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Press Release

9 March 2017

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Share plc (AIM: SHRE.LN), parent company of The Share Centre (a leading independent retail stockbroker) and Sharefunds (the Group's investment management and fund administration subsidiary), announces its unaudited results for the year ended 31 December 2016.

HIGHLIGHTS

FINANCIAL

- Results slightly ahead of revised market expectations in a year of major investment
- Revenue market share excluding interest (*) reached a record high of 9.85% (2015: 9.39%)
- Revenue up by 4% to £14.6m (2015: £14.1m). Excluding interest income, revenue grew by 8% to £13.8m (2015: £12.8m).
  - commission income rose to a record £7.0m (2015: £6.4m)
  - fee income grew to a record £6.8m (2015: £6.4m)
  - interest income reduced to £0.8m (2015: £1.3m)
- Assets under administration increased to a record £3.7bn (2015: £2.8bn)
- Profit before tax of £1.0m (2015: £0.9m), including a £2.1m one-off net gain (2015: £1.7m) from the partial sale of shares in the London Stock Exchange Group plc
- Underlying earnings of £4,000 (2015: £555,000)
- Underlying (**) basic and diluted earnings per share of 0.0p (2015: 0.4p). Basic and diluted earnings per share of 0.5p (2015: 0.5p)
- Final (and total) dividend proposed of 0.25p per share (2015: 0.74p)
- Balance sheet remains strong, with net cash of £11.4m (2015: £11.7m)
- Shareholders' funds of £17.7m or 12.3p per share in issue (2015: £18.7m, 13.0p per share)

OPERATIONAL

- Major programme of investment in IT systems ongoing
  - enables innovation in customer engagement and enhanced customer services
- Customer satisfaction remains at very high levels - eight industry awards for customer service, including prestigious Investment Trends award for highest 'Overall Client Satisfaction' - retained for third consecutive year
  - first to market with Flexible ISA functionality
- Major new partnerships and account acquisitions agreed with Computershare, Barclays Bank plc and Invesco Perpetual
  - full benefits to come through in 2017

OUTLOOK

- After a year of significant investment, 2017 is expected to be a year of further investment, transformation and increased delivery
  - 2017 has started well and the Group is well positioned for revenue and earnings growth

(*) the peer group comprises: Alliance Trust Savings, Barclays Stockbrokers, Equiniti, Halifax Sharedealing, HSBC Stockbrokers, Saga Personal Finance Selftrade and TD Direct Investing

(**) excludes the impact of some items, particularly any large non-recurring items, as defined in Note 7.

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GAVIN OLDHAM, CHAIRMAN, COMMENTED ON THE RESULTS:

"It is good to announce results ahead of market expectations, especially in a year of major investment and transformation, designed to position the Group for ongoing growth. We made significant progress in 2016 across many fronts but in particular with our technology platform, customer proposition and commercial partnerships.

We continue to place the greatest possible emphasis on customer service and we are particularly pleased to have won eight awards over the year, including Investment Trends' prestigious award for highest 'Overall Client Satisfaction', which we retained for the third consecutive year.

We view prospects for 2017 with a high degree of confidence and the Group is well positioned for revenue and underlying earnings growth."

RICHARD STONE, CHIEF EXECUTIVE, COMMENTED ON THE RESULTS:

"Share plc made excellent strategic progress in 2016, which was an important year of investment. We made particular progress with our partnerships and acquisitions, and can already look forward in 2017 to launching services for Computershare and welcoming customers from Invesco Perpetual.

The second half of 2016 saw substantially increased dealing activity after the Brexit vote, which helped generate record commission and fee revenue, together with record revenue market share against our peer group.

The Board has significant growth ambitions and we will continue to invest in the Group's technology to ensure we deliver a market-leading customer experience. We continue to have a strong balance sheet, a clear focus and a talented team. We have laid strong foundations for growth in 2016, and look forward to the benefits of our investment strategy starting to flow through in increased revenue, underlying earnings and assets under administration."

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ABOUT SHARE PLC

Share plc is the parent holding company of The Share Centre Limited and Sharefunds Limited and its shares are traded on AIM. The Share Centre started trading in 1991 and provides a range of account-based services to enable investors to share in the wealth of the stockmarket. These include Share accounts, ISAs, Junior ISAs and SIPPs, all with the benefit of investment advice, and dealing in a wide range of investments. Services available to corporate clients include Enterprise Investment Scheme administration and 'white-label' dealing platforms. In 2016, we announced that we were in advanced discussions to transfer our Authorised Corporate Director ('ACD') role to another party, which impacts all seven funds. In January 2017, the transfer to Treasury Capital Ltd received regulatory approval by the Financial Conduct Authority ('FCA') and, together with the sale of the Sharefunds Limited entity, is due to complete on 24 March 2017.

For more details contact 01296 41 41 41, or visit www.shareplc.com or www.share.com.

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CHAIRMAN'S STATEMENT

INTRODUCTION

We are pleased to report that financial results for the year are ahead of market expectations, helped by strong dealing volumes in the second half. The Group's revenue market share over the year, excluding interest, also hit a record high and we won eight industry awards, including Investment Trends' prestigious award for 'Overall Client Satisfaction' for the third consecutive year.

The year marked a period of major investment in our IT systems and infrastructure. As we reported previously, we are establishing a new enhanced platform for ongoing growth and completed some key projects in the period, including changing the underlying database technology for our core systems. This is enabling us to introduce new ways of engaging with our customers.

We continued to drive the Group's growth with new partnerships and account acquisitions, agreeing contracts with Computershare, Barclays Bank plc and Invesco Perpetual. The benefits of these initiatives will come through more fully in 2017 and they underline the strength of our offering, including our flat-fee pricing model.

FINANCIAL PERFORMANCE

Revenue increased by 4% to £14.6m and, excluding interest income, by 8% to £13.8m. Our benchmarked revenue market share excluding interest income, as measured independently by Compeer, recorded a high of 9.85% (2015: 9.39%). After a weak first half, dealing activity strengthened in the second half of the year, following the vote for Brexit, with volumes increasing through the third and fourth quarters.

As expected, the planned programme of investment impacted profitability and underlying earnings reduced to £4,000 (2015: £555,000). This was ahead of revised market expectations. Reported earnings were £737,000 (2015: £665,000), benefiting from the £2.1m net gain (2015: £1.7m) from the sale of shares in the London Stock Exchange Group plc ('LSE').

Assets under administration grew strongly, up 32% to a record £3.7bn (2015: £2.8bn) and significantly outstripping the 12% growth in the FTSE All Share over the year. The rise in assets reflected a combination of stock market performance, new fund flows and transfers-in and acquisitions.

DIVIDEND

I reported in my statement last year that we were moving the dividend policy to one based on earnings and cash generation. The Board proposes a final and total dividend for the year of 0.25p per share (2015: 0.74p), underpinned by the Group being breakeven on an underlying earnings basis, its balance sheet strength and the proceeds from the partial sale of our holding in LSE.

It is expected that the proposed final dividend, which is subject to shareholder approval at the Annual General Meeting, will be paid on 14 June 2017 to shareholders on the register at the close of business on 12 May 2017.

PARTIAL SALE OF HOLDING IN THE LONDON STOCK EXCHANGE GROUP PLC

We took the decision to sell a proportion of our holding in LSE ahead of the EU Referendum given our view of the perceived risks to the deal with Deutsche Borse at that time. Towards the end of the year, we also took the opportunity to crystallise some of the substantial increase in the valuation.

STRATEGIC DELIVERY

Our growth strategy remains focused on the three elements of 'Putting Customers First', 'Focus on our Core Business' and delivering 'Strategic Partnerships and Acquisitions'. We are very pleased with the significant progress we have made against each of these elements over 2016 and I am delighted to highlight the following achievements:

- We have acquired customer accounts from Barclays Bank plc and European Pensions Management Limited and agreed an acquisition of accounts with Invesco Perpetual;
- We announced a major partnership with Computershare and have already launched a new service helping the estates of deceased shareholders;
- We were the only broker to introduce Flexible ISA functionality as soon as it was possible on 6 April 2016;
- We have successfully changed the underlying database technology for our core systems;
- We launched our first mobile application for iOS and Android;
- We agreed the sale of Sharefunds Limited to Treasury Capital Ltd, with completion expected on 24 March 2017;
- We were placed first for 'Overall Client Satisfaction' in the Investment Trends 2016 survey for the third year running. Investment Trends 2016 UK Online Broking Report is based on a survey of over 12,000 individual personal investors, making it the largest annual survey of retail investor opinions undertaken in the UK. Given that we compete against several large brands in the sector, this provides our existing customers and prospective investors with confidence to stay with or choose The Share Centre.

MARKET BACKDROP

During 2016, the market was characterised by politically-driven volatility. The vote for Brexit in June and the election of Donald Trump as President of the US in November were the two key events. Market nervousness in the run up to the EU Referendum resulted in a subdued first half performance and our own surveys of personal investors indicated their expectation that a vote for Brexit would result in a drop in market values. However that drop was short-lived, with the impact of weak Sterling boosting the market valuations of exporting companies and those generating substantial proportions of their revenue and profits from overseas. As a result, the FTSE 100 moved higher and the market delivered a strong performance in 2016 as a whole. We experienced our busiest ever day on 24 June 2016 and saw markedly higher trading volumes over the second half as market values hit new highs.

Positive investor sentiment was supported by the domestic political environment. Measures in the last two budgets, which included a cut in capital gains tax, increases in ISA allowances and the introduction from April 2017 of a new Lifetime ISA product for 18-40 year olds, were aimed at encouraging individuals to save more for their financial futures.

We plan to launch a Lifetime ISA product on 6 April 2017 following the lead we took when we were first to market with Flexible ISA functionality in April 2016.

The regulatory backdrop is also looking a little more accommodating. While not directly impacting The Share Centre, the sunset clause in the Retail Distribution Review ('RDR') came into effect in April 2016. Brokers' customers whose charges had effectively been subsidised by return commission payments from fund houses to those brokers will, in many cases, see the fees they have been charged explicitly laid out for the first time in their 2017 tax year end statements. This provides us with a further opportunity to make clear the benefits of our flat-fee charging structure.

As we enter 2017, we continue to argue for the need to have greater flexibility in the way we can place client money since the banking sector, which is already awash with liquidity, is averse to taking on-call deposits for regulatory reasons. We also continue to argue for a more risk - based approach to the apportionment of the fees levied by the Financial Services Compensation Scheme ('FSCS') and we are optimistic of progress on both fronts in 2017.

OUTLOOK

Looking forward, we expect to see a return to higher levels of inflation. In the UK, this will be largely fuelled by the fall in Sterling feeding through to import and commodity prices. In the US, it appears likely to be driven by President Trump's 'America First' policies stemming the flow of cheap goods from overseas. Increased inflation, accompanied by continued high employment and growth on the upside of expectations (as it has been since the EU Referendum), will be likely to lead to higher interest rates both in the US and in time in the UK. It is possible that the long period of ultra-low inflation and interest rates will come to an end as supply tightens, wage-push pressures increase and demand continues to be strong, fuelled by infrastructure spending. In our view, an interest rate rise of 0.25% in the UK is a distinct possibility this year.

Personal investors will need to be positioned to withstand continued political volatility as a number of major EU countries have general or presidential elections in 2017. The results may change the shape of EU politics and the coalitions in those countries. They will also therefore shape the nature of the EU with which the Prime Minister must negotiate our exit after Article 50 is triggered, expected by the end of March. It should be noted that, in contrast to many financial services companies, the Group's business has little exposure concerns over access to the Single Market.

We remain focused on innovation in 2017 as we begin to move from 'Investing' to 'Transforming and Delivering'. We plan to launch new services and products, including a new version of our mobile app to incorporate dealing and funding functionality and the Lifetime ISA. We will also be refreshing our website, commencing services for Computershare and taking on customers from Invesco Perpetual. Assuming that market conditions and the government/regulatory backdrop remain supportive, the Group is well positioned for revenue and underlying earnings growth as well as further growth in assets under administration.

For these reasons, in addition to 2017 starting well, we look forward with a high degree of confidence to the future and to reporting on progress as we move through the year.

Gavin Oldham
Chairman
8 March 2017

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A REVIEW OF 2016

STRATEGIC REPORT – KEY EXTRACTS

Key extracts from the Strategic Report are set out below. The full Strategic Report will be available in the 2016 Annual Report.

DELIVERY OF THE STRATEGY

The business strategy of the Group is based on three key elements: 'Putting Customers First'; 'Focus on our Core Business'; and delivering 'Strategic Partnerships or Acquisitions'.

PUTTING CUSTOMERS FIRST

Ensuring that customers are at the forefront of all that we do remains a core principle. Our simple flat-fee structure introduced in July 2013 looks increasingly competitive compared to other firms who have opted to maintain value-related charging structures, which penalise investors' investment diligence and success. Over the year, we continued to see strong rates of transfers-in relative to transfers-out and our revenue from fees in 2016 has outperformed our peer group.

We believe that our strong commitment to putting customers first is reflected in the eight industry awards we won over the year. These included Investment Trends' prestigious award for 'Overall Client Satisfaction', which we won for the third successive year against all the larger brands in the sector. The award was based on a survey of over 12,000 individual personal investors, making it the largest annual survey of retail investor opinions undertaken in the UK. Visitors to our website will see the eight industry awards that we won during 2016, matching the eight in 2015. We also ended the year with an average rating of 8.8/10 from over 500 reviews on the TrustPilot review site.

Technological innovation is a dominant theme for the business and 2016 saw the start of our technology investment programme to improve and significantly enhance our systems. Our focus has been on customer-facing technology and during the year we built and launched our first mobile and tablet application for both Android and iOS (Apple) users, allowing customers to view account, market and company information. The app was received very positively by users and we plan to add funding and trading functionality in 2017.

We also made significant improvements to our website, including its charting capability, and launched new select lists to help customers navigate the market, focusing on exchange traded products, index tracking funds and investment trusts. We were also the first and only broker to introduce Flexible ISA functionality as soon as it was possible on 6 April 2016.

We have also been working with a specialist website design agency to enhance our website and the first deliverables are due in 2017.

Our three in-house 'Fund of Funds' increased the value of funds under management by 40% to £70m from £50m. This bodes well for investor appetite for these straightforward investment options in 2017.

We have worked hard to ensure that we provided a continual flow of investment guidance during 2016. It was particularly heartening to see that over 75% of trades on the day of the EU Referendum result were 'buys' as our retail investor customers recognised the opportunity that the initial market 'wobble' presented.

We held four customer events in 2016, with topics ranging from Exchange Traded Funds ('ETFs') and investment trusts, to global events and their impact on the markets. In addition, as part of our continuing efforts to listen to our customers, we have a group of 50 investors who provide us with their counsel, as we look to make further improvements to our digital experience.

FOCUS ON OUR CORE BUSINESS

As planned, during 2016, we successfully changed the underlying database technology for our core systems and commenced a review of our operational processes ready for the creation of our new back-office systems that will support the Group's administrative operations. This replacement will be a careful multi-year programme, with the objective of creating a new core systems platform that is ready to take advantage of the latest technological advances in the future.

We have taken the deliberate decision to build our new systems internally, positioning The Share Centre at the forefront of our industry when delivering the latest product and innovation for our customers. This approach will also provide us with greater flexibility when delivering services for our corporate partners.

We continue to be focused on our core business of retail stockbroking – providing custody and transactional services to personal investors either in our own brand or through the brands of other organisations. In 2016 we agreed the disposal of Sharefunds to Treasury Capital Ltd. That disposal has received regulatory approval and we expect it to complete on 24 March 2017. Advertising and public relations activities remain key tools to promote our services and, in 2016, we achieved a record amount of media coverage.

STRATEGIC PARTNERSHIPS OR ACQUISITIONS

We acquired three further books of customer accounts over the year. These were from Barclays Bank plc ('Barclays'), European Pensions Management Ltd ('EPML') and Invesco Perpetual. The accounts we acquired from Barclays comprised investment clubs, corporate and charity accounts, and the transfer took place in February 2016. This second agreement with Barclays followed the launch of our certificated dealing service to Barclays' customers in 2015. In August, we acquired a small number of ISA client accounts from EPML, following its insolvency. Our agreement with Invesco Perpetual was signed in December 2016 and was our largest acquisition of customer accounts in the year. Under the agreement, we have acquired a book of accounts covering up to 8,700 customers and over £200m of assets under administration, predominantly in ISA accounts. We expect the acquisition to complete in April 2017 and are delighted that Invesco Perpetual chose The Share Centre as the best home for its customers.

In addition to these acquisitions, we signed an agreement with Computershare to provide certificated dealing and corporate nominee dealing services to shareholders of Computershare's corporate clients. We look forward to launching these new services in the next few months. We have also already launched a new service helping the estates of deceased shareholders.

We aim to secure further similar agreements and our focus is on developing relationships with large organisations looking to offer their customers the best possible investment custody and administration services. We will also continue to look for any suitable corporate acquisition opportunities.

FINANCIAL PERFORMANCE

The market backdrop in the first half was relatively weak, with subdued trading activity ahead of the EU Referendum, and, as we reported, first half revenue excluding interest was up 1% year-on-year. Following the EU Referendum result, trading volumes strengthened, helped by the acquired Barclays accounts. Revenue growth excluding interest in the second half was up 15% year-on-year, although this also reflects a much weaker comparative in 2015. Despite strong client money balances, the reduction in interest rates by the Bank of England in August impacted interest income with a number of our counterparties ceasing to pay interest.

One feature of the second half was the rise in stock markets, with the FTSE All Share climbing 10%. The RDR required companies to review their charging structures by April 2016 and, with trail commission no longer available, a number of our peers have shifted their revenue models towards fee-based charges. These fees are often based on the value of customer holdings and therefore increase or decrease with the value of those holdings. In a rising market, as we saw in the second half, this penalises the customer. By contrast, The Share Centre has adopted a simple low fixed-rate account administration fee. This positions The Share Centre very competitively, especially against value-related fee structures and particularly in inactive markets, relative to its peers. However we do not benefit to the same extent in rising markets as the second half demonstrated.

The key elements of the Group's financial performance are set out in more detail below.

REVENUE

Overall revenue increased by 4% to £14.6m (2015: £14.1m). Excluding interest, revenue increased by 8% to £13.8m (2015: £12.8m). As can be seen from the Key Performance Indicators below, this performance was ahead of the market as a whole and resulted in record market share.

COMMISSION INCOME

The Group generated its highest ever annual commission revenue over the year, with commission revenue increasing by 10% to £7.0m (2015: £6.4m). This reflected a number of factors including stronger investor activity in the second half and the impact of new partnerships and acquisitions, in particular the benefit of a full year of the Barclays certificated dealing service and the acquisition of Barclays investment clubs.

Our commission revenue growth significantly outperformed our peer group, which delivered commission revenue growth of 2%. Compeer, an independent company which gathers and provides data and analysis to the wealth management community, estimates that on-exchange trades by retail firms increased by 3% in 2016 compared to 2015. The Group grew its trading volumes by 11%, indicating that the Group also outperformed its wider peers.

FEE INCOME

Revenue from fees increased by 6% from £6.4m to £6.8m, again a record, compared to an increase of 4% for the peer group. New account acquisition was again strong in 2016, and included a large number of transfers-in of accounts from other providers. This reflected trends in the wider market as highlighted by the July 2016 UK Online Broking Report by Investment Trends, which estimated that in the last year 900,000 online investors placed one trade or more, with nearly one in ten of them having been inactive for at least a year and resuming their trading activity. 2016 was also another successful year for our Enterprise Investment Scheme ('EIS') and Business Property Relief ('BPR') administration business, which provides core custody and dealing services to a growing number of around 180 funds and 24 fund managers.

INTEREST INCOME

Cash held on behalf of customers at 31 December 2016 was up 65% to £296m (31 December 2015: £179m). This was partly due to the acquisition of accounts but also reflected customers' inability to earn an interest return on their cash elsewhere. Interest income however reduced by 35% to £0.8m (2015: £1.3m), which reflected the decrease in interest rates by the Bank of England. In addition, a number of our counterparties, for regulatory reasons, are showing limited appetite to accept client money deposits and stopped paying interest. As we have said before in previous reports, a number of our peers are part of larger banking entities and so can benefit from higher internal rates on cash deposits. We also believe that some of our peers are now using relatively higher risk counterparties, where money can be placed at higher rates. Reflecting both these factors, interest income for the peer group increased by 16%. Consequently, we believe that to exclude interest from our key performance indicator of market share of benchmarked revenue, is currently a more appropriate core business indicator of our relative performance against our peer group.

With the reduction of interest income and improved trading activity, the revenue mix between commission, fees and interest shifted to 48%, 46% and 6% respectively in 2016 from 45%, 46% and 9% respectively in 2015.

Over the last five years, commission has grown by 24%, which together with the growth in fees has more than compensated for the loss of interest earned at historically higher rates.

The Group has always placed a high degree of importance on the quality of its revenue and the level of recurring revenue represented by fees and interest in 2016 was £7.6m (2015: £7.7m) and covered 48% of the Group's costs (2015: 51%).

COSTS

Overall costs for the year increased by 7% to £16.0m (2015: £14.9m), this was partly driven by an increase in transactional costs from £1.9m to £2.2m. This reflected higher trading volumes and a full year of the Barclays certificated dealing service. Overheads of £13.8m (2015: £13.0m) were up 6%, primarily due to staff costs rising by 8% to £7.9m (2015: £7.3m). This followed our decision to strengthen our IT and Digital Marketing expertise, as we invest in our systems and transform our customer proposition. We only needed to implement a limited increase in headcount in our customer facing and support functions despite launching new services and acquiring accounts, highlighting the scalability of our core business.

The second largest cost incurred by the Group is marketing. Trading conditions were more conducive to customer account acquisition in the second half of the year and we increased our marketing activity accordingly. Overall, year-on-year spend on marketing reduced to £1.8m (2015: £1.9m) as we were able to utilise our investment in in-house digital marketing capability to reduce spend with third parties by 3%.

Share-based payment charges for long term equity incentives were £0.6m (2015: £0.6m). The share-based charge is recorded as a cost and then credited back to reserves as it does not impact the financial resources of the business.

Staff costs and marketing spend together totalled £10.4m (2015: £9.8m) and represented 65% (2015: 65%) of total costs. Other expenditure relates to premises, IT systems and professional fees.

The Group also incurs regulatory fees and levies and irrecoverable VAT. In 2016, our costs in respect of the FSCS were 43% lower at £270,000 (2015: £478,000). This was due to a lower charge in 2016, together with a refund received after the year end. After a 40% rise in 2015, the reduced cost in 2016 highlights the unpredictable nature of what is a material cost to the Group and one which is outside our control. The basis of allocation for the FSCS levy is based on past revenues rather than taking into account the risk profile of firms and the amount of capital that they hold. As we have reported before, we believe this basis of allocation remains inherently unfair, penalising firms with lower risk profiles.

PROFITABILITY

As expected, Group profitability decreased in the year as a result of three key factors: higher staff costs relating to our transformation programme; reduced interest income and increased transactional costs from higher trading volumes. The increase in commission and fee income mitigated to some extent these factors but the net result was that the Group made an overall operating loss of £1.3m (2015: loss of £0.9m). During 2016, we sold 85,727 of our 145,727 shares in the LSE, realising proceeds of £2.4m, which further strengthened the Group's balance sheet. A net profit on the sale of £2.1m was recognised in our consolidated income statement.

The Board believes that underlying earnings per share which strip out one-off items (such as the sale of LSE shares) and non-cash share-based payment charges, better reflects the performance of the Group. On this basis, earnings decreased to 0.0p (2015: 0.4p). At a reported level, earnings per share were 0.5p (2015: 0.5p).

BALANCE SHEET

The Group's balance sheet remains very strong with no debt and significant cash balances of £11.4m (2015: £11.7m) with the sale of our shares in LSE offsetting the operational cash outflow.

The Group's financial position is further strengthened by available-for-sale investments of £6.0m (2015: £7.6m), primarily in LSE and Euroclear plc, the largest international central securities depository in the world. The dividends from these investments totalled £216,000 (2015: £207,000), which is substantially in excess of the possible current interest return on Group cash.

The increase in the carrying value of our shares in Euroclear plc to £3.9m (2015: £3.3m), predominately arising from the rise in the value of the Euro in the period, reflects the estimated fair value of each share. The only other significant investment that the Group holds to which it attributes a carrying value is Professional Partners Administration Limited ('PPAL'), valued at £0.2m.

The increase in the value of intangible assets in 2016 to £2.0m (2015: £0.1m), represents the purchase of customer accounts from third parties (£0.8m), purchased software (£0.2m) and systems development for our technology programme (£1.0m).

Overall shareholder funds as at 31 December 2016 stood at £17.7m (2015: £18.7m). This represents 12.3p per share in issue (2015: 13.0p). The remaining working capital balances on the balance sheet principally reflect open customer positions with the Group and the market, i.e. unsettled customer sales and purchases, which all effectively net to zero as each side has both an asset and a liability with the Group as agent in the middle. Finally the remaining balances net to a liability largely in respect of non-current deferred tax.

KEY PERFORMANCE INDICATORS

The Group uses a number of key performance indicators to monitor and measure its progress through the year. These are both quantitative and qualitative, and relate to activity levels as well as financial metrics. The key performance indicators discussed below are consistent with those disclosed in previous Annual Reports.

BUSINESS PERFORMANCE

MARKET SHARE

The principal key performance indicator, on which the Group reports quarterly, is its market share of benchmarked revenues. This is measured using the peer group of eight other retail stockbrokers and serves to benchmark our performance, irrespective of underlying market trends which affect the industry as a whole. The data for the measurement of this indicator is drawn from Compeer.

The data shows that the Group has outperformed its peers during the year in terms of revenue growth. Commission and fee revenue increased by 8% compared to the collective peer group which experienced an increase of 2%. For the year as a whole, our market share excluding interest increased to a record 9.85% (2015: 9.39%). The fourth quarter data showed a market share of 9.79% (Q4 2015: 8.98%). Overall revenues for the Group increased by 4% compared to the collective peer group which experienced an increase of 6%. For the year as a whole, reflecting the factors driving the growth in interest income for the peer group, our market share including interest decreased to 7.64% (2015: 7.79%). The fourth quarter data showed a market share of 7.48% (Q4 2015: 7.17%).

MARKETING AND CUSTOMERS

We measure the level of interaction with customers and prospective customers through a range of metrics. As for other online businesses, these metrics include our website up-time and analysing our marketing 'funnel' from website traffic to accounts opened (including transfers-in from other brokers). Our website continues to attract high numbers of visitors and remains the predominant route through which new accounts are opened. In 2016, the average monthly number of unique visitors grew to over 190,000 (2015: 173,000). We also monitor our customer activity and income generated by product. At the end of 2016, there were 250,000 accounts which contained assets (2015: 248,000). Whilst net new account acquisition was positive during the year, we took the opportunity to close 4,000 dormant, empty and deceased accounts.

We closely measure the level of customer satisfaction, primarily through Trustpilot, a review site for customers. Our average score in 2016 was 8.8/10 (2015: 8.8/10) and we received 2.66 complaints per 1,000 customers (2015: 2.18). We continue to have very low levels of complaints referred to the Financial Ombudsman, with just 12 in 2016 (2015: 7), with none upheld against us (2015: 1).

PEOPLE

The high levels of customer satisfaction that we aspire to are only achievable with the dedication and commitment of our employees. All our people are critical to our customer proposition and we are very proud of the staff we employ. We monitor levels of headcount, staff costs and absence on a monthly basis. At 31 December 2016, reflecting out investment programme, our headcount increased to 185 (2015: 169). We also assess staff turnover rates which in 2016 decreased to 21% (2015: 22%), reflecting the relatively higher turnover experienced by businesses such as The Share Centre who provide customer contact operations. The ratio of male to female employees was approximately 50:50.

We offer our employees a range of benefits including the contribution of 8% of base salary into a pension of their choice, participation by all employees in the Group's profit share arrangements which pays a profit related bonus, and a Share Incentive Plan with 2:1 matching of employee contributions. This latter benefit means a significant proportion of our employees are shareholders, with 107 employees making regular monthly contributions into the scheme.

Our annual staff survey, first conducted in 2011, again showed strong levels of satisfaction amongst our employees with 86% (2015: 87%) of staff agreeing with the assertion "I am proud to work for The Share Centre", and 86% (2015: 87%) of staff agreeing that they "would recommend The Share Centre as a good employer".

FINANCIAL

REVENUE

We monitor the absolute levels of revenue and the mix between the different revenue streams. Data for these metrics is given in the 'Review of 2016' section above.

OPERATING PROFIT

We monitor operating profit as explained above where the data for 2016 is given. As a result of the changes that have been made to the Client Asset rules, the potential for generating interest income and growing operating profit is reduced but as revenue increases further we expect to see profits increase, even without the benefit of interest rate rises.

ASSETS UNDER ADMINISTRATION

The level of assets under administration measures the collective value of the investments and cash held by our customers. We look at this in both absolute terms and at the rate of change relative to overall market levels. At the end of the year, this value was £3.7bn (2015: £2.8bn), which represented an increase of 32% year-on-year. Even with the impact of acquiring additional accounts, this still shows strong growth compared to the 12% increase in the FTSE All Share index over the same period. The increase of 32% was shared between all asset classes but funds showed a more significant growth, highlighting the attractiveness of our fixed fee pricing. A rate of increase greater than the market as a whole indicates the Group's ability to attract new accounts, additional investment from existing customers and new partnerships or acquisitions. As a proxy, assuming our customers performed in line with the FTSE All Share index this would imply a net inflow of funds of c.£570m during 2016 (2015: £320m).

CASH FLOW

The Group's full cash flow statement is presented on Page 18. We monitor cash flows on a monthly basis and in particular review the Group's ability to translate post-tax profits into cash.

FINANCIAL RESOURCES

Two of the entities within the Group are regulated by the FCA, The Share Centre Limited (FCA registration number: 146768) and Sharefunds Limited (FCA registration number: 227807). This means that the Group has to hold a certain amount of regulatory capital. The Group has a stated policy to maintain at least twice the amount of regulated capital required. As at 31 December 2016, the Group was holding 2.6 times the capital required as calculated by the FCA's Internal Capital Adequacy Assessment Process ('ICAAP') for 2016 (2015: 3.6 times).

The ICAAP assesses the level of capital and financial resources that should be held by the Group. In summary, the Pillar II requirement (being the amount that the Group has to hold, as it is in excess of the Pillar I requirement) is £5.6m for 2017 (2016: £5.1m). Full details of our capital requirements are required to be disclosed under Pillar III of the Capital Requirements Directive and can be found on our website – www.shareplc.com.

PROSPECTS

The Board believes that 2017 represents a major opportunity for The Share Centre. In 2016, we highlighted the three key elements to our five year Business Plan, 'Investing, Transforming and Delivering'. Having made substantial progress with our investment element, we expect to be demonstrating greater 'Transformation and Delivery' in 2017. In particular, we anticipate customer numbers rising and the Group showing progress in the return to greater underlying, and then headline, profitability.

Our clearly defined strategy will remain focused around its three core elements:

PUTTING CUSTOMERS FIRST

Transforming our digital proposition remains a key aspect of our plans going forward. In 2017, we expect to see the fruition of our investment in transforming our digital channels. This will include further development of our mobile app and looking for ways to enhance the customer experience. We strongly believe that investing should be an enjoyable enterprise and the complexity of the language and process which normally surrounds financial services often acts as a barrier to engagement. We therefore remain dedicated to the idea of keeping investment as simple and straightforward as possible and will continue to invest in new tools and improved research. In this way, we will help customers navigate their way through investment decisions and arrive at products and services which most suit their needs.

FOCUS ON THE CORE BUSINESS

At the heart of our business is the customer relationship. That relationship is based on the provision of custody for the customer's assets and the facilitation of trading in those assets. We will continue to ensure we remain focused on that provision of custody and transaction services for the personal investor.

The three Fund of Funds that we offer – currently through the SF Portfolio – remain a core part of The Share Centre's proposition. They allow an easy access point for retail investors into what is an otherwise complex and crowded funds market. In 2016, we announced that we were in advanced discussions to transfer our ACD role, which covers a total of seven funds, four of which are managed elsewhere, to another party. In January 2017, the transfer to Treasury Capital Ltd received regulatory approval by the FCA and, together with the sale of the Sharefunds Limited entity, is due to complete on 24 March 2017. The Group will continue to manage the three SF Portfolio Fund of Funds and the sale of Sharefunds, should enable us to look at expanding the distribution channels for these funds thereby helping to grow funds under management.

STRATEGIC PARTNERSHIPS AND ACQUISITIONS

Retail investment service firms have experienced a number of significant challenges to their business models. We too have been affected although not to the same extent as others. We believe that this is because of our focus on the long term stability of the Group and the more balanced revenue model that we have operated. The loss of interest income as rates have remained low and the loss of trail commission – both of which have also been impacted by regulatory change – have caused firms to run losses and require additional capital. We believe that these changes should drive opportunities in the market for The Share Centre.

We have demonstrated an ability to acquire accounts from, and work with, large partners and well-known brands including Barclays, Henderson, Computershare and more recently with Invesco Perpetual.

The Group is in discussions on a number of other corporate relationships which could deliver significant benefits to the Group. There is, of course, no certainty that these will materialise, but our increasing number of successes provides a track record of delivery to help win other opportunities. These opportunities typically have a lead time with some development work and investment required up front before incremental revenue generation.

OVERALL OUTLOOK

The Board looks forward with a high degree of confidence to the future. Whilst we can expect continued political volatility within the EU, the domestic political environment remains supportive of personal investors as the Government tries harder still to encourage individuals and families to save more for their financial futures. In that context, the Board is confident in continuing to invest in the business, transforming the proposition but with an increased emphasis on delivery for stakeholders.

On the assumption that market conditions and the government/regulatory backdrop remain supportive, we expect to see the benefits of our investment strategy start to flow through in increased revenue, underlying earnings and assets under administration, accelerated further if more partnership or acquisition opportunities materialise.

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CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER	NOTES	**2016 (UNAUDITED) £'000**	2015 (AUDITED) £'000
Revenue	3	**14,610**	14,050
Administrative expenses		**(15,956)**	(14,944)
Operating loss		**(1,346)**	(894)
Investment revenues		**248**	276
Other gains	4	**2,119**	1,479
Profit before taxation		**1,021**	861
Taxation	5	**(284)**	(196)
Profit for the year		**737**	665
Basic earnings per share*	7	**0.5p**	0.5p
Diluted earnings per share*	7	**0.5p**	0.5p

All results are in respect of continuing operations.

* The directors consider that the underlying earnings per share as presented in Note 7 represent a more consistent measure of the underlying performance of the business as this measure excludes the impact of some items, including any large non-recurring items.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER	**2016 (UNAUDITED) £'000**	2015 (AUDITED) £'000
Profit for the year	**737**	665
Items that may be classified subsequently to profit or loss:		
Gains on revaluation of available-for-sale investments taken to equity	**110**	982
Deferred tax on gains on revaluation of available-for-sale investments taken to equity	**(19)**	(194)
Exchange gains/(losses) on available-for-sale investments taken to equity	**577**	(238)
Deferred tax on exchange (gains)/losses on available-for-sale investments taken to equity	**(115)**	47
Deferred tax impact of change in tax rates	**50**	-
	603	597
Items that have been classified subsequently to profit or loss:		
Gains on revaluation of available for sale investments taken to profit and loss on disposal	**(2,122)**	(1,723)
Deferred tax on revaluation of available for sale investments taken to profit and loss account on disposal	**424**	344
	(1,698)	(1,379)
Net (loss)/gain recognised directly in equity	**(1,095)**	(782)
Total comprehensive (loss)/income for the year	**(358)**	(117)
Attributable to equity shareholders	**(358)**	(117)

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CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER	2016 (UNAUDITED) £'000	2015 (RESTATED) £'000
Non-current assets		
Intangible assets	**1,970**	117
Property, plant and equipment	**263**	222
Available-for-sale investments	**5,963**	7,637
Deferred tax assets	**145**	107
	8,341	8,083
Current assets		
Trade and other receivables	**12,462**	7,978
Cash and cash equivalents	**11,421**	11,663
Current tax asset	**-**	75
	23,883	19,716
Total assets	**32,224**	27,799
Current liabilities		
Trade and other payables	**(13,225)**	(7,681)
Current tax liability	**(159)**	-
	(13,384)	(7,681)
Net current assets	**10,499**	12,035
Non-current liabilities		
Deferred tax liabilities	**(1,096)**	(1,418)
Total liabilities	**(14,480)**	(9,099)
Net assets	**17,744**	18,700
Equity and reserves		
Equity share capital	**718**	718
Capital redemption reserve	**104**	104
Share premium account	**1,064**	1,064
Employee benefit reserve	**(1,863)**	(2,010)
Retained earnings	**13,418**	13,426
Revaluation reserve	**4,303**	5,398
Equity shareholders' funds	**17,744**	18,700

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	CAPITAL REDEMPTION RESERVE £'000	SHARE PREMIUM ACCOUNT £'000	EMPLOYEE BENEFIT RESERVE £'000	RETAINED EARNINGS £'000	REVALUATION RESERVE £'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY £'000
Balance at 1 January 2015	**718**	**104**	**1,064**	**(805)**	**13,490**	**6,106**	**20,677**
Prior year adjustments	-	-	-	-	(74)	74	-
Balance at 1 January 2015 (restated)	**718**	**104**	**1,064**	**(805)**	**13,416**	**6,180**	**20,677**
Total comprehensive (loss)/income for the period	-	-	-	-	665	(782)	(117)
Dividends	-	-	-	-	(878)	-	(878)
Purchase of ESOP shares	-	-	-	(1,849)	-	-	(1,849)
Sales of ESOP shares	-	-	-	310	-	-	310
Cost of matching & free shares in the Share Incentive Plan	-	-	-	215	(215)	-	-
Profit on sale of ESOP shares and dividends received	-	-	-	119	(124)	-	(5)
Share-based payment credit	-	-	-	-	551	-	551
Deferred tax on share-based payment	-	-	-	-	(1)	-	(1)
Share-based payment current year taxation	-	-	-	-	12	-	12
Balance at 31 December 2015 (restated)	**718**	**104**	**1,064**	**(2,010)**	**13,426**	**5,398**	**18,700**
Total comprehensive (loss)/income for the period	-	-	-	-	737	(1,095)	(358)
Dividends	-	-	-	-	(1,019)	-	(1,019)
Reclassification of employee benefit reserve	-	-	-	34	-	-	34
Purchase of ESOP shares	-	-	-	(426)	-	-	(426)
Sales of ESOP shares	-	-	-	227	-	-	227
Cost of matching & free shares in the Share Incentive Plan	-	-	-	241	(241)	-	-
Profit on sale of ESOP shares and dividends received	-	-	-	71	(98)	-	(27)
Share-based payment credit	-	-	-	-	602	-	602
Deferred tax on share-based payment	-	-	-	-	7	-	7
Share-based payment current year taxation	-	-	-	-	4	-	4
Balance at 31 December 2016	**718**	**104**	**1,064**	**(1,863)**	**13,418**	**4,303**	**17,744**

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CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER	NOTES	**2016 (UNAUDITED) £'000**	2015 (AUDITED) £'000
Net cash received/(used in) from operating activities	9	**294**	(2,104)
Investing activities			
Interest received		**32**	69
Dividend received from investments		**216**	207
Purchase of property, plant and equipment		**(162)**	(85)
Proceeds from the disposal of property, plant and equipment		**-**	2
Purchase of available-for-sale investments		**(3)**	(65)
Proceeds of disposal of available-for-sale investments		**2,360**	1,936
Purchase of intangible investments		**(1,960)**	(74)
Net cash received from/(used in) investing activities		**483**	1,990
Financing activities			
Equity dividends paid	6	**(1,019)**	(878)
Net cash used in financing activities		**(1,019)**	(878)
Net decrease in cash and cash equivalents		**(242)**	(992)
Cash and cash equivalents at the beginning of the year		**11,663**	12,655
Cash and cash equivalents at the end of the year		**11,421**	11,663

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NOTES TO THE PRELIMINARY ANNOUNCEMENT

1 GENERAL INFORMATION

Share plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ. The nature of the Group's operations and its principal activities will be set out in the Strategic Report in the Group's Annual Report for 2016, which will be available as set out in Note 10 below.

The financial statements are presented in pounds Sterling which is the currency of the primary economic environment in which the Group operates.

2 BASIS OF PREPARATION

The Group financial statements have been preared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB (together 'IFRS') as endorsed by the European Union.

The Company's financial statements have been prepared on the same basis and as permitted by Section 408 of the Companies Act 2006; no income statement is presented for the Company.

In the current year, the following new and revised Standards and Interpretations have been adopted and have had no impact on these financial statements.

- IAS 1 Disclosure Initiative, effective 1 January 2016
- IAS 16 and 38 - Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- IAS 19 Employee Benefits – Discount rate: regional market issue, effective 1 January 2016
- IAS 27 - Equity Method in Separate Financial Statements, effective 1 January 2016
- IAS 34 Interim Financial Reporting – Disclosure of information 'elsewhere in the financial report', effective 1 January 2016
- IFRS 7 Financial Instruments: Disclosures, effective 1 January 2016
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception, effective 1 January 2016

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The impact of these amendments is yet to be determined.

- IAS 7 Disclosure Initiative – Amendments to IAS 7, effective 1 January 2017
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12, effective 1 January 2017
- IFRS 2 Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019

The Group accounts consolidate the financial statements of the Company and its subsidiaries, The Share Centre Limited, The Share Centre (Administration Services) Limited, and Sharefunds Limited, which all make up their annual financial statements to 31 December. Other subsidiaries are not included in the Share plc consolidation as they are not trading and not material to the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group has considerable financial resources and no external debt. With a diversified customer base and core recurring revenue streams along with large elements of discretionary spending in the Group's cost base, the directors believe that the Group is well placed to manage its business risks successfully despite the uncertain political and economic outlook. An analysis of the Group's principal business risks will be published in the full financial statements. After making 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 and at least 12 months. Accordingly, the going concern basis has continued to be used in the preparation of these financial statements.

The Group's detailed accounting policies are as stated in the full financial statements which will be published shortly as per Note 10 below. These policies are consistent with those applied in the financial statements for the year ended 31 December 2015.

2015 Restatement

During the year the consolidated financial statements were restated to correct the accounting for foreign exchange gains and losses on available-for-sale assets. These had historically been included within retained earnings rather than in the revaluation reserve, which represents the accumulated other comprehensive income, (as detailed in IAS 21) and so have been reclassified.

The restatement has no effect on the consolidated income statement. The effects of the restatement on the balance sheet is as follows:

CONSOLIDATED BALANCE SHEET (EXTRACT):	2014 PREVIOUSLY REPORTED	APPLICATION OF IAS 21 RELATING TO PERIODS PRECEDING 2015	**2014 RESTATED**	2015 PREVIOUSLY REPORTED	APPLICATION OF IAS 21 RELATING TO 2015	**2015 RESTATED**
	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Retained earnings	13,490	(74)	**13,416**	13,309	117	**13,426**
Revaluation reserve	6,106	74	**6,180**	5,515	(117)	**5,398**
Equity shareholders' funds	**20,677**	**-**	**20,677**	**18,700**	**-**	**18,700**

3 BUSINESS AND GEOGRAPHICAL SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. There has been no aggregation of segments and the reportable segments are therefore represented by the following two business divisions:

The Share Centre – this is the main trading business and provides stockbroking and custodian services to retail investors. Operating wholly in the UK, the great majority of this business is done directly with those retail customers, though in some cases the relationship is through a third party, typically on a white-labelled basis. Additionally, The Share Centre acts as investment manager to the SF Portfolio.

Sharefunds – this is the division which operates a fund administration service. The division's customers are authorised funds for whom a range of administration services may be provided. This can include taking on the role of ACD.

The split of revenues and operating profit are therefore as below.

	THE SHARE CENTRE		SHAREFUNDS		TOTAL	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Revenue	**13,763**	13,387	**847**	663	**14,610**	14,050
Operating (loss)/profit	**(1,526)**	(1,012)	**180**	118	**(1,346)**	(894)

It should be noted that the accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 and that there were no major customers contributing more than 10% of revenues in the Group as a whole. The assets of the Group are principally used by The Share Centre. The services offered by the Group vary by business division as described above. However, within each business division no further segmentation by service is offered. Sharefunds has no material assets which would meaningfully be separated from The Share Centre, other than cash of £774,000 (2015: £556,000).

4 OTHER GAINS

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Disposal of available-for-sale investments	**2,122**	1,723
Write down of available-for-sale investments	**(3)**	(246)
Profit on disposal of property, plant and equipment	**-**	2
	2,119	1,479

In the year the Group sold 85,727 (2015: 77,000) London Stock Exchange Group plc 5p ordinary shares at an average price of £27.53 (2015: £25.14), receiving total consideration of £2.4m (2015: £1.9m). The average weighted cost of the shares to the Group was £2.77 (2015: £2.77) per share.

5 TAXATION

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Current tax		
Corporation tax charge on the income for the year	**(249)**	(204)
Adjustments in respect of prior periods	**(47)**	3
Deferred tax		
Origination and reversal of timing differences	**12**	5
	(284)	(196)

The tax assessed for the current year can be reconciled to the profit per the income statement as follows:

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Profit before taxation	**1,021**	861
Tax at 20% (2015: 20%)	**(204)**	(174)
Effects of		
Items not deductible for tax purposes	**(21)**	(3)
Foreign tax suffered	**(25)**	(20)
Prior year adjustments	**(47)**	5
Exempt dividend income	**43**	42
Tax payment made on behalf of Employee benefit scheme	**(3)**	(11)
Share-based payments	**(27)**	(35)
	(284)	(196)

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's investments amounting to £340,000 (2015: £197,000) has been credited to other comprehensive income. A current tax credit of £4,000 (2015: £12,000) and deferred tax credit of £7,000 (2015: £1,000 charge) relating to excess deductions on share-based payments have been taken to equity.

The current year tax rate used above (20%) is based on the corporation tax rate from 1 April 2015 to 31 March 2017. The standard rate of corporation tax in the UK will change from 20% to 19% with effect from 1 April 2017, and 17% with effect from 1 April 2020 as per the Finance Act 2016, enacted on 15 September 2016.

6 DIVIDENDS

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Amounts recognised as distributions to equity holders in the period		
2015 final dividend paid of 0.74p per ordinary share	**1,063**	891
Less dividend due to shares held via ESOP	**(44)**	(13)
	1,019	878

The directors are proposing a final dividend of 0.25 pence per share in respect of the year to 31 December 2016 (2015: 0.74 pence). This would amount to a dividend payment of £345,000 given the current share capital.

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming conversion of all potential dilutive ordinary shares. The potential ordinary shares consist of those share options and warrants where the exercise price is less than the average price of the Company's ordinary shares during the year. The calculation results in a difference of only a small fraction of a penny, which is eliminated in roundings.

Underlying basic and diluted earnings per share are calculated as for basic and diluted earnings per share but using an adjusted earnings figure before any one-off gains, losses, income or expense. The directors consider that the underlying earnings per share represent a more consistent measure of the underlying performance of the Group.

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	**737**	665
Other gains and losses	**(2,122)**	(1,723)
FSCS levies	**272**	478
Share-based payments	**602**	551
One-off Board changes (recruitment, bonus and related costs)	**-**	73
One-off redundancy/termination costs	**24**	58
One-off adjustment to available-for-sale investment valuation	**3**	246
Profit share impact of the above adjustments	**154**	40
Taxation impact of the above adjustments	**334**	167
Earnings for the purposes of underlying basic and diluted earnings per share	**4**	555

	2016 NUMBER 000s	2015 NUMBER 000s
Number of shares		
Weighted average number of ordinary shares	**145,007**	145,147
Non-vested shares held by employee share ownership trust	**(5,679)**	(5,917)
Basic earnings per share denominator	**139,328**	139,230
Effect of potential dilutive share options	**4,111**	4,312
Diluted earnings per share denominator	**143,439**	143,542

Basic earnings per share (pence)	**0.5**	0.5
Diluted earnings per share (pence)	**0.5**	0.5
Underlying basic earnings per share (pence)	**0.0**	0.4
Underlying diluted earnings per share (pence)	**0.0**	0.4

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8 INTANGIBLE ASSETS

Cost	SHARE.COM DOMAIN NAME LISTS £'000	PURCHASED CUSTOMER ACCOUNTS £'000	PURCHASED SOFTWARE £'000	SYSTEMS DEVELOPMENT £'000	**TOTAL £'000**
At 1 January 2015	164	57	59	-	**280**
Additions	-	57	17	-	**74**
At 31 December 2015	164	114	76	-	**354**
Additions	-	799	185	976	**1,960**
Amounts written off in the year	-	(57)	-	-	**(57)**
At 31 December 2016	164	856	261	976	**2,257**
Amortisation					
At 1 January 2015	164	51	1	-	**216**
Charge for the year	-	7	14	-	**21**
At 31 December 2015	164	58	15	-	**237**
Charge for the year	-	77	15	15	**107**
Amounts written off in the year	-	(57)	-	-	**(57)**
At 31 December 2016	164	78	30	15	**287**
Net book value					
At 31 December 2016	-	778	231	961	**1,970**
At 31 December 2015	-	56	61	-	**117**

During the year, the Group purchased customer accounts from Barclays Bank plc and European Pensions Management Limited, together with initial consideration in respect of those accounts to be acquired from Invesco Perpetual.

In addition, the Group is currently developing its website and has launched a mobile application, which is represented by systems development additions in the year.

Amounts written off during the year relate to the Wills & Co customer list which was purchased in 2010. As at 1 January 2016 the asset had been surpassed its useful life of five years and the carrying value was £nil.

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9 NOTES TO THE CASH FLOW STATEMENT

	2016 (UNAUDITED) £'000	2015 (AUDITED) £'000
Operating loss	**(1,346)**	(894)
Other losses including ESOP	**(192)**	(1,544)
Depreciation of property, plant and equipment	**121**	111
Amortisation of intangible assets	**108**	21
Share-based payments	**602**	551
Operating cash flows before movement in working capital	**(707)**	(1,755)
(Increase)/decrease in receivables	**(4,484)**	442
Increase/(decrease) in payables	**5,544**	(769)
Cash generated by/(used in) operations	**1,060**	(327)
Income taxes paid	**(59)**	(22)
Net cash received from/(used in) operating activities	**294**	(2,104)

10 AVAILABILITY OF REPORT AND ACCOUNTS

The Group's full report and accounts will be dispatched to shareholders, including those in nominee accounts who have opted-in to receive it, as soon as is practicable. Copies will also be available on the Group's website, www.shareplc.com, and on request from the Group's head office at Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ.

11 ANNUAL GENERAL MEETING

The Annual General Meeting is to be held on Wednesday 7 June 2017. Notice of the AGM will be despatched to shareholders with the Group's report and accounts.

12 PRELIMINARY ANNOUNCEMENT

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 2015. The financial information for the year ended 31 December 2015 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, it did not draw attention to any matters by way of emphasis without qualifying their report and it did not contain a statement under s498(2) or (3) Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2016 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies before the Company's Annual General Meeting.