



**SHORE CAPITAL**



# PUMA HI VCT PLC

## INTERIM REPORT 2011

For the six months ended 30 June 2011

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# Chairman's Statement

## Highlights

- One of the top performing VCTs of its peer group.
- Net asset value per share at 30 June 2011 of 97.02p (after adding back 7p dividend paid on 1st March 2011).

### Introduction

During the six months to 30 June 2011, 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 agreed terms to invest up to £860,000 into Mirfield Contracting Limited ("MCL"). As a member of a limited liability partnership with other contracting companies, MCL will provide project management services to a £3.8 million development of town houses in Mirfield (near Wakefield) West Yorkshire. 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

The Company has invested approximately £10.8 million to date in a range of bond funds, absolute return funds and a partly hedged equity income fund. The non-qualifying portfolio continues to be positioned cautiously, remaining liquid whilst looking to generate income in volatile market conditions. However, it retains some exposure to securities markets as is required by VCT qualifying rules. Since the end of June markets have been unusually volatile and this has impacted the value of even cautiously constructed portfolios. As a consequence, the volatility during July and August has cost the VCT some 1.7p per share in NAV.

### Net Asset Value ('NAV')

The net asset value remains strong in relation to the Company's peer group, despite the difficult economic conditions which have continued since the financial crisis and since the Company

## Chairman's Statement continued

was launched. During the period, the Company's net asset value increased slightly by 0.1% (adding back the dividend of 7p paid on 1st March 2011) to 97.02p.

### Dividends

As set-out in the accounts for the period ended 31 December 2010, a dividend of 7p per ordinary share was declared during the period and paid on 1st March 2011. Reflecting this recent payout, your Board is not proposing a further dividend in relation to this interim period but reiterates the intention to pay out an annual dividend of up to 7p per ordinary share per annum as envisaged in the Company's prospectus.

### 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 UK slowly comes out of recession has meant that markets remain turbulent. Global concerns have impacted UK markets

negatively, most notably the increasing concerns over the US deficit and the escalating sovereign wealth crisis in Europe. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of 2010.

### Outlook

During the period, the Investment Manager has met a number of companies which are potentially suitable for investment. There is a good flow of opportunities which may lead to suitable investments. 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 should both increase the demand for our offering and improve 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.

### Ray Pierce

Chairman

31 August 2011

# Income Statement (unaudited)

For the six months ended 30 June 2011

	Six months ended 30 June 2011			Six months ended 30 June 2010			7 October 2009 to 31 December 2010			
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/gains on investments		–	69	69	–	(150)	(150)	–	54	54
Income		149	–	149	45	–	45	131	–	131
		149	69	218	45	(150)	(105)	131	54	185
Investment management fees	4	29	88	117	20	59	79	49	148	197
Other expenses		84	–	84	64	–	64	140	–	140
		113	88	201	84	59	143	189	148	337
<b>Return/(loss) on ordinary activities before taxation</b>		<b>36</b>	<b>(19)</b>	<b>17</b>	<b>(39)</b>	<b>(209)</b>	<b>(248)</b>	<b>(58)</b>	<b>(94)</b>	<b>(152)</b>
Tax on return on ordinary activities		(5)	5	–	–	–	–	–	–	–
<b>Return/(loss) on ordinary activities after tax attributable to equity shareholders</b>		<b>31</b>	<b>(14)</b>	<b>17</b>	<b>(39)</b>	<b>(209)</b>	<b>(248)</b>	<b>(58)</b>	<b>(94)</b>	<b>(152)</b>
<b>Basic and diluted Return/(loss) per Ordinary Share (pence)</b>	2	<b>0.23</b>	<b>(0.11)</b>	<b>0.12</b>	<b>(0.43)p</b>	<b>(2.28)p</b>	<b>(2.71)p</b>	<b>(0.50)p</b>	<b>(0.80)p</b>	<b>(1.30)p</b>

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 2011

	Note	As at 30 June 2011 £'000	As at 30 June 2010 £'000	As at 31 December 2010 £'000
<b>Fixed Assets</b>				
Investments	7	<b>10,807</b>	3,067	10,923
<b>Current Assets</b>				
Debtors		<b>62</b>	68	87
Cash at bank and in hand		<b>1,552</b>	10,319	2,374
		<b>1,614</b>	10,387	2,461
<b>Creditors – amounts falling due within one year</b>		<b>(112)</b>	(300)	(133)
<b>Net Current Assets</b>		<b>1,502</b>	10,087	2,328
<b>Total Assets less Current Liabilities</b>		<b>12,309</b>	13,154	13,251
<b>Creditors – amounts falling due after more than one year (including convertible debt)</b>		<b>(1)</b>	(1)	(1)
<b>Net Assets</b>		<b>12,308</b>	13,153	13,250
<b>Capital and Reserves</b>				
Called up share capital		<b>137</b>	137	137
Share premium account		<b>–</b>	13,264	13,264
Capital reserve – realised		<b>(207)</b>	(61)	(110)
Capital reserve – unrealised		<b>101</b>	(148)	17
Revenue reserve		<b>12,277</b>	(39)	(58)
<b>Equity Shareholders' Funds</b>		<b>12,308</b>	13,153	13,250
<b>Net Asset Value per Ordinary Share</b>	3	<b>90.02p</b>	96.20p	96.91p
<b>Diluted Net Asset Value per Ordinary Share</b>	3	<b>90.02p</b>	96.20p	96.91p

# Cash Flow Statement (unaudited)

For the six months ended 30 June 2011

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Period ended 31 December 2010 £'000
<b>Operating activities</b>			
Interest income received	146	8	96
Investment management fees paid	(128)	–	(134)
Directors fees paid	(24)	–	(39)
Other expenses paid	(59)	(4)	(35)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(65)</b>	4	(112)
<b>Capital expenditure and financial investment</b>			
Purchase of investments	(1,920)	(3,216)	(11,615)
Proceeds from sale of investments	2,143	–	741
Net realized gain on forward foreign exchange contracts	(21)	(2)	(13)
Acquisition costs	(3)	(2)	(13)
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>	<b>199</b>	(3,218)	(10,887)
<b>Equity dividend paid</b>	<b>(957)</b>	–	–
<b>Financing</b>			
Proceeds received from issue of ordinary share capital	–	13,519	13,521
Expenses paid for issue of share capital	–	–	(149)
Proceeds received from issue of redeemable preference shares	–	–	50
Redemption of redeemable preference shares	–	–	(50)
Proceeds received from convertible loan notes	–	1	1
<b>Net cash inflow from financing</b>	<b>–</b>	13,520	13,373
<b>Inflow/(Outflow) in the period</b>	<b>(823)</b>	10,306	2,374
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash for the period	(823)	10,306	2,374
Net cash at start of the period	2,375	13	–
<b>Net funds at the period end</b>	<b>1,552</b>	10,319	2,374

# Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2011

	Called up share capital £'000	Share premium account £'00	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
<b>Six months ended 30 June 2011</b>						
Balance at 1 January 2011	137	13,264	(110)	17	(58)	13,250
Total recognised (losses)/gains for the period	–	(13,264)	(98)	84	13,293	15
Dividends paid	–	–	–	–	(957)	(957)
<b>Balance at 30 June 2011</b>	<b>137</b>	<b>–</b>	<b>(208)</b>	<b>101</b>	<b>12,278</b>	<b>12,308</b>
<b>Six months ended 30 June 2010</b>						
Balance at 1 January 2010	–	13	–	–	–	13,672
Share issues in the period	137	13,522	–	–	–	(271)
Expenses of share issues	–	(271)	–	–	–	(271)
Total recognised losses for the period	–	–	(61)	(148)	(39)	(248)
<b>Balance at 30 June 2010</b>	<b>137</b>	<b>13,264</b>	<b>(61)</b>	<b>(148)</b>	<b>(39)</b>	<b>13,153</b>
<b>For the period ended 31 December 2010</b>						
Share issues in the period	137	13,535	–	–	–	13,672
Expenses of share issues	–	(271)	–	–	–	(271)
Return after taxation attributable to equity shareholders	–	–	(110)	17	(58)	(151)
<b>Balance at 31 December 2010</b>	<b>137</b>	<b>13,264</b>	<b>(110)</b>	<b>17</b>	<b>(58)</b>	<b>13,250</b>



# Notes to the Interim Report

For the six months ended 30 June 2011

## 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 0.11p (30 June 2010 – loss per share of 2.71p) is based on the gain for the period of £17,000 (30 June 2010 – loss of £248,000) and the weighted average number of shares in issue as at 30 June 2011 of 13,671,870 (30 June 2010 – 13,671,870).

## 3. Net asset value per share

Period	Net assets	Shares in issue	Net Asset Value per share	
			Basic	Diluted
<b>30 June 2011</b>	<b>£12,308,000</b>	<b>13,671,870</b>	<b>90.02p</b>	<b>90.02p</b>
31 December 2010	£13,250,000	13,671,870	96.91p	96.91p
30 June 2010	£13,153,000	13,671,870	96.20p	96.20p

## 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 2010 Annual Report and Accounts on page 31. There were no other related party transactions during the six months ended 30 June 2011.

6. The financial information for the six months ended 30 June 2011 and 30 June 2010 has not been audited and does not comprise full financial statements within the meaning of Section 423 of the Companies Act 2006. The financial information for the Year ended 31 December 2010 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.

# Notes to the Interim Report continued

For the six months ended 30 June 2011

## 7. Investment portfolio summary

As at 30 June 2011	Valuation £'000	Cost £'000	Gain/ (loss)	Valuation as a % of Net Assets
<b>Non-qualifying investments</b>				
Blackrock UK Emerging £	627	591	36	5%
BlueBay Macro A £	345	315	30	3%
BlueBay Macro GBP	295	250	45	2%
Exane Archimedes	602	568	34	5%
Gartmore UK Absolute Return	608	583	25	5%
GLG European Alpha Alternatives £	440	430	10	4%
Investec SPEC SITS I ACC	649	658	(9)	5%
Jupiter Strategic Bonds	785	868	(83)	6%
Legal & General UT DYN Bond Trust Inc	728	749	(21)	6%
Old Mutual FD MGRS Corp Bond Inc	793	813	(20)	6%
Pimco Gbl Invr Unconstrained Bond Hgd Instl	355	355	–	3%
Pimco Global Investors Hedged Income	779	791	(12)	6%
Puma Absolute Return B	1,913	1,900	13	15%
Schroders Unit Trust Income Maximiser	523	557	(34)	4%
Threadneedle Inv High Yield Bond Inc	753	873	(120)	6%
Trafalgar Azri R1	612	600	12	5%
<b>Total investments</b>	10,807	10,901	(94)	88%
<b>Balance of portfolio</b>	1,501	1,501		12%
<b>Net Assets</b>	12,308	12,402	(94)	100%

# Officers and Professional Advisers

## Directors

Raymond Pierce (Chairman)  
Harold Paisner  
Jonathan Morton-Smith  
Graham Shore

## Secretary

Eliot Kaye

## Registered Number

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