

Shore Capital Group Limited

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

Preliminary Results for the Year Ended 31 December 2014

Shore Capital, the independent investment group specialising in equity capital markets, principal finance and alternative asset management, today announces its preliminary results for the year ended 31 December 2014.

Financial highlights

- Revenue up 13.4% to £40.58 million (2013: £35.77 million)
- Profit before tax up 53.6% to £8.31 million (2013: £5.4 million)
- Earnings per share up 53.2% to 21.6p (2013: 14.1p)
- Adjusted earnings per share up 49.3% to 22.4p (2013: 15.0p)
- Aggregate dividend per share for the year of 10.0p (2013: 8.0p), of which final dividend per share of 5.0p (2012: 4.0p)
- Balance sheet remains strong with liquidity of £32.2 million, plus a further £20 million working capital facility which was unused at the year end

Operational highlights

- Equity Capital Markets continues to progress very strongly, increasing pre-tax profits by over 60% to £9.8 million (2013: £6.0 million)
- Equity Capital Markets team helped clients raise £2.4 billion during the year
- Corporate Finance completed seven IPOs, one reverse takeover, two takeovers, 10 secondary fundraisings and a number of advisory led transactions in 2014
- Ranked sixth in 2014's Extel survey, (2013: 10th) with seven top-five market rankings
- Significant progress by Puma Investments, continuing its strong VCT performance and launching new products targeting private investors
- Puma VCT 10 closed achieving the largest fundraising of its kind in the 2013/14 tax year
- Expansion of Group's real estate advisory business in Berlin resulting from launch of Brandenburg Realty
- Since the year end, Spectrum Investments expects to realise €12.5 million net profit after tax from the sale of national and six regional radio spectrum licences in Germany to Deutsche Telekom AG

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

“During the last year we reaped the benefits of earlier investment and development activity across our Equity Capital Markets and Investment Management businesses, achieving strong performance through growing revenues and increased profits.

Capital markets in the UK have started the year with more caution pending the outcome of the general election, despite the major indices achieving record highs. Notwithstanding the slowdown in Equity Capital Markets activity, we are delighted with the progress made in the first quarter with the expected sale of elements of our portfolio of Spectrum licences and the investment in the launch of Brandenburg Realty. We have also raised record amounts in the 2014/15 fiscal year ending 5 April 2015 for our private client investment offerings.”

Enquiries:

Shore Capital

Howard Shore, Executive Chairman +44 (0) 20 7468 7911

Lynn Bruce, Director +44 (0) 1481 728 902

Grant Thornton UK LLP (Nominated Adviser)

Philip Secrett

Melanie Frean

RBC Capital Markets (Broker)

Josh Critchley

Oliver Hearsey

Bell Pottinger (Public Relations)

Olly Scott

Zoe Pocock

About Shore Capital

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

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

www.shorecap.gg

Chairman's Statement

Introduction

In a period which has seen heightened market activity, the Group has achieved a strong performance across its business. Our investment in and development of the business has continued to be recognised by clients, leading to higher profile and more complex mandates as our blend of advisory capabilities, excellent execution and range of products and services continue to deliver high quality opportunities for investors.

Revenues for the period increased by 13.4% to £40.6 million (2013: £35.8 million), delivering increased profit before tax of £8.3 million (2013: £5.4 million), up 53.6%. Earnings per share increased 53.2% to 21.6p (2013: 14.1p).

The Group's Equity Capital Markets business continued to progress very strongly, with profit before tax increasing by over 60.0% to £9.8 million (2013: £6.0 million).

Shore Capital continued to exploit its position as the third largest market maker on the London Stock Exchange, delivering good returns in the small to mid-cap market. The Group remains well placed to benefit from continually improving market sentiment.

Secondary commissions remained robust, particularly in comparison to the wider market, despite the impact of regulatory change on the commission pool, demonstrating the continued strength of the broking team's expertise and high quality research product. The Research and Sales team featured prominently in 2014's Extel UK Small to Mid-Cap survey, ranking sixth overall (2013: 10th) with seven sectors voted in a top five position. The team also continued to gain the support of many companies seeking enhanced exposure to investors through its ongoing programmes of investor meetings, seminars and conferences.

In 2014 the team participated in a large number of transactions, helping clients to raise £2.4 billion. Transactions included seven IPOs, one reverse takeover, two takeovers, 10 secondary fundraisings and a number of advisory led transactions. Shore Capital ranked fourth in Dealogic's December 2014 co-manager category, adding 12 new retained corporate clients with an average market capitalisation of £377 million, including Poundland Group plc, N Brown Group plc, SafeCharge International Group plc and Market Tech Holdings plc.

During the year, the Group's private client investment business, Puma Investments, continued to make exciting progress, building on its established Puma VCT track record and expanding its offering with the launch of two new investment offerings. Puma VCT 10 achieved a £27.8 million fundraising, making it by far the largest limited-life VCT and accounting for 54% of the market. Puma EIS achieved the largest single fundraising for any new EIS targeting lower risk. Additionally, the Puma Heritage offering developed strongly and the team launched a new AIM Inheritance Tax Service which can be held in ISAs, opening up a very large market-place.

In Asset Management, after the year end the business invested in a significant new investment fund with the launch of Brandenburg Realty. Backed predominantly by US-based institutional and family office investors, Brandenburg Realty will be advised by the Group, building upon its existing expertise in the German real estate sector, focusing exclusively on residential property investment – particularly in Berlin, but also other major German cities. Shore Capital also has a 20% interest in both the Investment Advisor and Carry Vehicle.

After the period end, the Group's subsidiary Spectrum Investments expects to realise a net profit after tax of €12.5 million from the sale of national radio spectrum licences together with six regional radio spectrum licences to Deutsche Telekom AG. Spectrum's remaining portfolio of perpetual regional radio spectrum licences are of significant value and the Group is optimistic that its interest in Spectrum will deliver very significant additional value to the Group in due course.

Financial Review

Income and expenditure

Revenue for the year increased by 13.4% to £40.58 million (2013: £35.77 million) whilst administrative expenses increased by only 6.0% to £32.20 million (2013: £30.36 million), generating an operating profit of £8.38 million (2013: £5.40 million).

Interest income was £0.22 million (2013: £0.33 million), whilst finance costs were £0.29 million (2013: £0.32 million), providing net finance costs of £0.07 million (2013: income of £0.01 million).

Group profit before tax increased by 53.6% to £8.31 million (2013: £5.41 million). This is net of a loss before tax in the year from Spectrum/DBD of £0.32 million (2013: loss of £0.24 million). The 2013 results included a credit of £1.11 million (£0.66 million net of minority interests) in respect of historic provisions for potential liabilities of DBD which were released in 2013. Excluding this one-off release, Group profit before tax increased by 93.3%.

Revenue from Equity Capital Markets ("ECM") increased by 16.8% to £30.13 million (2013: £25.80 million). Profit before tax from ECM was up 61.4% to £9.75 million (2013: £6.04 million), with a net margin of 32.3% (2013: 23.4%). Revenue from Asset Management was up 15.6% to £8.48 million (2013: £7.33 million), generating profit before tax of £2.38 million (up 18.8% from 2013: £2.01 million), representing a net margin of 28.1% (2013: 27.3%).

Basic Earnings per Share

The Group generated earnings per share of 22.4p (2013: 15.0p), excluding the effects of a charge relating to share options as a result of the increase in share price during the year. Including the charge relating to share options the earnings per share was 21.6p (2013: 14.1p).

Comprehensive Earnings per Share

On a comprehensive basis, the Group generated earnings of 21.6p per share (2013: 15.7p).

Liquidity

As at the balance sheet date, available liquidity was £32.2 million (2013: £43.1 million), comprising £30.7 million (2013: £41.4 million) of cash and £1.5 million (2013: £1.7 million) of gilts and bonds. In addition, the Group has a £20 million working capital facility which was unused at the year end.

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

Balance sheet

The Group's balance sheet remains strong. Total equity at the year end was £72.4 million (2013: £69.0 million).

In addition to the £30.7 million of cash and £1.5 million of gilts and bonds (as referred to above), the Group held £3.6 million in various of its Puma Funds, £1.2 million net in quoted equities, £0.1 million net in the Lily Partnership and a further £1.3 million in other unquoted holdings. In addition, the licence held in Spectrum Investments was valued at £3.6 million (on a gross basis, before allowing for minority interests).

The remainder of the balance sheet was £30.4 million net, which included £31.3 million of net market and other debtors in the Company's stockbroking subsidiary, less various net accruals.

Net Asset Value per Share

Net asset value per share at the year end was 265.6p (2013: 253.5p).

Dividend

The Board proposes a final dividend of 5.0p per share (2013: 4.0p). In addition to the interim dividend of 5.0p (2013: 4.0p), the total dividend for the year will be 10.0p (2013: 8.0p).

The final dividend of 5.0p per share is expected to be paid on 23 April to shareholders on the register as at 10 April.

Operating review

Equity Capital Markets ("ECM")

Overview

During an active year for equity capital markets, the division continued to progress very strongly, increasing profits by over 60% to achieve a pre-tax profit of £9.8 million (2013: £6.0 million).

The team helped clients raise over £2.4 billion in the year, driving revenue to a substantially higher level year-on-year, and has entered 2015 with a strong pipeline to continue this trend. The business continues to invest in high calibre individuals and teams where the Company identifies opportunities for incremental growth.

Headwinds in secondary markets have proved challenging, so it has been encouraging that revenues in this area remained robust in 2014. The broking team delivers a consistently high quality research product and has again received external recognition of this during the year, increasing its Extel ranking from tenth to sixth place amongst UK Small & Mid-Cap brokers. Similarly, in 2014 the Group's Market Making team recorded another strong performance in the face of unpredictable market sentiment.

The ECM business has a strong pipeline of opportunities many of which are expected to come to fruition during the second half of 2015..

Corporate Finance

During 2014 the team participated in a large number of transactions, helping clients to raise £2.4 billion. Transactions included seven IPOs, one reverse takeover, two takeovers, 10 secondary fundraisings and a number of advisory-led transactions, placing Shore Capital fourth in London in Dealogic's 2014 co-manager category. The growing stature of the Group's corporate finance credentials has continued to attract higher quality, higher value

client mandates from a variety of entrepreneurial businesses and private equity sponsors and consequently revenue increased significantly by 70% compared to 2013.

During the year corporate client activity significantly increased across all sectors, particularly consumer and retail, pharmaceuticals, alternative energy, support services and technology.

Notable transactions completed during the period included:

- acting as joint broker to the IPO of Market Tech Holdings plc, the largest AIM IPO of 2014, raising £100 million;
- acting as a co-lead manager on the IPOs of SSP Group plc, raising £554 million; Poundland Group plc, raising £431 million; and Circassia Pharmaceuticals plc, raising £209 million;
- acting as sponsor and joint bookrunner to the IPO of NextEnergy Solar Fund Limited, raising £86 million, followed by a further £96 million fundraising in the second half of the year;
- acting as joint bookrunner on Playtech's £325 million secondary placing;
- acting as Nominated Adviser and sole bookrunner to the IPOs of Safecharge International Group Limited, raising US\$125 million; and Crossrider plc, raising US\$75 million; and
- acting as co-manager on the £353 million fundraising to refinance Premier Foods plc.

In the advisory arena, the Company supported Zoltav Resources Inc on its US\$180 million reverse takeover and US\$66 million fundraising and also advised on the £63 million takeover of Pilat Media Global plc.

The Group's corporate finance team continues to achieve success in growing its client baselist and during the period added 12 new retained corporate clients, including Market Tech Holdings plc, N Brown Group plc and Poundland Group plc.

Research and Sales

Shore Capital's highly respected equity research capability continued to gain support from the market in the broadest sense during 2014, where clients continued to value and search for idea generation; detailed company and industry understanding; and expertise in financial analysis.

The team also continues to gain the support of many companies as they seek enhanced exposure to investors through the Company's ongoing programmes of investor meetings, seminars and conferences across the UK, Ireland and the Nordic region. In 2014 Shore Capital hosted strongly attended events in the fields of agri-food, insurance and global natural resources. The high standing of the Company's analysts is also reflected in regular contributions to leading industry conferences and the wide referencing of its work across business and the financial media.

The fund management community's support of the Company's research continues to manifest itself in the strong recognition of individual analysts and the wider Shore Capital brand in investment surveys. The research team climbed four places to rank sixth overall in 2014's Extel review. The majority of the team achieved top-five market rankings and the wider quality of the Company's research shone through with its 16 analysts punching well above their weight: on average the top five UK Small & Mid-Cap brokers, as analysed by Extel, have 32 analysts. The team also takes pride in its presence year-in, year-out in the StarMine awards for accuracy of analysis and quality of recommendation; and was pleased to see

individual recognition for Eamonn Flanagan in the shape of the Reactions London Market Awards.

The excellent reputation that Shore Capital has earned for its equity research, alongside effective placing capability and customer centric corporate broking, contributed to a record year for deal activity with special progress in the consumer, fin-tech and healthcare arenas. Technical expertise, a service ethos and entrepreneurship are the basis upon which the team seeks to further enhance its corporate broking and secondary trading activities in the future.

Market Making

Activity in the Group's Market Making operation continued to deliver strong returns, with income and trading volumes consistent with 2013's levels. Interest in the small to mid-cap arena remained strong, enabling the Group to reinforce its position as the third largest market maker on the London Stock Exchange, despite pressures on the wider market's commission pool.

The Group's Market Making operations continued to offer access to a wide variety of equities, driving trading volumes and strengthening Shore Capital's reputation as a strong and trusted counterparty. Despite more challenging market conditions in the second half, trading revenue remained on a par with 2013. The business also benefitted from a continued focus on disciplined cost management of transaction costs whilst seeking opportunities to grow its business by targeting high quality individuals with the right mix of skills and experience.

Asset Management

Overview

The asset management division continues to explore and launch innovative new offerings to build on its established institutional and private client investment platforms. Total funds under management as at 31 December 2014 were £680 million.

Operating under the Puma Investments brand, the business launched the latest in its successful series of Puma VCTs, namely Puma VCT 11, which has already had a strong start to fundraising having attracted £25.2 million to date. During the period, Puma Investments also launched a new AIM Portfolio investment product. This is an innovative new service which allows individuals to invest via their ISA to mitigate Inheritance Tax while retaining the Income Tax and Capital Gains Tax benefits of the ISA wrapper.

After the year end, the business invested in a significant new investment fund with the launch of Brandenburg Realty. Backed predominantly by US-based institutional and family office investors, Brandenburg Realty will be advised by the Group, building upon its existing expertise in the German real estate sector, focusing exclusively on residential property investment – particularly in Berlin, but also other major German cities.

Institutional Asset Management

Brandenburg Realty

Brandenburg Realty Limited has been established to invest in German residential real estate, primarily focusing on the acquisition of well-located, high quality residential buildings in major German cities, especially in Berlin, in order to exploit the sector's strong growth potential in Europe's largest economy. As well as providing advisory services to

Brandenburg Realty, Shore Capital has a 20% interest in both the Investment Advisor and Carry Vehicle.

The Fund's first close raised €135 million from institutional investors and family offices, predominantly from the United States, and includes a co-investment commitment of a maximum of €12.5 million from Puma Brandenburg Limited. Shore Capital has also made a commitment of €12.5 million to the fund and is providing advisory services, leveraging its significant experience gained through the Group's work with Puma Brandenburg. Brandenburg Realty anticipates one further close with the aim of raising a total of €250 million for the fund.

Puma Brandenburg Limited ("PBL")

PBL reported its year end results in October 2014. Its investment property portfolio increased in value by 7.4% to €519.1 million, largely driven by the continuing strength of the residential sector in Berlin and the associated rent rises secured during the year.

The Group has continued to assist PBL with refinancing and extending existing loan facilities, most notably in agreeing an extension of the loan with FMS Wertmanagement to June 2016. This follows assistance with the negotiation of a new 20 year lease with the Hyatt Regency Cologne as well as other asset management initiatives at the properties acting as security for this facility.

The Company continues to work closely with PBL, advising on the renovation of certain Lidl stores. As part of a previously announced framework agreement, 13 stores have now been refurbished which has also resulted in lease extensions of 10 years at the relevant stores.

At its interim results in February 2015, PBL reported a strong operating performance, highlighting the successes of the long term value-add initiatives that the Group has worked closely with it to achieve. The Company looks forward to continuing its relationship with PBL during 2015.

St Peter Port Capital ("SPPC")

St Peter Port Capital is a pre-IPO fund which also provides bridging finance ahead of trade sales and is an opportunistic investor in development capital situations. As set out in its latest interim report, as at 30 September 2014, it had investments in 28 companies. The fund was set up in April 2007 as a joint venture by the promoters Shore Capital and Broughton Investments Group Limited ("Broughton"), a company in which co-founder Tim Childs is interested, and Shore Capital and Broughton jointly own the Investment Manager to the fund.

In July 2014 Tim Childs stepped down from the Board and Shore Capital increased its role in the investment advisory arrangements. Following the changes in July 2014, the Investment Manager engaged LMN Capital Limited to work together with Shore Capital to advise it as the company focuses on achieving realisations.

During the year, SPPC realised all or part of a number of holdings in the portfolio. Over the 12 months to 30 September 2014 it generated £5.2 million from these realisations.

The SPPC portfolio of companies is spread across a range of sectors and includes some leading companies in their fields. It continues to develop and a number of investments in the portfolio are approaching maturity.

Private Client Investments

Overview

During the year, the Group's private client investment business, Puma Investments, continued to make exciting progress, building on its established Puma VCT track record and expanding its offering with the launch of two new investments. Puma VCT 10 achieved a £27.8 million fundraising, making it by far the largest limited-life VCT and accounting for 54% of the market. Puma EIS achieved the largest single fundraising for any new EIS targeting lower risk. Additionally, the Puma Heritage offering developed strongly and the team launched a new AIM Inheritance Tax Service which can be held in ISAs, opening up a very large marketplace.

Puma Venture Capital Trusts ("VCTs")

The Group's Puma VCTs are each limited-life vehicles, aiming to distribute the initial capital and returns to their investors after five years. Since 2005 over £170 million has been raised for Puma VCTs, and more than £75 million has been distributed back to shareholders.

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

Puma VCT 10 closed for subscriptions during the period, raising over £27.8 million, making it the largest single company VCT fundraise in the 2013/14 tax year and accounting for more than half of the total funds raised in the limited-life VCT market in that year. The Group considers this fundraising to be a considerable achievement and an endorsement of Puma's standing in the VCT sector.

Puma VCT 11 is currently open for subscriptions and hopes to capitalise on the investment team's excellent track record. It has received strong support, having already raised £25.2 million. It has been highly rated by leading commentators and included on the recommended panels of many leading private banks, wealth managers and independent financial advisers.

Puma Heritage plc

Puma Heritage was launched in June 2013 to operate in a range of sectors, with a primary focus on secured lending. Puma Heritage focuses on capital preservation, whilst seeking to produce regular returns for shareholders intended to counter long-term inflationary pressures. It is anticipated that Puma Heritage will expand into other activities as opportunities arise. In particular, the Board of Puma Heritage envisages that it will offer asset leasing services, as well as, in the medium to long term, purchasing and operating profitable trading businesses with asset-backing and established management teams. An investment in Puma Heritage is intended to benefit from 100% relief from Inheritance Tax after two years.

During the period, Puma Investments advised Heritage Square Limited, a wholly-owned subsidiary of Puma Heritage plc, on the completion of several loans across a number of sectors, all secured with a first charge over real estate at conservative lending ratios. Puma Heritage considers that it has a strong pipeline of loans and the team continues to assist the business, helping it to source and analyse lending opportunities.

During the year Puma Heritage plc also obtained approval for its Prospectus from the UKLA enabling the minimum subscription to be reduced from £100,000 to £25,000, making the company available to a wider range of investors.

Puma EIS

The Puma EIS portfolio service was launched in November 2013 to offer investors the opportunity to invest in asset-backed EIS qualifying companies utilising the team's strong track record and experience in asset-backed investing gained over the life of the Puma VCTs. It enjoyed a strong initial fundraise, the largest of the 2013/14 tax year for any new EIS strategy seeking lower risk. All funds raised were then successfully deployed into companies with HMRC Advanced Assurance before the end of that tax year. Fundraising has continued into the 2014/15 tax year bringing the total raised to date to approximately £15 million, with further allotments made into EIS qualifying companies, all with strong asset-backing.

The EIS market generally is attracting significant interest from investors with over £500 million raised by EIS products in the 2013/14 tax year. With the potential for EIS qualifying investment into renewable energy projects having been considerably reduced by recent legislation, the prospects for capital flows towards Puma EIS are exciting and it is well placed to offer an alternative for EIS investors seeking downside protection through asset-backing.

Puma AIM Inheritance Tax Service

In the year, Puma Investments launched a discretionary portfolio service that seeks to mitigate Inheritance Tax by investing in a carefully selected portfolio of AIM shares. The team focuses on investing in quality companies with strong margins, good returns and a track record of cash generation. Companies are selected on strict valuation criteria with the aim of delivering solid long term growth for investors. The team's approach is research driven and it only selects investments after intensive financial and business analysis. Importantly the service is available through an ISA, enabling investors to mitigate Inheritance Tax while retaining the Income Tax and Capital Gains Tax benefits of the ISA wrapper.

In the six months since launch, Puma AIM achieved a very strong start having returned 4.72% net of fees, a 15.32% outperformance of the AIM Index for the same period.

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

Principal Finance

Investment in German Telecoms Business

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

Following the year end, DBD signed a Sale and Purchase Agreement, to sell its interest in national radio spectrum licences together with six regional radio spectrum licences to Deutsche Telekom AG for €15.45 million. The transaction is subject to approval by the German telecommunications regulator. The national licences confer the right on Deutsche Telekom AG to utilise the assigned 3.5 GHz frequencies until 2021, at which time they will be due for renewal. The six regional radio spectrum licences included in the Transaction enable the full utilisation of the national licences without the possibility of signal interference. As a result Spectrum expects to realise a net profit after tax of €12.5 million.

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

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

Current Trading and Prospects

The capital markets in the UK have started the year with more caution pending the outcome of the general election, despite record highs in the major indices. Notwithstanding the associated slowdown in Equity Capital Markets activity, we are delighted with progress made in the first quarter. We have achieved major momentum in the first quarter with the sale of our Spectrum licences and the investment in the launch of Brandenburg Realty, an entity which will significantly increase the scale of our operations in Berlin. We have also raised record amounts in the 2014/5 fiscal year ending 5 April 2015 for our private client investment offerings.

Howard Shore
Executive Chairman
31 March 2015

Unaudited Consolidated Income Statement

For the year ended 31 December 2014

	Notes	Total 2014 £'000	Total 2013 £'000
Revenue	2	40,575	35,765
Administrative expenditure		(32,198)	(30,364)
Operating profit		8,377	5,401
Interest income		224	330
Finance costs		(292)	(322)
		(68)	8
Profit before taxation	2	8,309	5,409
Taxation		(1,804)	(1,100)
Retained profit for the year		6,505	4,309
Attributable to:			
Equity holders of the parent		5,208	3,398
Non controlling interests		1,297	911
		6,505	4,309
Earnings per share			
Basic	4	21.6p	14.1p
Diluted	4	20.8p	13.9p

Unaudited Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Total 2014 £'000	Total 2013 £'000
Retained profit after tax for the year	6,505	4,309
Items that may be reclassified subsequently to profit or loss	(77)	151
Gains on cash flow hedges	19	302
Income tax thereon	(4)	(105)
	15	197
Exchange difference on translation of foreign operations	(50)	(18)
Other comprehensive (loss)/ income for the year, net of tax	(35)	179
Total comprehensive income for the year, net of tax	6,393	4,639
Attributable to:		
Equity holders of the parent	5,226	3,805
Non controlling interests	1,167	834
	6,393	4,639
Comprehensive earnings per share		
Basic	21.6p	15.7p
Diluted	20.9p	15.5p

Unaudited Consolidated Statement of Financial Position
As at 31 December 2014

	2014	2013
	£'000	£'000
Non-current assets		
Goodwill	381	381
Intangible assets	3,621	4,025
Property, plant & equipment	10,969	10,897
Available-for-sale investments	3,799	4,598
Deferred tax asset	330	-
	<u>19,100</u>	<u>19,901</u>
Current assets		
Bull positions and other holdings at fair value	4,636	4,557
Available-for-sale investments	-	16
Trade and other receivables	60,112	65,217
Cash and cash equivalents	30,658	41,395
	<u>95,406</u>	<u>111,185</u>
Total assets	<u>114,506</u>	<u>131,086</u>
Current liabilities		
Bear positions	(846)	(1,033)
Trade and other payables	(29,806)	(50,445)
Financial instruments	(179)	(186)
Tax liabilities	(1,273)	(898)
Borrowings	(341)	(321)
	<u>(32,445)</u>	<u>(52,883)</u>
Non-current liabilities		
Borrowings	(9,105)	(8,892)
Deferred tax liability	-	(18)
Provision for liabilities and charges	(535)	(331)
	<u>(9,640)</u>	<u>(9,241)</u>
Total liabilities	<u>(42,085)</u>	<u>(62,124)</u>
Net assets	<u>72,421</u>	<u>68,962</u>
Capital and reserves		
Called up share capital	-	-
Share premium	336	336
Merger reserve	27,198	27,198
Other reserves	2,260	2,014
Retained earnings	34,391	31,706
Equity attributable to equity holders of the parent	<u>64,185</u>	<u>61,254</u>
Non controlling interest	8,236	7,708
Total equity	<u>72,421</u>	<u>68,962</u>

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Other Reserves £'000	Retained earnings £'000	Non controlling interest £'000	Total £'000
At 1 January 2013	-	336	27,198	1,282	30,954	6,617	66,387
Retained profit for the year	-	-	-	-	3,398	911	4,309
Revaluation of available for sale investments	-	-	-	151	-	-	151
Foreign currency translation	-	-	-	-	98	(116)	(18)
Valuation change on cash flow hedge	-	-	-	242	-	60	302
Tax on cash flow hedge	-	-	-	(84)	-	(21)	(105)
Equity dividends paid	-	-	-	-	(2,175)	-	(2,175)
Dividends paid to non controlling interests	-	-	-	-	(239)	(753)	(992)
Increase in deferred tax asset recognised directly in equity	-	-	-	423	-	-	423
Adjustment arising from change in non controlling interest in Spectrum/DBD	-	-	-	-	(330)	792	462
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	-	-	-	-	-	218	218
At 31 December 2013	-	336	27,198	2,014	31,706	7,708	68,962

Unaudited Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2014

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Other Reserves £'000	Retained earnings £'000	Non controlling interest £'000	Total £'000
At 1 January 2014	-	336	27,198	2,014	31,706	7,708	68,962
Retained profit for the year	-	-	-	-	5,208	1,297	6,505
Revaluation of available for sale investments	-	-	-	(77)	-	-	(77)
Increase in deferred tax asset recognised directly in equity	-	-	-	294	-	-	294
Foreign currency translation	-	-	-	-	83	(133)	(50)
Valuation change on cash flow hedge	-	-	-	15	-	4	19
Tax on cash flow hedge	-	-	-	(3)	-	(1)	(4)
Equity dividends paid	-	-	-	-	(2,175)	-	(2,175)
Dividends paid to non controlling interests	-	-	-	-	(431)	(731)	(1,162)
Repurchase/cancellation of shares in ECM held by NCI	-	-	-	-	-	(88)	(88)
Credit in relation to share based payments	-	-	-	17	-	-	17
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	-	-	-	-	-	180	180
At 31 December 2014	-	336	27,198	2,260	34,391	8,236	72,421

Unaudited Consolidated Cash Flow Statement

For the year ended 31 December 2014

	2014	2013
	£'000	£'000
Cash flows from operating activities		
Operating profit	8,377	5,401
Adjustments for:		
Depreciation charges	926	956
Amortisation charges	138	146
Share-based payment expense	17	-
Profit on sale of fixed assets	(33)	-
Other losses/(gains) on AFS investments	757	(309)
Increase in provision for National Insurance on options	204	287
	<u>10,386</u>	<u>6,481</u>
Operating cash flows before movements in working capital	10,386	6,481
Decrease in trade and other receivables	5,105	602
(Decrease)/increase in trade and other payables	(20,627)	9,214
Decrease in bear positions	(187)	(362)
Increase in bull positions	(79)	(499)
	<u>(5,402)</u>	<u>15,436</u>
Cash (utilised)/generated by operations	(5,402)	15,436
Interest paid	(292)	(322)
Corporation tax (paid)/refunded	(1,487)	9
	<u>(7,181)</u>	<u>15,123</u>
Net cash (utilised)/generated by operating activities	(7,181)	15,123
Cash flows from investing activities		
Purchase of fixed assets	(454)	(340)
Sale of fixed assets	42	-
Acquisition of further holding in DBD	-	(1,731)
Purchase of AFS investments	(110)	(146)
Sale of AFS investments	97	113
Interest received	224	330
	<u>(201)</u>	<u>(1,774)</u>
Net cash utilised by investing activities	(201)	(1,774)
Cash flows from financing activities		
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	180	218
Shares/participations (repurchased)/issued in subsidiaries (from)/to non controlling interests	(88)	1,004
Increase in borrowings	(341)	(321)
Dividends paid to Equity shareholders	(2,175)	(2,175)
Dividends paid to Non Controlling Interests	(1,162)	(992)
	<u>(3,586)</u>	<u>(2,266)</u>
Net cash utilised by financing activities	(3,586)	(2,266)
Net (decrease)/increase in cash and cash equivalents	(10,968)	11,083
Effects of exchange rate changes	231	(131)
Cash and cash equivalents at the beginning of the year	<u>41,395</u>	<u>30,443</u>
Cash and cash equivalents at the end of the year	<u>30,658</u>	<u>41,395</u>

Notes

1. Financial information

Basis of preparation

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

Presentation of the financial statements and financial information

The financial information set out in the announcement does not constitute the Company's statutory accounts for the year ended 31 December 2014 within the meaning of section 244 of the Companies (Guernsey) Law, 2008.

The financial information for the year ended 31 December 2013 is derived from the statutory accounts of the Company for that year. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 263(2) or (3) of the Companies (Guernsey) Law, 2008. Those accounts were prepared under Adopted IFRS and have been reported on by the Company's auditors and delivered to the Guernsey registry office.

The audit of the statutory accounts of Shore Capital Group Limited for the year ended 31 December 2014 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

The statutory accounts will be prepared in accordance with IFRS as adopted by the European Union. Details of the accounting policies that will be applied in the statutory accounts are set out in the 2013 Annual Report and Accounts of the Company.

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

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

Adoption of new and revised standards

New standards, amendments and interpretations adopted

In the current year, the following new and revised Standards and Interpretations have been adopted.

IFRS 7 (Amendments)	Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (Amendments)	Employee Benefits
IAS 27 (Amendments)	Separate Financial Statements
IAS 28 (Amendments)	Investments in Associates and Joint Ventures

The application of the above standards and amendments had no material effect on the accounts of the Company or Group for the periods presented.

Standards in issue but not yet effective

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

Annual Improvements to:

IAS 1 (Amended)	Presentation of financial statements
IFRS 9	Financial Instruments
IFRS 10 (Amended)	Consolidated Financial Statements
IFRS 11 (Amended)	Joint Arrangements

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

2. Segment Information

Additional analysis of revenue and results is presented in the Chairman's Statement on pages 2 to 10.

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

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

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated based on operating profit or loss. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

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

Year ended	Equity Capital Markets £'000	Asset Management £'000	Central costs (including share options) £'000	Balance Sheet and Principal Finance £'000	Consolidated £'000
31 December 2013					
Revenue	25,796	7,334	-	2,635	35,765
Results					
Depreciation	268	112	58	518	956
Interest expense	28	-	2	292	322
Profit/(loss) before tax	6,037	2,005	(2,037)	(596)	5,409
Assets	79,501	4,374	2,175	45,036	131,086
Liabilities	(51,451)	(1,035)	(2,764)	(6,874)	(62,124)

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

3. Rates of Dividends Paid and Proposed

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2013 of 4.0p per share (2012 final dividend: 5.0p)	967	1,208
Interim dividend for the year ended 31 December 2014 of 5.0p per share (2013: 4.0p)	1,208	967
	2,175	2,175
Proposed final dividend for the year ended 31 December 2014 of 5.0p per share (2013: final dividend of 4.0p)	1,208	

4. Earnings per Share

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

	2014		2013	
	Basic	Diluted	Basic	Diluted
Earnings (£)	5,208,000	5,208,000	3,398,000	3,398,000
Number of shares	24,164,000	25,041,755	24,164,000	24,526,304
Earnings per share (p)	21.6	20.8	14.1	13.9
Comprehensive earnings (£)	5,226,000	5,226,000	3,805,000	3,805,000
Number of shares	24,164,000	25,055,666	24,164,000	24,526,304
Earnings per share (p)	21.6	20.9	15.7	15.5

Calculation of number of shares	2014		2013	
	Basic	Diluted	Basic	Diluted
Weighted average number of shares	24,164,000	24,164,000	24,164,000	24,164,000
Dilutive effect of share option schemes	-	891,666	-	362,304
	24,164,000	25,055,666	24,164,000	24,526,304

As at 31 December 2014 there were 24,164,000 ordinary shares in issue (2013: 24,164,000).

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