Shore Capital Group Limited

(“Shore Capital,” the “Group” or the “Company”)

Interim results for the six months ended 30 June 2017

Shore Capital, the independent investment group specialising in capital markets, principal finance and asset management, today announces its interim results for the six months ended 30 June 2017.

Financial highlights

- Revenue up 13.0% to £20.3 million (2016: £18.0 million)
- Profit before tax of £2.5 million (2016: £2.4 million)
- Earnings per share of 6.7p (2016: 6.5p)

Operational highlights

- Capital Markets advised on ten secondary fundraisings and three IPOs
- Eight new retained corporate clients won, including Non-Standard Finance; Oxford Biodynamics; and UP Global Sourcing Holdings
- Market Making operation increased revenues and profits by 15% compared to the previous year
- Investment in research platform with the establishment of a new distribution channel in North America
- Strong fundraising performance for the Asset Management division, particularly the Puma EIS Service and Puma Heritage plc, reflecting long term investment in the business
- Latest VCT, Puma VCT 13, launched post period end
- New £21 million joint venture established with investment into the UK supported living sector

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

“The Group has continued to make progress amid a challenging market and in the face of domestic political uncertainty driven by the weakened majority of the UK government following the General Election in June.

“I am encouraged by the performance of our Capital Markets and Asset Management divisions. There is a significant opportunity for these businesses to continue winning market share as a number of major international banks either reduce capacity or withdraw from certain segments of the market. We therefore remain confident about the Group’s medium-term prospects for growth.”

– Ends –

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About Shore Capital

Shore Capital is an AIM quoted independent investment group. Founded and majority owned by entrepreneurs, for three decades Shore Capital has been helping entrepreneurial businesses reach their full potential, find committed long term investors and develop into significant enterprises. The business offers innovative corporate advice; a leading market making business; some of the most respected investment research available in the UK; and a diverse range of high quality investment opportunities, including its hugely successful VCTs and principal finance activities.

The Group is based in Guernsey, London, Liverpool, Edinburgh and Berlin. Shore Capital Stockbrokers Limited, Shore Capital and Corporate Limited, Shore Capital Limited and Puma Investment Management Limited are each authorised and regulated by the Financial Conduct Authority. Shore Capital Stockbrokers Limited is a member of the London Stock Exchange.

www.shorecap.gg

Chairman's statement

Introduction

The Group has continued to make progress amid a challenging market and in the face of domestic political uncertainty driven by the weakened majority of the UK Government following the General Election in June.

I am pleased to report, as anticipated, a seamless change of management as I step down from my position as Chief Executive, and Simon Fine and David Kaye took over as joint Chief Executives. Despite the challenges posed by the market environment, it is encouraging to see continued resilience in our Capital Markets and Asset Management divisions.

Revenues for the Group during the period grew by 13.0% to £20.3 million, (2016: £18.0 million). Group profit before tax increased by 2.2% to £2.5 million, (2016: £2.4 million). Basic earnings per share increased 3.6% to 6.7p, (2016: 6.5p).

Revenues from the Capital Markets division increased by 13.0% to £14.8 million, (2016: £13.1 million) increasing profit before tax by 12.7% to £3.4 million, (2016: £3.0 million). Asset Management revenues decreased by 5.7% to £4.9 million, (2016: £5.2 million) generating profits of £0.4 million, (2016: £1.3 million). The Principal Finance division recorded a pre-tax loss of £0.4 million (2016: loss of £1.2 million).

The Capital Markets division marked a strong first half, participating in three IPOs and 10 secondary fundraisings. The business also continued to grow the quality and diversity of its retained client base, winning eight new corporate clients, including Non-Standard Finance; Oxford Biodynamics; and UP Global Sourcing Holdings.

The Company's continued focus on serving the needs of its clients has resulted in a number of strategic investments in high calibre individuals and teams to continue its positive momentum. We were also delighted to announce the appointment of Matthew Elliott as a Senior Political Adviser earlier this year, providing our Capital Markets business and institutional and corporate clients with a unique political insight to help them manage the economic and political challenges of the current market environment.

We have also invested in our research platform and established a new distribution channel in North America. Shore Capital covers approximately two-thirds of the FTSE 100 plus many of the strongest midcap stocks. We are committed to meeting the growing demand for our highly regarded research product, which is already widely recognised in the UK for its outstanding insight, actionable ideas and unparalleled quality.

The Group's market making operation increased revenues and grew profits by 15% compared to the previous year. This is an extremely commendable result and underpins our position as one of London's top three market makers.

The Asset Management division recorded notable successes across its Institutional and Private Client businesses. Having taken the decision not raise a fund in the 2016/17 tax year in view of the many changes to VCT investment rules which had been introduced, the Group is pleased to have launched its latest VCT for the current tax year, Puma VCT 13, after the period end. Having allowed some time for these new rules to bed in and with good progress made in deploying the funds raised in previous VCTs, we are pleased to offer investors the opportunity to capitalise on our strong track record.

In the Institutional business, Brandenburg Realty successfully implemented its strategy for commercial and residential portfolios in Potsdam and for the Monumentenstrasse residential building in Berlin. In Monumentenstrasse, we were pleased to have sold nine units since acquisition at prices significantly higher than their underwriting value. The advisory team remains opportunistic in its approach and continues to actively seek compelling acquisitions to build on the fund’s latest successes.

The Private Client business continued to grow its assets under management, attracting significant capital inflows into the Puma EIS Service. Fundraising continued successfully during the 2016/17 tax year; and the amount in the EIS Service now stands at c.£53 million.

Puma Heritage celebrated its fourth anniversary in June 2017 and achieved a significant acceleration in its net asset value (“NAV”) to £37.0 million by the period end, driven by subscriptions from new shareholders and encouraging levels of returns from its diversified loan book. By the end of the period, Puma Heritage had made 409 loans, of which 46 were live and 363 had been repaid in full.

The Puma AIM Inheritance Tax Service celebrated its third anniversary in June 2017 during which time it has achieved a 67.36% return for investors, outperforming the FTSE AIM All Share Index by 44.37%. The Service seeks to mitigate inheritance tax by investing in carefully selected AIM shares and has again been nominated as the Best AIM Investment Manager in the 2017 Growth Investor Awards, an accolade it won in 2016.

Across our businesses, we have maintained our commitment to offering customers high quality advice, research, ideas and investment opportunities; and helping entrepreneurial management teams to grow their businesses.

Financial review

Income and expenditure

Revenue for the period increased by 13.0% to £20.3 million (2016: £18.0 million), whilst administrative expenses increased by 14.3% to £17.7 million (2016: £15.5 million), generating an operating profit of £2.7 million (2016: £2.5 million). Group profit before tax increased by 2.2% to £2.5 million (2016: £2.4 million).

Revenue from the Capital Markets division increased by 13.0% to £14.8 million (2016: £13.1 million). Profit before tax was up 12.7% to £3.4 million (2016: £3.0 million), with a net margin of 23.0% (2016: 23.0%).

Revenue from the Asset Management division was down 5.7% to £4.9 million (2016: £5.2 million), generating profit before tax of £0.4 million (down 68.6% from 2016: £1.3 million), representing a net margin of 8.3% (2016: 25.0%).

The Principal Finance division recorded a pre-tax loss of £0.4 million (2016: loss of £1.2 million).

Basic earnings per share

The Group generated basic earnings per share of 6.7p (2016: 6.5p).

Comprehensive earnings per share

On a comprehensive basis, the Group generated earnings of 7.5p per share (2016: 7.6p).

Liquidity

As at the balance sheet date, available liquidity was £33.1 million (2016: £24.8 million), comprising £31.5 million (2016: £16.0 million) of cash and £1.6 million (2016: £8.8 million) of gilts and bonds. In addition, the Group has a £20 million working capital facility which was undrawn at the period end.

This liquidity underpins 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 £66.2 million (2016: £66.9 million), the reduction reflecting the net of the repurchase/cancellation of shares of £2.2 million and the issue of new shares of £1.5 million following the exercise of options.

In addition to the £31.5 million of cash and £1.6 million of gilts and bonds (as referred to above), at the period end the Group held £4.1 million in various of its Puma Funds; £3.9 million share of associates; £3.6 million net in quoted equities; and a further £3.1 million in other unquoted holdings.

The remainder of the balance sheet was £18.3 million net, which included £16.7 million of net market and other debtors in the Company's stockbroking subsidiary. In addition, the remaining licences held in Spectrum Investments were valued at £2.2 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 266.6p (2016: 270.3p).

Dividend

The Board proposes to pay an interim dividend of 5.0p (2016: nil). The interim dividend is expected to be paid on Tuesday, 24 October 2017 to shareholders on the register as at Friday 6 October, 2017. Shares will be marked ex-dividend date on 5 October 2017.

Operating review

Capital Markets

Overview

The Capital Markets division enjoyed a highly successful first half of 2017, increasing revenues and profits by double digit percentages; further growing its client base; and continuing to develop its service offering.

The team participated in a significant number of high-profile transactions, including the period's second largest UK Main Market IPO, as well as adding eight new retained corporate clients.

Additional investment has been made to augment our research and equity sales proposition, with the addition of a distribution capability in North America and a political economy resource to complement our broad sector coverage.

Our Market Making and Fixed Income businesses have performed well in the face of ongoing political uncertainty, delivering a good level of profitability and providing a key source of liquidity to equity and debt markets.

On 3 January 2018, the EU's revised Markets in Financial Instruments Directive ("MiFID") and Markets in Financial Instruments Regulation ("MiFIR") (together "MiFID II") will come into force. There will be strategic and operational challenges for the buy-side and sell-side as a result of the rules; but we believe we will be fully prepared for the changes when they come into effect. In anticipation of the new rules our focus has remained on our institutional and corporate clients, to help them work within the new regime, to continue delivering the best service and outcomes for our clients.

The business continues to invest in high calibre individuals and teams where the Company identifies opportunities for incremental growth.

Corporate Broking and Advisory

During the period the team has been very active and participated in a number of significant transactions including three IPOs and ten secondary fundraisings. Notable transactions completed during the period included:

- acting as joint bookrunner on the £337 million placing of ordinary shares in Playtech plc;
- acting as joint bookrunner on the £126.5 million placing by NextEnergy Solar Fund Limited;
- acting as lead manager on the Main Market IPO of Global Ports Holding plc, raising US$230 million; and
- acting as sponsor, global coordinator and joint-bookrunner on the Main Market IPO of UP Global Sourcing Holdings plc, raising £52.6 million.

In the advisory space, the team acted as Corporate Broker to Market Tech Holdings Limited in relation to its £892.3 million takeover by LabTech Investments Limited and for Staunton Holdings Limited in relation to its £37.3 million offer for FIH Group plc.

The Company continues to grow its retained client base and during the period added eight new retained corporate clients, including Non-Standard Finance plc; Oxford BioDynamics Plc; and UP Global Sourcing Holdings plc.

Research and Sales

Despite the political upheaval of a weakened government following the General Election, equity capital markets have remained robust with international earners in particular reflecting London’s continued status as a global financial centre. In the more UK-centric FTSE 250 index, the prevailing market environment reflected a less certain mood. Shore Capital covers approximately two-thirds of the FTSE 100 plus many of the strongest midcap stocks, thereby maintaining our relevance as a research house to a wide variety of investors.

Compounding the challenges created by the economic and political environment in Europe, the equity capital market industry is approaching the entry into force of MiFID II. Shore Capital continues to develop and implement its plans for MiFID II, encouraged by the investment community’s continued engagement and support for our research and idea generation in the UK and further afield. We regard the changes to come from MiFID II as a process more than simply an event.

In terms of support from the market, we were pleased to achieve further progress in our 2017 Extel rankings, achieving the number one rating in insurance; and top five ratings in retail, consumer goods, financials, media and transport. Our sales team made strong progress up the rankings, rising to sixth position. Our success in the Extel rankings was bolstered by another strong representation in the Thomson Reuters analysts’ awards. Shore Capital continues, person for person, to punch well above its weight in this respect and we appreciate the support of the market.

Our rankings performance reflects the talent, hard work and capabilities of our team, which we continue to develop and build. In the first half of the year we established a distribution capability in New York City and created a political economy resource through the addition of Matthew Elliott to our team. Our depth and experience as a research house and the stability of our team contributed to the Company’s corporate broking wins.

Market Making

The Group’s Market Making operation performed well in the first half of the year, increasing revenue and growing profits by 15% from the previous year. This is a very commendable result in light of market uncertainty surrounding the UK general election.

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. The 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.

Fixed Income

The fixed income team's extensive experience enables the Group to offer its clients a fuller range of financing options for mid-sized corporates, creating exciting opportunities for growth in the Capital Markets business. Challenging debt market conditions have continued during the period with yields/credit spreads remaining at historic lows combined with low volatility. Trading has remained subdued with performance comparable to 2016’s levels.

Asset Management

Overview

The Asset Management division continued to grow assets under management in its Private Client operations, with significant inflows into the Puma EIS Service. Puma Heritage and Puma AIM celebrated their fourth and third anniversaries respectively in the period; and both continued to achieve impressive returns for investors. Whilst delaying the launch of its latest VCT offering from the 2016/17 tax year to the current year resulting in lower revenues and profits, the team launched Puma VCT 13 after the period end and is optimistic about its prospects.

In the Institutional business, Brandenburg Realty and Puma Brandenburg achieved some significant planning successes in their respective portfolios: Brandenburg Realty drew down on a new €28 million refinancing facility; and Puma Brandenburg agreed improved terms on its existing borrowing facilities.

Overall AUM for the Asset Management division at 30 June 2017 was £810 million.

Institutional Asset Management

Brandenburg Realty

The asset advisory team continues to assist Brandenburg Realty (the “Fund”) to implement the agreed strategy for the commercial and residential portfolio in Potsdam and the Monumentenstrasse residential building in Berlin. In Potsdam, a full planning application to construct c.1,800 sq m of new residential space has been submitted and the process to obtain condominium title for the existing residential units is underway and due for completion by the year end. At Monumentenstrasse, nine units have been sold since acquisition, achieving significantly higher prices than the underwriting at the time of acquisition. This reflects not just the strength of Berlin’s residential property market, but also the successful efforts of the asset advisory team.

During the period a €27.5 million, a six year debt financing facility was drawn from Unicredit to refinance the acquisition of both assets.

The asset advisory team also continues to seek and recommend additional acquisition opportunities to the Fund and the acquisition of a further residential asset was notarised in June 2017. Located in the highly sought-after Pankow area of Berlin, this asset offers 1,500 sq m of space.

Puma Brandenburg Limited (“PBL”)

The Group has continued to assist PBL to achieve significant success across its portfolio.

Achievements in the period with which the Group has assisted PBL include:

- At the Hyatt Regency, Cologne, planning permission for the construction of two new restaurants (total internal space of 500 sq m) on the river bank in front of the hotel was obtained. Detailed planning for the construction of these value enhancing restaurants is now at an advanced stage; and
- Ongoing close cooperation with Lidl to maximise value in the portfolio of stores located across Germany. The latest mutually beneficial agreement was signed in August 2017 and provides for lease extensions (ranging from five to 12 years) at 10 stores. In total, over the last 12 months the lease term has been extended at 14 stores.

During the period, PBL completed a tender offer to acquire the remaining interests of the minority shareholders at €6 per unit comprising a combined A and B Share. The take-up was extremely strong. PBL acquired 26.7% of the company, resulting in Howard and Andrée Shore increasing their shareholding to 90% of the company. This represented an equivalent cash distribution for Shore shareholders who held their shares since the time of the demerger in 2010 of £5.15 per share in Shore Capital.

Puma Social Care Investments ("PSCI")

The Group launched PSCI during the period, a new joint venture focused on real estate opportunities in the supported living sector, with equity commitments totalling £21 million, to be contributed equally from the Group alongside two family offices in the United States.

PSCI has been established to acquire newly built or converted assets which provide residential accommodation in the form of self-contained apartments for individuals with learning disabilities, enabling them to live independently with the support of on-site care. Accommodation of this nature allows local authorities in the United Kingdom to meet their statutory obligations with regard to care and housing provision, while also addressing the UK government's stated desire to locate individuals needing care within their local community. Each site will typically have between 10 and 20 units.

The assets targeted will benefit from long-term, typically 25 or 30 year, inflation-linked leases to a variety of housing associations. Rental income paid from housing associations will be funded from Housing Benefit payments from central government.

During the period, the Group advised PSCI on the acquisition of four properties comprising 58 units. A further two acquisitions have been completed since the period end, and PSCI has now deployed £17 million of its £21 million initial equity commitments.

St Peter Port Capital ("SPPC")

SPPC announced its results for the year ended 31 March 2017 on 9 May 2017. As at that date, it had investments in 12 companies (excluding companies in the portfolio it had written down to zero) and reported that it had generated £218,000 from realisations since 1 April 2016.

The company launched a strategic review in the last quarter of 2016 and continues to seek a buyer (either of the company or some of its assets). The significant majority of the company's value resides in its four largest holdings but all of these portfolio companies remain illiquid.

The directors of SPPC continue to believe that the portfolio offers the potential for capital gain from the values at which the investments are currently being held but that, if SPPC itself were wound up prematurely, it would be difficult to secure good value for these illiquid investments. In June 2017 the shareholders voted in favour of extending the company's life on a one year annual rolling basis in order to allow the directors more time to realise value for the investments. In addition the company is undergoing a cost review to reduce expenditure wherever possible.

Private Client Investments

Puma Venture Capital Trusts ("VCTs")

Since 2005 over £220 million has been raised for the Group's Puma VCTs and almost £100 million has been distributed to their shareholders.

Puma's strong VCT track record is evidenced by each of the first five Puma VCTs having led their peer group for total returns, with Puma VCT V having returned 106.3p per share (on a net cost of investment of 70p) in cash distributions to shareholders over its life. The most recently closed fund, Puma VCT 12, raised £30.9 million which accounted for more than half of the total funds raised in the limited-life VCT market in the 2015/16 tax year. The current stable of funds are all performing well and have paid out tax-free dividends of between 5p and 7p per annum to shareholders.

Having taken the decision not raise a fund in the 2016/17 tax year in view of the many changes to VCT investment rules which had been introduced, the Group is pleased to have launched its latest VCT for the current tax year, Puma VCT 13, after the period end. Having allowed some time for these new rules to bed in and with good progress made in deploying the funds raised in previous VCTs, we are pleased to offer investors the opportunity to capitalise on our 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.

The company celebrated its fourth anniversary in June 2017, having recorded a significant acceleration in its net asset value, ("NAV") during the period. Subscriptions from new shareholders and good levels of return generated from its diversified loan book have increased the company's NAV to over £37 million by 30 June 2017. Puma Heritage has participated in loans totalling £186 million to date. The business has a strong pipeline of loan candidates in which to deploy current and future funds; and remains optimistic about the prospects for further NAV growth over the coming months and years.

During the period, we advised Puma Heritage 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. As at 30 June 2017, Puma Heritage had made 409 loans of which 46 were live and 363 had been repaid in full. The team continues to assist the business, helping it to source and analyse new lending opportunities. Puma Heritage remains open for investment and having reached critical mass, is in a position to continue growing rapidly.

Puma EIS

The Puma EIS portfolio service, (the "EIS Service") was launched in November 2013 to offer investors the opportunity to invest in Enterprise Investment Scheme qualifying companies utilising the team's strong track record and expertise in asset-backed investing gained from their experience running the Puma VCTs. The EIS Service aims to invest into growth oriented, asset focussed businesses. Fundraising continued successfully throughout the 2016/17 tax year, increasing funds in the EIS Service to c.£53 million. To date, the EIS Service has invested into seven portfolio companies and has a good pipeline of further deployment opportunities.

Puma AIM Inheritance Tax Service

The Puma AIM IHT Service, (the "AIM Service") is a discretionary portfolio service that seeks to mitigate Inheritance Tax by investing in a carefully selected portfolio of AIM shares and is particularly attractive for those that wish to invest via an ISA. It is available to clients with a Financial Adviser directly through Puma Investments.

The AIM Service celebrated its third anniversary at the end of June 2017. In those three years it has delivered a 67.36% return, outperforming the FTSE AIM All Share Index by 44.37%, representing a compound annual growth rate of 18.73%. We have also been nominated for the Best AIM Investment Manager award at the Growth Investor Awards for 2017, which we won in 2016.

During the period, the AIM Service has continued to grow assets and investor numbers for advised clients coming direct to Puma. We have also signed discretionary fund management agreements with a number of advisers enabling them to access the AIM Service. It became available through the

Ascentric, Standard Life and Transact platforms during the period and saw its first inflows through this channel.

Principal Finance

The Principal Finance division seeks to use the Group's strong balance sheet to invest in attractive opportunities and seed new funds.

Supported Living joint venture

As referred to above, during the period the Group committed £7 million as part of a one-third share in a new joint venture, Puma Social Care Investments ("PSCI"), focused on real estate opportunities in the UK supported living sector.

At the period end, the Group had invested £3.9 million of its total commitment, enabling PSCI to acquire four properties comprising 58 units. A further two assets have been purchased by PSCI since the period end, with the Group investing a further £1.8 million of its committed funds.

Investment in DBD

This division also holds the Group's investment in DBD, which holds, through a subsidiary, 32 regional radio spectrum licences in Germany of indefinite duration (the "Licences"). Shore Capital holds a 59.94% interest in Spectrum Investments Limited, the parent company of DBD.

DBD has been given consent by the German Telecoms Regulator ("BNetzA") to test the LTE TDD technology which will support its business plan for the future use of the Licences, premised upon a small radio cells network concept. Initial pilot schemes have been commenced in Berlin, Karlsruhe and Dusseldorf, and DBD plans to roll out additional pilots in other areas covered by the Licences.

For the initial trials, at the request of BNetzA, DBD is using a temporary test licence granted to it by BNetzA. However, DBD believes that, as a result of Article 9a of the EU Framework Directive (2002/21/EC, as amended), implemented in Germany by Sec. 150 para 8 of the German Telecommunications Act, it should be permitted to use its existing Licences to conduct the pilot schemes and to support the roll out of its services in the future. Agreement on this point has not yet been reached with BNetzA and correspondence between DBD and BNetzA is ongoing.

In correspondence with DBD, BNetzA has noted that its ongoing consideration of the status and use of the Licences should be taken in the context of its ongoing review of spectrum frequency planning for the years after 2021/2022 and in particular its frequency concept for the 3.5GHz band, into which the Licences fall.

Current trading and prospects

I am encouraged by the performance of our Capital Markets and Asset Management divisions. There is a significant opportunity for these businesses to continue winning market share as a number of major international banks either reduce capacity or withdraw from certain segments of the market. We therefore remain confident about the Group's medium-term prospects for growth.

Howard P Shore
Executive Chairman

28 September 2017

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 2017 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 2017 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

28 September 2017

Consolidated Income Statement
For the six months ended 30 June 2017 (unaudited)

	Notes	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Revenue	3	**20,328**	17,988	39,408
Administrative expenditure		**(17,702)**	(15,490)	(34,187)
Balance sheet impairments		**-**	-	(2,664)
Share of results of associates		**40**	-	-
Operating profit		**2,666**	2,498	2,557
Interest income		**81**	102	239
Finance costs		**(252)**	(159)	(391)
Profit before taxation	3	**2,495**	2,441	2,405
Taxation		**(567)**	(628)	(554)
Profit for the period		**1,928**	1,813	1,851
Attributable to:				
Equity holders of the parent		**1,453**	1,407	1,302
Non controlling interests		**475**	406	549
		1,928	1,813	1,851
Earnings per share				
Basic	4	**6.7p**	6.5p	6.0p
Diluted	4	**6.6p**	6.2p	5.8p

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017 (unaudited)

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Profit for the period	**1,928**	1,813	1,851
Losses on revaluation of available-for-sale investments taken to equity	**(185)**	(128)	(43)
Gains / (Losses) on cash flow hedges	**61**	(210)	70
Taxation	**(12)**	42	(14)
	49	(168)	56
Exchange difference on translation of foreign operations	**427**	777	468
Other comprehensive income for the period, net of tax, from continuing operations	**476**	609	211
Total comprehensive income for the period, net of tax	**2,219**	2,294	2,332
Attributable to:			
Equity holders of the parent	**1,627**	1,658	1,582
Non controlling interests	**592**	636	750
	2,219	2,294	2,332
Comprehensive earnings per share			
Basic	**7.5p**	7.6p	7.3p
Diluted	**7.4p**	7.4p	7.1p

Consolidated Statement of Financial Position
As at 30 June 2017 (unaudited)

	Notes	As at 30 June 2017 £'000	As at 30 June 2016 £'000	As at 31 December 2016 £'000
Non-current assets				
Goodwill		**381**	381	381
Intangible assets		**2,196**	2,091	2,135
Property, plant & equipment		**8,720**	11,721	9,423
Investment properties		**-**	-	2,885
Interests in associates	8	**3,896**	-	-
Principal Finance investments		**7,530**	7,020	8,221
Deferred tax asset		**18**	-	-
		22,741	21,213	23,045
Current assets				
Trading assets		**5,719**	12,121	12,290
Trade and other receivables		**67,324**	124,974	51,774
Financial instruments		**94**	-	123
Cash and cash equivalents		**31,514**	15,988	23,937
		104,651	153,083	88,124
Total assets	3	**127,392**	174,296	111,169
Current liabilities				
Trading liabilities		**(816)**	(773)	(765)
Trade and other payables		**(48,894)**	(94,085)	(31,126)
Financial instruments		**(143)**	(688)	(224)
Tax liabilities		**(1,008)**	(805)	(770)
Borrowings		**(409)**	(401)	(431)
		(51,270)	(96,752)	(33,316)
Non-current liabilities				
Borrowings		**(9,901)**	(10,110)	(10,649)
Deferred tax liability		**-**	(318)	(15)
Provision for liabilities and charges		**(143)**	(176)	(104)
		(10,044)	(10,604)	(10,768)
Total liabilities	3	**(61,314)**	(107,356)	(44,084)
Net Assets		**66,078**	66,940	67,085
Equity				
Capital and Reserves				
Called up share capital		**-**	-	-
Share premium account		**336**	336	336
Merger reserve		**16,433**	17,151	17,151
Other reserves		**1,452**	1,402	1,596
Retained earnings		**39,296**	39,955	39,587
Equity attributable to equity holders of the parent		**57,517**	58,844	58,670
Non controlling interests		**8,561**	8,096	8,415
Total equity		**66,078**	66,940	67,085

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2017 (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 2016	-	336	17,151	2,164	38,845	8,546	67,042
Retained profit for the period	-	-	-	-	1,407	406	1,813
Revaluation of available for sale investments	-	-	-	(128)	-	-	(128)
Foreign currency translation	-	-	-	-	537	240	777
Valuation change on cash flow hedge	-	-	-	(199)	-	(11)	(210)
Tax on cash flow hedge	-	-	-	40	-	2	42
Total comprehensive income	-	-	-	(287)	1,944	637	2,294
Decrease in deferred tax asset recognised directly in equity	-	-	-	(475)	-	-	(475)
Dividends paid to/rebalancing of non controlling interests	-	-	-	-	(834)	(1,225)	(2,059)
Investment by non controlling interest in subsidiaries	-	-	-	-	-	138	138
At 30 June 2016	-	336	17,151	1,402	39,955	8,096	66,940

	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 2016	-	336	17,151	1,402	39,955	8,096	66,940
Retained profit for the period	-	-	-	-	(105)	143	38
Revaluation of available for sale investments	-	-	-	85	-	-	85
Foreign currency translation	-	-	-	-	(259)	(50)	(309)
Valuation change on cash flow hedge	-	-	-	255	-	25	280
Tax on cash flow hedge	-	-	-	(51)	-	(5)	(56)
Total comprehensive income	-	-	-	289	(364)	113	38
Decrease in deferred tax asset recognised directly in equity	-	-	-	(106)	-	-	(106)
Dividends paid to/rebalancing of non controlling interests	-	-	-	-	(4)	4	-
Credit in relation to share based payments	-	-	-	11	-	-	11
Investment by non controlling interest in subsidiaries	-	-	-	-	-	202	202
At 31 December 2016	-	336	17,151	1,596	39,587	8,415	67,085

	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 2017	**-**	**336**	**17,151**	**1,596**	**39,587**	**8,415**	**67,085**
Retained profit for the period	**-**	**-**	**-**	**-**	**1,453**	**475**	**1,928**
Revaluation of available for sale investments	**-**	**-**	**-**	**(185)**	**-**	**-**	**(185)**
Foreign currency translation	**-**	**-**	**-**	**-**	**320**	**107**	**427**
Valuation change on cash flow hedge	**-**	**-**	**-**	**51**	**-**	**10**	**61**
Tax on cash flow hedge	**-**	**-**	**-**	**(10)**	**-**	**(2)**	**(12)**

Total comprehensive income	**-**	**-**	**-**	**(144)**	**1,773**	**590**	**2,219**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**(1,088)**	**-**	**(1,088)**
Dividends paid to/rebalancing of non controlling interests	**-**	**-**	**-**	**-**	**(976)**	**(462)**	**(1,438)**
Repurchase/cancellation of own shares	**-**	**-**	**(2,247)**	**-**	**-**	**-**	**(2,247)**
Issue of shares	**-**	**-**	**1,529**	**-**	**-**	**-**	**1,529**
Investment by non controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**-**	**18**	**18**
At 30 June 2017	**-**	**336**	**16,433**	**1,452**	**39,296**	**8,561**	**66,078**

Consolidated Cash Flow Statement
For the six months ended 30 June 2017 (unaudited)

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Cash flows from operating activities			
Operating profit	**2,666**	2,498	2,557
Adjustments for:			
Depreciation and impairment charges	**442**	495	3,534
Profit on disposal of fixed assets	**(14)**	-	-
Share-based payment expense	**-**	-	11
Loss/(gain) on Principal Finance investments	**237**	(135)	(255)
Increase/(decrease) in provision for NIC on options	**39**	(359)	(431)
Operating cash flows before movement in working capital	**3,370**	2,499	5,416
(Increase)/decrease in trade and other receivables	**(15,521)**	(53,181)	19,896
Increase/(decrease) in trade and other payables	**17,749**	50,378	(12,765)
Increase/(decrease) in trading liabilities positions	**51**	(173)	(2,946)
Decrease/(increase) in trading assets positions	**6,571**	(2,777)	(181)
Cash generated/(utilised) by operations	**12,220**	(3,254)	9,420
Interest paid	**(252)**	(159)	(391)
Corporation tax paid	**(375)**	(291)	(717)
Net cash generated/(utilised) by operating activities	**11,593**	(3,704)	8,312
Cash flows from investing activities			
Purchase of fixed assets	**(215)**	(283)	(517)
Sale of fixed assets	**90**	-	-
Sale/(purchase) of investment property	**2,885**	-	(2,885)
Investment in associates	**(3,896)**	-	-
Purchase of Principal Finance investments	**-**	(707)	(1,808)
Sale of Principal Finance investments	**269**	35	141
Interest received	**81**	102	239
Net cash utilised by investing activities	**(786)**	(853)	(4,830)
Cash flows from financing activities			
Investment in non controlling interest in subsidiaries	**18**	138	340
Repurchase/cancellation of own shares	**(2,247)**	-	-
Issue of shares	**1,529**	-	-
Decrease in borrowings	**(204)**	(200)	(430)
Dividends paid to non controlling interests	**(1,438)**	(2,059)	(2,059)
Dividends paid to equity holders	**(1,088)**	-	-
Net cash utilised by financing activities	**(3,430)**	(2,121)	(2,149)
Net increase/(decrease) in cash and cash equivalents during the period	**7,377**	(6,678)	1,333
Effects of exchange rate changes	**200**	553	491
Cash and cash equivalents at beginning of period	**23,937**	22,113	22,113
Cash and cash equivalents at end of period	**31,514**	15,988	23,937

Notes to the Interim Financial Report
For the six months ended 30 June 2017 (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 2017 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 2016 does not constitute statutory accounts. The Annual Report and Accounts of the Group were issued on 3 April 2017. 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.

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. 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 2016.

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 3 April 2017. 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 four 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, fixed income broking and corporate broking and advisory for mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds.
- Central Costs comprises the costs of the Group's central management team and structure.
- Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted, using our own balance sheet resources.

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 2017	**Capital Markets £'000**	**Asset Management £'000**	**Central costs £'000**	**Principal Finance £'000**	**Consolidated £'000**
Revenue	**14,756**	**4,904**	**-**	**669**	**20,328**
Profit/(loss) before tax	**3,387**	**408**	**(876)**	**(424)**	**2,495**
Assets	**80,294**	**5,580**	**2,983**	**38,535**	**127,392**
Liabilities	**(48,357)**	**(1,858)**	**(938)**	**(10,161)**	**(61,314)**

6 months ended 30 June 2016	**Capital Markets £'000**	**Asset Management £'000**	**Central costs £'000**	**Principal Finance £'000**	**Consolidated £'000**
Revenue	13,059	5,200	-	(271)	17,988
Profit/(loss) before tax	3,004	1,300	(690)	(1,173)	2,441
Assets	125,281	6,210	1,685	41,120	174,296
Liabilities	(95,874)	(2,726)	(808)	(7,948)	(107,356)

Year ended 31 December 2016	**Capital Markets £'000**	**Asset Management £'000**	**Central costs £'000**	**Principal Finance £'000**	**Consolidated £'000**
Revenue	28,286	10,446	-	676	39,408
Profit/(loss) before tax	6,787	1,980	(2,119)	(4,243)	2,405
Assets	61,503	5,894	3,535	40,237	111,169
Liabilities	(29,274)	(2,149)	(828)	(11,833)	(44,084)

4. Earnings per share

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

	Six months ended 30 June 2017	**Six months ended 30 June 2016**	**Year ended 31 December 2016**
Earnings (£)	**1,453,000**	**1,407,000**	1,302,000
Number of shares			
Basic			
Weighted average number of shares	**21,718,530**	21,768,791	21,768,791
Diluted			
Dilutive effect of share option scheme	**393,678**	787,412	578,969
	22,112,209	22,556,203	22,347,760
Earnings per share			
Basic	**6.7p**	6.5p	6.0p
Diluted	**6.6p**	6.2p	5.8p

5. Dividends paid

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2016 of 5.0p per share	**1,088**	-	-
	1,088	-	-

6. Called up share capital

Shore Capital Group Limited - ordinary shares of nil par value	**Number of shares**	**£'000**
At 1 January 2016, 30 June 2016 and 31 December 2016	21,768,791	-
Shares repurchased/ cancelled	(941,598)	-
Shares issued	746,129	
At 30 June 2017	**21,573,322**	**-**

During the period the Group repurchased for cancellation 621,598 of its ordinary shares of no par value ("Ordinary Shares") at a price of £2.38 per share and a further 320,000 at £2.40 per share, a total cancellation of £2,247,000 (including the shares noted below).

The Group also issued 746,129 new ordinary shares of no par value pursuant to the exercise of options at £2.05 per share totalling £1,530,000, all of which were issued to directors or persons discharging managerial responsibilities (or entities managed or beneficially owned by them).

7. Related party transaction

On 24 March 2017 Shore Capital International Asset Management Limited ("SCIAML"), a subsidiary of the Group, awarded growth shares to David Kaye, the CEO of the Asset Management division. As part of the transaction, SCIAML acquired Mr Kaye's existing shares in Puma Investment Management Limited ("PIML") in exchange for 22.20% of the ordinary shares in SCIAML. Following the transaction, SCIAML owns 91.85% of PIML and accordingly Mr Kaye's holding of ordinary shares in SCIAML equates to his previous economic interest of 20.39% in PIML.

Subject to meeting specific growth targets for the profitability and value of the SCIAML business within a 10 year period, Mr Kaye's holding of growth shares together with his holding of ordinary shares in SCIAML will in aggregate represent a maximum entitlement of 43.55% of SCIAML, which equates to an economic interest of 40.00% in PIML.

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).

30 June 2017	**Level 1 Quoted market price £'000**	**Level 2 Market observable inputs £'000**	**Level 3 Non-market observable inputs £'000**	**Total £'000**
Principal Finance investments	**1,331**	**-**	**6,199**	**7,530**
Trading assets and other holdings at fair value	**5,719**	**-**	**-**	**5,719**
Financial instruments	**-**	**94**	**-**	**94**
Total financial assets	**7,050**	**94**	**6,199**	**13,343**
Trading liabilities	**816**	**-**	**-**	**816**
Financial instruments	**-**	**143**	**-**	**143**
Total financial liabilities	**816**	**143**	**-**	**959**

30 June 2016	**Level 1 Quoted market price £'000**	**Level 2 Market observable inputs £'000**	**Level 3 Non-market observable inputs £'000**	**Total £'000**
Principal Finance investments	1,191	-	5,829	7,020
Trading assets and other holdings at fair value	12,121	-	-	12,121
Total financial assets	13,312	-	5,829	19,141
Trading liabilities	773	-	-	773
Financial instruments	-	688	-	688
Total financial liabilities	773	688	-	1,461

31 December 2016	**Level 1 Quoted market price £'000**	**Level 2 Market observable inputs £'000**	**Level 3 Non-market observable inputs £'000**	**Total £'000**
Principal Finance investments	1,676	-	6,545	8,221
Trading assets and other holdings at fair value	12,276	14	-	12,290
Financial instruments	-	123	-	123
Total financial assets	13,952	137	6,545	20,634
Trading liabilities	765	-	-	765
Financial instruments	-	224	-	224
Total financial liabilities	765	224	-	989

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 2017	**Gains recorded in profit or loss**	**Purchases and transfers**	**Sales and transfers**	**At 30 June 2017**
Total financial assets	6,545	(77)	-	(269)	6,199

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.

Supported Living joint venture

As referred to above, during the period the Group committed £7 million as part of a one-third share in a new joint venture, Puma Social Care Investments ("PSCI"), focused on real estate opportunities in the UK supported living sector.

At the period end, the Group had invested £3.9 million of its total commitment, enabling PSCI to acquire four properties comprising 58 units. A further two assets have been purchased by PSCI since the period end, with the Group investing a further £1.8 million of its committed funds.

9. Events after the period

On 1 September 2017, the Group invested a further £1.8 million of its committed funds into PSCI, bringing the Group's aggregate investment in the associate to £5.7 million.

The interim report will be posted in due course to shareholders on the register. Further copies of this report are available on the Company's website at www.shorecap.gg.