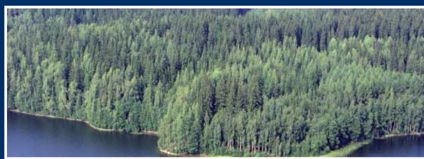
INTERIM REPORT 2007


Shore Capital Group plc

For the six months ended 30 June 2007

Shore Capital Group plc

Howard Shore, Executive Chairman of Shore Capital Group, said:

“These results underline the strong performance of our principal finance and alternative asset management activities. Combined with a robust performance from our equity capital markets, we remain well positioned to ride out the market volatility we have seen over the last months, testimony to the flexibility and resilience of our diversified investment banking model.

“It is too early to form a fixed judgement on the impact on our business of the current problems within the credit markets. It should be noted, however, that we have no direct participation in the credit markets. Moreover we have a strong balance sheet and a breadth of investment strategies which could allow us to benefit from any sustained changes to the market's dynamics.

“Other notable events over the period include the successful conclusion of the strategic review of Dawnay Shore Hotels, a particularly important transaction for the Group, and our continued expansion in Germany. Both represent significant further upside in future years.

“Taking account of our current positioning and the opportunities which lie ahead, despite the more challenging market conditions we look forward to our prospects with enthusiasm.”

Highlights

Six months ended 30 June	**2007** **£m**	2006 £m	2005* £m	2006–2007 Increase %
Revenue	**25.47**	20.50	12.11	24.2
Profit before tax	**12.11**	9.42	5.06	28.6
Earnings per share (pence)	**2.51**	2.14	1.19	17.3
Interim dividend per share (pence)	**0.55**	0.5	0.375	10.0

*2005 added for illustrative purposes

- Business performed strongly and profitably during period and also in July and August
- Successful outcome of Dawnay Shore Hotels (“DSH”) strategic review offers benefits to clients and principal finance and significant upside for the future
- Funds under management grew by 79 per cent to $2.9 billion in 12 months to end August. Further in-built growth in asset management income as funds, particularly Puma Brandenburg, deploy their cash
- Our strong balance sheet with considerable liquidity and our flexible and diversified business model should give rise to opportunities in challenging markets ahead

Chairman's Statement

I am pleased to report another half year of solid growth and progress in the business. In Asset Management we have been deploying the capital raised by investment vehicles we had previously established and, together with carry recognised from more mature products, this provides substantial upside and recurring revenue for the future. Our ECM division continued to grow and develop across each of its activities. Secondary commission income from institutional research and broking showed particularly strong growth. Primary business (including placings and corporate finance retainers and advisory work on takeovers) matched last year's particularly buoyant first half, whilst our market-making business also grew.

In particular, we are delighted to report the successful conclusion of the strategic review of Dawnay Shore Hotels, announced on 24th August 2007 which, as detailed below, has significant benefits for our clients and our principal finance division.

Financial Review

Revenue for the half-year was £25.47m (2006 H1: £20.50m). This represented an 18.1 per cent increase on the second half of 2006 and a 24.2 per cent increase over the first half of 2006.

Administrative expenses were £13.59m (2006 H1: £10.9m); these increased broadly in line with the growth in revenue. As a result, the Group achieved an operating profit of £11.88m (2006 H1: £9.60m). We raised net new equity of £18.1m in December 2006, which increased our cash balances in the short term as the funds were deployed over the period. As a result, net investment income and finance costs incurred an inflow of £234,000 (2006 H1: outflow of £177,000).

Profit before tax was £12.11m (2006 H1: £9.42m), generating earnings per share ("EPS") on the increased number of shares in issue of 2.51p (2006 H1: 2.14p), an increase of 17.3 per cent. EPS was calculated on a 30 per cent tax charge (2006 H1: 28 per cent). The net margin before tax was 47.6 per cent (2006 H1: 46.0 per cent).

Revenue from ECM was £16.08m (2006 H1: £14.58m), with a net margin of 36.2 per cent (2006 H1: 44.3 per cent). Revenue from asset management and principal finance/own balance sheet was £9.39m (2006 H1: £5.92m) with a net margin of 67.0 per cent (2006 H1: 50.1 per cent). Staff costs, including incentive costs, were 41.0 per cent (2006 H1: 39.2 per cent) of revenue.

Balance Sheet

Our balance sheet remains strong and we continue to maintain considerable liquidity. Total equity was £84.1m at the half year end (2006 H1: £52.2m). Cash balances at the period end totalled £10.0m and, after offsetting short term borrowings in our stockbroking subsidiary, net cash totalled £2.5m. £4.0m net was held in quoted equities and a further £57.7m in the various Puma Funds and other liquid funds. The balance of £19.9m mainly comprised net market debtors, largely due from the London Central Clearing House.

In addition to the £18.1m of cash raised last December in new equity, at the beginning of July we finalised and drew down a medium term evergreen bank facility of £10m with a minimum initial term of 3 years and a minimum 2 year notice period throughout its life. Consequently, our cash position at the end of August has increased to £23m. Together with other liquid funds and liquid assets, this provides the Group with liquidity in excess of £30m to grow the business and take advantage of opportunities as they arise. We also expect a significant further inflow of cash from any refinancing of DSH.

Return on Capital Employed

We regard return before tax on total capital employed as a key measure of the performance of the Group as a whole. We are therefore pleased to report that, notwithstanding the significantly higher capital on the balance sheet as a result of the new equity issued in December 2006, return before tax on total capital employed was 15.5 per cent for the half year period, which is the equivalent of 33.4 per cent annualised (2006 H1: 21.4 per cent, 2006 as a whole: 45.6 per cent).

Dividend

In the light of the positive trading results for the period, we declare an interim dividend of 0.55p per share. The dividend is expected to be paid on Wednesday, 26 September 2007 to shareholders on the register as at Friday, 14 September 2007.

Operating Review

The following operating review reports on our two main areas of focus, namely alternative assets/ principal finance and equity capital markets.

Chairman's Statement continued

Alternative Assets and Investment Management

Overview

Our alternative asset class fund management business had another strong half year, with continued product portfolio expansion and robust performance of Shore Capital managed funds.

During the half year we raised £75m for a new pre-IPO fund, St Peter Port Capital, which is managed by a new fund management company in which we have a 50 per cent interest. We also saw the first meaningful period of results for Puma Sphera, a new hedge fund which began trading in December 2006 and in which we are also a joint venture partner: its performance over its first nine months was outstanding at 15.4 per cent, having contained the loss in August to 2.8 per cent. Puma Brandenburg continued to invest in new property and as the management fees for the fund are based on the value of properties under management, it is making an increasing contribution to our results. Our other products also continued to make good progress during the period, and this is detailed below. Puma II came to the end of its seven year life in December 2006 and a substantial proportion of its assets were returned to investors during the first half. We expect to continue this process in the remainder of 2007.

The most significant development for this division occurred after the end of the period. On 24 August 2007, Dawnay Shore Hotels plc announced the successful outcome of its strategic review and that it was leasing its hotels to Barceló, a leading international hospitality group. We give further details of this transaction below, but in summary it should provide, in due course, the opportunity to return the investors' initial capital, a substantial cash return in addition and allow them to retain an interest in a specialist property company with strong potential for rapid growth in net assets per share. This benefits both our clients and our principal finance division.

The table below summarises the performance of the various funds we run, both absolute and relative return, for the first six months of 2007 where applicable and since inception. The figures shown for Dawnay Shore Hotels plc are based on the property valuation as at 24 August 2007.

Returns from Absolute Return and Model Portfolio Products
Performance in 2007 H1 and since Inception

	Inception Date	Asset Type	Performance in 2007 H1 %	IRR to Date % p.a.
Absolute Return Products				
Puma Absolute Return Fund	May 2003	Fund of hedge funds	5.4	9.8
Puma Enhanced Absolute Return Fund	March 2005	Geared fund of hedge funds	7.2	13.1
Puma VCTs I/II [1]	Apr/May 2005	VCT	2.5	6.7
Puma VCTs III/IV [1]	Mar/Apr 2006	VCT	2.2	3.8
Puma II	Dec 1999	Growth capital	(0.2)	6.7
Puma Sphera	Dec 2006	Long/short equity	15.6	31.4
Puma Property [2]	July 2002	UK commercial property	Not applicable	39.1
Dawnay Shore Hotels [3]	July 2004	Hotels		49.6
Puma Brandenburg Ltd [4]	March 2006	German Residential Property	4.2	10.3
St Peter Port Capital Ltd [4]	April 2007	Growth capital	3.0	14.8

[1] Weighted composite of two VCTs [2] In final stages of liquidation
[3] Based on August 2007 valuation of hotels [3] Based on stock market price

	Inception Date	Asset Type	Performance in 2007 H1 %	IRR to Date % p.a.
Model Portfolios				
Growth Portfolio	Feb 2002	Equities, bonds and unit trusts	7.7	8.3
Balanced Portfolio	Feb 2002	Equities, bonds and unit trusts	6.1	9.3
Multi-manager Growth Portfolio	July 2003	Unit trusts	6.7	20.4
Multi-manager Income Portfolio	July 2004	Unit trusts	3.6	16.3
AIM IHT portfolio	Sept 2005	Equity	11.9	25.9
11 Year Track Record				
Composite of funds	May 1996	Alternative asset class funds and structured finance	Not applicable	30.6

Chairman's Statement continued

Funds Under Management

Total funds under management as at the end of August 2007 were £1,426m, equivalent at that date to $2.9 billion, a 79 per cent increase on the figure at 31 August 2006 of $1.62bn (£852m). These figures are after accounting for the largely complete return of cash to investors in Puma II. Funds under management are expected to grow as Puma Brandenburg makes further acquisitions.

Puma Brandenburg

Puma Brandenburg Limited ("PBL"), which invests in German real estate, was established in March 2006 and is managed by a subsidiary of Shore Capital, Puma Property Advisors Limited ("PPAL").

PBL reported a significant uplift in the value of its portfolio as at its year end (31 March), which translated into an increase in the company's net asset value of about 10 per cent over the year. This is, we believe, a strong validation of the company's highly discerning acquisition strategy, which focuses on active management and capital appreciation through rising rents, rather than simply relying on yield compression.

As at 31 August 2007, PBL had acquired a mixed portfolio valued at approximately €600m, comprising approximately 370,000 sq metres of residential, office and retail space, located in Berlin, Frankfurt and variously throughout the former West Germany. Most recently, PBL acquired a mixed portfolio of assets which included the freehold of the 5-star Hyatt hotel in Cologne and further office, residential and shopping centres located in Nuremberg, Zweibruecken and Mulheim.

We note that unemployment in Germany continues to decrease and that both business and consumer confidence levels are well above long-term averages, pointing to strong economic conditions. We remain confident that PBL has entered the German market at a point when valuations are still relatively low and are excited by its prospects over the medium term. The recent shake-out in the credit markets should offer a great opportunity for those with equity and a long track record with credit providers.

PPAL receives an aggregate annual management fee of 0.4 per cent of the gross value of the properties and property-related assets, of which 75 per cent is retained by Shore Capital. There is also a carried interest for the principals including Shore Capital in the success of the company of 20 per cent of returns, subject to an 8 per cent hurdle.

Dawnay Shore Hotels

As reported above, DSH's strategic review has successfully concluded with the leasing of its hotels to Barceló Group. The leases place full repairing and insuring obligations on the tenant and provide for a pre-set rental growth over the first four years which is inflation-indexed thereafter and can also increase if hotel EBITDA performs well.

The effect is to increase DSH's net cashflow before interest in the first year of the leases because DSH will no longer bear the overhead costs of the Paramount Group nor (other than an agreed contribution) need to fund maintenance expenditures. Cashflow will grow further in subsequent years according to the leases' formula and is supported by Barceló's strong covenant rather than being dependent on the potential cyclicality of the UK hotel business. As a result of these benefits the properties have been revalued on the basis of their current room capacity (i.e without taking account of development potential) at £556m, a further increase on the value at end December 2006. We expect this higher secure and growing income stream and higher property valuation to support a refinancing of DSH's debt, releasing capital which can be returned to investors. As a result, investors should receive a substantial cash return in addition to their initial investment, whilst retaining their interest in the upside potential of these properties.

DSH has actively exploited the potential for gains in value through developing the portfolio by adding extra rooms and through wholesale redevelopments. At present, it has detailed plans for a further 800 rooms (over 20 per cent of the current estate) of which 316 have received planning with the remainder at various stages in the process of gaining permission. The economics of adding these rooms is highly attractive and Barceló are keen to expand, both by agreeing developments and by adding hotels to the master lease, providing the basis of an extremely attractive strategic partnership.

Puma Absolute Return Fund ("PARF")

PARF performed well over the six months, up 5.4 per cent for sterling investors, and gaining funds under management. We now have \$250m in the strategy. The difficult summer was a tough period for PARF despite

Chairman's Statement continued

having no exposure to CDO-related funds. An unexpectedly poor performance from statistical arbitrage led to flat returns in July and a disappointing drop in August of approximately 3.7 per cent (expected to bring overall returns year to date to 1.3 per cent). Nevertheless, the diversity of funds and specialist nature of most of our fund managers protected us from a larger decline. PARF's total return since inception (May 2003) in sterling terms is 42 per cent, an IRR of 8.4 per cent, achieved with relatively low volatility. Year on year performance was 6.4 per cent.

Puma Sphera

Puma Sphera's performance was outstanding in its first nine months, gaining 15.4 per cent (an IRR of 21.1 per cent p.a.), having contained the loss in August to 2.8 per cent. The fund was launched in December 2006 and draws on the long established and proven expertise of Sphera Fund Management of Tel Aviv (which is supported by nearly $130m of local institutional and private investors' capital) and has made this available to international investors for the first time. Sphera is the largest Tel Aviv based hedge fund manager by a considerable margin, as the Israeli hedge fund industry is embryonic.

The fund began investing with $28m (including $5m of our own capital and $5m from our Israeli partners) which has since doubled to $59m as at the end of August. We hope for rapid growth in the fund's size if its performance remains strong.

Private Client Investment Management

Shore Capital's track record for private client investment management remains strong. Our balanced portfolio has outperformed its benchmark by 11.4 per cent from launch in February 2002 to 30 June 2007 and gained 6.1 per cent in absolute terms in the six month period. Over the same 66 months to 30 June 2007 the growth portfolio also outperformed its benchmark by 21.6 per cent and gained 7.7 per cent in absolute terms in the six months.

Our "long only" range of products based on picking "best of breed" long only funds continued to do well. The growth orientated fund of funds has achieved 110.3 per cent growth since launch at 30 June 2003 to 30 June 2007 and out-performed its benchmark by 21.8 per cent. The newer income-orientated fund of funds has achieved 57.2 per cent since launch at 30 June 2004 to 30 June 2007 and out-performed its benchmark by 14.4 per cent.

Puma Venture Capital Trusts

We manage over £60m in two sets of two parallel VCTs which we raised in 2004/5 and 2005/6 to take advantage of the higher income tax relief (and increased maximum investment per person) offered in those years. We had conceived an innovative combination of a growth capital and alternative asset class fund offering tax free returns as well as an initial 40 per cent tax relief. The intention is to enhance the return provided by the tax relief but without seeking a high risk/high return performance as it is not what investors sought. The performance of the VCTs is in line with this target.

Puma II

As mentioned above Puma II, our Growth Capital Fund, has reached the end of its seven year life and the process of winding it up began in December 2006. A substantial proportion of the assets have now been returned to investors and we are now focused on realising the remaining investments to enable a final liquidation.

St Peter Port Capital

St Peter Port Capital ("St Peter Port") was launched in April 2007 with £75m from institutional and high net worth investors. The new fund's mandate is to invest in companies which the managers consider have a realistic prospect of achieving an initial public offering ("IPO") or other exit event (such as a trade sale) within a year of the investment being made. Shore Capital and Broughton Investments Group Limited (our partner in the venture) have formed a new 50:50 investment management company to manage the fund's investments and Shore Capital committed £5m to the fund on the same terms as other investors (Broughton Limited committed £2.5m).

Since inception St Peter Port has made 15 announced investments, committing £23m to pre-IPO opportunities, a substantial proportion of which intend to list in London but many of which are focused on other stock markets. The managers believe that the current portfolio offers exciting prospects for returns and addresses areas of investment likely to attract continuing interest from investors over the coming months.

The fund has a strong pipeline and hopes to announce further investments in the near term. Management fees are charged at 1 per cent until St Peter Port has invested 50 per cent of its capital and thereafter 2 per cent. There is also a carried interest of 20 per cent, subject to a hurdle of 8 per cent p.a.

Chairman's Statement continued

Track Record
As previously, we have calculated the track record of our alternative asset class funds and structured finance since our first launch, Puma 1, in 1996. Over this 11 year period, we calculate that the net return to investors from a composite of the vehicles was 30.6 per cent p.a.

German Office
We are pleased to report the further development of the team at the office established in Berlin to undertake principal finance transactions and capital raisings as well as advising Puma Brandenburg.

We now have a staff of 17 employees in Germany and plan to open a small office in Frankfurt, where initially three of these employees will be based; this will be run by Edgar Krauss who joined us recently from Aareal Bank AG, where he was regional head for North and West Germany.

We have already commented on our confidence in the German economy and expect our offices in Germany, together with the infrastructure and networks we are creating there, to give us better opportunities to access the fast-growing German market, and also Eastern Europe, for principal finance deals and possibly to launch other alternative asset class funds. It should in due course also enable us to leverage our growing connections with the local market to service entrepreneurial companies seeking to raise money and conduct business on the London AIM market.

Equity Capital Markets

Overview
In equity capital markets, we provide research in selected sectors, broking for institutional and professional clients, market-making in AIM and small cap stocks and corporate finance for mid and small cap companies. Each of these three elements of the business performed well in the six month period, with a particularly strong showing from institutional secondary stockbroking.

Research and Sales
We are delighted to report that institutional sales and research activity achieved continued strong growth in revenue from secondary business, at the same time as supporting an active primary placing business. It is particularly pleasing to see that the quality of our research is recognised by leading institutions, reflected in a significant and growing proportion of the income from commission awarded directly for research as a result of internal votes within the relevant fund

manager. Consequently, we believe we have been a net beneficiary of unbundling.

We have continued to expand our sales team to capitalise on the quality of our research product and order flow and the growth in secondary commission reflects this. Our team of analysts research about 275 stocks across a broad range of sectors within consumer related industries, technology, financial services, property and construction, to which we added oil and gas during the period.

Market-making

Market-making performed well over the half year, benefiting from the expanding number of stocks on AIM and the broad range of electronic links we have installed to enable us to deal directly with major retail brokers as an RSP.

We currently cover about 1,100 stocks and maintain strong relationships with the major retail houses which are our main customers. Our market-making division also benefits from the more active involvement of fund managers in the day-to-day trading of AIM stocks and we are therefore able to use our extensive institutional contacts to add to and complement the business we transact.

Statistics from the London Stock Exchange show that by number of stocks covered we continue to be the second largest market-maker on AIM and the third largest on the London Stock Exchange as a whole.

We were particularly pleased with the performance of market-making in July and August, as both months were profitable, a testament to the focus and diligence of the team in tough markets.

Corporate Finance

During the period we continued to win new clients, notably a new JP Morgan fund where we acted as nomad and broker, and RGI, one of the largest stocks on AIM (market cap of approx $1.15bn) where we have been appointed nomad, having acted previously as co-manager to Morgan Stanley who were book runner on the flotation and secondary fund raising. Other high profile advisory roles include the successful agreed takeover of Dobbies by Tesco, acting as broker to Blackstone on its bid for La Tasca and for Birmingham City as rule 3 adviser.

We have a retained list of 50 public companies, and raised over £400m in new equity for companies in the period. As a result, retainers showed good growth whilst transaction fees were marginally lower than in the same period in 2006 when there was an exceptionally buoyant market for

Chairman's Statement continued

new issues. Total income for corporate finance has matched last year despite less favourable conditions, demonstrating the underlying improvement in this business.

Overall, I must congratulate the senior management and employees of the capital markets business for maintaining the momentum of this business in the extremely difficult market conditions over the summer.

Current Trading and Prospects

The business continued to perform well and profitably during the months of July and August. We remain well positioned to ride out the market volatility we have seen over the last months, testimony to the flexibility and resilience of our diversified investment banking model.

It is too early to form a fixed judgement on the impact on our business of the current problems within the credit markets. It should be noted, however, that we have no direct participation in the credit markets. Moreover we have a strong balance sheet and a breadth of investment strategies which could allow us to benefit from any sustained changes to the market's dynamics.

Other notable events over the period include the successful conclusion of the strategic review of Dawnay Shore Hotels, a particularly important transaction for the Group, and our continued expansion in Germany. Both represent significant further upside in future years.

Taking account of our current positioning and the opportunities which lie ahead, despite the more challenging market conditions we look forward to our prospects with enthusiasm.

Howard Shore
Executive Chairman

5 September 2007

Independent Review Report to Shore Capital Group plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Deloitte & Touche LLP
Chartered Accountants
London

4 September 2007

Consolidated Income Statement

For the six months ended 30 June 2007 (unaudited)

	Notes	**Six months ended 30 June 2007 £'000**	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
Revenue	2	**25,467**	20,502	42,065
Administrative expenditure		**(13,588)**	(10,901)	(22,201)
Operating profit		**11,879**	9,601	19,864
Interest income		**564**	260	620
Finance costs		**(330)**	(437)	(432)
		234	(177)	188
Profit before taxation	2	**12,113**	9,424	20,052
Taxation	3	**(3,625)**	(2,659)	(5,968)
Profit for the period		**8,488**	6,765	14,084
Attributable to:				
Equity holders of the parent		**7,581**	5,826	12,850
Minority interest		**907**	939	1,234
		8,488	6,765	14,084
Earnings per share				
Basic	4	**2.51p**	2.14p	4.67p
Diluted	4	**2.38p**	2.03p	4.43p

All results are in respect of continuing operations.

Consolidated Balance Sheet

As at 30 June 2007 (unaudited)

	Notes	**As at 30 June 2007 £'000**	As at 30 June 2006 £'000	As at 31 December 2006 £'000
Assets				
Non Current Assets				
Goodwill		**381**	381	381
Property, plant and equipment		**1,110**	882	717
Available-for-sale investments		**1,572**	1,256	1,572
Deferred tax asset		**3,687**	1,884	3,949
		6,750	4,403	6,619
Current Assets				
Bull positions and other holdings		**67,436**	35,730	62,794
Trade and other receivables		**117,110**	58,040	36,840
Cash and cash equivalents	5	**9,976**	7,993	8,332
		194,522	101,763	107,966
Total Assets		**201,272**	106,166	114,585
Liabilities				
Current Liabilities				
Bear positions		**(6,415)**	(2,480)	(2,974)
Trade and other payables		**(92,422)**	(39,214)	(26,091)
Tax liabilities		**(9,406)**	(4,011)	(5,966)
Bank overdraft	5	**(7,429)**	(7,360)	(9)
		(115,672)	(53,065)	(35,040)
Non Current Liabilities				
Provision for liabilities and charges		**(1,475)**	(932)	(1,482)
Total Liabilities		**(117,147)**	(53,997)	(36,522)
Net Current Assets		**78,850**	48,698	72,926
Net Assets		**84,125**	52,169	78,063
Equity				
Capital and Reserves				
Called up share capital		**6,042**	5,483	6,032
Share premium account		**19,340**	1,560	19,248
Capital redemption reserve		**971**	971	971
Other reserve		**343**	555	665
Retained earnings		**53,649**	41,099	48,351
Equity attributable to equity holders of the parent		**80,345**	49,668	75,267
Minority interest		**3,780**	2,501	2,796
Total Equity		**84,125**	52,169	78,063

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007 (unaudited)

	Called up, allotted and fully paid up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Minority Interest £'000	Total £'000
At 1 January 2006	5,408	1,030	971	422	34,269	1,876	43,976
Retained profit for the period	–	–	–	–	5,826	939	6,765
Credit in relation to IFRS2 charge	–	–	–	60	–	–	60
Current year tax credit recognised directly in equity	–	–	–	–	472	–	472
Deferred tax credit recognised directly in equity	–	–	–	73	1,884	–	1,957
Equity dividends paid	–	–	–	–	(1,352)	–	(1,352)
Shares issued in respect of options exercised	75	530	–	–	–	–	605
Dividends paid to minority interest	–	–	–	–	–	(314)	(314)
At 30 June 2006	5,483	1,560	971	555	41,099	2,501	52,169
Retained profit for the period	–	–	–	–	7,024	295	7,319
Credit in relation to IFRS2 charge	–	–	–	(6)	–	–	(6)
Available-for-sale investments:							
– Revaluation in the period	–	–	–	270	–	–	270
– Related deferred tax charge	–	–	–	(154)	–	–	(154)
Current year tax credit recognised directly in equity	–	–	–	–	49	–	49
Deferred tax credit recognised directly in equity	–	–	–	–	1,550	–	1,550
Equity dividends paid	–	–	–	–	(1,371)	–	(1,371)
Shares issued in respect of options exercised	6	40	–	–	–	–	46
Shares issued for cash	543	17,648	–	–	–	–	18,191
At 31 December 2006 carried forward	6,032	19,248	971	665	48,351	2,796	78,063

	Called up, allotted and fully paid up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Minority Interest £'000	Total £'000
At 31 December 2006 brought forward	6,032	19,248	971	665	48,351	2,796	78,063
Retained profit for the period	–	–	–	–	7,581	907	8,488
Credit in relation to IFRS2 charge	–	–	–	38	–	–	38
Available-for-sale investments:							
– Revaluation realised in the period	–	–	–	(514)	–	–	(514)
– Related deferred tax provision released	–	–	–	154	–	–	154
Reduction in deferred tax asset recognised directly in equity	–	–	–	–	(262)	–	(262)
Equity dividends paid	–	–	–	–	(2,021)	–	(2,021)
Shares issued in respect of options exercised	10	92	–	–	–	–	102
Issue of shares in a subsidiary to minority interests	–	–	–	–	–	917	917
Dividends paid to minority interest	–	–	–	–	–	(840)	(840)
At 30 June 2007	6,042	19,340	971	343	53,649	3,780	84,125

Consolidated Cash Flow Statement

For the six months ended 30 June 2007 (unaudited)

	Notes	**Six months ended 30 June 2007 £'000**	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities				
Operating profit		**11,879**	9,601	19,864
Adjustments for:				
Depreciation charges		**156**	144	313
Share-based payment		**38**	60	54
Profit on sale of available-for-sale investments		**(514)**	–	–
(Decrease)/increase in provision for NIC on options		**(7)**	30	687
Increase in trade and other receivables		**(80,298)**	(23,022)	(2,967)
Increase in trade and other payables		**66,330**	16,860	4,627
Increase in bear positions		**3,441**	640	1,134
Increase in bull positions		**(4,642)**	(4,340)	(31,404)
Cash utilised by operations		**(3,617)**	(27)	(7,692)
Interest paid		**(330)**	(437)	(433)
Corporation tax paid		**(31)**	(172)	(1,913)
Net cash utilised by operating activities		**(3,978)**	(636)	(10,038)
Cash flows from investing activities				
Purchases of property, plant and equipment		**(548)**	(432)	(436)
Purchase of available-for-sale investments		**–**	–	(46)
Interest received		**592**	235	618
Net cash generated/(utilised) by investing activities		**44**	(197)	136
Cash flows from financing activities				
Shares issued for cash		**–**	–	18,191
Shares issued following exercise of options		**102**	605	651
Less related National Insurance paid		**–**	(115)	(222)
Shares issued in subsidiary to Minority Interest		**917**	–	–
Dividends paid to Minority Interest		**(840)**	(314)	(314)
Dividends paid to Equity Holders		**(2,021)**	(1,352)	(2,723)
Net cash (utilised)/generated by financing activities		**(1,842)**	(1,176)	15,583
Net (decrease)/increase in cash and cash equivalents		**(5,776)**	(2,009)	5,681
Cash and cash equivalents at beginning of period		**8,323**	2,642	2,642
Cash and cash equivalents at end of period	5	**2,547**	633	8,323

Notes to the Accounts

For the six months ended 30 June 2007

1. Financial information

The interim financial information for the six months ended 30 June 2007 has been prepared under International Financial Reporting Standards ("IFRS") using policies consistent with those applied to the year ended 31 December 2006 and the six months ended 30 June 2006. The interim information, together with the comparative information contained in this report for the year ended 31 December 2006, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. However, the information has been reviewed by the Company's auditors, Deloitte & Touche LLP, and their report appears on page 13. The IFRS statutory accounts for the year ended 31 December 2006 have been reported on by the Company's auditors, Deloitte & Touche LLP, and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Segmental information

	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 £'000	Year ended 31 December 2006 £'000
Revenue			
Equity capital markets	**16,078**	14,581	24,780
Asset management, principal finance and own balance sheet	**9,389**	5,921	17,285
	25,467	20,502	42,065
Profit before taxation			
Equity capital markets	**5,822**	6,455	8,312
Asset management, principal finance and own balance sheet	**6,291**	2,969	11,740
	12,113	9,424	20,052

3. Taxation

The tax charge for the period to 30 June 2007 has been calculated by applying the estimated tax rate, for the current year ending 31 December 2007, to the profit before tax. The deferred tax has been calculated by applying the new tax rate of 28% that is expected to apply in future accounting periods.

Notes to the Accounts continued

For the six months ended 30 June 2007

4. Earnings per share

Basic earnings per share is calculated on the earnings after taxation and the weighted average number of shares in issue of 301,949,515 (6 months to 30 June 2006: 271,683,955; year to 31 December 2006: 275,004,994) being the average number in issue during the period.

Diluted earnings per share is calculated on the basis of full exercise of options resulting in a diluted weighted average number of ordinary shares of 319,148,765 (6 months to 30 June 2006: 286,910,406; year to 31 December 2006: 290,239,610).

5. Analysis of changes in net funds

	As at 1 January 2007 £'000	Cashflows £'000	As at 30 June 2007 £'000
Cash and cash equivalents	8,332	1,644	**9,976**
Bank overdraft	(9)	(7,420)	**(7,429)**
	8,323	(5,776)	**2,547**

Further copies of this report are available on the Company's website at www.shorecap.co.uk.

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