



SHORE CAPITAL



PUMA VCT VII 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**
- **NAV per share grew 0.14 per cent in the period, after adding back the 5p per share dividend paid on 5 March 2012**

David Buchler, 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 £1.76m 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 £5.4m 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 SIP Communications Plc (“SIPCOM”). SIPCOM provides hosted IP telephony and unified communications products and services and is a leading hosting

Chairman's Statement continued

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.

The Company also invested £2 million into Huntly Trading Limited and Jephcote 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 three absolute funds and liquidated three others whose proceeds were received shortly 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 5p per ordinary share for that period which was paid on 5 March 2012. 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 5p per ordinary share each year as envisaged in the Company's prospectus.

Net Asset Value ("NAV")

The NAV per share was 85.71p at 30 June 2012. This was an increase of 0.14 per cent during the period (after adding back the 5p 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.

David Buchler

Chairman
31 August 2012

Income Statement (unaudited)

For the six months ended 30 June 2012

	Six months ended 30 June 2012			Six months ended 30 June 2011			30 September 2010 to 31 December 2011			
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(Loss) on investments		–	119	119	–	21	21	–	(439)	(439)
Income		90	–	90	31	–	31	146	–	146
		90	119	209	31	21	51	146	(439)	(293)
Investment management fees	4	27	80	107	17	51	68	48	144	192
Other expenses		83	–	83	54	–	54	153	–	153
		110	80	190	71	51	122	201	144	345
Return/(loss) on ordinary activities before taxation		(20)	39	19	(40)	(30)	(70)	(55)	(583)	(638)
Tax on return on ordinary activities		4	(4)	–	–	–	–	–	–	–
Return/(loss) on ordinary activities after tax attributable to equity shareholders		(16)	35	19	(40)	(30)	(70)	(55)	(583)	(638)
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	(0.12)p	0.26p	0.14p	(0.30)p	(0.22p)	(0.52)p	(0.46p)	(4.86p)	(5.32p)

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	8,941	5,237	6,729
Current Assets				
Debtors		27	11	14
Cash at bank and in hand		2,715	7,920	5,608
		2,742	7,931	5,622
Creditors – amounts falling due within one year		(103)	(377)	(115)
Net Current Assets		2,639	7,554	5,507
Total Assets less Current Liabilities		11,580	12,791	12,236
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		11,579	12,790	12,235
Capital and Reserves				
Called up share capital		135	135	135
Share premium account		–	12,725	–
Capital reserve – realised		(403)	(54)	(405)
Capital reserve – unrealised		(145)	24	(178)
Other reserve		–	–	–
Revenue reserve		11,992	(40)	12,683
Equity Shareholders' Funds		11,579	12,790	12,235
Net Asset Value per Ordinary Share	3	85.71p	94.68p	90.57p
Diluted Net Asset Value per Ordinary Share	3	85.71p	94.68p	90.57p

Cash Flow Statement (unaudited)

For the period ended 30 June 2012

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Period ended 31 December 2011 £'000
Operating activities			
Interest income received	63	19	132
Investment management fees paid	(48)	–	(130)
Directors fees paid	(28)	(12)	(45)
Other cash payments	(110)	(6)	(54)
Net cash (outflow)/inflow from operating activities	(123)	1	(97)
Capital expenditure and financial investment			
Purchase of investments	(4,523)	(5,212)	(10,326)
Proceeds from sale of investments	2,430	–	3,168
Net realized gain on forward foreign exchange contracts	–	–	–
Acquisition costs	(2)	(4)	(10)
Net cash outflow from capital expenditure and financial investment	(2,095)	(5,216)	(7,168)
Equity dividend paid	(675)	–	–
Financing			
Proceeds received from issue of ordinary share capital	–	13,135	13,135
Expenses paid for issue of share capital	–	–	(263)
Proceeds received from issue of redeemable preference shares	–	–	13
Redemption of redeemable preference shares	–	–	(13)
Proceeds received from convertible loan notes	–	–	1
Net cash inflow from financing	–	13,135	12,873
(Outflow)/inflow in the period	(2,893)	7,920	5,608
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash for the period	(2,893)	7,920	5,608
Net cash at start of the period	5,608	–	–
Net funds at the period end	2,715	7,920	5,608

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the period ended 30 June 2012

	Called up share capital £'000	Share premium account £'00	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
Six months ended 30 June 2012						
Balance at 1 January 2012	135	–	(405)	(178)	12,683	12,235
Total recognised (losses)/gains for the period	–	–	2	33	(16)	19
Dividends paid	–	–	–	–	(675)	(675)
Balance at 30 June 2012	135	–	(403)	(145)	11,992	11,579
Six months ended 30 June 2011						
Share issues in the period	135	12,987	–	–	–	13,122
Expenses of share issues	–	(262)	–	–	–	(262)
Total recognised losses for the period	–	–	(54)	24	(40)	(70)
Balance at 30 June 2011	135	12,725	(54)	24	(40)	12,790
For the period ended 31 December 2011						
Share issues in the period	135	13,374	–	–	–	13,509
Expenses of share issues	–	(636)	–	–	–	(636)
Capital reconstruction		(12,738)			12,738	–
Return after taxation attributable to equity shareholders	–	–	(405)	(178)	(55)	(638)
At 31 December 2011	135	–	(405)	(178)	12,683	12,235

Notes to the Interim Report

For the period 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 0.14p is based on the gain for the period of £19,000 and the weighted average number of shares in issue as at 30 June 2012 of 13,508,925 calculated from the date of the first receipt of proceeds from the issue of ordinary share capital.

3. Net asset value per share

Period	Net assets	Shares in issue	Net Asset Value per share	
			Basic	Diluted
30 June 2012	£11,579,000	13,508,925	85.71p	85.71p

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 period ended 30 June 2012 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.

Notes to the Interim Report continued

For the period ended 30 June 2012

7. Investment portfolio summary

As at 30 June 2012	Valuation £'000	Cost £'000	Gain/ (loss)	Valuation as a % of Net Assets
Qualifying Investment - Unquoted				
Frederica Trading Limited	880	880	–	8%
Glenmoor Trading Limited	880	880	–	8%
Huntly Trading Limited	1,000	1,000	–	9%
Jephcote Trading Limited	1,000	1,000	–	9%
SIP Communications plc	700	700	–	6%
Total Qualifying Investments	4,460	4,460	–	40%
Non-Qualifying Investments				
BH Global	403	419	(16)	3%
BlueBay Macro Fund	565	564	1	5%
Blackrock UK Emerging Cos Hedge Fund Limited	611	600	11	5%
iShares iBoxx Corporate Bonds	505	483	22	4%
iShares iBoxx Non Financial	817	798	19	7%
Jupiter Strategic Bond Fund	803	781	22	7%
Neuberger Berman High Yield	124	120	4	1%
Pimco Global Investors Diversified Income Fund	653	635	18	6%
Total Non-Qualifying investments	4,481	4,400	81	38%
Total Investments	8,941	8,860	81	78%
Balance of Portfolio	2,638	2,637		22%
Net Assets	11,579	11,497	81	100%

Officers and Professional Advisers

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