SHORE CAPITAL
EXCELLENCE INTEGRATED

Interim Report 2015

Highlights
Interim 2015

Contents

Financial highlights

Revenue up 15.1%

H1 2014	H1 2015
£22.5m	**£25.9m**

Profit before tax up 92.4%

H1 2014	H1 2015
£5.0m	**£9.5m**

Earnings per share up 67.7%

H1 2014	H1 2015
12.4p	**20.8p**

Board intends to return capital of £10 million to shreholders

Commenting on the results, Howard Shore, Executive Chairman, said:

"Despite the expected slowdown in the Capital Markets business ahead of the UK General Election, we have achieved strong results and made significant progress across the business, underlining the strength of our client-focused offer.

"In our 30th year of operation, we can be proud of the high quality business we have built."

Operational highlights

- DBD completed the sale of a number of radio spectrum licences in Germany, generating net revenue of €12.5 million (£9.2 million) and contributing to a profit for the Principal Finance division of £5.8 million
- Capital Markets advised on two IPOs and six secondary fundraisings, including AIM's largest IPO fundraising of H1 2015, the AIM IPO of Applegreen plc raising €92 million
- Recent client wins included the Group's first FTSE 100, Wm Morrison Supermarkets plc; and the Group's fourth FTSE 250, A. G. Barr plc. In the 2015 Extel Survey, achieved number one ranking in retail and insurance with five other sectors scoring top five rankings
- Additional fixed income specialists recruited from Edmond de Rothschild
- Puma Investments achieved the largest VCT fundraising of the tax year with record inflows into Private Client Investment offerings
- Brandenburg Realty raised €150 million for its residential focused German property investment strategy

Chairman's Statement
Introduction

The Group has enjoyed a strong first half, with notable progress across all aspects of its activities, despite the expected slowdown in UK capital markets ahead of the General Election.

Howard P. Shore
Executive Chairman

Highlights in the respective divisions of the business included completing the sale of a series of radio spectrum licences in Germany; leading the largest IPO fundraise on AIM in the period; and achieving the biggest fundraise in the tax year in the limited life VCT market.

Revenues for the period grew by 15.1% to £25.9 million (2014: £22.5 million) generating a 91.9% increase in operating profit to £9.6 million (2014: £5.0 million). Group profit before tax increased by 92.4% to £9.5 million (2014: £5.0 million). Earnings per share increased 67.7% to 20.8p (2014: 12.4p).

The Principal Finance division had an excellent period. DBD completed the sale of a number of radio spectrum licences in Germany, generating net revenue of £9.2 million and contributing to a profit for the division of £5.8 million.

The Group believes that the perpetual nature of DBD's remaining 32 regional radio spectrum licences is of significant value and is therefore optimistic that its interest in these assets will deliver very significant gains in due course.

In Capital Markets, as expected, divisional revenues were lower as market activity was subdued in the months leading up to the General Election. Revenues decreased by 28.4% to £12.4 million (2014: £17.4 million). Profit before tax was down 49.7% to £3.1 million (2014: £6.1 million).

Despite this, the Capital Markets division made strong operational progress, extending the size and quality of its client base; gaining recognition for the quality of its research and ideas; and maintaining its strong and trusted position as the third largest Market Maker on the London Stock Exchange.

The team participated in two IPOs and six secondary fundraisings. Highlights included leading the AIM IPO of Applegreen plc – the largest IPO fundraise on that market in the first half of 2015 raising €92 million; and supporting Playtech plc's £227 million placing and the £61.4 million placing for NextEnergy Solar Fund Limited.

Its corporate client base grew during the period with notable wins including becoming nominated adviser to Market Tech Holdings Limited and, soon after the first half, the appointments of its first FTSE 100 client, Wm Morrison Supermarkets plc and its fourth from the FTSE 250, A.G. Barr plc.

The team continued to deliver a high quality research product, maintaining its sixth place Extel ranking amongst Small & Mid-Cap brokers. Extel ranked Shore Capital no 1 for insurance and retail, with five other areas of coverage winning top five rankings. The team's strong reputation amongst investors continued to grow during the period, with high demand for its investor road shows and thematic seminars.

Following the period end, the Capital Markets business welcomed additional fixed income specialists from Edmond de Rothschild. The Group was already active in the Retail Bond market; and the addition of the new personnel enables the business to offer new routes to growth capital to its clients. The mid-sized corporate debt market is under-developed in the UK and non-credit-rated mid-sized corporates lack options to raise debt capital – on a secured or unsecured basis – even in the high yield space. The fixed income team's extensive experience enables the Group to offer its clients the full range of financing options, creating exciting opportunities for growth in the Capital Markets business.

The Group's Asset Management business achieved considerable success during the period in both its Institutional and Private Client divisions, improving revenues, profitability and management fees; and delivering strong investment performance.

The Institutional division closed a new €150 million German residential real estate fund, Brandenburg Realty, which Shore Capital will be advising at local level, deploying its significant experience in Germany through its work with Puma Brandenburg.

The Private Client division's Puma VCT 11 achieved the largest single company fundraise in the period, attracting £30.6 million, in addition to recording strong inflows for Puma EIS and Puma Heritage plc. Meanwhile, the Puma AIM Inheritance Tax Service marked its first year of operations by returning 22.11% net of fees, outperforming the AIM index by 25.85%.

Financial Review

Income and expenditure

Revenue for the half-year increased by 15.1% to £25.9 million (2014: £22.5 million) whilst administrative expenses decreased by 6.9% to £16.3 million (2014: £17.5 million), generating an operating profit of £9.6 million (2014: £5.0 million). Group profit before tax increased by 92.4% to £9.5 million (2014: £5.0 million).

The Balance Sheet and Principal Finance division recorded revenue of £8.6 million in the period (2014: £1.0 million), generating pre-tax profit of £5.8 million (2014: loss of £0.5 million). This included £9.2 million net revenue from the sale of DBD assets and an impairment charge of £1.0 million to the value of the Group's investment in St. Peter Port Capital.

Revenue from the Capital Markets division decreased by 28.4% to £12.4 million (2014: £17.4 million). Profit before tax was down 49.7% to £3.1 million (2014: £6.1 million), with a net margin of 24.7% (2014: 35.2%). Revenue from the Asset Management division was up 18.4% to £4.9 million (2014: £4.0 million), generating profit before tax of £1.2 million (up 28.7% from 2014: £0.9 million), representing a net margin of 24.1% (2014: 22.1%).

Basic Earnings per Share

The Group generated earnings per share of 20.8p (2014: 12.4p), excluding the dilutive effects of share options outstanding at the period end. On a dilutive basis, the earnings per share were 20.1p (2014: 12.0p).

Comprehensive Earnings per Share

On a comprehensive basis, the Group generated earnings of 21.2p per share (2014: 12.1p).

Liquidity

As at the balance sheet date, available liquidity was £39.1 million (2014: £34.1 million), comprising £37.4 million (2014: £32.6 million) of cash and £1.7 million (2014: £1.5 million) of gilts and bonds. In addition, the Group has a £20 million working capital facility which was unused at the period end.

This liquidity demonstrates the Group's continuing ability to undertake a range of transactions as opportunities arise in the near term.

Balance sheet

The Group's balance sheet remains strong. Total equity at the period end was £78.2 million (2014: £70.9 million).

In addition to the £37.4 million of cash and £1.7 million of gilts and bonds (as referred to above), the Group held £4.4 million in various of its Puma Funds, £1.8 million net in quoted equities and a further £1.3 million in other unquoted holdings.

The remainder of the balance sheet was £31.6 million net, which included £18.2 million of net market and other debtors in the Company's stockbroking subsidiary and £11.0 million receivable in respect of the spectrum licence sale. In addition, the remaining licences held in Spectrum Investments were valued at £1.8 million (on a gross basis, before allowing for minority interests).

Net Asset Value per Share

Net asset value per share at the period end was 277.7p (2014: 261.0p).

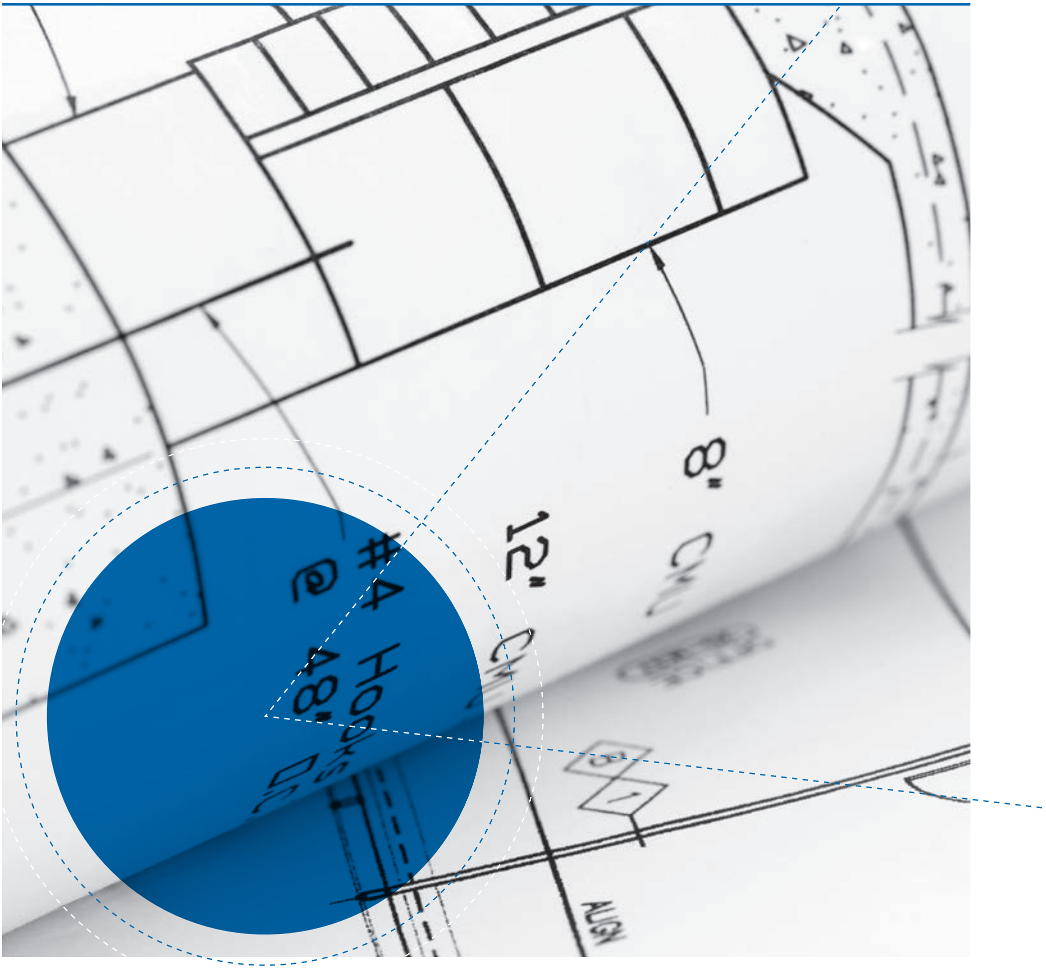
Return of Capital

Following the completion of the sale of radio spectrum licences, the Board intends to return capital of £10 million to shareholders. A circular setting out full details will be issued as soon as is practicable.

The Board does not propose to pay an interim dividend for the period (2014: 5.0p per share).

Operating Review

The following operating review reports on the Group's three main areas of focus: Capital Markets, Asset Management and Principal Finance.



Capital Markets

Overview

The Capital Markets division recorded a successful first half of 2015, with notable achievements in both the transactional and advisory aspects of the business.

As previously anticipated, revenues in the division were lower than the equivalent period in 2014 given the quieter market conditions in the months preceding the General Election. However, the quality of the client base and transactional performance of the division continued to grow, with Shore Capital achieving the largest AIM IPO fundraise in the first half of 2015 as well as the appointment to its first FTSE 100 retained corporate client, Wm Morrison Supermarkets plc.

The team continues to deliver a consistently high quality research product, maintaining its sixth overall place in the 2015 Extel Survey amongst UK Small & Mid-Cap brokers. Similarly, the Group has maintained its position as the third largest Market Maker on the London Stock Exchange.

The business continues to invest in high calibre individuals and teams where the Company identifies opportunities for incremental growth. In that vein, the Company announced subsequent to the period end the appointment of new fixed income specialists from Edmond de Rothschild's UK business. Shore Capital was already active in the Retail Bond market; and the addition of the new personnel enables the business to offer new routes to growth capital to its clients. The mid-sized corporate debt market is under-developed and mid-sized corporates lack options to raise debt capital – on a secured or unsecured basis. The fixed income team's extensive experience enables the Group to offer its clients the full range of financing options, creating exciting opportunities for growth in the Capital Markets business.

Corporate Finance

During the period under review the team participated in a broad range of transactions including two IPOs and six secondary fundraisings. Notable transactions completed during the period included:

- acting as nominated adviser and joint bookrunner on the IPO of Applegreen plc, the largest IPO fundraising on AIM in the first half of 2015, raising €92 million;
- acting as sponsor and joint bookrunner to the placing by NextEnergy Solar Fund Limited, raising £61.4 million;
- acting as lead manager on the placing by Playtech plc, raising £227 million; and
- acting as nominated adviser and sole broker on the IPO of Redx Pharma plc, raising £15 million.

In the advisory space, the team assisted Styles & Wood Group plc with its £15 million refinancing and Real Good Food plc with its £34 million disposal of Napier Brown Sugar Limited.

Operating Review
Continued

During the period the team was appointed as nominated adviser to Market Tech Holdings Limited and following the period end acted as joint global coordinator and bookrunner on the company's £200 million fundraising.

The Company continues to achieve success in growing its retained client list and during the period added six new retained corporate clients. Noteworthy client gains include Shore Capital's appointment in July 2015 as joint broker to Wm Morrison Supermarkets plc, its first FTSE 100 retained corporate client, and as joint broker to FTSE 250 A.G. Barr plc in August 2015.

Research and Sales
Shore Capital's highly respected equity research capability further progressed and gained ever greater support from market participants during the first half of 2015. Clients respect and value the team's detailed company and industry understanding backed up by rigorous financial analysis.

The fund management community's support of the Company's research continues to manifest itself in the strong recognition of individual analysts and the wider Shore Capital brand in investment surveys. The research team maintained sixth overall place in the 2015 Extel Survey, a very significant achievement given that the team is more narrowly focused than most of its peers in the top rankings. Extel ranked Shore Capital in the top five for seven of its coverage sectors, comprising: insurance (1st); retail (1st), consumer goods (3rd); leisure and gaming (4th); UK strategy (3rd); financials (5th); and healthcare (5th). The Company's remaining three top 10 placings were: transport and logistics; construction; and support services.

The Company's sales team climbed two places, also ranking 6th in 2015.

Market Making
The Group's Market Making operation performed well in the face of tough market headwinds driven by ongoing political and economic uncertainty. Despite significantly lower trading volumes across UK equity markets, the Group was able to maintain a good level of profitability and recorded only a marginal reduction in number of bargains and average income per bargain.

Shore Capital continued to provide a principal source of liquidity for UK equities throughout the period, maintaining its position as the third largest market maker on the London Stock Exchange. The market making team comprises highly experienced traders who are able to identify revenue opportunities despite challenging market conditions, whilst operating within a risk framework that ensures loss days are a rare occurrence.

Although clearly sensitive to the overall market environment, Shore Capital remains focused and adaptable to changes in trading conditions and to the needs of clients. Market Making operations continue to benefit from the team's wide stock coverage and its reputation as a strong and trusted counterparty.

Asset Management

Overview

Asset Management achieved considerable success during the period in both its Institutional and Private Client divisions.

The Institutional division saw the final close of Brandenburg Realty raising €150 million for a new German residential real estate fund which Shore Capital will be advising at local level, deploying its significant experience in Germany gained through its work with Puma Brandenburg.

The Private Client division achieved the largest single company VCT fundraise in the 2014/15 tax year reaching £30.6 million for Puma VCT 11. It also continued to see strong inflows for Puma EIS and Puma Heritage plc, whilst the Puma AIM Inheritance Service celebrated its first year anniversary returning 22.11% net of fees, a 25.85% outperformance of the AIM index over the year.

Institutional Asset Management

Brandenburg Realty

Brandenburg Realty Limited has been established to invest in German residential real estate, primarily focusing on the acquisition of well-located, high quality residential buildings in major German cities, especially in Berlin, in order to exploit the sector's strong growth potential in Europe's largest economy. As well as providing advisory services to Brandenburg Realty, Shore Capital has a 20% interest in both the Investment Advisor and Carry Vehicle.

The Fund's final close was completed on 30 June 2015, with the Fund raising €150 million from institutional investors and family offices, predominantly from the United States, and includes a co-investment commitment of €7.7 million from Puma Brandenburg Limited. Shore Capital has also made a commitment of €12.5 million to the Fund and is providing advisory services at local level, deploying its significant experience gained through the Group's work with Puma Brandenburg.

Puma Brandenburg Limited ("PBL")

During the period, the Group has continued to assist PBL to achieve significant success across its portfolio. Two major commercial lettings were signed during the summer of 2015 for a total of c. 4,100 sqm of office space at Pohlstrasse, Berlin. The two tenants, both representing excellent covenants, are Bombardier who have taken a five year lease on c. 3,400 sqm and Amptown who have taken a 10 year lease on c. 700 sqm.

Operating Review
Continued

These lettings follow the previously reported new 20 year lease at the Hyatt Regency Cologne which commenced on 1 January 2015. The Group is assisting PBL to plan and execute a capital project to add and enlarge conference and food and beverage facilities at this hotel. These works, to be part funded by Hyatt, are expected to commence in 2016.

Other major achievements with which the Group has assisted PBL include the signing and drawdown, in February 2015, of two new loan facilities from LBBW which provide total loan proceeds of c. €48 million; and the sale of 13 renovated Lidl stores, representing over 20,500 sqm.

St Peter Port Capital ("SPPC")
As previously announced, the Investment Manager to SPPC has engaged LMN Capital Limited to work together with Shore Capital to advise it as the company focuses on achieving realisations.

SPPC recently announced its preliminary results for the year ended 31 March 2015. As at that date, it had investments in 26 companies. SPPC reported that it had generated £3.45 million from realisations during the year and that it had also made two small follow-on investments to protect against significant dilution.

Its Chairman commented in the 2015 financial statements that as a number of its investments were in the mining and natural resources sectors, the multi-year lows in the commodity markets, the slow-down in China, continued geo-political risk in Russia and the Middle East as well as pressure from conservation groups against mining in the US was affecting sentiment.

A number of the investments in the portfolio are approaching maturity and the company is continuing to focus on achieving realisations.

Private Client Investments
The Puma Investments business continues to grow rapidly, with assets under management recently passing £150 million. This figure represents a more than 300% increase in AUM since Puma Investment Management was launched in November 2012, demonstrating the momentum and growth potential of this division.

Puma Investments assets under management recently passed

£150m

Puma VCTs
The Group's Puma VCTs are each limited-life vehicles, aiming to distribute the initial capital and returns to their investors after five years. Since 2005 over £190 million has been raised for Puma VCTs and more than £75 million has been distributed back to shareholders.

Puma's market-leading VCT track record is evidenced by the fact that the most recently closed fund, Puma VCT 5, is the most successful limited-life VCT in the 30 year history of the industry, having returned 106.3p per share (on a net cost of investment of 70p) in cash distributions to shareholders over its life. Puma VCTs 1 to 4 have each produced the highest total return of their respective peer groups. The current stable of VCTs have paid out tax-free dividends of between 5p and 7p per annum to shareholders during the period.

Puma VCT 11 closed for subscriptions during the period, raising over £30.6 million, making it the largest single company VCT fundraise in the 2014/15 tax year and accounting for more than half of the total funds raised in the limited-life VCT market in that year. The Group considers this fundraising to be a considerable achievement and an endorsement of Puma's standing in the VCT sector. The business is pleased to be launching its latest VCT for the current tax year, Puma VCT 12, and hopes to capitalise on its strong track record.

Puma Heritage plc

Puma Heritage was launched in June 2013 to operate in a range of sectors, with a primary focus on secured lending. It focuses on capital preservation, whilst seeking to produce regular returns for shareholders intended to counter long-term inflationary pressures. An investment in Puma Heritage is intended to benefit from 100% relief from Inheritance Tax after two years.

We are pleased to report that the Net Asset Value of Puma Heritage has accelerated during the period driven by subscriptions from new shareholders and returns generated from its diversified loan book which has now reached critical mass. The business considers that it is well placed to continue its current momentum and has a strong pipeline of loans to deploy funds.

During the period, Puma Investments advised Heritage Square Limited, a wholly-owned subsidiary of Puma Heritage plc, on the completion of several asset-backed loans across a number of sectors, all secured with a first charge over real estate at conservative lending ratios. The team continues to assist the business, helping it to source and analyse new lending opportunities. Puma Heritage remains open for investment and has a minimum subscription of £25,000.

Puma EIS

The Puma EIS portfolio service was launched in November 2013 to offer investors the opportunity to invest in asset-backed EIS qualifying companies utilising the team's strong track record and experience in asset-backed investing gained over the life of the Puma VCTs. Fundraising has continued successfully through the 2014/15 tax year, tripling the amount in the Service to approximately £23 million. All of these funds were successfully deployed ahead of the tax year end in their relevant year. The total amount in the Service is now above £25 million with fundraising for this tax year running ahead of the equivalent period in the previous year.

Operating Review
Continued

The EIS market continues to grow with HMRC confirming that approximately £1.5 billion was raised for EIS qualifying investments in the 2013/14 tax year. The recent Budget announcements have also further limited the pension contribution cap for high earners, a move which is expected to increase the popularity of EIS for advisers looking to secure income tax reliefs for their clients. Puma Investments is well positioned to capitalise on this growth as its strategy will be unaffected by the recent disqualification of renewable energy assets which accounted for approximately 50% of the EIS investments recommended by financial intermediaries in the 2014/15 tax year.

Puma AIM Inheritance Tax Service

The Puma AIM IHT service is a discretionary portfolio service that seeks to mitigate Inheritance Tax by investing in a carefully selected portfolio of AIM shares. The team focuses on investing in quality companies with strong margins, good returns and a track record of cash generation. Companies are selected on strict valuation criteria with the aim of delivering solid long-term growth for investors.

The team's approach is research driven and it only selects investments after intensive financial and business analysis. Importantly the service is available through an ISA, enabling investors to mitigate Inheritance Tax while retaining the Income Tax and Capital Gains Tax benefits of the ISA wrapper.

At the end of June 2015 Puma AIM completed its first full year, achieving excellent returns for investors both in absolute terms and compared to the benchmark. Puma AIM delivered a 22.11% return net of fees, a 25.85% outperformance of the AIM index over the same period.

Puma Investments believes the product has significant potential and is particularly attractive for those who have built up substantial ISAs over their lifetime, as while ISA wrappers are tax efficient during the investor's life they may be subject to Inheritance Tax upon death. The team believes the product is attractive as the tax relief is achieved relatively quickly – after a two year holding period, the investor retains control of the assets and maintains exposure to the long-term growth potential of the equity market.

Principal Finance

Investment in German Telecoms Business

DBD is an entity that holds radio spectrum licences in Germany in the 3.5 GHz frequency range, which is increasingly being deployed around the world by regulators, equipment manufacturers and operators as a frequency for 4G services. DBD is owned by Spectrum Investments Limited, ("Spectrum") in which the Group holds a 59.26% interest.

As announced previously, in March 2015 DBD signed a Sale and Purchase Agreement to sell its interest in national radio spectrum licences together with six regional radio spectrum licences to Deutsche Telekom AG for €15.45 million. Following receipt of the necessary approval by the German telecommunications regulator in the period, the transaction completed in June 2015. The national licences confer the right on Deutsche Telekom AG to utilise the assigned 3.5 GHz frequencies until 2021, at which time they will be due for renewal. The six regional radio spectrum licences included in the sale enable the full utilisation of the national licences without the possibility of signal interference. Spectrum realised net revenue of

€12.5 million (£9.2 million) from the transaction, contributing to a profit of £5.8 million for the period from the Principal Finance division.

DBD's remaining 32 regional radio spectrum licences cover many of Germany's largest metropolitan centres – including Berlin, Leipzig, Dresden, Düsseldorf and Hanover – and convey the right to utilise the assigned 3.5 GHz frequencies in perpetuity. The regional radio spectrum licences therefore enable potential owners to make long-term investment decisions when faced with the challenge of delivering greater levels of data capacity to subscribers as 4G services are deployed in Germany for smart phones, tablet devices and mobile computing.

The Group believes that the perpetual nature of DBD's remaining regional radio spectrum licences is of significant value and is therefore optimistic that its interest in Spectrum's remaining DBD assets will deliver very significant gains to the Group in due course.

Current Trading and Prospects

In our 30th year of operation, we can be proud of the high quality business we have built, which attracts entrepreneurial investors and clients looking for our unique blend of advisory-led services. The recent addition of a fixed income capability demonstrates our commitment to developing the business and offering a wide range of complementary services to clients.

Our Capital Markets business cannot be immune to a slowdown in world economic growth, but despite this we are optimistic about reaping the future benefits of the progress we have made across the Group.

Howard P. Shore
Executive Chairman
30 September 2015

Independent Review Report to Shore Capital Group Limited (the "Group")

We have been engaged by Shore Capital Group Limited to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Group those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report as required by the AIM rules issued by the London Stock Exchange and the Bermuda Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union, and the AIM rules of the London Stock Exchange.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
30 September 2015

Consolidated Income Statement

For the six months ended 30 June 2015 (unaudited)

	Notes	**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Revenue	3	**25,912**	22,522	40,575
Administrative expenditure		**(16,325)**	(17,527)	(32,198)
Operating profit		**9,587**	4,995	8,377
Interest income		**109**	110	224
Finance costs		**(151)**	(145)	(292)
Profit before taxation	3	**9,545**	4,960	8,309
Taxation		**(607)**	(1,047)	(1,804)
Profit for the period		**8,938**	3,913	6,505
Attributable to:				
Equity holders of the parent		**5,028**	2,992	5,208
Non-controlling interests		**3,910**	921	1,297
		8,938	3,913	6,505
Earnings per share				
Basic	4	**20.8p**	12.4p	21.6p
Diluted	4	**20.1p**	12.0p	20.8p

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 (unaudited)

	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Profit for the period	**8,938**	3,913	6,505
Items that may be reclassified subsequently to profit or loss	**(22)**	(88)	(77)
(Losses)/gains on cash flow hedges	**(19)**	(15)	19
Income tax thereon	**4**	3	(4)
	(15)	(12)	15
Exchange difference on translation of foreign operations	**(2)**	(47)	(50)
Other comprehensive loss for the period, net of tax	**(17)**	(59)	(35)
Total comprehensive income for the period, net of tax	**8,899**	3,766	6,393
Attributable to:			
Equity holders of the parent	**5,116**	2,913	5,226
Non-controlling interests	**3,783**	853	1,167
	8,899	3,766	6,393
Comprehensive earnings per share			
Basic	**21.2p**	12.1p	21.6p
Diluted	**20.4p**	11.7p	20.9p

Consolidated Statement of Financial Position

As at 30 June 2015 (unaudited)

	Notes	**As at 30 June 2015 £'000**	As at 30 June 2014 £'000	As at 31 December 2014 £'000
Non-current assets				
Goodwill		**381**	381	381
Intangible assets		**1,771**	3,809	3,621
Property, plant & equipment		**10,457**	10,384	10,969
Available-for-sale investments		**3,331**	4,478	3,799
Deferred tax asset		**275**	263	330
		16,215	19,315	19,100
Current Assets				
Bull positions and other holdings designated at fair value		**7,388**	5,551	4,636
Trade and other receivables		**89,856**	115,637	60,112
Derivatives		**77**	5	–
Cash and cash equivalents		**37,435**	32,564	30,658
		134,756	153,757	95,406
Total assets	3	**150,971**	173,072	114,506
Current liabilities				
Bear positions		**(1,478)**	(854)	(846)
Trade and other payables		**(60,875)**	(90,861)	(29,806)
Derivatives		**–**	–	(179)
Tax liabilities		**(708)**	(1,144)	(1,273)
Borrowings		**(338)**	(312)	(341)
		(63,399)	(93,171)	(32,445)
Non-current liabilities				
Borrowings		**(8,858)**	(8,499)	(9,105)
Provision for liabilities and charges		**(507)**	(516)	(535)
		(9,365)	(9,015)	(9,640)
Total liabilities	3	**(72,764)**	(102,186)	(42,085)
Net Assets		**78,207**	70,886	72,421
Capital and Reserves				
Called up share capital		**–**	–	–
Share premium account		**336**	336	336
Merger reserve		**27,198**	27,198	27,198
Other reserves		**2,177**	2,212	2,260
Retained earnings		**37,389**	33,319	34,391
Equity attributable to equity holders of the parent		**67,100**	63,065	64,185
Non-controlling interests		**11,107**	7,821	8,236
Total equity		**78,207**	70,886	72,421

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (unaudited)

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 January 2014		336	27,198	2,014	31,706	7,708	68,962
Retained profit for the period	–	–	–	–	2,992	921	3,913
Revaluation of available-for-sale investments	–	–	–	(88)	–	–	(88)
Foreign currency translation	–	–	–	–	19	(66)	(47)
Valuation change on cash flow hedge	–	–	–	(10)	–	(2)	(12)
Equity dividends paid	–	–	–	–	(967)	–	(967)
Dividends paid to non-controlling interests	–	–	–	–	(417)	(713)	(1,130)
Repurchase/cancellation of shares in subsidiaries	–	–	–	–	(14)	(74)	(88)
Increase in deferred tax asset	–	–	–	296	–	–	296
Investment by non-controlling interest in subsidiaries other than DBD/Spectrum	–	–	–	–	–	47	47
At 30 June 2014	–	336	27,198	2,212	33,319	7,821	70,886

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 30 June 2014	–	336	27,198	2,212	33,319	7,821	70,886
Retained profit for the period	–	–	–	–	2,216	376	2,592
Revaluation of available-for-sale investments	–	–	–	11	–	–	11
Credit in relation to share-based payments	–	–	–	17	–	–	17
Foreign currency translation	–	–	–	–	64	(67)	(3)
Valuation change on cash flow hedge	–	–	–	22	–	5	27
Equity dividends paid	–	–	–	–	(1,208)	–	(1,208)
Dividends paid to non-controlling interests	–	–	–	–	(14)	(18)	(32)
Repurchase/cancellation of shares in subsidiaries	–	–	–	–	14	(14)	–
Decrease in deferred tax asset	–	–	–	(2)	–	–	(2)
Investment by non-controlling interest in subsidiaries other than DBD/Spectrum	–	–	–	–	–	133	133
At 31 December 2014	–	336	27,198	2,260	34,391	8,236	72,421

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (unaudited)
Continued

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 January 2015	–	336	27,198	2,260	34,391	8,236	72,421
Retained profit for the year	–	–	–	–	5,028	3,910	8,938
Revaluation of available-for-sale investments	–	–	–	(22)	–	–	(22)
Foreign currency translation	–	–	–	–	122	(124)	(2)
Valuation change on cash flow hedge	–	–	–	(12)	–	(3)	(15)
Equity dividends paid	–	–	–	–	(1,208)	–	(1,208)
Dividends paid to non-controlling interests	–	–	–	–	(944)	(998)	(1,942)
Investment by non-controlling interest in subsidiaries other than DBD/Spectrum	–	–	–	–	–	86	86
Credit in relation to share-based payments	–	–	–	5	–	–	5
Decrease in deferred tax asset	–	–	–	(54)	–	–	(54)
At 30 June 2015	–	336	27,198	2,177	37,389	11,107	78,207

Consolidated Cash Flow Statement

For the six months ended 30 June 2015 (unaudited)

	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Cash flows from operating activities			
Operating profit	**9,587**	4,995	8,377
Adjustments for:			
Depreciation charges	**487**	453	926
Amortisation charges	**63**	70	138
Share-based payment expense	**5**	–	17
Profit on disposal of fixed assets	**–**	–	(33)
Loss on available-for-sale investments	**993**	48	757
(Decrease)/increase in provision for NIC on options	**(28)**	185	204
Operating cash flows before movement in working capital	**11,107**	5,751	10,386
(Increase)/decrease in trade and other receivables	**(29,821)**	(50,425)	5,105
Increase/(decrease) in trade and other payables	**30,871**	40,215	(20,627)
Decrease/(increase) in bear positions	**632**	(179)	(187)
Increase in bull positions	**(2,752)**	(994)	(79)
Decrease in other assets	**1,475**	–	–
Cash generated/(utilised) by operations	**11,512**	(5,632)	(5,402)
Interest paid	**(151)**	(145)	(292)
Corporation tax paid	**(1,167)**	(783)	(1,487)
Net cash generated/(utilised) by operating activities	**10,194**	(6,560)	(7,181)
Cash flows from investing activities			
Purchases of fixed assets	**(579)**	(188)	(454)
Sale of fixed assets	**–**	–	42
Purchase of additional intangible assets	**–**	–	(110)
Sale of AFS investments	**37**	–	97
Interest received	**109**	110	224
Net cash utilised by investing activities	**(433)**	(78)	(201)
Cash flows from financing activities			
Shares/participations issued in subsidiaries to minority interests	**86**	47	180
Repurchase of shares	**–**	(88)	(88)
Decrease in borrowings	**(169)**	(156)	(341)
Dividends paid to non-controlling interests	**(1,942)**	(1,130)	(1,162)
Dividends paid to Equity Holders	**(1,208)**	(967)	(2,175)
Net cash utilised by financing activities	**(3,233)**	(2,294)	(3,586)
Net increase/(decrease) in cash and cash equivalents during the period	**6,528**	(8,932)	(10,968)
Effects of exchange rate changes	**249**	101	231
Cash and cash equivalents at beginning of period	**30,658**	41,395	41,395
Cash and cash equivalents at end of period	**37,435**	32,564	30,658

Notes to the Interim Financial Report

For the six months ended 30 June 2015 (unaudited)

1. Financial information

Basis of preparation

The annual financial statements of Shore Capital Group Limited (the "Group") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this interim financial report for the period ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

The information for the year ended 31 December 2014 does not constitute statutory accounts. The Annual Report and Accounts of the Group were issued on 2 April 2015. The auditor's report on those accounts was not qualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, together with the financial position of the Group, its liquidity position and borrowing facilities. In addition, the principal risks and uncertainties of the Group are discussed in note 2 to this interim financial report.

The Group has considerable financial resources together with an established business model. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as are applied in the Group's latest audited Annual Report and Accounts for the year ended 31 December 2014.

2. Principal risks and uncertainties

The Group's policies for managing the risks arising from its activities are set out in the last audited Annual Report and Accounts of the Group that were issued on 2 April 2015. The Group's activities comprise equity market activities and investment in alternative assets and property, and its income is therefore subject to the level of general activity, sentiment and market conditions in each of the markets in which it operates.

3. Segmental information

For management purposes, the Group is organised into business units based on their services, and has reportable operating segments as follows:

- Capital Markets provides research in selected sectors, broking for institutional and professional clients, market-making in AIM and small cap stocks and corporate finance for mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds invested in alternative asset classes.
- Balance Sheet and Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted, using our own balance sheet resources.
- Central Costs comprises the costs of the Group's central management team and structure.

Notes to the Interim Financial Report

For the six months ended 30 June 2015 (unaudited) Continued

3. Segmental information continued

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

6 months ended 30 June 2015	Capital Markets £'000	Asset Manage-ment £'000	Balance sheet and Principal Finance £'000	Central costs £'000	Consoli-dated £'000
Revenue	12,449	4,853	8,610*	–	25,912
Results					
Depreciation	140	52	265	30	487
Profit/(loss) before tax	3,076	1,169	5,785	(485)	9,545
Assets	81,694	6,283	61,017	1,977	150,971
Liabilities	51,528	4,192	16,893	151	72,764

* Revenue from the Balance Sheet and Principal Finance division includes a net profit of £9,206,000 from the sale of spectrum licences in the period, and an impairment of £952,000 to the value of the Group's investment in St Peter Port Capital Limited.

6 months ended 30 June 2014	Capital Markets £'000	Asset Manage-ment £'000	Balance sheet and Principal Finance £'000	Central costs £'000	Consoli-dated £'000
Revenue	17,393	4,100	1,029	–	22,522
Results					
Depreciation	144	47	243	19	453
Profit/(loss) before tax	6,121	908	(529)	(1,540)	4,960
Assets	122,201	4,376	44,794	1,701	173,072
Liabilities	92,883	538	6,450	2,315	102,186

3. Segmental information continued

Year ended 31 December 2014	Capital Markets £'000	Asset Manage-ment £'000	Balance sheet and Principal Finance £'000	Central costs £'000	Consoli-dated £'000
Revenue	30,129	8,478	1,968	–	40,575
Results					
Depreciation	298	93	491	44	926
Profit/(loss) before tax	9,745	2,382	(1,587)	(2,231)	8,309
Assets	62,356	5,454	43,888	2,808	114,506
Liabilities	30,251	1,558	7,428	2,848	42,085

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
Earnings (£)	**5,028,000**	2,992,000	5,208,000
Number of shares			
Basic			
Weighted average number of shares	**24,164,000**	24,164,000	24,164,000
Diluted			
Dilutive effect of share option scheme	**904,296**	849,621	891,666
	25,068,296	25,013,621	25,055,666
Earnings per share			
Basic	**20.8p**	12.4p	21.6p
Diluted	**20.1p**	12.0p	20.8p

Notes to the Interim Financial Report

For the six months ended 30 June 2015 (unaudited) Continued

5. Dividends paid

	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2014 of 5.0p (2013: 4.0p) per share	**1,208**	967	967
Interim dividend for the year ended 31 December 2014 of 5.0p per share	**–**	–	1,208
	1,208	967	2,175

6. Called up share capital

Ordinary shares of nil par value	Number of shares	£'000
At 31 December 2014 and 30 June 2015	**241,164,000**	–

7. Events after the period

Share options granted to directors: On 25 September 2015, the option period in respect of the 592,199 share options held by Howard Shore under the Shore Capital Group Share Option Plan was extended to 5 January 2019.

8. Financial instruments

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For trading portfolio assets and liabilities, financial assets and liabilities designated at fair value and financial investments available-for-sale which are listed or otherwise traded in an active market, for exchange-traded derivatives, and for other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices (level 1).

For financial instruments which do not have quoted market prices directly available from an active market, fair values are estimated using valuation techniques, based wherever possible on assumptions supported by observable market prices or rates prevailing at the Balance Sheet date (level 2). This is the case for some unlisted investments and other items which are not traded in active markets.

For some types of financial instruments, fair values cannot be obtained directly from quoted market prices, or indirectly using valuation techniques or models supported by observable market prices or rates. This is the case for certain unlisted investments. In these cases, fair value is estimated indirectly using valuation techniques for which the inputs are reasonable assumptions, based on market conditions (level 3).

8. Financial instruments continued

30 June 2015	Level 1 Quoted market price £'000	Level 2 Market observable inputs £'000	Level 3 Non-market observable inputs £'000	Total £'000
Available-for-sale financial investments	2,131	–	1,200	3,331
Bull positions and other holdings at fair value	4,246	–	3,142	7,388
Derivatives	–	77	–	77
Total financial assets	**6,377**	**77**	**4,342**	**10,796**
Bear positions	1,478	–	–	1,478
Total financial liabilities	**1,478**	**–**	**–**	**1,478**

30 June 2014	Level 1 Quoted market price £'000	Level 2 Market observable inputs £'000	Level 3 Non-market observable inputs £'000	Total £'000
Available-for-sale financial investments	3,217	–	1,261	4,478
Bull positions and other holdings at fair value	4,211	–	1,340	5,551
Derivatives	–	5	–	5
Total financial assets	**7,428**	**5**	**2,601**	**10,034**
Bear positions	854	–	–	854
Total financial liabilities	**854**	**–**	**–**	**854**

31 December 2014	Level 1 Quoted market price £'000	Level 2 Market observable inputs £'000	Level 3 Non-market observable inputs £'000	Total £'000
Available-for-sale financial investments	2,532	–	1,267	3,799
Bull positions and other holdings at fair value	3,285	–	1,351	4,636
Total financial assets	**5,817**	**–**	**2,618**	**8,435**
Bear positions	846	–	–	846
Derivatives	–	179	–	179
Total financial liabilities	**846**	**179**	**–**	**1,025**

Notes to the Interim Financial Report

For the six months ended 30 June 2015 (unaudited) Continued

8. Financial instruments continued

Included in the fair value of financial instruments carried at fair value in the statement of financial position are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates (level 3). For such financial instruments, the Directors have generally made reference to published net asset values (derived the manager of such instruments) and used judgement over the use of those net asset values. The net asset values are generally derived from the underlying portfolios which are themselves valued using unobservable inputs. The significant unobservable inputs comprise the long-term revenue growth rate, long-term pre-tax operating margin and discounts for lack of marketability. A change in any of these inputs may result in a change in the fair value of such investments.

There have been no significant movements between level 1 and level 2 during the period.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

	At 1 January 2015 £'000	Losses recorded in profit or loss £'000	Purchases and transfers £'000	Sales and transfers £'000	**At 30 June 2015 £'000**
Total financial assets	2,618	(70)	1,831	(37)	**4,342**

Based on the established fair value and model governance policies and the related controls and procedural safeguards the Group employs, management believe the resulting estimates in fair values recorded in the statement of financial position are reasonable and the most appropriate at the Balance Sheet date.

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James Rosenwald III*

*Non-executive

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