21 March 2018

PERSONAL GROUP HOLDINGS PLC
(“Personal Group”, “Company” or “Group”)

Preliminary Results

For the year ended 31 December 2017

Personal Group Holdings Plc, a leading provider of employee services in the UK, is pleased to announce its Preliminary Results for the year ended 31 December 2017.

Highlights

Financial

- Group revenue of £45.2m (continuing operations) (2016: £53.6m), impacted by delayed roll out of salary sacrifice offering to Royal Mail Group and other key customers
- EBITDA* of £10.8m (continuing operations) (2016: £11.4m)
- Dividend increased by 3.2% to 22.7p
- Balance sheet remains strong with total cash of £16.2m (2016: £12.6m) and no debt (2016: nil)

Operational

- Fifth successive year of record new insurance sales
- Positioned PG Let’s Connect for growth post the impact of the HMRC Salary Sacrifice review
- 77% growth in SaaS revenue to £2.7m (2016: £1.5m)
- 1,400 SMEs with access to Hapi platform through the Sage partnership

Post period end

- Royal Mail Group launched PG Let’s Connect offer in March 2018 as expected
- In February 2018, PG Let’s Connect was appointed to the Crown Commercial Service Framework, the biggest public procurement framework in the UK
- Further record new insurance sales for the first 2 months of 2018

**Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based expense payments, corporate acquisition costs, restructuring costs, write back of contingent consideration and release of tax provision.*
A reconciliation from PBT to this adjusted EBITDA can be seen in note 1.

Commenting, Mark Scanlon, Chief Executive of Personal Group, said:

“2017 was a strong year across much of the Group’s operations, which is reflected in the EBITDA of £10.8m which was marginally ahead of current market expectations. This performance again demonstrates the strength of the underlying business and was despite the transient issue of the HMRC review into Salary Sacrifice, which delayed sales at our PG Let’s Connect business into 2018. As we continue in the current financial year, the Company is better placed than ever to realise the significant opportunity presented by the employee services market, which is being driven by increasing competition for staff in a tight labour market and recognition of the commercial value of investing in and retaining staff. This issue is common to organisations big and small, public and private all of which we are now very able to serve."

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Notes to Editors:

Personal Group Holdings Plc (AIM: PGH) is a technology enabled employee services business, working with employers to drive productivity though better employee engagement and a more motivated workforce. With over 30 years' experience, the Company provides employee benefits, serving 550 businesses, reaching over 2 million employees across the UK.

Personal Group's offer comprises 8,000 in-house and third party products and services, from c.60 supply lines. In-house services include employee insurance products (hospital, convalescence plans and death benefit) and the provision of home technology via salary sacrifice (iPads, computers, laptops, smart phones and smart TVs). Third party services include retail discounts, e-payslips, employee assistance, wellbeing programmes and salary sacrifice cars and bikes.

The offer is provided via the Company's proprietary technology platform, Hapi. The platform is intuitive and accessible via web, tablet and mobile app, driving better engagement, communication and value recognition. Hapi is flexible and can quickly integrate additional services, such as existing employee services and partner platforms. Hapi is a SaaS product.

Through technology and select acquisitions, the Company has grown its addressable market from 6m to 27m UK employees; including 15.6m SME employees targeted via its partnership with Sage, the UK's largest software company.

Personal Group's innovative approach to using technology to deliver its programmes, combined with its face-to-face method of communicating with employees, makes its offer compelling to blue chip clients across the UK as a way of attracting, retaining and motivating employees.

Personal Group has a strong client base across a range of sectors including passenger transport, healthcare, logistics and food manufacturing. Clients include: Stagecoach, Four Seasons Health Care, Priory Group, Spire Healthcare, Bibby, 2 Sisters Food Group and Young's Seafood.

For further information, please see www.personalgroup.com

Introduction

2017 was a good year for Personal Group with the Company making solid progress on most of its objectives. We achieved a solid EBITDA* performance of £10.8m, which marginally exceeded current market expectations. This was despite transient headwinds in our salary sacrifice business and highlights the strength of the underlying business. Our insurance business saw another year of record new sales, with significant growth achieved in our newer SaaS revenue streams.

The Company's performance is also a reflection of the strength in its client base. Personal Group acts for over 600 large employers, many of which are household names, and is seeing customer growth across the SME and public-sector marketplaces. The UK is currently experiencing high levels of employment but lower levels of productivity, demonstrating the importance to employers of attracting and retaining productive workers with the imperative of increasing output per head.

Personal Group is delivering on its strategy of evolving from a benefits provider to an employee services business offering a range of tangible business solutions to employers and their employees. With much of the ground work now complete on developing the Company's broader product range, the focus has increasingly shifted to delivering the Company's offer across existing and new clients.

Operations

Our core insurance business performed well, recording a fifth consecutive year of record new insurance sales. This performance was driven by improved productivity across the sales team and investments made in growing the size of the team. These additions, made predominantly in the second half of the year, served the company well in 2017 and place it in a strong position for the year ahead.

Overall insurance revenue declined marginally by 1.6% to £30.7m (2016: £31.2m), reflecting the rundown and transfer of revenues from the sale of the Company's PMI business to AXA and the decision to absorb the increase in Insurance Premium Tax during the year.

The focus of the PG Let's Connect salary sacrifice business was to place it in the best possible position to grow post the legacy impact of the HMRC review. While the Finance Bill in April provided clarity, these changes have taken longer than envisaged to work through the external system and impacted revenues which decreased to £11.3m (2016: £20.1m).

Initiatives undertaken included modernising the product offer, securing the most favourable supplier terms, developing the marketing and migrating the offer and back end systems onto the Hapi platform. This latter initiative will both integrate the businesses and improve efficiencies by providing a simpler customer journey.

As such, PG Let's Connect entered 2018 with a stronger offer and a reduced cost base. With our major customer Royal Mail having launched the offer to its employees after an initial delay, we believe that this will be an important year of growth for the business.

The benefits of the previous investment in building our proprietary technology platform, Hapi, are now being realised. The Company's SaaS offer via Hapi saw significant growth during the year with revenue increasing by 77% to £2.6m (2016: £1.5m). While still small relative to other parts of the business, we expect to see this trend continuing this year and beyond.

The growth in SaaS revenue was due to an increase in direct sales of the Hapi platform, to both existing and new clients, and the sale of licences to Sage. 2017 also saw the Group secure its first SaaS only customer where the core insurance offer has yet to be taken up.

This growth was driven by increasing recognition among employers of the value of the platform to their business, an expansion of the product offer within the platform and greater platform functionality.

The SME offer has continued to see solid progress, with over 1,400 companies now having access to the Hapi platform. This reflects the extended relationship with Sage in 2017 to a 'land and expand' strategy, where product bundles provided by Sage to its payroll clients included a number of Sage Employee Benefits ("SEB") licences. Ultimately this will also create an opportunity for Personal Group to sell its insurance products direct to Sage's client base.

Sage remains a natural channel partner for Personal Group's SME offer, with access to more than 9 million of the 15.6 million people employed by SMEs in the UK. The emerging focus now is to offer SEB to their wider client base, including their accounting and enterprise division customers, representing nearly their entire customer base, via a standalone product.

Technology

Technology remains at the core of the Company's products and during the period we invested in systems to improve efficiency and enhance the end user experience. In addition to the initiatives alluded to above, these included the development of the e-vouchers offer, as well as the integration of Blaze, an automated marketing tool that is already driving a significant increase in retail spending through the platform.

Security has always been a key focus of the Group and while the technology behind the Hapi platform is inherently secure, it has become an area of growing importance. As such we expanded the team during the year to improve our performance in this crucial area and to prepare for the pending implementation of the General Data Protection Regulation (GDPR).

Looking ahead, we are in the process of building the next generation App for the Hapi platform. The updated version is built on the same technology as our existing platform, creating a more seamless experience whilst adding efficiencies and future flexibility.

We are also investing in a system to allow individuals to maintain their insurance cover should they leave their current employment. If successful it will have a material effect on policyholder lapse rates, which in the longer term will support insurance revenue and profits.

Sales, Marketing & Customer Service

During the year the Company added a further 30 corporate clients, an increase of 50% on last year when measured by additional employee count. These wins were mainly across the transport, logistics and care sectors, where the Group already has a strong presence but also included other sectors such as retail and public sector.

The Group made significant inroads into the NHS in 2017, having won Sandwell and West Birmingham Hospitals NHS Trust as a client. The breadth of the offer was a strong differentiating factor in its decision to work with Personal Group. This work consequently led to several other introductions to NHS Trusts and in early 2018 PG Let's Connect was appointed to the Crown Commercial Service Framework, the biggest public procurement framework in the UK. As such, we are looking to expand further across the NHS and public sector in 2018.

With the greater focus on sales and delivery, we invested in the marketing department during the period, with the aim of further increasing lead generation for the business development team. Furthermore, marketing was also focussed to increase emphasis on sector specialisation; with the aim of nurturing and utilising sector expertise, with an increased understanding of the client's business, system and potential concerns. This approach is working well and we intend to expand it further across the business in 2018.

Quality of service is key to the Company's ability to retain and attract client employees. Our customer service record is excellent, with the number of complaints small enough for the executive team to review each one. Nonetheless, we invested in the Customer Relations Team during the year to improve our performance.

Market

The Board believes that the market for employee services remains strong and offers a real opportunity for growth. It is being driven by several factors, including changes in corporate culture, increasing pressure in the employment market and a growing understanding of the commercial value of investing in and retaining staff.

An employer can make substantial cost savings and efficiencies through a combination of increased staff retention, reduced hiring and training costs and increased productivity through a more engaged and driven workforce.

Tightness in the labour market is being driven by high employment rates, creating more intense competition for staff. This competition, combined with the impact of Britain's forthcoming exit from the European Union, has resulted in a significant drop in net migration over the last year. With added pressures imposed by limited corporate and public service budgets for wage growth, corporates are being driven to compete for staff at a non-wage level.

Financial Performance

Group revenue for the year from continuing operations was £45.2m (2016: £53.6m), reflecting a solid outcome across much of the Group. The insurance business recorded a further year of record new sales and SaaS revenue was up 77% year on year, while the legacy impact of the changes in Salary Sacrifice rules impacted the top line performance of the PG Let's Connect business.

Group revenue was also impacted by the increase in Insurance Premium Tax ('IPT') from 10% to 12%, in June 2017, and the full year impact of the prior year increase from 9.5% to 10%. We again this year took the decision not to pass the increase on to existing policy holders.

The Group achieved EBITDA marginally ahead of current market expectations at £10.8m (2016: £11.4m). This result reflects the resilience of the higher margin core insurance business, a strong performance from new SaaS sales and the decrease in revenue from the lower margin PG Let's Connect business.

Profit before tax from continuing operations was £9.5m for the year (2016: £10.5m).

The Group maintained its progressive dividend policy, paying a total dividend of 22.7p per share over the year (2016: 22.0p), representing a 3.2% increase over the prior year.

The Group's balance sheet remains strong, with cash and deposits of £16.2m at the year end (2016: £12.6m) and no debt (2016: nil). The Company's underwriting subsidiary, Personal Assurance Plc (PA), had a prudent solvency ratio of 263% (unaudited) (2016: 261%), with a surplus over its Solvency Capital Requirement of £7.5m (2016: £7.7m).

Outlook

Personal Group has continued to deliver on its strategy and is today in a uniquely strong position. It has a client offer that is unrivalled across the industry and has substantially grown the market it can profitably access. The offer has been developed and the systems to support that have been built. The focus is now on delivering that offer across existing and new potential clients.

The Board is confident that the Company is well placed to realise the long-term benefits of the sizeable and growing market opportunity that is emerging for employee services. The foundations of the business are strong, with the investments made in recent years building a solid platform for growth, while continuing to nurture the core insurance business. The Board believes that the Group is in good shape and we look forward to 2018 with confidence.

Mark Winlow	Mark Scanlon
Non-Executive Chairman	Chief Executive

21 March 2018

Consolidated Income Statement

	2017	2016
	£'000	£'000
Continuing Operations		
Gross premiums written	**30,739**	31,393
Outward reinsurance premiums	**(272)**	(310)
Change in unearned premiums	**233**	160
Change in reinsurers' share of unearned premiums	**(21)**	(20)
Earned premiums net of reinsurance	**30,679**	31,223
Other insurance related income	**391**	555
IT salary sacrifice income	**11,292**	20,069
SaaS income	**2,648**	1,499
Other non-insurance income	**105**	122
Investment property	**1**	59
Investment income	**117**	93
Revenue	**45,233**	53,620
Claims incurred	**(6,780)**	(7,318)
Insurance operating expenses	**(13,529)**	(14,002)
Other insurance related expenses	**(244)**	(712)
IT salary sacrifice expenses	**(11,034)**	(18,281)
SaaS costs	**(2,459)**	(1,908)
Other non-insurance related expenses	**(710)**	(315)
Share-based payment expenses	**(192)**	(222)
Charitable donations	**(100)**	(100)
Amortisation of intangible assets	**(673)**	(505)
Expenses	**(35,721)**	(43,363)
Operating profit from continuing operations	**9,512**	10,257
Release of provisions	**-**	270
Share of loss of equity–accounted investee net of tax	**(2)**	(6)
Profit before tax from continuing operations	**9,510**	10,521
Tax	**(1,486)**	(1,479)
Profit for the year from continuing operations	**8,024**	9,042
Profit/(Loss) from discontinued operation	**238**	(1,758)
Profit	**8,262**	7,284

The profit for the year is attributable to equity holders of Personal Group Holdings Plc

Earnings per share	**Pence**	Pence
Basic	**26.9**	23.9
Diluted	**26.4**	23.4
Earnings per share – continuing operations	**Pence**	Pence
Basic	**26.1**	29.7
Diluted	**25.7**	29.0

Consolidated Statement of Comprehensive Income

	2017	2016
	£’000	£’000
Profit for the year	**8,262**	7,284
Items that may be reclassified subsequently to the income statement		
Available for sale financial assets:		
Valuation changes taken to equity	**106**	(6)
Reclassification of (gains) and losses on available for sale financial assets on derecognition	**(40)**	24
Tax on unrealised valuation changes taken to equity	**(11)**	(8)
Total comprehensive income for the year	**8,317**	7,294

The total comprehensive income for the year is attributable to equity holders of Personal Group Holdings Plc.

Consolidated Balance Sheet at 31 December 2017

	2017	2016
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	**10,575**	10,575
Intangible assets	**986**	1,478
Property, plant and equipment	**4,747**	5,096
Investment property	**130**	1,070
Equity–accounted investee	**638**	639
Deferred tax asset	**-**	3
	17,076	18,861
Current assets		
Financial assets	**4,492**	6,137
Trade and other receivables	**14,619**	20,200
Reinsurance assets	**180**	310
Inventories	**560**	428
Cash and cash equivalents	**12,641**	7,206
	32,492	34,281
Total assets	**49,568**	53,142

	Note	2017 £'000	2016 £'000
EQUITY			
Equity attributable to equity holders of Personal Group Holdings Plc			
Share capital		**1,540**	1,540
Capital redemption reserve		**24**	24
Amounts recognised directly into equity relates to available for sale assets		**85**	30
Other reserve		**(310)**	(330)
Profit and loss reserve		**32,417**	31,061
Total equity		**33,756**	32,325
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**21**	-
Current liabilities			
Provisions		**1,905**	1,912
Trade and other payables		**10,698**	15,426
Insurance contract liabilities		**2,507**	3,239
Current tax liabilities		**681**	240
		15,791	20,817
Total liabilities		**15,812**	20,817
Total equity and liabilities		**49,568**	53,142

Consolidated Balance Sheet at 31 December 2017

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital	Capital redemption reserve	Available for sale financial assets	Other reserve	Profit and loss reserve	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 1 January 2017	1,540	24	30	(330)	31,061	32,325
Dividends	-	-	-	-	(6,979)	(6,979)
Employee share-based compensation	-	-	-	-	166	166
Proceeds of AESOP* share sales	-	-	-	-	51	51
Cost of AESOP shares sold	-	-	-	94	(94)	-
Cost of AESOP shares purchased	-	-	-	(74)	-	(74)
Transactions with owners	-	-	-	20	(6,856)	(6,836)
Profit for the year	-	-	-	-	8,262	8,262
Deferred tax reserve movement	-	-	-	-	(50)	(50)
Other comprehensive income						
Available for sale financial assets:						
Change in fair value of assets classified as held for sale	-	-	106	-	-	106
Transfer to income statement	-	-	(40)	-	-	(40)
Current tax on unrealised valuation changes taken to equity	-	-	(11)	-	-	(11)
Total comprehensive income for the year	**-**	-	55	-	8,212	8,267
Balance as at 31 December 2017	**1,540**	**24**	**85**	**(310)**	**32,417**	**33,756**

*All Employee Share Option Plan (AESOP)

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital	Capital redemption reserve	Available for sale financial assets	Other reserve	Profit and loss reserve	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 1 January 2016	1,518	24	20	(386)	30,687	31,863
Dividends	-	-	-	-	(6,697)	(6,697)
Employee share-based compensation	-	-	-	-	213	213
Proceeds of AESOP* share sales	-	-	-	-	103	103
Cost of AESOP shares sold	-	-	-	95	(95)	-
Cost of AESOP shares purchased	-	-	-	(39)	-	(39)
Nominal value of LTIP** shares issued	22	-	-	-	(22)	-
Transactions with owners	22	-	-	56	(6,498)	(6,420)
Profit for the year	-	-	-	-	7,284	7,284
Deferred tax reserve movement	-	-	-	-	(412)	(412)
Other comprehensive income						
Available for sale financial assets:						
Change in fair value of assets classified as held for sale	-	-	(6)	-	-	(6)
Transfer to income statement	-	-	24	-	-	24
Current tax on unrealised valuation changes taken to equity	-	-	(8)	-	-	(8)
Total comprehensive income for the year	-	-	10	-	6,872	6,882
Balance as at 31 December 2016	**1,540**	**24**	**30**	**(330)**	**31,061**	**32,325**

*All Employee Share Option Plan (AESOP)

**Long Term Incentive Plan (LTIP)

Company and Consolidated Cash Flow Statement

	2017	2016
	£'000	£'000
Net cash from operating activities (see next page)	**9,928**	6,395
Investing activities		
Additions to property, plant and equipment	**(120)**	(828)
Additions to intangible assets	**(182)**	(624)
Proceeds from disposal of property, plant and equipment	**25**	231
Proceeds from disposal of investment property	**933**	-
Purchase of financial assets	**(195)**	(139)
Proceeds from disposal of financial assets	**1,995**	3,177
Interest received	**30**	53
Dividends received	**23**	20
Net cash used in investing activities	**2,509**	1,890
Financing activities		
Purchase of own shares by the AESOP	**(74)**	(39)
Proceeds from disposal of own shares by the AESOP	**51**	66
Dividends paid	**(6,979)**	(6,697)
Net cash used in financing activities	**(7,002)**	(6,670)
Net change in cash and cash equivalents	**5,435**	1,615
Cash and cash equivalents, beginning of year	**7,206**	5,591
Cash and cash equivalents, end of year	**12,641**	7,206

Company and Consolidated Cash Flow Statement

	2017	2016
	£'000	£'000
Operating activities		
Profit after tax	**8,262**	7,284
Adjustments for		
Depreciation	**437**	448
Amortisation of intangible assets	**673**	505
Loss on disposal of property, plant and equipment	**7**	61
Loss on disposal of investment property	**7**	-
Realised net investment (profit) / loss	**(101)**	17
Interest received	**(30)**	(53)
Dividends received	**(23)**	(20)
Share of loss of equity–accounted investee, net of tax	**2**	6
Share-based payment expenses	**192**	222
Taxation expense recognised in income statement	**1,543**	1,479
Changes in working capital		
Trade and other receivables	**5,711**	1,772
Trade and other payables	**(5,493)**	(4,171)
Inventories	**(132)**	(38)
Taxes paid	**(1,127)**	(1,117)
Net cash from operating activities	**9,928**	6,395

Notes to the Financial Statements

1 Segmental analysis

The segmental analysis has been amended to better reflect how the business is now managed, in particular all SaaS income, whatever the route to market, is shown as a single segment. The segments used by management to review the operations of the business are disclosed below.

1) Core Insurance

Personal Assurance Plc (PA), a subsidiary within the Group, is a PRA regulated general insurance Company and is authorised to transact accident and sickness insurance. It was established in 1984 and has been underwriting business since 1985. In 1997 Personal Group Holdings Plc (PGH) was created and became the ultimate parent undertaking of the Group.

Personal Assurance (Guernsey) Limited (PAGL), a subsidiary within the Group, is regulated by the Guernsey Financial Services Commission and has been underwriting death benefit policies since March 2015.

This operating segment derives the majority of its revenue from the underwriting by PA and PAGL of insurance policies that have been bought by employees of host companies via bespoke benefit programmes.

2) IT Salary Sacrifice

IT salary sacrifice refers to the trade of PG Let's Connect, a salary sacrifice technology Company purchased in 2014.

3) SaaS

Revenue in this segment relates to the annual subscription income and other related income arising from the licensing of Hapi, the Group's employee benefit platform. This includes sales to both the large corporate and SME sectors.

4) Other

The other operating segment consists exclusively of revenue generated by Berkeley Morgan Group (BMG) and its subsidiary undertakings along with any investment and rental income obtained by the Group.

The discontinued segment is:

Mobile

Mobile refers to the trade of Personal Group Mobile a mobile phone salary sacrifice Company set up from the trade and assets of Shebang Technologies purchased in 2015, which ceased trading in December 2016.

The revenue and net result generated by each of the Group's operating segments are summarised as follows:

	Core Insurance	IT Salary Sacrifice	SaaS	Other	Continuing - Group	Discontinued - Mobile
	£'000	£'000	£'000	£'000	£'000	£'000
Operating segments						
2017						
Revenue						
Earned premiums net of reinsurance	**30,670**	**-**	**9**	**-**	**30,679**	**-**
Other insurance related income	**57**	**-**	**-**	**334**	**391**	**-**
Other income	**-**	**11,292**	**2,648**	**105**	**14,045**	**63**
Investment property	**-**	**-**	**-**	**1**	**1**	**-**
Investment income	**-**	**-**	**-**	**117**	**117**	**-**
Total revenue	**30,727**	**11,292**	**2,657**	**557**	**45,233**	**63**
Net result for year before tax	**9,406**	**(111)**	**197**	**18**	**9,510**	**295**
PG Mobile – Reorganisation costs	**-**	**-**	**-**	**-**	**-**	**(225)**
PG Let's Connect – Tax provision	**-**	**-**	**-**	**-**	**-**	**-**
PG Let's Connect – Amortisation of intangibles	**-**	**330**	**-**	**-**	**330**	**-**
Share based payments	**-**	**-**	**-**	**192**	**192**	**-**
Depreciation	**392**	**30**	**5**	**10**	**437**	**-**
Amortisation (other)	**162**	**39**	**142**	**-**	**343**	**-**
EBITDA*	**9,960**	**288**	**344**	**220**	**10,812**	**70**
Segment assets	**21,628**	**10,979**	**1,384**	**15,568**	**49,560**	**8**
Segment liabilities	**6,379**	**8,035**	**1,257**	**139**	**15,810**	**2**
Depreciation and amortisation	**554**	**399**	**147**	**10**	**1,110**	**-**

	Core Insurance	IT Salary Sacrifice	SaaS	Other	Continuing - Group	Discontinued - Mobile
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Operating segments						
2016						
Revenue						
Earned premiums net of reinsurance	**31,223**	**-**	**-**	**-**	**31,223**	**-**
Other insurance related income	**(14)**	**-**	**-**	**569**	**555**	**-**
Other income	**-**	**20,069**	**1,498**	**123**	**21,690**	**2,024**
Investment property	**-**	**-**	**-**	**59**	**59**	**-**
Investment income	**-**	**-**	**-**	**93**	**93**	**-**
Total revenue	**31,209**	**20,069**	**1,498**	**844**	**53,620**	**2,024**
Net result for year before tax	**9,415**	**1,712**	**(409)**	**(197)**	**10,521**	**(1,758)**
PG Mobile – Reorganisation costs	**-**	**-**	**-**	**-**	**-**	**571**
PG Let's Connect – Tax provision	**-**	**(270)**	**-**	**-**	**(270)**	**-**
PG Let's Connect – Amortisation of intangibles	**-**	**330**	**-**	**-**	**330**	**-**
Share based payments	**-**	**-**	**-**	**222**	**222**	**-**
Depreciation	**388**	**18**	**4**	**9**	**419**	**30**
Amortisation (other)	**136**	**16**	**22**	**-**	**174**	**-**
EBITDA*	**9,939**	**1,806**	**(383)**	**34**	**11,396**	**(1,157)**
Segment assets	**20,431**	**16,216**	**590**	**15,780**	**53,017**	**125**
Segment liabilities	**6,753**	**13,168**	**625**	**132**	**20,678**	**139**
Depreciation and amortisation	**524**	**364**	**26**	**9**	**923**	**30**

2. Taxation comprises United Kingdom corporation tax of £1,569,000 (2016: £1,113,000) and a deferred tax credit of £26,000 (2016: charge of £366,000)

3. The basic and diluted earnings per share are based on profit for the financial year of £8,262,000 (2016: £7,284,000) and on 30,743,826 basic (2016: 30,442,426) and 31,282,267 diluted (2016: 31,189,872) ordinary shares, the weighted average number of shares in issue during the year.

4. The total dividend paid in the year was £6,979,000 (2016: £6,697,000)

This preliminary statement has been extracted from the 2017 audited financial statements that will be posted to shareholders in due course. The statutory accounts for each of the two years to 31 December 2016 and 31 December 2015 received audit reports, which were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006. The 2016 accounts have been filed with the Registrar of Companies but the 2017 accounts are not yet filed.

Alternative Performance Measures

The Group uses an alternative (non-Generally Accepted Accounting Practice (non-GAAP)) financial measures when reviewing performance of the Group, evidenced by executive management bonus performance targets being measured in relation to adjusted EBITDA*. As such, this measure is important and should be considered alongside the IFRS measures.

For adjusted EBITDA*, the adjustments are separately disclosed and are items that are non-underlying to trading activities and which are significant in size. For example, amortisation of acquisition related intangible assets is a non-cash item which fluctuates in line with activity, movement in the PG Let's Connect tax provision is considered to be a non-underlying item, relates to a liability inherited on acquisition of that business and has the potential to fluctuate and be of significant size and share-based payments are a non-cash item which have historically been significant in size, can fluctuate based on judgemental assumptions made about share price and have no impact on total equity.