PRELIMINARY RESULTS- UNAUDITED

Impellam Group plc ("Impellam" or ''the Group'') – London AIM: IPEL: 9 March 2017

Impellam announces its unaudited final results for the year ended 31 December 2016

Key financial highlights

	FY 2016	FY 2015	Inc/(Dec)
Revenue (£ millions)	£2,140.2	£1,777.3	20.4%
Gross Profit (£ millions)	£288.6	£233.7	23.5%
Adjusted EBITDA[1] (£ millions)	£70.1	£57.9	21.1%
Operating Profit (£ millions)	£47.1	£44.5	5.8%
Basic EPS (pence)	87.4	72.2	21.1%
Dividend per share (pence)	20.5	17.0	20.6%
Net Debt[2]/Adjusted EBITDA[1]	1.36	2.04	(33.3%)

[1] *Explanations of non-IFRS measures are contained within the Chief Financial Officer's report below*

[2] *Total cash and cash equivalents, less borrowings (both current and non-current)*

Key operational highlights

- Once again, we delivered another year of robust growth with strong underlying performance
- 2016 saw Impellam's transformation from a European staffing business to a global workforce solutions provider through the acquisitions of Bartech (acquired 8 December 2015) and Global Medics (acquired 30 July 2015)
- The integration of Bartech and Global Medics delivered in year synergy savings of £2.1m
- We made significant progress in expanding the scale and breadth of our offering in the US, Australia and the Middle East
- Our Managed Services businesses across the UK, US and Australia continued to perform well
- Increased collaboration across all Impellam brands created valuable incremental gross profit
- Gross profit growth of 23.5% to £288.6m. Organic gross profit growth of 7.6%
- Adjusted EBITDA growth of 21.1% to £70.1m. Organic adjusted EBITDA growth of 4.0%
- Maintained focus on cash collection and working capital management with a reduction in net debt of £22.9m to £95.3m
- Strong EPS growth of 21.1% reflecting a lower effective tax rate

Financial results for the year ended 31 December 2016 - unaudited

£'m	Revenue			Gross profit			Adjusted EBITDA[1]	
	2016	2015	% change[5]	2016	2015	% change[5]	2016	2015
Spend Under Management[2,4] – UK, Europe and Australasia	1,432.5	1,297.1	10.4%					
Spend Under Management[2] – North America	2,579.5	819.0	178.4%					
Group Supply [3,4] – UK, Europe and Australasia	769.5	648.6	18.6%					
Group Supply [3] – North America	214.5	68.3	177.6%					
Managed Services – UK, Europe and Australasia	990.0	876.5	12.9%	61.4	56.5	8.7%	22.7	22.1
Gross Profit %				*6.2%*	*6.4%*			
Specialist Staffing – UK, Europe and Australasia	817.8	768.7	6.4%	146.5	138.2	6.0%	29.5	33.1
Gross Profit %				*17.9%*	*18.0%*			
Managed Services – North America	188.4	101.3	64.5%	48.8	19.9	113.9%	12.8	4.0
Gross Profit %				*25.9%*	*19.6%*			
Specialist Staffing – North America	204.4	101.2	78.6%	31.9	19.1	50.7%	7.8	1.4
Gross Profit %				*15.6%*	*18.9%*			
Inter-segment revenues	(60.4)	(70.4)		-	-		-	-
Total	**2,140.2**	**1,777.3**	20.4%	**288.6**	**233.7**	23.5%	**72.8**	**60.6**
Corporate costs							(2.7)	(2.7)
Adjusted EBITDA[1] (before separately disclosed items and share based payments)							70.1	57.9
Amortisation of intangible assets							(6.9)	(4.8)
Depreciation of tangible assets							(2.8)	(2.5)
Separately disclosed items							(12.3)	(5.7)
Share based payments							(1.0)	(0.4)
Operating profit							**47.1**	**44.5**

1 Explanations of non-IFRS measures are contained within the Chief Financial Officer's report below
2 Spend Under Management (SUM) is the total amount of client expenditure, excluding VAT, which our managed services brands across all geographies have been able to fill whether acting as a principal or an agent. This has been calculated either through the total amount invoiced to the client excluding VAT or, where we operate a direct engagement model, the value of the salaries and related costs of temporary staff we introduce to and administer for the client, plus our fee for this service
3 Group supply is the value of the Spend Under Management supplied by other areas of the Group
4 2015 restated to incorporate reallocations between segments to align to the regular management reporting of the Group
5 % change measured at constant currency rates (2015 results restated at 2016 rates)

Chairman's Comments on the Results

2016 has been another important year of growth for Impellam Group, and I am pleased to report our solid performance. Despite a backdrop of challenging market conditions and uncertain political times, Impellam Group has delivered 20.4% increase in revenue growth. Some of our markets have continued to feel the pressure, especially healthcare and education. Many continue to face a shortage of candidates as skills gaps increase around the world.

However, our focused strategy and diverse portfolio of Managed Services and Specialist Staffing businesses have enabled us to maintain growth, trade in-line with expectations and make good progress against our strategic plan. Most significantly, 2016 saw Bartech's first full year of operation within the Group. This acquisition, along with our growth in Australasia, has continued to diversify our revenue streams and create further opportunities for the future.

Our investment in creating a culture based on making and keeping promises is having a positive impact and helping us to achieve our targets and goals across the Group.

As a result of our continued performance, and subject to shareholder approval, the Board is proposing a final dividend in respect of 2016 of 13.5p per share, amounting to £6.8m to be paid on 10 August 2017, following the Annual General Meeting on Wednesday 28 June 2017 at 9.00am. Other than the appointment of our Group Chief Financial Officer, Alison Wilford, in July 2016, I can report that there were no changes to the Board of Directors since my report last year.

Finally, I would once again like to thank all of our employees for their hard work, dedication and contribution in 2016. I would also like to thank my fellow Board members for their support as Impellam continues to deliver on its plans and progresses on its journey to become 'the world's most trusted staffing company'.

Lord Ashcroft KCMG PC
Chairman

Chief Executive's Comments on the Results

Building on the success of previous years, I am pleased to report both another year of growth and progress, and an increasingly international dimension to the Group's success.

To me, 'a good year' can only be one that has satisfied our investors, our customers, our employees and our candidates.

I believe we achieved this in 2016. We delivered on our promises to investors, not just through strong financial and cash performance, but through strategic moves that have transformed our business globally. Our customer relationships – some dating back a decade or more – continued to strengthen, evidenced through robust gross profit and client retention. Our ability to motivate and inspire our high-calibre employees was demonstrated through rising Net Promoter Scores (NPS), retention rates and improved productivity. And for our candidates, we continued to deliver rewarding and meaningful (and, for some, even life-changing) opportunities.

Underpinning our transformation and strategic progress was another chapter of growth. Our portfolio of 20 market-leading brands now employs 3,400 people across 182 locations worldwide.

Robust in uncertain times

The global staffing market is heavily impacted by the intangible force of confidence. Organisations must feel confident to commit to hiring contract and permanent workers, and employees need to feel secure about their decision to move jobs.

In 2016, market conditions certainly challenged that confidence. The uncertainty of Brexit was felt long before, and after, the June referendum itself, with many client decisions deferred and plans put on hold. In particular, this led to a softening of the permanent recruitment market.

By the close of the year we could say that customers' reactions to the vote and its result had been relatively benign, but as the focus shifts to the substance and timing of the UK's ultimate exit, questions and uncertainties remain.

In addition, individual sectors in the UK had their own challenges. Education is becoming an increasingly candidate-short market and school budgets are under pressure. In healthcare, we saw the dual impacts of continuing NHS caps on pay rates for locum doctors and temporary nurses, and the long-running strike by junior doctors. It is, of course, in challenging times that the core strength of an organisation is truly tested, and I can report that our high-retention strategy, together with growing geographical investment, has continued to generate impressive results.

With our complementary business model of Managed Services and Specialist Staffing, we continue to help our customers build better businesses, while finding fulfilling roles for motivated people who look for flexibility and opportunity.

Operating and financial summary

The year brought many highlights, and perhaps the most significant was the integration of Bartech into the Impellam family. One of the leading Managed Services specialists in the US, Bartech brings deep experience and success in sectors ranging from automotive and healthcare to energy and telecoms.

The acquisition, which we made in December 2015, has transformed our US business operationally and financially. This, together with developing successes in Australia and the Middle East, marked our evolution from a regional, largely European, staffing business into a global workforce solutions provider.

The increased scale of the North American business has been a major factor in improving conversion of gross profit into operating profit, and this is now in-line with the UK. Combining the legacy businesses of Impellam and Bartech has given us much greater reach and service breadth in the US, and we project annualised cost synergies will be in the region of $6m by 2018 ($2.8m achieved in 2016).

I am also very pleased with our progress in Australia. We have grown both the scale and the service offerings in our healthcare business, Medacs Global Group, including making some important strides in Managed Services. We have also achieved accelerated growth through our investment in Comensura, which is implementing sizeable new Managed Service contract wins.

Among them is the New South Wales (NSW) Government; this incorporates NSW Health and NSW Justice, both of which accessed Comensura's services via a procurement framework contract managed by NSW Procurement. They selected Comensura ahead of three other Managed Service providers, due to their reputation for delivering high-quality solutions that are implemented professionally, and to agreed timescales. Comensura has also continued to expand rapidly throughout Victoria with new wins including Yarra Ranges, Maroondah and Greater Dandenong. Comensura now has a strong pipeline in both the public and private sectors.

Once again, the year showed the value of our 'high-retention strategy'. It is centred on making, and keeping, promises to deliver better results and experiences to our customers, candidates, employees and investors. This creates a virtuous circle of trust which, in turn, builds loyalty and a high-retention of those four key stakeholders. It is also one of the keys to winning new business and, as critically, to keeping it; in 2016 client retention stood at 94% (based on our top 50 clients).

Our market-leading Managed Services businesses performed well in 2016, celebrating many important customer wins including Veolia, King's College Hospital and Pfizer. In particular, Pfizer selected Guidant Group based on their extensive experience of Managed Service provision within the Life Sciences sector, coupled with its market-leading approach to supply chain management.

We also expanded our consulting and business process outsourcing offering into several customers including Ford, as well as delivering service enhancements and programme expansions at Delphi.

I am also pleased to report that our work in Managed Services won a number of independent accolades that reflect our proven track record of delivering value to our customers. Guidant Group was awarded APSCo's RPO/MSP of the year for the second year running, as well as the Investors in

People Platinum award, Disability Confident Leaders status and being ranked at 81 in the Sunday Times Top 100 Best Companies to Work For. Bartech was recognised for superior service, partnership and innovation by Delphi via their Pinnacle Award and by Navistar as a Diamond Supplier. In both instances, the designation is received by less than the top 1% of their respective global supply base.

These successes were underpinned by excellent results from our Managed Services brands.

Both Bartech and Lorien made strong gross profit contributions overall of £27.7m and £23.3m respectively.

Spend under management[2] increased from £2.1bn to £4.0bn and gross profit grew from £76.4m to £110.2m. Adjusted EBITDA[1] increased from £26.1m to £35.5m.

Our US Specialist Staffing businesses also performed well, delivering gross profit growth across all of our brands. Sales efforts resulted in more than 150 new customer wins. SRG Woolf, in particular, increased revenue by 89% and operating profit by 143%.

In the UK, Specialist Staffing encountered a mixed trading environment, with the uncertainty of the EU Referendum, as well as NHS caps on locum pay rates and agency margins. In the face of this turbulent period in the NHS, we can be proud that our nursing business still grew gross profit by 15% during 2016. In addition, Chadwick Nott and Carbon60 increased their revenue year-on-year by 13.5% and 7.7% respectively.

We also maintained or improved our rankings in the Sunday Times Top 100 Best Companies to Work For where Blue Arrow were placed at 51. Tate were placed at 48 in the Sunday Times Top 100 Best Small Companies to Work For and listed for the 10th year running - an excellent achievement. In addition, Blue Arrow gained the Investors in People Platinum award and Carbon60's innovation won them Best Construction and Engineering Agency 2016.

Overall, Specialist Staffing saw revenues increase from £869.9m to £1,022.2m. Gross profit grew from £157.3m to £178.4m. Adjusted EBITDA[1] increased from £34.5m to £37.3m.

Taken as a whole, Impellam delivered gross profit of £288.6m, up from £233.7m, and adjusted EBITDA[1] of £70.1m against £57.9m in 2015 (operating profit of £47.1m against £44.5m in 2015). We closed the year with strong operating cash generation and materially lower net debt. Cash generated from operations during the period was £54.1m (2015: £20.7m). Good underlying cash performance was the result of the continued focus on cash collection and working capital management activities.

At the heart of any high-performing business is a healthy and consistent culture. As a company whose business lies, quite literally, in harnessing the extraordinary qualities of people, it is a simple truth that we must excel in inspiring Impellam people to deliver our mission and strategic priorities.

This is not merely an ideal, but an active piece of work that gathered pace during the year; we carried out a cultural diagnostic survey, with every employee across the Group invited to participate.

The results, benchmarked against other leading service organisations, were very positive: our people showed high levels of satisfaction and a healthy desire for collaboration, self-improvement and the drive to make a difference.

This was undoubtedly encouraging, but perhaps more importantly it gave us a baseline that is now a focus for improvement. Actions include developing our ability to make, negotiate and deliver our bold promises, and creating honest and constructive meetings where our people speak up about both opportunities and challenges.

In turn we can accelerate our progress, with our strategy clear and priorities understood. Our culture is the key to achieving our vision of becoming 'the world's most trusted staffing business'. It is therefore receiving more time and investment than ever before.

Our strategy at work

We have a bold ambition: to double[3] our adjusted EBITDA[1] by supporting virtuoso managers across our collaborative, multi-branded portfolio to deliver trusted, high-retention staffing services to customers who value engaged, fulfilled and purposeful people. Central to this goal is the absolute focus we have on our managers across our multi-brand network.

We know that great managers make a critical difference and we are committed to developing them to be 'virtuosos' in support of our ambition. Our virtuosos are trusted experts in their market; they combine ambition and drive with an ability to make their customers' businesses better, while retaining and developing our people to drive growth and outperform the market.

We are also crystal clear on what differentiates us from our competition. Firstly, we keep our customers, candidates and people for longer because they trust us to keep our promises. 'Promise-management' has been a concept we have driven and invested in, and we will continue to do so.

Secondly, we collaborate across the Group, whether across specialist brands, between Managed Services and Specialist Staffing, or between our major territories of the UK, the US and Australasia. We call this initiative 'Working Across Boundaries' ('WAB'), as we introduce our clients across all the Group's brands. Since its launch, WAB has generated over 175 leads and will contribute annualised gross profit of over £2m.

The key to this successful collaboration is that we are bound together by a common language and a set of signature practices that apply to every brand and territory:

- We choose our customers. We strive to only work with like-minded organisations who value the engaged people we introduce; treat and reward them fairly; and who enable us to take our share of the added value we bring
- We know where our expertise lies. We never take on work that we don't understand
- We are multi-national, multi-branded and multi-faceted, positioning us to cultivate opportunities for the Group, our investors and our people
- We are integrated: our differentiated model of Managed Staffing solutions and Specialist Staffing services means providing tailored responses to customer needs; variety and

opportunity for candidates; and resilience for the business. If the market contracts, we are able to 'feed family first', protecting all our stakeholders.

Progress against our 2016 priorities

In our 2015 report I set out two priorities for 2016. Here, I revisit them and track our progress against each.

1: Achieve an increasingly consistent application of our high-retention cycle to embed a culture in which our people can thrive and flourish.

We made good progress during 2016 by developing our people's skills and empowering them every day to make, keep and deliver on their promises.

During the year, we supported and developed 157 apprentices across the business.

As importantly, the rate at which we retained our people rose to 70.5% from 66% – an important indicator of how we value good people and want to keep them. Additionally, our investment in leadership development led to 8 leadership moves and promotions within the business.

We also increased our investment in developing our people by 34%, as we delivered promised-base management training to 1,500 people, resulting in 57 managers becoming 'super-coaches'. Separately, our Learning Heroes programme has provided our people with easy-access, bite-sized online training courses. So far, 2,200 webinars have been watched via the intranet. We also delivered specialist training to over 1,000 consultants.

Meanwhile, our digital infrastructure is midway through a comprehensive upgrade that began in 2015. In 2016, we witnessed traffic uplifts of up to 50% through some of our websites, together with major search engine optimisation (SEO) improvements and better traffic-to-application conversions. This is creating efficiencies, as well as delivering market-leading online experiences for job seekers. A CRM (Customer Relationship Management) and infrastructure improvement programme is also ongoing.

2: Retain agility by growing organically ahead of the market, and through carefully selected acquisitions, while maintaining sensible debt leverage.

We seek to grow our business in a measured and selective way, both organically and through acquisitions, and by creating innovative services.

During 2016, Medacs Global Group made good progress in the Middle Eastern market, winning 10 contracts across the region. This included one of the world's most prestigious hospitals, located in Qatar, where they will fulfil over 2,500 medical vacancies. Medacs' office in Dubai Healthcare City is now fully established and we anticipate a gathering momentum in 2017.

In Australia, Comensura doubled the size of its operational team during 2016 and generated gross profit of £1.7m. The business now works with 48% of councils in the Melbourne metropolitan area and four customers are now live in South Australia, compared to just one at the start of the year.

I mentioned earlier how our WAB initiative has delivered significant incremental revenue. In addition, and highly relevant strategically, we increased our share in the UK of our clients' gross spend on Managed Services, with the Group filling 53.7% of jobs – an increase of 3.7ppts.

We also encourage entrepreneurial thinking and action, and this led Comensura to launch a new service offering, 'Younifi', in 2016. The product of £1m in R&D alone, this managed service is the first of its kind and is designed to help local authorities manage the highly complex area of social care spending much more effectively. We expect to announce our first Younifi customer in 2017.

We chose not to complete any acquisitions in 2016, preferring to focus on the successful integration of Bartech and Global Medics. We also demonstrated our ability to reduce our net debt in-line with our expectations and are proud to have been reaccredited for Quality by the Chartered Institute of Credit Management for our cash and credit control in our UK Shared Service centre.

The outlook for 2017

In unpredictable climates and economies, the commodity of trust becomes ever-more valuable. Yet this isn't something you can buy; it has to be earned, and as a company that has built its vision and strategy on trust, I believe this positions us well in 2017. As customers tread cautiously, and candidates need trustworthy advice in weighing up their options, one constant they can rely on is the transparency and focus they receive from all Impellam people.

In the coming year, a number of 'known unknowns' will heighten the need for trust, and this will play to our strengths.

The Brexit negotiations will likely be long-running and complex. Brexit itself does not have any particular implications for how we operate. If, for example, the free movement of EU labour were to come under threat, this would have no material effect on the vast majority of our employees and candidates. But in the wider context of customer sentiment, Brexit, and possibly the agenda of the new US administration, may continue to slow down decision-making for certain types of customer.

In the UK, the healthcare market continues to be challenging due to government caps and the possible impact of the new rules relating to off-payroll working in the public sector ('IR35'). Education will continue to face a lack of candidates, as increasing numbers of existing and potential teachers see more fulfilment and better rewards elsewhere.

As a Group, however, Impellam's investment proposition ensures a broad-based and robust organisation in uncertain times:

- We operate a unique, differentiated and sustainable business model. Our value-added Managed Services deliver long-term, predictable revenues, complemented by expert-to-expert Specialist Staffing brands
- We create incremental value through our collaborative, cross-selling culture and protect our business through the economic cycle by adopting a 'feed family first' approach
- We empower talented individuals across all levels of the business to implement and execute our focused and transparent strategy and have a proven track record of delivering on our promises

- We leverage our core markets and strategic portfolio expansion through successful M&A. The Group has proven capabilities in identifying and executing acquisitions that enhance earnings
- We deliver robust financial performance and dependable dividends. Our model drives continued net fee income growth, operating profit growth, increased shareholder returns and progressive dividends.

In 2017, we also see new opportunities emerging. The fast-growing ‘human cloud’ market presents us with opportunities to diversify our offering to customers and candidates. As leading advocates of the benefits of flexible workforces, we see this market as an opportunity for growth and differentiation where we create economic value for our stakeholders.

The new Apprenticeship Levy comes into effect in 2017. All companies (with a salary commitment of more than £3m) will be required to invest 0.5% of their total salary bill in apprenticeships. We will help our clients embrace and prosper from this new requirement, as indeed we will ourselves; as I reported earlier, we enthusiastically support many apprentices of our own, with exceptional results. We expect to see both the investment and the return increase in 2017.

Our 2016 performance demonstrates what committed, purposeful and ambitious people can achieve, and I would like to thank our employees, our candidates, customers and investors for their trust, loyalty and commitment. We look forward to delivering on our promises again in 2017.

Julia Robertson
Group Chief Executive Officer

1 Explanations of non –FRS measures are contained within the Chief Financial Officer’s report below

2 Spend Under Management (SUM) is the total amount of client expenditure, excluding VAT, which our managed services brands across all geographies have been able to fill whether acting as a principal or an agent. This has been calculated either through the total amount invoiced to the client excluding VAT or, where we operate a direct engagement model, the value of the salaries and related costs of temporary staff we introduce to and administer for the client, plus our fee for this service

3 Over the four year period 2016 to 2019

Chief Financial Officer's Report

I am pleased to present the finance report on the results for the Group for the year ended 31 December 2016, focusing on cash flow, funding, debt and tax.

Cash generated from operations during the period was £54.1m (2015: £20.7m). Strong underlying cash performance was the result of the continued focus on cash collections, overdue debt reduction and working capital management activities. Cash conversion of 114.9% in 2016 is positively impacted by the non-recurring separately disclosed items charged to operating profit, largely related to acquisitions. Cash conversion calculated on operating profit before separately disclosed items is 89.6%. At the end of 2016, Days Sales Outstanding ("DSO" is total trade receivables, divided by average daily invoiced sales) stood at 34.1 days (2015: 33.5 days).

Capital expenditure on fixed assets in the period was £8.2m (2015: £8.1m). The net finance expense of £7.3m (2015: £4.6m) reflects the higher level of borrowing due to the acquisitions made in 2015.

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £250m global RCF with an accordion element of an additional £50m. During the year the Group exercised an option to extend the facility to November 2020. This provides the Group with the flexibility to fund its working capital as well as future acquisitions.

Rates of interest for the RCF are based on LIBOR plus a margin calculated on the net debt to adjusted EBITDA[1] leverage. The margin ranges from 1.45% to 2.4% depending on the leverage, which is tested quarterly. Incorporated into the RCF is a letter of credit facility which at the end of 2016 amounted to £3.3m (2015: £4.5m).

The Group takes advantage of a number of non-recourse factoring agreements in order to accelerate payment of certain receivables. At the end of 2016 these amounted to £19m. These agreements accrue interest at between 0.75% and 1.85% over LIBOR. A significant priority for the Group continues to be to focus on the conversion of operating profit into sustained positive cash flow by controlling its working capital in order to enable it to reduce its borrowings and continue to invest in high returning projects. Covenants within the facility require the Group's interest cover to be at least 4:1 (ratio at the end of 2016 10.4:1), its adjusted leverage ratio (defined as net debt less loan notes and restricted cash to adjusted EBITDA[1]) to be no greater than 2.75:1 (ratio at the end of the 2016 1.52:1) and its debtor cover to be at least 1.5:1 (ratio at the end of the year 4.79:1)

Borrowing levels are controlled by the Group Finance department which manages treasury risk in accordance with policies set by the Board. This department does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's financial liabilities are denominated primarily in sterling. At December 2016, $72m of the RCF is drawn in US$ to provide a hedge against the US operations' profit streams and net assets which, when reported at a Group level, are affected by movements in exchange rates. Exposure to currency risk at a transactional level is generally minimal, with most transactions being carried out in local currency.

Operating Profit to Net Cash Generated	Unaudited 2016 £ m	Audited 2015 £ m
Operating profit	**47.1**	**44.5**
Add back non-cash items:		
Depreciation and amortisation	9.7	7.3
Other non-cash items	1.0	(0.4)
Cash from operations before working capital changes	**57.8**	**51.4**
Movements in working capital	(3.7)	(30.7)
Cash generated by operations	**54.1**	**20.7**
Taxation paid	(7.3)	(4.8)
Net cash generated	**46.8**	**15.9**

The net debt position of the Group was as follows:

	Audited 2015 £ m	Cash flow £ m	Foreign exchange £ m	Unaudited 2016 £ m
Cash and short-term deposits	66.0	(20.0)	8.8	54.8
Revolving credit	(183.7)	34.3	(0.5)	(149.9)
Hire purchase	(0.5)	0.3	-	(0.2)
Net debt	(118.2)	14.6	8.3	(95.3)

Taxation

There is a tax credit in the year of £4.2m (2015: tax charge of £3.9m). This represents an effective tax rate of -10.4% (2015: 9.9%). The tax credit primarily arises because the Group has recognised a deferred tax asset on US losses not previously recognised. The Group is confident the US business will continue to be profitable in the foreseeable future and therefore be able to make use of the tax losses. The effective tax rate for the Group increases to 23.8% (2015: 19.6%) when stripping out the effect of recognising these losses.

The Group had a UK corporation tax charge of £6.5m (2015: £7.2m) and an overseas corporation tax charge of £1.5m (2015: £1.0m). The effective current tax rate on the UK business is 25.0% (2015: 22.7%). This is higher than the UK statutory rate of Corporation Tax which is 20.0% (2015: 20.3%). The difference is principally due to deferred consideration paid in respect of the Lorien and Global Medics acquisitions which has been charged to the profit and loss account but is not deductible for corporation tax purposes.

The Group makes a major contribution to the UK Treasury. In the year, £292.3m (2015: £289.1m) was remitted in the form of VAT, income tax, national insurance, and corporation tax. Of this amount, employer's national insurance and Corporation Tax of £55.6m (2015: £59.6m) was a cost taken by the business.

Capital management

The Group's capital base is primarily used to finance its working capital requirement; the key component of which is trade receivables. Trade receivables in the staffing and support services sectors are managed according to a range of DSO targets. Terms of trade are strictly adhered to and monitored, with the approval of extended payment terms requiring senior finance involvement in accordance with delegated authority policies. In some of the Group's Managed Services businesses, the amounts payable to third party suppliers are not due until shortly after the receipt of the client receivable. As noted above, the Group has committed facilities that ensure there is sufficient liquidity to meet ongoing business requirements. The primary objectives of the Group's capital management are to ensure that it maintains a good credit rating in order to support its business, maximise shareholder value and to safeguard the Group's ability to continue as a going concern.

Non IFRS Measures

Certain discussions and analyses set out in this report include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measurements, is useful to investors because it provides a basis for measuring our operating performance on a comparable basis. Our management uses these financial measures, along with the most directly comparable IFRS financial measures, in evaluating our operating performance and value creation. Non IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non IFRS financial measures as reported by us may not be comparable with similarly titled amounts reported by other companies.

The Directors believe that adjusted EBITDA is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including director's remuneration, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted EBITDA.

Adjusted EBITDA means operating profit before interest, tax, depreciation and amortisation and excludes separately disclosed items and share-based payments.

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

Share-based payments – in September 2015 the company granted share awards to two senior directors to vest following the publication of the audited financial results for the year ended 31 December 2017. One of the directors left during 2016 and the share award relating to that director has been cancelled. These costs are shown separately in order to bring this to the attention of the reader to highlight that this is a scheme which is one off in nature and not part of the ongoing remuneration structure of senior executives.

The reconciliation of adjusted EBITDA to operating profit is as follows:

	2016 **£m**	*2015* *£m*
Segment Adjusted EBITDA	72.8	60.6
Corporate costs	(2.7)	(2.7)
Adjusted EBITDA	70.1	57.9
Amortisation of intangible assets	(6.9)	(4.8)
Depreciation of tangible assets	(2.8)	(2.5)
Separately disclosed items	(12.3)	(5.7)
Share-based payments	(1.0)	(0.4)
Operating profit	47.1	44.5

Further details of separately disclosed items can be found in note 3

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion the Directors have considered the Group's profit and cash flow plans for the coming period, together with outline projections for 2017 and 2018. Using this planned level of profit expected, returns to shareholders and planned capital expenditure, the amount of borrowing required to fund the Group's activities is determined. This is then compared to the bank lending facilities currently committed and expected to be available to the Group.

The excess of facilities over and above the funding requirement is known as 'headroom'. Also considered is the projection of compliance with the financial covenants implied by these plans. In addition, these figures are overlaid by various sensitivities to take account of possible changes to the economic environments in which the Group operates. The impact on Group headroom and covenant of each of these sensitivities is then considered together with the likelihood of each of these occurring either individually or in combination.

On a regular basis, and at least quarterly, the Board review updated projections of future borrowing requirements, facility usage and resulting headroom, together with projected covenant compliance; these are based upon the latest actual results and borrowing position supplemented by regularly updated profit forecasts. Based on the above, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Insurance

The Group maintains a comprehensive insurance programme with a number of reputable third party underwriters. Insurance is brokered at a Group level. The Group's insurance policies are reviewed and updated annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Alison Wilford
Chief Financial Officer

[1] *Explanations of non-IFRS measures are contained within the Chief Financial Officer's report*

Consolidated income statement

For the year ended 31 December 2016	Notes	Unaudited 2016 £ m	Audited 2015 £ m
Revenue	2	2,140.2	1,777.3
Cost of sales		(1,851.6)	(1,543.6)
Gross profit		288.6	233.7
Administrative expenses		(241.5)	(189.2)
Operating profit	2	47.1	44.5
Operating profit before separately disclosed items		60.4	50.6
Separately disclosed items	3	(12.3)	(5.7)
Share based payment		(1.0)	(0.4)
Operating profit		47.1	44.5
Finance expense		(7.3)	(4.6)
Finance expense – separately disclosed items	3	-	(0.5)
Profit before taxation		39.8	39.4
Taxation credit/(charge)	4	4.2	(3.9)
Profit for the period attributable to owners of the parent Company		44.0	35.5
Earnings per share	5		
Attributable to equity holders of the parent Company			
- basic		87.4p	72.2p
- diluted		86.1p	72.1p

Consolidated statement of comprehensive income

For the year ended 31 December 2016	Unaudited 2016 £ m	Audited 2015 £ m
Profit for the period	44.0	35.5
Other comprehensive income:		
Items that may be subsequently reclassified into income:		
Currency translation differences (net of tax)	12.1	2.4
Total comprehensive income for the period, net of tax attributable to owners of the parent Company	56.1	37.9

Consolidated balance sheet

As at 31 December	Unaudited 2016 £ m	Audited 2015 £ m
Non-current assets		
Property, plant and equipment	7.2	7.3
Goodwill	167.2	160.0
Other intangible assets	133.6	129.6
Deferred tax assets	19.2	7.1
Financial assets	1.3	1.7
	328.5	305.7
Current assets		
Trade and other receivables	623.3	553.3
Cash and short-term deposits	54.8	66.0
	678.1	619.3
Total assets	1,006.6	925.0
Current liabilities		
Trade and other payables	568.9	498.6
Taxation liabilities	5.7	6.5
Short-term borrowings	30.1	40.7
Provisions	1.2	1.4
	605.9	547.2
Net current assets	72.2	72.1
Non-current liabilities		
Other payables	3.9	11.9
Long-term borrowings	120.0	143.5
Provisions	2.1	2.0
Deferred tax liabilities	27.9	28.1
	153.9	185.5
Total liabilities	759.8	732.7
Net assets	246.8	192.3

	Unaudited 2016 £ m	Audited 2015 £ m
Equity		
Issued share capital	0.5	0.5
Share premium account	30.1	30.1
	30.6	30.6
Other reserves	128.0	108.9
Retained earnings	88.2	52.8
Total equity attributable to equity holders of the parent Company	246.8	192.3

Consolidated cash flow statement

For the year ended 31 December	Unaudited 2016 £ m	Audited 2015 £ m
Cash flows from operating activities		
Profit before taxation	39.8	39.4
Adjustments for:		
Net finance expense	7.3	4.6
Depreciation and impairment of property, plant and equipment	2.8	2.5
Amortisation of software and client relationships	6.9	4.8
Share-based payments	1.0	-
Loss on disposal of property, plant and equipment	-	0.1
	57.8	51.4
Increase in trade and other receivables	(11.2)	(31.2)
Increase in trade and other payables	8.0	3.3
Decrease in provisions	(0.5)	(2.8)
Cash generated by operations	54.1	20.7
Taxation paid	(7.3)	(4.8)
Net cash generated by operating activities	46.8	15.9
Cash flows from investing activities		
Acquisition of subsidiary (net of cash and debt acquired)	(9.3)	(101.9)
Purchase of property, plant and equipment	(2.6)	(3.5)
Purchase of intangible assets	(5.6)	(4.6)
Net movement in other financial assets	0.5	0.1
Net cash utilised by investing activities	(17.0)	(109.9)
Cash flows from financing activities		
New long-term loans	-	25.0
Repayment of long-term loans	-	(39.2)
New revolving credit facility	-	183.7
Net movement in short-term borrowings	(34.3)	(54.0)
Capital element of finance lease payments	(0.3)	0.5
Dividends paid	(8.6)	(7.3)
Finance expense paid	(6.6)	(3.7)
Net cash (outflow)/inflow from financing activities	(49.8)	105.0

Net (decrease)/increase in cash and cash equivalents	(20.0)	11.0
Opening cash and cash equivalents	66.0	53.4
Foreign exchange gains / (losses) on cash and cash equivalents	8.8	1.6
Closing cash and cash equivalents*	54.8	66.0

**** Unrestricted cash, available to the Group***

Consolidated statement of changes in equity

For the year ended 31 December 2016	Total share capital and share premium	Other reserves	Retained earnings	Total equity
Audited	£ m	£ m	£ m	£m
31 December 2014	30.6	100.6	24.6	155.8
Currency translation differences (net of tax)	-	2.4	-	2.4
Total other comprehensive income	-	2.4	-	2.4
Profit for the period	-	-	35.5	35.5
Total comprehensive income in period	-	2.4	35.5	37.9
Merger reserve created on acquisition	-	5.5	-	5.5
Share-based payment charge	-	0.4	-	0.4
Dividends paid	-	-	(7.3)	(7.3)
31 December 2015	30.6	108.9	52.8	192.3
Unaudited				
1 January 2016	30.6	108.9	52.8	192.3
Currency translation differences (net of tax)	-	12.1	-	12.1
Total other comprehensive income	-	12.1	-	12.1
Profit for the period	-	-	44.0	44.0
Total comprehensive income in period	-	12.1	44.0	56.1
Merger reserve created	-	6.0	-	6.0
Share-based payment charge	-	1.0	-	1.0
Dividends paid	-	-	(8.6)	(8.6)
31 December 2016	30.6	128.0	88.2	246.8

1. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and those parts of the Companies Acts 2006 applicable to companies reporting under IFRS that are applicable to the consolidated financial statements for the period ended 31 December 2016.

Financial information

The financial information, which is unaudited, for the year to 31 December 2016 does not constitute the statutory accounts of the Group for the relevant period within the meaning of section 434 of the Companies Act 2006. Such statutory accounts will be completed in due course and delivered to the Registrar of Companies.

Accounting policies, new IFRS and interpretations

The accounting policies used in this report are consistent with those applied at 1 January 2016. No other new and/or revised IFRS and IFRIC publications that come into force in the period and were adopted have had any impact on the accounting policies, financial position or performance of the Group.

Accounting year

The financial statements have been prepared based on a fifty-two week accounting period ended 30 December 2016 for the current year, and 1 January 2016 for the comparatives. For the purposes of understanding, the references on balance sheet notes to the actual start and end dates of the years have been based on actual calendar dates rather than the start and end dates of the relevant accounting periods.

2. Segment information - unaudited

Year ended 31 December 2016

	Revenue £m	Gross profit £m	**Adjusted EBITDA[1] £ m**	DSO Days
Managed Services – UK, Europe and Australasia	990.0	61.4	**22.7**	30.5
Specialist Staffing – UK, Europe and Australasia	817.8	146.5	**29.5**	45.4
Managed Services – North America	188.4	48.8	**12.8**	24.2
Specialist Staffing – North America	204.4	31.9	**7.8**	47.3
Inter-segment revenues	(60.4)	-	**-**	**-**
Operating segments	2,140.2	288.6	**72.8**	34.1

Year ended 31 December 2015 - audited

	Revenue £m	Gross profit £m	**Adjusted EBITDA[1] £ m**	DSO Days
Managed Services[2] – UK, Europe and Australasia	**876.5**	56.5	**22.1**	30.8
Specialist Staffing[2] – UK, Europe and Australasia	**768.7**	138.2	**33.1**	41.0
Managed Services – North America	**101.3**	19.9	**4.0**	29.1
Specialist Staffing – North America	**101.2**	19.1	**1.4**	44.5
Inter-segment revenues	**(70.4)**	-	**-**	-
Operating segments	**1,777.3**	233.7	**60.6**	33.5

1 An explanation of non-IFRS measures are contained within the Chief Financial Officer's report

2 2015 restated to incorporate reallocations between segments to align to the regular management reporting of the Group

Reconciliation of segment operating profit to profit after tax is as follows:

	Unaudited 2016 £ m	Audited 2015 £ m
Segment Adjusted EBITDA	**72.8**	**60.6**
Corporate costs	(2.7)	(2.7)
Adjusted EBITDA	**70.1**	**57.9**
Amortisation of intangible assets	(6.9)	(4.8)
Depreciation of tangible assets	(2.8)	(2.5)
Separately disclosed items*	(12.3)	(5.7)
Share based payments	(1.0)	(0.4)
Operating profit	**47.1**	**44.5**
Finance expense	(7.3)	(4.6)
Finance expense – separately disclosed	-	(0.5)
Taxation credit/(charge)	4.2	(3.9)
Profit for the period from continuing operations	**44.0**	**35.5**

* Further details of separately disclosed items can be found in note 3

The above table reconciles the Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") which also excludes separately disclosed items and share-based payments to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Groups' Alternate Profit Measure used when discussing the performance of the Group. The Directors believe that adjusted EBITDA (before separately disclosed items and share-based payments) is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including directors remuneration, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted EBITDA (before separately disclosed items and share-based payments).

Adjusted EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. The following table gives further details of the items included.

Share-based payments – in September 2015 the company granted share awards to two senior directors which will vest following the publication of the audited financial results for the year ended 31 December 2017. One of the directors left during 2016 and the share award relating to that director

has been cancelled. These costs are shown separately in order to bring this to the attention to the reader to highlight that this is a scheme which is one off in nature and not part of the ongoing remuneration structure of senior executives.

3. Separately disclosed items

	Unaudited 2016 £ m	Audited 2015 £ m
Acquisition costs (a)	0.7	1.4
Business restructuring (b)	3.1	4.3
Adjustments to deferred consideration (c)	8.5	-
Total included in Operating profit	12.3	5.7
Finance expense – separately disclosed (d)	-	0.5

a) Third party costs associated with the acquisitions in 2015 of Bartech Holding Corporation and Global Group (UK) Limited and other potential acquisitions have been expensed to the income statement as a separately disclosed item. These costs are one-off in nature and have been disclosed separately in order not to distort the understanding of the underlying trading performance of the business. In 2016 there is a £0.1m tax deductible benefit

b) Business restructuring costs are of such significance that they are excluded in order to bring them to the reader's attention in understanding the Group's financial performance. In 2016 they relate to the acquisition of Bartech Group Inc and Global Group (UK) Limited as a result of right-sizing exercises to enable the realisation of synergies as well as redundancies in the Corporate Centre. The synergies achieved in the US in 2016 were $2.8m and, whilst substantially complete, actions will continue to take place in 2017 to achieve the projected $6m annualised savings by 2018. During 2015 the US business was restructured resulting in redundancy costs and property exit costs whilst in the UK costs include the losses and costs of the disposal of the non-core Carlisle Interiors business which was sold in January 2016 as well as redundancy costs resulting from the restructuring of senior management. In 2016 there is a £0.6m tax deductible benefit

c) Contingent consideration payments linked to individuals continuing employment in the business generated a £4.3m charge in relation to the acquisition of Global Group (UK) Ltd. Further charges are expected to be incurred in 2017 and 2018. An additional £4.2m arising from the actual performance of Lorien Limited exceeding the assumptions made previously (see note 6 for more details). These are of such significance that they are shown separately so as to not distort the reporting of the underlying performance of the respective businesses

d) In 2015 finance costs previously capitalised have been written off due to the negotiation of a new Revolving Credit facility. These are highlighted separately as they are one-off in nature.

4. Taxation

Taxation (credit)/ charge in the income statement

	Unaudited 2016 £ m	Audited 2015 £ m
Current income tax		
UK Corporation tax on results for the period	6.8	7.2
Adjustments in respect of previous periods	(0.3)	-
	6.5	7.2
Foreign tax in the period	1.5	1.0
Total current income tax	8.0	8.2
Deferred tax credit	(12.2)	(4.3)
Total taxation (credit) / charge in the income statement	(4.2)	3.9

5. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to the owners of the Company by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated on the same basis but after adjusting the denominator for the effects of dilutive options. The only potentially dilutive shares arise from the share options issued by the Group under its share-based compensation plans. There were 850,000 options outstanding at 31 December 2016 (2015: 1,300,000).

Excluding the 19,841 shares owned by The Corporate Services Group Ltd Employee Share Trust, the weighted average number of shares in 2016 is 50,188,147 (2015: 49,155,937) and the fully diluted average number of shares is 51,078,479 (2015: 49,208,447).

EPS	Unaudited 2016 Pence	Audited 2015 Pence
Basic calculation	87.4	72.2
Diluted calculation	86.1	72.1

6. Business combinations

a) Acquisition of Global Group (UK) Limited

On 30 July 2015 the Group acquired 100% of the shares of Global Group (UK) Limited, an unlisted company incorporated in the United Kingdom in exchange for cash. Global Group is a specialist doctors locum recruitment business operating in Ireland, Australasia and the UK, which is complementary to the Medacs business and propels the healthcare business forward significantly outside the UK.

Contingent consideration payments arising on the acquisition of Global Group (UK) Ltd which are linked to the continued employment of certain individuals are being amortised through the profit and loss account over the earn-out periods until 2019. A charge of £4.3m (2015: £nil) was recorded in operating profit. At the end of the year there was £5.2m outstanding (2015: £10.0m).There has also been a reduction of £1.3m to the value of the net assets acquired following a detailed review of the acquisition balance sheets.

b) Acquisition of Bartech Holding Corporation

On 8 December 2015 the Group acquired 100% of the shares of Bartech Holding Corporation (Bartech), an unlisted company incorporated in the United States and specialising in recruitment, in exchange for cash and shares in the Group. The Group acquired Bartech in order to provide increased scale and cross selling opportunities in the Managed Services and Specialist Staffing capability in the US and Europe.

As part of the purchase agreement with the previous owners of Bartech, contingent consideration has been agreed dependant on Bartech achieving certain operational measures. There will be additional payments due, in cash, to the previous owners of Bartech between March 2016 and March 2018 dependent on trading performance. At the end of the year there was £3.0m outstanding (2015: £3.5m).

Following a review of the acquisition balance sheet no material adjustments have been found, so there have been no changes to the acquisition accounting entries.

c) Acquisition of Lorien Limited

On 3 November 2014 the Group acquired 100% of the shares of Lorien Limited, an unlisted company incorporated in the United Kingdom and specialising in recruitment. Due to actual performance exceeding the assumptions made when first recording the deferred consideration an additional £4.2m was paid out and has been recorded as a separately disclosed item (note 3).

7. Net debt

	Audited 2015 £ m	Cash flow £ m	Foreign exchange £ m	Unaudited 2016 £ m
Cash and short-term deposits	66.0	(20.0)	8.8	54.8
Revolving credit	(183.7)	34.3	(0.5)	(149.9)
Hire purchase	(0.5)	0.3	-	(0.2)
Net debt	(118.2)	14.6	8.3	(95.3)

[END]

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Note to Editors:

Impellam is the second largest[1] staffing business in the UK and sixth largest[2] managed services provider worldwide. Our vision is to be the world's most trusted staffing company – trusted by our people, our customers and our investors in equal measure.

We provide Managed Services and Specialist Staffing solutions across the UK, Europe, US, the Middle East and Australasia. We have over 3,400 Impellam people throughout our network of 20 market-leading brands across 182 worldwide locations.

Ultimately, Impellam Group's mission is to provide fulfilment and a sense of purpose to our people and to help customers build better businesses in a changing world.

For more information about Impellam Group please visit: www.impellam.com

1 By revenue (2015 published numbers)
2 By SUM (2014 published numbers). Spend Under Management (SUM) is the total amount of client expenditure, excluding VAT, which our Managed Services brands across all geographies have been able to fill whether acting as a principal or an agent. This has been calculated either through the total amount invoiced to the client excluding VAT or, where we operate a direct engagement model, the value of the salaries and related costs of temporary staff we introduce to and administer for the client, plus our fee for this service.