



SHORE CAPITAL



PUMA HIGH INCOME VCT PLC

INTERIM REPORT 2013

For the six months ended 30 September 2013

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Chairman's Statement

Highlights

- **88 per cent of funds deployed in qualifying and non-qualifying investments**
- **Threshold of at least 70 per cent in qualifying investments continues to be met**
- **Return of 0.53p per ordinary share for the period**
- **Good performance of the investment portfolio**

Introduction

The Company has now deployed a substantial proportion of its funds in both qualifying and non-qualifying investments, having met its minimum qualifying investment percentage of 70 per cent during the previous period. We believe our portfolio is well positioned to deliver attractive returns to shareholders within its expected remaining time horizon.

Qualifying Investments

During the period, the Company concluded an investment of £1.4 million into Saville Services Limited, a contracting company, alongside other Puma VCTs. Saville Services is currently deploying the funds providing contracting services on two projects: the construction of a private detached housing development in the countryside outside Aberdeen, under contract to Churchill Homes Limited, a longstanding Aberdeenshire developer, and the development of up to 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire.

Our investment of £860,000 in Mirfield Contracting Limited ("MCL") is progressing well. MCL is a contracting services company providing project management services to a £3.8 million development of town houses in Mirfield (near Wakefield) West Yorkshire. The development itself is progressing well with the first and second of three phases complete and sold, and the third phase is construction. The developer has recently been approved for the Government-backed Help to Buy Scheme and interest in the houses remains strong.

As reported in the Company's previous annual report, the Company invested £920,000 (as part of a £3.1 million financing with other Puma VCTs) into Brewhouse and Kitchen Limited ("B&K"). The investment is largely in the form of senior debt, secured with a first charge over the business and each freehold site acquired. Funds can be utilised to a maximum 65% loan-to-value ratio, and are expected to produce a return to the Company of at least 7 per cent. per

Chairman's Statement continued

annum. B&K is managed by two highly experienced pub sector professionals and our funding will facilitate the acquisition of freehold pubs and install a micro brewery within the main area of each pub. B&K's first acquisition, The White Swan in Portsmouth, opened in March. B&K recently exchanged contracts to acquire its second site, in Dorchester, Dorset.

The Company's investments of £880,000 into each of two contracting companies, Frederica Trading Limited ("Frederica") and Glenmoor Trading Limited ("Glenmoor") are progressing well. As previously reported, Frederica and Glenmoor (as members of a limited liability partnership with other contracting companies) are providing contracting services in connection with five pre-let supported living developments for psychiatric and learning disabled people who are housed and given support by local authorities and other social care organisations. The developments themselves are progressing well with two complete and the remainder in various stages of construction. We expect these investments to deliver attractive returns.

The Company previously invested £1.4 million into two other contracting companies, Huntly Trading Limited ("Huntly") and Isaacs Trading Limited ("Isaacs"). We understand that the directors of Huntly and Isaacs are considering several opportunities to deploy their financial resources in the short to medium term.

In March 2012, the Company invested £700,000 (as part of a £1.4 million Puma VCT financing) into SIP Communications Plc ("SIPCOM"), a telecommunications hosting provider. SIPCOM had a major customer default on its contract last year and to be prudent we have made a fair value provision against an element of our investment. We have subsequently restructured the investment, retaining a first charge over the company's assets, and expect our recovery significantly to exceed the value provided for.

Non-Qualifying Investments

As reported in the Company's previous annual report, we have adopted a strategy for the non-qualifying portfolio of moving away from quoted investments where possible and instead investing in secured non-qualifying loans offering a good yield with hopefully limited downside risk.

The Company's £1,250,000 non-qualifying loan (as part of a £4 million financing with other Puma VCTs) to Puma Brandenburg Finance Limited, a subsidiary of Puma Brandenburg Limited, continues to perform. The loan is secured on a portfolio of flats in the middle class area of central Berlin, Germany. Since the loan was made, the property market in this area of Berlin has been very strong, further enhancing the excellent security we have for this loan. The loan attracts a fixed interest rate at a good coupon given the security profile.

The Company extended a £860,000 loan to provide, together with other

Puma VCTs, an innovative £4 million revolving credit facility to Organic Waste Management Trading Limited (now known as Ennovor Trading Limited). The facility provides working capital for the purchase of used cooking oil for conversion into bio-diesel. The ultimate borrower owns a large oil refining plant in Birkenhead and is processing cooking oil to sell to petrol and diesel retailers who are obligated to include bio-fuels in their offerings. The facility is structured to mitigate risks by being capable of being drawn only once back-to-back purchase and sale contracts have been entered into with approved counterparties. The facility bears interest at a substantial rate for utilised funds and a lower rate for non-utilised funds. The facility has been performing well and has been mostly fully drawn over the period.

Results and Dividends

The Company reported a profit of £73,000 for the period. As set out in the accounts for the period ended 31 March 2013, the Company declared a dividend of 7p per ordinary share for that period which was paid on 25 February 2013, taking total dividends paid to date to 21p. 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 7p per ordinary share each year as envisaged in the Company's prospectus.

Net Asset Value ('NAV')

The NAV per share at the period end was 93.79p after adding back cumulative dividends paid to date of 21p.

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. As noted above, the Company has met its minimum qualifying investment percentage of 70 per cent.

Principal risks and uncertainties

Although the economy in the UK is showing signs of improvement, it remains fragile. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of the Company's accounting year.

Outlook

The continued lack of availability of bank credit has enabled the Company to assemble a portfolio of both qualifying and non-qualifying investments on attractive terms. As a result, your Board expect to concentrate in the future on the monitoring of our existing investments and considering the options for exits.

Ray Pierce

Chairman
29 November 2013

Income Statement (unaudited)

For the period from 1 April 2013 to 30 September 2013

	Note	Six months ended 30 September 2013			Six months ended 30 June 2012			Period ended 31 March 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on investments		–	–	–	–	124	124	–	49	49
Income		257	–	257	122	–	122	481	–	481
		257	–	257	122	124	246	481	49	530
Investment management fees	4	(24)	(72)	(96)	(31)	(92)	(123)	(58)	(174)	(232)
Other expenses		(88)	–	(88)	(88)	–	(88)	(252)	–	(252)
		(112)	(72)	(184)	(119)	(92)	(211)	(310)	(174)	(484)
Return/(loss) on ordinary activities before taxation		145	(72)	73	3	32	35	171	(125)	46
Tax on return/(loss) on ordinary activities		–	–	–	–	–	–	–	–	–
Return/(loss) on ordinary activities after tax attributable to equity shareholders		145	(72)	73	3	32	35	171	(125)	46
Basic and diluted return/(loss) per Ordinary Share (pence)	2	1.06p	(0.53p)	0.53p	0.02p	0.24p	0.26p	1.25p	(0.91p)	0.34p

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 September 2013

	Note	As at 30 September 2013 £'000	As at 30 June 2012 £'000	As at 31 March 2013 £'000
Fixed Assets				
Investments	7	8,753	7,646	8,940
Current Assets				
Debtors		353	47	236
Cash		973	3,250	813
		1,326	3,297	1,049
Creditors – amounts falling due within one year		(126)	(117)	(109)
Net Current Assets		1,200	3,180	940
Total Assets less Current Liabilities		9,953	10,826	9,880
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		9,952	10,825	9,879
Capital and Reserves				
Called up share capital		137	137	137
Capital reserve – realised		(621)	(741)	(549)
Capital reserve – unrealised		(210)	139	(210)
Revenue reserve		10,646	11,290	10,501
Equity Shareholders' Funds		9,952	10,825	9,879
Net Asset Value per Ordinary Share	3	72.79p	79.18p	72.26p
Diluted Net Asset Value per Ordinary Share	3	72.79p	79.18p	72.26p

Cash Flow Statement (unaudited)

For the period 1 April 2013 to 30 September 2013

	Six months ended 30 September 2013 £'000	Six months ended 30 June 2012 £'000	Period ended 31 March 2013 £'000
Operating activities			
Profit on ordinary activities before taxation	73	35	46
Loss on investments	–	(124)	(49)
Increase in debtors	(117)	(31)	(219)
Increase/(decrease) in creditors	17	(3)	(11)
Net cash outflow from operating activities	(27)	(123)	(233)
Capital expenditure and financial investment			
Purchase of investments	–	(4,720)	(9,400)
Loan amortisation	187	–	–
Proceeds from sale of investments	–	4,807	8,117
Net cash inflow/(outflow) from capital expenditure and financial investment	187	87	(1,283)
Equity dividend paid	–	(957)	(1,914)
Increase/(decrease) in cash	160	(993)	(3,430)
Net cash at start of the period	813	4,243	4,243
Net funds at the period end	973	3,250	813

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the period 1 April 2013 to 30 September 2013

	Called up share capital £'000	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 January 2012	137	(584)	(50)	12,244	11,747
Total recognised (losses)/gains for the period	–	(157)	189	3	35
Dividends paid	–	–	–	(957)	(957)
Balance as at 30 June 2012	137	(741)	139	11,290	10,825
Total recognised (losses)/gains for the period	–	242	(399)	168	11
Transfer	–	(50)	50	–	–
Dividends paid	–	–	–	(957)	(957)
Balance as at 31 March 2013	137	(549)	(210)	10,501	9,879
Total recognised (losses)/gains for the period	–	(72)	–	145	73
Dividends paid	–	–	–	–	–
Balance as at 30 September 2013	137	(621)	(210)	10,646	9,952

Notes to the Interim Report

For the period 1 April 2013 to 30 September 2013

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 0.53p is based on the gain for the period of £73,000 and the weighted average number of shares in issue as at 30 September 2013 of 13,671,870.

3. Net asset value per share

	As at 30 September 2013	As at 30 June 2012	As at 31 March 2013
Net assets	9,952,000	10,825,000	9,879,000
Shares in issue	13,671,870	13,671,870	13,671,870
Net asset value per share			
Basic	72.79p	79.18p	72.26p
Diluted	72.79p	79.18p	72.26p
Cumulative dividends paid to date	21.00p	14.00p	21.00p
Basic (including dividends paid to date)	93.79p	93.18p	93.26p
Diluted (including dividends paid to date)	93.79p	93.18p	93.26p

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 2013 Annual Report and Accounts on page 37. There were no other related party transactions during the period ended 30 September 2013.

6. The financial information for the periods ended 30 September 2013 and 30 June 2012 have not been audited and do not comprise full financial statements within the meaning of Section 423 of the Companies Act 2006. The financial information for the period ended 31 March 2013 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.

7. Investment portfolio summary

As at 30 June 2012	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
Qualifying Investment – Unquoted				
Frederica Trading Limited	880	880	–	9%
Glenmoor Trading Limited	880	880	–	9%
Huntly Trading Limited	700	700	–	7%
Isaacs Trading Limited	700	700	–	7%
Mirfield Contracting Limited	860	860	–	9%
SIPCOM Limited	490	700	(210)	5%
Brewhouse & Kitchen	920	920	–	9%
Saville Services Limited	1,400	1,400	–	14%
Total Qualifying Investments	6,830	7,040	(210)	69%
Non-Qualifying Investments				
Puma Brandenburg Finance Limited	1,063	1,063	–	11%
Aerternum*	860	860	–	9%
Total Non-Qualifying investments	1,923	1,923	–	20%
Total Investments	8,753	8,963	(210)	89%
Balance of Portfolio	1,199	1,199		11%
Net Assets	9,952	10,162	(210)	100%

Copies of this Interim Statement will be posted to shareholders in due course and made available on the website: <http://shorecap.gg/investor-relations/announcements/2013>

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