



PUMA VCT ¹⁰
Calculated Excellence

INTERIM REPORT

For the period ended
30 June 2016

Officers and Professional Advisers

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David Vaughan (Chairman)
Stephen Hazell Smith
Graham Shore

SECRETARY

Eliot Kaye

REGISTERED NUMBER

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02 Chairman's Statement

Highlights

- Φ Fund substantially invested in a diverse range of high quality businesses and projects.
- Φ First 6p per share dividend paid during the period, equivalent to an 8.6% per annum tax-free running yield on investment.
- Φ Strong pipeline of VCT qualifying investment opportunities to ensure that the Company remains on track to meet its 3-year target.
- Φ Full recovery of interest on loan to Ennovor Trading generated an extra £168,000 of income.
- Φ NAV per share up 0.18p in the half year to 96.53p (adding back dividends paid to date).

INTRODUCTION

THE COMPANY HAS NOW DEPLOYED A SUBSTANTIAL PROPORTION OF ITS FUNDS IN BOTH QUALIFYING AND NON-QUALIFYING INVESTMENTS, AND REMAINS ON TRACK TO MEET ITS MINIMUM QUALIFYING INVESTMENT PERCENTAGE OF 70 PER CENT WITHIN THE REQUISITE TIMEFRAME. OUR PORTFOLIO IS WELL POSITIONED TO DELIVER ATTRACTIVE RETURNS TO SHAREHOLDERS WITHIN ITS EXPECTED REMAINING TIME HORIZON.

NET ASSET VALUE ('NAV')

The NAV per share at the period end was 90.53p, 96.53p after adding back dividends paid to date, comprising income for the period of £70,000 and representing a return of 0.18p per ordinary share.

QUALIFYING INVESTMENTS

During the period, the Company made a £2 million qualifying investment in Saville Services Limited, a company providing contracting services over a series of projects across the United Kingdom. We are pleased to confirm that, following the period end, Saville Services entered into a new contract to provide contracting services in connection with the construction of a 77-bed, purpose-built care home in Chester.

The Company's £1.875 million qualifying investment (as part of a £5 million investment alongside other Puma VCTs) in Urban Mining Limited, a member of the Chinook Urban Mining group of companies, continues to perform well. Chinook Urban Mining is a well-funded energy-from-waste business which is developing a flagship plant in East

London to generate electricity through the gasification of municipal solid waste and will benefit from Renewable Obligations Certificates. The investment is secured with a first charge over the Chinook Urban Mining business and the eight acre site of the East London plant and is yielding an attractive return to the Company.

As previously reported, a major fire occurred on 28 February 2016 at the Materials Recycling Facility ("MRF") operated by Opes Industries Limited ("Opes"), into which the Company has invested a total of £3.45m (as part of an £8.8m investment by Puma entities). As a result of the incident, and as reported in the Company's previous annual report, the Company has made a provision of £510,000 against the carrying value of its investment in Opes.

Opes owns a 73 hectare site in north Oxfordshire with a MRF, including a landfill site for non-hazardous materials and an aggregates/gravel quarrying business. The Company's investment was to provide funding for the construction and equipping of the MRF and working capital during the build-up of the trade. The funding was provided in the form of equity and loan stock and our interests are covered by a first fixed and floating charge over Opes' assets.

Following the incident, the Company appointed an administrator over Opes in order to best protect the Company's investment. The administrator has implemented various measures to preserve the value of Opes' assets, mitigate costs and seek to realise best value for the Company. Discussions are also continuing with Opes' insurers regarding the reimbursement of the damage to the plant and the building and of

the costs of business interruption.

As previously reported, before the passing of the Finance (2) Act 2015, the Company invested a total of £7.5 million in three newly established businesses. Warm Hearth Limited, in which the Company invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs), was established to operate a trading business in the hospitality and leisure sectors and/or to acquire businesses and companies that operate within those sectors. Mini Rainbows Limited, in which the Company invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs), was established to operate a trading business in the childcare sector and/or to acquire businesses and companies that operate within that sector. Welcome Health Limited, in which the Company invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs), was established to operate a trading business in the healthcare sector and/or to acquire businesses and companies that operate within that sector.

I am pleased to report that, during the period, Warm Hearth Limited commenced its trade, seeking to capitalise on the strong growth trends within the craft beer sub market and add value from the roll-out and use of a strong brand. In pursuit of this strategy Warm Hearth was able to negotiate a franchise agreement with Brewhouse & Kitchen Limited ("B&K"), a strong and fast-growing branded operator. Its differentiation is to have craft micro-brewing activities within each of its pub units as a point of focus. Warm Hearth acquired three substantial freehold pub assets in Chester, Wilmslow and Bedford, two of which are now open and trading as fully branded B&K units with the third opening in

early October 2016. We are pleased with the performance of the units to date.

We understand that the directors of Mini Rainbows Limited and Welcome Health Limited are actively pursuing opportunities to deploy their funds in the near future. We have been advised by PwC that these investments should also be qualifying for VCT purposes but will seek confirmation from HMRC in due course.

NON-QUALIFYING INVESTMENTS

As previously reported, we adopted a strategy for the non-qualifying portfolio of investing in secured loans (and other similar instruments) offering a good yield with hopefully limited downside risk.

During the period, the Company advanced a £575,000 loan (through an affiliate, Meadow Lending Limited) to Windsar Care (UK) LLP to fund the development and initial trading of a 68-bed purpose-built care home in Egham, Windsor. The loan is secured with a first charge over the site and is expected to generate an attractive return. Construction has commenced on site and is progressing well.

The Company's various loans to entities within the Citrus Group, as part of a series of facilities from other vehicles managed and advised by your Investment Manager to provide working capital to the Citrus PX business, continue to deliver attractive returns to the Company. Citrus PX operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. The facility provides a series of loans to Citrus PX, with the benefit of a first charge over a

geographically diversified portfolio of residential properties on conservative terms. At the period-end, the Company's investment (through affiliates Valencia Lending Limited and Victoria Lending Limited) totalled just over £2.5 million, including an £1 million advance during the period.

The Company's £1.2 million loan (advanced through an affiliate, Lothian Lending Limited) to Richmond Global Properties Limited continues to perform well. This loan, together with loans from other vehicles managed and advised by your Investment Manager totalling £6.9 million, is being advanced to fund the development of a 112-bed purpose-built care home in Hamilton, Scotland. The loan is secured with a first charge over the site and is expected to generate an attractive return. The construction programme is progressing well and the care home is expected to open in Q1 2017.

As previously reported, the Company had extended a £1.3 million loan which (through Lothian Lending Limited) provides a facility, together with another Puma VCT, of £2.6 million to RPE FL1 Limited, a member of the Renewable Power Exchange group. The facility provided funding towards the construction of a 1.5MW wind farm in East Lothian, Scotland, with the electricity once generated, used to supply those on low incomes in the local community. The loan is secured on the site in East Lothian and is earning an attractive rate of interest. We are pleased to report that the turbines are operating well, generating electricity and EBITDA is in line with forecasts. In accordance with the planned amortisation schedule, the loan balance now stands at £1.175 million.

The Company's £800,000 loan (through another affiliate, Lavender Lending Limited) to Athena (Alpha) Limited continues to perform. The loan, as part of a £4.4 million facility from other vehicles managed and advised by your Investment Manager, is funding the development of a new purpose-built, 80-bed residential care home in Dover, Kent. The site occupies a prominent location adjacent to the recently opened new community hospital, approximately a 5 minute drive into Dover town centre. We are pleased to report that construction is progressing well and expects to complete before the end of the year. We understand that the borrower, who has recently developed and sold two similar care homes, is in discussions with a potential purchaser of this care home on terms which would see the Company's loan repaid in full.

The Company had extended a £474,000 loan (through Valencia Lending Limited) as part of a £2.9 million facility from other vehicles managed and advised by your Investment Manager to Churchill Homes (Culter House) Limited. Churchill Homes is a longstanding Aberdeenshire developer and the facility provides funding towards the construction of a private detached housing development in one of Aberdeen's finest residential suburbs. The loan is secured with a first charge over the site and is earning an attractive rate of interest. Whilst the Aberdeen housing market has slowed during the period, primarily as a result in the reduction in the price of oil, the loan is being serviced and the Company's security remains at an appropriate level.

As reported in the Company's annual report, at the start of the period the Company retained a £523,000 holding in Nextenergy Solar Fund, an investment company focusing on operational solar photovoltaic assets located in the United Kingdom. In response to a change in power-generation markets resulting from declining energy prices, the Company's position was further reduced and was fully exited during the period.

To further manage liquidity, the Company holds £2.5 million (through an affiliate Piccadilly Lending Limited) in a floating rate bond issued by Royal Bank of Canada and £835,000 (through Latimer Lending Limited) in a bond issued by J Sainsbury plc. During the period, the Company sold its £1 million holding (also through Latimer Lending Limited) in a floating rate bond issued by Commonwealth Bank of Australia to free up cash for the Company to make qualifying investments.

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

Although the UK economy continues to improve, it remains fragile. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the second half of 2016.

OUTLOOK

We are pleased that a significant proportion of the Company's available cash is now invested in a diverse portfolio of qualifying and non-qualifying investments, generating an attractive return. The Investment Manager has a pipeline of further investment opportunities in legal process which are likely to lead to suitable investments in the second half of the year. We therefore believe the Company is strongly positioned to deliver attractive returns to shareholders during its remaining expected time horizon.

David Vaughan
Chairman
30 September 2016

Income Statement (unaudited)

FOR THE PERIOD ENDED 30 JUNE 2016

	Note	Six months ended 30 June 2016			Six months ended 30 June 2015			Year ended 31 December 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loss on investments		–	(23)	(23)	–	–	–	–	(427)	(427)
Income		444	–	444	607	–	607	1,336	–	1,336
		444	(23)	421	607	–	607	1,336	(427)	909
Investment management fees	4	(62)	(186)	(248)	(67)	(201)	(268)	(135)	(405)	(540)
Other expenses		(103)	–	(103)	(131)	–	(131)	(222)	–	(222)
		(165)	(186)	(351)	(198)	(201)	(399)	(357)	(405)	(762)
Profit/(loss) on ordinary activities before taxation		279	(209)	70	409	(201)	208	979	(832)	147
Tax on profit on ordinary activities		(56)	37	(19)	(7)	–	(7)	(242)	146	(96)
Profit/(loss) and total comprehensive income for the year		223	(172)	51	402	(201)	201	737	(686)	51
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	0.81p	(0.63p)	0.18p	1.41p	(0.71p)	0.71p	2.59p	(2.41p)	0.18p

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.

08 **Balance Sheet (unaudited)**
AS AT 30 JUNE 2016

	Note	As at 30 June 2016 £'000	As at 30 June 2015 £'000	As at 31 December 2015 £'000
Fixed Assets				
Investments	6	24,910	15,310	26,407
Current Assets				
Debtors		968	553	1,033
Cash		802	11,360	418
		1,770	11,913	1,451
Creditors – amounts falling due within one year		(1,663)	(449)	(1,234)
Net Current Assets		107	11,464	217
Net Assets		25,017	26,774	26,624
Capital and Reserves				
Called up share capital		17	17	17
Share premium account		15,624	15,624	15,624
Capital reserve – realised		(743)	(599)	(575)
Capital reserve – unrealised		(503)	10	(499)
Revenue reserve		10,622	11,722	12,057
Equity Shareholders' Funds		25,017	26,774	26,624
Net Asset Value per Ordinary Share	3	90.53p	96.89p	96.35p
Diluted Net Asset Value per Ordinary Share	3	90.53p	96.89p	96.35p

Cash Flow Statement (unaudited)
FOR THE PERIOD ENDED 30 JUNE 2016

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Reconciliation of profit after tax to net cash generated from operating activities			
Profit after tax	51	208	51
Taxation	19	–	96
Losses on investments	19	–	427
Decrease/(increase) in debtors	65	(461)	(941)
Increase in creditors	410	192	385
Net cash generated from operating activities	564	(61)	18
Cash flow from investing activities			
Purchase of investments	(3,575)	(3,290)	(18,242)
Proceeds from sale of investments	5,053	1,009	4,940
Net cash used in investing activities	1,478	(2,281)	(13,302)
Equity dividend paid	(1,658)	–	–
Net increase/(decrease) in cash and cash equivalents	384	(2,342)	(13,284)
Cash and cash equivalents at the beginning of the year	418	13,702	13,702
Cash and cash equivalents at the end of the year	802	11,360	418

10 Reconciliation of Movements in Shareholders' Funds (unaudited)

FOR THE PERIOD ENDED 30 JUNE 2016

	Called up share capital £'000	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 January 2015	17	15,624	(405)	17	11,320	26,573
Total recognised (losses)/ gains for the period	–	–	(194)	(7)	402	201
Balance as at 30 June 2015	17	15,624	(599)	10	11,722	26,774
Total recognised (losses)/ gains for the period	–	–	24	(509)	335	(150)
Balance as at 31 December 2015	17	15,624	(575)	(499)	12,057	26,624
Total recognised (losses)/ gains for the period	–	–	(168)	(4)	223	51
Dividends paid	–	–	–	–	(1,658)	(1,658)
Balance as at 30 June 2016	17	15,624	(743)	(503)	10,622	25,017

Notes to the Interim Report

FOR THE PERIOD ENDED 30 JUNE 2016

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") and in accordance with the Financial Reporting Standard 102 ("FRS102").

2. RETURN PER ORDINARY SHARE

The total profit per share of 0.18p is based on the profit for the period of £51,000 and the weighted average number of shares in issue as at 30 June 2016 of 27,633,222.

3. NET ASSET VALUE PER SHARE

	As at 30 June 2016	As at 30 June 2015	As at 31 December 2015
Net assets	25,017,000	26,774,000	26,624,000
Shares in issue	27,633,222	27,633,222	27,633,222
Net asset value per share			
Basic	90.53p	96.89p	96.35p
Diluted	90.53p	96.89p	96.35p

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. BASIS OF PREPARATION

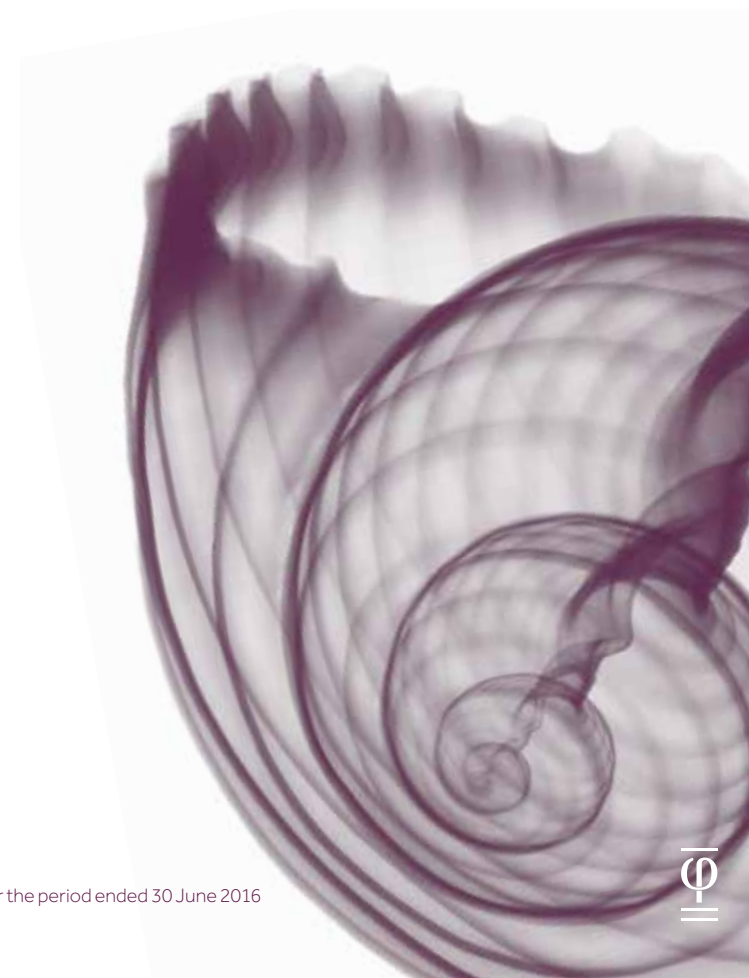
The financial information for the period ended 30 June 2016 has not been audited and does not comprise full financial statements within the meaning of Section 423 of the Companies Act 2006. The interim financial statements have been prepared on the same basis as will be used to prepare the annual financial statements.

6. INVESTMENT PORTFOLIO SUMMARY

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
As at 30 June 2016				
Qualifying Investment – Unquoted				
Urban Mining Limited	1,875	1,875	–	7%
Opes Industries Limited	2,940	3,450	(510)	12%
Saville Services Limited	2,000	2,000	–	8%
Warm Hearth Limited	2,500	2,500	–	10%
Total Qualifying Investments	9,315	9,825	(510)	37%
Non-Qualifying Investments				
Valencia Lending Limited	2,564	2,564	–	10%
Lothian Lending Limited	2,325	2,325	–	9%
Mini Rainbows Limited	2,500	2,500	–	10%
Welcome Health Limited	2,500	2,500	–	10%
Lavender Lending Limited	800	800	–	3%
Victoria Lending Limited	1,000	1,000	–	4%
Meadow Lending Limited	575	575	–	2%
Total Non-Qualifying investments	12,264	12,264	–	48%
Liquidity Management				
Piccadilly Lending (Royal Bank of Canada Bond)*	2,508	2,503	5	10%
Latimer Lending (Sainsbury (J) plc Bond)*	823	822	1	3%
Total Liquidity Management investments	3,331	3,325	6	13%
Total Investments	24,910	25,414	(504)	98%
Balance of Portfolio	107	107	–	2%
Net Assets	25,017	25,521	(504)	100%

*Quoted investment listed on the LSE.

Of the investments held at 30 June 2016, all are incorporated in England and Wales.





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Puma Investments is a trading name of
Puma Investment Management Limited which
is authorised and regulated by the Financial
Conduct Authority. FCA Number 590919