Shore Capital

PUMA VCT II PLC

INTERIM REPORT 2007

VCT II 07

Contents

Highlights

- Undiluted net asset value per share of 116.38p, a 3.1% increase from year-end (3.9% including the 0.9p dividend). Fully diluted net asset value of 112.92p, an increase of 2.4% (3.2% including the 0.9p dividend)
- Continued growth from alternative asset investments with qualifying investments now contributing
- Four qualifying investments made in the period
- Large qualifying investments in pipeline expected to complete in coming months

Sir Aubrey Brocklebank Bt of Puma VCT II plc said:
"In the six months to 30 June 2007, the Company continued to grow the net asset value in line with its targets. The Investment Manager currently has a pipeline of interesting qualifying opportunities in private equity deals. We also expect the VCT's offering of growth mezzanine and equity capital for asset-backed growing companies to be increasingly attractive in a climate of tightening terms for conventional credit."

Chairman's Statement continued

Introduction

During the six months to 30 June 2007, the Company continued to grow the net asset value in line with its targets. The growth came from the qualifying company investments, which have been selected as lower risk, and the non-qualifying investments with their lower volatility, absolute return approach.

The Company made four qualifying investments during the first half of the year. There is a pipeline, including signed term sheets, representing significant potential investments, which the Company's Investment Manager, Shore Capital, hopes to complete in the coming months. The current turmoil in the credit markets and consequent more cautious bank lending should also give rise to more opportunities to provide growth capital on attractive terms. As a result, demand should grow for the VCT's offering of mezzanine loans and equity to asset backed companies.

Net asset value

The Company made a good start to 2007 with net asset value up 3.1% to 116.38p (3.9% including the 0.9p dividend). The diluted net asset value is up 2.4% to 112.92p (3.2% including the 0.9p dividend) after accruing for potential performance fees. The increase derives from a combination of continuing performance from the hedge fund portfolio and other non-qualifying listed investments and the qualifying investments starting to deliver.

The total return for the six month period to 30 June 2007 was 3.50p, comprising a revenue return of 0.19p and a capital return of 3.31p.

Dividends

As set-out in the 2006 full year accounts, a dividend of 0.9p per ordinary share was paid during the period. Your Board is not proposing a dividend in relation to this interim period but reiterates the intention to distribute a large element of the available income and, if appropriate, realised capital gains in the medium term.

Qualifying investments

During the six months a total of £425,000 was invested in the following companies:

- Universe Group Plc (£120,000): an AIM quoted provider of EPOS hardware and software to the petrol forecourt market.
- Invu Inc (£81,000): a leading provider of document management software to the SME market, quoted on AIM.

- Mediasurface Plc (£71,000): a web-content management software provider to the private and public sector; which raised new equity to finance the acquisition of a smaller competitor.
- Mount Engineering Plc (£153,000): a provider of engineering equipment, principally to the oil and gas sector. The Company invested as part of the AIM IPO.

The Company's largest investment, Cadbury House Hotel & Country Club, has had a strong first half to the year. The 72 bed hotel wing was opened in June and has subsequently exceeded all expectations in terms of occupancy and room rates achieved. In addition, the leisure club continues to operate at full capacity. A planned extension will enable the membership to grow further.

Vertu Motors Plc is the second largest holding for Puma VCT II Plc. The company is executing on its buy-and-build strategy in the motor dealership sector, having completed a £40m acquisition of the Bristol Street Group in February and three further smaller deals later on in the year. Although its share price has come down from the highs seen at in the first months of the year, it is still comfortably above our entry price.

The Company's third largest holding is in Stocklight Limited, which is the parent of Bloomsbury Auctions, a fast growing specialist auctioneer. Bloomsbury Auctions is finalising its new auction rooms, to be opened later in the year and we expect further good news flow which should underpin its growth strategy.

The investment climate on AIM in the period under review for VCT qualifying companies remained buoyant. As a result the Investment Manager has had to pass on numerous opportunities due to unrealistically high valuations and more generally a lack of sufficient downside protection. The Investment Manager therefore continued to focus on identifying unquoted companies with a defined exit strategy. Such deals take longer to complete but the amounts invested are substantially higher.

The qualifying portfolio now consists of eleven investments and represents approximately 35% of assets as at 30 June 2007. 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.

Chairman's Statement continued

Non-qualifying investments

The Investment Manager's non-qualifying portfolio performed strongly in the six months to 30 June 2007 adding approximately 3.2p to the net asset value per share. However, since the end of the period, the non-qualifying portfolio has dropped reflecting the difficult markets and has reduced the net asset value per share to 31 August 2007 by 2p.

Year End Change

During the period the Company took the opportunity to change its financial year end from 31 December to 28 February. The Puma VCT II is now required to be 70% invested in qualifying investments by the new financial year end. The next Annual Report shall be for the period ended 28 February 2008.

Outlook

The Investment Manager currently has a pipeline of interesting qualifying opportunities in private equity deals. In addition, subsequent to the date of these accounts, the Company has invested a further £221,000 in AIM listed companies, including a follow-on investment in Interactive World Plc of £140,000.

Despite the recent volatility in the equity markets the quoted investments in the Company's portfolio have generally held their value. We are hopeful, that once calm is restored, further AIM opportunities should come forward at more realistic valuations. We also expect the VCT's offering of growth mezzanine and equity capital for asset-backed growing companies to be increasingly attractive in a climate of tightening terms for conventional credit.

I look forward to reporting the progress of the Company with the next Annual Report for the period ended 28 February 2008. 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 as well Shore Capital's website, www.shorecap.co.uk/investor-information-puma.php.

Sir Aubrey Brocklebank Bt
Chairman

27 September 2007

Income Statement (unaudited)

For the six months ended 30 June 2007

	Note	1 Jan 2007 to 30 Jun 2007 Revenue £'000	1 Jan 2007 to 30 Jun 2007 Capital £'000	1 Jan 2007 to 30 Jun 2007 Total £'000	1 Jan 2006 to 30 Jun 2006 Revenue £'000	1 Jan 2006 to 30 Jun 2006 Capital £'000	1 Jan 2006 to 30 Jun 2006 Total £'000	1 Jan 2006 to 31 Dec 2006 Revenue £'000	1 Jan 2006 to 31 Dec 2006 Capital £'000	1 Jan 2006 to 31 Dec 2006 Total £'000
Gains on investments		–	432	432	–	479	479	–	752	752
Income		92	–	92	89	–	89	206	–	206
		92	432	524	89	479	568	206	752	958
Investment management fees	4	28	85	113	24	73	97	54	162	216
Performance fees		3	69	72	4	82	86	12	119	131
Other expenses		47	–	47	38	–	38	87	–	87
		78	154	232	66	155	221	153	281	434
Return on ordinary activities before taxation		14	278	292	23	324	347	53	471	524
Tax on return on ordinary activities capital		3	(3)	–	(6)	6	–	(8)	8	–
Return on ordinary activities after tax attributable to equity shareholders		17	275	292	17	330	347	45	479	524
Return per Ordinary Share (pence)	2	0.19p	3.31p	3.50p	0.20p	3.98p	4.18p	0.54p	5.77p	6.31p

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 2007

	Note	**As at 30 June 2007 £'000**	As at 30 June 2006 £'000	As at 31 December 2006 £'000
Fixed Assets				
Investments	6	**9,602**	7,918	8,962
Current Assets				
Debtors		**97**	65	53
Cash		**38**	1,256	505
		135	1,321	558
Creditors – amounts falling due within one year		**(77)**	(89)	(149)
Net Current Assets		**58**	1,232	409
Total Assets less Current Liabilities		**9,660**	9,150	9,371
Creditors – amounts falling due after more than one year (including convertible debt)		**(1)**	(1)	(1)
Net Assets		**9,659**	9,149	9,370
Capital and Reserves				
Called up share capital		**83**	83	83
Capital reserve – realised		**331**	65	115
Capital reserve – unrealised		**891**	733	832
Other reserve		**286**	170	214
Revenue reserve		**8,068**	8,098	8,126
Equity Shareholders' Funds		**9,659**	9,149	9,370
Net Asset Value per Ordinary Share	3	**116.38p**	110.24p	112.90p
Diluted Net Asset Value per Ordinary Share	3	**112.92p**	108.19p	110.32p

Cash Flow Statement (unaudited)

For the six months ended 30 June 2007

	1 Jan 2007 to 30 Jun 2007 £'000	1 Jan 2006 to 30 Jun 2006 £'000	1 Jan 2006 to 31 Dec 2006 £'000
Operating activities			
Investment income received	**71**	38	167
Investment management fees paid	**(164)**	(95)	(157)
Cash paid to directors	**(7)**	(7)	(14)
Foreign exchange gain/(loss) on cash	**18**	(18)	(36)
Other cash payments	**(54)**	(42)	(67)
Net cash outflow from operating activities	**(136)**	(124)	(107)
Equity dividend paid	**(75)**	–	–
Capital expenditure and financial investment			
Purchase of investments	**(2,832)**	(2,733)	(4,564)
Proceeds from sale of investments	**2,563**	1,580	2,492
Decrease in trades in advance	**–**	339	339
Acquisition costs	**–**	–	(3)
Net realised gain on forward foreign exchange contracts	**13**	229	383
Net cash outflow from capital expenditure and financial investment	**(256)**	(585)	(1,353)
Decrease in cash	**(467)**	(709)	(1,460)

Reconciliation of net cash flow to movement in net funds			
Decrease increase in cash for the period	**(467)**	(709)	(1,460)
Net cash at start of the period	**505**	1,965	1,965
Net funds at the period end	**38**	1,256	505

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2007

	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
	For the six months ended 30 June 2007					
Balance at 1 January 2007	83	115	832	214	8,126	9,370
Total recognised gains for the period	–	216	59	72	17	364
Equity dividend paid	–	–	–	–	(75)	(75)
Balance at 30 June 2007	**83**	**331**	**891**	**286**	**8,068**	**9,659**
	For the six months ended 30 June 2006					
Balance at 1 January 2006	83	(213)	681	83	8,081	8,715
Total recognised gains for the period	–	278	52	87	17	434
Balance at 30 June 2006	83	65	733	170	8,098	9,149
	For the six months ended 31 December 2006					
Balance at 1 January 2006	83	(213)	681	83	8,081	8,715
Total recognised gains for the year	–	328	151	131	45	655
Balance at 31 December 2006	83	115	832	214	8,126	9,370

Notes to the Interim Report

For the six months ended 30 June 2007

1. 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 2007 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 2006.

2. Return per Ordinary Share

The total return per share of 3.50p (30 June 2006 – 4.18p) is based on the profit for the period of £292,000 (30 June 2006 – £347,000) and the weighted average number of shares in issue as at 30 June 2007 of 8,299,300 (30 June 2006 – 8,299,300).

3. Net asset value per share

			Net Asset Value per share	
Period	Net assets	Shares in issue	Basic	Diluted
30 June 2007	**£9,659,000**	**8,299,300**	**116.38p**	**112.92p**
31 December 2006	£9,370,000	8,299,300	112.90p	110.32p
30 June 2006	£9,149,000	8,299,300	110.24p	108.19p

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 2007

5. The financial information for the six months ended 30 June 2007 and the six months ended 30 June 2006 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 year ended 31 December 2006 has been extracted from the company's full financial statements for the year 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 2007	Cost £'000	Valuation £'000	Valuation as a % of Net Assets
Qualifying investment – unquoted			
Cadbury House Hotel & Country Club plc	1,278	1,545	16%
Stocklight Limited	279	279	3%
Qualifying investment – quoted			
@UK plc	285	76	1%
Clarity Commerce Solutions plc	98	87	1%
Interactive World plc	70	78	1%
INVU inc	81	81	1%
Mediasurface plc	71	77	1%
Mount Engineering plc	153	153	1%
Patsystems plc	214	385	4%
Universe Group plc	120	120	1%
Vertu Motors plc	407	475	5%
Total qualifying investments	**3,056**	**3,356**	**35%**
Non-qualifying investments			
Hedge fund portfolio – unquoted	2,405	2,830	29%
Loan stock – interest bearing	2,000	2,027	21%
Other quoted investments	1,024	1,389	14%
Total non-qualifying investments	**5,429**	**6,246**	**64%**
Total investments	**8,485**	**9,602**	**99%**
Balance of portfolio	**57**	**57**	**1%**
Net Assets	**8,542**	**9,659**	**100%**

Officers and Professional Advisers

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D M Brock
C J Ring, ACA

Secretary
J S Paisner

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