

Shore Capital Group Limited

("Shore Capital", the "Group", or the "Company")

Preliminary Results for the Year Ended 31 December 2015

Shore Capital, the independent investment group specialising in capital markets, principal finance and asset management, today announces its preliminary results for the year ended 31 December 2015.

Financial highlights

- Revenue up 3.4% to £42.0 million (2014: £40.6 million)
- Profit before tax up 40.8% to £11.7 million (2014: £8.3 million)
- Earnings per share up 25.5% to 27.1p (2014: 21.6p)
- Capital of £10 million returned to shareholders during the year

Operational highlights

- Principal Finance division generated profit of £5.1 million primarily driven by sale of a number of radio spectrum licences in Germany to Deutsche Telekom AG
- Capital Markets business ranked as AIM's leading Nominated Adviser by IPO funds raised in 2015, helping clients raise £900 million during the year. Client wins include its first FTSE 100, Wm Morrison Supermarkets plc; FTSE 250 A.G. Barr; and, more recently, Dairy Crest Group plc
- Research team maintained sixth place Extel ranking with number one rankings in insurance and retail; third place in consumer goods; and seven top five rankings
- Continued momentum in Puma Investments across the product range. Puma VCT 11 closed achieving the largest fundraising of its kind in the 2014/15 tax year
- Brandenburg Realty raised €150 million and made its first residential property acquisition

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

"In a year when markets have faced considerable uncertainty – and continue to do so – the strength of our diversified business has been evident, enabling the Group to increase revenues and profitability whilst making targeted investments and remaining cost-conscious.

"We achieved significant progress across the Group, growing client advisory services and capabilities and reaping the benefits of earlier investments.

"The UK's capital markets faced uncertainty ahead of the General Election and failed to recover in the second half of the year. These uncertainties have carried over into the first quarter of 2016, but our liquid balance sheet and robust business model enables us to take advantage of opportunities as they arise."

Enquiries:**Shore Capital**

Howard Shore, Executive Chairman
Lynn Bruce, Director

+44 (0) 20 7468 7911
+44 (0) 1481 728 902

Grant Thornton UK LLP (Nominated Adviser)

Philip Secrett
Jamie Barklem

+44 (0) 20 7383 5100

Bell Pottinger (Public Relations)

Olly Scott
Zoe Pocock

+44 (0) 20 3772 2500

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

In a year when markets have faced considerable uncertainty – and continue to do so – the strength of our diversified business has been evident, enabling the Group to increase revenues and profitability whilst making targeted investments and remaining cost-conscious.

Highlights of the year included the sale of a series of radio licenses in Germany in our Principal Finance division. Our Capital Markets team has performed well in tough market conditions, continuing to help clients raise substantial new capital and growing the number of high quality businesses it advises. Meanwhile, our Asset Management operations have continued to grow, with particular successes in private client investments and further development of institutional advisory services.

Revenues for the period increased by 3.4% to £42.0 million (2014: £40.6 million), delivering operating profits of £11.8 million, (2014: £8.4 million) up 41.1%. Earnings per share rose 25.5% to 27.1p, (2014: 21.6p).

The Principal Finance division enjoyed a strong year. DBD completed the sale of a number of radio spectrum licences in Germany to Deutsche Telekom AG, generating net revenue of £9.2 million and contributing to a profit for the division of £5.1 million.

The Capital Markets division performed well in the face of significant market headwinds, recording a pre-tax profit of £4.7 million on revenues of £23.4 million. The team made robust progress in 2015, winning its first FTSE 100 client; expanding its FTSE 250 client base as well as adding a range of exciting entrepreneurial and growth companies.

The team has helped clients raise over £900 million in the last year; and in a tough fundraising environment was ranked as the leading Nominated Adviser on AIM by IPO proceeds during 2015. Transactions for clients including Styles & Wood Group plc; Playtech plc; Poundland Group plc; Redx Pharma plc; Telford Homes plc; and Market Tech Holdings Limited comprised 14 equity fundraisings, 10 advisory transactions and two bond issues.

Shore Capital sustained its position as the third largest market maker on the London Stock Exchange and in the face of extremely tough market conditions achieved robust trading volumes and profitability.

Our high quality research and sales team continued its delivery of insightful analysis and idea generation for investors. This was again recognised by clients, who voted Shore Capital sixth in Extel's UK small and mid-cap rankings, ranking it 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, ranking 6th in 2015.

The Capital Markets business expanded its fixed income capabilities into the corporate debt market during the latter half of the period, adding to its existing Retail Bond capabilities.

Revenues in the Asset Management division rose 12.1% to £9.5 million and profit before tax increased 11.4% to £2.7 million. The Group's private client investments business, Puma Investments, maintained momentum during the year, growing assets under management – and therefore revenues – from its successful portfolio of products, which continued to achieve pleasing performances for their investors.

Once again, Puma's VCT attracted the single highest fundraising of its kind in the 2014/15 tax year. Since 2005 we have raised £200 million for our Puma VCT funds and distributed over £85 million to their shareholders. The Puma EIS Service and Puma Heritage continued to attract substantial funds, with Puma EIS already being fully subscribed for the current tax year, whilst the Puma AIM Inheritance Tax Service delivered 30.9% in absolute terms, outperforming the FTSE AIM All Share Index by 25.7%.

In Institutional Asset Management, Brandenburg Realty closed its €150 million fundraising and completed its first investment in Berlin residential real estate, using Shore Capital's advisory services. The Group continued to assist Puma Brandenburg, helping it to secure a number of asset realisations; two significant commercial lettings; agree new loan facilities; and actively manage its asset base.

Financial Review

Income and expenditure

Revenue for the year increased by 3.4% to £42.0 million (2014: £40.6 million) whilst administrative expenses decreased by 6.4% to £30.1 million (2014: £32.2 million), generating an operating profit of £11.8 million (2014: £8.4 million).

Group profit before tax increased by 40.8% to £11.7 million (2014: £8.3 million).

The Principal Finance division recorded revenue of £9.1 million in the year (2014: £2.0 million), generating pre-tax profit of £5.1 million (2014: loss of £1.6 million). This included £9.2 million net revenue from the sale of DBD assets and an impairment charge of £1.1 million to the value of the Group's investment in St Peter Port Capital.

Revenue from Capital Markets decreased by 22.5% to £23.4 million (2014: £30.1 million). Profit before tax was down 51.8% to £4.7 million (2014: £9.7 million), with a net margin of 20.1% (2014: 32.3%).

Revenue from Asset Management was up 12.1% to £9.5 million (2014: £8.5 million), generating profit before tax of £2.7 million (up 11.4% from 2014: £2.4 million), representing a net margin of 27.9% (2014: 28.1%).

Basic Earnings per Share

The Group generated earnings per share of 27.1p (2014: 21.6p).

Comprehensive Earnings per Share

On a comprehensive basis, the Group generated earnings per share of 27.7p (2014: 21.6p).

Liquidity

As at the balance sheet date, available liquidity was £28.7 million (2014: £32.2 million), comprising £22.1 million (2014: £30.7 million) of cash and £6.6 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 year 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 year end was £67.0 million (2014: £72.4 million), the reduction reflecting a capital distribution of £10.0 million during the year.

In addition to the £22.1 million of cash and £6.6 million of gilts and bonds (as referred to above), the Group held £2.9 million in various of its Puma funds, £1.9 million net in quoted equities and a further £3.3 million in other unquoted holdings. In addition, the licences held in Spectrum Investments were valued at £1.8 million (on a gross basis, before allowing for minority interests).

The remainder of the balance sheet was £28.4 million net, which included £24.6 million of net market and other debtors in the Company's stockbroking subsidiary.

Net Asset Value per Share

Net asset value per share at the year end was 268.7p (2014: 265.6p).

Return of Capital

During the year the Company returned capital of £10.0 million to shareholders.

Dividend

The Board does not propose a final dividend (2014: 5.0p).

Operating Review

Capital Markets

Overview

The Capital Markets division performed well in the face of significant market headwinds, recording a pre-tax profit of £4.7 million on revenues of £23.4 million.

The team has helped clients raise £900 million in the year and in a tough fundraising environment was ranked as the leading Nominated Adviser on AIM in terms of IPO proceeds during 2015.

The broking team has continued to deliver a consistently high quality research product throughout the year, maintaining its Extel ranking of sixth place amongst UK Small & Mid-Cap brokers. Amongst the highlights of 2015 was the appointment of the Company's first FTSE 100 retained corporate client, Wm Morrison Supermarkets plc.

The Group's Market Making team has faced ongoing political and economic uncertainty throughout the year, so it has been encouraging that in spite of this the business has maintained a good level of profitability in 2015.

The Company expanded its offering through the appointment of new fixed income specialists from Edmond de Rothschild's UK business during the latter half of 2015. Already active in the Retail Bond market, 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 a fuller range of financing options, creating exciting opportunities for growth in the Capital Markets business.

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

Corporate Finance

During 2015 the team again participated in a number of significant transactions, raising £900 million for clients. Transactions included 14 equity fundraisings and 10 advisory transactions, including two bond issues. Notable transactions completed during the period included:

- acting as Nominated Adviser and joint bookrunner to the placing by Telford Homes plc, raising £50 million;
- acting as co-lead manager to the placing by Poundland Group plc, raising £50 million;
- acting as joint global coordinator and joint bookrunner to the placing by Market Tech Holdings Limited; raising £201 million;
- 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 placings by NextEnergy Solar Fund Limited, raising £61 million and £39 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.

On the advisory front, the Company advised OpSec Security Group plc on its £67 million takeover, as well as assisting Styles & Wood Group plc with its £15 million refinancing and Real Good Food plc with its £34 million disposal of Napier Brown Sugar Limited. The team also advised on bond issues for Market Tech Holdings Limited (£113 million) and FBD Holdings plc (£51 million).

The Company continued to grow its client base and enjoyed further success in expanding its roster of FTSE 250 clients. Notable new client wins during the period included our first FTSE 100, Wm Morrison Supermarkets plc, and FTSE 250 A.G. Barr plc and John Menzies plc. Post period end we were appointed joint broker to Earthport plc and more recently, FTSE 250 Dairy Crest Group plc.

Research and Sales

Shore Capital maintained its focus on high quality equity research and strong idea generation – services that remain valued by our client base. In 2015 we maintained our core strength in key sectors, notably consumer goods, financials, leisure and healthcare; and materially enhanced our research capabilities in the important digital, media and technology spaces.

Our product offering remains warmly received by the fund management and corporate communities. We have continued to build our primary activity and corporate broking client base in our core areas of expertise.

The high quality of the team's work continues to yield a robust performance in dynamic markets. Punching materially above our weight, the research, idea generation and distribution capabilities of the business maintained strong rankings in the Extel survey; standing sixth amongst UK small and mid-cap brokers. Within the research capability, Shore Capital was ranked in the top five in seven of its core sectors: 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.

Market Making

Shore Capital sustained its position as the third largest market maker on the London Stock Exchange and in the face of extremely tough market conditions achieved robust trading volumes and profitability.

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.

Although clearly not immune from external conditions, the Company remains focused and adaptable to the needs of clients in an unpredictable trading environment. 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

The asset management division continues to explore and launch innovative new offerings to build on its established institutional and private client investment platforms. Total funds under management as at the date of this announcement were c.£770 million.

Operating under the Puma Investments brand, the Group's private client investment business launched Puma VCT 12, the latest in its successful VCT series, which has already had a strong start to fundraising having attracted £20 million to date. During the period, the Puma AIM Inheritance Tax Service completed its first full year achieving 30.9% return net of fees in 2015, a 25.7% outperformance of the FTSE AIM All Share Index. In addition, our very popular Puma EIS service reached maximum capacity for the 2015/16 tax year early in March.

Brandenburg Realty, the newly launched German real estate fund backed predominantly by US-based institutional and family office investors, made its first acquisition and is actively pursuing a number of opportunities to add to its portfolio.

Institutional Asset Management

Brandenburg Realty

Brandenburg Realty (the "Fund") has been established to invest in German 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 the Fund, Shore Capital has a 20% interest in both the Investment Adviser and the Carry Vehicle.

The Fund's final close was completed on 30 June 2015, 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 a local level, deploying its significant experience gained through the Group's work with Puma Brandenburg.

During the period, the Fund notarised its first acquisition in August 2015 of a €5.2 million residential building located in Schöneberg, Berlin. This transaction was completed in October 2015 and the asset advisory team is assisting the Fund to implement the agreed strategy for this asset. In parallel we continue to seek and recommend additional acquisition opportunities for the Fund.

Puma Brandenburg Limited

The Group has continued to assist Puma Brandenburg Limited ("PBL") to achieve significant success across its portfolio. As previously reported, this included the signing of two significant commercial lettings during the summer of 2015 for a total of c.4,100 sqm of office space at Pohlstrasse, Berlin.

Elsewhere in the portfolio, the Group is assisting PBL to plan and execute a capital project to add and enlarge conference and food and beverage facilities at the Hyatt Regency, Cologne. These works, to be part funded by Hyatt, are expected to commence during the first half of 2016.

Other achievements with which the Group has assisted PBL include:

- the successful eight year refinancing of a €90 million loan facility for a commercial portfolio. The portfolio includes the Hyatt Cologne and IBIS Nuremberg and was refinanced with an all in cost of 2.19% including the cost of the eight year swap; and
- the sale of 13 Lidl stores for €46.75 million.

St Peter Port Capital ("SPPC")

As previously reported, SPPC is focused on achieving realisations in its portfolio holdings. SPPC announced its interim results for the six months ended 30 September 2015 on 11 December 2015. As at that date, it had investments in 25 companies and reported that it had generated £378,000 from realisations since 1 April 2015.

The company commented in its 2015 interims that commodity markets remain depressed and are at or near multi-year lows, particularly in the case of oil, copper and coal, where SPPC has significant exposure. Since then, the oil price has plumbed new lows and China has reported its lowest growth for 25 years – all negatively impacting global markets. Although several of SPPC's portfolio companies continue to make meaningful progress, they are striving to succeed in very difficult and turbulent markets.

SPPC remains focussed on trying to realise liquidity and value whenever achievable.

Private Client Investments

Overview

During the year, the Group's private client investments business, Puma Investments, continued to make exciting progress, building on its established Puma VCT track record and expanding its offering with the launch of Puma VCT 12, which has to date reached £20 million and remains open for investment. Puma EIS and Puma Heritage plc have continued to attract strong inflows, with Puma EIS

already being fully subscribed for the current tax year. The Puma AIM Inheritance Tax Service completed its first full calendar year achieving a 30.9% return net of fees in 2015, a 25.7% outperformance of the FTSE AIM All Share Index.

Puma Venture Capital Trusts ("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 £200 million has been raised for Puma VCTs and more than £85 million has been distributed to their shareholders.

Puma's market-leading VCT track record is reflected in the fact that the most recently fully distributed fund, Puma VCT 5, is the most successful limited-life VCT in the 30 year history of the industry. Puma VCTs 1 to 4 have each produced the highest total return of their respective peer groups. 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.

Puma VCT 11 closed for subscriptions during the period, raising over £30 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.

Puma VCT 12 is currently open for subscriptions and hopes to capitalise on the investment team's excellent track record. It has received strong support, having already raised £20 million. It has been highly rated by leading commentators and included on the recommended panels of many leading private banks, wealth managers and independent financial advisers.

Puma Heritage plc

Puma Heritage was launched in June 2013 to operate in a range of sectors, with a primary focus on secured lending and it is anticipated that it will expand into other activities as opportunities arise. Puma Heritage 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 overall size 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 its 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 to gather momentum through the period, with the amount in the service more than doubling, to over £35 million. The level of funds raised for the service during 2015 was approximately 40% higher than during 2014. The EIS portfolio has to date invested funds into five companies in accordance with its strategy of giving investors exposure to both contracting services companies and asset-owning trading businesses.

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 service is particularly attractive for those that wish to invest via an ISA. We are proud to report that since inception, in July 2014, the portfolio has increased by 37.0%, a 43.0% outperformance of the FTSE AIM All Share Index. In 2015 the portfolio increased by 30.9%, a 25.7% outperformance of the FTSE AIM All Share Index.

We have been added to a number of investment advisers' product panels and are optimistic to grow customer numbers and assets significantly during 2016 and beyond. Puma Investments believes the product has a number of attractions. It achieves relief from Inheritance Tax relatively quickly – after a two year holding period, the investor retains control of the assets and continues to maintain exposure to the long term growth of equity markets.

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 59.9% interest.

As announced previously, in June 2015 DBD completed the sale of its interest in national radio spectrum licences together with 6 of its 38 perpetual regional radio spectrum licences to Deutsche Telekom AG for €15.45 million. 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 £5.1 million for the year 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. DBD is currently in discussions with the German Telecoms Regulator regarding the status of the licences and in the process of presenting its plans for their potential future utilisation. Shareholders will be updated in due course.

Current Trading and Prospects

The UK's capital markets faced uncertainty ahead of the General Election and failed to recover in the second half of the year. These uncertainties have carried over into the first quarter of 2016, but our liquid balance sheet and robust business model enables us to take advantage of opportunities as they arise.

Howard Shore
Executive Chairman
22 March 2016

Unaudited Consolidated Income Statement
For the year ended 31 December 2015

	Total 2015 £'000	Total 2014 £'000
Revenue	41,952	40,575
Administrative expenditure	(30,129)	(32,198)
Operating profit	11,823	8,377
Interest income	191	224
Finance costs	(317)	(292)
	(126)	(68)
Profit before taxation	11,697	8,309
Taxation	(1,002)	(1,804)
Retained profit for the year	10,695	6,505
Attributable to:		
Equity holders of the parent	6,445	5,208
Non-controlling interests	4,250	1,297
	10,695	6,505
Earnings per share		
Basic	27.1p	21.6p
Diluted	26.1p	20.8p

Unaudited Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	Total 2015 £'000	Total 2014 £'000
Retained profit after tax for the year	10,695	6,505
Losses on revaluation of available-for-sale investments taken to equity	(66)	(77)
Items that are/may be reclassified to the income statement		
Gains on cash flow hedges	31	19
Income tax thereon	(6)	(4)
	25	15
Exchange difference on translation of foreign operations	186	(50)
Other comprehensive income/(loss) for the year, net of tax	211	(35)
Total comprehensive income for the year, net of tax	10,840	6,393
Attributable to:		
Equity holders of the parent	6,599	5,226
Non-controlling interests	4,241	1,167
	10,840	6,393
Comprehensive earnings per share		
Basic	27.7p	21.6p
Diluted	26.7p	20.9p

**Unaudited Consolidated Statement of Financial Position
As at 31 December 2015**

	2015 £'000	2014 £'000
Non-current assets		
Goodwill	381	381
Intangible assets	1,841	3,621
Property, plant & equipment	10,864	10,969
Available-for-sale investments	6,341	3,799
Deferred tax asset	128	330
	<u>19,555</u>	<u>19,100</u>
Current assets		
Bull positions and other holdings at fair value	9,344	4,636
Trade and other receivables	71,739	60,112
Financial instruments	54	-
Cash and cash equivalents	22,113	30,658
	<u>103,250</u>	<u>95,406</u>
Total assets	<u>122,805</u>	<u>114,506</u>
Current liabilities		
Bear positions	(946)	(846)
Trade and other payables	(43,998)	(29,806)
Financial instruments	(187)	(179)
Tax liabilities	(481)	(1,273)
Borrowings	(360)	(341)
	<u>(45,972)</u>	<u>(32,445)</u>
Non-current liabilities		
Borrowings	(9,256)	(9,105)
Provision for liabilities and charges	(535)	(535)
	<u>(9,791)</u>	<u>(9,640)</u>
Total liabilities	<u>(55,763)</u>	<u>(42,085)</u>
Net assets	<u>67,042</u>	<u>72,421</u>
Capital and reserves		
Share capital	-	-
Share premium	336	336
Merger reserve	17,151	27,198
Other reserves	2,164	2,260
Retained earnings	38,845	34,391
Equity attributable to equity holders of the parent	<u>58,496</u>	<u>64,185</u>
Non-controlling interest	8,546	8,236
Total equity	<u>67,042</u>	<u>72,421</u>

**Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2015**

	Share capital	Share Premium account	Merger reserve	Other Reserves	Retained earnings	Non controlling interest	Total
At 1 January 2014	-	336	27,198	2,014	31,706	7,708	68,962
Retained profit for the year	-	-	-	-	5,208	1,297	6,505
Revaluation of available for sale investments	-	-	-	(77)	-	-	(77)
Foreign currency translation	-	-	-	-	83	(133)	(50)
Valuation change on cash flow hedge	-	-	-	15	-	4	19
Tax on cash flow hedge	-	-	-	(3)	-	(1)	(4)
Total comprehensive income	-	-	-	(65)	5,291	1,167	6,393
Increase in deferred tax asset recognised directly in equity	-	-	-	294	-	-	294
Equity dividends paid	-	-	-	-	(2,175)	-	(2,175)
Dividends paid to non controlling interests	-	-	-	-	(431)	(731)	(1,162)
Repurchase/cancellation of shares held by NCI	-	-	-	-	-	(88)	(88)
Credit in relation to share based payments	-	-	-	17	-	-	17
Investment by non controlling interest in subsidiaries	-	-	-	-	-	180	180
At 31 December 2014	-	336	27,198	2,260	34,391	8,236	72,421

**Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2015**

	Share capital	Share Premium account	Merger reserve	Other Reserves	Retained earnings	Non-controlling interest	Total
At 1 January 2015	-	336	27,198	2,260	34,391	8,236	72,421
Retained profit for the year	-	-	-	-	6,445	4,250	10,695
Revaluation of available for sale investments	-	-	-	(66)	-	-	(66)
Foreign currency translation	-	-	-	-	200	(14)	186
Valuation change on cash flow hedge	-	-	-	25	-	6	31
Tax on cash flow hedge	-	-	-	(5)	-	(1)	(6)
Total comprehensive income	-	-	-	(46)	6,645	4,241	10,840
Decrease in deferred tax asset recognised directly in equity	-	-	-	(54)	-	-	(54)
Equity dividends paid	-	-	-	-	(1,208)	-	(1,208)
Dividends paid to non controlling interests	-	-	-	-	(927)	(1,015)	(1,942)
Repurchase/cancellation of own shares	-	-	(10,047)	-	-	-	(10,047)
Capital distribution from Spectrum to non controlling interests	-	-	-	-	-	(3,316)	(3,316)
Credit in relation to share based payments	-	-	-	4	-	-	4
Investment by non controlling interest in subsidiaries	-	-	-	-	-	344	344
Adjustment arising from change in non controlling interest	-	-	-	-	(56)	56	-
At 31 December 2015	-	336	17,151	2,164	38,845	8,546	67,042

**Unaudited Consolidated Cash Flow Statement
For the year ended 31 December 2015**

	2015 £'000	2014 £'000
Cash flows from operating activities		
Operating profit	11,823	8,377
Adjustments for:		
Depreciation charges	977	926
Amortisation charges	62	138
Share-based payment expense	4	17
Profit on sale of fixed assets	-	(33)
Other losses on available-for-sale investments	1,142	757
Other profit on sale of intangibles	(9,207)	-
Losses in provision for National Insurance on options	-	204
Operating cash flows before movements in working capital	4,801	10,386
(Increase)/decrease in trade and other receivables	(11,681)	5,105
Increase/(decrease) in trade and other payables	14,231	(20,627)
Increase/(decrease) in bear positions	100	(187)
Increase in bull positions	(4,708)	(79)
Cash generated by/(used in) operations	2,743	(5,402)
Interest paid	(317)	(292)
Corporation tax paid	(1,652)	(1,487)
Net cash generated by/(used in) operating activities	774	(7,181)
Cash flows from investing activities		
Purchase of fixed assets	(363)	(454)
Sale of fixed assets	-	42
Sale of intangibles	10,680	-
Purchase of available-for-sale investments	(3,750)	(110)
Sale of available-for-sale investments	-	97
Interest received	191	224
Net cash utilised by investing activities	6,758	(201)
Cash flows from financing activities		
Investment by non controlling interest in subsidiaries	344	180
Shares/participations repurchased from non controlling interests	-	(88)
Repurchase of own shares	(10,047)	-
Capital distribution to non controlling interests	(3,316)	-
Decrease in borrowings	(360)	(341)
Dividends paid to equity shareholders	(1,208)	(2,175)
Dividends paid to non controlling interests	(1,942)	(1,162)
Net cash utilised by financing activities	(16,529)	(3,586)
Net decrease in cash and cash equivalents	(8,997)	(10,968)
Effects of exchange rate changes	452	231
Cash and cash equivalents at the beginning of the year	30,658	41,395
Cash and cash equivalents at the end of the year	22,113	30,658

Notes

1. Financial information

Basis of preparation

The annual financial statements of Shore Capital Group Limited (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("Adopted IFRS").

Presentation of the financial statements and financial information

The financial information set out in the announcement does not constitute the Company's statutory accounts for the year ended 31 December 2015 within the meaning of section 244 of the Companies (Guernsey) Law, 2008.

The financial information for the year ended 31 December 2014 is derived from the statutory accounts of the Company for that year. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 263(2) or (3) of the Companies (Guernsey) Law, 2008. Those accounts were prepared under Adopted IFRS and have been reported on by the Company's auditors and delivered to the Guernsey registry office.

The audit of the statutory accounts of Shore Capital Group Limited for the year ended 31 December 2015 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

The statutory accounts will be prepared in accordance with IFRS as adopted by the European Union. Details of the accounting policies that will be applied in the statutory accounts are set out in the 2014 Annual Report and Accounts of the Company.

A copy of this statement is available on the Company's website at www.shorecap.gg.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The financial statements are rounded to the nearest thousand except where otherwise indicated.

Adoption of new and revised standards

New standards, amendments and interpretations adopted

In the current year, there were no new and revised Standards and Interpretations that were adopted.

Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Annual Improvements to:

IAS 1 (Amended)	Presentation of financial statements
IFRS 9	Financial Instruments
IFRS 10 (Amended)	Consolidated Financial Statements
IFRS 11 (Amended)	Joint Arrangements
IFRS 12 (Amended)	Disclosure of Interests in Other Entities
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IAS 16 (Amended)	Property, Plant and Equipment
IAS 27 (Amended)	Consolidated and Separate Financial Statements
IAS 28 (Amended)	Investments in Associates
IAS 38 (Amended)	Intangible Assets
IAS 41 (Amended)	Agriculture
Annual Improvements to IFRSs	2010-2012 Cycle
Annual Improvements to IFRSs	2011-2013 Cycle
Annual Improvements to IFRSs	2012-2014 Cycle

2. Segment Information

Additional analysis of revenue and results is presented in the Chairman's Statement.

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 and corporate finance 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 segments 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.

Year ended 31 December 2015	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Consolidated £'000
Revenue	23,350	9,500	-	9,102	41,952
Results					
Depreciation	280	109	58	530	977
Interest expense	27	-	-	290	317
Profit/(loss) before tax	4,693	2,653	(788)	5,139	11,697
Assets	76,213	5,522	1,746	39,324	122,805
Liabilities	(44,775)	(2,229)	(68)	(8,691)	(55,763)

Year ended 31 December 2014	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Consolidated £'000
Revenue	30,129	8,478	-	1,968	40,575
Results					
Depreciation	298	93	44	491	926
Interest expense	22	-	1	269	292
Profit/(loss) before tax	9,745	2,382	(2,231)	(1,587)	8,309
Assets	62,356	5,454	2,808	43,888	114,506
Liabilities	(30,251)	(1,558)	(2,848)	(7,428)	(42,085)

No material amounts of revenue or profit before tax were generated outside Europe.

3. Rates of Dividends Paid and Proposed

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

The directors do not propose a dividend for the year ended 2015.

4. Earnings per Share

The earnings and number of shares in issue or to be issued used in calculating the earnings per share and diluted earnings per share in accordance with IAS 33 were as follows:

As at 31 December 2015 there were 21,768,791 ordinary shares in issue (2014: 24,164,000).

	2015		2014	
	Basic	Diluted	Basic	Diluted
Earnings (£)	6,445,000	6,445,000	5,208,000	5,208,000
Number of shares	23,796,516	24,698,644	24,164,000	25,055,666
Earnings per share (p)	27.1	26.1	21.6	20.8
Comprehensive earnings (£)	6,599,000	6,599,000	5,226,000	5,226,000
Number of shares	23,796,516	24,698,644	24,164,000	25,055,666
Earnings per share (p)	27.7	26.7	21.6	20.9
Calculation of number of shares				
	2015		2014	
	Basic	Diluted	Basic	Diluted
Weighted average number of shares	23,796,516	23,796,516	24,164,000	24,164,000
Dilutive effect of share option schemes	-	902,128	-	891,666
	23,796,516	24,698,644	24,164,000	25,055,666

Notes

A copy of this announcement is available on the Company's website at www.shorecap.gg. The annual report & accounts will be sent to shareholders in due course and will also be available on the Company's website from the date of posting.