Cycle

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.

- 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
- 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
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment; effective date 1 January 2019
- IAS 28 Investments in Associates and Joint Ventures; effective date 1 January 2019

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.

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 2017, the Group concluded its detailed assessment of IFRS 15. As a result of this assessment, no material adjustment will be required in the 2018 Annual Report and Accounts. A fully retrospective method will be adopted for transparency and comparison purposes.

Please see below for Group's rationale for the above conclusion.

Revenue earned on a contingent basis (c. 27% 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 view is that this basis of revenue recognition remains appropriate as our only performance obligation (the placement of the candidate) has been performed. Therefore no adjustment will be required 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 three separate performance obligations. The defined stages are "Retainer", "Shortlist" and "Completion".

We have concluded that there is only one performance obligation, being provision of recruitment services.

Whilst there is considerable work done at the Retainer stage, there is no reference to a deliverable in the contract, and therefore there is no separable performance obligation. On the second stage of a shortlist, there is a specific deliverable i.e. production of a shortlist. However, the client cannot use this with their own resources without also paying for the final stage regardless. Therefore each stage is considered to be highly interrelated and so forms a single, distinct performance obligation.

Furthermore the transfer of services happens over a period of time since our work creates an asset with no alternative use. We have concluded that under an Output or Input method the timing of revenue recognition would be the same. As per our standard terms and conditions, there are 3 stage payments defined for Retainer, Shortlist and Completion. They are required to compensate us for our performance to date as per the above requirement.

As a result of our review, we do not expect any adjustment to be material with our estimate being less than £1m. This is as a result of retained revenue being a relatively low 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).

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. The performance obligation is satisfied when the service has been provided and is billed in arrears. Accordingly no adjustment will be required on transition to IFRS 15 for revenue earned from temporary placements.

Other revenue (c. 4% 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. Therefore no adjustment will result on the transition to IFRS 15 for this revenue stream.

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 is confident it has the necessary appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information for disclosure.

IFRS 9 – Financial Instruments

The directors have concluded that the implementation of IFRS 9 from 1 January 2018 will not have a material impact on Group. Currently the only financial instruments held by Group are net trade receivables of £245.4m (2016: £205.1m) and net fair value derivatives of £0.2m (2016: £0.5m).

Under the IFRS 9 estimated credit losses method, the result would not be materially different to Group's current credit policy. The majority of Group's clients have been transacting with the Group for several years, with losses rarely occurring.

With respect to the Parent company the only balances receivable are with profitable entities based within the United Kingdom.

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.

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 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

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 39.

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 (2016: £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) Deferred cash bonus

The Group operates a bonus scheme for some members of staff whereby bonuses are deferred for three years from date of award. The bonuses are paid in full if the employee remains employed for the entire three-year period.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) 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 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. Please see note 20 for an analysis of credit risk.

- Note 17 – current tax assets and liabilities – transfer pricing

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.

v) 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.

w) 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

2017		Revenue 2017 £'000	Gross profit 2017 £'000	Operating profit 2017 £'000
EMEA		**675,983**	**332,288**	**69,674**
United Kingdom		**312,915**	**140,768**	**15,978**
Asia Pacific	Australia and New Zealand	**110,602**	**37,703**	**5,480**
	Asia	**125,688**	**99,469**	**18,039**
	Total – Asia Pacific	**236,290**	**137,172**	**23,519**
Americas		**146,346**	**101,340**	**9,151**
Operating profit		**–**	**–**	**118,322**
Financial expense		**–**	**–**	**(160)**
Revenue/gross profit/profit before tax		**1,371,534**	**711,568**	**118,162**

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**

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 2017 £'000	Total assets 2016 £'000	Total liabilities 2017 £'000	Total liabilities 2016 £'000
EMEA		**219,024**	187,257	**109,100**	96,270
United Kingdom		**123,423**	119,036	**51,193**	43,306
Asia Pacific	Australia and New Zealand	**24,639**	24,869	**10,349**	10,526
	Asia	**61,176**	56,182	**18,132**	16,462
	Total – Asia Pacific	**85,815**	81,051	**28,481**	26,988
Americas		**55,898**	56,311	**18,815**	18,869
Segment assets/liabilities		**484,160**	443,655	**207,589**	185,433
Income tax		**15,652**	12,743	**22,166**	24,404
		499,812	456,398	**229,755**	209,837

		Property, plant and equipment 2017 £'000	Property, plant and equipment 2016 £'000	Intangible assets 2017 £'000	Intangible assets 2016 £'000
EMEA		**12,218**	10,707	**3,668**	3,862
United Kingdom		**6,894**	7,142	**30,116**	33,278
Asia Pacific	Australia and New Zealand	**1,174**	1,376	**2**	22
	Asia	**3,397**	3,053	**31**	31
	Total – Asia Pacific	**4,571**	4,429	**33**	53
Americas		**6,475**	7,183	**341**	690
		30,158	29,461	**34,158**	37,883

Capital expenditure		Property, plant and equipment 2017 £'000	Property, plant and equipment 2016 £'000	Intangible assets 2017 £'000	Intangible assets 2016 £'000
EMEA		**7,501**	6,283	**1,220**	2,242
United Kingdom		**1,945**	2,345	**6,237**	8,595
Asia Pacific	Australia and New Zealand	**347**	407	**–**	–
	Asia	**1,781**	2,390	**28**	–
	Total – Asia Pacific	**2,128**	2,797	**28**	–
Americas		**1,841**	2,686	**23**	316
		13,415	14,111	**7,508**	11,153

(c) Revenue and gross profit by discipline

	Revenue 2017 £'000	Revenue 2016 £'000	Gross profit 2017 £'000	Gross profit 2016 £'000
Accounting and Financial Services	**559,480**	511,449	**261,062**	238,366
Legal, Technology, HR, Secretarial and other	**337,857**	294,972	**161,424**	138,830
Engineering, Property & Construction, Procurement & Supply Chain	**290,830**	227,908	**158,714**	125,545
Marketing, Sales and Retail	**183,367**	161,796	**130,368**	118,293
	1,371,534	1,196,125	**711,568**	621,034

(d) Revenue and gross profit generated from permanent and temporary placements

	Revenue 2017 £'000	Revenue 2016 £'000	Gross profit 2017 £'000	Gross profit 2016 £'000
Permanent	**543,262**	476,321	**536,010**	469,960
Temporary	**828,272**	719,804	**175,558**	151,074
	1,371,534	1,196,125	**711,568**	621,034

3. Profit for the year

		2017 £'000	2016 £'000
Profit for the year is stated after charging:			
Employment costs (Note 4)		**454,398**	398,530
Net exchange losses		**1,726**	1,207
Depreciation of property, plant and equipment – owned (Note 10)		**8,477**	7,917
Amortisation of intangibles (Note 11)		**10,617**	9,148
Impairment of trade receivables (Note 20)		**18,426**	12,264
(Income)/loss on sale of property, plant and equipment and computer software		**(159)**	186
Operating lease rentals	– Land and buildings	**30,160**	29,980
	– Plant and machinery	**9,079**	7,252

	2017 £'000	2016 £'000
Fees payable to the Company's auditor:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**219**	207
Fees payable to the Company's auditor and associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**513**	477
– Audit related assurance services	**52**	52
Total audit fees	**784**	736
– Tax compliance services for the Company and its subsidiaries	**–**	60
– Tax advice for the Company, its subsidiaries and individual employees in relation to moving employees internationally	**22**	153
– Tax advisory services	**–**	48
– Other non-audit services	**6**	–
Total non-audit fees	**28**	261
Total fees	**812**	997

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 2017 were as follows:

	2017 Average No.	2016 Average No.	At 31 Dec 2017 No.	At 31 Dec 2016 No.
Management	**311**	295	**314**	292
Client services	**4,782**	4,297	**5,184**	4,419
Administration	**1,456**	1,392	**1,531**	1,388
	6,549	5,984	**7,029**	6,099

Employment costs (including Directors' emoluments) comprised:

	2017 £'000	2016 £'000
Wages and salaries	**381,286**	336,874
Social security costs	**45,630**	39,686
Pension costs – defined contribution plans	**15,501**	14,187
Share-based payments and deferred cash plan	**11,981**	7,783
	454,398	398,530

No staff are employed by the parent company (2016: 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 63 to 76.

5. Financial income/(expenses)

	2017 £'000	2016 £'000
Financial income		
Interest receivable	**229**	117
	229	117
Financial expenses		
Interest payable	**(241)**	(465)
Interest on discounting of French construction participation tax	**(148)**	(608)
	(389)	(1,073)

6. Income tax expense

The charge for taxation is based on the effective annual tax rate of 29.7% on profit before tax (2016: 27.9%).

Analysis of charge in the year	2017 £'000	2016 £'000
UK income tax at 19.25% (2016: 20.00%) for year	**9,726**	11,078
Adjustments in respect of prior year	**456**	259
Overseas income tax	**23,076**	18,976
	33,258	30,313
Deferred tax		
Adjustment in respect of prior years	**1,327**	(2,015)
Origination and reversal of temporary differences	**(2,729)**	(53)
Recognition of previously unrecognised losses and other tax attributes	**(661)**	–
Derecognition of previously recognised losses	**–**	252
Impact of tax rate changes	**1,315**	–
Charge/(credit) for tax losses recognised	**2,572**	(597)
Deferred tax expense/(income)	**1,824**	(2,413)
Total tax expense in the income statement	**35,082**	27,900

Reconciliation of effective tax rate	2017 £'000	%	2016 £'000	%
Profit before taxation	**118,162**		99,996	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	**22,746**	**19.3**	19,999	20.0
Effects of:				
Disallowable items and other permanent differences	**571**	**0.5**	1,134	1.1
Unrelieved overseas losses	**1,715**	**1.5**	1,180	1.1
Utilisation of losses not previously recognised	**(64)**	**(0.1)**	(240)	(0.2)
Recognition of overseas losses and other tax attributes	**(661)**	**(0.6)**	–	–
Other tax movements	**(1,579)**	**(1.3)**	–	–
Derecognition of overseas losses	**–**	**–**	252	0.3
Higher tax rates on overseas earnings	**4,896**	**4.1**	3,346	3.3
Other tax overseas	**4,479**	**3.8**	4,153	4.2
Movement of rate difference	**1,196**	**1.0**	(168)	(0.1)
Adjustment to tax charge in respect of prior periods	**1,783**	**1.5**	(1,756)	(1.8)
Tax expense and effective rate for the year	**35,082**	**29.7**	27,900	27.9

Tax recognised directly in equity	2017 £'000	2016 £'000
Relating to settled transactions	**(720)**	368

7. Current tax assets and liabilities

The current tax asset of £15.7m (2016: £12.7m), and current tax liability of £22.2m (2016: £24.4m) for the Group, and current tax asset and liability of £nil (2016: £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.

8. Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2016 of 8.23p per Ordinary share (2015: 7.90p)	**25,857**	24,564
Interim dividend for the year ended 31 December 2017 of 3.90p per Ordinary share (2016: 3.75p)	**12,287**	11,660
Special dividend for the year ended 31 December 2017 of 12.73p per Ordinary share (2016: 6.46p)	**40,107**	20,087
	78,251	56,311
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 December 2017 of 8.60p per Ordinary share (2016: 8.23p)	**27,144**	25,599

The proposed final dividend had not been approved by shareholders at 31 December 2017 and therefore has not been included as a liability. The comparative final dividend at 31 December 2016 was also not recognised as a liability in the prior year.

The proposed final dividend of 8.60p (2016: 8.23p) per Ordinary share will be paid on 18 June 2018 to shareholders on the register at the close of business on 18 May 2018, 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:

	2017 £'000	2016 £'000
Earnings		
Earnings for basic and diluted earnings per share (£'000)	**83,080**	72,096
Number of shares	**number**	number
Weighted average number of shares used for basic earnings per share ('000)	**313,491**	311,534
Dilutive effect of share plans ('000)	**1,287**	802
Diluted weighted average number of shares used for diluted earnings per share ('000)	**314,778**	312,336
	pence	pence
Basic earnings per share	**26.5**	23.1
Diluted earnings per share	**26.4**	23.1

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 improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
	2017			
Cost				
At 1 January	**38,439**	**49,999**	**2,424**	**90,862**
Additions	**5,142**	**7,361**	**912**	**13,415**
Disposals	**(2,536)**	**(13,630)**	**(704)**	**(16,870)**
Effect of movements in foreign exchange	**(545)**	**(249)**	**(76)**	**(870)**
At 31 December	**40,500**	**43,481**	**2,556**	**86,537**
Depreciation				
At 1 January	**23,894**	**36,363**	**1,144**	**61,401**
Charge for the year	**3,755**	**4,124**	**598**	**8,477**
Disposals	**(2,009)**	**(10,507)**	**(502)**	**(13,018)**
Effect of movements in foreign exchange	**(289)**	**(150)**	**(42)**	**(481)**
At 31 December	**25,351**	**29,830**	**1,198**	**56,379**
Net book value				
At 31 December	**15,149**	**13,651**	**1,358**	**30,158**

Group	Leasehold improvements £'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

11. Intangible assets

2017

Group	Computer software £'000	Computer software, assets under construction £'000	Subtotal £'000	Goodwill £'000	Trademark £'000	Subtotal £'000	Total £000
Cost							
At 1 January	**70,054**	**6,936**	**76,990**	**1,539**	**746**	**2,285**	**79,275**
Additions	**612**	**6,896**	**7,508**	**–**	**–**	**–**	**7,508**
Disposals	**(993)**	**–**	**(993)**	**–**	**–**	**–**	**(993)**
Transfers	**11,690**	**(11,690)**	**–**	**–**	**–**	**–**	**–**
Effect of movements in foreign exchange	**90**	**22**	**112**	**–**	**–**	**–**	**112**
At 31 December	**81,453**	**2,164**	**83,617**	**1,539**	**746**	**2,285**	**85,902**
Amortisation							
At 1 January	**40,803**	**–**	**40,803**	**–**	**589**	**589**	**41,392**
Charge for the year	**10,606**	**–**	**10,606**	**–**	**11**	**11**	**10,617**
Disposals	**(317)**	**–**	**(317)**	**–**	**–**	**–**	**(317)**
Effect of movements in foreign exchange	**52**	**–**	**52**	**–**	**–**	**–**	**52**
At 31 December	**51,144**	**–**	**51,144**	**–**	**600**	**600**	**51,744**
Net book value							
At 31 December	**30,309**	**2,164**	**32,473**	**1,539**	**146**	**1,685**	**34,158**

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

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:

	2017 £'000	2016 £'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 2017 there was no impairment of goodwill.

12. Investments

Company	Subsidiary undertakings £'000
Cost at 1 January 2017	**509,872**
Transactions relating to share plans for subsidiaries' employees	**6,809**
Cost at 31 December 2017	**516,681**

The Company's principal subsidiary undertakings at 31 December 2017, 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	Second floor, Gumpendorfer Straße 72, 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 - 4° 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, 1° 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 Canada Limited	Canada	Recruitment Consultancy	130 Adelaide Street West, 21st Floor, Toronto, Ontario, M5H 1J8, Canada
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 (Shanghai) Consulting Limited	China	Recruitment Consultancy	Suite 1010, Shanghai Kerry Centre, 1515 Nanjing West Road, Shanghai, 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	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	Non-trading	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

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Holdings Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
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	Non-trading	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	Non-trading	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 Informatique 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 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
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
Talent for SARLU	France	Non-trading	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
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

Name of undertaking	Country of incorporation	Principal activity	Registered office
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 Internasional 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	10th Floor, Wisma Hamjah-Kwong Hing, No.1 Leboh Ampang, 50100 Kuala Lumpur
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, Morroco
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
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

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Pte Limited*	Singapore	Recruitment Consultancy	One Raffles Place, #09-61 Office Tower Two, Singapore 048616
Page Personnel Recruitment Pte Ltd	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 Xin-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 Third 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.

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- Michael Page International Southern Europe Limited
- Michael Page International Holdings Limited
- LPM (Professional Recruitment) Limited
- Michael Page Partnership Limited
- Michael Page Employment Services Limited

13. Trade and other receivables

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Current				
Trade receivables	**253,555**	210,145	**–**	–
Less provision for impairment of receivables	**(8,161)**	(5,070)	**–**	–
Net trade receivables	**245,394**	205,075	**–**	–
Amounts due from Group companies	**–**	–	**647,607**	664,008
Other receivables	**9,839**	9,612	**–**	–
Accrued Income	**31,938**	37,623	**–**	–
Prepayments	**11,918**	7,018	**–**	–
	299,089	259,328	**647,607**	664,008
Non-current				
Other receivables	**10,513**	7,640	**–**	–

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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Current				
Trade payables	**6,240**	7,515	**–**	–
Amounts owed to Group companies	**–**	–	**848,300**	798,493
Other tax and social security	**54,615**	46,813	**–**	–
Other payables	**28,312**	21,407	**–**	–
Accruals	**97,467**	98,084	**176**	10
Deferred income	**1,096**	1,240	**–**	–
	187,730	175,059	**848,476**	798,503
Non-current				
Deferred income	**18,628**	9,702	**–**	–
Other tax and social security	**861**	242	**–**	–
	19,489	9,944	**–**	–

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 £0.9m (2016: £0.8m) 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 2017 (2016: £Nil).

At 31 December 2017, the Group had available £10m (2016: £10m) of undrawn uncommitted overdraft facility with Deutsche Bank, £2m with HSBC, £1.6m elsewhere in the Group and £31.3m of undrawn borrowing facilities under the Invoice Discounting arrangement with HSBC. All conditions precedent on each of these facilities had been met. All other bank overdrafts and facilities are repayable on demand.

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 2017	**(1,416)**	**(5,061)**	**(9,640)**	**(16,117)**
Recognised in equity for the year	**(540)**	**–**	**–**	**(540)**
Recognised in profit or loss for the year	**128**	**2,298**	**(602)**	**1,824**
Exchange differences	**–**	**196**	**370**	**566**
At 31 December 2017	**(1,828)**	**(2,567)**	**(9,872)**	**(14,267)**
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)

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:

	2017 £'000	2016 £'000
Deferred tax assets	**(14,637)**	(16,547)
Deferred tax liabilities	**370**	430
	(14,267)	(16,117)

No deferred tax liability has been recognised in respect of £108.3m (2016: £110.3m) 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 £1.9m in the year includes £0.3m 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 2017 resulted in an increase in the deferred tax asset of £0.2m (2016: £4.3m increase). The amount recognised in profit or loss for the year of £2.3m in relation to losses is a combination of the elements disclosed in Note 6 including the charge for tax losses recognised of £2.6m.

In December 2017 the US Tax Cuts and Jobs Act was enacted. This Act made significant changes to US tax rules, the most relevant to the Group being the reduction in the federal rate of tax to 21%, from 35%. Other measures included a reduction in the amount of interest that can be deducted for tax purposes and the introduction of other measures designed to combat base erosion. The impact to the financial statements is a write down of deferred tax assets representing the future value for accumulated losses and other deductions of £1.1m.

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. There are carried forward losses of £16.7m (2016: £14.0m) 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 not recognised a deferred tax asset in respect of any losses that we would expect to be impacted by expiry.

17. Called-up share capital

	2017		2016	
	£'000	Number of shares	£'000	Number of shares
Allotted, called-up and fully paid Ordinary shares of 1p each				
At 1 January	**3,259**	**325,975,455**	3,258	325,919,705
Shares issued	**9**	**833,246**	1	55,750
At 31 December	**3,268**	**326,808,701**	3,259	325,975,455

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 2017 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 2017	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding at 31 December 2017	Base EPS/ OP range†	Exercise price per share	Exercise period
2009 (Note 2)*	887,018	-	(509,168)	(3,600)	374,250	OP range	187.5p-211.84p	March 2012 – March 2019
2010 (Note 1)*	2,458,917	-	(643,417)	-	1,815,500	6.6	381.5p-383.0p	March 2013 – March 2020
2011 (Note 2)	2,269,569	-	-	(195,000)	2,074,569	OP range	491.0p-492.9p	March 2014 – March 2021
2012 (Note 2)*	1,982,903	-	(345,740)	(100,115)	1,537,048	OP range	477.0p	March 2015 – March 2022
2013 (Note 2)*	3,087,833	-	(1,015,000)	(97,000)	1,975,833	OP range	442.0p	March 2016 – March 2023
2014 (Note 2)*	3,820,614	-	(646,878)	(270,403)	2,903,333	OP range	484.0p	March 2017 – March 2024
2015 (Note 2)	1,712,427	-	-	(135,055)	1,577,372	OP range	526.0p-534.0p	March 2018 – March 2025
2016 (Note 2)	1,700,000	30,000	-	(125,000)	1,605,000	OP range	406.0p-427.0p	March 2019 – March 2026
2017 (Note 2)	-	1,693,000	-	(28,000)	1,665,000	OP range	435.44p	March 2020 – March 2027
Total 2017	17,919,281	1,723,000	(3,160,203)	(954,173)	15,527,905			
Weighted average exercise price 2017 (£)	4.45	4.35	4.02	4.74	4.51			
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			

* These options have fully vested

† The Operating Profit ranges for each award are fully disclosed in Note 2 of this Note. 8,605,964 options were exercisable at the end of 2017 at a weighted average exercise price of £4.39 (2016: £4.05). The weighted average share price at the date of exercise was £4.86.

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 vested 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 2017's operating profit, 18% 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 £118.3m 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, 2% 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.

For the 2017 grant, if Operating Profit is in excess of £50m, 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.

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 2017	**1,011,288**	**2,058,710**
Granted	417,049	822,147
Lapsed	(119,009)	-
Exercised	(178,512)	(697,601)
As at 31 December 2017	**1,130,816**	**2,183,256**

Share option valuation and measurement

In 2017, options were granted on 16 March with the estimated fair value of the options granted on that day of £1.11. In 2016, options were granted on 18 March with the estimated fair value of the options granted on that day of £0.68.

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 2017 have an exercise price in the range of 187.5p to 534.0p and a weighted average contractual life of 5.6 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	
	2017	2016	2017	2016	2017	2016
Share price (£)	**4.35**	4.06	**4.35**	4.04	**4.35**	4.04
Average exercise price (£)	**4.35**	4.06	**Nil**	Nil	**Nil**	Nil
Weighted average fair value (£)	**1.11**	0.68	**3.99**	3.72	**4.35**	3.72-4.04
Expected volatility	**38.19%**	25.7%	**38.19%**	25.7%	**38.19%**	25.7%
Expected life	**5 years**	5 years	**3 years**	3 years	**3 years**	3 years
Risk free rate	**0.72%**	0.89%	**0.72%**	0.89%	**0.72%**	0.89%
Expected dividend yield	**2.87%**	2.75%	**Nil**	Nil	**2.87%**	2.75%

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 £7.7m, including social security, (2016: £4.2m) 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 2017, the reserve for shares held in the employee benefit trust consisted of 14,311,816 Ordinary shares (2016: 17,592,938 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 4.4% of the called-up share capital with a market value of £66.9m (2016: £68.7m).

There are 11,181,237 (2016: 14,926,677) 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
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	**95,327**	78,022	**–**	–
Short-term deposits	**278**	14,774	**–**	–
Cash and cash equivalents	**95,605**	92,796	**–**	–
Cash and cash equivalents in the statement of cash flows	**95,605**	92,796	**–**	–
Net funds	**95,605**	92,796	**–**	–

The Group operated a multi-currency notional cash pool. The main Eurozone subsidiaries and the UK-based Group Treasury subsidiary participated in this cash pool. 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 2017 amounted to £245.4m (2016: £205.1m).

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 £116.7m (2016: £92.9m) 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 53 days in excess of the initial credit period (2016: 50 days).

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2017 £'000	Provision 2017 £'000	Net trade receivables 2017 £'000	Gross trade receivables 2016 £'000	Provision 2016 £'000	Net trade receivables 2016 £'000
Not past due	**128,978**	**275**	**128,703**	112,326	179	112,147
Past due 0-30 days	**72,098**	**155**	**71,943**	60,705	102	60,603
Past due 31-150 days	**43,494**	**94**	**43,400**	31,542	53	31,489
More than 150 days	**8,985**	**7,637**	**1,348**	5,572	4,736	836
	253,555	**8,161**	**245,394**	210,145	5,070	205,075

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:

	2017 £'000	2016 £'000
Balance at beginning of the year	**5,070**	5,635
Impairment losses recognised on receivables	**18,426**	12,264
Amounts written off as uncollectable	**(669)**	(1,259)
Amounts recovered during the year	**(7,566)**	(8,026)
Impairment losses reversed	**(7,100)**	(3,544)
Balance at end of the year	**8,161**	5,070

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 £3.5m (2016: £2.4m) 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	
	2017 £'000	2016 £'000
EMEA	**148,292**	122,858
United Kingdom	**45,248**	37,028
Asia Pacific	**30,460**	27,290
Americas	**21,394**	17,899
	245,394	205,075

The maximum exposure to credit risk for net accrued income at the reporting date by geographic region was:

	Carrying amount	
	2017 £'000	2016 £'000
EMEA	**956**	1,917
United Kingdom	**8,638**	15,617
Asia Pacific	**15,749**	12,620
Americas	**6,595**	7,469
	31,938	37,623

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 were 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:

2017	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	**5,178**	**216**	**846**	**–**
Accruals and other payables	**92,918**	**17,001**	**15,860**	**–**

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	–

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 2017 and 31 December 2016.

(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 2017 relate to cash and bank overdrafts. The average interest rate payable on bank overdrafts was 1.52% (2016: 2.50%).

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 profit on effective hedging instruments deferred within other comprehensive income as at 31 December 2017 is £1.3m (2016: £2.5m loss).

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 2 instruments.

Derivative financial instruments

	Derivatives at fair value	
	2017 £m	2016 £m
Derivative assets	**0.7**	1.5
Derivative liabilities	**(0.9)**	(1.0)
Net derivative (liabilities)/assets	**(0.2)**	0.5

Sensitivity analysis – currency risk

A 10% strengthening of Sterling against the following currencies at 31 December 2017 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 2016. 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.

	2017 equity £'000	2017 PBT £'000
Euro	**(9,290)**	**(2,598)**
Australian Dollar	**(1,248)**	**(123)**
Swiss Franc	**(1,754)**	**(171)**
Chinese Renminbi	**(1,229)**	**(305)**
Singapore Dollar	**(1,302)**	**(8)**
Other	**(4,346)**	**(943)**

	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)

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 2017 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within one year	**31,083**	28,987	**4,930**	5,020
Within two to five years	**78,318**	63,684	**4,456**	5,301
After five years	**17,102**	20,319	**–**	–
Total	**126,503**	112,990	**9,386**	10,321

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 £0.1m of contractual capital commitments as at 31 December 2017 relating to property, plant and equipment (2016: £0.7m). The Group had contractual capital commitments of £nil as at 31 December 2017 relating to computer software (2016: £0.7m).

22. Contingent liabilities

Guarantees

The Company has provided guarantees to other Group undertakings amounting to £1.0m (2016: £nil) 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 2017 amounted to £6.1m (2016: £4.8m).

23. Events after the balance sheet date

Between 31 December 2017 and 6 March 2018, 111,763 options were exercised, leading to an increase in share capital of £1k and an increase in share premium of £425k.

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 46 to 51. 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

	2017 £'000	2016 £'000
Wages and salaries	**6,322**	5,786
Social security costs	**672**	517
Pension costs – defined contribution plans	**200**	180
Share-based payments and deferred cash plan	**1,601**	1,177
	8,795	7,660

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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Transactions	**9,649**	8,890	**647,607**	664,008	**848,300**	798,493

FIVE YEAR SUMMARY

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
Revenue	1,005,502	1,046,887	1,064,945	1,196,125	**1,371,534**
Gross profit	513,881	532,817	556,105	621,034	**711,568**
Operating profit before exceptional items	68,178	78,461	90,071	100,952	**118,322**
Operating profit after exceptional items	65,725*	80,092*	90,071	100,952	**118,322**
Profit before tax	64,057*	80,361*	90,697	99,996	**118,162**
Profit attributable to equity holders	42,604*	59,331*	66,208	72,096	**83,080**
Conversion†	13.3%	14.7%	16.2%	16.3%	**16.6%**
Basic earnings per share (pence)	13.8*	19.3*	21.3	23.1	**26.5**

* 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 7 June 2018 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 2017

To be paid (if approved) on 18 June 2018 to shareholders on the register of members on 18 May 2018.

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

PageExecutive

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Part of
PageGroup