



SHORE CAPITAL



PUMA VCT PLC

INTERIM REPORT 2008

Contents

Chairman's Statement	1
<hr/>	
Income Statement	5
<hr/>	
Balance Sheet	6
<hr/>	
Cash Flow Statement	7
<hr/>	
Reconciliation of Movements in Shareholders' Funds	8
<hr/>	
Notes to the Interim Report	9
<hr/>	
Officers and Professional Advisers	11
<hr/>	

Chairman's Statement

Highlights

- Net asset value per share of 100.49p. This represents a 3.2% decrease from year-end (adding back the 1.5p 2008 final dividend paid on 2 July 2008) compared to a decrease of 21.4% on the FTSE AIM Index for the same period.

Introduction

During the six months to 31 August 2008, the investment manager's conservative approach has held Puma VCT plc's performance stable though the continuing turmoil inflicting the wider financial markets, resulting in a small drop in NAV.

The fund has a remit to invest in both unquoted and AIM/Plus listed equities, but the investment manager has concentrated upon investments in unquoted companies. The focus in unquoted investments is on providing secured mezzanine finance whilst taking minimum equity risk. The fund also holds some AIM stocks where the Investment Manager considered that the fund-raising offered good medium term value.

This strategy has proven to be prudent as the AIM market fell 21.4% during the six months to 31 August 2008, suffering from the continuing economic downturn affecting global financial markets. It is likely that the value of typical unquoted equities of a kind in which VCTs can invest will have fallen by the same amount or more. In the same period the Company is reporting a fall of only 3.2% (adding back the 1.5p 2008 final dividend paid on 2 July 2008) in the NAV per share which now stands at 100.49p.

The fall in value is primarily attributable to the Company's AIM quoted stocks, many of which are trading at a discount to their respective net asset values. This is less to do with the quality of these

Chairman's Statement continued

companies than the continuing result of the volatility and sentiment in the stock market for smaller companies that we reported on for the period ended 29 February 2008.

Existing Qualifying Investments

Of the existing unquoted stocks, the £2.1m investment in Cadbury House Hotel & Country Club plc (Cadbury House), the leisure centre and hotel complex near Bristol, continues to trade very well and ahead of budget. Also, Cadbury House had applied for planning permission to build an extension to the hotel containing a further 58 bedrooms and the application is expected to be considered by the relevant committees over the next few months. This should generate further value to the Company's existing investment.

The Company invested £610,000 in Stocklight, the parent company of Bloomsbury Auctions. This investment is in mezzanine finance and is very well secured both by freehold commercial property and a well-spread inventory of rare books. Stocklight is trading profitably

as a group, but the company has invested significantly in establishing a global footprint of its auction business. The auction sites in Rome and New York are taking time to generate a return, but overall our investment is secure.

The value of the quoted qualifying stocks at the period end was £1,305,000, compared to £1,746,000 at the period ended 29 February 2008 and is responsible for the bulk of the fall in NAV in the period. This reflects the difficult market conditions facing all AIM stocks. However these stocks make up only 10.6% of the overall portfolio and we expect that at least some of the recent falls will reverse in due course.

Non-qualifying investments

The market value of the non-qualifying investment portfolio was £3,564,000 at the period end against an underlying book cost of £3,244,000. This portfolio consists of three elements, listed stocks, hedge funds and a non-qualifying private equity investment. Performance for this portfolio for the six months is slightly negative.

The non-qualifying private equity investment is in a hotel development project on the outskirts of Winchester in the green belt. Having secured planning permission in this location we expect, in due course, to record a gain on this holding. At present we are carrying it at cost. Construction of a 120 bedroom hotel, to be a Holiday Inn Express, began in October and is expected to take about a year.

Results and dividends

As set-out in the accounts for the period ended 29 February 2008, a dividend of 1.5p per ordinary share was declared during the period and paid on 2 July 2008. Your Board is not proposing a dividend in relation to this interim period but reiterates the intention to distribute a large element of the available income and, if appropriate, realised capital gains in due course.

VAT on management fees

The Government has announced that VCTs will be exempt from paying VAT on investment management fees with effect from 1 October 2008, following a European Court of Justice judgement against the Government in a case relating to VAT

payable by investment trusts. This represents a prospective annual cost saving for the Company of around £50,000. More recently, the Government has conceded that VCTs will be able to obtain a repayment of VAT paid on management fees in earlier periods (the benefit of this has not been included in the current NAV). We will report on our progress in respect of this beneficial development in due course.

Principal risks and uncertainties

It is clear that the UK economy is in turmoil. The consequences of this for our investment portfolio constitute the principal risk and uncertainty for the Company in the second half of the year.

The Board

Chris Ring has resigned as a director of the Company and the Board has appointed Graham Shore, a director of Shore Capital Limited, as his replacement. Chris has been a director of Puma VCT plc since its inception and has played a full and active role in the development of the Company. I would like to thank him for his contribution.

Chairman's Statement continued

Outlook

The Investment Manager continues to review opportunities as potential investee companies look for alternate sources of debt finance brought about by tighter credit conditions. The VCTs offering of mezzanine and equity finance for asset-backed growing companies continues to be attractive benefiting from the ability to increase the sum offered by spreading the investment across the five Puma VCTs.

The current portfolio of private equity holdings are sustaining their strong position and limit the Company's risk exposure in qualifying investments. The AIM qualifying stocks, a small element of the portfolio, have not performed well during the period but the Investment Manager is monitoring them closely and

expects at least some of current losses to reverse in due course.

The investment manager is seeking new qualifying opportunities which match the risk averse mandate of the Company. The Company has sufficient cash resources to capitalise on any opportunities which arise and the timing for making investments into mezzanine in solid private companies is now much more favourable.

I look forward to reporting the progress of the Company with the next Annual Report for the year ended 28 February 2009.

Sir Aubrey Brocklebank Bt
Chairman

28 October 2008

Income Statement (unaudited)

For the six months ended 31 August 2008

	Note	Six months ended 31 August 2008			Six months ended 30 June 2007			Period ended 29 February 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/gains on investments		–	(578)	(578)	–	624	624	–	(584)	(584)
Income		282	–	282	134	–	134	480	–	480
		282	(578)	(296)	134	624	758	480	(584)	(104)
Investment management fees	4	36	108	144	41	124	165	92	277	369
Performance fees		31	(131)	(100)	6	100	106	46	(170)	(124)
Other expenses		61	–	61	65	–	65	148	–	148
		128	(23)	105	112	224	336	286	107	393
(Loss)/return on ordinary activities before taxation		154	(555)	(401)	22	400	422	194	(691)	(497)
Tax on return on ordinary activities		(29)	29	–	4	(4)	–	(12)	12	–
(Loss)/return on ordinary activities after tax attributable to equity shareholders		125	(526)	(401)	26	396	422	182	(679)	(497)
(Loss)/return per Ordinary Share (pence)	2	1.03p	(4.35)p	(3.32)p	0.22p	3.28p	3.50p	1.50p	(5.61)p	(4.11)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 31 August 2008

	Note	As at 31 August 2008 £'000	As at 30 June 2007 £'000	As at 29 February 2008 £'000
Fixed Assets				
Investments	7	11,638	13,096	12,406
Current Assets				
Debtors		233	138	171
Cash at bank and in hand		465	945	477
		698	1,083	648
Creditors – amounts falling due within one year		(99)	(112)	(135)
Net Current Assets		599	971	513
Total Assets less Current Liabilities		12,237	14,067	12,919
Creditors – amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		12,236	14,066	12,918
Capital and Reserves				
Called up share capital		121	121	121
Capital reserve – realised		891	464	1,092
Capital reserve – unrealised		(744)	1,283	(419)
Other reserve		87	417	187
Revenue reserve		11,881	11,781	11,937
Equity Shareholders' Funds		12,236	14,066	12,918
Net Asset Value per Ordinary Share	3	101.21p	116.37p	106.86p
Diluted Net Asset Value per Ordinary Share	3	100.49p	112.92p	105.31p

Cash Flow Statement (unaudited)

For the six months ended 31 August 2008

	Six months ended 31 August 2008 £'000	Six months ended 30 June 2007 £'000	Period ended 29 February 2008 £'000
Operating activities			
Investment income received	221	102	385
Investment management fees paid	(145)	(239)	(476)
Cash paid to directors	(11)	(11)	(26)
Foreign exchange gain/(loss) on cash	(2)	27	24
Other cash payments	(63)	(72)	(135)
Net cash outflow from operating activities	–	(193)	(228)
Equity dividend paid	(181)	(109)	(109)
Capital expenditure and financial investment			
Purchase of investments	(269)	(3,411)	(7,434)
Proceeds from sale of investments	500	3,758	7,276
Acquisition costs	–	–	(1)
Net realised (loss)/gain on forward foreign exchange contracts	(62)	19	92
Net cash outflow from capital expenditure and financial investment	169	366	(67)
(Decrease)/increase in cash	(12)	64	(404)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the period	(12)	64	(404)
Net cash at start of the period	477	881	881
Net funds at the period end	465	945	477

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 31 August 2008

	Six months ended 31 August 2008					
	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 March 2008	121	1,092	(419)	187	11,937	12,918
Total recognised (losses)/gains for the period	–	(201)	(325)	(100)	125	(501)
Equity dividend paid	–	–	–	–	(181)	(181)
Balance at 31 August 2008	121	891	(744)	87	11,881	12,236

	Six months ended 30 June 2007					
	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2007	121	108	1,243	311	11,864	13,647
Total recognised (losses)/gains for the period	–	356	40	106	26	528
Equity dividend paid	–	–	–	–	(109)	(109)
Balance at 30 June 2007	121	464	1,283	417	11,781	14,066

	For the period ended 29 February 2008					
	Called up share capital £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 1 January 2007	121	108	1,243	311	11,864	13,647
Total recognised (losses)/gains for the period	–	984	(1,662)	(124)	182	(620)
Equity dividend paid	–	–	–	–	(109)	(109)
Balance at 29 February 2008	121	1,092	(419)	187	11,937	12,918

Notes to the Interim Report

For the six months ended 31 August 2008

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" ("SORP") December 2005. Although this SORP principally applies to Investment Trusts, many of the characteristics of Investment Trusts are shared by VCTs therefore the Company will continue to follow the SORP until investment company status is revoked.

2. Return per Ordinary Share

The total loss per share of 3.32p (30 June 2007 – return of 3.50p) is based on the loss for the period of £401,000 (30 June 2007 – profit of £422,000) and the weighted average number of shares in issue as at 31 August 2008 of 12,087,500 (30 June 2007 – 12,087,500).

3. Net asset value per share

Period	Net assets	Shares in issue	Net Asset Value per share	
			Basic	Diluted
31 August 2008	£12,236,000	12,087,500	101.21p	100.49p
29 February 2008	£12,918,000	12,087,500	106.86p	105.31p
30 June 2007	£14,066,000	12,087,500	116.37p	112.92p

4. Management fees

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. Related Party Transactions

Related party transactions are described in the 2008 Annual Report and Accounts on page 36. There were no other related party transactions during the six months ended 31 August 2008.

6. The financial information for the six months ended 31 August 2008 and 30 June 2007 has not been audited and does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial information for the period ended 29 February 2008 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 31 August 2008

7. Investment portfolio summary

	Cost £'000	Valuation £'000	Gain/ (loss)	Valuation as a % of Net Assets
As at 31 August 2008				
Qualifying investment – unquoted				
Albemarle Contracting Ltd	1,000	1,000	–	8%
Bond Contracting Ltd	1,532	1,532	–	13%
Clifford Contracting Ltd	1,515	1,515	–	12%
Cadbury House Hotel & Country Club plc	2,110	2,110	–	17%
Stocklight Limited	610	610	–	5%
Qualifying investment – quoted				
@UK plc	415	25	(390)	0%
Alterian plc	19	20	1	0%
Clarity Commerce Solutions plc	142	44	(98)	0%
I-Design Group plc	59	30	(29)	0%
INVU plc	119	89	(30)	1%
Mount Engineering plc	223	206	(17)	2%
Patsystems plc	311	468	157	4%
Sport Media plc	305	74	(231)	1%
Universe Group plc	174	93	(81)	1%
Vertu Motors plc	593	257	(336)	2%
Total qualifying investments	9,127	8,073	(1,054)	66%
Non-qualifying investments				
Hedge fund portfolio	1,875	2,293	418	18%
Loan stock – interest bearing	297	334	37	3%
Other quoted investments	1,072	938	(134)	8%
Total non-qualifying investments	3,244	3,565	321	29%
Total investments	12,371	11,638	(733)	95%
Balance of portfolio	598	598	–	5%
Net Assets	12,969	12,236	(733)	100%

Officers and Professional Advisers

Directors

Sir A T Brocklebank Bt, ACA
(Chairman)*
D M Brock*
G Shore (Appointed 27 June 2008)
C J Ring (Resigned 27 June 2008)

* non-executive

Secretary

J S Paisner

Registered Number

05279077

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Administrator

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Services Limited
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Auditors

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Sponsors and Solicitors

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