



SHORE CAPITAL



# PUMA VCT II PLC

INTERIM REPORT 2005

For the period ended  
30 June 2005



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# 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

## **Registered Number**

05317329

## **Registered Office**

Bond Street House  
14 Clifford Street  
London W1S 4JU

## **Investment Manager**

Shore Capital Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

## **Registrar**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## **Administrator**

Shore Capital Fund Administration  
Services Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

## **Auditors**

Baker Tilly  
2 Bloomsbury Street  
London WC1B 3ST

## **Sponsors and Solicitors**

Howard Kennedy  
19 Cavendish Square  
London W1A 2AW

## **Bankers**

The Royal Bank of Scotland plc  
Western Branch  
60 Conduit Street  
London W1R 9FD

Bank of Scotland  
New Uberior House  
11 Earl Grey Street  
Edinburgh EH3 9BN

## **VCT Tax Advisor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## **Custodian**

Pershing Securities Limited  
Capstan House  
One Clove Crescent  
East India Dock  
London E14 2BH

# Chairman's Statement

## Summary

- £20.4 million subscribed in Puma VCT plc and Puma VCT II plc since launch.
- Net asset value per share of 98.20p for Puma VCT II plc.
- One qualifying investment made during the period, totaling £1.2 million between the two VCTs.
- A further qualifying investment of £525,000 made following the period end, with another investment close to completion.
- Strong performance of alternative asset investments since the end of the period.

## Introduction

This is my first statement following the incorporation of the Company on 20 December 2004 and I would like to welcome all new shareholders to Puma VCT II plc. This period has largely been concerned with fund raising but I am pleased to report that several investments have been made.

Between them, Puma VCT and Puma VCT II raised £20.4 million, of which £8.3 million was raised in Puma VCT II plc, making the

overall fund raising one of the more successful VCT fund raisings since launch in January 2005. The two VCTs will make the same investments pro-rata to their respective sizes. The costs of the launch were set at 2 per cent of the gross funds raised, the initial net asset value per share was therefore 98p.

## Results and Investments

The Investment Manager, Shore Capital, has made one unquoted qualifying investment of £1.2 million on behalf of both VCTs in the period which is approximately 6% of funds raised. Cadbury House is a major venue for weddings, conferences and banqueting in the Bristol area with a well-established fitness centre on 14 acres of freehold grounds. Situated 10 minutes from Bristol International Airport it is undergoing a major refurbishment to construct a new deluxe leisure and fitness centre, a 65 room hotel wing and to upgrade the existing banqueting facilities.

Since the period end, we have invested £525,000 in a qualifying AIM company, PatSystems Plc,

## Chairman's Statement continued

involved in the development, distribution and support of software enabling the electronic trading of financial products on global trading exchanges. We have another investment in a qualifying company close to completion and a strong deal flow of others.

Of the remaining portfolio, 35% was invested in a portfolio of hedge funds and most of the remainder in cash.

The Directors do not propose to recommend an interim dividend for the period. When the portfolio is more fully established and as capital profits are realised, the Directors intend to adopt a policy of distributing substantially all of the available income and capital gains.

At the period end the net asset value per share was 98.03p. Since the period end the net asset value of the portfolio has further increased which is

expected to be reflected in the announcement of the next quarter end net asset value per share, expected at the end of October.

### Outlook

The Company's investment manager, Shore Capital, currently has a strong deal flow of interesting opportunities and the capital raised will enable the Company to continue making new investments at a phase of the economic cycle that both the Board and the Manager expect to be advantageous. In the meantime, the investment manager believes the non-qualifying investments will produce good risk adjusted returns.

**Sir Aubrey Brocklebank Bt  
Chairman**

28 September 2005

# Statement of Total Return

(incorporating the revenue account) for the period ended 30 June 2005 (Unaudited)

		For the period 20 December 2004 to 30 June 2005		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	25	25
Investment income		34	–	34
		<u>34</u>	<u>25</u>	<u>59</u>
Management fees	4	7	20	27
Other expenses		15	–	15
		<u>22</u>	<u>20</u>	<u>42</u>
Return on ordinary activities before taxation		12	5	17
Tax on ordinary activities		–	–	–
<b>Return for the period on ordinary activities attributable to equity shareholders</b>		<u>12</u>	<u>5</u>	<u>17</u>
<b>Return per share</b>	2	0.14p	0.06p	0.20p

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

As at 30 June 2005 (Unaudited)

	Note	As at 30 June 2005 £'000
<b>Fixed Assets</b>		
Investments	7	3,584
<b>Current Assets</b>		
Accrued income		2
Cash		4,755
		4,757
<b>Creditors - amounts falling due within one year</b>		(190)
<b>Net Current Assets</b>		4,567
<b>Total Assets less Current Liabilities</b>		8,151
<b>Creditors - amounts falling due after more than one year</b>		(1)
		8,150
<b>Capital and Reserves</b>		
Called up share capital	6	81
Share premium account	6	8,052
Capital reserve – realised	6	(17)
Capital reserve – unrealised	6	22
Revenue reserve	6	12
<b>Equity Shareholders' Funds</b>		8,150
<b>Net Asset Value per Share</b>		98.20p



# Cash Flow Statement

For the period ended 30 June 2005 (Unaudited)

	For the period 20 December 2004 to 30 June 2005
Profit for the period	12
Investment management fee charged to capital	(20)
Foreign exchange gain on cash	2
Increase in debtors	(2)
Increase in creditors	190
Net realised loss on forward foreign exchange contracts	(46)
<b>Net cash inflow from operating activities</b>	<b>136</b>
<b>Capital receipts and financial investment</b>	
Purchase of investments	(3,637)
Proceeds from sale of investments	122
<b>Net cash outflow from capital receipts and financial investment</b>	<b>(3,515)</b>
<b>Financing</b>	
Proceeds received from issue of ordinary share capital	8,299
Expenses paid for issue of share capital	(166)
Proceeds received from convertible loan notes	1
<b>Net cash inflow from financing</b>	<b>8,134</b>
<b>Increase in cash</b>	<b>4,755</b>
<b>Reconciliation of net cash flow to movement in net cash</b>	
Increase in cash for the period	4,755
Net cash at start of the period	–
<b>Net cash at end of the period</b>	<b>4,755</b>

# Notes to the Interim Report

For the period ended 30 June 2005

1. The accounts of the Company are prepared in accordance with Accounting Standards applicable in the United Kingdom. The accounting policies used in preparing this report are consistent with those that will be adopted at the year-end. All quoted investments are valued on a bid basis.
2. The total return per share of 0.20p is based on the profit for the period of £17,000 and the number of shares in issue as at 30 June 2005 of 8,299,100.
3. The net asset value per share of 98.20p is based on net assets of £8,150,000 and on 8,299,100 shares in issue.
4. 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 contained in the 30 June 2005 statement of total return, balance sheet and cash flow statement does not constitute full financial statements and has not been audited.

## 6. Movements in equity shareholders' funds

	Called up share capital £'000	Share premium account £'000	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total for the period ended 30 June 2005 £'000
Balance at start of the period	–	–	–	–	–	–
Share issues in the period	81	8,052	–	–	–	8,133
Net (decrease)/increase in the value of investments	–	–	3	22	–	25
Management fees charged to capital	–	–	(20)	–	–	(20)
Profit for the period	–	–	–	–	12	12
Balance at end of the period	81	8,052	(17)	22	12	8,150

## 7. Investment portfolio summary

	As at 30 June 2005		
	Cost £'000	Valuation £'000	Valuation as a % of Net Assets
<b>Qualifying investment - unquoted</b>	488	488	6%
<b>Non-qualifying investments</b>			
Hedge fund portfolio – quoted	2,805	2,871	35%
Other quoted investments	224	225	3%
<b>Total non-qualifying investments</b>	3,029	3,096	38%
<b>Total investments</b>	3,517	3,584	44%
<b>Balance of portfolio</b>	4,566	4,566	56%
<b>Net Assets</b>	8,083	8,150	100%



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