

Shore Capital Group Limited

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

Interim results for the six months ended 30 June 2020

Shore Capital, the independent investment group specialising in capital markets, asset management and principal finance, presents its interim results for the period ended 30 June 2020.

Chairman's Statement

The Group has recorded a successful six months in which revenues grew by over 13% to £28 million and pre-tax profits more than doubled to £3.1 million.

The period was of course dominated by the COVID-19 pandemic, which led to a UK-wide lockdown from late March. The business was able to move swiftly and relatively seamlessly to remote working, continuing to deliver for clients and maintain support for staff, a huge testament to the hard work and capability of all our operational team.

The diversity of our business model and the strength and liquidity of our balance sheet have positioned us well. Our trading teams have been able to respond effectively to the volatility of the stock markets; our research and sales teams have continued to deliver high-quality thought leadership; our corporate broking teams have provided valuable support to our large client base; and our AUM grew from £1.0 billion at year end to £1.2 billion.

We were also particularly delighted to announce during the period the appointment of Xavier Rolet as chairman of our Capital Markets business.

We also believe the move towards increased home working and video-conferencing will enhance the value of our spectrum assets in Germany over time.

The Group's balance sheet and liquidity remain strong, with liquid resources of over £25 million in place at the period end in addition to our undrawn £20 million working capital facility.

I am pleased to report that this has translated into earnings per share of 10.0p for the period, up from 5.1p for the first half of last year. Consequently, the Group is declaring an interim dividend of 5p for the period.

Capital Markets

The Capital Markets business enjoyed a highly successful period in which revenues increased by over 30% to nearly £20 million, and pre-tax profits rose over 150% to £3.9 million.

Equity capital markets have been highly active and volatile during the period, particularly since the onset of global lockdown measures from March. Our Market Making business has performed exceptionally well during these months, with year-on-year trading performance up by over 100% in the first half of the year, and by over 140% in Q2 2020 compared to Q2 2019. The team has been adept at managing risk appropriately throughout the period, whilst delivering liquidity and remaining nimble in the face of rapidly evolving trading conditions.

Our Research teams have responded to the pandemic with significant contributions to market commentary; notable adjustments to new market situations; and good idea generation, all of which has been well supported by our Equity Sales team. Despite the disruption, we have been successful in further expanding our institutional client base in the period, reflecting the consistently high quality of our Research teams' output. The work of our healthcare team and their daily analysis on the pandemic has been in particular demand from asset managers, business and more widely with professionals during the period.

Our Corporate Broking and Advisory teams have been faced with the impact on capital markets caused by the COVID-19 uncertainties. Nevertheless, they have remained active during the period, undertaking one of the eleven successful IPOs in London in the first half of 2020 as well as advising on a broad range of secondary fundraisings. The team has also added seven new retained clients since the beginning of the year.

Asset Management

The Asset Management division continued to deliver a solidly profitable performance in the period, growing AUM to over £1.2 billion, although turnover was impacted as fundraising and transaction activity reduced during the lockdown. Revenue in the first half of the year dropped 2% to £7.9 million, delivering pre-tax profits of £0.7 million.

Fundraising in Puma Investments, our UK fund management business, fell significantly in what would typically be a strong period around the end of the tax year. Private investors have tended to apply more caution, holding more cash, in response to the current uncertainty. It is pleasing that the business has avoided any material increase in demands for redemptions and has been able to continue to transact.

Deal flow in our Puma Property Finance business naturally slowed during the initial months of lockdown, with many construction sites closing for a time, although activity has picked up encouragingly through the summer and has been strong in recent weeks. Demand for our development finance products at the time of writing is strong, buoyed by the reduced lending by a number of our competitors while we remain liquid and open for business, albeit continuing to maintain a conservative underwriting approach.

In our Puma Private Equity business, our evergreen Puma Alpha VCT which launched in late 2019 remains open for subscriptions, having deployed a good proportion of its initial fundraising. The VCT is well placed to take advantage of the structural changes to the economy, and will be able to target sectors that emerge strongly from COVID-19 without the burden of a sizeable legacy portfolio.

The Puma AIM Service unsurprisingly saw declines in performance on the back of the dramatic share price falls during the period, but continues to record a lifetime outperformance of its benchmark AIM Index by over 20%.

The institutional investment companies that we advise, Brandenburg Realty and Puma Brandenburg, recorded further strategic progress in the period, implementing targeted asset management initiatives to drive value creation. Significant upward revaluations carried out during the period drove the overall increase in AUM, reflecting the continued strength and overall stability of the German real estate market. In addition, we negotiated a new financing facility on behalf of Brandenburg Realty which closed on 31 March 2020, generating surplus proceeds which enabled a 25% return of capital to investors. Accordingly, Shore Capital received a return of capital of £1.5 million.

Principal Finance

We continue to hold our 3.700-3.730 GHz frequency band German regional radio spectrum licences. The licences are for perpetual duration, on a "flexibilised" basis, meaning without historic technical restrictions limiting their usage. The flexibilisation will enable their use as part of the rollout of 5G services, demand for which has accelerated as a result of the COVID-19 disruption.

We also believe the move towards increased home working and video-conferencing will enhance the value of our spectrum assets in Germany over time. We remain optimistic that these assets can be realised for value very significantly exceeding our carrying value of £2.3 million.

Our investment in Brandenburg Realty continues to perform well. As noted above, a successful refinancing allowed us to realise a partial return of capital during the period. We will closely monitor any impact of the recent crisis on investment values, but take comfort from the very low funding costs in Germany generally and recent strength of the condo market post the lockdown.

During the period, the Group made an investment of £3 million into the IPO of Nippon Active Value Fund plc, an investment trust listed on the London Stock Exchange targeting capital growth through the active management of a focused portfolio of quoted small cap Japanese equity investments. The Group has also taken a 15% share in Rising Sun Management, the investment adviser to the fund.

Current Trading and Prospects

The Group has performed strongly during this period of unprecedented challenge, illustrating the benefits of our diversified business model.

We strongly believe that as business “normalises” we will continue to benefit from being a strong and stable participant in the new environment. We also remain open and willing to contemplate M&A opportunities as they may arise.

Finally, I would again like to thank and pay tribute to all our employees for their hard work and commitment during these unusual times.

Howard Shore
Chairman
7 October 2020

Financial review

Income and expenditure

Revenue for the period increased by 13.4% to £27.5 million (2019: £24.3 million), whilst administrative expenses increased by 10.8% to £23.7 million (2019: £21.4 million).

Operating profit before tax and reorganisation costs increased by 32.3% to £3.8 million (2019: £2.9 million). Statutory profit before tax increased by 129.2% to £3.1 million (2019: £1.3 million).

Reorganisation costs of £0.5 million (2019: £1.4 million) incurred in the period relate to staff retention expenses associated with the acquisition of Stockdale Securities in the prior year.

Divisional performance was as follows:

- Capital Markets: revenue increased by 31.8% to £19.8 million (2019: £15.0 million). Profit before tax was £3.9 million (2019: £1.5 million) with a net margin of 19.9% (2019: 10.2%).
- Asset Management: revenue decreased by 2.2% to £7.9 million (2019: £8.1 million). Profit before tax was £0.7 million (2019: £1.3 million) with a net margin of 8.9% (2019: 16.1%).
- Principal Finance: pre-tax loss of £0.8 million (2019: £0.5 million loss).

Earnings per Share

The Group generated earnings per share of 10.0p (2019: 5.1p).

Liquidity

As at the balance sheet date, available liquidity was £25.6 million, comprising cash of £23.2 million and £2.4 million of gilts and bonds. In addition, the Group had a £20 million working capital facility which was unused at the period end.

Balance sheet

The Group's balance sheet remains strong, with total equity at the period end of £66.1 million.

In addition to the £23.2 million of cash and £2.4 million of gilts and bonds referred to above, at the period end the Group held £7.0 million in various of its Puma Funds; £4.0 million net in quoted equities and a further £1.9 million in other unquoted holdings. The licences held as part of the Group's Spectrum Investments were carried at a cost of £2.3 million on a gross basis, before allowing for minority interests. Other non-current assets included £4.0 million of fixed assets, and £2.8 million of investment properties.

The remainder of the balance sheet was £18.5 million net, which included £17.6 million of net market and other debtors in the Company's stockbroking subsidiary.

Net Asset Value per Share

Net asset value per share at the period end was 266.0p (2019: 266.3p).

Dividend

The Board proposes to pay an interim dividend of 5.0p per share (2019: 5.0p per share). The interim dividend is expected to be paid on Wednesday 4 November 2020 to shareholders on the register as at Friday 16 October 2020. Shares will be marked ex-dividend on Thursday 15 October 2020.

Independent review report to Shore Capital Group Limited (the “Group”)

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the unaudited consolidated income statement, the unaudited consolidated statement of comprehensive income, the unaudited consolidated statement of financial position, the unaudited consolidated statement of changes in equity and the unaudited consolidated cash flow statement.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors’ responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
Date: 7 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Unaudited Consolidated Income Statement
For the six months ended 30 June 2020

	Notes	Six months ended 30 Jun 20 £'000	Six months ended 30 Jun 19 £'000	Year ended 31 Dec 19 £'000
Revenue		27,514	24,271	53,205
Administrative expenditure		(23,673)	(21,368)	(46,099)
Operating profit before impairment of goodwill and reorganisation costs		3,841	2,903	7,106
Reorganisation costs	4	(521)	(1,411)	(2,501)
Impairment of goodwill		-	-	(3,740)
Operating profit		3,320	1,492	865
Interest income		15	16	29
Finance costs		(255)	(164)	(565)
Profit before taxation	3	3,080	1,344	329
Taxation		(267)	(167)	1,107
Profit for the period/ year		2,813	1,177	1,436
Attributable to:				
Equity holders of the parent		2,153	1,109	1,048
Non-controlling interests		660	68	388
		2,813	1,177	1,436
Earnings per share				
Basic	5	10.0p	5.1p	4.9p
Diluted	5	9.9p	5.1p	4.8p

Unaudited Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2020

	Six months ended 30 Jun 20 £'000	Six months ended 30 Jun 19 £'000	Year ended 31 Dec 19 £'000
Profit after tax for the period/ year	2,813	1,177	1,436
Items that may be reclassified to the income statement			
Gains on cash flow hedges	74	9	138
Tax thereon	(14)	(2)	(26)
	60	7	112
Exchange difference on translation of foreign operations	82	132	(608)
Other comprehensive income/ (loss) for the period/ year, net of tax	142	139	(496)
Total comprehensive income for the period/ year, net of tax	2,955	1,316	940
Attributable to:			
Equity holders of the parent	2,258	1,243	615
Non-controlling interests	697	73	325
	2,955	1,316	940

Unaudited Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	As at 30 Jun 20 £'000	As at 30 Jun 19 £'000	As at 31 Dec 19 £'000
Non-current assets				
Goodwill		-	3,740	-
Intangible assets		2,288	2,255	2,131
Property, plant & equipment		4,014	8,866	8,941
Right of use assets		8,865	11,002	9,432
Investment properties		2,799	2,643	2,799
Principal Finance investments		10,562	5,894	8,837
Deferred tax asset		1,453	141	1,422
		29,981	34,541	33,562
Current assets				
Trading assets		7,362	9,569	7,965
Trade and other receivables		120,286	80,948	47,911
Derivative financial instruments		-	-	443
Tax assets		-	-	164
Cash and cash equivalents		23,238	15,044	27,493
		150,886	105,561	83,976
Total assets	3	180,867	140,102	117,538
Current liabilities				
Trading liabilities		(2,395)	(1,126)	(2,562)
Trade and other payables		(101,830)	(60,149)	(39,051)
Derivative financial instruments		(224)	(268)	-
Tax liabilities		(104)	(324)	-
Lease liabilities		(1,274)	(1,446)	(1,292)
		(105,827)	(63,313)	(42,905)
Non-current liabilities				
Lease liabilities		(8,928)	(9,791)	(9,237)
Provision for liabilities and charges		(29)	(67)	(29)
		(8,957)	(9,858)	(9,266)
Total liabilities	3	(114,784)	(73,171)	(52,171)
Net assets		66,083	66,931	65,367
Capital and Reserves				
Share capital		-	-	-
Share premium		1,866	1,866	1,866
Merger reserve		14,903	14,903	14,903
Other reserves		1,520	1,348	1,460
Retained earnings		39,086	39,329	37,277
Equity attributable to equity holders of the parent		57,375	57,446	55,506
Non-controlling interests		8,708	9,485	9,861
Total equity		66,083	66,931	65,367

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Share capital	Share Premium	Merger reserve	Other reserves	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	-	1,866	14,903	1,348	39,992	9,954	68,063
Transition adjustment - IFRS 16	-	-	-	-	(84)	-	(84)
At 1 January 2018 (as restated)	-	1,866	14,903	1,348	39,908	9,954	67,979
Profit for the period	-	-	-	-	1,109	68	1,177
Foreign currency translation	-	-	-	-	127	5	132
Valuation change on cash flow hedge	-	-	-	9	-	-	9
Tax on cash flow hedge	-	-	-	(2)	-	-	(2)
Total comprehensive income	-	-	-	7	1,236	73	1,316
Equity dividends paid	-	-	-	-	(1,079)	-	(1,079)
Dividends paid to/rebalancing of non controlling interests	-	-	-	-	(743)	(711)	(1,454)
Investment by non-controlling interest in subsidiaries	-	-	-	-	-	169	169
At 30 June 2019	-	1,866	14,903	1,355	39,322	9,485	66,931

	Share capital	Share Premium	Merger reserve	Other reserves	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30 June 2019	-	1,866	14,903	1,355	39,322	9,485	66,931
Profit/(loss) for the period	-	-	-	-	(61)	320	259
Foreign currency translation	-	-	-	-	(672)	(68)	(740)
Valuation change on cash flow hedge	-	-	-	129	-	-	129
Tax on cash flow hedge	-	-	-	(24)	-	-	(24)
Total comprehensive income/ (loss)	-	-	-	105	(733)	252	(376)
Equity dividends paid	-	-	-	-	(1,078)	-	(1,078)
Dividends paid to/rebalancing of non controlling interests	-	-	-	-	(234)	160	(74)
Capital distribution from subsidiary to non-controlling interests	-	-	-	-	-	(164)	(164)
Investment by non-controlling interest in subsidiaries	-	-	-	-	-	128	128
At 31 December 2019	-	1,866	14,903	1,460	37,277	9,861	65,367

	Share capital	Share Premium	Merger reserve	Other reserves	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	-	1,866	14,903	1,460	37,277	9,861	65,367
Profit for the period	-	-	-	-	2,153	660	2,813
Foreign currency translation	-	-	-	-	45	37	82
Valuation change on cash flow hedge	-	-	-	74	-	-	74
Tax on cash flow hedge	-	-	-	(14)	-	-	(14)
Total comprehensive income	-	-	-	60	2,198	697	2,955
Dividends paid to/rebalancing of non-controlling interests	-	-	-	-	(389)	(556)	(945)
Capital distribution from subsidiary to non-controlling interests	-	-	-	-	-	(1,300)	(1,300)
Investment by non-controlling interest in subsidiaries	-	-	-	-	-	6	6
At 30 June 2020	-	1,866	14,903	1,520	39,086	8,708	66,083

Unaudited Consolidated Cash Flow Statement
For the six months ended 30 June 2020

	Six months ended 30 Jun 20 £'000	Six months ended 30 Jun 19 £'000	Year ended 31 Dec 19 £'000
Cash flows from operating activities			
Operating profit	3,320	1,492	865
Adjustments for:			
Depreciation and impairment charges	1,125	1,382	2,787
Goodwill impairment	-		3,740
Loss on disposal of fixed assets	-	-	661
Fair value gains on Principal Finance investments	(277)	(326)	(1,101)
Revaluation of investment properties	-	-	156
Reduction in provision for national insurance on options	-	(1)	(39)
Operating cash flows before movement in working capital	4,168	2,547	7,069
Increase in trade and other receivables	(71,932)	(37,726)	(5,132)
Increase in trade and other payables	63,146	31,548	7,536
Decrease in trading liabilities	(167)	(7,046)	(2,835)
Decrease in trading assets	603	6,059	7,663
Cash (utilised)/generated by operations	(4,182)	(4,618)	14,301
Interest paid	(255)	(164)	(565)
Corporation tax paid	(113)	(299)	(334)
Net cash (utilised)/generated by operating activities	(4,550)	(5,081)	13,402
Cash flows from investing activities			
Purchases of property, plant & equipment	(146)	(1,448)	(3,668)
Sale of property, plant & equipment	4,551	-	-
Acquisition of subsidiary, net of cash acquired	-	(2,248)	(2,248)
Purchase of Principal Finance investments	(3,000)	(382)	(2,554)
Sale of Principal Finance investments	1,552	171	175
Investment in non-controlling interest in subsidiaries	6	169	297
Interest received	15	16	29
Net cash generated/ (utilised) by investing activities	2,978	(3,722)	(7,969)
Cash flows from financing activities			
Capital distribution to non-controlling interests	(1,300)	-	(164)
Payment of lease liability	(327)	(519)	(678)
Repayment of borrowings	-	(4,239)	(4,239)
Dividends paid to equity shareholders	-	(1,079)	(2,158)
Dividends paid to non-controlling interests	(945)	(1,454)	(1,528)
Net cash utilised by financing activities	(2,572)	(7,291)	(8,767)
Net decrease in cash and cash equivalents during the period/ year	(4,144)	(16,094)	(3,334)
Effects of exchange rate changes	(111)	123	(188)
Cash and cash equivalents at beginning of period/ year	27,493	31,015	31,015
Cash and cash equivalents at end of period/ year	23,238	15,044	27,493

Notes to the Interim Financial Report

For the six months ended 30 June 2020 (unaudited)

1. Financial information

Basis of preparation

The annual financial statements of Shore Capital Group Limited, the 'company' and its subsidiaries (the "Group") for the year ended 31 December 2019, and the condensed set of financial statements included in this interim financial report for the period ended 30 June 2020, are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Annual Report and Accounts of the Group for the year ended 31 December 2019 were issued on 3 April 2020. The auditor's report on those accounts was not qualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report. 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 revenue and expenses for the period. However, the nature of estimation means that actual outcomes could differ from those estimates. In preparing the condensed financial statements, the judgement and estimates made by the Directors are consistent with those reported in the December 2019 annual report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, together with the financial position of the Group, its liquidity position and borrowing facilities. In addition, the principal risks and uncertainties of the Group are discussed in note 2 to this interim financial report.

The current pandemic renders business prospects for the coming months highly uncertain and impossible to predict, however the Group is extremely well prepared for a sustained period of disrupted activity. The Directors have reviewed highly-stressed forecasts which include a prolonged period of disruption and consider that the Group has the financial resources to continue in operation throughout such a period. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed set of financial statements as are applied in the Group's latest audited Annual Report and Accounts for the year ended 31 December 2019. There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2020. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

2. Principal risks and uncertainties

The Group's policies for managing the risks arising from its activities are set out in the last audited Annual Report and Accounts of the Group that were issued on 3 April 2020. The Group's activities comprise equity market activities, fund management and investment in alternative assets and property, and its income is therefore subject to the level of general activity, sentiment and market conditions in each of the markets in which it operates.

3. Segmental information

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

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

- Capital Markets provides research in selected sectors, broking for institutional and professional clients, market making in small and mid cap stocks, fixed income broking and corporate broking and advisory for large, mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds.
- Central Costs comprises the costs of the Group's central management team and structure
- Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted, using the Group's 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 arms-length basis in a manner similar to transactions with third parties.

Six months ended 30 Jun 20	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	19,804	7,893	-	(183)	27,514
Profit/(loss) before tax excluding reorganisation costs	4,455	700	(733)	(821)	3,601
Reorganisation costs	(521)	-	-	-	(521)
Profit/(loss) before tax	3,934	700	(733)	(821)	3,080
Assets	142,312	12,817	1,406	24,332	180,867
Liabilities	(108,485)	(4,959)	(497)	(843)	(114,784)
Six months ended 30 Jun 19					
	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	15,028	8,074	-	1,169	24,271
Profit/(loss) before tax excluding reorganisation costs	2,696	1,496	(985)	(452)	2,755
Reorganisation costs	(1,165)	(196)	(50)	-	(1,411)
Profit/(loss) before tax	1,531	1,300	(1,035)	(452)	1,344
Assets	99,127	10,721	1,430	28,824	140,102
Liabilities	(67,034)	(3,866)	(312)	(1,959)	(73,171)
Year ended 31 Dec 19					
	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	32,365	17,651	-	3,189	53,205
Profit/(loss) before tax excluding reorganisation costs	4,694	3,913	(1,842)	(195)	6,570
Reorganisation costs	(2,198)	(241)	(62)	-	(2,501)
Impairment of goodwill	(3,740)	-	-	-	(3,740)
Profit/(loss) before tax	(1,244)	3,672	(1,904)	(195)	329
Assets	75,623	18,098	1,691	22,126	117,538
Liabilities	(44,482)	(5,424)	(770)	(1,495)	(52,171)

4. Reorganisation costs

During the period, the Group has incurred costs outside of its normal operating expenses.

	Six months ended 30 Jun 20 £'000	Six months ended 30 Jun 19 £'000	Year ended 31 Dec 19 £'000
Acquisition expenses	-	266	266
Post-acquisition restructuring costs	521	583	1,544
Pre-opening office costs	-	562	691
	<u>521</u>	<u>1,411</u>	<u>2,501</u>

Post-acquisition restructuring costs relate to redundancy and early contract termination and retention costs following the Stockdale acquisition.

Acquisition expenses relate to legal and due diligence costs incurred as part of the Stockdale acquisition.

Pre-opening costs relate to rent and rates on the Group's London premises incurred subsequent to the signing of the lease in 2019 but prior to occupation, while the Group remained in occupation of its previous premises.

5. Earnings per share

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

	Six months ended 30 Jun 20	Six months ended 30 Jun 19	Year ended 31 Dec 19
Earnings (£)	2,153,000	1,109,000	1,048,000
Number of shares			
Basic			
Weighted average number of shares	21,573,322	21,573,322	21,573,322
Diluted			
Dilutive effect of share option scheme	138,133	234,978	205,229
	21,711,455	21,808,300	21,778,551
Earnings per share			
Basic	10.0p	5.1p	4.9p
Diluted	9.9p	5.1p	4.8p
Earnings (£)	2,153,000	1,109,000	1,048,000
Reorganisation costs attributable to equity shareholders (£)	337,000	1,020,000	4,931,000
Adjusted earnings (£)	2,490,000	2,129,000	5,979,000
Adjusted earnings per share			
Basic	11.5p	9.9p	27.7p
Diluted	11.5p	9.8p	27.5p

6. Dividends paid

	Six months ended 30 Jun 20 £'000	Six months ended 30 Jun 19 £'000	Year ended 31 Dec 19 £'000
Amounts recognised as distributions to equity holders in the period/ year:			
Final dividend for the year ended 31 December 2018 of 5.0p per share	-	-	1,079
Interim dividend for the year ended 31 December 2019 of 5.0p per share	-	1,079	1,079
	<u>-</u>	<u>1,079</u>	<u>2,158</u>

The directors propose an interim dividend for the year ending 31 December 2020 of 5.0p per share.

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