

Puma High Income VCT plc
Interim Report

For the period ended 30 June 2010

Officers and Professional Advisers

Directors

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

Secretary

Eliot Kaye

Registered Number

07036487

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 Audit LLP
Chartered Accountants
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

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

Introduction

I am pleased to be presenting to you as Chairman the first interim report for Puma High Income VCT plc (the 'Company') for the period to 30 June 2010.

The Company was incorporated in October 2009 and launched its Prospectus in November 2009. It raised over £13.5 million by the time it closed in May 2010, the larger part being in the Spring of 2010. The Investment Manager, Shore Capital Limited, now has approximately £58 million of VCT money under management and a well established, experienced VCT team to manage the Company's deal flow.

Investments

The period under review includes only a short time following completion of the fundraising. The investment manager has reviewed a number of suitable qualifying investments and expects to begin making such investments in the second half of the year. As discussed in the Company's Information Memorandum, it is the investment manager's intention to take advantage of the general financing difficulties afflicting smaller companies thus providing ample opportunity to provide debt at attractive terms. I look forward to reporting the investment manager's developments in the annual report.

Net Asset Value ('NAV')

The NAV per share, the measure by which the net assets of the Company are split equally across the number of shares in issue, was 96.20p at 30 June 2010. Since the close of the Offer, the larger part of the net proceeds raised have taken advantage of the attractive interest rates on offer on longer term deposits. We envisage the cash yields will enhance returns for investors whilst the cash awaits investment in suitable qualifying companies. The Investment Manager has invested approximately £3.2 million into a range of bonds, bond funds and absolute return funds. Whilst these funds have under-performed in the short term, it is expected that they will generate strong returns in the future and prevent the effect of cash drag on the Company. Performance of these assets since the half year has been more encouraging.

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. 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

Since the close of the Offer, 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, and which 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.

Raymond Pierce
Chairman
31 August 2010

Income Statement (unaudited)
For the period ended 30 June 2010

	For the period 7 October 2009 to 30 June 2010			
	Note	Revenue £'000	Capital £'000	Total £'000
Losses on investments		-	(150)	(150)
Income		45	-	45
		<u>45</u>	<u>(150)</u>	<u>(105)</u>
Investment management fees	4	20	59	79
Performance fees		-	-	-
Other expenses		64	-	64
		<u>84</u>	<u>59</u>	<u>143</u>
Return/(loss) on ordinary activities before taxation		(39)	(209)	(248)
Tax on return on ordinary activities		-	-	-
Return/(loss) on ordinary activities after tax attributable to equity shareholders		(39)	(209)	(248)
Basic and diluted Loss per Ordinary Share (pence)	2	(0.43)p	(2.28)p	(2.71)p

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 2010

	Note	As at 30 June 2010 £'000
Fixed Assets		
Investments	7	3,067
		<hr/>
Current Assets		
Debtors		68
Cash		10,319
		<hr/>
		10,387
Creditors - amounts falling due within one year		(300)
		<hr/>
Net Current Assets		10,087
		<hr/>
Total Assets less Current Liabilities		13,154
Creditors - amounts falling due after more than one year (including convertible debt)		(1)
		<hr/>
Net Assets		13,153
		<hr/> <hr/>
Capital and Reserves		
Called up share capital		137
Share premium account		13,264
Capital reserve – realised		(61)
Capital reserve – unrealised		(148)
Other reserve		-
Revenue reserve		(39)
		<hr/>
Equity Shareholders' Funds		13,153
		<hr/> <hr/>
Net Asset Value per Ordinary Share	3	96.20p
		<hr/> <hr/>
Diluted Net Asset Value per Ordinary Share	3	96.20p
		<hr/> <hr/>

Cash Flow Statement (unaudited)

For the period ended 30 June 2010

For the period 7 October 2009 to 30 June 2010
£'000

Operating activities

Investment income received	8
Other cash payments	(4)

Net cash inflow from operating activities

4

Financing

Proceeds received from issue of ordinary share capital	13,519
Proceeds received from issue of redeemable preference shares	13
Proceeds received from convertible loan notes	1

Net cash inflow from financing

13,533

Capital expenditure and financial investment

Purchase of investments	(3,216)
Transaction costs	(2)

Net cash outflow from capital expenditure and financial investment

(3,218)

Increase in cash

10,319

Reconciliation of net cash flow to movement in net funds

Increase in cash for the period	10,319
Net cash at start of the period	-

Net funds at the period end

10,319

Reconciliation of Movements in Shareholders' Funds (unaudited)
For the period ended 30 June 2010

	Called up share capital £'000	Share premium account £'00	Capital reserve- realised £'000	Capital reserve- unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
For the period 7 October 2009 to 30 June 2010							
Share issues in the period	137	13,535	-	-	-	-	13,672
Expenses of share issues	-	(271)	-	-	-	-	(271)
Total recognised losses for the period	-	-	(61)	(148)	-	(39)	(248)
Balance at 30 June 2010	137	13,264	(61)	(148)	-	(39)	13,153

Notes to the Interim Report

For the period ended 30 June 2010

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 loss per share of 2.71p is based on the loss for the period of £248,000 and the weighted average number of shares in issue as at 30 June 2010 of 9,151,432 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 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

The Company has appointed Shore Capital Limited, a company of which Graham Shore is a director, to provide investment management services. During the period £79,000 was due in respect of investment management fees. The total of this balance was outstanding as at the period end.

6. The financial information for the period ended 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 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 2010

7. **Investment portfolio summary**

As at 30 June 2010	Valuation £'000	Cost £'000	Gain/ (loss)	Valuation as a % of Net Assets
Non-qualifying investments				
BluBay Macro Fund Limited	242	250	(8)	3%
HBOS Capital Funding LP Bond	207	238	(31)	2%
Investec Finance Bond	139	146	(7)	1%
Jupiter Strategic Bond	191	200	(9)	1%
Legal & General Dynamic Bond Trust	189	200	(11)	1%
Old Mutual Corporate Bond	193	200	(7)	1%
Puma Absolute Return Fund Limited	1,832	1,900	(68)	14%
RBS 7.375% Perpetual Bond	74	82	(8)	1%
Total investments	3,067	3,216	(149)	23%
Balance of portfolio	10,086	10,086		77%
Net Assets	13,153	13,302	(149)	100%