

Puma VCT 8 plc

Interim Report

For the period ended 30 June 2014

Chairman's Statement

Highlights

- **NAV per share up 0.71p in the half year at 83.94p (93.94p after adding back dividends paid to date)**
- **Currently over 90% of the assets invested in portfolio of investments generating an attractive return**
- **62% in qualifying investments, expected to exceed the 70% threshold shortly**

Introduction

During the six months to 30 June 2014, the Company continued to pursue opportunities to deploy its cash resources in both qualifying and non-qualifying investments. In doing so, it focused on its mandate to exploit the opportunities which are arising as a result of tight credit markets.

Net Asset Value ('NAV')

The NAV per share at the period end was 83.94p (93.94p after adding back dividends paid to date), an increase of 0.71p in the half year, equivalent to a £91,000 profit for the period.

Dividends

As set out in the accounts for the period ended 31 December 2013, the Company declared a dividend of 5p per ordinary share for that period which was paid on 21 February 2014. Reflecting this recent pay-out, your Board is not proposing a further dividend at this interim stage, but intends to pay out a dividend of 5p per ordinary share in respect of each of this full year and subsequent years as envisaged in the Company's prospectus.

Investments

I am pleased to report that the Company has completed a further two VCT qualifying investments. Over 90% of the Company's assets are now invested in a diverse portfolio of qualifying and non-qualifying investments, generating an attractive return.

Qualifying Investments

The Company is required to have at least 70% of its assets in VCT qualifying investments by the end of this full accounting period (28 February 2015). With approximately 62% of the Company's assets in VCT qualifying investments at the date of this interim report and deals to complete in legal process, the Company is well on course to meet its HMRC qualifying targets.

The Company's £930,000 investment in Brewhouse and Kitchen Limited continues to perform well. Brewhouse and Kitchen is managed by two highly experienced pub sector professionals and our funding will facilitate the acquisition of freehold pubs and the roll-out of the brand. The investment is largely in the form of senior debt, secured with a first charge over the business and each site acquired. Funds can be utilised to a maximum 65% loan-to-value ratio on freeholds, and are expected to produce an attractive return to the Company. Having opened its first pub, the White Swan in Portsmouth, last year, Brewhouse and Kitchen opened its second pub, the Station Master's House in Dorchester, in April after a substantial renovation. Both have been trading well, and, since the period end, Brewhouse and Kitchen have taken leases on a further three units in London and Bristol.

As previously reported, Isaacs Trading Limited, Kinloss Trading Limited and Jephcote Trading Limited (in which the Company had invested £1 million, £254,000 and £1 million respectively) were, as members of SKPB Services LLP, engaged in a contract with Ansgate (Barnes) Limited to provide project management and contracting services in connection with the construction of nine new houses and 12 new flats at a construction known as The Albany, in Barnes, south west London. We understand that the project is progressing well with a view to completion by the third quarter of next year. SKPB Services LLP has also recently entered into a contract with HB Villages Tranche 2 Limited to provide project management and contracting services in connection with the construction of 12 units as accommodation and supported housing for psychiatric and learning disabled service users, and their care-workers, in Timperley, Greater Manchester.

As previously reported, in July 2013 the Company invested £450,000 (alongside other Puma VCTs) into Saville Services Limited, a company providing contracting services over a series of projects including the construction of up to 20 apartments for supported living for psychiatric and learning disabled service users in Grimsby, North East Lincolnshire. I am pleased to report that Saville Services recently completed this project and its directors are actively pursuing opportunities to continue to deploy the capital and profits arising from the Grimsby project in similar projects in the near future.

Since the period end, the Company has made two new VCT qualifying investments.

Before the passing of the Finance Act 2014, the Company completed a £1.25 million qualifying investment (as part of a £5 million investment alongside other Puma VCTs) in Urban Mining Limited, a member of the Chinook Urban Mining group of companies. Chinook Urban Mining is a well-funded energy-from-waste business which is developing a flagship plant in East London to generate electricity through the gasification of municipal solid waste and will benefit from Renewable Obligations Certificates. The management team have a track record delivering similar projects in other jurisdictions and are a preferred partner of Chinook Sciences, the Nottingham based leading technology company which has developed the award-winning “non-incineration ultra clean synthetic gas technology” which will be used in the East London plant. Chinook Sciences also holds a minority stake in the business. The investment is secured with a first charge over the Chinook Urban Mining business and the eight acre site of the East London plant and is expected to produce an attractive return to the Company over three years.

Earlier this month, the Company made a £1 million qualifying investment (as part of a £8 million investment alongside other entities managed and advised by your Investment Manager) in Opes Industries Limited. Opes is developing a materials recycling facility at an established landfill and aggregates business on a 76 hectare site in Oxfordshire. The investment is secured with a first charge over the site and the Opes business and is expected to produce an attractive return to the Company over four years.

Non-Qualifying Investments

The Company’s £881,000 non-qualifying loan to Ennovor Trading 1 Limited (formerly known as Organic Waste Management Trading Limited) continues to perform well. The loan (through an affiliate of the Company and other Puma VCTs) extended an innovative £4 million revolving credit facility to Ennovor Trading which provides working capital for the purchase of used cooking oil for conversion into bio-diesel for sale to obligated off-take parties. The facility is structured to mitigate risks by being capable of draw only once approved back-to-back purchase and sale contracts have been entered into with approved counterparties.

As previously reported, the Company invested £750,000 (as part of a total investment by Puma VCTs of £2.16 million) in Gold Line Property Limited, a care and dementia treatment business which is currently developing new premises in Surrey. The management team have a long track record in operating similar treatment centres across the UK. The project is progressing well and the team expect the new facility to open in early 2015.

Together with other vehicles managed and advised by your Investment Manager, the Company made a £500,000 non-qualifying loan, as part of £5 million revolving credit facility to Citrus PX Two Limited, part of the Citrus Group, through an affiliate, Valencia Lending Limited. Citrus PX Two operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. The Company’s facility is providing

a series of loans to Citrus PX Two, with the benefit of a first charge over a geographically diversified portfolio of residential properties on conservative terms.

The Company's £1,420,000 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.

As previously reported, the Company had extended a £650,000 non-qualifying loan (as part of a £1.3 million financing with other Puma VCTs) for Countywide Property Holdings Limited, a business with a strong track record of acquiring greenfield and brownfield sites for residential and commercial development. The loan was secured on a 5.6 acre site, including a large house, in Brackley near Silverstone. I am pleased to report that this loan has recently been repaid in full following the sale of the site to one of the UK's largest house builders after planning permission was granted. During the period, the Company also realised its £785,000 holding in a Tesco Bank 5% 8 year bond at a premium to the issue price.

We are pleased that our strategy for the non-qualifying portfolio of moving away from quoted investments and instead investing in secured non-qualifying loans offering a good yield with hopefully limited downside risk is working well for the Company as the Countywide Property Holdings demonstrates.

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

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 2014.

Outlook

The Company has made good progress during the period, and thereafter. We are pleased to report that the Company's net assets are now fully deployed in a diverse range of high quality businesses and projects.

The lack of availability of bank credit has enabled the Company to assemble a portfolio of investments on attractive terms. We have further investments in the pipeline which will bring the VCT's portfolio over the 70% threshold of qualifying investment. After this there will be some further changes in the composition of the portfolio to ensure that the Company satisfies its HMRC qualifying targets, the Board expects to concentrate in the future primarily on the monitoring of our existing investments and considering the options for exits.

Sir Aubrey Brocklebank
Chairman
29 August 2014

Income Statement (unaudited)

For the period ended 30 June 2014

Note	Six months ended 30 June 2014			Six months ended 30 June 2013			Year ended 31 December 2013			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
(Loss)/gain on investments	-	11	11	-	(17)	(17)	-	(10)	(10)	
Income	298	-	298	177	-	177	402	-	402	
	298	11	309	177	(17)	160	402	(10)	392	
Investment management fees	(27)	(81)	(108)	(28)	(84)	(112)	(57)	(171)	(228)	
Performance fees	-	-	-	-	-	-	-	-	-	
Other expenses	(110)	-	(110)	(95)	-	(95)	(203)	-	(203)	
	(137)	(81)	(218)	(123)	(84)	(207)	(260)	(171)	(431)	
Return/(loss) on ordinary activities before taxation	161	(70)	91	54	(101)	(47)	142	(181)	(39)	
Tax on return on ordinary activities	-	-	-	-	-	-	-	-	-	
Return/(loss) on ordinary activities after tax attributable to equity shareholders	161	(70)	91	54	(101)	(47)	142	(181)	(39)	
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	1.26p	(0.55p)	0.71p	0.42p	(0.79p)	(0.37p)	1.11p	(1.41p)	(0.30p)

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 2014

	Note	As at 30 June 2014 £'000	As at 30 June 2013 £'000	As at 31 December 2013 £'000
Fixed Assets				
Investments	7	7,835	6,659	8,620
Current Assets				
Debtors		279	116	92
Cash		2,807	4,576	2,743
Creditors - amounts falling due within one year		3,086 (158)	4,692 (46)	2,835 (142)
Net Current Assets		2,928	4,646	2,693
Total Assets less Current Liabilities		10,763	11,305	11,313
Creditors - amounts falling due after more than one year (including convertible debt)		(1)	(1)	(1)
Net Assets		10,762	11,304	11,312
Capital and Reserves				
Called up share capital		128	128	128
Share premium account		-	12,009	-
Capital reserve – realised		(334)	(213)	(299)
Capital reserve – unrealised		-	28	35
Other reserve		-	-	-
Revenue reserve		10,968	(648)	11,448
Equity Shareholders' Funds		10,762	11,304	11,312
Net Asset Value per Ordinary Share	3	83.94p	88.17p	88.23p
Diluted Net Asset Value per Ordinary Share	3	83.94p	88.17p	88.23p

Cash Flow Statement (unaudited)

For the period ended 30 June 2014

	Six months ended 30 June 2014 £'000	Six months ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Operating activities			
Return/(loss) on ordinary activities before tax	91	(47)	(39)
(Gains)/losses on investments	(24)	17	10
Decrease/(increase) in debtors	(187)	(49)	(25)
Increase/(decrease) in creditors	16	(72)	37
Net cash inflow/(outflow) from operating activities	(104)	(151)	(17)
Corporation tax paid	-	-	-
Capital expenditure and financial investment			
Purchase of investments	-	(1,130)	(3,084)
Proceeds from sale of investments	809	-	-
Net realised loss on forward foreign exchange contracts	-	-	-
Transaction costs	-	-	-
Net cash outflow from capital expenditure and financial investment	809	(1,130)	(3,084)
Equity dividend paid	(641)	(641)	(641)
Financing			
Proceeds received from issue of ordinary share capital	-	-	-
Expenses paid for issue of share capital	-	-	-
Redemption of redeemable preference shares	-	-	(13)
Proceeds received from convertible loan notes	-	-	-
Net cash outflow from financing	-	-	(13)
Decrease in cash	64	(1,922)	(3,755)
Net cash at start of the period	2,743	6,498	6,498
Net funds at the period end	2,807	4,576	2,743

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the period ended 30 June 2014

	Called up share capital £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 January 2013	128	12,009	(128)	45	(62)	11,992
Total recognised (losses)/gains for the period	-	-	(85)	(17)	55	(47)
Dividends paid	-	-	-	-	(641)	(641)
Balance as at 30 June 2013	128	12,009	(213)	28	(648)	11,304
Capital reconstruction	-	(12,009)	-	-	12,009	-
Total recognised (losses)/gains for the period	-	-	(86)	7	87	8
Balance as at 31 December 2013	128	-	(299)	35	11,448	11,312
Total recognised (losses)/gains for the period	-	-	(35)	(35)	161	91
Dividends paid	-	-	-	-	(641)	(641)
Balance as at 30 June 2014	128	-	(334)	-	10,968	10,762

Notes to the Interim Report

For the period ended 30 June 2014

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 return per share of 0.71p is based on the profit for the period of £91,000 and the weighted average number of shares in issue as at 30 June 2014 of 12,820,841.

3. Net asset value per share

	As at 30 June 2014	As at 30 June 2013	As at 31 December 2013
Net assets	10,762,000	11,304,000	11,312,000
Shares in issue	12,820,841	12,820,841	12,820,841
Net asset value per share			
Basic	83.94p	88.17p	88.23p
Diluted	83.94p	88.17p	88.23p

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 38. There were no other related party transactions during the six months ended 30 June 2014.

6. The financial information for the period ended 30 June 2014 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 2014

7. Investment portfolio summary

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
As at 30 June 2014				
Qualifying Investment - Unquoted				
Brewhouse & Kitchen Limited	930	930	-	9%
Isaacs Trading Limited	1,000	1,000	-	9%
Jephcote Trading Limited	1,000	1,000	-	9%
Kinloss Trading Limited	254	254	-	2%
Saville Services Limited	450	450	-	4%
Total Qualifying Investments	3,634	3,634	-	33%
Non-Qualifying Investments				
Buckhorn Lending Limited	881	881	-	8%
Puma Brandenburg Finance Limited	1,420	1,420	-	13%
Latimer Lending Limited	650	650	-	6%
Gold Line Property Limited	750	750	-	7%
Valencia Lending Limited	500	500	-	5%
Total Non-Qualifying investments	4,201	4,201	-	39%
Total Investments	7,835	7,835		72%
Balance of Portfolio	2,927	2,927		28%
Net Assets	10,762	10,762	-	100%

Copies of this Interim Statement will be posted to shareholders in due course and made available on the website:
<http://www.shorecap.gg/alternative-asset-management/puma-vcts/information>