EMBARGOED UNITL 7am 8 March

PRELIMINARY RESULTS - UNAUDITED

Impellam Group plc ("Impellam" or ''the Group'') – London AIM: IPEL: 8 March 2018

Impellam announces its unaudited final results for the 52 week period ended 29 December 2017

Robust performance in challenging times

	FY 2017	FY 2016	Actual Inc/(Dec)
Managed Services spend under management (£ millions) [(1)]	4,366.9	4,012.0	8.8%
Group Supply (£ millions) [(2)]	1,099.6	984.0	11.7%
Revenue (£ millions)	2,171.3	2,140.2	1.5%
Gross Profit (£ millions)	285.5	288.6	(1.1)%
Adjusted EBITDA [(3)] **(£ millions)**	59.4	70.1	(15.3)%
Adjusted EBITDA conversion [(4)]	20.8%	24.3%	(3.5) ppts
Operating profit (£ millions)	44.7	47.1	(5.1)%
Adjusted Basic EPS [(5)]	74.6p	117.7p	(36.6)%
Basic EPS	61.9p	87.4p	(29.2)%
Final dividend per share	13.5p	13.5p	-
Full year dividend per share	20.5p	20.5p	-
Net debt (£ millions)	75.9	95.3	(20.4)%

1) Spend Under Management (SUM) is the total amount of client expenditure which our Managed Service brands manage on behalf of their clients whether acting as a principal or agent. Management use this measure as it reflects the total value of the client spend to the Group and not just the revenue generated.

(2) Group supply is the value of Spend Under Management supplied from our Group brands into our Managed Service programmes.

(3) Before separately disclosed items and share-based payments. Explanations of non-IFRS measures are contained within the Chief Financial Officer's report on page 11.

(4) Calculated as Adjusted EBITDA / Gross Profit.

(5) Before separately disclosed items and share-based payments.

Highlights

- Revenues increased by 1.5% and gross profit decreased by 1.1% over the same period last year (down 3.1% on a like-for-like currency basis), impacted by challenging conditions in our UK Specialist Staffing and Healthcare businesses.
- Managed Services gross profit increased to 39% of the total Group and adjusted EBITDA[1] to 52% of the total Group with Spend Under Management increasing year-on-year by 8.8%.
- Group supply increased by 0.7ppts to 25.2% (2016: 24.5%) delivering an additional £3.7m gross profit.
- Gross profit from non-UK operations as a proportion of total gross profit increased from 35.1% to 38.1%, and adjusted EBITDA[1] from 38.0% to 50.2% with a 183% increase in adjusted EBITDA[1] in Australasia. These results demonstrate that we are reducing our dependency on the UK, as planned.
- Improved conversion of gross profit to adjusted EBITDA[1] in the second half of the year. Gross profit to adjusted EBITDA[1] of 17.3% in H1 improved to 24.2% in H2 as cost initiatives delivered £3m of savings in H2.
- Investment in 96 of our Virtuoso managers (25% of our management population) delivered a ten-fold return after only 9 months of £2.5m adjusted EBITDA[1], helping to accelerate organic growth within our businesses.
- Net debt reduced by 20.4% to £75.9m with good operating cash generation of £55.0m (net cash from operating activities).
- Final dividend of 13.5p, unchanged from 2016.

1 Explanations of non-IFRS measures are contained within the Chief Financial Officer's report on page 11

Financial results for the 52 weeks ended 29 December 2017 - unaudited

£m	Revenue 2017	Revenue 2016	Revenue % change[4]	Gross profit 2017	Gross profit 2016	Gross profit % change[4]	Adjusted EBITDA[1] 2017	Adjusted EBITDA[1] 2016
Spend Under Management[2] – UK, Europe and Australasia	1,465.0	1,432.5	2.3%					
Spend Under Management[2] – North America	2,901.9	2,579.5	8.1%					
Group Supply [3] – UK, Europe and Australasia	784.5	769.5	1.9%					
Group Supply [3] – North America	315.1	214.5	38.6%					
Managed Services – UK, Europe and Australasia	1,019.4	990.0	3.0%	62.7	61.4	2.1%	20.4	22.7
Gross Profit %				*6.2%*	*6.2%*			
Specialist Staffing – UK, Europe and Australasia	811.9	817.8	(0.7%)	140.4	146.5	(4.2%)	23.6	29.5
Gross Profit %				*17.3%*	*17.9%*			
Managed Services – North America	187.2	188.4	(4.5%)	49.5	48.8	(1.3%)	12.3	12.8
Gross Profit %				*26.4%*	*25.9%*			
Specialist Staffing – North America	213.8	204.4	(0.6%)	32.9	31.9	(3.5%)	7.0	7.8
Gross Profit %				*15.4%*	*15.6%*			
Inter-segment revenues	(61.0)	(60.4)		-	-		-	-
Total	**2,171.3**	**2,140.2**	1.5%	**285.5**	**288.6**	(1.1%)	**63.3**	**72.8**
Corporate costs							(3.9)	(2.7)
Adjusted EBITDA (before separately disclosed items and share based payments)[1]							59.4	70.1
Amortisation of intangible assets							(7.3)	(6.9)
Depreciation of tangible assets							(3.3)	(2.8)
Separately disclosed items							(3.4)	(12.3)
Share based payments							(0.7)	(1.0)
Operating profit							**44.7**	**47.1**

1 Explanations of non-IFRS measures are contained within the Chief Financial Officer's report on page 11.
2 Spend Under Management (SUM) is the total amount of client expenditure which our Managed Service brands manage on behalf of their clients whether acting as a principal or agent. Management use this measure as it reflects the total value .of the client spend to the Group and not just the revenue generated.
3 Group supply is the value of Spend Under Management supplied from our Group brands into our Managed Service programmes.
4 Percentage change measured at constant currency rates (2016 results restated at 2017 rates).

Chairman’s Comments on the Results

In 2017, Impellam Group made good strategic progress and delivered a robust set of results despite continued challenging market conditions in the UK, particularly in the education and healthcare sectors.

Our portfolio of Specialist Staffing and Managed Services businesses continued to diversify geographically to reduce our exposure to ongoing challenging conditions in the UK with strong growth delivered in Australasia. We also made investments in people, innovation, technology and growth markets, whilst keeping tight controls on costs and cash. In particular, investment in developing and retaining our managers has had a positive impact, ensuring that our people are equipped to adapt and thrive in the changing world of work.

As a result of our continued performance, the Board is proposing a final dividend in respect of 2017 of 13.5p per share, amounting to £6.8m to be paid on 9 August 2018 to those shareholders on the share register on 6 July 2018 and to be approved by shareholders at the Annual General Meeting on Thursday 21 June 2018 at 9.00 am. The shares will be marked ex-dividend on 5 July 2018.

During 2017, there were some changes to the Impellam Board. In October, we welcomed a new Non-Executive Director; Baroness Tina Stowell. Her expertise and experience will be valuable to the Board. In November, The Honourable Shane Stone stepped down from the Board after seven years’ service, but I am pleased he will continue to serve as an advisor to the Company in its Australian markets. In December, Sir Paul Stephenson left the Board and I thank him for his contribution to Impellam.

Finally, I would like to thank our shareholders for their continued support and our customers and people for your hard work and contribution through the year. We enter 2018 with confidence and we look forward to reporting our progress in the coming year.

Lord Ashcroft KCMG PC
Chairman

Group Chief Executive Officer's Review

I am pleased to report that Impellam Group made excellent progress with key strategic initiatives during 2017, delivering £37.9m (2016 £39.8m) of profit before tax despite challenging trading conditions in the UK; in particular, in the healthcare and education markets. In addition, we reduced our net debt by 20.4% and managed our costs tightly enabling us to deliver dividends to shareholders in line with 2016.

Our Managed Services businesses across the UK, the US and Australasia delivered robust results, demonstrating the resilience of our business model. Our Group supply[5] continued to rise as we leveraged our Specialist Staffing brands as a key source of high quality talent for our Managed Services businesses. In particular, we made good progress in North America as a consequence of the Bartech acquisition in December 2015.

Our year-on-year decline in adjusted EBITDA[1] (£70.1m to £59.4m) from a relatively flat margin performance is explained by a contraction in gross profit from our UK Specialist Staffing businesses post-Brexit; austerity measures in the NHS and the UK's education sector; strategic investment in IT and digital and higher than anticipated one-off costs in integrating our North America back offices.

Our strategy is working for us

Our entire business philosophy is based on trust and keeping our people, our customers' and our candidates engaged. We provide good work for people and by doing this, we help our customers businesses perform better in a changing world. We check our progress by measuring advocacy (Net Promoter Score) and retention. In 2017 our employee NPS was ranked amongst market leaders at +51, which means that our people recommend Impellam's services to others and the average length of service of our people rose from 50.06 to 50.75[2] months. Above all, we know that managers make the difference and we are delighted to see continuing retention of our management community.

Our 'secret sauce' is making sure that our people stay with us for longer and see possibilities that others don't. We know that when they do, they delight our customers so they stay with us for longer, spending more and increasing recurring revenue for the Group. In 2017, the retention of our top 50 customers increased from 94% to 96%.

The final ingredient of the retention story is, of course, our candidates. Most staffing businesses talk about the importance of candidates but few focus on them like we do. Impellam people make a difference whether they are delivering babies in Australia, keeping trains running on the East Coast of the UK, creating tomorrow's world in the labs of pharma companies worldwide or keeping the world connected through technology or energy supply. All work is important and we focus on giving people meaning, so that they create value for our customers and themselves.

Evolving with changing times

Our Managed Services businesses now produce 52% of our adjusted EBITDA[1]. We continue to evolve our service-offering along the Human Resource Outsourcing (HRO) value chain towards total talent management, while gaining efficiencies through technology. This gives us strong visibility of future revenues, a sticky customer base and the opportunity to improve margins through leveraging our Specialist Staffing capability worldwide.

We have systematically reduced our reliance on the UK. In 2014 the UK delivered 81% of our Group gross profit compared with 66% by the end of 2017. Although our exposure to the political and economic uncertainty of the UK is still relatively high, we have mitigated it through strategic acquisitions and by investing in organic growth in our US, Australasian and Middle Eastern businesses. Over the last three years we have demonstrated our ability to integrate overseas businesses successfully, and to identify and back our Virtuoso managers to create organic growth. Our Comensura business in Australia and Medacs Global Group in Australia and the Middle East are both great examples.

This focus on Virtuosity is central to our strategy. We believe that “managers make the difference” and our investment in their development is producing measurable results across all of our geographies. I made a bold statement in 2016 that Virtuosity makes the difference and will drive market beating value creation and I am delighted with the progress we have made. During the year, 96 of our talented people embarked on our Virtuoso transformation, which begins with each making a promise about what they will deliver. I can report that they delivered on those promises, generating £7m gross profit and £2.5m of adjusted EBITDA[1].

More importantly, these Virtuoso managers now have a broader span of control and are leading our people and our strategic initiatives with new vigour. A further 150 managers across the world will embark on this change programme in 2018, and I am confident of the contribution they will make to our future growth and achievement of our vision and mission.

Notwithstanding these robust results and the strategic progress we have made, I must also recognise in this report the market challenges we have faced as a Group.

The NHS pay and margin rate caps imposed in 2016, coupled with the impact of IR35 introduced in April 2017, have reduced the availability of locum doctors and nurses willing to work for the NHS. As a consequence, the NHS’s spend with staffing agencies has reduced significantly. Our response has been to embrace this market shift, recognise it as the new normal, and accelerate investment in Managed Services technology and healthcare knowledge to support government cost-saving targets. This bold investment, coupled with leveraging our Group capability has made a positive impact. We have won seven Managed Services contracts and gained market share versus a market contraction of 35%. This has been achieved whilst also rapidly growing our healthcare business outside the UK.

The UK education market is also challenging. Continued austerity measures, coupled with rapid acceleration of teachers leaving the profession, have created a perfect storm of supply and demand dissonance. We continue to believe in the attractiveness of this market for the long term but recognise the need to re-balance the needs of government, schools, teachers and providers.

Throughout 2017, our focus has been on managing the portfolio appropriately to maximise stakeholder value in turbulent times, while staying true to our vision, mission and strategy. I believe we have executed this well. We have continued to invest in people, innovation, technology and high potential markets, while maintaining an iron grip on cost and cash. This positions us well for 2018 and beyond.

Operating and financial review

Overall gross profit in 2017 was £285.5m compared to £288.6m in 2016. Given the Group's current dependency on the UK market and its exposure to the NHS, this was a robust result. Although adjusted EBITDA[1] of £59.4m was lower than the prior year (£70.1m), profit before tax was only 4.8% lower at £37.9m. Cash conversion[4] was strong at 123.0% and net debt was reduced by 20.4%, meaning that dividends have been maintained at 20.5 pence per share.

We continued to balance the risk in our portfolio. Managed Services now accounts for 56% of our revenue, 39% of our gross profit and 52% of our adjusted EBITDA[1], up from 49% in 2016. Group Spend Under Management (SUM[3]) was £4.4bn (2016: £4.0bn) and our Group supply stood at 25.2% (2016: 24.5%), driven by a 2.7pps increase in North America. The leverage of our increase in SUM and Group supply created £3.7m of additional gross profit in 2017.

We have reduced our dependency on the UK by 22% since 2015 as we pursue our vision of being the world's most trusted staffing company. We have achieved this through a combination of strategic acquisitions and organic investment.

Our North American business is now fully integrated into the Impellam family generating $5.9m of synergy cost savings and the Managed Services and Specialist Staffing brands have performed well. I am particularly proud of the way that they supported our people, customers and indeed relief efforts in the aftermath of the two hurricanes in Houston and Florida. Our Australian brands have been exemplary in embracing and embodying the Group strategy, and as a result have delivered gross profit growth of 30%.

Managed Services gross profit at £112.2m was 1.8% up on the prior year while SUM[3] at £4.4bn has increased by 8.8%. Adjusted EBITDA[1] from Managed Services is £32.7m (2016: £35.5m). There was double-digit growth in Managed Services in the UK (Guidant), Australia (Comensura) and healthcare (UK and Australia), while US Managed Services (Bartech) was flat due to the timing of wins and losses.

The Specialist Staffing gross profit at £173.3m was 2.9% down on the prior year, impacted by challenging UK markets, the NHS and the UK education sector. However, there were good performances from technology in the UK and US (Lorien and s.com); science and clinical in the UK and US (SRG and SRG Woolf); engineering in the UK and Australia (Carbon60); homecare (UK) and healthcare (Ireland, Australia and the Middle East).

Our focus on collaboration between our brands and between Managed Services and Specialist Staffing has continued to reap results, differentiate us and, most importantly, delight our customers and candidates. Our 'Working Across Boundaries' initiative (WAB) resulted in our brands creating £2.5m gross profit in the UK and $1.2m in North America.

Outlook

I am proud of how our focus on leadership, agility and innovation has supported our managers and our businesses to deliver meaningful strategic and financial results, take market share and innovate to create sustainable shareholder value. To achieve this, we will continue to build on our progress against three clear imperatives:

Firstly, we will double our cohort of Virtuosos. We will free them up to do what they do best and give them the freedom and autonomy to build meaningful relationships with customers and candidates to innovate and future proof our services.

Secondly, we will continue to transform our portfolio. We will accelerate our Managed Services' growth by integrating and internationalising our brands. In addition, we will refine our Specialist Staffing offerings by building scale in our international businesses and investing in high-growth markets.

Thirdly, we will increase our resilience by building scale in non-UK operations, focusing our mature businesses on maximising relationships with high-road customers, investing in technology to drive efficiency and being obsessive about cash generation.

This focus will deliver consistent, above-market organic growth, which we will supplement by targeted, strategic mergers and acquisitions. Strong cash generation is part of our DNA, and when coupled with our focus on creating a sustainable portfolio, will deliver consistent shareholder value.

As always, I extend my thanks to my Leadership Team and all Impellam people for seeing the world through the eyes of our customers and candidates and ensuring their trust in us is well placed.

Julia Robertson

Group Chief Executive Officer

1 Explanations of non –IFRS measures are contained within the Chief Financial Officer's report on page 11.

2 In the UK only.

3 Spend Under Management (SUM) is the total amount of client expenditure which our Managed Service brands manage on behalf of their clients whether acting as a principal or agent. Management use this measure as it reflects the total value of the client spend to the Group and not just the revenue generated.

4 Cash conversion of operating profit to net cash from operating activities.

5 Group supply is the value of Spend Under Management supplied from our Group brands into our managed service programmes.

Chief Financial Officer's Review

Revenue for the year to 29 December 2017 was up 1.5% (0.3% on a like-for-like basis at constant exchange rates) and gross profit decreased by 1.1% (3.1% on a like-for-like basis). The difference between the growth in revenue and the reduction in gross profit is primarily due to the mixed impact of growth in our Managed Services businesses and gross profit reduction in our Specialist Staffing businesses. Our Managed Services businesses operate at lower gross profit margins than our Specialist Staffing businesses, but have a higher conversion ratio of gross profit to adjusted EBITDA[1].

Operating profit was 5.1% lower year-on-year, whilst adjusted EBITDA[1] was 15.3% lower year-on-year (16.8% on a like-for-like basis) due to both lower gross profit as well as an increase in operating costs as we continue to invest in IT and complete the integration of our US back office functions. We saw a significant reduction in separately disclosed items, primarily due to the impact of lower acquisition related charges in the year.

Net cash generated from operations during the period was £55.0m (2016: £46.8m). Strong underlying cash performance was the result of the continued focus on cash collections, overdue debt reduction and working capital management activities. Cash conversion (operating profit to net cash generated from operations) of 123.0% in 2017 (2016: 99.4%) was positively impacted by strong receipts in the US prior to year-end. At the end of 2017, Days Sales Outstanding (DSO)[2] stood at 38.7 days (2016: 34.1 days).

Capital expenditure on fixed assets in the period was £11.3m (2016: £8.2m). The increase of £3.1m was largely due to a £2.5m increase in software related investments for our two strategic IT projects (ShiftWise and Ignite). Average net debt reduced year-on-year by £17.0m and the net finance expense was £0.5m lower at £6.8m (2016: £7.3m).

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £250m global Revolving Credit Facility (RCF) with an accordion element of an additional £50m. 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 leverage, which is tested quarterly. Incorporated into the RCF is a letter of credit facility which at the end of 2017 amounted to £3.8m (2016: £3.3m).

The Group draws down under non-recourse third party factoring arrangements as part of the management of working capital. At the end of 2017, these amounted to £17.3m (2016: £19.0m). These agreements accrue interest at between 0.7% 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 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 (ratio of net finance charges paid in cash adjusted EBITDA[1)] to be at least 4:1 (ratio at the end of 2017: 8.88:1), its adjusted leverage ratio (defined as net debt less loan notes and restricted cash to adjusted EBITDA[1]) to be no greater than 2.50:1 (ratio at the end of 2017: 1.70:1) and its debtor cover to be at least 1.5:1 (ratio at the end of the period: 5.40:1).

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 Pound Sterling. At December 2017, USD 67m of the RCF was drawn in US dollars to provide a hedge against a US dollars denominated loan between the UK and US business.

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 2017 £m**	Unaudited 2016 £m
Operating profit	**44.7**	47.1
Add back non-cash items:		
Depreciation and amortisation	**10.6**	9.7
Other non-cash items	**0.8**	1.0
Cash from operations before working capital changes	**56.1**	57.8
Movements in working capital	**7.2**	(3.7)
Cash generated by operations	**63.3**	54.1
Taxation paid	**(8.3)**	(7.3)
Net cash generated	**55.0**	46.8

The Net Debt Position of the Group was as Follows:

	Audited 2016 £m	Cash flow £m	Foreign Exchange £m	**Unaudited 2017 £m**
Cash and short-term deposits	54.8	51.1	(5.6)	**100.3**
Revolving credit	(149.9)	(26.8)	0.5	**(176.2)**
Hire purchase	(0.2)	0.2	-	**-**
Net debt	(95.3)	24.5	(5.1)	**(75.9)**

Taxation

The tax charge in the year of £6.8m (2016: tax credit of £4.2m) represents an effective tax rate of 17.9% (2016: -10.4%). The tax charge is mainly comprised of corporate tax charges arising from the Group's activities in the UK and overseas. In the prior year the tax credit arose mainly as a result of the recognition of a deferred tax asset on losses in the US business, which had not previously been recognised (the effective tax rate for the Group in the prior year increased to 19.6% when stripping out the effect of recognising these losses).

At the end of 2017, the Group has maintained the level of losses against which a deferred tax asset has been recognised on the basis that the Group remains confident that the US business will continue to be profitable in the foreseeable future. Effective 1 January 2018, the rate of federal corporate tax in the US decreased from 35% to 21%; as a result the Group has revalued all US deferred tax balances at the reduced rate of tax, the net impact of this is a tax charge of £1.7m.

The Group had a UK corporation tax charge of £4.8m (2016: £6.5m) and an overseas corporate income tax charge of £2.3m (2016: £1.5m). The effective current tax rate on the UK business is 26.3% (2016: 25.0%). This is higher than the UK statutory rate of corporation tax which is 19.3% (2016: 20.0%).

The difference is principally due to deferred consideration paid in respect of the Global Medics acquisition and a share-based payment charge, which have been charged to the profit and loss account but are not deductible for corporation tax purposes.

The Group makes a major contribution to the UK Treasury. In the year, £303.3m (2016: £292.3m) 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 £57.0m (2016: £55.6m) 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[2] 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 preliminary results statement 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 use 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 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. 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 period ended 29 December 2017. One of the Directors left during 2016 and the share award relating to that Director has been cancelled.

These 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:

	2017 **£m**	*2016* *£m*
Segment Adjusted EBITDA	**63.3**	72.8
Corporate costs[3]	**(3.9)**	(2.7)
Adjusted EBITDA	**59.4**	70.1
Amortisation of intangible assets	**(7.3)**	(6.9)
Depreciation of tangible assets	**(3.3)**	(2.8)
Separately disclosed items	**(3.4)**	(12.3)
Share-based payments	**(0.7)**	(1.0)
Operating profit	**44.7**	47.1

The separately disclosed items are:

	2017 **£m**	2016 £m
Legal costs[(a)]	**1.9**	-
Business restructuring[(b)]	**0.7**	3.1
Adjustments to deferred consideration[(c)]	**0.8**	8.5
Acquisition costs[(d)]	**-**	0.7
Total	**3.4**	12.3

a) In 2017 the US incurred tax and associated legal costs of £0.3m with regard to the settlement of historic state tax liabilities for the period 2010 to 2016. In addition the US had an ongoing litigation matter for which a provision for settlement and associated legal costs of £1.6m has been made. These are disclosed separately due to their one-off nature and significance.

b) Business restructuring costs are excluded in order to bring them to the reader's attention in understanding the Group's financial performance. In 2017 they relate to Bartech Holding Corporation (2016: Bartech Holding Corporation 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 were substantially completed by the end of 2017. In 2017 there is a £0.5m tax deductible benefit (2016: £0.6m).

c) Contingent consideration payments linked to individuals continuing employment in the business generated a £0.8m charge in relation to the acquisition of Global Group (UK) Ltd (2016: £4.3m). Further charges are expected to be incurred in 2018 and 2019. In 2016 an additional £4.2m arose from the actual performance of Lorien Limited exceeding the assumptions previously made. 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) 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.

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 2018 and 2019.

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 covenants 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 reviews 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.

Foreign Exchange

Currency movements versus Pound Sterling provided a material benefit to our reported performance. Over the course of the year to December 2017, the total impact of exchange movements on gross profit and operating profit was £5.1m positive and £1.1m positive respectively. Fluctuations in the rates of the Group's key operating currencies versus Pound Sterling continue to represent a sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the US Dollar impacts gross profit by £0.6m per annum and operating profits by £0.15m per annum. The rate of exchange between the US Dollar and Pound Sterling over the period ended 29 December 2017 averaged USD 1.2885 and closed at USD 1.3522. As the Group expands further in Australasia and Europe the impact of changes in exchange rates will be greater.

Brexit

One of the biggest risks we see over the coming year is in the UK, where uncertainties regarding the macroeconomic and political outlook are likely to remain throughout the period in which the UK negotiates its exit from the EU. This could have a detrimental impact on candidate confidence to move jobs, or business confidence to invest and take on new staff. The impact on this could be reduced volumes of placements in our UK business and therefore reduced fees. Forward visibility remains limited and outlook uncertain, but as ever we will monitor activity levels closely.

Alison Wilford
Chief Financial Officer

[1] Before separately disclosed items and share-based payments

[2] *Days Sales Outstanding (DSO): total trade receivables, divided by average daily invoiced sales*

[3] *Corporate costs represent costs associated with the Group Plc activities and therefore are not allocated to the segments*

Consolidated Income Statement

For the 52 weeks ended 29 December 2017	Notes	**Unaudited 29 December 2017 £m**	Audited 30 December 2016 £m
Revenue	2	**2,171.3**	2,140.2
Cost of sales		**(1,885.8)**	(1,851.6)
Gross profit		**285.5**	288.6
Administrative expenses		**(240.8)**	(241.5)
Operating profit	2	**44.7**	47.1
Operating profit before separately disclosed items		**48.8**	60.4
Separately disclosed items	3	**(3.4)**	(12.3)
Share based payment		**(0.7)**	(1.0)
Operating profit		**44.7**	47.1
Finance expense		**(6.8)**	(7.3)
Profit before taxation		**37.9**	39.8
Taxation (charge)/credit	4	**(6.8)**	4.2
Profit for the period		**31.1**	44.0
Profit attributable to:			
Equity holders of the Parent Company		**30.9**	44.0
Non-controlling interest		**0.2**	-
		31.1	44.0
Earnings per share	5		
Attributable to equity holders of the Parent Company			
- basic		**61.9p**	87.4p
- diluted		**61.1p**	86.1p

Consolidated Statement of Other Comprehensive Income

For the 52 weeks ended 29 December 2017

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Profit for the period	**31.1**	44.0
Other comprehensive income:		
Items that may be subsequently reclassified into income:		
Foreign currency translation differences – foreign operations	**(7.9)**	12.1
Total comprehensive income for the period, net of tax	**23.2**	56.1
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company	**23.1**	56.1
Non-controlling interest	**0.1**	-
	23.2	56.1

Consolidated Balance Sheet

As at 29 December 2017

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Non-current assets		
Property, plant and equipment	**7.3**	7.2
Goodwill	**160.4**	167.2
Other intangible assets	**131.7**	133.6
Financial assets	**1.4**	1.3
Deferred tax assets	**13.2**	19.2
	314.0	328.5
Current assets		
Trade and other receivables	**687.2**	623.3
Cash and short-term deposits	**100.3**	54.8
	787.5	678.1
Total assets	**1,101.5**	1,006.6
Current liabilities		
Short-term borrowings	**73.2**	30.1
Trade and other payables	**635.5**	568.9
Taxation liabilities	**4.2**	5.7

Provisions	**1.1**	1.2
	714.0	605.9
Net current assets	**73.5**	72.2
Non-current liabilities		
Long-term borrowings	**103.0**	120.0
Other payables	**0.9**	3.9
Provisions	**1.1**	2.1
Deferred tax liabilities	**22.2**	27.9
	127.2	153.9
Total liabilities	**841.2**	759.8
Net assets	**260.3**	246.8

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £ m
Equity		
Issued share capital	**0.5**	0.5
Share premium account	**30.1**	30.1
	30.6	30.6
Other reserves	**120.9**	128.0
Retained earnings	**108.7**	88.2
Total equity attributable to equity holders of the parent Company	**260.2**	246.8
Non-controlling interest	**0.1**	-
Total equity	**260.3**	246.8

Consolidated Statement of Changes in Equity

For the 52 weeks ended 29 December 2017	Total share capital and share premium	Other reserves	Retained earnings	Total equity attributable to equity owners of the parent	Non-Controlling Interest	Total Equity
Audited	£m	£m	£m	£m	£m	£m
2 January 2016	30.6	108.9	52.8	192.3	-	192.3
Profit for the period	-	-	44.0	44.0	-	44.0
Other comprehensive income	-	12.1	-	12.1	-	12.1
Total comprehensive income in period	-	12.1	44.0	56.1	-	56.1
Transactions with owners, recorded directly in equity						
Merger reserve created on acquisition	-	6.0	-	6.0	-	6.0
Share-based payment charge	-	1.0	-	1.0	-	1.0
Dividends paid	-	-	(8.6)	(8.6)	-	(8.6)
30 December 2016	30.6	128.0	88.2	246.8	-	246.8
Unaudited						
31 December 2016	**30.6**	**128.0**	**88.2**	**246.8**	**-**	**246.8**
Profit for the period	**-**	**-**	**30.9**	**30.9**	**0.2**	**31.1**
Other comprehensive income	**-**	**(7.8)**	**-**	**(7.8)**	**(0.1)**	**(7.9)**
Total comprehensive income in period	**-**	**(7.8)**	**30.9**	**23.1**	**0.1**	**23.2**
Transactions with owners, recorded directly in equity						
Purchase of Treasury shares	**-**	**-**	**(0.1)**	**(0.1)**	**-**	**(0.1)**
Share-based payment charge	**-**	**0.7**	**-**	**0.7**	**-**	**0.7**
Dividends paid	**-**	**-**	**(10.3)**	**(10.3)**	**-**	**(10.3)**
29 December 2017	**30.6**	**120.9**	**108.7**	**260.2**	**0.1**	**260.3**

Consolidated Cash Flow Statement

For the 52 weeks ended 29 December 2017	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Cash flows from operating activities		
Profit before taxation	**37.9**	39.8
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**3.3**	2.8
Amortisation of intangible assets	**7.3**	6.9
Loss on disposal of property, plant and equipment	**0.1**	-
Net finance expense	**6.8**	7.3
Share-based payment	**0.7**	1.0
	56.1	57.8
Increase in trade and other receivables	**(94.8)**	(11.2)
Increase in trade and other payables	**105.7**	8.0
Decrease in provisions	**(3.7)**	(0.5)
Cash generated by operations	**63.3**	54.1
Tax paid	**(8.3)**	(7.3)
Net cash from operating activities	**55.0**	46.8
Cash flows from investing activities		
Acquisition of subsidiary	**(1.8)**	(9.3)
Purchase of property, plant and equipment	**(3.2)**	(2.6)
Purchase of intangible assets	**(8.1)**	(5.6)
(Increase)/decrease in other financial assets	**(0.2)**	0.5
Net cash from investing activities	**(13.3)**	(17.0)
Cash flows from financing activities		
Increase/(decrease) in short-term borrowings	**26.8**	(34.3)
Purchase of Treasury shares	**(0.1)**	-
Finance expense paid	**(6.8)**	(6.6)
Capital element of finance lease payments	**(0.2)**	(0.3)
Dividends paid	**(10.3)**	(8.6)
Net cash from financing activities	**9.4**	(49.8)
Net increase/(decrease) in cash and cash equivalents	**51.1**	(20.0)

Opening cash and cash equivalents	**54.8**	66.0
Effect of foreign exchange rate movements	**(5.6)**	8.8
Closing cash and cash equivalents*	**100.3**	54.8

** Unrestricted cash, available to the Group*

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 Act 2006 applicable to companies reporting under IFRS.

Financial information

The financial information, which is unaudited, for the 52 weeks to 29 December 2017 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 29 December 2017. 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.

2. Segment information - unaudited

52 weeks ended 29 December 2017

	Revenue £m	Gross profit £m	**Adjusted EBITDA[1] £m**
Managed Services – UK, Europe and Australasia	**1,019.4**	62.7	**20.4**
Specialist Staffing – UK, Europe and Australasia	**811.9**	140.4	**23.6**
Managed Services – North America	**187.2**	49.5	**12.3**
Specialist Staffing – North America	**213.8**	32.9	**7.0**
Inter-segment revenues	**(61.0)**	-	**-**
Operating segments	**2,171.3**	285.5	**63.3**

52 weeks ended 30 December 2016 - audited

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

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

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Segment Adjusted EBITDA	**63.3**	72.8
Corporate costs	**(3.9)**	(2.7)
Adjusted EBITDA	**59.4**	70.1
Amortisation of intangible assets	**(7.3)**	(6.9)
Depreciation of tangible assets	**(3.3)**	(2.8)
Separately disclosed items*	**(3.4)**	(12.3)
Share based payments	**(0.7)**	(1.0)
Operating profit	**44.7**	47.1
Finance expense	**(6.8)**	(7.3)
Tax (charge)/credit	**(6.8)**	4.2
Profit for the period from continuing operations	**31.1**	44.0

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

The above table reconciles the adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), which also excludes separately disclosed items and share-based payment to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Group's Alternate Profit Measure used when discussing the performance of the Group. 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 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.

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 (note 3).

Share-based payment – 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 fifty two weeks ended 29 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.

3. Separately disclosed items

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Settlement of historic US legal & tax cases (a)	**1.9**	-
Business restructuring (b)	**0.7**	3.1
Adjustments to deferred consideration (c)	**0.8**	8.5
Acquisition costs (d)	**-**	0.7
Total included in Operating profit	**3.4**	12.3

a) In 2017 the US incurred tax and associated legal costs of £0.3m with regard to the settlement of historic state tax liabilities for the period 2010 to 2016. In addition the US has an ongoing litigation matter for which a provision for settlement and associated legal costs of £1.6m has been made in the period. These are disclosed separately due to their one-off nature and significance.

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 2017 they relate to Bartech Holding Corporation (2016: Bartech Holding Corporation 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 were substantially completed in 2016, but some will take a number of years to fully complete. In 2017 there is a £0.5m tax deductible benefit (2016: £0.6m).

c) Contingent consideration payments linked to individuals continuing employment in the business generated a £0.8m charge in relation to the acquisition of Global Group (UK) Ltd (2016: £4.3m). Further charges are expected to be incurred in 2018 and 2019. In 2016 an additional £4.2m arose from the actual performance of Lorien Limited exceeding the assumptions previously made. 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) 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.

4. Taxation

Tax charge / (credit) in the income statement

	Unaudited 29 December 2017 £m	Audited 30 December 2016 £m
Current income tax		
UK corporation tax on results for the period	**4.4**	6.8
Adjustments in respect of previous periods	**0.4**	(0.3)
	4.8	6.5
Foreign tax in the period	**2.3**	1.5
Total current income tax	**7.1**	8.0
Deferred tax credit	**(0.3)**	(12.2)
Total taxation charge / (credit) in the income statement	**6.8**	(4.2)

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 29 December 2017 (2016: 850,000).

Excluding the 19,841 shares owned by The Corporate Services Group Ltd Employee Share Trust, the weighted average number of shares in 2017 is 50,322,196 (2016: 50,188,147) and the fully diluted average number of shares is 50,912,395 (2016: 51,078,479).

EPS	Unaudited 29 December 2017 Pence	Audited 30 December 2016 Pence
Basic calculation	61.9	87.4
Diluted calculation	61.1	86.1

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 UK 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) Limited which are linked to the continued employment of certain individuals are being amortised through the profit and loss account over the earnout periods until 2019. A charge of £0.8m (2016: £4.3m) was recorded in operating profit. At the end of the period there was £6.0m outstanding (2016: £5.2m).

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 US 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 dependent on Bartech achieving certain operational measures. Contingent payments were due to the vendors between March 2016 and March 2018. The operational measure was not met in 2017 and therefore £1.4m was released. At the end of the period there was £nil outstanding (2016: £3.0m).

7. Net debt

	Audited 30 December 2016 £m	Cash flow £m	Foreign exchange £m	**Unaudited 29 December 2017 £m**
Cash and short-term deposits	54.8	51.1	(5.6)	**100.3**
Revolving credit	(149.9)	(26.8)	0.5	**(176.2)**
Hire purchase	(0.2)	0.2	-	**-**
Net debt	(95.3)	24.5	(5.1)	**(75.9)**

[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 3,200 Impellam people throughout our network of 18 market-leading brands across 168 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 (2016 published numbers)
2 By SUM (2015 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.