THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") (or if you are a person outside the UK, a person otherwise duly qualified in your jurisdiction) who specialises in advising on the acquisition of shares and other securities.

This Document, which comprises an AIM Admission Document, has been drawn up in accordance with the AIM Rules for Companies published by London Stock Exchange plc and has been issued in connection with the proposed admission to trading of the Ordinary Shares of the Company to AIM. This Document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been approved or filed with the UK Listing Authority. The Company is not making an offer of transferable securities to the public within the meaning of section 102B of FSMA.

The Company and the Directors of the Company, whose names appear on page 5 of this Document, accept responsibility for the information contained in this Document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect the import of such information.

Application has been made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on AIM on 29 March 2010. No application has been made to list the Ordinary Shares on any exchange other than AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Company's Ordinary Shares to the Official List. The whole of the text of this Document should be read. Your attention is particularly drawn to the section entitled "Risk Factors" in Part 2 of this Document.

Shore Capital Group Limited

(Incorporated in the Island of Guernsey with Company number 51355)

Admission to trading on AIM

Nominated Adviser
Deloitte Corporate Finance

Number of Ordinary Shares immediately following Admission

245,248,371 Ordinary Shares of no par value

In connection with Admission, no Ordinary Shares have been marketed to, nor are any available for purchase in whole or in part by, the public in the UK or elsewhere.

Deloitte Corporate Finance is acting as Nominated Adviser to Shore Capital Group Limited and no one else in connection with the Admission and will not regard any other person as its client or be responsible to anyone other than Shore Capital Group Limited for providing the protections afforded to clients of Deloitte Corporate Finance or for providing advice in relation to the Admission or any matter referred to herein. Deloitte Corporate Finance's responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. Deloitte Corporate Finance is a division of Deloitte LLP, which is authorised and regulated by the Financial Services Authority in respect of regulated activities.

Shore Capital Stockbrokers Limited, which is a member of London Stock Exchange plc and is regulated by the Financial Services Authority, has agreed to act as the broker to the Company (for the purposes of the AIM Rules for Companies). Persons receiving this Document should note that, in connection with the Admission, Shore Capital Stockbrokers Limited is acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of Shore Capital Stockbrokers Limited or for advising any other person on the transactions and arrangements described in this Document.

This Document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into the United States of America, Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States of America to, or for the account or benefit of, any US Person (as that term is defined in Regulation S under the US Securities Act). The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

CONTENTS

ADMISSION STATISTICS

Total number of Ordinary Shares in issue on Admission[1]	245,248,371
Expected market capitalisation of the Group on Admission[2]	£95.6 million
TIDM Symbol	SGR
ISIN for the Ordinary Shares	GG00B639HB55

1 Following the release of Shore Capital Group plc's preliminary results to 31 December 2009, the company has acquired for cancellation 7,333,560 Existing Ordinary Shares. After the date of this Document but prior to the Scheme Effective Date further Existing Ordinary Shares may be acquired. If made, these purchases will be notified to shareholders via a regulated news service. Consequently the total number of Ordinary Shares in issue on Admission may be different from that set out in this Document. All relevant calculations in this Document are based on the expected number of Ordinary Shares, being 245,248,371.

2 The expected market capitalisation is calculated on the basis of the expected aggregate number of Ordinary Shares in issue immediately following Admission, at the closing middle market price of 39p per Existing Ordinary Share on 22 March 2010, being the latest practicable date prior to the publication of this Document.

EXPECTED TIMETABLE

Admission and dealings in Ordinary Shares to commence on AIM	8 a.m. on Monday, 29 March 2010

The timetable above is subject to change. All times are London times.

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this Document. Investors should not just rely on the information contained in this section.

1. Introduction

Shore Capital is a financial services group which specialises in equity capital market activities, alternative asset management and principal finance. It has offices in Guernsey, London, Liverpool, Edinburgh and Berlin. Its equity capital markets division offers a wide range of services for companies, institutional investors and other sophisticated clients, including corporate finance, stockbroking and market-making. Its asset management division manages specialist funds, with a particular focus on real estate, growth capital and alternative asset classes. The Group conducts principal finance activities using its own balance sheet.

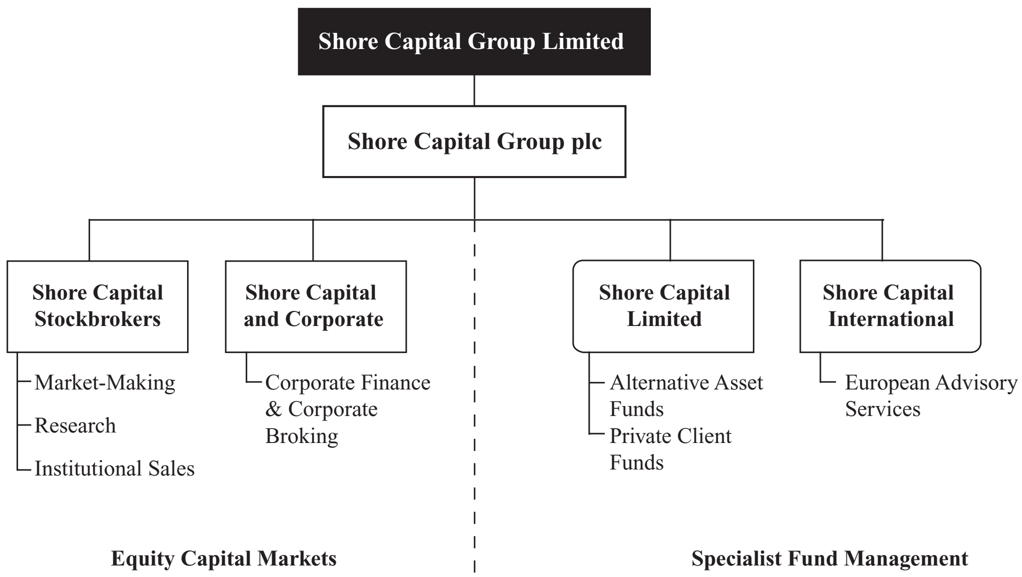
The Group was founded in 1985 and Shore Capital Group plc, its parent company, became a publicly traded company in 2000. It rejoined AIM on 25 September 2009, having had its shares listed on the Official List since 2001. As part of a corporate re-organisation, Shore Capital Group Limited is becoming the new holding company for the Group. This document has been produced for the purpose of the admission to trading on AIM of the new holding company's shares.

2. Information on Shore Capital

On Admission, the Company will be the holding company for the Group. The Group's four principal operating companies are Shore Capital Stockbrokers Limited, Shore Capital Limited, Shore Capital and Corporate Limited and Shore Capital International Limited. Three of these entities are authorised and regulated by the FSA and Shore Capital Stockbrokers Limited is also a member of the London Stock Exchange.

Shore Capital has offices in Guernsey, London, Liverpool, Edinburgh and Berlin, from where it undertakes a broad range of investment banking services focused on two key service lines, equity capital markets and specialist fund management. The Group has also formed a strategic alliance with Full Circle Investments, a corporate finance, consulting and private placement firm based in Dubai.

Organisational Structure of Shore Capital Group on Admission



Since inception, Shore Capital has had a close affinity with entrepreneurial clients, whether individuals or businesses, and in investing in entrepreneurial businesses. Over the last fourteen years, Shore Capital has become one of London's leading market-makers in small and mid-cap securities and has established a substantial independent sales and research offering for institutions in selected sectors. It has also become a public company adviser, including acting as a sponsor on the Official List, a nominated adviser on AIM and adviser on Takeover Code offers.

In parallel, over the same period, the Group has established an alternative asset management division. This offers a broad range of fund management products, including growth capital, real estate and hedge funds.

Over its history the Group has built up its net assets which it has also deployed in a number of principal finance activities. These include providing seed capital for its own fund products.

The Directors believe that the Group's success has been based on its network of clients, institutions, companies and high net worth individuals including entrepreneurs, and on its research capability in the industry sectors where the Group has expertise. The Directors also believe that the Group's market-making operation is highly regarded within the broking and institutional investor community for offering a pro-active and responsive service.

3. Financial Results for 2009 and 2000-09

The following is a summary. Financial Information for the Group is given in Part 3.

The Group saw a strong improvement in financial performance in 2009. Revenue for the year was £39.0m, an increase of 98.0 per cent on 2008. This increase reflects both an improvement in income from operations in the year with a much reduced loss on balance sheet activities of £0.3m.

The Group's profit before tax, excluding a one-off increase in net assets, was £14.6m. Including a revaluation gain, comprehensive profit before tax was £18.2m. Earnings per share were 3.81p and comprehensive earnings per share were 5.16p.

These results include a contribution to profit before tax of £4.07m from Puma Brandenburg Limited, an activity which is being de-merged. The acquisition on 25 September 2009 of Puma Brandenburg Limited also gave rise to a one-off increase in net assets of £63.1m. As a result, comprehensive income for the year, net of tax, was £78.5m, generating comprehensive earnings per share (including the one-off increase in net assets) of 28.53p.

The Group's balance sheet is strong with good liquidity. At 31 December 2009 the Group had a cash balance of £60.0m.

Over the ten years from 1 January 2000 to 31 December 2009, the Group generated a total return to shareholders (net asset per share growth plus dividends paid) of 40.7 per cent. per annum.

4. Current trading and prospects

To date in 2010, Shore Capital Group plc has performed in line with last year. The capital markets are pricing in lower risk premia in 2010 than in 2009, yet many of the inherent risks remain. Thus, whilst it is still early in the year, the Directors are more cautious about the investment climate in 2010.

The Company's balance sheet is strong with a high level of liquidity and the Directors believe the Company is well placed to continue to grow its business. The strong performance achieved over the last decade gives support to the Directors' belief that the Company can continue to prosper.

Your attention is particularly drawn to the section entitled "Risk Factors" in Part 2 of this Document.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Howard Shore *(Executive Chairman)* Zvi Marom *(Director)* James Rosenwald III *(Director)* Christopher Cochrane *(Director)*
Registered office of the Company	Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3RH
Company Secretary	Christopher Cochrane Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3RH
Nominated adviser	Deloitte Corporate Finance Deloitte LLP 2 New Street Square London EC4A 3BZ
Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Auditors	Ernst & Young LLP PO Box 9 14 New Street St Peter Port Guernsey GY1 4AF
Legal advisers to the Company	Carey Olsen Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Legal advisers to the Admission	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE
Registrars	International Administration (Guernsey) Limited Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3RH
CREST Service Provider	Computershare Investor Services (Jersey) Limited PO Box 83 Ordnance House 31 Pier Road Jersey JE4 8PW

PART 1

INFORMATION ON THE GROUP

1. Introduction

Shore Capital is a financial services group which specialises in equity capital market activities, alternative asset management and principal finance. It has offices in Guernsey, London, Liverpool, Edinburgh and Berlin. Its equity capital markets division offers a wide range of services for companies, institutional investors and other sophisticated clients, including corporate finance, stockbroking and market-making. Its asset management division manages specialist funds, with a particular focus on real estate, growth capital and alternative asset classes. The Group conducts principal finance activities using its own balance sheet.

On 25 September 2009, Shore Capital Group plc was admitted to trading on AIM having been previously been admitted to the Official List since 2001. In conjunction with its move to AIM, Shore Capital Group plc completed the acquisition of a majority holding in Puma Brandenburg.

On 18 February 2010, Shore Capital Group plc announced proposals relating to the corporate structure and organisation of the Shore Capital Group. These proposals include separating the interest in Puma Brandenburg from Shore Capital Group and establishing new Guernsey holding companies, the Company and New Puma, to hold the two separated businesses, financial services and German investment property.

The proposals are being implemented as follows:

- The Company is being established as the new holding company for the Shore Capital Group by means of a Scheme of Arrangement of Shore Capital Group plc under sections 895 to 899 of the 2006 Act; and
- Shore Capital Group's entire direct and indirect interest in Puma Brandenburg (economically 94.97 per cent.) is being demerged into New Puma.

Both the Scheme and the Demerger have received the requisite approval from Shore Capital Group plc shareholders. The Scheme and the Demerger will become effective upon an office copy of the Order of the Court sanctioning the Scheme being duly delivered to the Registrar of Companies for England and Wales for registration. The Scheme is expected to become effective on 26 March 2010. As a consequence of the Scheme, Shore Capital Group plc's admission to trading on AIM will be cancelled with effect from 26 March 2010, the business day prior to Admission. Consequently, upon Admission, the Company will be the holding company for the Shore Capital Group which will have substantially the same business and operations as Shore Capital Group plc had immediately prior to delisting, with the exception of its direct and indirect interest in Puma Brandenburg.

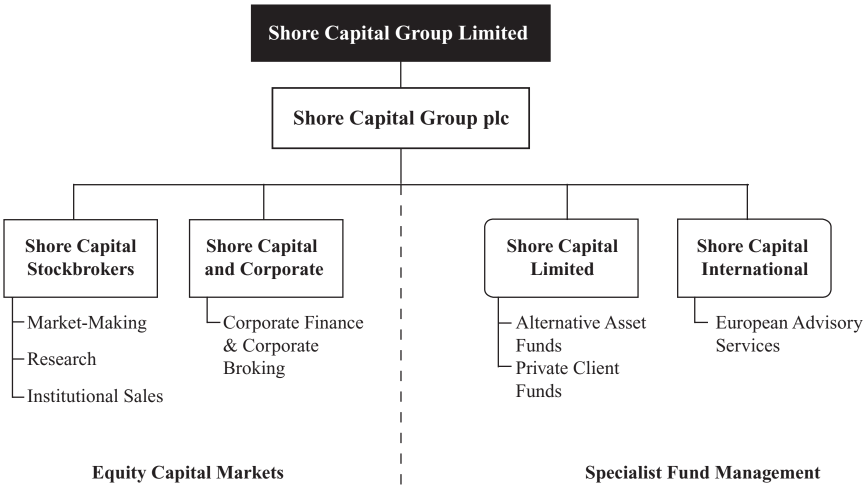
This document is produced for the purposes of the Company's admission to trading on AIM and on the assumption that the Scheme and the Demerger will become effective.

2. Information on Shore Capital

On Admission, the Company will be the holding company for the Group. The Group's four principal operating companies are Shore Capital Stockbrokers Limited, Shore Capital Limited, Shore Capital and Corporate Limited and Shore Capital International Limited. Three of these entities are authorised and regulated by the FSA and Shore Capital Stockbrokers Limited is also a member of the London Stock Exchange.

Shore Capital has offices in Guernsey, London, Liverpool, Edinburgh and Berlin, from where it undertakes a broad range of investment banking services focused on two key service lines, equity capital markets and specialist fund management. The Group has also formed a strategic alliance with Full Circle Investments, a corporate finance, consulting and private placement firm based in Dubai to help build Shore Capital's representation in the region, particularly Abu Dhabi, Saudi Arabia, Kuwait and Bahrain as well as Dubai, where the two companies will seek to marry deals with capital.

Organisational Structure of Shore Capital Group on Admission



Since inception, Shore Capital has had a close affinity with entrepreneurial clients, whether individuals or businesses, and in investing in entrepreneurial businesses. Over the last fourteen years, Shore Capital has become one of London's leading market-makers in small and mid-cap securities and has established a substantial independent sales and research offering for institutions in selected sectors. It has also become a public company adviser, including acting as a sponsor on the Official List, a nominated adviser on AIM and adviser on Takeover Panel offers.

In parallel, over the same period, the Group has established an alternative asset management division. This offers a broad range of fund management products, including development capital, real estate and hedge funds.

Over its history the Group has built up its net assets which it has also deployed in a number of principal finance activities. These include providing seed capital for its own fund products.

The Directors believe that the Group's success has been based on its network of clients, institutions, companies and high net worth individuals including entrepreneurs, and on its research capability in the industry sectors where the Group has expertise. The Directors also believe that the Group's market-making operation is highly regarded within the broking and institutional investor community for offering a pro-active and responsive service.

3. Equity capital markets

Institutional stockbroking and market-making

Shore Capital has a highly ranked research-based institutional stockbroking team, focusing on selected sectors where the Group has strong research expertise. The Group offers research coverage in retailing and consumer goods including general retailing, food retailing and food manufacturing, finance including banks, specialty finance and insurance, pharmaceuticals, bio-technology and life sciences, leisure, construction, property, support services and information technology software and hardware. The Group has outsourced all client clearing services to Pershing Securities Limited, a subsidiary of the Bank of New York Mellon Corporation. This removes a significant regulatory and administrative burden from the Group, as all cash and securities clearing and custody services are provided by an authorised, well capitalised, specialist third party. Shore Capital offers competitive and client-orientated market-making in a broad range of smaller UK companies, listed on either the Official List or AIM. Shore Capital currently market-makes in around 1,000 stocks and has electronic links enabling automatic execution to a wide range of retail stockbrokers through direct links and third party networks.

Corporate finance advice and deal structuring

Shore Capital's corporate finance team offers a full range of advisory and transaction services. The team advises on a wide range of transactions including initial public offerings, secondary placings and rights offerings, mergers and acquisitions, including Takeover Code offers, capital restructurings and the structuring and arranging of private equity transactions. Together with transaction specific advice, the team provides strategic and day to day quoted company advice and support. The team also acts as nomad for AIM quoted companies and as sponsor to Official List clients.

4. Specialist fund management

Commercial property and hotels

Shore Capital has significant advisory and investing experience in the commercial property and hotel arena. As well as raising a number of commercial property funds and launching Puma Brandenburg in 2006, Shore Capital established Puma Hotels plc (formerly Dawnay Shore Hotels plc) in 2004 and in 2002 launched, and was a limited partner in, the Puma Property (DD) Fund.

Puma Brandenburg is a company incorporated in the Island of Guernsey whose primary objective is to generate income and capital growth by acquiring, actively managing and selling German real estate, as the opportunities arise. To 31 December 2009, the company had acquired some 437,000m^2 of property, generating an annualised rent at current rental levels of approximately €47 million. Following the Demerger, Puma Brandenburg will no longer be a subsidiary of the Group. However, the Company, via its subsidiary Puma Property Investment Advisory Limited, will provide investment advisory services to Puma Brandenburg.

Puma Hotels plc is a specialist vehicle established to acquire portfolios of UK regional hotels. It now owns 20 major hotel properties which have been let on a long term lease to Barceló, a leading Spanish hotel operator. The hotel portfolio was valued at £460 million as at 31 December 2009. A subsidiary of the Company acts as portfolio manager to Puma Hotels plc.

The Puma Property (DD) Fund was a limited partnership focused on investing in the secondary property market. It generated an IRR of around 40 per cent. per annum with the properties having been sold at a significant profit and the proceeds returned to investors, predominantly during 2005 and 2006. Shore Capital was a limited partner in the limited partnership.

Growth capital

The Group has established a number of specialist growth capital funds. These include Puma I which delivered an IRR of 76 per cent. during its life (1996-2000), Puma II, which was dedicated to development capital opportunities in both pre-IPO and quoted securities, and five Puma VCTs established in 2005, 2006 and 2008 with approximately £65 million in aggregate to invest both pre-IPO and at flotation.

The growth capital part of the business is able to provide mezzanine finance to growing businesses on attractive terms. It focuses on investing in companies with the potential for rapid growth, in both the 'old' and 'new' economies and providing funding and management advice to companies preparing to float in the future.

Shore Capital launched St Peter Port Capital Limited ("SPPC") in April 2007 as an AIM listed company. SPPC targets principally pre-IPO financing, providing equity and debt funding to private companies in the last investment round prior to flotation. At the time of SPPC's IPO, £75 million was raised from investors. As at 30 September 2009, SPPC had realised £22.9 million from investee companies, generating a return on realised investments of 37 per cent. Shore Capital holds a 6.84 per cent. equity stake in SPPC and 50 per cent. of St Peter Port Investment Management Limited, its investment manager.

Hedge funds and alternative assets

Shore Capital's hedge funds and alternative assets division has a track record of consistent performance with its own portfolio of funds. In May 2003, the Group launched a fund of hedge funds ("PARF") as a Dublin listed investment company which has delivered an IRR of 6.5 per cent. per annum from inception to 31 December 2009 with low volatility. The Group also launched Puma Sphera in December 2006, a specialist equity long/short fund which delivered an IRR of 14.7 per cent. per annum from inception to 31 December 2009. In the year to 31 December 2009, PARF delivered a return of 15.5 per cent. and Puma Sphera delivered a return of 38.8 per cent.

High net worth discretionary and advisory stockbroking

Shore Capital offers stockbroking and portfolio management services for active, often entrepreneurial, private investors either on a discretionary or advisory basis, together with specialist trading services which the Group offers to expert investors. This offering involves the development of customised portfolios based on generic models, which are adapted to the client's requirements. The key focus of this team is to offer a personalised service, whether the client requires a discretionary or advisory relationship.

Shore Capital International

The Group has a team of professionals based in Berlin to provide advisory and asset management services to clients in Central and Eastern Europe. The team includes finance and property specialists and the Directors intend to use the office to offer access to the London capital markets to investors in Germany and other Continental European countries.

Principal finance and mezzanine loans

Over its history the Group has built up its net assets which it has also deployed in a number of principal finance activities. These include providing seed capital for its own fund products. The Group also arranges and provides mezzanine loans.

5. Operational infrastructure

Shore Capital Group plc was admitted to trading on AIM in September 2009 having previously been listed on the Official List since April 2001. Procedures have been established which, in the Directors' opinion, provide a reasonable basis for them to make proper judgments as to the financial position and prospects of the Group. The systems and procedures will continue to be developed in line with the requirements of the business. The Group has teams to manage information technology systems, compliance, finance, risk management, middle office and settlement, human resources and other administrative functions.

Compliance and risk management

The Group utilises various means to ensure that it is in compliance with the rules set out by the FSA and operates within the appropriate risk limits set by the Board. These include a compliance manual covering significant business and operational activities, policies covering conflicts of interest, market abuse, personal account dealing and client acceptance procedures as well as regular monitoring of market and credit risk.

Information technology

Information technology (as well as disaster recovery) is supported by off-the-shelf software which the Directors consider to be appropriate for a business of the Group's size. The nature and size of the Group's business is such that the Directors do not consider that bespoke information technology is currently required. Internal systems, software and infrastructure are supported and maintained by the Group's in-house team in conjunction with external specialists.

Settlement

The middle office and settlement functions, which include activities in connection with processing and settlement of both primary and secondary trades, currently use Pershing Securities Limited, a subsidiary of the Bank of New York Mellon Corporation, as the Group's settlement service provider for agency dealings and Merrill Lynch for principal trades.

6. Financial Results for 2009 and 2000-09

The following is a summary. Financial Information for the Group is given in Part 3.

The Group saw a strong improvement in financial performance in 2009. Revenue for the year was £39.0m, an increase of 98.0 per cent on 2008. This increase reflects both an improvement in income from operations in the year with a much reduced loss on balance sheet activities of £0.3m.

The Group's profit before tax, excluding a one-off increase in net assets, was £14.6m. Including a revaluation gain, comprehensive profit before tax was £18.2m. Earnings per share were 3.81p and comprehensive earnings per share were 5.16p.

These results include a contribution to profit before tax of £4.07m from Puma Brandenburg Limited, an activity which is being de-merged. The acquisition on 25 September 2009 of Puma Brandenburg Limited also gave rise to a one-off increase in net assets of £63.1m. As a result, comprehensive income for the year, net of tax, was £78.5m, generating comprehensive earnings per share (including the one-off increase in net assets) of 28.53p.

The Group's balance sheet is strong with good liquidity. At 31 December 2009 the Group had a cash balance of £60.0m.

Over the ten years from 1 January 2000 to 31 December 2009, the Group generated a total return to shareholders (net asset per share growth plus dividends paid) of 40.7 per cent. per annum.

7. Current trading and prospects

To date in 2010, Shore Capital Group plc has performed in line with last year. The capital markets are pricing in lower risk premia in 2010 than in 2009, yet many of the inherent risks remain. Thus, whilst it is still early in the year, the Directors are more cautious about the investment climate in 2010.

The Company's balance sheet is strong with a high level of liquidity and the Directors believe the Company is well placed to continue to grow its business. The strong performance achieved over the last decade gives support to the Directors' belief that the Company can continue to prosper.

8. The Board of Directors

Howard Paul Shore, Executive Chairman

Howard Shore, 49, founded Shore Capital in 1985. He began his career in private client discretionary fund management with Grieveson Grant & Co (later part of Dresdner Kleinwort Wasserstein). After obtaining a degree in Economics from Cambridge, he worked as a financial futures broker when LIFFE was being established. He is responsible for the strategy and asset allocation of the Group. He is also Chairman of Puma Hotels plc and a director of Puma Brandenburg Holdings Limited.

Zvi Marom, Director

Zvi Marom, 54, is founder and CEO of BATM Advanced Communications Limited. A former first lieutenant in the Israeli Navy, he graduated first (with excellence) in electronics from the Naval Academy and first (with excellence) from the Advanced Naval Command Course. He has a post-graduate degree in medicine from the Sackler School of Medicine, Israel and an MSc in industrial electronics. Dr. Marom is on the boards of several national and international academic committees for computing and communications. He has close links with the Israeli Chief Scientist's Office and with Governmental bodies funding research for Israeli high tech companies. He is a member of the Audit Committee and the Remuneration Committee.

James Rosenwald III, Director

James Rosenwald, 52, is a co-founder and the managing partner of Dalton Investments, LLC, an asset management company. He has more than twenty years experience of investing in the Pacific Rim. He formerly co-managed Rosenwald, Roditi & Company Ltd. which he founded in 1992 with Nicholas Roditi. James advised a number of Soros Group funds between 1992 and 1998. He commenced his investment career with the Grace Family of the United States at their securities firm Sterling Grace & Co. He is a CFA charter holder and a director of numerous investment funds. He is also a member of the Los Angeles Society of Financial Analysts and the CFA Institute. In addition to securities investments, James has invested in real estate since 1997. He co-founded Beach Front Properties in California in February 1997, Grand River Properties in Shanghai in June 2003 and Dalton REIT 1 GmbH & Co. KG, which in 2005 acquired three investment properties in Berlin. James holds an MBA from New York University and a BA degree from Vassar College. He is a member of the Audit Committee and is Chairman of the Remuneration Committee.

Christopher Wilfred Cochrane, Director

Chris Cochrane, 42, is managing director of IAG Private Equity Limited. He is a chartered secretary and has 21 years' experience within the Guernsey financial services industry, 15 of which have been focused on private equity fund administration with Northern Trust in Guernsey. He has been involved in the establishment of many high profile private equity funds and has held a range of board appointments for both fund management and fund investment companies incorporated in Guernsey and other jurisdictions. He is Chairman of the Audit Committee and Company Secretary.

Key management

Graham Barry Shore, Managing Director

Graham Shore, 53, joined Shore Capital in 1990 as Group Managing Director. He was previously a partner in the management consultancy division of Touche Ross (now Deloitte LLP) and responsible for the London practice advising the telecommunications and new media industries. After a degree in PPE from Oxford and a Master's degree in Economics from the LSE, he worked for the Government as an economic adviser including several years undertaking industry studies. At Touche Ross he undertook strategy and economic assignments for a wide range of clients. His responsibilities include being chairman of Shore Capital and Corporate Limited. He is also a director of St Peter Port Capital Limited, the pre-IPO fund, and each of the Puma VCTs.

Michael Laurent van Messel, Finance and Tax

Michael van Messel, 45. After a degree in Physics at Imperial College, London, he joined Hacker Young and qualified as a Chartered Accountant. He then worked as a specialist in their tax department and subsequently for Coopers & Lybrand within its financial services group. He joined Shore Capital in 1993 as Group Financial Controller and became Group Operations Director in 2000. He is responsible for all operations including finance and compliance.

Jonathan Samuel Paisner, Commercial and Legal

Jonathan Paisner, 40. After obtaining a degree in French from Oxford University, he started his career as a solicitor in the corporate finance department of Berwin Leighton. Prior to joining Shore Capital in 2002, he was a director of a start-up venture capital and corporate finance boutique. Jonathan, who as Group Legal Counsel is also responsible for the Group's legal affairs, is primarily involved in the Group's asset management and principal finance divisions, is co-head of the Berlin office and is also a director of Puma Hotels plc.

9. Share Option Plan

The Group maintains the Share Option Plan, pursuant to which employees of the Group were granted options to subscribe for shares in Shore Capital Group plc. No new options may now be granted pursuant to its terms. These options now take effect over an equivalent number of Ordinary Shares in the Company. The exercise price of options granted pursuant to the Share Option Plan is no less than the market value of Shore Capital Group plc's shares at the time when the options were granted. Options are subject to continuing service within the Group and the options of the Directors generally do not vest until the end of three years from the date of grant. Thereafter, subject to the scheme rules, the options may be exercised until 31 December 2015 or, if later, until the tenth anniversary of their grant. As at 22 March 2010 (being the latest practicable date prior to publication of this Document), there were 21,257,371 options in issue under the Share Option Plan, representing 8.67 per cent. of the expected aggregate number of Ordinary Shares in issue immediately following Admission.

The Group does not currently operate any long-term incentive scheme other than the Share Option Plan.

10. Dividends and dividend policy

On 9 March 2010, Shore Capital declared a further interim dividend of 0.625p per share. In addition to the interim dividend of 0.25p per share, this gave a total dividend for 2009 of 0.875p per share (2008: 0.3p per share). This further interim dividend will be paid on Thursday 1 April 2010 to shareholders who were on the register on 19 March 2010.

The Group is required to retain sufficient profits to meet the Group's regulatory capital requirements. It also retains further profits where the Board considers that attractive investment opportunities are available which should be financed by the Group's internal resources. It also considers that it is desirable to maintain a strong balance sheet to give confidence to its clients and counterparties.

The Board's normal policy is to pay an interim and final dividend each year, but this policy may be varied if there are sound reasons to do so.

11. Corporate governance

The Group is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance which was issued in 2008 by the Financial Reporting Council under which the Board is accountable to Shareholders. The Group has applied the principles set out in section 1 of the Combined Code, including both the main principles and the supporting principles. The Company will comply with the corporate governance regime applicable to a company incorporated in the Island of Guernsey.

The Company has adopted and will continue to operate a share dealing code for Directors and applicable employees' dealings in Ordinary Shares. The Directors will also comply with Rule 21 of the AIM Rules relating to Directors and applicable employees' dealings.

The Board has previously established an audit committee and a remuneration committee with the following roles within the Group. The terms of reference of each committee are available for inspection by any person at the Group's registered office during normal business hours.

Audit committee

The Board has appointed an audit committee which comprises three directors, Zvi Marom, James Rosenwald III and Chris Cochrane, and which is chaired by Chris Cochrane. The Board considers the composition of the committee appropriate given the size of the Group. The audit committee undertakes a detailed review of the Company's half yearly and annual financial reports, is responsible for reviewing whether the accounting policies are appropriate and for monitoring internal compliance and external audit functions including the cost effectiveness, independence and objectivity of the auditors.

The audit committee will meet periodically with the auditors to receive a report concerning the Company's internal processes to ensure that the independence and objectivity of the auditors are safeguarded at all times. The committee is satisfied that the safeguards and procedures established by the auditors are sufficient to counter threats or perceived threats to their objectivity at all times.

Remuneration committee

The Board has appointed a remuneration committee which comprises two directors, Zvi Marom and James Rosenwald III, and which is chaired by James Rosenwald III. The remuneration committee has given full consideration to Section B of the Best Practice Provisions of the Combined Code on Corporate Governance. The principal function of the remuneration committee is to determine the Group's policy on executive remuneration. It makes its decisions in consultation with the Executive Chairman and Group Managing Director. No Director plays a part in any decision about their own remuneration. The Committee meets periodically when it has proposals to consider and in any event no less than once each year.

The main aim of the remuneration committee's policy is to attract, retain and motivate high calibre individuals with a competitive remuneration package. Remuneration for executives comprises basic salary, performance related bonus, pension benefits, other benefits in kind and options granted pursuant to the Share Option Plan. No Director has a service contract for longer than 12 months.

12. CREST

The Directors have arranged with Euroclear UK & Ireland Limited for the Company's Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may, if a Shareholder wishes, take place within the CREST system. CREST is a paperless settlement procedure, which allows title to securities to be evidenced without a certificate and transferred otherwise than by written instrument.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

13. Taxation

General information regarding Guernsey and UK taxation in relation to the Admission is set out in paragraphs 12 and 13 of Part 4 of this Document. Any Shareholder who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK or Guernsey, should consult his or her professional advisers immediately.

14. Risk Factors

Your attention is drawn to the risk factors set out in Part 2 of this Document.

15. Additional Information

Your attention is drawn to the information contained in Parts 2 to 4, inclusive, of this Document which provides additional information on the Group. **Shareholders should read the whole of this Document and not rely on summarised information set out in this Part 1.**

PART 2

RISK FACTORS

In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential Shareholders. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory or tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial considerations.

Potential Shareholders should also take their own tax advice as to the consequences of their owning Ordinary Shares in the Company as well as receiving returns from it. Tax commentary in this Document is provided for information only and no representation or warranty, express or implied, is given to Shareholders in any jurisdiction as to the tax consequences of their acquiring, owning or disposing of any Ordinary Shares in the Company and none of the Company, the Directors, Deloitte Corporate Finance or Shore Capital Stockbrokers will be responsible for any tax consequences for any such Shareholders.

RISKS RELATING TO THE BUSINESSES OF THE GROUP

1. Dependence on key personnel

The Group's future success is substantially dependent on the continued services and continuing contributions of its Directors, senior management and other key personnel. The loss of the services of any of the Group's executive officers or other key professionals could have a material adverse effect on the Group's business.

The Group's future success will also depend on its ability to attract and retain appropriate executives and employees. There can be no guarantee that the Group will be able to continue to attract and retain such qualified employees, and failure to do so could result in a reduction in the Company's profitability.

2. Risks of business activities, credit risks and exposure to losses

The Group may be subject to substantial liabilities for material misstatements or omissions in prospectuses, listing and admission documents and other communications with respect to equity offerings, and may be exposed to claims and litigation arising from such offerings or negligent advice or omissions in general.

The Group is exposed to the risk that third parties that owe the Group money or securities will not perform their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure and other reasons. In addition, in circumstances in which the Group does act as principal, when acting as a market-maker or carrying out proprietary trading (for investment funds or otherwise), the counterparty will normally be a market counterparty, rather than an unregulated third party corporate or individual trader.

Furthermore, default risk may arise from events or circumstances that are difficult to detect, such as fraud. The Group has in place insurance policies providing cover, subject to various limits of liability and terms and conditions, in respect of potential exposure to financial losses and claims arising during the course of its business.

The Group may also fail to receive full information with respect to the trading risks of a counterparty.

3. Dependence on availability of capital

The Group's businesses, including its market-making activities, are dependent upon the availability of adequate funding and regulatory capital under applicable regulatory requirements. Although the Company expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to the Group in the future on terms that are acceptable to it.

4. Risk of damage to reputation and negative publicity

The Group's ability to retain existing clients and to attract new business is dependent on the maintenance of its reputation. The Group is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any perceived, actual or alleged mismanagement, fraud or failure to satisfy the Group's responsibilities to its clients, or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Group, could have a material adverse effect on the financial condition, results or operations of the Group.

5. Adequacy of systems and controls

The Group's ability to maintain financial controls and provide high quality service to customers depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. There can be no assurance that these systems will function as designed. Any damage to, failure of or inability to upgrade appropriately, its management information systems, could result in interruptions to the Group's financial controls and client services. Such interruption could have a material adverse effect on the financial condition, results or operations of the Group.

The Group's risk management policies and procedures are based on historical market behaviour and depend on evaluations of certain information regarding markets, clients and other matters. However, there may be situations where these procedures and methods do not adequately predict future risk exposure or where the risk exposure may be substantially higher than historical measures indicate. Accordingly, there can be no certainty that the Group's risk management policies, systems and procedures will be adequate to prevent a substantial financial loss.

6. Dependence on third party service providers

The Group is reliant upon third party service providers for certain aspects of its businesses (for example, settlement of its trades). Any interruption or deterioration in the performance of these third party service providers could impair the timing and quality of the Group's services. In addition, if the contracts with any of these third party service providers are terminated, the Group may not find alternative outsource providers on a timely basis or on equivalent terms. The occurrence of any of these events could impact upon the Group's reputation and have a material adverse effect on the financial condition, results or operations of the Group.

7. Risk of loss of business continuity

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and other similar misconduct. The same is true of third party service providers on which the Group depends.

The Group has in place disaster recovery plans covering current business requirements. However, if the disaster recovery plans are found to be inadequate, there could be an adverse impact on the Group's financial condition, results or operations.

8. Competition risks

The Group operates in a highly competitive market. Some of the Group's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. These competitors compete directly with the Group for both clients and employees. In particular, some of the Group's competitors offer underwriting services whilst the Group currently does not.

9. Litigation

Legal proceedings may arise from time to time in the course of the Group's businesses. The Directors cannot preclude that litigation may be brought against the Group. Although the Group maintains professional indemnity insurance to cover against certain risks, there is no guarantee that any insurance in place will cover all, or any part, of any liability incurred by the Group in any such circumstances.

To the extent that Shore Capital does not have adequate insurance coverage, indemnification or other means of mitigating the effects of legal claims against the Group, Shore Capital's business, prospects, financial condition and results of operations could be materially adversely affected. Further, to the extent that Shore Capital incurs substantial claims of this nature in any period, its reputation and ability to obtain future business could be materially and adversely affected.

10. Employee misconduct

The Group runs the risk that employee misconduct could occur. Misconduct by employees could include binding the Group to transactions that exceed authorised limits or present unacceptable risks, or hiding unauthorised or unsuccessful transactions from the Group, which, in either case, may result in unknown or unmanaged risks or losses. Employee misconduct could also involve improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to prevent employee misconduct and the precautions which the Group takes to prevent and detect this activity (including taking references on recruitment of personnel, ongoing training and review processes and authorising only certain personnel to carry out certain actions on behalf of the Group) may not be effective in all cases. In addition, as the Group grows, such precautions may need to be updated and/or expanded to increase their effectiveness. Failure to do so, or to do so in a timely fashion, may lead to such precautions becoming ineffective, or less effective, against the risks against which it is intended they mitigate. The Group maintains professional indemnity insurance, but there can be no guarantee that any loss suffered by the Group would be adequately covered by such insurance, particularly in the event of employee misconduct.

11. Applicable financial services laws may make it difficult to effect a change of control of the Company

In the United Kingdom, the prior approval of the FSA under Part XII of FSMA is required of any person proposing to acquire control of an FSA regulated firm. Three of the Company's subsidiaries are FSA regulated. For these purposes, a person acquires control over an authorised person if such person holds, or is entitled to exercise or control the exercise of, 10 per cent. or more of the voting power at any general meeting of the authorised person or of the parent undertaking of the authorised person. A person is also regarded as acquiring control over the authorised person if that person exercises significant influence over the management of the authorised person or its parent. Accordingly, any person who proposes to acquire 10 per cent. or more of the Ordinary Shares would become a controller of the Company and prior approval of the FSA would be required. An acquisition of the beneficial ownership of 10 per cent. or more of the Ordinary Shares would therefore need to be notified to the FSA and its approval obtained, even though there may have been no change in the legal ownership of the Ordinary Shares. Similarly, if a person who is already a controller of an authorised person proposes to increase its control to reach or exceed certain thresholds set out in section 180(2) of FSMA, such person will also require the prior approval of the FSA. The FSA has a period of three months from the date of notification of the proposed change of control to approve or object to such proposed change of control.

In Guernsey the prior approval of the Guernsey Financial Services Commission is required of any person proposing to become a director or controller of a company licensed by the Guernsey Financial Services Commission. Controller means a managing director or chief executive of that company or of any other company of which that company is a subsidiary, a person who alone or with associates controls the exercise of 15 per cent. or more of the voting power of that company or of any other company of which that company is a subsidiary or any person with whose directions or instructions any director of that company or of any other company of which that company is a subsidiary or any controller of that company is accustomed to act.

These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control of the Company, including through transactions, and in particular unsolicited transactions, that some or all of the Company's shareholders might consider to be desirable.

If a person acquires control of the Company (as described above) without the prior approval of the FSA, it would commit an offence under FSMA and if such person were not a fit and proper person, the FSA could seek to ensure that such person's Ordinary Shares were sold or otherwise disenfranchised.

12. Ownership structure of Shore Capital

On Admission, Howard Shore and Graham Shore will be interested (directly or beneficially) in an aggregate 122,092,861 Ordinary Shares representing 49.78 per cent. of the issued share capital of the Company. Pursuant to a written resolution of the founder shareholder of the Company passed on 8 February 2010 (the "Share Purchase Authority"), the Company may purchase up to 14.99 per cent. of its Net Issued Share Capital as at 26 March 2010, in the market. The Share Purchase Authority will expire at the conclusion of the Company's annual general meeting in 2011 or, if earlier, fifteen months from the date of the resolution unless varied, renewed or revoked prior to such date.

As part of the Share Purchase Authority, the Panel granted a waiver of the obligations under Rule 9 of the Code to make a general offer for the Company which would otherwise apply to Howard Shore and Graham Shore (whom the Panel treat as 'acting in concert', as so defined in the Code) in the event that their percentage shareholding increases as a result of the buy back of Ordinary Shares under the Share Purchase Authority. Such waiver was granted subject to certain conditions, including the passing of a waiver resolution by independent shareholders of Shore Capital Group plc on a poll ("Waiver Resolution"). This Waiver Resolution was approved by independent shareholders of Shore Capital Group plc at a general meeting of Shore Capital Group plc on 8 March 2010.

Accordingly, in the event that the Company were to buy back shares pursuant to the Share Purchase Authority, Howard Shore and Graham Shore may between them become interested in more than 50 per cent. of the Company's share capital without incurring any obligation under Rule 9 of the Code to make a general offer.

GENERAL ECONOMIC, POLITICAL AND ENVIRONMENTAL RISKS

1. Changes in regulation or legislation

The Group is engaged in activities which are regulated by the FSA and the Guernsey Financial Services Commission. The Group may, therefore, be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that its existing and new activities, as they develop, are consistent with the Group's regulatory permissions. Failure to do so could lead to public reprimand, the imposition of fines, the revocations of permissions or authorisations and/or other regulatory sanctions, any of which could lead to adverse publicity and reputational damage and could have a material adverse effect on the continued conduct of the Group's business.

There may, in the future, be changes to, or new laws and regulations that govern the operations of the Group. The Company cannot predict the full effect that any proposed or future law or regulation may have on the financial condition or results or operations of the Group. It is possible that the Group may be adversely affected by changes in the applicable laws or regulations.

2. Economic, political or market conditions

Reductions in the number of, and size of, public offerings and mergers and acquisitions and reduced securities' trading activities due to changes in economic, political or market conditions, which are beyond the Group's control, could cause the Group's revenues to decline materially. The revenues and profitability of the Group are subject to fluctuations in the global investment markets, primarily the equity markets, which are typically subject to price volatilities.

The Group's businesses are highly dependent on stock market conditions, particularly the level of activity on the London stock markets, and in particular in the small and mid-cap sectors. Uncertain economic prospects, declines in investment markets, failures of investment markets to sustain levels of growth or short-term volatility in investment markets for whatever reason could have a material adverse effect on the financial condition or results or operations of the Group.

RISKS RELATING TO THE ORDINARY SHARES AND AIM

1. Investment in AIM securities

It may be more difficult for an investor to realise his or her investment on AIM than it is to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules for Companies are less demanding than the Listing Rules. Therefore, an investment in a share which is traded on AIM is likely to carry a higher risk than an investment in the same share if it were quoted on the Official List. The market for the Company's Ordinary Shares may be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders. These factors include, amongst others, the following: changes in tax regime; additions or departures of key personnel at the Company; and adverse press, newspaper and other media reports.

2. Market value of Ordinary Shares

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Group and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

3. Dividends

Dividend maintenance and/or growth in the Ordinary Shares will rely on underlying growth in the Group's businesses and, in particular, the dividend policy mentioned in Part 1 of this Document should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Company may reduce the level of yield received by shareholders.

4. Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to shareholders. Statements in this Document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Investors should consider carefully whether an investment in the Company is suitable for them in the light of the potential risk factors, their personal circumstances and the financial resources available to them and should obtain their own professional advice where they consider necessary.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN ACQUIRING ORDINARY SHARES. POTENTIAL SHAREHOLDERS SHOULD READ THIS DOCUMENT IN ITS ENTIRETY BEFORE DECIDING WHETHER OR NOT TO ACQUIRE ORDINARY SHARES.

PART 3

FINANCIAL INFORMATION ON THE GROUP

Since the date of its incorporation the Company has not yet commenced operations and it has no material assets or liabilities. Therefore no financial statements have been prepared as at the date of this Document.

In order to provide Shareholders with information on the financial condition and historic performance of the Group, consolidated financial information in respect of Shore Capital Group plc for the three years ended 31 December 2007, 31 December 2008 and 31 December 2009 is set out below.

Consolidated Income Statement
For the years ended 31 December:

	Notes	*2009* *£'000*	*2008* *£'000*	*2007* *£'000*
Revenue	1, 2	38,988	19,652	38,824
Administrative expenditure		(28,352)	(21,268)	(24,985)
Operating profit/(loss)	3	10,636	(1,616)	13,839
Interest income	4	554	1,985	1,187
Finance costs	5	(659)	(1,637)	(765)
Negative goodwill on the acquisition of PBL		63,146	—	—
		63,041	348	422
Profit/(loss) before taxation	2	73,677	(1,268)	14,261
Taxation	7	(2,108)	1,635	(3,231)
Profit for the year after taxation		71,569	367	11,030
Profit after tax from PBL		3,497	—	—
		75,066	367	11,030
Attributable to:				
Equity holders of the parent		69,750	40	8,799
Non controlling interests		5,316	327	2,231
		75,066	367	11,030
Earnings per share				
Basic	9	27.18p	0.01p	2.91p
Diluted	9	26.49p	0.01p	2.77p

Statement of Comprehensive Income
For the years ended 31 December:

	Total 2009 £'000	*Total 2008 £'000*	*Total 2007 £'000*
Profit for the year	75,066	367	11,030
Gains on revaluation of available-for-sale investments taken to equity	3,457	—	—
Gains/(losses) on cash flow hedges	1,718	(1,090)	—
Income tax	(103)	305	—
	1,615	(785)	—
Transferred to profit and loss on sale of available-for-sale investments	—	28	—
Exchange difference on translation of foreign operations	(1,597)	602	—
Other comprehensive income for the year, net of tax	18	(155)	—
Total comprehensive income for the year, net of tax	78,541	212	11,030
Attributable to:			
Equity holders of the parent	73,212	(204)	8,799
Non controlling interests	5,329	416	2,231
	78,541	212	11,030
Earnings per share			
Basic	28.53p	(0.07p)	2.91p
Diluted	27.80p	(0.07p)	2.77p

Consolidated Statement of Financial Position
As at 31 December:

	Notes	2009 £'000	2008 £'000	2007 £'000 Restated
Non-current assets				
Goodwill	12	381	381	381
Property, plant & equipment	13	12,687	15,003	11,778
Available-for-sale investments	6.c, 14	11,262	760	1,715
Deferred tax asset	7	1,598	834	1,877
		25,928	16,978	15,751
Current assets				
Bull positions and other holdings designated at fair value	15	10,996	30,619	62,497
Trade and other receivables	16	34,730	16,375	41,764
Derivatives		—	—	28
Cash and cash equivalents	6.c, 17	60,028	48,655	16,743
		105,754	95,649	121,032
Assets to be demerged		578,815	—	—
		684,569	95,649	121,032
Total assets		710,497	112,627	136,783
Current liabilities				
Bear positions		(3,243)	(857)	(2,388)
Trade and other payables	18	(21,486)	(13,485)	(27,696)
Derivatives		(749)	(2,366)	(202)
Tax liabilities		(3,378)	(1,575)	(3,595)
Bank overdrafts	17, 19	—	—	(356)
Borrowings	19	(329)	(370)	(200)
		(29,185)	(18,653)	(34,437)
Non-current liabilities				
Borrowings	19	(25,436)	(27,091)	(19,453)
Provision for liabilities and charges	20	(729)	(19)	(556)
		(26,165)	(27,110)	(20,009)
Liabilities associated with the assets to be demerged		(512,197)	—	—
		(538,362)	(27,110)	(20,009)
Total liabilities		(567,547)	(45,763)	(54,446)
Net Assets		142,950	66,864	82,337
Equity				
Capital and Reserves				
Called up share capital	22	5,590	5,856	6,058
Share premium account		20,112	19,956	19,477
Capital redemption reserve		1,511	1,228	971
Own shares	22	(9,070)	(9,351)	(1,195)
Other reserve		5,744	712	429
Retained earnings		47,448	45,657	51,983
Reserves associated with the assets to be demerged		63,267	—	—
Equity attributable to equity holders of the parent		134,602	64,058	77,723
Non controlling interest		4,997	2,806	4,614
Non controlling interest associated with the assets to be demerged		3,351	—	—
Total equity		142,950	66,864	82,337

Consolidated Statement of Changes in Equity
For the year ended 31 December 2007

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Other reserves* £'000	Retained earnings £'000	Non controlling interest* £'000	Total £'000
At 1 January 2007	6,032	19,248	971	—	665	48,351	2,796	78,063
Retained profit for the year	—	—	—	—	—	8,799	2,231	11,030
Credit in relation to share based payments	—	—	—	—	78	—	—	78
Available-for-sale ("AFS") investments:								
– Transfer to income on sale of AFS investments	—	—	—	—	(514)	—	—	(514)
– Tax on AFS investments transferred from equity	—	—	—	—	154	—	—	154
– Revaluation in the year of AFS investments	—	—	—	—	46	—	—	46
Deferred tax charge recognised directly in equity	—	—	—	—	—	(2,254)	—	(2,254)
Equity dividends paid	—	—	—	—	—	(3,680)	—	(3,680)
Shares issued in respect of options exercised	26	229	—	—	—	—	—	255
Repurchase of own shares	—	—	—	(1,195)	—	—	—	(1,195)
Shares/participations issued in subsidiaries to non controlling interests	—	—	—	—	—	—	1,194	1,194
Transfer re shares issued to non controlling interests	—	—	—	—	767	—	(767)	—
Dividends paid to non controlling interest	—	—	—	—	—	—	(840)	(840)
At 31 December 2007	6,058	19,477	971	(1,195)	1,196	51,216	4,614	82,337

* December 2007 amounts have been restated to reflect the effects of issuing shares in subsidiaries to non-controlling interests.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2008

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Other reserves* £'000	Retained earnings £'000	Non controlling interest* £'000	Total £'000
At 31 December 2007	6,058	19,477	971	(1,195)	1,196	51,216	4,614	82,337
Retained profit for the year	—	—	—	—	—	40	327	367
Credit in relation to share based payments	—	—	—	—	116	—	—	116
Transfer to income on sale of AFS investments	—	—	—	—	28	—	—	28
Foreign currency translation	—	—	—	—	—	356	246	602
Deferred tax charge recognised directly in equity	—	—	—	—	—	(1,278)	—	(1,278)
Valuation change on cash flow hedges	—	—	—	—	(628)	—	(157)	(785)
Equity dividends paid	—	—	—	—	—	(1,628)	—	(1,628)
Shares issued in respect of options exercised	55	479	—	—	—	—	—	534
Repurchase of own shares	(257)	—	257	(8,156)	—	(3,049)	—	(11,205)
Repurchase of shares in subsidiaries from non controlling interests	—	—	—	—	—	—	(343)	(343)
Dividends paid to non controlling interest	—	—	—	—	—	—	(1,881)	(1,881)
At 31 December 2008	5,856	19,956	1,228	(9,351)	712	45,657	2,806	66,864

* December 2007 amounts have been restated to reflect the effects of issuing shares in subsidiaries to non-controlling interests.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2009

	Share capital £'000	*Share premium account £'000*	*Capital redemption reserve £'000*	*Own shares £'000*	*Other reserves £'000*	*Retained earnings £'000*	*Non controlling interest £'000*	*Total £'000*
At 31 December 2008	5,856	19,956	1,228	(9,351)	712	45,657	2,806	66,864
Retained profit for the year	—	—	—	—	—	69,750	5,316	75,066
Credit in relation to share based payments	—	—	—	—	297	—	—	297
Revaluation in the year on AFS investments	—	—	—	—	3,457	—	—	3,457
Foreign currency translation	—	—	—	—	—	(180)	(43)	(223)
Deferred tax credit recognised directly in equity	—	—	—	—	1,069	—	—	1,069
Valuation change on cash flow hedges	—	—	—	—	213	—	53	266
Equity dividends paid	—	—	—	—	—	(772)	—	(772)
Shares issued in respect of options exercised	17	156	—	146	—	—	—	319
Repurchase of own shares	(283)	—	283	135	—	(3,740)	—	(3,605)
Shares issued to non controlling interests	—	—	—	—	20	—	217	237
Changes associated with the assets to be demerged:								
Valuation change on cash flow hedges	—	—	—	—	1,281		68	1,349
Foreign currency translation	—	—	—	—	(1,305)	—	(69)	(1,374)
At 31 December 2009	5,590	20,112	1,511	(9,070)	5,744	110,715	8,348	142,950

Consolidated Cash Flow Statement
For the years ended 31 December:

	2009 £'000	2008 £'000	2007 £'000
Cash flows from operating activities			
Operating profit/(loss)	10,636	(1,616)	13,839
Adjustments for:			
Depreciation charges	1,057	888	370
Share-based payment expense	297	116	78
Loss/(profit) on sale of fixed assets	—	7	(20)
Transfer from income on sale of Available For Sale investments	—	28	(360)
Loss/(profit) on sale of Available For Sale investment	930	(113)	—
Increase/(decrease) in provision for liabilities and charges	710	(537)	(926)
Operating cash flows before movements in working capital	13,630	(1,227)	12,981
(Increase)/decrease in trade and other receivables	(14,914)	25,417	(4,912)
Increase/(decrease) in trade and other payables	6,753	(13,138)	1,743
Increase/(decrease) in bear positions	2,386	(1,531)	(586)
Decrease in bull positions	19,623	11,994	198
Decrease in tradeable loan instruments	—	19,884	99
Cash generated by operations	27,478	41,399	9,523
Interest paid	(659)	(1,637)	(700)
Corporation tax paid	(103)	(315)	(5,784)
Net cash generated by operating activities	26,716	39,447	3,039
Cash flows from investing activities			
Purchase of fixed assets	(236)	(274)	(11,454)
Purchase of Available For Sale investments	(11,984)	(557)	(97)
Proceeds on disposal Available For Sale investments	566	1,626	—
Proceeds on disposal fixed assets	—	33	42
Interest received	554	1,985	1,147
Net cash (utilised)/generated from investing activities	(11,100)	2,813	(10,362)
Cash flows from financing activities			
Shares issued following exercise of options/share scheme	319	534	255
Repurchase of shares into treasury	(3,605)	(8,156)	(1,195)
Repurchase of shares for cancellation	—	(3,049)	—
(Decrease)/increase in borrowings	(329)	4,531	19,653
Shares issued in subsidiary to non controlling interests	237	—	1,194
Shares repurchased by subsidiary from non controlling interest	—	(343)	—
Dividends paid to non controlling interest	—	(1,881)	(840)
Dividends paid to Equity holders	(772)	(1,628)	(3,680)
Net cash (utilised)/generated by financing activities	(4,150)	(9,992)	15,387
Net increase in cash and cash equivalents	11,466	32,268	8,064
Effects of exchange rate changes	(93)	—	—
Cash and cash equivalents at the start of the year	48,655	16,387	8,323
Cash and cash equivalents at the end of the year	60,028	48,655	16,387

Notes to the Financial Statements

1. Accounting Policies – Group

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Adoption of new and revised standards

The accounting policies adopted are consistent with the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009.

IFRS 2	Share-based Payment: Vesting Conditions and Cancellations effective 1 January 2009
IFRS 2	Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010 (early adopted)
IFRS 3	business Combination (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 (early adopted) including consequential amendments to IFRS 7, IAS 21, IAS 28r, IAS 31 and IAS 39
IFRS 7	Financial Instruments: Disclosures effective 1 January 2009
IFRS 8	Operating Segments effective 1 January 2009
IAS 1	Presentation of Financial Statements effective 1 January 2009
IAS 23	Borrowing Costs (Revised) effective 1 January 2009
IAS 32	Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation effective 1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009 (early adopted)
IFRIC 9	Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement effective for periods ending on or after 30 June 2009
IFRIC 13	Customer Loyalty Programmes effective 1 July 2008
IFRIC 16	Hedges of a Net Investment in a foreign Operation effective 1 October 2008
IFRIC 18	Transfers of Assets from Customers effective 1 July 2009 (early adopted)

Improvements to IFRSs (April 2009)

Adoption of the above Standards and Interpretations did not have any impact on the financial performance or position of the group in the prior periods except for the following:

IFRIC 17 Distribution of Non-cash assets to owners including consequential amendments to IFRS 5, Non-current assets held for sale and discontinued operations effective 1 July 2009 (early adopted)

The group had adopted IFRIC 17 in 2008 and hence in the current year early adopted the consequential amendments in IFRS 5

A liability is recognised when it is no longer at the discretion of the entity, and measured at the fair value of the assets to be distributed. As shareholder approval was obtained only after the year end (on 8 March 2010) for the demerging of the group's interest in Puma Brandenburg and the establishment of new holding companies, the transaction has been disclosed as a non-adjusting post balance sheet event within note 27(b).

IFRS 5 is also consequentially amended to apply to non-current assets held for distribution to owners. Assets will be classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This has resulted in the assets and liabilities of Puma Brandenburg being presented as 'Assets to be demerged' and 'Liabilities associated with the assets to be demerged' in the Consolidated Statement of Financial Position.

Notes to the Financial Statements (continued)

At the date of the 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:

IFRS 9	Financial Instruments: Classification & Measurement is effective for periods on or after 1 January 2013
IAS 24 (R)	Related Party Disclosures is effective on or after 1 January 2011
IAS 27 (R)	Consolidated and Separate Financial Statements is effective for annual periods on or after 1 July 2009
IAS 32 (A)	Classification of Rights Issues is effective for annual periods on or after 1 February 2010
IFRIC 14(A)	Prepayments of Minimum Funding Requirement is effective for periods on or after 1 January 2011
IFRIC 19	Extinguishing Financial Liabilities and Equity Instruments is effective for periods on or after 1 July 2010

The Directors do not anticipate that the adoption of the above standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

General information

These financial statements are presented in pounds sterling, this being the currency of the primary economic environment in which the Group operates.

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 (expressed as thousands and with no decimal place – £'000), except where otherwise indicated. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination and the non controlling interest's share of changes in equity since the date of the combination.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Taxation

The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provision required for both current and deferred tax on the basis of professional advice and the nature of any current discussions with the tax authority concerned.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The carrying value of deferred tax assets is set out in note 7.

Fair value of unquoted equity instruments

Where there is no available representative external valuation, judgement is required to determine the most appropriate valuation method for unquoted equity instruments. Further details are set out later in this note 1 and in notes 15, 16 and 24(f).

Share-based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model. Details of the assumptions and model used are set out in note 6(d).

Foreign currency translation

The Group's consolidated financial statements are presented in sterling, which is the Group's functional currency. That is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement with the exception of differences on foreign currency borrowings accounted for as a hedge of a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the balance sheet date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements (continued)

Revenue

Revenue includes the net profit/loss on principal trading, commission income, corporate advisory fees, fund management fees and other ancillary fees.

Dividends and interest arising on bull and bear positions in securities form part of dealing profits and, because they are also reflected by movements in market prices, are not identified separately.

Fees from advisory engagements for which the work is substantially complete or which are at a stage where work for which separate payment is due is substantially complete, and which will become due but are not yet invoiced are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a transaction they are only accounted for after the transaction has exchanged.

Revenue, including revenue from Stock Exchange transactions, is accounted for at trade/contract date rather than settlement date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets and liabilities at FVTPL

Financial assets and liabilities are classified as at FVTPL where the financial asset or liability is either held for trading or it is designated as at FVTPL. A financial asset or liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments which the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative which is not designated and is effective as a hedging instrument.

Financial instruments which are classified as held for trading through profit or loss comprise bull and bear positions in securities and derivative instruments. Bull and bear positions are valued at closing out prices at the close of business on the balance sheet date, namely bull positions at the bid price and bear positions at the offer price.

Derivatives are initially recognised at the contract value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A financial asset or liability, other than a financial asset or liability held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets and liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset or financial liability.

The Group's financial assets designated as at FVTPL upon initial recognition include positions in quoted and unquoted securities. The valuation technique and assumptions used to fair value these instruments is disclosed within Note 16.

AFS investments

Available-for-sale investments are revalued to their fair value with such revaluation being taken directly to equity. Where such investments are in unlisted securities, they are valued by the directors at the most recent available representative arm's length price. Investments in listed securities held as available-for-sale investments are valued by reference to the market price of the shares. They are re-measured to their fair value at each balance sheet date.

Loans and receivables

Trade receivables and other receivables which have fixed or determinable payments which are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

At each balance sheet date, the Group reviews whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Cash and cash equivalents

Cash comprises cash in hand and on-demand deposits which may be accessed without penalty. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables

Trade and other payables are measured on initial recognition at fair value, and are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract which evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Repurchase of share capital (own shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Such shares may either be held as Own Shares (treasury shares) or cancelled. Where own shares are subsequently re-sold from treasury, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Intangible assets

On the acquisition of a business or an interest in a business which is to be consolidated, fair values are attributed to the share of identifiable net assets acquired. Where the cost of acquisition exceeds the fair value attributable to such assets, the difference is treated as purchased goodwill. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. The Group evaluates goodwill annually and whenever circumstance indicates the possibility of impairment. Such evaluation is based on comparing the fair value of the cash-generating unit to its carrying value. Where the carrying value exceeds its fair value, an impairment loss is recorded for the difference.

Negative Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Impairment of goodwill and other non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets (e.g., Goodwill), the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount.

Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill may not be reversed.

Property, plant & equipment

Property, plant & equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated so as to write off the cost of property, plant & equipment by equal annual instalments over their estimated useful lives at the following rates:

Leasehold premises	–	over the unexpired term of the lease
Fixtures and equipment	–	25-33% per annum
Asset rental	–	4% per annum
Motor vehicles	–	16.7% per annum

Depreciation of an asset commences when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and operating leases

Rentals paid under operating leases are charged to income statement evenly over the primary period of the contract.

Pension costs

The charge against profits is the amount of contributions payable in respect of defined contribution pension arrangements for directors and employees in the year.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the forseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested by 1 January 2005.

The Group engages in equity settled share-based payment transactions in respect of services received from certain employees and directors. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the income statement over the period that the services are received, which is the vesting period, together with a corresponding increase in equity. The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Group's share price over the life of the option and other relevant factors. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense for the year represents the movement in cumulative expense recognised as the beginning and end of the year.

Employer's National Insurance ("NI") is accrued at the current rate of NI on differences between the market value at the balance sheet date of the shares that would be acquired when the options are exercised and the exercise price of those options.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 9).

Loans and borrowings

After initial recognition, interest bearing loans and borrowings and subsequently measured at amortised cost using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Notes to the Financial Statements (continued)

2. Segmental Information

Year ended 31 December 2009	*Equity Capital Markets £'000*	*Asset Management/ Principal Finance £'000*	*Operations being demerged £'000*	*Consolidated £'000*
Revenue	27,616	11,372	—	38,988
Results:				
Depreciation	171	886	—	1,057
Interest expense	24	635	—	659
Profit before tax	8,825	1,706	63,146	73,677
Profit after tax from PBL	—	—	3,497	3,497
Assets	44,939	86,743	578,815	710,497
Liabilities	25,314	30,036	512,197	567,547

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

Year ended 31 December 2008	*Equity Capital Markets £'000*	*Asset Management/ Principal Finance £'000*	*Consolidated £'000*
Revenue	16,521	3,131	19,652
Results			
Depreciation	172	716	888
Interest expense	409	1,228	1,637
Profit/(loss) before tax	2,366	(3,634)	(1,268)
Assets	19,344	93,283	112,627
Liabilities	6,097	39,666	45,763

No material amounts of revenue or profit/(loss) before tax were generated outside of Europe.

Year ended 31 December 2007	*Equity Capital Markets £'000*	*Asset Management/ Principal Finance £'000*	*Consolidated £'000*
Revenue	29,757	9,067	38,824
Results			
Depreciation	198	173	371
Profit before tax	9,549	4,712	14,261
Assets	48,631	88,152	136,783
Liabilities	30,809	23,637	54,446

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

3. Operating Profit/(Loss)

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Operating profit/(loss) has been arrived at after charging:			
Depreciation	1,057	888	371
Property lease rentals	661	551	543
Loss/(profit) on disposal of fixed assets	—	7	(20)

The analysis of auditors' remuneration is as follows:

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Fees payable to the company's auditors for:			
– the audit of the company's annual accounts	24	24	16
– other services to the Group: audit of the company's subsidiaries	48	48	59
Total audit fees	72	72	75
Fees payable to the company's auditors and their associates for other services to the group:			
– Tax services	37	25	20
– Regulatory services	—	—	6
– Other services	17	25	7
Total non-audit fees	54	50	33
Exchange differences, excluding those arising on financial instruments			
– Exchange differences	63	605	(119)
Total exchange differences	63	605	(119)

4. Interest Income

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Bank interest	296	1,295	804
Other interest receivable	258	690	383
	554	1,985	1,187

5. Finance Costs

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Interest on overdraft and other finance costs	—	190	304
Interest on debts and borrowings	626	1,138	152
Other interest payable	33	309	309
	659	1,637	765

6. Employees and Directors

a) *Employee numbers*

The average number of employees, including Executive Directors, employed by the Group during the financial year was:

	2009 *No.*	*2008* *No.*	*2007* *No.*
Investment banking activities:			
Securities	64	61	58
Corporate Advisory	11	11	11
Asset Management	35	38	33
	110	110	102

b) *The costs incurred in respect of these employees comprise*

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Salaries and commission	14,085	7,860	12,902
Social security costs	2,660	518	779
Pension costs	188	179	117
	16,933	8,557	13,798

c) *Employee Benefit Trust*

Total Assets includes Cash at Bank and Available for Sale Investments held by an Employee Benefit Trust whose beneficiaries are the employees of the Group and their immediate families. As at 31 December 2009, the Trust held cash of £626,000 (2008: £534,000, 2007: £835,000) and available for sale investments of £1,156,000 (2008: £755,000, 2007: £432,000).

d) *Employee Share Option Plan*

The Group maintains a Share Option Plan under which present and future employees of the Group may be granted options to subscribe for up to 10 per cent. of the Group's issued share capital from time to time (on a fully-diluted basis). The plan is used to attract and retain high-calibre employees to continue to develop and expand the business of the Group. Such options are granted by the Board at a price no less than the average quoted market price of the company's share on the date of grant. The vesting period is generally 3 years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee chooses to leave the Group before the options vest. If an employee holding vested options leaves the Group, the options held must be exercised within 6 months of the date of leaving. As at 31 December 2009, there were 22,724,348 (2008: 19,117,171, 2007: 21,398,781) options in issue under the plan representing 8.30 per cent. (2008: 6.13 per cent., 2007: 6.60 per cent.) of the Group's issued share capital on a fully diluted basis. Details of the share options outstanding during the year are as follows:

	2009		*2008*	
	Number of share options	*Weighted average exercise price*	*Number of share options*	*Weighted average exercise price*
Outstanding at beginning of year	19,117,171	19.2p	21,398,781	18.9p
Granted during the year	4,450,000	25.0p	1,800,000	33.3p
Forfeited during the year	—	—	(1,342,823)	31.7p
Exercised during the year	(842,823)	20.5p	(2,738,787)	19.5p
Outstanding at the end of the year	22,724,348	19.3p	19,117,171	19.2p
Exercisable at the end of the period	16,974,348		17,317,171	

	2007	
	Number of share options	*Weighted average exercise price*
Outstanding at beginning of year	22,692,498	18.9p
Granted during the year	—	—
Forfeited during the year	—	—
Exercised during the year	(1,293,717)	19.7p
Outstanding at the end of the year	21,398,781	18.9p
Exercisable at the end of the period	20,398,781	

The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 4 years 4 months (2008: 5 years 4 months, 2007: 4 years 6 months).

Using a Black-Scholes option pricing model, the aggregate of the estimated fair value of the options granted in 2009 was £375,000 (2008: £115,000). The inputs into the Black-Scholes model were as follows:

	2009	*2008*	*2007*
Weighted average exercise price	25.0p	33.33p	—
Weighted average volatility	0.6400	0.3988	—
Expected life	10 years	10 years	—
Weighted average risk-free rate	0.74%	3.56%	—
Expected dividend yields	1.00%	2.00%	—

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous 12 months.

In 2009, the Group recognised total expenses of £297,000 (2008: £115,000, 2007: £78,000) related to equity-settled share-based payment transactions.

e) ***Emoluments of the Directors***

2009	*Gross salary £'000*	*Bonus, commission and other income £'000*	*Fees £'000*	*Pension contributions £'000*	*Benefits £'000*	*Total £'000*
H P Shore	200	975	—	—	35	1,210
G B Shore	150	280	—	10	2	442
M L van Messel	130	175	—	13	2	320
J S Paisner	175	350	—	18	1	544
Dr Z Marom	5	—	35	—	—	40
J B Douglas	5	—	38	—	—	43
	665	1,780	73	41	40	2,599

2008	*Gross salary £'000*	*Bonus, commission and other income £'000*	*Fees £'000*	*Pension Contributions £'000*	*Benefits £'000*	*Total £'000*
H P Shore	200	—	—	—	33	233
G B Shore	150	—	—	10	2	162
M L van Messel	130	—	—	13	2	145
J S Paisner	130	—	—	13	1	144
Dr Z Marom	5	—	30	—	—	35
J B Douglas	5	—	33	—	—	38
	620	—	63	36	38	757

2007	*Gross salary £'000*	*Bonus, commission and other income £'000*	*Fees £'000*	*Pension Contributions £'000*	*Benefits £'000*	*Total £'000*
H P Shore	200	864	—	—	31	1,095
G B Shore	150	275	—	10	1	436
M L van Messel	120	80	—	12	2	214
J S Paisner	130	315	—	13	1	459
Dr Z Marom	5	—	25	—	—	30
J B Douglas	5	—	28	—	—	33
	610	1,534	53	35	35	2,267

f) The following options over unissued ordinary shares of 2p have been granted to the directors:

	Number of options over unissued ordinary shares	*Date of grant*	*Exercise price per ordinary share*	*Exercise date*
H P Shore	6,068,331	15 January 2002	20.5p	Before 14 January 2012
G B Shore	1,685,647	15 January 2002	20.5p	Before 14 January 2012
J S Paisner	1,500,000	21 November 2002	11.0p	Before 20 November 2012
J S Paisner	1,000,000	15 December 2008	20.0p	Before 14 December 2018

On 11 June 2009, M L van Messel exercised options over 842,823 unissued ordinary shares at an exercise price of 20.5p each. The market price on the date of exercise was 24.25p.

On 15 December 2008, J S Paisner was granted options over 1,000,000 unissued ordinary shares at an exercise price of 20.0p each. The market price on the date of grant was 18.75p.

The closing price of the shares at 31 December 2009 was 38.0p (2008: 13.75p) and the range during the year was 13.50p to 41.00p.

On 9 March 2010, H P Shore and G B Shore each exercised options over 146,341 unissued ordinary shares at an exercise price of 20.5p each. On the same day, J S Paisner exercised options over 272,727 unissued ordinary shares at an exercise price of 11.0p each. The market price on the date of exercise was 37.0p.

g) ***Related party transactions***

The directors and all other staff are entitled to deal in securities through a subsidiary company in accordance with in-house dealing rules, which include the provision that staff are entitled to reduced commission rates.

The directors are of the opinion that such transactions are not material to either the company or the individual concerned.

Transactions between Group companies comprise management charges for central overheads which are recharged throughout the Group as follows:

	2009	*2008*	*2007*
	£'000	*£'000*	*£'000*
Recharged to:			
Shore Capital Markets Limited	1,833	1,170	1,370
Shore Capital Limited	600	600	600
Shore Capital Treasury	240	—	—
Shore Capital Trading Limited	100	1,200	1,200
	2,773	2,970	3,170

At 31 December 2009 subsidiary undertakings were owed a net amount of £2,670,000 (2008: £4,561,000 owed by subsidiaries, 2007: £20,109,000 owed by subsidiaries).

h) ***Compensation of key management personnel***

Excluding directors of the holding company (see Note 6.e) the remuneration of key management during the year was as follows:

	2009	*2008*	*2007*
	£'000	*£'000*	*£'000*
Salaries and other short-term benefits	3,052	2,024	2,739
	3,052	2,024	2,739

7. Tax on Profit on Ordinary Activities

The tax charge/(credit) comprises:

	2009	*2008*	*2007*
	£'000	*£'000*	*£'000*
Provision for United Kingdom corporation tax charge/(credit) at 28.0% (2008: 28.5%, 2007: 30%)	2,149	(1,700)	3,413
Prior year overprovision	(243)	(5)	—
Movement in deferred tax	202	70	(182)
	2,108	(1,635)	3,231

The difference between the UK corporation tax charge and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2009	*2008*	*2007*
	£'000	*£'000*	*£'000*
Profit/(loss) on ordinary activities before tax	73,677	(1,268)	14,261
Tax thereon at 28.0% (2008: 28.5%, 2007: 30%)	20,630	(361)	4,278
Effects of:			
Expenses not deductible for tax purposes	74	135	78
Income not chargeable to tax	(18,281)	(107)	(268)
Share based payments	74	(117)	(34)
Capital allowances in excess of depreciation	(287)	(174)	(67)
Temporary differences	227	(71)	(24)
Capital losses utilised	(14)	—	(7)
Credit arising on consolidation	—	(843)	(792)
Other	22	8	67
Prior year adjustment	(243)	—	—
Amounts taxed at different rates	(94)	(170)	—
	2,108	(1,700)	3,231

Notes to the Financial Statements (continued)

The standard rate of UK corporation tax changed from 30 per cent. to 28 per cent. with effect from 1 April 2008.

Deferred tax asset

	Share based payments £'000	*Temporary differences £'000*	*Total £'000*
At 1 January 2007	3,528	421	3,949
Credit to income	—	182	182
Charge to equity	(2,231)	(23)	(2,254)
At 1 January 2008	1,297	580	1,877
Credit/(charge) to income	32	(102)	(70)
Charge to equity	(1,278)	305	(973)
At 31 December 2008	51	783	834
Credit/(charge) to income	84	(286)	(202)
Credit/(charge) to equity	1,069	(103)	966
At 31 December 2009	1,204	394	1,598

8. Rates of Dividends Paid and Proposed

	2009 £'000	*2008 £'000*	*2007 £'000*
Amounts recognised as distributions to equity holders in the year:			
Final dividend for the year ended 31 December 2008 of 0.05p per share (2007: 0.325p; 2006: 0.67p)	128	962	2,021
Interim dividend for the year ended 31 December 2009 of 0.25p per share (2008: 0.25p; 2007: 0.55p)	644	666	1,659
	772	1,628	3,680
Proposed final dividend for the year ended 31 December 2009 of 0.625p per share (2008: 0.05p; 2007: 0.325p)	1,569	130	962

9. 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:

	2009		*2008*	
	Basic	*Diluted*	*Basic*	*Diluted*
Earnings (£)	69,750,000	69,750,000	40,000	40,000
Number of shares	256,577,244	263,342,178	280,053,622	288,362,355
Earnings per share	27.18	26.49	0.01p	0.01p

Calculation of number of shares

	2009		*2008*	
	Basic	*Diluted*	*Basic*	*Diluted*
Weighted average number of shares	256,577,244	256,577,244	280,053,622	280,053,622
Dilutive effect of share option schemes	—	6,764,934	—	8,308,733
	256,577,244	263,342,178	280,053,622	288,362,355

	2007 Basic	2007 Diluted
Earnings (£)	8,799,000	8,799,000
Weighted average number of shares	302,049,477	317,949,478
Earnings per share	2.91p	2.77p

Calculation of number of shares

	2007 Basic	2007 Diluted
Weighted average number of shares	302,049,477	302,049,477
Dilutive effect of share option schemes	—	15,900,001
	302,049,477	317,949,478

As at 31 December 2009 there were 250,991,002 ordinary shares in issue (2008: 263,517,512; 2007: 299,923,389) net of shares held in treasury. Movements in the number of shares in issue during the year are set out in note 22.

10. Lease Commitments

	2009 £'000	2008 £'000	2007 £'000
Minimum lease payments under operating leases recognised as an expense during the year	661	551	543

At 31 December 2009 the Group had outstanding commitments for future minimum lease payments under operating leases, which fall due as follows:

Operating leases

	2009 £'000	2008 £'000	2007 £'000
Amounts payable in under one year	661	588	488
Amounts payable between one and five years	1,538	1,232	1,101
Amounts payable between five and ten years	—	50	228
	2,199	1,870	1,817

Notes to the Financial Statements (continued)

11. Categories of Financial Assets and Liabilities

At 31 December 2009	*Designated at fair value £'000*	*Held for trading £'000*	*Loans and receivables £'000*	*Available-for-sale securities £'000*	*Financial assets and liabilities at amortised cost £'000*	*Total £'000*
Financial assets						
Cash and cash equivalents	—	—	—	—	60,028	60,028
Trading assets (bull positions)	7,165	3,831	—	—	—	10,996
Trade receivables in the course of collection	—	—	—	—	24,011	24,011
Loans	—	—	725	—	—	725
Financial investments	—	—	—	11,262	—	11,262
Other assets	—	—	—	—	8,207	8,207
Accrued income	—	—	—	—	1,787	1,787
	7,165	3,831	725	11,262	94,033	117,016
Financial liabilities						
Bank overdrafts and borrowings	—	—	—	—	25,765	25,765
Trading positions (bear positions)	—	3,243	—	—	—	3,243
Trade payables in the course of collection	—	—	—	—	12,333	12,333
Derivatives	—	749	—	—	—	749
Other liabilities	—	—	—	—	8,466	8,466
Accruals	—	—	—	—	687	687
	—	3,992	—	—	47,251	51,243

At 31 December 2008	*Designated at fair value £'000*	*Held for trading £'000*	*Loans and receivables £'000*	*Available-for-sale securities £'000*	*Financial assets and liabilities at amortised cost £'000*	*Total £'000*
Financial assets						
Cash and cash equivalents	—	—	—	—	48,655	48,655
Trading assets (bull positions)	26,413	4,206	—	—	—	30,619
Trade receivables in the course of collection	—	—	—	—	9,108	9,108
Loans	—	—	715	—	—	715
Financial investments	—	—	—	760	413	1,173
Other assets	—	—	—	—	3,593	3,593
Accrued income	—	—	—	—	2,959	2,959
	26,413	4,206	715	760	64,728	96,822
Financial liabilities						
Bank overdrafts and borrowings	—	—	—	—	27,461	27,461
Trading positions (bear positions)	—	857	—	—	—	857
Trade creditors in the course of collection	—	—	—	—	6,139	6,139
Derivatives	—	2,366	—	—	—	2,366
Other liabilities	—	—	—	—	4,379	4,379
Accruals	—	—	—	—	2,967	2,967
	—	3,223	—	—	40,946	44,169

At 31 December 2007	*Designated at fair value £'000*	*Held for trading £'000*	*Loans and receivables £'000*	*Available-for-sale securities £'000*	*Financial assets and liabilities at amortised cost £'000*	*Total £'000*
Financial assets						
Cash and cash equivalents	—	—	—	—	16,743	16,743
Trading assets (bull positions)	53,979	8,518	—	—	—	62,497
Trade receivables in the course of collection	—	—	—	—	35,018	35,018
Derivatives	—	28	—	—	—	28
Loans	—	—	2,098	—	—	2,098
Financial investments	—	—	—	1,715	359	2,074
Other assets	—	—	—	—	2,345	2,345
Accrued income	—	—	—	—	1,944	1,944
	53,979	8,546	2,098	1,715	56,409	122,747
Financial liabilities						
Bank overdrafts and borrowings	—	—	—	—	20,009	20,009
Trading positions (bear positions)	—	2,388	—	—	—	2,388
Trade creditors in the course of collection	—	—	—	—	16,879	16,879
Derivatives	—	202	—	—	—	202
Other liabilities	—	—	—	—	7,072	7,072
Accruals	—	—	—	—	2,770	2,770
	—	2,590	—	—	46,730	49,320

12. Goodwill

Cost	*Goodwill arising on the acquisition of Non controlling interest in subsidiary £'000*
At 1 January and 31 December 2009, 2008 and 2007	381
Amortisation	
At 1 January and 31 December 2009, 2008 and 2007	—
Net Book Value	
At 31 December 2009	381
At 31 December 2008	381
At 31 December 2007	381

Prior to the transition to IFRS, goodwill arising on consolidation was amortised over the lower of 20 years and the estimated useful life of the assets. Under IFRS, such goodwill is subject to an annual impairment review.

Notes to the Financial Statements (continued)

13. Property, Plant & Equipment

	Leasehold premises £'000	*Fixtures and equipment £'000*	*Asset rental £'000*	*Motor vehicles £'000*	*Total £'000*
Cost					
At 1 January 2007	440	1,226	—	138	1,804
Additions	643	501	10,223	86	11,453
Disposals	—	—	—	(70)	(70)
At 31 December 2007	1,083	1,727	10,223	154	13,187
Additions	127	112	(48)	83	274
Disposals	(207)	(455)	—	(48)	(710)
Retranslation movement	—	28	3,931	—	3,959
At 31 December 2008	1,003	1,412	14,106	189	16,710
Additions	36	160	40	—	236
Disposals	—	(165)	—	—	(165)
Retranslation movement	—	(7)	(1,547)	(3)	(1,557)
At 31 December 2009	1,039	1,400	12,599	186	15,224
Depreciation					
At 1 January 2007	230	783	—	74	1,087
Charge for the year	113	232	—	26	371
Disposals	—	—	—	(49)	(49)
At 31 December 2007	343	1,015	—	51	1,409
Charge for the year	234	295	310	49	888
Retranslation movement	—	—	80	—	80
Disposals	(207)	(452)	—	(11)	(670)
At 31 December 2008	370	858	390	89	1,707
Charge for the year	205	270	552	30	1,057
Retranslation movement	—	(3)	(59)	—	(62)
Disposals	—	(165)	—	—	(165)
At 31 December 2009	575	960	883	119	2,537
Net Book Value					
At 31 December 2009	464	440	11,716	67	12,687
At 31 December 2008	633	554	13,716	100	15,003
At 31 December 2007	740	712	10,223	103	11,778

14. Investments

Available for Sale Investments held as Non Current Assets

Available for Sale Investments of £11,262,000 (2008: £760,000, 2007: £1,715,000) includes £1,156,000 (2008: £755,000, 2007: £432,000) held in the Shore Capital Group Employee Benefit Trust.

	Listed investments £'000	*Unlisted investments £'000*	*Total £'000*
Cost			
At 1 January 2007	—	1,014	1,014
Additions	—	97	97
At 31 December 2007	—	1,111	1,111
Additions	200	357	557
Disposals	—	(963)	(963)
At 31 December 2008	200	505	705
Additions	3,781	8,203	11,984
Disposals	—	(566)	(566)
At 31 December 2009	3,981	8,142	12,123
Revaluation			
At 1 January 2007	—	558	558
Revaluation in the year	—	46	46
At 31 December 2007	—	604	604
Revaluation in the year	—	—	—
Disposals	—	(549)	(549)
At 31 December 2008	—	55	55
Revaluation in the year	(486)	(430)	(916)
Disposals	—	—	—
At 31 December 2009	(486)	(375)	(861)
Valuation			
At 31 December 2009	3,495	7,767	11,262
At 31 December 2008	200	560	760
At 31 December 2007	—	1,715	1,715

Notes to the Financial Statements (continued)

Additional information on principal subsidiaries.
2009 table

Subsidiary	*Country of registration and operation*	*Activity*	*Portion of ordinary shares and voting rights held*
Trading Companies			
Shore Capital Markets Limited[1]	England and Wales	Intermediate Holding Co.	79.1%
Shore Capital Stockbrokers Limited[2]	England and Wales	Broker/dealer	79.1%
Shore Capital and Corporate Limited[2]	England and Wales	Corporate advisers	79.1%
Shore Capital Finance Limited	England and Wales	Credit provider	100%
Shore Capital Limited	England and Wales	Fund Management company	100%
Shore Capital Investments Limited	England and Wales	Holds investments	100%
Shore Capital Treasury Limited	England and Wales	Group treasury company	100%
Shore Capital International Limited	England and Wales	Advisory services	100%
Shore Capital Management Limited	England and Wales	Member of an LLP	100%
Shore Capital (Japan) Limited	England and Wales	Credit provider	100%
Pebble Investments Limited	Guernsey	Holds investments	100%
Puma Brandenburg Limited[3]	Guernsey	Holds investment properties	94.97%
Puma Property Advisers Limited	Guernsey	Property advisory services	100%
Shore Capital Trading Limited[4]	England and Wales	Dormant	100%
JellyWorks Limited	England and Wales	Dormant	100%
Limited Liability Partnerships			
The Lily Partnership LLP	England and Wales	Asset rental business	80%
Nominee Company			
Puma Nominees Limited	England and Wales	Nominee company	100%

1 Shore Capital Markets Limited is the intermediate holding company of, and holds 100 per cent. of the ordinary shares and voting rights in, each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited. The Company currently has a direct holding of 79.1 per cent. in Shore Capital Markets Limited. The balance of the shares in Shore Capital Markets Limited were bought by senior executives of that company and its subsidiaries.

2 The Group's interest in each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited is held indirectly through Shore Capital Markets Limited (see note 1 above).

3 Puma Brandenburg Limited holds its investment properties through a series of 100 per cent. owned subsidiaries. These have not been listed here.

4 Shore Capital Trading Limited ceased trading with effect from 31 December 2008 and is now a dormant company.

Additional information on principal subsidiaries.
2008 table

Subsidiary	*Country of registration and operation*	*Activity*	*Portion of ordinary shares and voting rights held*
Trading Companies			
Shore Capital Markets Limited[1]	England and Wales	Intermediate Holding Co.	79.6%
Shore Capital Stockbrokers Limited[2]	England and Wales	Broker/dealer	79.6%
Shore Capital and Corporate Limited[2]	England and Wales	Corporate advisers	79.6%
Shore Capital Finance Limited	England and Wales	Credit provider	100%
Shore Capital Limited	England and Wales	Fund Management company	100%
Shore Capital Investments Limited	England and Wales	Holds investments	100%
Shore Capital Trading Limited[3]	England and Wales	Trader of securities	100%
Shore Capital International Limited	England and Wales	Advisory services	100%
Shore Capital (Japan) Limited	England and Wales	Credit provider	100%
Puma Property Advisers Limited	Guernsey	Property advisory services	100%
JellyWorks Limited	England and Wales	Dormant	100%
Limited Liability Partnerships			
The Lily Partnership LLP	England and Wales	Asset rental business	80%
Nominee Company			
Puma Nominees Limited	England and Wales	Nominee company	100%

1 Shore Capital Markets Limited is the intermediate holding company of, and holds 100 per cent. of the ordinary shares and voting rights in, each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited. The Company currently has a direct holding of 79.6 per cent. in Shore Capital Markets Limited. The balance of the shares in Shore Capital Markets Limited were bought by senior executives of that company and its subsidiaries.

2 The Group's interest in each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited is held indirectly through Shore Capital Markets Limited (see note 1 above).

3 Shore Capital Trading Limited ceased trading with effect from 31 December 2008 and is now a dormant company.

Additional information on principal subsidiaries.
2007 table

Subsidiary	*Country of registration and operation*	*Activity*	*Portion of ordinary shares and voting rights held*
Trading Companies			
Shore Capital Markets Limited[1]	England and Wales	Intermediate Holding Co.	77.6%
Shore Capital Stockbrokers Limited[2]	England and Wales	Broker/dealer	77.6%
Shore Capital and Corporate Limited[2]	England and Wales	Corporate advisers	77.6%
Shore Capital Finance Limited	England and Wales	Credit provider	100%
Shore Capital Limited	England and Wales	Fund Management company	100%
Shore Capital Investments Limited	England and Wales	Holds investments	100%
Shore Capital Trading Limited	England and Wales	Trader of securities	100%
Shore Capital International Limited	England and Wales	Advisory services	100%
Shore Capital (Japan) Limited	England and Wales	Credit provider	100%
Puma Property Advisers Limited	Guernsey	Property advisory services	100%
JellyWorks Limited	England and Wales	Dormant	100%
Limited Liability Partnerships			
The Lily Partnership LLP	England and Wales	Asset rental business	80%
Nominee Company			
Puma Nominees Limited	England and Wales	Nominee company	100%

1 Shore Capital Markets Limited is the intermediate holding company of, and holds 100 per cent. of the ordinary shares and voting rights in, each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited. The Company currently has a direct holding of 77.6 per cent. in Shore Capital Markets Limited. The balance of the shares in Shore Capital Markets Limited were bought by senior executives of that company and its subsidiaries.

2 The Group's interest in each of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited is held indirectly through Shore Capital Markets Limited (see note 1 above).

15. Bull Positions and Other Holdings

	2009 £'000	*2008 £'000*	*2007 £'000*
Held For Trading			
Listed holdings at market value:			
Equities	3,831	4,206	8,518
Designated at Fair Value			
Listed holdings at market value:			
Equities	—	432	1,201
Debt instruments	1,556	3,172	19,957
Invested in own funds and products	—	5,150	8,600
Unlisted holdings:			
Equities	—	1,375	—
Debt	—	1,617	—
Invested in own funds and products	5,609	13,955	19,913
Other (including hedge funds)	—	712	4,308
	10,996	30,619	62,497

The fair value of financial assets designated at fair value has been determined as follows:

1. for listed holdings the fair value is determined, in whole, by reference to published price quotations, having regard to the size and liquidity of the holding; and
2. for unlisted holdings fair value is determined wherever possible using observable market prices or rates. Where none exist, the fair value is determined by the directors at the most recent available representative arm's length price or valuation. The fair value of the largest holding has been estimated based on the net asset value of the investee company which itself is based on external professional property valuations.

Notes to the Financial Statements (continued)

16. Trade and Other Receivables

	2009 £'000	2008 £'000	2007 £'000
Trade receivables	24,011	9,108	35,018
Other receivables	8,207	3,593	2,704
Loans	725	715	2,098
UK corporation tax	—	—	—
Prepayments and accrued income	1,787	2,959	1,944
	34,730	16,375	41,764

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

The table below shows the ageing of trade debtors which are past their due date for payment but not impaired.

	2009 £'000	2008 £'000	2007 £'000
Between 30 and 60 days	94	126	475
Between 60 and 90 days	85	125	220
Greater than 90 days	635	1,095	1,929
	814	1,346	2,624
Amounts not yet due	33,916	15,029	39,140
Trade receivables	34,730	16,375	41,764

17. Cash and Cash Equivalents

Group

Cash at bank and in hand of £60,028,000 (2008: £48,655,000; 2007: £16,743,000) includes £626,000 (2008: £534,000; 2007: £835,000) held in the Shore Capital Group Employee Benefit Trust.

Analysis of Changes In Net Funds

	As at 1 January 2009 £'000	Cash flows £'000	As at 31 December 2009 £'000
Cash at bank and in hand	48,655	11,373	60,028
Overdraft	—	—	—
	48,655	11,373	60,028

	As at 1 January 2008 £'000	Cash flows £'000	As at 31 December 2008 £'000
Cash at bank and in hand	16,743	31,912	48,655
Overdraft	(356)	356	—
	16,387	32,268	48,655

	As at 1 January 2007 £'000	Cash flows £'000	As at 31 December 2007 £'000
Cash at bank and in hand	8,332	8,411	16,743
Overdraft	(9)	(347)	(356)
	8,323	8,064	16,387

18. Trade and Other Payables

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Trade payables	12,333	6,139	16,880
Other payables	8,466	3,940	7,072
Other taxation and social security	—	439	974
Accruals and deferred income	687	2,967	2,770
	21,846	13,485	27,696

The directors consider that the carrying value of trade and other payables approximates their fair value.

19. Borrowings

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Secured borrowings at amortised cost			
Bank overdrafts	—	—	356
Bank loans	25,765	27,461	19,653
Total Borrowings	25,765	27,461	20,009
Amount due to be repaid within 12 months	329	370	556
Amount due to be repaid after 12 months	25,436	27,091	19,453

31 December 2009	*Multi currency loan facility* *£'000*	*Amortising USD loan facility* *£'000*	*GBP facilities* *£'000*	*Total* *£'000*
Bank overdraft	—	—	—	—
Bank loans	15,000	10,765	—	25,765
	15,000	10,765	—	25,765

31 December 2008	*Multi currency loan facility* *£'000*	*Amortising USD loan facility* *£'000*	*GBP facilities* *£'000*	*Total* *£'000*
Bank overdraft	—	—	—	—
Bank loans	15,000	12,461	—	27,461
	15,000	12,461	—	27,461

31 December 2007	*Multi currency loan facility* *£'000*	*Amortising USD loan facility* *£'000*	*GBP Multi-Option facility* *£'000*	*Total* *£'000*
Bank overdraft	—	—	356	356
Bank loans	11,131	8,522	—	19,653
	11,131	8,522	356	20,009

In respect of the multi currency loan facility, the Group deposits as security certain of its bull positions and holdings and cash balances. As at 31 December 2009, these had a carrying value of £19,657,000 (2008: £25,272,000; 2007: £21,373,000). The GBP facilities comprise a multi-option overdraft facility and a revolving credit facility which are secured by a floating charge over the assets of the Group's stockbroking subsidiary.

The weighted average interest rates paid during the year were as follows:

	2009	*2008*	*2007*
	%	*%*	*%*
Bank overdrafts	2.39	6.09	6.76
Bank loans	5.09	4.42	2.51

The other principal features of the Group's borrowing's are as follows.

(i) Sterling based facilities of £20,000,000 in total comprising a multi-option overdraft facility of £15,000,000 and a revolving credit facility of £5,000,000. Under this facility, the Group has the option to draw down a fixture for a fixed maturity or an overdraft which is repayable on demand. The average effective interest rate on bank overdrafts was approximately 2.39 per cent. per annum (2008 6.09 per cent.; 2007: 6.76 per cent.) and was determined on a base rate plus a margin. Both facilities were undrawn as at 31 December 2009.

(ii) The Group has principal bank loans:

(a) a multi-currency loan facility of £15,000,000 (2008: £15,000,000; 2007: £10,000,000). The facility was set up on 9 July 2007 and during 2009 was extended to have a minimum term until 29 June 2012. The loan is secured by a charge over part of the Group's bull positions and holdings and cash. The loan carries an interest rate at 1.5 per cent. above 3 month LIBOR in the relevant currency. There is no material difference between the amortised value of the loan and fair value.

(b) an amortising loan of $17,385,000 (2008: $17,916,000; 2007: $16,965,000) for which the Group has liability for 80 per cent. The loan was taken out on 14 December 2007. Repayment of principal commenced on 30 June 2008, with final repayment due on 31 March 2018. The loan is secured by a charge over certain of the Group's fixed assets. The loan carries an interest rate at 1.0 per cent. above 3 month USD LIBOR. As at 31 December 2009 the fair value of the loan was $16,009,000 (2008: $16,048,000).

Undrawn Facilities

The Group's multi option facility of £20,000,000 is structured as a multi option facility of £15,000,000 and a revolving credit facility of £5,000,000. As at the year end, £15,000,000 (2008: £15,000,000, 2007:£19,644,000) was undrawn on the multi-option facility and £5,000,000 (2008: £5,000,000, 2007: nil) was undrawn on the revolving credit advance facility.

20. Provision for Liabilities and Charges

Group and company

Provision for National Insurance contributions on share options

	2009	*2008*	*2007*
	£'000	*£'000*	*£'000*
At 1 January	19	556	1,482
Credit for the year	710	(479)	(883)
Payments made in the year	—	(58)	(43)
At 31 December	729	19	556

This provision will be utilised when staff exercise their options during the period from 1 January 2010 to 23 March 2019.

21. Capital Commitments

As at 31 December 2009, there were no amounts which were contracted for but not provided in the financial statements (2008: £nil; 2007: £nil).

22. Called Up Share Capital

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Authorised			
625,000,000 ordinary shares of 2p each	12,500	12,500	12,500

	2009 *Number of shares*	*2008* *Number of shares*	*2007* *Number of shares*
Allotted, called up and fully paid			
At 1 January	292,797,235	302,895,186	301,601,469
Shares issued in respect of options exercised	842,823	2,738,787	1,293,717
Shares issued for cash	(297,756)	—	—
Shares repurchased and cancelled	(13,858,096)	(12,836,738)	—
At 31 December	279,484,206	292,797,235	302,895,186

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Allotted, called up and fully paid			
At 1 January	5,856	6,058	6,032
Shares issued in respect of options exercised	17	55	26
Shares issued for cash	—	—	—
Shares cancelled from treasury	(6)	—	—
Shares repurchased and cancelled	(257)	(257)	—
At 31 December	5,590	5,856	6,058

During the year to 31 December 2009, there were 842,823 (2008: 2,738,787, 2007: 1,293,717) ordinary shares of 2p each which were issued as the result of the exercise by employees of share options granted in prior years under the terms of the Share Option Plan.

During the year to 31 December 2009, the company repurchased 13,858,096 (2008: 39,144,664, 2007: 2,971,797) ordinary shares of 2p each at an average price of 25.9p. Of the shares purchased, 28,493,204 are held as treasury shares as at 31 December 2009. The shares repurchased represent 4.7 per cent. of the company's called-up share capital at the start of 2009. The total cost in the year for these purchases, including related charges, was £3,605,000 (see also Note 26). The shares were repurchased to enhance the value of the remaining shares.

Own shares (held in treasury)	*Own shares* *Number of shares*	*Own Shares* *£'000*
At 1 January 2007	—	—
Acquired in the year	2,971,797	1,195
At 1 January 2008	2,971,797	1,195
Acquired in the year	39,144,664	11,205
Cancelled in the year	(12,836,738)	(3,049)
At 31 December 2008	29,279,723	9,351
Acquired in the year	263,989	37
Sold in the year	(488,763)	(146)
Cancelled in the year	(561,745)	(172)
At 31 December 2009	28,493,204	9,070

At 31 December 2009, the directors had remaining authority, under the shareholders' resolution of 15 May 2009, to purchase 31,865,202 ordinary shares of the company. This authority expires on the earlier of the next annual general meeting and 14 August 2010.

Notes to the Financial Statements (continued)

23. Financial Instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt (see note 19), cash and cash equivalents (see note 17), and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings (see Consolidated Statement of Changes in Equity).

The Group's financial instruments comprise cash and liquid resources, trade and other receivables and trade and other payables, bull and bear positions in equities, financial assets designated at fair value and derivative instruments.

The profit and loss arising from dealings in financial instruments is included within Revenue. This is analysed by financial instrument as follows:

Net gains or losses arising from dealings in financial instruments	*Designated at fair value £'000*	*Held for trading £'000*	*Available for sale securities £'000*	*Total £'000*
2009				
Equities	3,272	16,496	—	19,768
Debt	536	—	—	536
Alternative Assets	—	—	56	56
	3,808	16,496	56	20,360
2008				
Equities	(3,884)	3,674	—	(210)
Debt	1,154	—	—	1,154
Alternative Assets	(4,278)	—	168	(4,110)
	(7,008)	3,674	168	(3,166)
2007				
Equities	482	11,502	—	11,984
Debt	729	—	—	729
Alternative Assets	(14)	—	85	71
	1,197	11,502	85	12,784

The main risks arising from the Group's financial instruments are market risk, currency risk, interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

a) ***Market Risk***

The Group is exposed to market risk in respect of its trading in equities and other holdings. The fair value at the year end of positions arising from these activities is disclosed in the Financial Statements in Note 15 for bull positions and in the consolidated balance sheet for bear positions.

Other holdings mainly comprises seeding of own Funds which have been launched.

The Group holds commercial paper from time to time and this is primarily subject to credit risk (see note 23.d).

To reduce exposure to market risk, during 2008 the Group has reduced the level of bull positions held in the principal trading activity. The year end positions arising from market-making activities therefore reduced during the prior year and these lower levels have been maintained throughout 2009. Both the permitted size of each trading book and the size of individual positions are predetermined and dealers are set prescribed limits within which they can deal. Day-to-day risk monitoring is carried out by the Head of the Shore Capital Markets division and the Compliance Department.

As at 31 December 2008 the Group ceased its trading activity with its balance sheet that was carried out in Shore Capital Trading Limited and has since concentrated its balance sheet activities on investments.

Based on a 10 per cent. movement in the market price of equities, with all other variables remaining unchanged, the effect on profit for the year and equity would be as follows:

	Net equity £'000	*2009 Change in price of UK equities %*	*Effect on profit and on equity £'000*	*Net equity £'000*	*2008 Change in price of UK equities %*	*Effect on profit and on equity £'000*
Listed equities (net)	588	10%	59	3,781	10%	378
Listed holdings in own funds and products	—	10%	—	5,150	10%	515
Listed investments	3,495	10%	350	200	10%	20

	Net Equity £'000	*2007 Change in price of UK equities %*	*Effect profit and on Equity £'000*
Listed equities (net)	7,331	10%	733
Listed holdings in own funds and products	8,600	10%	860
Listed investments	—	10%	—

b) ***Currency Risk***

Other than borrowings as set out in note 19, the Group's foreign currency cash and bank balances at the year end were not material and are not separately disclosed in the Financial Statements. Where relevant, currency is bought or sold at the time of trading in order to meet the funds due or receivable on settlement.

The fair value at the year end of bull positions and other holdings which were denominated in foreign currencies was:

	2009 £'000	*2008 £'000*	*2007 £'000*
Held in United States dollars	4,193	8,060	4,228
Held in Euros	13	2,284	2,966
	4,206	10,344	7,194

The Group enters into forward contracts for the sale of foreign currencies in order to hedge its exposure to fluctuations in currency rates in respect of these bull positions and other holdings. These forward contracts are fair valued at the balance sheet date based on a discounted cash flow basis using relevant market data on foreign exchange and interest rates, with any change in value taken to the Income Statement.

The amount taken to the Income Statement during the year was a loss of £1,040,000 (2008: loss of £1,141,000; 2007: gain of £272,000).

As at the year end the fair value of forward contracts which were hedging bull positions and other holdings was a net liability of £30,000 (2008: £1,276,000 net liability; 2007: £174,000 net liability). The related notional contracts as at 31 December 2009 were £2,601,000 (2008: £9,360,000; 2007: £4,441,000).

The table below illustrates the sensitivity of the profit for the year and of equity with regards to currency movements on financial assets and liabilities denominated in foreign currencies.

The retranslation of net investment in foreign currencies is excluded from the following table.

Based on a 5 per cent. movement in the Euro, US Dollar and Yen against sterling exchange rates, the effect on profit for the year and equity would be as follows:

	2009		*2008*	
	Euro £'000	*US Dollar £'000*	*Euro £'000*	*JPY £'000*
5% Stronger against GBP	244	(291)	44	—
5% Weaker against GBP	(221)	263	(40)	—

	2007	
	Euro £'000	*JPY £'000*
5% Stronger Against GBP	153	(586)
5% Weaker Against GBP	(138)	530

At 31 December 2009, the underlying assets and associated liabilities of Puma Brandenburg Limited were all denominated in Euros. Following the year end the company announced proposals to demerge these assets and associated liabilities (see Note 26b) and accordingly are not included in the above tables.

c) ***Interest Rate Risk***

The Group exposure to long-term fixed borrowings is set out in note 19.

The interest bearing financial assets and liabilities of the Group comprise cash and cash equivalents, bank overdrafts and bank borrowings as shown in the consolidated balance sheet. Cash and cash equivalents receive, and bank overdrafts pay, interest at floating rates linked to either bank base rates or money market rates. The Group has a £15m overdraft facility and a £5m revolving advance facility which are both renewable annually, and a £15m multi-currency loan facility that has a minimum term until 29 June 2012. These borrowings pay interest at rates linked to money market rates for the relevant currency. The Group also has an amortising loan of $17,385,000 for which the interest is fixed until 31 December 2012. Thereafter, the rate of interest is linked to USD money market rates. The bank borrowings are described in more detail in note 19.

Interest rate sensitivity analysis

Interest on financial instruments classified as floating rate is reset at intervals of less than one year.

A positive 100 basis point movement in interest rate applied to the average value of balance sheet items which are subject to floating interest rates would result in the following impact on profit for the year:

	2009 £'000	*2008 £'000*	*2007 £'000*
+100 basis point movement in interest rates	7	104	113
As percentage of total shareholders' equity	0.005%	0.16%	0.15%

The Group would experience an equal and opposite impact on profit should the interest rate move by negative 100 basis points.

d) ***Credit Risk***

The Group's principal financial assets are cash and cash equivalents, trade and other receivables.

The group's cash and cash equivalents are held with a diversified range of banks, each of which is a major UK clearing bank and supported by a government guarantee.

The Group's main credit risk is attributable to its trade and other receivables. The amounts shown in the balance sheet arise from trading in equities. The Group's seeks to deal with credit-worthy counterparties and the majority are financial institutions. As a result, the counterparties are generally subject to certain minimum capital requirements which serves to limit the credit risk to the Group.

The Group monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available, external credit ratings and/or reports on customers and other counterparties are obtained and used. The carrying value of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's top 5 trade receivables counterparty exposures are as follows:

	2009 *£'000*
TD Waterhouse	6,631
Jupiter Asset Management	2,704
Pershing Securities Limited	1,614
Redmayne Bentley	1,377
Charles Stanley and Company	1,131

	2008 *£'000*
TD Waterhouse	1,564
Barclays Bank Trust	576
Halifax	318
Pershing Securities Limited	261
Hargreaves Lansdowne	249

	2007 *£'000*
TD Waterhouse	6,040
Pershing Securities	5,236
Walker Cripps Weddle Beck	2,527
London Clearing House	2,411
WH Ireland	1,247

e) ***Liquidity Risk***

Ultimate responsibility for liquidity management rests with the board of directors. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and borrowing facilities to meet its forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Note 19 includes details of undrawn facilities available to the Group.

Maturity profile of financial liabilities

The table below reflects the contractual maturities, including interest payments, of the Group's financial liabilities as at 31 December:

2009	*Repayable on demand* *£'000*	*Due within 3 months* *£'000*	*Due between 3 months and 12 months* *£'000*	*Due between 1 year and 5 years* *£'000*	*Due after 5 years* *£'000*	*Total* *£'000*
Bear positions	—	3,243	—	—	—	3,243
Trade payables	—	12,114	207	12	—	12,333
Derivatives	—	90	180	479	—	749
Bank loans and overdrafts	—	222	659	18,347	10,336	29,564
Other liabilities	—	5,889	2,577	—	—	8,466
Accruals	—	687	—	—	—	687
	—	22,245	3,623	18,838	10,336	55,042

2008	Repayable on demand £'000	Due within 3 months £'000	Due between 3 months and 12 months £'000	Due between 1 year and 5 years £'000	Due after 5 years £'000	Total £'000
Bear positions	—	857	—	—	—	857
Trade payables	—	6,139	—	—	—	6,139
Derivatives	—	1,367	273	726	—	2,366
Bank loans and overdrafts	—	259	770	18,864	12,438	32,331
Other liabilities	—	3,801	139	—	—	3,940
Accruals	—	2,967	—	—	—	2,967
	—	15,390	1,182	19,590	12,438	48,600

2007	Repayable on demand £'000	Due within 3 months £'000	Due between 3 months and 12 months £'000	Due between 1 year and 5 years £'000	Due after 5 years £'000	Total £'000
Bear positions	—	2,388	—	—	—	2,388
Trade payables	—	16,880	—	—	—	16,880
Derivatives	—	202	—	—	—	202
Bank loans and overdrafts	356	101	576	13,059	8,319	22,411
Other liabilities	—	5,493	1,579	—	—	7,072
Accruals	—	2,770	—	—	—	2,770
	356	27,834	2,155	13,059	8,319	51,723

The contractual maturities relating to the bank loans reflect gross cash flows, which differ to the carrying values of the liabilities at the balance sheet date.

f) ***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 arms 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 or models, 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 or models for which the inputs are reasonable assumptions, based on market conditions (level 3).

2009	*Level 1 Quoted market price £ 000*	*Level 2 Market observable inputs £ 000*	*Level 3 Non-market observable inputs £ 000*	*Total £ 000*
Available for sale financial investments	3,495	5,597	2,170	11,262
Bull positions and other holdings designated at fair value	5,387	5,609	—	10,996
Total financial assets	8,882	11,206	2,170	22,258
Bear positions	3,243	—	—	3,243
Derivatives	—	749	—	749
Total financial liabilities	3,243	749	—	3,992

Included in the fair value of financial instruments carried at fair value on the Balance Sheet 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).

There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting such uncertainties and are deducted from the fair value produced by the models or other valuation techniques.

All models used for valuation undergo an internal validation process before they are approved for use.

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

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 2009 £ 000	*Losses recorded in profit or loss £ 000*	*Purchases and transfers £ 000*	*Sales and transfers £ 000*	*At 31 December 2009 £ 000*
Total financial assets	1,991	(65)	1,019	(775)	2,170

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 Balance Sheet are reasonable and the most appropriate at the Balance Sheet date.

24. Regulatory Capital

The Group's lead regulator is the Financial Services Authority (FSA). Three of the Group's operating subsidiaries are regulated by the FSA which imposes a minimum level of regulatory capital which must be maintained by each company and also an overall level of regulatory capital which must be maintained by the Group.

As a result of the Group's history of strong organic growth, retained reserves have been the primary source of capital resources. The Group's balance sheet is strong and it continues to generate cash from its operations.

Capital resources are largely comprised of share capital and reserves, net of intangible assets and own shares. Capital requirements are derived from credit risk, market risk and operational risk considerations. Capital resources, capital requirements and surplus capital at the balance sheet dates were as follows:

	2009 *£'000*	*2008* *£'000*	*2007* *£'000*
Group			
Capital resources	74,996	64,102	79,911
Less Capital Resources Requirement	(15,138)	(12,433)	(17,262)
Surplus capital resources	59,858	51,669	62,649

25. Acquisitions

On 25 September 2009 the Group's interest in Puma Brandenburg Limited ("PBL") increased to 94.97 per cent. by way of an amalgamation under Guernsey law. This acquisition was undertaken to give PBL a shareholder base which was able to provide it with the strategic support necessary to enable it to capitalise upon the value of its assets in the longer term.

Prior to the amalgamation, the Group had a holding which it had acquired for a consideration of £10,167,000. The amalgamation included a cash payment to external shareholders which was funded from PBL's cash resources. The fair value of the assets acquired was £676,122,000 and the fair value of the liabilities associated with these assets was £602,809,000. The fair value of the net assets acquired exceeded the consideration paid and consequently created negative goodwill of £63,146,000 which has been credited in the Consolidated Income Statement.

During the period from acquisition to the year end, PBL generated £3,497,000 of profit after tax which has been credited in the Consolidated Income Statement, and a net loss from cash flow hedges and exchange differences of £25,000 which has been charged in the Statement of Comprehensive Income.

As at 31 December 2009 the assets relating to this acquisition were £578,815,000 and the liabilities associated with these assets were £512,197,000.

The underlying assets and associated liabilities of PBL are all denominated in Euros

Following the year end the company announced proposals to demerge these assets and associated liabilities (see Note 26b).

26. Events After the Balance Sheet Date

a) ***Scheme of Arrangement***

On 18 February the Company announced proposals involving a scheme of arrangement (the "scheme") relating to the corporate structure and organisation of the Group. These proposals include demerging the Group's interest in Puma Brandenburg and establishing new holding companies, Shore Capital Group Limited and Puma Brandenburg Holdings Limited, to hold the two separated businesses. The proposals also involve creating a split capital structure in Puma Brandenburg Holdings Limited.

It is intended to apply for Shore Capital Group Limited's shares to be admitted to trading on AIM. In the case of Puma Brandenburg Holdings Limited, it is intended that both its "income" and "capital" shares will be listed on the Euro MTF (a Luxembourg Stock Exchange).

The scheme proposals were approved by shareholders at a meeting held on 8 March 2010 and, subject only to sanction by the courts, it is anticipated that the proposals will become effective on 26 March 2010.

b) ***Buyback of shares***

During the period from 1 January 2010 to the date of signing these accounts, the Company repurchased 7,333,560 ordinary shares of 2p each to hold in its treasury, at an average price of 38.9p. The total cost in the period was £2,855,000.

PART 4

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in Part 1 of this Document, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Subsidiaries, investments and principal establishments

2.1. The Company is the holding company of the Group. Shore Capital Stockbrokers Limited, Shore Capital and Corporate Limited, Shore Capital Limited and Shore Capital International Limited are its principal operating companies. The significant subsidiaries and subsidiary undertakings of the Company on Admission are as follows:

Company	*% of share capital owned by the Company or a wholly-owned subsidiary incorporation*	*Place of incorporation*
Shore Capital Group plc	100.0	England and Wales
Shore Capital Markets Limited	79.1	England and Wales
Shore Capital Stockbrokers Limited	79.1	England and Wales
Shore Capital and Corporate Limited	79.1	England and Wales
Shore Capital Finance Limited	100.0	England and Wales
Shore Capital Limited	100.0	England and Wales
Shore Capital International Limited	100.0	England and Wales
Shore Capital Investments Limited	100.0	England and Wales
Shore Capital Treasury Limited	100.0	England and Wales
Shore Capital Trading Limited	100.0	England and Wales
Shore Capital (Japan) Limited	100.0	England and Wales
Pebble Investments Limited	100.0	Guernsey
Puma Property Advisors Limited	100.0	Guernsey
Puma Property Investment Advisory Limited	100.0	Guernsey
JellyWorks Limited	100.0	England and Wales
The Lily Partnership LLP	80.0	England and Wales
Puma Nominees Limited	100.0	England and Wales
Shore SFK Limited	39.5	Cayman

2.2. The principal activities of the Group are the provision of investment banking and asset management services, principal finance and property. The principal function of the Company is that of a holding company.

3. Incorporation, activity and share capital

3.1. *Incorporation and registered office*

3.1.1. The Company was incorporated and registered in the Island of Guernsey on 18 January 2010 as a company limited by shares under the Law with company number 51355 and with the name Shore Capital Group Limited.

3.1.2. The Company's registered office and principal place of business is at Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3RH. The telephone number of the principal place of business is 01481 723450.

3.1.3. The liability of the members of the Company is limited.

3.1.4. The accounting reference date of the Company is 31 December.

3.1.5. The Company has no administrative, management and supervisory bodies other than its Board, the remuneration committee and the audit committee, none of which has members other than Directors of the Company.

3.1.6. The principal legislation under which the Company operates is the Law and regulations made thereunder.

3.2. The following changes in the share capital have occurred between incorporation of the Company and 22 March 2010 (being the latest practicable date prior to publication of this Document):

3.2.1 On 18 January 2010 the initial subscriber of the Company, CO 1 Limited, subscribed for one ordinary share of no par value.

3.2.2 On 8 February 2010, pursuant to the member's written resolutions:

3.2.2.1 the one ordinary share issued to CO 1 Limited was converted into one redeemable share of no par value;

3.2.2.2 the Directors were authorised to allot the "A ordinary shares" and the "B ordinary shares";

3.2.2.3 the Company was authorised to make market acquisitions of its own shares from time to time, either for cancellation or for retention in treasury on the following terms: that the maximum number of shares over which the authority extends is such number as shall equal 14.99 per cent. of the Company's Net Issued Share Capital as at the date on which the Scheme becomes effective; the minimum price which may be paid for a share is £0.01 (one pence); the maximum price which may be paid for a share is 5 per cent. above the average of the market value of those shares for the 5 business days before the purchase is made; and the authority shall expire at the conclusion of the Company's annual general meeting in 2011 or, if earlier, fifteen months from the date of the said written resolutions unless varied, renewed or revoked prior to such date; and

3.2.2.4 the Company adopted the Articles.

3.2.3 On 26 March 2010, pursuant to the member's written resolution passed on 8 February 2010, and conditional upon the Scheme becoming effective:

3.2.3.1 the Company will issue the "A ordinary shares" and the "B ordinary shares";

3.2.3.2 the subscriber's one redeemable share will be redeemed by the Company;

3.2.3.3 the Company will effect a reduction in capital in respect of the "B ordinary shares"; and

3.2.3.4 the "A ordinary shares" will be redesignated as Ordinary Shares.

3.3. Save as disclosed in paragraph 3.2 above and the paragraphs below:

3.3.1. no share or loan capital of the Company or any other member of the Group has, since the date of its incorporation, been issued or agreed to be issued, or is now proposed to be issued fully or partly paid, either for cash or for a consideration other than cash, to any person;

3.3.2. no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

3.3.3. no share or loan capital of the Company or any other member of the Group is under option or agreed conditionally or unconditionally to be put under option.

3.4. The Ordinary Shares rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this Document.

3.5. The ISIN number for the Ordinary Shares is GG00B639HB55.

3.6. The Ordinary Shares are in registered form. Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

3.7. The Ordinary Shares have no nominal or par value. The liability of a Shareholder is limited to any amounts which are payable but remain unpaid on subscription of those Ordinary Shares held by that Shareholder.

3.8. There are no listed or unlisted securities issued by the Company not representing share capital.

3.9. The Company has 245,248,371 Ordinary Shares in issue. No Ordinary Shares are held by or on behalf of the Company or any of its subsidiary undertakings.

3.10. The currency of the Ordinary Shares is pounds sterling.

3.11. Pursuant to the Scheme, the Ordinary Shares will be issued in consideration for the cancellation of the Existing Ordinary Shares.

3.12. Save as disclosed in paragraph 3.11 above, none of the capital of the Company has been paid for with assets other than cash within the period covered by the historical financial information.

3.13. No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

4. Memorandum and articles of incorporation

Memorandum of Incorporation

The memorandum of incorporation of the Company does not provide for any restrictions on the objects of the Company. Accordingly, the objects of the Company are unrestricted. The Company is incorporated as a non-cellular company within the meaning of section 2(1)(c) of the Law and as such is incorporated with an unlimited number of shares of no par value.

Articles of Incorporation

The Articles include, *inter alia*, provisions to the following effect:

4.1 *Variation of rights*

Pursuant to the Articles, any rights attaching to a class of shares may be varied with the consent in writing from the holders of at least three-quarters in value of the issued share capital of that class (excluding any shares held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of that class sanctioning the variation.

4.2 *Alteration of capital*

The Company may by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(b) sub-divide its shares, or any of them, into shares of a smaller amount (subject to the provisions of Guernsey law) and the resolution may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have preferred, deferred or other special rights, or be subject to such restrictions, as the Company has power to attach to unissued or new shares; and

(c) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by a person.

Subject to the provisions of Guernsey law, the Company may, acting by its directors, reduce its share capital or convert all or any class of its shares into redeemable shares.

4.3 *Transfer of Shares*

Subject to Guernsey law, shares shall be issued and allotted in registered form and may be issued certificated or uncertificated as the Directors may in their absolute discretion determine.

Each Shareholder may transfer all or any of his shares by instrument of transfer, in the case of certified shares, in any usual form or in any other form approved by the Directors. Such instrument shall be signed by or on behalf of the transferor and in the case of shares which are not fully paid up, by or on behalf of the transferee. In relation to uncertificated shares, references in the Articles to instruments of transfer include instructions and/or notifications made in accordance with the relevant system relating to the transfer of such shares. The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share in certificated form unless: (a) it is in respect of a share which is fully paid up; (b) it is in respect of a share upon which Shore has no lien; (c) it is in respect of only one class of share; (d) it is in favour of a single transferee or not more than four joint transferees; (e) it is delivered for registration to the registered office of the Company or such other place as the Directors may from time to time determine, accompanied, except in the case of a transfer by a recognised person where a certificate has not been issued, by the certificate (if any) for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and (f) in the case of partly paid shares which are listed, any refusal prevents dealings in the shares taking place on an open and proper basis.

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of CREST. The registration of transfers may be suspended at such times and for such periods as the Directors may decide and either generally or in respect of a particular class of share except that, in respect of any shares which are participating shares held in an uncertificated system, the register of members shall not be closed without the consent of the approved Operator (as defined in the Regulations).

Where any shares are, for the time being, admitted to settlement by means of CREST, such securities may be issued in uncertificated form in accordance with and subject as provided in the Regulations. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of CREST and as provided in the Regulations. The Company shall comply in all respects with the Regulations and no provision of the Articles shall apply so as to require the Company to issue a certificate to any person holding such shares in uncertificated form.

4.4 *Purchase of Shares*

The Company may from time to time, subject to the provisions of Guernsey law, purchase its own shares (including any redeemable shares) and may hold any such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed any maximum or limit prescribed by Guernsey law.

4.5 *Balance certificate*

Where some only of the shares comprised in a share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance issued, free of charge.

4.6 *Dividends and Reserves*

The Directors may from time to time declare and pay dividends, including interim dividends, to the shareholders as appear in accordance with Guernsey law to be justified. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof. All dividends unclaimed on the earlier of (a) seven years after the date when it first became due for payment and (b) the date on which the Company is wound up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company. The Directors may create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

4.7 *Suspension of rights*

If a direction notice (a notice issued by the Company requiring the disclosure of interests in shares under the Articles) has been served on a member or a person appearing to be interested in shares ("Shares") and the Company has not received the information required in respect of the Shares within the period stipulated by the Board after the service of the direction notice (28 days save where the shares represent at least 0.25 per cent. of the number of shares in issue of that class in which case the notice period is 14 days) then the Board may determine:

(a) the member holding the Shares shall not be entitled, in respect of the Shares, to vote (either personally, or by proxy or otherwise) at a general meeting or at a separate general meeting of the holders of a class of shares, or on a poll or to exercise any other right in relation to a general meeting or a separate class meeting;

(b) where Shares represent at least 0.25 per cent. of the number of Shares of that class in issue, no transfer of the Shares shall be effective or shall be recognised by the Company (subject to certain exceptions); and

(c) no dividend or other sums which would otherwise be payable on or in respect of the Shares shall be paid to the member holding the Shares.

Any direction notice shall have effect in accordance with its terms for so long as the default in respect of which it was issued continues but shall cease to have effect in relation to any shares transferred pursuant to any approved transfer.

4.8 *Return of capital*

On a winding-up, shareholders shall be entitled to share in the surplus assets of the Company divided among the members in proportion to the amounts of capital paid up on the shares held by them respectively.

4.9 *Share issue*

Subject to the provisions of the Articles, and without limiting the rights attached to existing shares, a share may be issued with the rights and restrictions determined by the Board.

4.10 *Pre-emption rights*

The Company must offer all shares to be issued for cash to existing holders of shares on a *pro rata* basis unless the approval of the shareholders in a general meeting is obtained (by special resolution). The pre-emption rights do not apply to the allotment of shares for non-cash consideration nor do they apply to any share in the Company the subject of any option granted by the Board to any officer or employee of the Company or the Group, or any other person.

4.11 *General meetings*

The Company shall hold an annual general meeting (in addition to any other general meetings) in accordance with the requirements of Guernsey law. The annual general meeting shall be held at such time and place as the Board shall appoint.

An annual general meeting shall be called by at least 10 clear days' notice and all other general meetings shall be called by at least 10 clear days' notice.

On a members' requisition under Guernsey law, the Board shall convene a general meeting within 21 days from the date on which they become subject to the requirement and to be held on a date not more than 28 days after convening the meeting.

The accidental omission to give notice (or any document intended to accompany any notice) to, or non-receipt of notice (or any document intended to accompany any notice) by, any person entitled to it shall not invalidate the proceedings at any general meeting.

The notice shall specify the time, the day and the place of the meeting and the general nature of the business or the text of the resolutions to be proposed and if a resolution is to be proposed as a special resolution, the notice shall contain a statement to that effect. In the case of an annual general meeting, the notice shall specify the meeting as such.

On each notice there shall appear with reasonable prominence a statement that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, and that a member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

Notice of a meeting shall be given to all the members (other than members not entitled to receive the notice), to all persons entitled to a share as a result of the death or bankruptcy of a member, to the Directors and to the auditors.

No business shall be transacted at a general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum does not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting.

Save as otherwise provided by the Articles, two members present in person or by proxy and entitled to vote constitute a quorum for all purposes (or where there is a single member, that member present in person or by proxy).

If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. It shall otherwise be adjourned to such other day, time and place which the chairman determines. If at the adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

The chairman, if any, of the Board, or in his absence the Deputy Chairman or Vice Chairman, shall preside as chairman of the meeting. If neither the chairman nor the Deputy Chairman or Vice Chairman is present within 5 minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present may choose one of the Directors who is present to be chairman.

If no Director is willing to act as chairman or if no Director is present, the members present and entitled to vote may choose one of their number to be chairman.

The chairman may, with the consent of the meeting at which a quorum is present (and shall, if directed by the meeting to do so), adjourn the meeting either indefinitely or to another time or place.

In the case of a proposed resolution, no amendment to it (other than a clerical amendment to correct a patent error) may be considered or voted on.

A resolution put to the vote of a meeting shall be decided on a show of hands unless in advance of the meeting or before the show of hands, or on the declaration of the result of it, a poll is demanded:

(a) by the chairman;

(b) by not less than five members having the right to vote at the meeting; or

(c) by a member or members representing not less than one-tenth of the total voting rights,

and the appointment of a proxy to vote on a matter at a meeting of the Company authorises the proxy to demand, or join in demanding, a poll on the matter.

Subject to the Articles and to rights or restrictions attached to shares, on a show of hands every member present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for each share he holds.

4.12 *Directors*

Unless otherwise determined by the Board, the number of Directors shall be not less than three nor more than 12.

The aggregate ordinary remuneration of the Directors (other than Directors holding executive office) shall not exceed £200,000 per annum (subject to upwards adjustment in line with any percentage increase in the retail prices index) or such higher amount as may from time to time be determined by ordinary resolution. Any fee shall be in addition to or in lieu of any remuneration payable to a Director as the Directors in their discretion determine by reason of his appointment to any executive office or payable to a Director who performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director. The Directors may be paid all expenses properly incurred by them in connection with their services.

At every annual general meeting of the Company, one-third of the Directors (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or re-appointed, if he would not otherwise fall within the Directors to retire by rotation.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) a Director who wishes to retire and not offer himself for re-election. The further Directors to retire shall be those of the other Directors who have been longest in office since their appointment or last reappointment but, as between persons who become or were last reappointed Directors on the same date, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

At the meeting at which a Director retires by rotation, the Company may fill the vacated office. The retiring Director may be put forward for re-appointment.

A Director who retires at an annual general meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

Subject to the Articles, the Directors may appoint a Director to an executive office in the Company. The appointment may be on the terms the Directors determine.

The appointment of a Director to an executive office terminates if he ceases to be a Director, but without prejudice to any claim he has for breach of his contract of employment.

The Directors may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or otherwise, for any person who is or who has at any time been a Director (and for any of his relations or dependants).

The Directors may exercise a power conferred by the Articles to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or a subsidiary undertaking.

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control or influence exercisable by the Company in relation to its subsidiaries with a view to securing that the aggregate amount remaining un-discharged of all sums borrowed by the Company and any of its subsidiaries (exclusive of intra-group borrowing) shall not, except with the previous sanction of an ordinary resolution, exceed an amount equal to four times the adjusted share capital and consolidated reserves.

For this purpose, the adjusted share capital and consolidated reserves shall be an amount equal to the aggregate of the amounts standing to the credit of the share capital account of the Company, the consolidated capital and revenue reserves (including any share premium account or capital redemption reserve fund) and the consolidated profit and loss account of the Company and its subsidiaries, all as shown in the latest audited consolidated accounts of the Company and its subsidiaries, but adjusted as may be necessary to take account of an increase in, or reduction of, the share capital or reserves since the date to which the consolidated balance sheet has been made up and deducting any distributions by the Company or any subsidiary recommended, declared or paid since that date and not provided for in the balance sheet and deducting amounts attributable to goodwill and making any other adjustments which the auditors, after consultation with the Company, consider appropriate.

4.13 *Indemnity*

To the fullest extent permitted by Guernsey law, the Company may indemnify any Director or other officer or employee of the Company or any director of any subsidiary against any liability.

The Company shall be entitled to purchase and maintain for any such Director, officer or for employees of the Company insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to the Company or any other company, subsidiary undertaking, pension fund or employee benefits trust; and, to such extent as may be permitted by law, otherwise to indemnify or to exempt any such person against or from any such liability as the Directors shall determine.

4.14 *Directors' Interests*

Subject to the provisions of Guernsey law, and provided that he has disclosed to the other Directors the nature and extent of any interest of his, a Director notwithstanding his office: (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested; (b) may act by himself or through his firm in a professional capacity for the Company, otherwise than as Auditor and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and (d) shall not by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Subject to Guernsey law and to the provisions of the rules of any applicable recognised investment exchange, a Director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he has declared an interest and may vote thereon. A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company.

4.15 *Untraceable Members*

The Company shall be entitled to sell at the best price reasonably obtainable any share of a shareholder or any shares to which a person is entitled by transmission on death or bankruptcy or otherwise by operation of law if and provided that: (a) for a period of twelve years no cheque or warrant sent by the Company has been cashed and no communication has been received by the Company from the shareholder or the person so entitled provided that in such period of 12 years, the Company has paid out at least three dividends; (b) the Company has at the expiration of the said period of twelve years by advertisement in a national daily newspaper and a newspaper circulating in the area in which the address referred to in (a) above is located given notice of its intention to sell such shares; and (c) the Company has not during a further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the shareholder or person so entitled. To give effect to any such sale the Directors may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former shareholder or other person previously entitled as aforesaid for an amount equal to such proceeds as his debtor. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and, subject as stated, the net proceeds may be employed for the benefit of the Company which shall not be required to account to the member entitled to the share for any amounts earned on the net proceeds.

4.16 *Lien & Forfeiture*

The Company shall have a first and paramount lien (extending to all dividends payable) on all shares not being fully paid, for all sums payable in respect of such shares and for all debts and liabilities of the holder to the Company. The Company may sell in such manner as the Directors think fit any share over which it has a lien (but only after the expiration of 14 days notice in writing of intention to sell given to the holder).

The Company may forfeit any share if the holder fails to pay up such sums due in respect of that share.

4.17 *Ownership thresholds*

The Articles provide that any Shareholder who acquires or ceases to have an interest equal to 3 per cent. of the Ordinary Shares in the Company must notify the Company of such interest or disposal. The obligation of disclosure also arises if there is an increase or decrease in the percentage level. If the percentage level is not a whole number, it shall be rounded down to the next whole number.

4.18. *Disclosure and Transparency Rules*

The Articles contain provisions relating to the disclosure of interests pursuant to Rule 5 of the Disclosure and Transparency Rules.

4.19. *General*

There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change in control of the company.

There are no conditions in the Articles governing changes in capital which are more stringent than any condition required by law.

5. Directors' interests

5.1. None of the Directors has any beneficial interest in the Ordinary Shares as at 22 March 2010 (being the latest practicable date prior to the publication of this Document). The table below shows the beneficial interests of the Directors in the Ordinary Shares as at Admission.

Directors

Name	*Number of Ordinary Shares*	*% of Ordinary Shares**
Howard Shore	100,293,700	40.89
Zvi Marom	501,521	0.20
James Rosenwald III	0	0.00
Christopher Cochrane	0	0.00

* Assuming the total number of Ordinary Shares in issue at Admission is 245,248,371.

5.2 At Admission, Kings Bay Investment Company Limited ("Kings Bay"), will have a beneficial interest in 2,532,000 Ordinary Shares (1.03 per cent. assuming the total number of Ordinary Shares in issue at Admission is 245,248,371). Kings Bay has an investment advisory agreement with Rosenwald Capital Management, Inc., a company which is controlled by James Rosenwald III, to provide discretionary investment management services to Kings Bay. Under the terms of the investment advisory agreement, Rosenwald Capital Management, Inc. has voting control over the Ordinary Shares held by Kings Bay.

5.3. Details of the share options outstanding held by Directors as at 22 March 2010 (being the latest practicable date prior to the publication of this Document) are as follows:

Director	*Number of options over unissued Ordinary Shares*	*Date of grant*	*Exercise price per Ordinary Share*	*Exercise date*
Howard Shore	5,921,990	15/01/02	20.5p	Before 31/12/15

5.4. Neither the Directors nor any members of their families hold any related financial products (as defined in the AIM Rules) referenced to the Ordinary Shares.

5.5. As at 22 March 2010 (being the latest practicable date prior to publication of this Document) CO 1 Limited is interested in the entire issued share capital of the Company. The table below shows the interests of persons (other than the Directors) who, as at Admission will, directly or indirectly, be interested in three per cent. or more of the issued share capital of the Company:

Name	*Number of Ordinary Shares*	*% of Ordinary Shares***
The J P Morgan Fleming Mercantile Investment Trust Plc	24,405,543	9.95
Graham Shore*	21,799,161	8.89
Aralon Resources and Investment Company Limited	14,083,000	5.74

* Predominantly held through a trust in which he is interested.

** Assuming the total number of Ordinary Shares in issue at Admission is 245,248,371.

5.6. None of the Shareholders referred to in paragraphs 5.1 to 5.5 above has different voting rights from any other holder of Ordinary Shares in respect of any Ordinary Shares held by them.

5.7. Save as regards the Shareholders set out in paragraphs 5.1 to 5.5 above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company or any other entity or person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

5.8. The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

5.9. No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

5.10. There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

6. Directors

6.1 The Directors currently hold, and have during the five years preceding the date of this Document held, the following substantive directorships and partnerships, other than of the Company:

Director	*Current directorships/partnerships*	*Past directorships/partnerships (held in last five years)*
Howard Shore	Oneestate Limited The Lily Partnership LLP British Friends of the Hebrew University of Jerusalem Puma Hotels plc Puma Brandenburg Limited Shore Capital Stockbrokers Limited Shore Capital Limited Shore Capital Investments Limited Shore Capital Trading Limited Shore Capital Markets Limited Shore Capital International Limited Shore Capital (Japan) Limited Shore Capital Treasury Limited Shore Capital Group plc	Lawgra (No. 615) plc Tottenham Hotspur plc Dawnay Shore G.P. Limited Puma Property Advisors Limited Shore Capital and Corporate Limited Puma Theta Management (Cayman) Limited Shore Epsilon Limited The Weizmann Institute Foundation
Zvi Marom	B.A.T.M. (U.K.) Limited BATM Advanced Communications Ltd BTT Communication Technologies Ltd Netwiz Ltd Resolute Technologies Ltd Cat Technologies Ltd I.C.Port Ltd N.G.Soft Ltd BATM Mekarkein Ltd Telco Systems Inc Vigilant Technology Ltd Sunstring Limited	Shore Capital Group plc
James Rosenwald III	Rosenwald Capital Management, Inc. Dalton Investments LLC Dalton Advisors KK Beach Front Properties LLC Beach Front Properties Management, Inc. Dalton Asia Fund Dalton Berlin Real Estate LLC Dalton Greater China Fund Kings Bay Investment Company Limited Prodigy Asia Emerging Markets Puma Property Advisors Limited Puma Property Investment Advisory Limited	Puma Brandenburg Limited Dalton Investments KK JMBO Fund Limited
Christopher Cochrane	Centras Capital Partners G.P. Limited Equilibrium Capital Limited IAG Private Equity Limited IAG TRUSTEES LIMITED MB Roding (Guernsey) Limited MB Thames (Guernsey) Limited Meyer Bergman (Guernsey) Limited	AGICM Limited AP Investment Europe Limited Audley Private Capital Management Limited Baring Communications Equity Limited

Director	*Current directorships/partnerships*	*Past directorships/partnerships (held in last five years)*
	Meyer Bergman European Retail Partners I GP Limited Pioneer Point Partners Limited Redford GP Guernsey Limited Redford Guernsey Limited Umbrellastream General Partner Limited	BB Biotech Ventures GP (Guernsey) Limited BCEE Advisers Limited BCEA Capital Limited BCEA Investments Limited CEA Private Equity Group Limited CIPEP GP Ltd. Coller International Partners III Limited Coller International Partners IV Limited Coller International Partners V Limited Coller Investment Management Limited Coller Private Equity Partners Limited Coller Verwaltangs GmbH Compass G.P. (Jersey) Limited Conversus GP, LIMITED Conversus Investment GP, LIMITED ECL Direct Limited Emerald Partners I Limited Emerald Partners II Limited Emerging Ventures Limited Endeavour G.P. (Guernsey) Limited Endeavour Partners GP Limited ESD Management III Limited ESD Management IV Limited ESD Managers Limited GLS (GP) Limited GMT (Avant) LLC GMT Exterior LLC GMT PA LLC GMT II General Partner LLC GMT II Special Limited Partner LLC GMT III Designated Limited Partner Limited GMT III General Partner Limited GMT III SPV Limited I.M. Feeder 1 Limited I.M. Feeder 2 Limited Industrial Mezzanine G.P. Limited MMP Holdings Limited Nexus Investments Limited P123 Limited P123 (C.I.) Limited

Director	*Current directorships/partnerships*	*Past directorships/partnerships (held in last five years)*
		P123 (C.I.) (Investments) Limited P123 (Investments) Limited P1234 Limited P1234 Investments Limited PESD Managers Limited Schroder Ventures Investment Holdings Limited SPG Private Investments Limited Spiegel Limited SV (Nominees) Limited SVIL Holdings (Barbados) Limited Unicapital II (Guernsey) Limited Unicapital III (Guernsey) Limited Unicapital IV (Guernsey) Limited Unicapital V (Guernsey) Limited

6.2 As at 22 March 2010, being the latest practicable date prior to the publication of this Document, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him/her or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or been the subject of a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;

(d) been a partner in a partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets which have been the subject of receivership;

(f) been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(g) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(h) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.3 The business address of the Directors is Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3RH.

6.4 In his capacity as executive director of the investment manager of Puma Brandenburg, James Rosenwald has since the inception of Puma Brandenburg been paid an annual fee equal to approximately 5.6 basis points of the value of Puma Brandenburg's gross assets from time to time, excluding cash and assets subject to a cash trap or default notice. These fees will continue to be paid for a period of two years from the date of Admission.

6.5 Save as disclosed above, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties.

7. Directors' service contracts

7.1. In relation to the financial year ended 31 December 2009, the remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Executive Chairman by any member of the Group were as follows:

Director	*Salary (£'000)*	*Bonus, commission and other income (£'000)*	*Pension contributions (£'000)*	*Benefits (£'000)*	*Aggregate remuneration (£'000)*
Howard Shore	200	975	0	35	1,210

7.2. The Directors' agreements are governed by Guernsey law. Details of the agreements are set out below, including the roles and the level of remuneration of the Directors.

Director	*Date of appointment*	*Emoluments of the directors (£)*	*Roles*
Howard Shore	20 January 2010	40,000	Executive Chairman
Zvi Marom	20 January 2010	40,000	Member of Remuneration and Audit Committees
James Rosenwald III	26 January 2010	40,000	Chairman of the Remuneration Committee and member of the Audit Committee
Christopher Cochrane	18 January 2010	20,000	Chairman of the Audit Committee and Company Secretary

The Directors are subject to confidentiality undertakings without limitation in time.

7.3. Other than notice, none of the Directors' service contracts or letters of appointment confer any benefits to the Directors in the event of termination.

8. Share Option Plan

The Group maintains the Share Option Plan, pursuant to which employees of the Group were granted options to subscribe for shares in Shore Capital Group plc. No new options may now be granted pursuant to its terms. These options now take effect over an equivalent number of Ordinary Shares in the Company. The exercise price of options granted pursuant to the Share Option Plan is no less than the market value of Shore Capital Group plc's shares at the time when the options were granted. Options are subject to continuing service within the Group and the options of the Directors generally do not vest until the end of three years from the date of grant. Thereafter, subject to the scheme rules, the options may be exercised until 31 December 2015 or, if later, until the tenth anniversary of their grant. As at 22 March 2010 (being the latest practicable date prior to publication of this document), there were 21,257,371 options in issue under the Share Option Plan, representing 8.67 per cent. of the expected aggregate number of Ordinary Shares in issue immediately following admission.

The Group does not currently operate any long-term incentive scheme other than the Share Option Plan.

9. Related party transactions

Save as disclosed in the financial information set out in Part 3 – "Financial Information on the Group" and this Part 4, there are no related party transactions between the Group and its related parties that were entered into during the financial years ended 31 December 2007, 2008 or 2009 and during the period between 1 January 2010 to 22 March 2010 (being the latest practicable date prior to the publication of this Document).

The Directors and all other staff of Shore Capital are entitled to deal in securities in accordance with in-house dealing rules and may do so through a Group subsidiary company at reduced commission rates. The Directors are of the opinion that such transactions are not material to either the Company or the individual concerned.

10. Employees

The Group has 115 employees, including the Directors.

The following table shows the number of employees of the Group as at Admission:

Investment Banking Activity	*Europe*	*United States*	*RoW*	*Total*
Securities	66	—	—	66
Corporate Advisory	12	—	—	12
Asset Management	33	—	—	33
Directors	2	1	1	4
Total	113	1	1	115

In addition, the Group has consultancy agreements with 4 persons who are authorised representatives of the Group's regulated entities.

11. Material contracts

There have been no contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company or another member of the Group: (i) within the two years immediately preceding the date of this Document which are or may be material to the Group; or (ii) at any time and contain obligations and entitlements which are, or may be, material to the Group as at the date of this Document.

12. Guernsey Taxation

The following statements are intended only as a general guide to current Guernsey tax law in respect of any Shareholder resident in Guernsey. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately. In particular any Shareholder resident in Guernsey is advised to consider the potential impact of any double tax agreements on their shareholding.

In response to the review carried out by the European Code of Conduct Group, the States of Guernsey have, with effect from 1 January 2008, abolished exempt status for tax purposes for a majority of companies in Guernsey and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business (including banking business) or where income is derived from the ownership of land and buildings situated in Guernsey.

The Company is resident for tax purposes in Guernsey and is subject to the company standard rate of income tax in Guernsey at zero per cent. provided the income does not include:

(A) income from banking business (subject to tax at 10 per cent.);

(B) income from trading activities regulated by the Office of the Director General of Utility Regulation (subject to tax at 20 per cent.); or

(C) income from the ownership of land and buildings situated in Guernsey (subject to tax at 20 per cent.).

A further consequence of the changes to the tax law is that there is now an obligation on the Company, when it makes distributions to Guernsey resident "beneficial members" and, in the case of certain deemed distribution events, where a Guernsey resident beneficial member owns more than one per cent. of the shares in the Company, to withhold and pay over tax at the rate of 20 per cent. on behalf of the members to the Director of Income Tax in Guernsey.

The liability to account for tax from the Company's distributions arises where the beneficial member is resident in Guernsey for Guernsey tax purposes. Provided the beneficial member is not resident in Guernsey then the Company's distributions can be paid free of withholding tax.

The Company will have a reporting requirement to file returns with the Director of Income Tax in Guernsey for both distributions or deemed distributions to Guernsey residents.

A deemed distribution will only occur if there is undistributed income which is assessable to Guernsey income tax and has not previously been distributed and where the recipient is a Guernsey-resident beneficial member who owns more than one per cent. of the Ordinary Shares. Undistributed income in this case will not include any income which has been taxed at 20 per cent. or higher in Guernsey or another jurisdiction.

Members resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Ordinary Shares owned by them.

Members who are resident in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid to them on Ordinary Shares. The Company will be required to treat any such dividend to a Guernsey resident beneficial member as being declared gross but paid net, and to pay the appropriate tax on the member's behalf to the States of Guernsey.

In keeping with its ongoing commitment to meet international standards, it is likely that the States of Guernsey will undertake a further review of its tax regime with the intention of implementing any required revisions to the regime in the period between 2011 and 2014. At this point in time, the key features of any revised regime have yet to be determined.

Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a profit tax on dwellings that are located in Guernsey), gifts, sales or turnover. There are no estate duties other than a small ad valorem fee for the grant of probate in Guernsey. No stamp duty is chargeable in Guernsey on the issue, transfer, conversion or redemption of shares.

13. UK Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of the UK HM Revenue & Customs ("HMRC"), and may not apply to certain classes of Shareholders, such as persons acquiring their Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes. They relate only to persons who are the absolute beneficial owners of Ordinary Shares and any dividends paid on them, are resident and (if individuals) ordinarily resident in the UK for tax purposes (except where stated otherwise) and who hold Ordinary Shares as investments and not as trading stock. The tax position of any Shareholder who, either alone or together with one or more connected or associated persons, controls directly or indirectly 10 per cent. or more of the voting power in the Company, or is a UK resident tax-exempt entity, or is an individual who is not UK domiciled, is not dealt with below and specific advice should be sought. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

It is intended that the Company will be operated so that it is not resident for tax purposes in the UK and will not be subject to UK tax other than to the extent that it receives interest or other payments made subject to deduction or withholding for or on account of UK tax. No such deduction or withholding will apply to dividends paid to the Company by Shore Capital Group plc.

13.1. ***Dividends***

Subject to the below, any Shareholder who is resident in the UK will generally be subject to UK income tax or corporation tax in respect of any dividends received on the Ordinary Shares.

Corporate shareholders whose shareholding in the Company is less than 10 per cent. will, subject to certain other conditions being met, generally be exempt from UK corporation tax in respect of any dividends received on the Ordinary Shares.

Individual Shareholders whose shareholding in the Company is less than 10 per cent. will, subject to certain other conditions also being met, be entitled to a non-payable tax credit of one ninth of the amount of the dividend, which is equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the “gross dividend”), and will be subject to income tax on the gross dividend.

The remainder of this paragraph assumes the tax credit is available. An individual Shareholder who is subject to income tax at the basic tax rate will be liable to tax on the gross dividend at the rate of 10 per cent. so that the tax credit will satisfy the income tax liability of such a Shareholder in full. An individual Shareholder will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated, broadly speaking, as the top slice of that Shareholder’s income, falls above the threshold for higher rate income tax. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will therefore be liable to an additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the amount of the dividend received. From April 2010, individuals will be subject to income tax at the rate of 50 per cent. on income exceeding £150,000. Dividends falling within this new additional rate band will be taxed at the rate of 42.5 per cent. of the amount of the gross dividend. After taking into account the 10 per cent. tax credit, a higher rate tax payer will therefore be liable to an additional income tax of 32.5 per cent. of the gross dividend, equal to 36.1 per cent. of the amount of the dividend received.

Dividends paid to the Company by companies resident in the UK will be paid without any liability to UK withholding tax but the Company will not be entitled to, nor be able to claim repayment of, any tax credit in respect of such dividends. Interest and other income received by the Company which has a UK source may be paid subject to UK withholding tax at the rate of 20 per cent.

13.2. ***UK stamp duty and stamp duty reserve tax (“SDRT”)***

There is generally no liability to UK stamp duty or SDRT on the issue of Ordinary Shares by the Company.

Any instrument effecting or evidencing the transfer of the Ordinary Shares which is executed in the UK may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK unless duly stamped. Any instrument of transfer executed outside the UK which relates to any matter or thing done, or to be done, in the UK may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK, unless duly stamped after it has first been received in the UK. The rate of stamp duty is 0.5 per cent. of the value of the consideration for the transfer. Interest on the stamp duty will accrue from 30 days after the date the instrument was executed. As a general matter, no liability to UK stamp duty should arise on a transfer of Ordinary Shares where any instrument effecting or evidencing the transfer is executed outside the UK.

No charge to SDRT will arise in relation to the uncertificated transfer of the Ordinary Shares within CREST or in respect of an agreement to transfer Ordinary Shares not effected within CREST.

13.3 ***Capital gains***

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant tax year) either resident or, in the case of an individual, ordinarily resident for tax purposes in the UK or who is not UK resident but carries on a trade, profession or vocation in the UK through (in the case of an individual) a branch or agency or (in the case of a corporate Shareholder) a permanent establishment to which the Ordinary Shares are attributable, may, depending on the Shareholder’s circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains at the current rates of 18 per cent. for Shareholders subject to capital gains tax and 28 per cent. (or lower if the Shareholder is subject to the small companies' rate) for Shareholders subject to corporation tax. An individual Shareholder who ceases to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of the Ordinary Shares during that period may also be liable on his return to UK capital gains tax (subject to any available exemptions or reliefs).

For a Shareholder within the charge to corporation tax, indexation allowance on the cost of the Ordinary Shares may be available to reduce the amount of chargeable gain realised on a subsequent disposal. No indexation allowance is available to individual Shareholders.

13.4. ***Inheritance tax***

UK inheritance tax may be chargeable on the death of, or on a gift of Ordinary Shares by, a Shareholder. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to trustees of settlements who hold Ordinary Shares. Potential investors should consult an appropriate professional adviser if they make a gift or transfer at less than full market value or if they intend to hold Ordinary Shares through trust arrangements. Special rules apply to a Shareholder who is not deemed to be domiciled in the UK for inheritance tax purposes and, because the Ordinary Shares are foreign assets for such purposes, these charges may not apply to such a Shareholder or to trusts established by him. Such a Shareholder should consult an appropriate adviser.

The above comments are intended as a summary only and any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

14. Restrictions on free transferability, mandatory bid, squeeze out and sell out rules

14.1. Save as set out below, the Ordinary Shares will be freely transferable.

14.2. The Company may, under the Articles, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its Ordinary Shares, asking for details of those who have an interest and the extent of their interest in a particular holding of Ordinary Shares.

14.3. When a person receives a statutory notice and fails to provide any information required by the notice within the reasonable time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of the Ordinary Shares which are the subject of the statutory notice, is void. Once a restriction notice has been given, the Directors are free to cancel it or exclude any Ordinary Shares from it at any time they think fit.

14.4. The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid or on which the Company has a lien.

14.5 If Ordinary Shares are held by any person and which may result in the Company suffering liability to taxation or fiscal disadvantage which the Company would not otherwise have incurred the Board may require such person to sell or transfer his Ordinary Shares within 30 days.

14.6. A person is required by the Articles to notify the Company if he has a "notifiable interest" in holdings of 3 per cent. or more of the Company's total voting rights. The obligation also arises if such holdings change to reach, exceed or fall below every 1 per cent. increment above 3 per cent. of the Company's total voting rights. "Notifiable interests" in this context include both direct and indirect interests in the voting rights of the Company, and financial instruments which give the holder the formal entitlement to acquire shares with voting rights attached. The obligations to notify the Company as aforesaid are subject to certain exceptions set out in the Articles.

14.7. The Company is currently subject to the City Code on Takeovers and Mergers.

14.8. ***Mandatory bid***

Under the Code, if an acquisition of shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to shares carrying 30 per cent. or more of the voting rights of the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Takeover Panel) to make a cash offer for the shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such mandatory cash offer would also arise on the acquisition of shares by a person holding (together with its concert parties, (if any)) shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any). Your attention is particularly drawn to the risk factor "Ownership Structure of Shore Capital" contained in the section entitled "Risk Factors" in Part 2 of this Document.

14.9. ***Squeeze-out rules***

Under the Law, if a person who has made a general offer to acquire shares (the "offeror") were to acquire, or contract to acquire, 90 per cent. or more of the shares which are the subject of such offer within 4 months of making its offer, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice within 2 months after the expiration of the said 4 month period to outstanding shareholders informing them that the offeror will compulsorily acquire their shares and, one month after said notice to acquire, executing a transfer of the outstanding shares in the offeror's favour and paying the consideration. The consideration and terms offered to those shareholders whose shares are compulsorily acquired under the Law must be the same as the consideration and terms that were available under the general offer.

15. Litigation

Neither the Company nor any other member of the Group is, or has been, involved in any governmental, legal or arbitration proceedings which may have or have had in the 12 months preceding the date of this Document a significant effect on the Company's financial position or profitability or the financial position or profitability of the Group as a whole and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or any other member of the Group.

16. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the 12 months from the date of Admission.

17. Significant change

The Directors confirm that, save for the completion of the Demerger described in paragraph 1 of Part 1 and the narrative in current trading and prospects in paragraph 6 of Part 1 of this Document, there has been no significant change in the financial or trading position of Shore Capital since 31 December 2009, the date to which the Company's annual results were prepared.

18. Auditors

18.1. The historical financial information set out in Part 3 of this Document has been extracted from the audited, statutory accounts of Shore Capital Group plc for each of the three financial years ended 31 December 2007, 31 December 2008 and 31 December 2009.

18.2. Deloitte LLP, whose registered address is 2 New Street Square, London, EC4A 3BZ, issued an unqualified audit report on the statutory accounts of Shore Capital Group plc for the financial year ended 31 December 2007.

18.3. Ernst & Young LLP, whose registered address is 1 More London Place, London, SE1 2AF, was appointed auditor to Shore Capital Group plc on 19 December 2008 and issued an unqualified audit report on the statutory accounts of Shore Capital Group plc for each of the financial years ended 31 December 2008 and 31 December 2009, and are independent. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales as a limited liability partnership under the number OC300001.

19. General

19.1. The expenses relating to the Introduction, including the London Stock Exchange fee, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £275,000.

19.2. Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

19.2.1. received, directly or indirectly from the Company within the 12 months preceding the application for Admission; or

19.2.2. entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more;

(b) securities of the Company where these have a value of £10,000 or more calculated by reference to the expected opening price; or

(c) any other benefit with the value of £10,000 or more at the date of Admission.

19.3. Deloitte Corporate Finance, a division of Deloitte LLP, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this Document of its name and the references thereto in the form and context in which they appear. Deloitte Corporate Finance is acting exclusively for the Company in connection with the Admission and not for any other persons. Deloitte Corporate Finance will not be responsible to any persons other than the Company for providing the protections afforded to customers of Deloitte Corporate Finance or for advising any such person in connection with the Admission.

19.4. Deloitte LLP, which is a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales as a limited liability partnership under number OC303675 and its registered office is at 2 New Street Square, London, EC4A 3BZ.

19.5. Shore Capital Stockbrokers Limited has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear. Shore Capital Stockbrokers Limited is acting as broker to the Company and no one else in connection with the Admission and will not regard any other person as its client or be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital Stockbrokers Limited or for providing advice in relation to the Admission or any matter referred to herein.

19.6. The registrar of the Company is International Administration (Guernsey) Limited, PO Box 282, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RH.

19.7. The CREST Service Provider of the Company is Computershare Investor Services (Jersey) Limited, PO Box 83, Ordnance House, 31 Pier Road, Jersey, JE4 8PW and will, in relation to the Ordinary Shares in certificated form, be responsible for keeping the Company's share records.

19.8. The Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made.

19.9. Save as disclosed in this Document, no payments aggregating £10,000 or more have been made by or on behalf of the Company to any governmental or regulatory authority or similar body with regard to the acquisition of, or maintenance of, its assets.

19.10. Save as disclosed in this Document, the Company does not hold a proportion of the capital of any undertaking likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

19.11. Where information contained in this Document has been sourced from a third party, the Directors confirm that such information has been accurately reproduced and, so far as they are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.12. There is no agreement, arrangement or understanding whereby the beneficial ownership of any Ordinary Shares will be transferred to any other person.

19.13. Particulars of all existing service contracts and letters of appointment between the Company and the Directors are set out in paragraph 7 of Part 4 of this Document.

19.14. Save as disclosed in this Document, the Company has no principal investments for the period covered by the historic financial information contained in this Document and has no principal investments in progress and no principal future investments in relation to which it has made a firm financial commitment.

19.15. Save as disclosed in this Document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

19.16. Save as disclosed in this Document, the Directors are not aware of any exceptional factors that have influenced the Company's activities.

19.17. Save as disclosed in this Document, there are no known trends, uncertainties, demands or events that are reasonably expected to have a material effect on the Group's prospects for at least the current financial year.

19.18. Save as disclosed in this Document, as far as the Directors are aware, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

19.19. The Company has entered into a lease agreement in relation to a property situated in Guernsey with an annual rent of £65,000. The term of such lease is two years and 22 days commencing on 25 March 2010 with an option permitting the Company to terminate the lease with effect on 15 April 2011. Save as otherwise disclosed in this Document, the Company does not have any interest in any property or any liability in relation to any property.

19.20. There are no specified dates on which entitlements to dividends or interest thereon by the Company arise and there are no arrangements in force for the waiver of future dividends.

19.21. The Company is not aware of the existence of any takeover bid or circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

"2006 Act"	the UK Companies Act 2006 (as amended)
"Admission"	the admission of the Ordinary Shares to trading on AIM
"Admission Document"	this document
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, published by the London Stock Exchange, from time to time
"Audit Committee"	the Company's audit committee
"Articles"	the articles of incorporation of the Company from time to time
"Board" or "Directors"	the board of directors of the Company
"Code"	the City Code on Takeovers and Mergers
"Combined Code"	the Combined Code on Corporate Governance published in June 2008 by the Financial Reporting Council
"Company"	Shore Capital Group Limited, a company limited by shares incorporated in the Island of Guernsey with company number 51355 and whose registered office is at PO Box 282, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RH
"Computershare Investor Services"	Computershare Investor Services (Jersey) Limited, the Company's CREST Service Provider
"Court"	the High Court of Justice in England and Wales
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear is the operator
"Deloitte"	Deloitte LLP
"Demerger"	the proposed demerger of the Group's direct and indirect holdings of ordinary shares in Puma Brandenburg (economically 94.97 per cent.) held by Pebble Investments Limited
"Disclosure and Transparency Rules"	the disclosure and transparency rules relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which admission to trading on such a market has been made, as published by the FSA
"Document"	this document
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"Existing Ordinary Shares"	245,248,371 ordinary shares of Shore Capital Group plc in issue (excluding shares held in treasury) as at the date of this document

"FSA"	the UK Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Full Circle Investments"	Full Circle Investments FZC
"IFRS"	International Financial Reporting Standards
"Introduction"	the introduction of the Ordinary Shares to admission to trading on AIM
"IRR"	internal rate of return
"Law"	the Companies (Guernsey) Law 2008 (as amended)
"Listing Rules"	the Listing Rules of the UK Listing Authority made under Part VI of FSMA
"London Stock Exchange"	London Stock Exchange plc
"Net Issued Share Capital"	the number of a company's ordinary shares in issue less any ordinary shares held by the company in treasury
"New Puma"	Puma Brandenburg Holdings Limited, a company limited by shares incorporated in the Island of Guernsey with company number 51429 whose registered office is at PO Box 282, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RH
"nomad"	nominated adviser for the purposes of the AIM Rules
"Official List"	the Official List maintained by the UK Listing Authority
"Order"	the order of the Court sanctioning the Scheme and confirming the reduction of share capital forming part of the Scheme
"Ordinary Shares"	the ordinary shares of no par value each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Pershing"	Pershing Limited and Pershing Securities Limited, who provide the outsourced back office and settlement services to the Company
"Prospectus Rules"	the Prospectus Rules published by the FSA under Part VI of the FSMA
"Puma Brandenburg"	Puma Brandenburg Limited, a company incorporated in the Island of Guernsey with registered number 44365
"Registrar"	International Admission (Guernsey) Limited
"Regulations"	the Uncertificated Securities Regulations 2001 (SI2001/3755) or CREST Rule 8 as amended and any applicable rules made under those regulations
"Remuneration Committee"	the Company's remuneration committee

"Scheme" or "Scheme of Arrangement"	the scheme of arrangement pursuant to sections 895 to 899 of the 2006 Act set out in the shareholder circular dated 19 February 2010 in its present form or with or subject to any modification, addition or condition approved or imposed by the Court
"Scheme Effective Date"	the date on which the Scheme becomes effective in accordance with its terms, expected to be 26 March 2010
"Share Option Plan"	the Shore Capital Group plc unapproved Share Option Plan
"Shareholders"	the holders of Ordinary Shares in the capital of the Company
"Shore", "Shore Capital", "Shore Capital Group" or "Group"	the Company and its consolidated subsidiaries and subsidiary undertakings from time to time
"Shore Capital Group plc"	Shore Capital Group plc, a public limited company incorporated in England and Wales with registered number 02089582
"Shore Capital Stockbrokers"	Shore Capital Stockbrokers Limited
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List
"VCT"	Venture Capital Trust