



SHORE CAPITAL



PUMA VCT PLC

INTERIM REPORT 2007

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Highlights

- Undiluted net asset value per share of 116.37p, 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
- Five qualifying investments made in the period
- Large qualifying investments in pipeline expected to complete in coming months

Sir Aubrey Brocklebank Bt of Puma VCT 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

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 five 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 116.37p (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 0.22p and a capital return of 3.28p.

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 £820,000 was invested in the following companies:

- Cadbury House Hotel & Country Club Ltd (£200,000): the second instalment of our refinancing of the hotel, leisure club and conferencing development, described in the 2006 year end accounts.
- Universe Group Plc (£174,000): an AIM quoted provider of EPOS hardware and software to the petrol forecourt market.
- Invu Inc (£119,000): a leading provider of document management software to the SME market, quoted on AIM.

- Mediasurface Plc (£104,000): 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 (£223,000): 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 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 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 large 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 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

Chairman's Statement continued

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 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 £322,000 in AIM listed companies, including a follow-on investment in Interactive World Plc of £204,000.

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/press.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			1 Jan 2006 to 30 Jun 2006			1 Jan 2006 to 31 Dec 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	624	624	–	703	703	–	1,101	1,101
Income		134	–	134	134	–	134	306	–	306
		134	624	758	134	703	837	306	1,101	1,407
Investment management fees	4	41	124	165	35	106	141	79	236	315
Performance fees		6	100	106	7	121	128	19	175	194
Other expenses		65	–	65	53	–	53	119	–	119
		112	224	336	95	227	322	217	411	628
Return on ordinary activities before taxation		22	400	422	39	476	515	89	690	779
Tax on return on ordinary activities		4	(4)	–	(11)	11	–	(15)	15	–
Return on ordinary activities after tax attributable to equity shareholders		26	396	422	28	487	515	74	705	779
Return per Ordinary Share (pence)	2	0.22p	3.28p	3.50p	0.23p	4.03p	4.26p	0.61p	5.83p	6.44p

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	13,096	11,533	12,908
Current Assets				
Debtors		138	94	76
Cash		945	1,819	881
		1,083	1,913	957
Creditors – amounts falling due within one year		(112)	(128)	(217)
Net Current Assets		971	1,785	740
Total Assets less Current Liabilities		14,067	13,318	13,648
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		14,066	13,317	13,647
Capital and Reserves				
Called up share capital		121	121	121
Capital reserve – realised		464	47	108
Capital reserve – unrealised		1,283	1,086	1,243
Other reserve		417	245	311
Revenue reserve		11,781	11,818	11,864
Equity Shareholders' Funds		14,066	13,317	13,647
Net Asset Value per Ordinary Share	3	116.37p	110.17p	112.90p
Diluted Net Asset Value per Ordinary Share	3	112.92p	108.14p	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	102	60	250
Investment management fees paid	(239)	(138)	(228)
Cash paid to directors	(11)	(11)	(21)
Foreign exchange gain/(loss) on cash	27	(7)	(24)
Other cash payments	(72)	(58)	(89)
Net cash outflow from operating activities	(193)	(154)	(112)
Equity dividend paid	(109)	–	–
Capital expenditure and financial investment			
Purchase of investments	(3,411)	(3,995)	(6,512)
Proceeds from sale of investments	3,758	2,344	3,670
Decrease in trades in advance	–	494	494
Acquisition costs	–	–	(4)
Net realised gain on forward foreign exchange contracts	19	318	533
Net cash inflow/(outflow) from capital expenditure and financial investment	366	(839)	(1,819)
Increase/(decrease) in cash	64	(993)	(1,913)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the period	64	(993)	(1,913)
Net cash at start of the period	881	2,812	2,812
Net funds at the period end	945	1,819	881

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2007

	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
Balance at 1 January 2007	121	108	1,243	311	11,864	13,647
Total recognised gains for the period	–	356	40	106	26	528
Equity dividend paid	–	–	–	–	(109)	(109)
Balance at 30 June 2007	121	464	1,283	417	11,781	14,066

	For the six months ended 30 June 2006					
	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2006	121	(371)	1,017	117	11,790	12,674
Total recognised gains for the period	–	418	69	128	28	643
Balance at 30 June 2006	121	47	1,086	245	11,818	13,317

	For the six months ended 31 December 2006					
	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2006	121	(371)	1,017	117	11,790	12,674
Total recognised gains for the year	–	479	226	194	74	973
Balance at 31 December 2006	121	108	1,243	311	11,864	13,647

Notes to the Interim Report

For the six months ended 30 June 2007

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.

2. Return per Ordinary Share

The total return per share of 3.50p (30 June 2006 – 4.26p) is based on the profit for the period of £422,000 (30 June 2006 – £515,000) and the weighted average number of shares in issue as at 30 June 2007 of 12,087,700 (30 June 2006 – 12,087,700).

3. Net asset value per share

Period	Net assets	Shares in issue	Net Asset Value per share	
			Basic	Diluted
30 June 2007	£14,066,000	12,087,700	116.37p	112.92p
31 December 2006	£13,647,000	12,087,700	112.90p	110.32p
30 June 2006	£13,317,000	12,087,700	110.17p	108.14p

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.

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.

Notes to the Interim Report continued

For the six months ended 30 June 2007

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	1,911	2,300	16%
Stocklight Limited	407	407	3%
Qualifying investment – quoted			
@UK plc	415	111	1%
Clarity Commerce Solutions plc	142	127	1%
Interactive World plc	102	113	1%
INVU inc	119	119	1%
Mediasurface plc	104	113	1%
Mount Engineering plc	223	222	1%
Patsystems plc	311	560	4%
Universe Group plc	174	174	1%
Vertu Motors plc	593	692	5%
Total qualifying investments	4,501	4,938	35%
Non-qualifying investments			
Hedge fund portfolio	3,501	4,106	30%
Loan stock – interest bearing	2,000	2,027	14%
Other quoted investments	1,486	2,025	14%
Total non-qualifying investments	6,987	8,158	58%
Total investments	11,488	13,096	93%
Balance of portfolio	970	970	7%
Net Assets	12,458	14,066	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

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