



SHORE CAPITAL



PUMA VCT PLC

INTERIM REPORT 2006

Contents

Chairman's Statement	1
<hr/>	
Income Statement	3
<hr/>	
Balance Sheet	4
<hr/>	
Cash Flow Statement	5
<hr/>	
Reconciliation of Movements in Shareholders' Funds	6
<hr/>	
Notes to the Interim Report	7
<hr/>	
Officers and Professional Advisers	Inside Back Cover
<hr/>	

Chairman's Statement

Highlights

- Undiluted net asset value per share of 110.17p, a 5.1% increase from year-end.
- Fully diluted net asset value of 108.14p, an increase of 4.1%.
- Strong performance of alternative asset investments during the period.
- Deal flow of larger qualifying investments in pipeline.

Introduction

During the six months to 30 June 2006, the Company's net asset value grew by 5.1%, in excess of targets. This was accomplished from investments in qualifying companies selected as being on the whole lower risk whilst making alternative asset investments intended to provide an absolute return with low volatility. Although the rate of new qualifying investments in the first half of this year was lower than expected, the flow of potential new deals is currently strong and we expect a significant upturn in activity before the year-end.

Net asset value

2006 has begun well with the Company's net asset value up 5.1% to 110.17p. The diluted net asset value is up 4.1% to 108.14p after accruing for potential performance fees. The increase is largely due to the Investment Manager's focus on maximising the returns of its hedge fund portfolio and other non-qualifying listed investments.

The total return for the six month period to 30 June 2006 was 4.26p, comprising a

revenue return of 0.23p and a capital return of 4.03p.

Dividends

Your Board is not proposing a dividend for the period. When the portfolio is more fully established the Directors intend to distribute a large element of the available income and, if appropriate, realised capital gains.

Qualifying investments

During the six months a total of £285,000 was invested in the following companies:

- Clarity Commerce Solutions Plc (£142,000) is an AIM quoted provider of software and IT support services based in Basingstoke.
- Interactive World Plc (£102,000) is an AIM quoted distributor of digital media content to customers of major UK mobile network operators and users of leading UK internet search engines based in Barking.
- Debts.co.uk Plc (£41,000) is an AIM quoted personal debt consolidator based in Chesterfield.

Chairman's Statement continued

The Investment Managers have been selective about investing into qualifying companies on AIM because they believed that new issues available to VCTs in the first five months of this year were generally over-valued and in many cases by poor quality companies. Since then, the small cap market has retrenched bringing valuations down to a more reasonable level. This should provide a better environment from which to invest in qualifying companies.

The qualifying portfolio now consists of six investments and represents approximately 17% of assets as at 30 June 2006. With some larger qualifying investments to be made in the near-term, your Board is confident the requirement for at least 70% to be invested in qualifying companies after three years will be met within the timescale.

Non-qualifying investments

The Investment Manager's non-qualifying portfolio has performed strongly in the six months to 30 June 2006 producing the bulk of the Company's total return in this period. The Investment Manager continues to seek out hedge funds which meet the goal of absolute return and to construct a portfolio

with a low correlation of underlying funds and a consequent low volatility at the portfolio level. As the funding of qualifying investments increases, the hedge fund portfolio will be progressively liquidated to meet this need.

Outlook

The Company's Investment Manager, Shore Capital, currently has a strong deal flow of interesting qualifying opportunities in private equity deals. The recent turbulence in equity markets has brought valuations down to a more realistic level which should provide interesting opportunities.

I look forward to reporting the progress of the Company with the next Annual Report for the year ended 31 December 2006. In the meantime, shareholders should note that the Company publishes its net asset value per share each month over the London Stock Exchange's electronic system.

Sir Aubrey Brocklebank Bt
Chairman

26 September 2006

Income Statement (unaudited)

For the six months ended 30 June 2006

	≈ Note	Six months ended 30 June 2006			5 Nov 2004 to 30 Jun 2005			5 Nov 2004 to 30 Dec 2005		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	703	703	–	19	19	–	887	887
Income		134	–	134	109	–	109	259	–	259
		134	703	837	109	19	128	259	887	1,146
Investment management fees	4	35	106	141	22	66	88	54	162	216
Performance fees		7	121	128	–	–	–	10	107	117
Other expenses		53	–	53	36	–	36	102	–	102
		95	227	322	58	66	124	166	269	435
Return on ordinary activities before taxation		39	476	515	51	(47)	4	93	618	711
Tax on return on ordinary activities		(11)	11	–				(28)	28	–
Return on ordinary activities after tax attributable to equity shareholders		28	487	515	51	(47)	4	65	646	711
Return per Ordinary Share (pence)	2	0.23p	4.03p	4.26p	0.42p	(0.39)p	0.03p	0.58p	5.78p	6.36p

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 2006

	Note	As at 30 June 2006 £'000	As at 30 June 2005 £'000	As at 31 December 2005 £'000
Fixed Assets				
Investments	6	11,533	5,724	9,482
Current Assets				
Trades in advance		–	–	494
Debtors		94	3	21
Cash		1,819	6,453	2,812
		1,913	6,456	3,327
Creditors – amounts falling due within one year		(128)	(330)	(134)
Net Current Assets		1,785	6,126	3,193
Total Assets less Current Liabilities		13,318	11,850	12,675
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		13,317	11,849	12,674
Capital and Reserves				
Called up share capital		121	121	121
Share premium account		–	11,725	–
Capital reserve – realised		47	(73)	(371)
Capital reserve – unrealised		1,086	26	1,017
Other reserve		245	–	117
Revenue reserve		11,818	51	11,790
Equity Shareholders' Funds		13,317	11,849	12,674
Net Asset Value per Ordinary Share	3	110.17p	98.03p	104.85p
Diluted Net Asset Value per Ordinary Share	3	108.14p	98.03p	103.88p

Cash Flow Statement (unaudited)

For the six months ended 30 June 2006

	Six months ended 30 June 2006 £'000	5 Nov 2004 to 30 Jun 2005 £'000	5 Nov 2004 to 31 Dec 2005 £'000
Operating activities			
Return on ordinary activities before taxation	39	51	93
Investment management fee charged to capital	(106)	(66)	(162)
Performance fee to be effected through share-based payment	7	–	10
Foreign exchange (loss)/gain on cash	(7)	4	23
Increase in debtors	(73)	(3)	(21)
(Decrease)/increase in creditors	(14)	330	110
Net cash (outflow)/inflow from operating activities	(154)	316	53
Capital expenditure and financial investment			
Purchase of investments	(3,995)	(6,395)	(9,812)
Proceeds from sale of investments	2,344	788	1,502
Decrease/(increase) in trades in advance	494	–	(494)
Net realised gain/(loss) on forward foreign exchange contracts	318	(103)	(284)
Net cash outflow from capital expenditure and financial investment	(839)	(5,710)	(9,088)
Financing			
Proceeds received from issue of ordinary share capital	–	12,088	12,088
Expenses paid for issue of share capital	–	(242)	(242)
Proceeds received from issue of redeemable preference shares	–	–	50
Redemption of redeemable preference shares	–	–	(50)
Proceeds received from convertible loan notes	–	1	1
Net cash inflow from financing	–	11,847	11,847
(Decrease)/increase in cash	(993)	6,453	2,812
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash for the period	(993)	6,453	2,812
Net cash at start of the period	2,812	–	–
Net funds at the period end	1,819	6,453	2,812

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2006

	Six months ended 30 June 2006						
	Called up share capital £'000	Share premium account £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2005	121	–	(371)	1,017	117	11,790	12,674
Combined net return on ordinary activities after taxation	–	–	418	69	128	28	643
Balance at 30 June 2006	121	–	47	1,086	245	11,818	13,317

	Period from 5 November 2004 to 30 June 2005						
Share issues in the period	121	11,967	–	–	–	–	12,088
Expenses of share issues	–	(242)	–	–	–	–	(242)
Combined net return on ordinary activities after taxation	–	–	(73)	26	–	51	4
Balance at 30 June 2005	121	11,725	(73)	26	–	51	11,849

	Period from 5 November 2004 to 31 December 2005						
Share issues in the period	121	11,967	–	–	–	–	12,088
Expenses of share issues	–	(242)	–	–	–	–	(242)
Combined net return on ordinary activities after taxation	–	–	(371)	1,017	117	65	828
Capital reconstruction	–	(11,725)	–	–	–	11,725	–
Balance at 31 December 2005	121	–	(371)	1,017	117	11,790	12,674

Notes to the Interim Report

For the six months ended 30 June 2006

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" ("SORP") December 2005. Although this SORP principally applies to Investment Trusts, many of the characteristics of Investment Trusts are shared by VCTs therefore the Company will continue to follow the SORP until investment company status is revoked.

The Company is required to comply with a number of new UK Financial Reporting Standards (FRS), which now represent UK Generally Accepted Accounting Practice (UK GAAP), in presenting its financial statements for the year ending 31 December 2006. These Standards have been introduced as part of the process of aligning UK accounting principles with International Accounting Standards. The unaudited interim financial statements for the six months ended 30 June 2006 have been prepared in compliance with the new Standards. There is no change with respect to the accounting policies from those used in preparing the annual financial statements for the year ended 31 December 2005.

2. Return per Ordinary Share

The total return per share of 4.26p (30 June 2005 – 0.03p) is based on the profit for the period of £515,000 (30 June 2005 – £4,000) and the weighted average number of shares in issue as at 30 June 2006 of 12,087,700 (30 June 2005 – 12,087,700).

3. Net asset value per share

Period	Net assets	Shares in issue	Net Asset Value per share	
			Basic	Diluted
30 June 2006	£13,317,000	12,087,700	110.17p	108.14p
31 December 2005	£12,674,000	12,087,700	104.85p	103.88p
30 June 2005	£11,849,000	12,087,700	98.03p	98.03p

4. Management fees

The Company pays the Investment Manager an annual management fee of 2% (plus VAT) 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.

Notes to the Interim Report continued

For the six months ended 30 June 2006

5. The financial information for the six months ended 30 June 2006 and the period ended 30 June 2005 has not been audited and does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial information for the period ended 31 December 2005 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.

6. Investment portfolio summary

As at 30 June 2006	Cost £'000	Valuation £'000	Valuation as a % of Net Assets
Qualifying investment – unquoted			
Cadbury House Hotel & Country Club plc – equity	71	98	1%
Cadbury House Hotel & Country Club plc – debt	640	954	7%
Qualifying investment – quoted			
Clarity Commerce Solutions plc	142	129	1%
Debts.co.uk plc	41	43	1%
Interactive World plc	102	114	1%
Patsystems plc	311	342	3%
@UK plc	415	553	3%
Total qualifying investments	1,722	2,233	17%
Non-qualifying investments			
Hedge fund portfolio – unquoted	1,526	1,693	13%
Hedge fund portfolio – quoted	4,995	5,446	41%
Other quoted investments	1,286	1,505	11%
Fixed interest security	657	656	5%
Total non-qualifying investments	8,464	9,300	70%
Total investments	10,186	11,533	87%
Balance of portfolio	1,784	1,784	13%
Net Assets	11,970	13,317	100%

Officers and Professional Advisers

Directors (all non-executive)

Sir A T Brocklebank Bt, ACA
(Chairman)
D M Brock
C J Ring, ACA

Secretary

J S Paisner

Registered Number

05279077

Registered Office

Bond Street House
14 Clifford Street
London W1S 4JU

Investment Manager

Shore Capital Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Registrar

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Administrator

Shore Capital Fund Administration
Services Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Auditors

Baker Tilly
2 Bloomsbury Street
London WC1B 3ST

Sponsors and Solicitors

Howard Kennedy
19 Cavendish Square
London W1A 2AW

Bankers

The Royal Bank of Scotland plc
Western Branch
60 Conduit Street
London W1R 9FD

Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh EH3 9BN

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Custodian

Pershing Securities Limited
Capstan House
One Clove Crescent
East India Dock
London E14 2BH

Puma VCT plc
Bond Street House
14 Clifford Street
London W1S 4JU
www.shorecap.co.uk

Tel: 020 7408 4050
Fax: 020 7408 4051