



SHORE CAPITAL



PUMA HIGH INCOME VCT PLC

INTERIM REPORT 2012

For the six months ended 30 June 2012

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Chairman's Statement

Highlights

- Qualifying investments made into:
 - a project management and contracting activity building pre-let supported living developments
 - a hosting service for the new Microsoft Lync product
 - two service companies
- Non-qualifying portfolio has been repositioned into fixed income
- 14p per Ordinary Share of dividends paid to date, equivalent to a 10% per annum tax-free running yield on net investment
- NAV per share grew 0.26 per cent in the period, after adding back the 7p per share dividend paid on 5 March 2012

Ray Pierce, Chairman, said: “During the period, the Investment Manager has made some interesting qualifying investments and also met a number of other companies which are potentially suitable for investment. As a result, there is a good flow of opportunities which may lead to further attractive investments.”

Introduction

During the six months to 30 June 2012, the Company maintained a cautious approach in its investments whilst remaining well positioned to exploit the opportunities which are arising as a result of tight credit markets.

Qualifying Investments

During the period, the Company invested £880,000 into each of two contracting companies, Frederica Trading Limited (“Frederica”) and Glenmoor Trading Limited (“Glenmoor”), committing £1.76 million in total. These two companies have joined a limited liability partnership

with other contracting companies, which is project managing and acting as a lead contractor for up to five pre-let developments providing supported living, which will use £5.4 million in total of finance from Puma VCTs. The accommodation will be used by psychiatric and learning disabled people who are housed and given support by local authorities and other social care organisations. The five projects to be built in various towns are being constructed by a subsidiary of Morgan Sindall Plc, which is also investing in the developments.

The Company invested £700,000 (as part of a £1.4 million Puma VCT financing) into

Chairman's Statement continued

SIP Communications Plc ("SIPCOM"). SIPCOM provides hosted IP telephony and unified communications products and services and is a leading hosting provider for Microsoft Lync – a new business version of Skype with many enhanced features allowing IP telephony, video calls, instant messaging, and online meetings and integrating with Microsoft Outlook and Office.

Our investment in Mirfield Contracting Limited ("MCL") is progressing well as indicated in the Company's latest Annual Report. MCL is a contracting services company providing project management services to a £3.8 million development of town houses in Mirfield (near Wakefield) West Yorkshire, as a member of a limited liability partnership with other contracting companies. The development itself is progressing well with the first of three phases almost complete and over half of phase one houses sold.

The Company also invested £2 million into Huntly Trading Limited and Isaacs Trading Limited, two qualifying services companies which are actively pursuing opportunities to develop their businesses. We will update you on the progress of these investments in due course. The investment manager has continued to review a number of other suitable qualifying investments and expects to make further qualifying investments in the second half of the year to ensure the Company is on course to meet its HMRC qualifying target.

Non-Qualifying Investments

During the six months, the Investment Manager made several changes to the non-qualifying portfolio to re-position it to current conditions in securities markets. They disposed of holdings in five absolute return funds and liquidated one other whose proceeds were received after the balance sheet date. The remaining holdings are now almost entirely bond funds, which made a good contribution (both income and capital) to return over the six months' period.

Dividends

As set out in the accounts for the period ended 31 December 2011, the Company declared a dividend of 7p per ordinary share for that period which was paid on 5 March 2012, taking the total of dividends paid to date to 14p per Ordinary Share, equivalent to a 10% per annum tax-free running yield on the net investment by shareholders. Reflecting this recent payout, your Board is not proposing a further dividend at this interim stage but still intends to pay out a dividend of 7p per ordinary share each year as envisaged in the Company's prospectus.

Net Asset Value ("NAV")

The NAV per share was 79.18p at 30 June 2012. This was an increase of 0.26 per cent during the period (after adding back the 7p dividend paid on 5 March 2012).

VCT Qualifying Status

PricewaterhouseCoopers LLP ("PwC") provides the board and the investment manager with advice on the ongoing

compliance with Her Majesty's Revenue & Customs ("HMRC") rules and regulations concerning VCTs. PwC assists the Investment Manager in establishing the status of investments as qualifying holdings and has reported that the Company has met all HMRC's criteria to date.

Principal risks and uncertainties

Continuing uncertainty whilst the Eurozone continues to be in crisis and the UK economy remains in recessionary conditions has meant that markets remain turbulent. The consequences of this continued volatility and its affect on the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of 2012.

Outlook

During the period, the Investment Manager has made some interesting qualifying investments and also met a number of

other companies which are potentially suitable for investment. As a result, there is a good flow of opportunities which may lead to further attractive investments and we will update you in due course as investments are completed. The restrictions on availability of bank credit continue to affect the terms on which target companies can raise finance. This is both increasing the demand for our offering and improving the terms we can secure when we offer finance. There are many suitable companies which are well-managed, in good market positions, can offer security and need our finance. We therefore believe the Company is strongly positioned to assemble a portfolio to deliver attractive returns to shareholders in the medium to long term.

Ray Pierce

Chairman

31 August 2012

Income Statement (unaudited)

For the six months ended 30 June 2012

	Note	Six months ended 30 June 2012			Six months ended 30 June 2011			Year ended 31 December 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/gain on investments		–	124	124	–	69	69	–	(376)	(376)
Income		122	–	122	149	–	149	222	–	222
		122	124	246	149	69	218	222	(376)	(154)
Investment management fees	4	(31)	(92)	(123)	(29)	(88)	(117)	(54)	(163)	(217)
Other expenses		(88)	–	(88)	(84)	–	(84)	(173)	–	(173)
		(119)	(92)	(211)	(113)	(88)	(201)	(227)	(163)	(390)
Return/(loss) on ordinary activities before taxation		3	32	35	36	(19)	17	(5)	(539)	(544)
Tax on return on ordinary activities		–	–	–	(5)	5	–	–	–	–
Return/(loss) on ordinary activities after tax attributable to equity shareholders		3	32	35	31	(14)	17	(5)	(539)	(544)
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	0.02p	0.23p	0.26p	0.23p	(0.11p)	0.12p	(0.04p)	(3.94p)	(3.98p)

The revenue column of this statement is the profit and loss of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Balance Sheet (unaudited)

As at 30 June 2012

	Note	As at 30 June 2012 £'000	As at 30 June 2011 £'000	As at 31 December 2011 £'000
Fixed Assets				
Investments	7	7,646	10,807	7,608
Current Assets				
Debtors		47	62	17
Cash		3,250	1,552	4,243
		3,297	1,614	4,260
Creditors – amounts falling due within one year		(117)	(112)	(120)
Net Current Assets		3,180	1,502	4,140
Total Assets less Current Liabilities		10,826	12,309	11,748
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		10,825	12,308	11,747
Capital and Reserves				
Called up share capital		137	137	137
Share premium account		–	–	–
Capital reserve – realised		(741)	(207)	(584)
Capital reserve – unrealised		139	101	(50)
Revenue reserve		11,290	12,277	12,244
Equity Shareholders' Funds		10,825	12,308	11,747
Net Asset Value per Ordinary Share	3	79.18p	90.02p	85.92p
Diluted Net Asset Value per Ordinary Share	3	79.18p	90.02p	85.92p

Cash Flow Statement (unaudited)

For the six months ended 30 June 2012

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Operating activities			
Interest income received	66	146	246
Investment management fees paid	(103)	(128)	(226)
Directors' fees paid	(29)	(24)	(59)
Other cash payments	(54)	(59)	(91)
Net cash inflow/(outflow) from operating activities	(120)	(65)	(130)
Capital expenditure and financial investment			
Purchase of investments	(4,720)	(1,920)	(4,577)
Proceeds from sale of investments	4,807	2,143	7,546
Net realized loss on forward foreign exchange contracts	–	(21)	(2)
Transaction costs	(3)	(3)	(11)
Net cash outflow from capital expenditure and financial investment	84	200	2,956
Equity dividend paid	(957)	(957)	(957)
Financing			
Redemption of redeemable preference shares	–	–	–
Net cash outflow from financing	–	–	–
Decrease in cash	(993)	(822)	1,869
Net cash at start of the period	4,243	2,374	2,374
Net funds at the period end	3,250	1,552	4,243

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2012

	Called up share capital £'000	Share premium account £'000	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
Six months ended 30 June 2011						
Balance as at 1 January 2011	137	13,264	(110)	17	(58)	13,250
Capital reconstruction	–	(13,264)	–	–	13,264	–
Total recognised (losses)/gains for the period	–	–	(97)	84	30	17
Dividends paid	–	–	–	–	(957)	(957)
Balance as at 30 June 2011	137	–	(207)	101	12,279	12,310
Total recognised (losses)/gains for the period	–	–	(377)	(151)	(35)	(563)
Dividends paid	–	–	–	–	–	–
Balance as at 31 December 2011	137	–	(584)	(50)	12,244	11,747
Total recognised (losses)/gains for the period	–	–	(157)	189	3	35
Dividends paid	–	–	–	–	(957)	(957)
Balance as at 30 June 2012	137	–	(741)	139	11,290	10,825

Notes to the Interim Report

For the six months ended 30 June 2012

1. Accounting Policies

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments, and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP").

2. Return per Ordinary Share

The total gain per share of 0.26p (30 June 2011 – gain per share of 0.12p) is based on the gain for the period of £35,000 (30 June 2011 – gain of £17,000) and the weighted average number of shares in issue as at 30 June 2012 of 13,671,870 (30 June 2011 – 13,671,870).

3. Net asset value per share

	As at 30 June 2012	As at 30 June 2011	As at 31 December 2011
Net assets	10,825,000	12,308,000	11,747,000
Shares in issue	13,671,870	13,671,870	13,671,870
Net asset value per share			
Basic	79.18p	90.02p	85.92p
Diluted	79.18p	90.02p	85.92p

4. Management fees

The Company pays the Investment Manager an annual management fee of 2% of the Company's net assets. The fee is payable quarterly in arrears. The annual management fee is allocated 75% to capital and 25% to revenue.

5. Related Party Transactions

Related party transactions are described in the 2011 Annual Report and Accounts on page 34. There were no other related party transactions during the six months ended 30 June 2012.

6. The financial information for the six months ended 30 June 2012 and 30 June 2011 has not been audited and does not comprise full financial statements within the meaning of Section 423 of the Companies Act 2006. The financial information for the Year ended 31 December 2011 has been extracted from the company's full financial statements for the period then ended that have been delivered to the Registrar of Companies, and on which the report of the Auditors was unqualified. The interim financial statements have been prepared on the same basis as the annual financial statements.

7. Investment portfolio summary

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
As at 30 June 2012				
Qualifying Investment – Unquoted				
Frederica Trading Limited	880	880	–	8%
Glenmoor Trading Limited	880	880	–	8%
Huntly Trading Limited	700	700	–	6%
Isaacs Trading Limited	700	700	–	6%
Mirfield Contracting Limited	860	860	–	8%
SIP Communications plc	700	700	–	6%
Total Qualifying Investments	4,720	4,720	–	42%
Non-Qualifying Investments				
Jupiter Strategic Bond Fund	784	758	26	7%
Neuberger Berman High Yield Fund	243	235	8	2%
Pimco Global Investors Hedged Income Fund	632	613	19	6%
Blackrock UK Emerging Companies Fund	622	591	31	6%
Bluebay Macro Fund	645	600	45	6%
Total Non-Qualifying investments	2,926	2,797	129	27%
Total Investments	7,646	7,517	129	69%
Balance of Portfolio	3,179	3,179		31%
Net Assets	10,825	10,696	129	100%

Officers and Professional Advisers

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Jonathan Morton-Smith
Graham Shore

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