Downing Planned Exit VCT 9 PLC

Report & Accounts
for the year ended
31 December 2011

Downing

SHAREHOLDER INFORMATION

	31 Dec 2011	31 Dec 2010
	Pence	**Pence**
Net asset value per Ordinary Share	82.3	83.8
Net asset value per 'A' Share	0.1	0.1
Cumulative distributions per Ordinary Share and 'A' Share	7.5	5.0
Total return per Ordinary Share and 'A' Share	89.9	88.9

Dividend history

Year end	Date paid	Pence per share
Final 2008	5 June 2009	2.5
Final 2009	28 May 2010	2.5
Final 2010	3 June 2011	2.5
		7.5
Proposed 2011 Final	(Payable 29 June 2012)	2.5p

Dividends

Dividends will be paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar, Capita Registrars, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Mandate forms can also be downloaded from Capita's website (see below).

Share price

The Company's share price can be found in various financial websites with the following TIDM/EPIC codes:

	Ordinary Shares	'A' Shares
TIDM/EPIC codes	DPV9	DP9A
Latest share price (24 April 2012)	69.0p per share	5.0p per share

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange using a stockbroker. Disposing of shares may have tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision.

The Company has stated that it will, from time to time, consider making market purchases of its own shares, however, any such purchases are likely to be undertaken at a substantial discount to NAV. Shareholders who wish to sell should contact Downing LLP, who will be able to provide up-to-date details. Downing LLP can be contacted on 020 7416 7780.

Financial calendar

26 June 2012	Annual General Meeting
29 June 2012	Payment of dividend
August 2012	Announcement of half yearly financial results

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

Other information for Shareholders

Up-to-date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at:

www.downing.co.uk

If you have any queries regarding your shareholding in Downing Planned Exit VCT 9 plc, please contact the registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders".

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COMPANY INFORMATION

Registered number	6372969
Directors	Hugh Gillespie (Chairman) Dennis Hale Christopher McCann
Secretary and registered office	Grant Whitehouse 10 Lower Grosvenor Place London SW1W 0EN
Investment and Administration Manager	Downing Managers 9 Limited 10 Lower Grosvenor Place London SW1W 0EN Tel: 020 7416 7780 www.downing.co.uk
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
VCT status advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday) www.capitaregistrars.com
Solicitors	Howard Kennedy 19 Cavendish Square London W1A 2AW
Bankers	Bank of Scotland plc 33 Old Broad Street London EC2N 1HZ Royal Bank of Scotland London Victoria Branch 119/121 Victoria Street London SW1E 6RA

Share scam warning

We have become aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website under "Existing Investments". If you have any concerns, please contact Downing on 020 7416 7780.

INVESTMENT OBJECTIVES

Downing Planned Exit VCT 9 plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The Company's principal objectives are to:

- maintain VCT status to enable Shareholders to benefit from 30% income tax relief on their original investment;
- reduce the risks normally associated with VCT investments; and
- target the payment of a tax-free return to Shareholders of at least 8% per annum (13.3% per annum gross equivalent to a 40% taxpayer) over approximately seven years (based on a net of income tax relief cost of 70p per share).

The detailed investment policy adopted to achieve the investment objectives is set out in the Report of the Directors on page 12.

FINANCIAL HIGHLIGHTS

(All "pence per share")	**Year ended 31 Dec 11**	**Year ended 31 Dec 10**	**Year ended 31 Dec 09**
Net asset value per Ordinary Share	82.3	83.8	88.1
Net asset value per 'A' Share	0.1	0.1	0.1
Total distributions paid since inception	7.5	5.0	2.5
Total return	**89.9**	**88.9**	**90.7**

DIRECTORS

Hugh Gillespie (Chairman) is non-executive chairman of a number of Downing VCTs, and a non-executive director of Burgess Group plc and Downing Distribution VCT 2 plc. He was formerly a director of Hill Samuel Bank Limited and non-executive director or chairman of a number of public companies.

Dennis Hale was previously an investment director of Financial Management Bureau Limited ("FMB"), a firm of independent financial advisers based in Cumbria. He was responsible for VCT research within FMB, whose clients have invested in VCTs since 1997. Prior to founding FMB in 1987, he worked for several life assurance companies. He was an Associate of the Institute of Actuaries and holds The Investment Management Certificate. He graduated from the University of Hull with a degree in Mathematics in 1974. He is also a director of a number of Downing VCTs.

Christopher McCann is a director of a number of Downing VCTs and is chairman of a private technology business. He is a chartered accountant and was vice chairman of Bridgepoint Capital Limited (previously NatWest Equity Partners), where he worked from 1987 to 2002.

All the Directors are non-executive.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the Company's Annual Report and Accounts for the year ended 31 December 2011.

Portfolio activity

As expected, the Company has had a relatively low level of investment activity during the year. A small number of loan stock redemptions took place and some small new non-qualifying investments were made but the majority of the portfolio remained unchanged.

Full details of the portfolio activity are included in the Investment Manager's report.

Investment valuations

At the year end, the Board has reviewed the investment valuations with the Investment Manager and made four relatively small uplifts and one reduction from carrying values at the previous year end.

The reduction in value is in respect of The Thames Club Limited. Shareholders will recall that the health club underwent a major refurbishment soon after the investment was made. Although the club is now fully operational, the task of building the membership levels is proving challenging and is running behind budget. As a result, the value has been reduced by £270,000.

Small uplifts have been made to Hoole Hall Country Club Holdings, Hoole Hall Spa and Leisure Club, Cadbury House Holdings and Crossco (1135) which are all making satisfactory progress.

All other investments have been held at their previous carrying values. The net effect of the revaluations was that the portfolio incurred net unrealised losses for the year of £155,000.

Net asset value

The net asset value per Ordinary Share ("NAV") at 31 December 2011 stood at 82.3p and NAV per 'A' Share at 0.1p. With dividends paid to date of 7.5p per Ordinary Share, Total Return (NAV plus cumulative dividends) per Ordinary and 'A' Share was 89.9p per share.

Results

The return on ordinary activities after taxation for the year was £91,000 (2010 loss: £159,000), comprising a revenue profit of £211,000 (2010 loss: £35,000) and a capital loss of £120,000 (2010: £124,000).

Dividends

The Board is proposing to pay a dividend of 2.5p per Ordinary Share (comprising 2.0p revenue and 0.5p capital) on 29 June 2012 to Shareholders on the register at the close of business on 1 June 2012.

Share buybacks

The Company has operated a policy, subject to certain restrictions, of buying shares that become available in the market at a price equivalent to a 10% discount to the Company's most recently published NAV.

No shares were purchased in the year for cancellation.

A special resolution to continue this policy is proposed for the forthcoming AGM.

Annual General Meeting

The Company's fourth Annual General Meeting ("AGM") will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:05 am on 26 June 2012.

One item of special business is proposed at the AGM in respect of the authority to buy in shares as noted above.

Outlook

The Company's target is to start returning funds to Shareholders in approximately one year's time. Most portfolio companies are performing satisfactorily, although there are three currently valued below original cost, where the chances of a full recovery in value are uncertain.

The most significant challenge for the Investment Manager will be achieving exits from investments at the optimal time and at acceptable prices. This task will be made more difficult by the fact that ready availability of bank finance is unlikely to return in the near future. Despite these concerns, the Company has the potential to produce a satisfactory final outcome for investors if given sufficient time to unwind its portfolio.

Hugh Gillespie
Chairman

25 April 2012

INVESTMENT MANAGER'S REPORT

Introduction

The Company is now fully invested and performing reasonably in line with its plan, despite the challenging economic environment. Further investment activity is limited to reinvesting proceeds from divestments when short term investment opportunities arise.

Investment activity

The Company began the year with £6.9m of investments and ended the year with £6.8m spread across a portfolio of 15 investments. During the year, the Company made further investments totalling £0.7 million which was funded by divestments of £0.7 million and also a valuation decrease on existing investments of £0.1 million.

Of the four additions made during the year, two were new investments; £250,000 was invested in Snow Hill Developments LLP, which is refurbishing a building in Birmingham into a 224 bedroom Holiday Inn Express. The hotel is due to be completed in spring 2013.

£350,000 was invested in Future Biogas (SF) Limited which owns a 1.4MWh self-contained biogas plant in Norfolk.

The portfolio returned income of £495,000 in the year and a net return of £211,000 after expenses and tax; or 2.4p return per share. This profit was reduced by a £120,000 capital loss (or 1.4p per share) owing to the decrease in value of one investment, which was greater than the increase in value on four other investments, reflecting their improved trading performance. The resulting net return of 1.0p per share in the year reflects the improvements in the Company's maturing portfolio in the last year.

The Company expects the current portfolio to provide the core of its income and growth in the medium term and will therefore focus on managing its existing investments before seeking to return funds to Shareholders over the next two years.

Portfolio valuation

The £0.1 million decrease in the valuation of the portfolio during the year was driven by an increase in value to four investments and a decrease in value to Thames Club Limited. The increases were £83,000 in Crossco (1135) Limited (trading as Kingsclere Nurseries), £13,000 in Cadbury House Holdings Limited, £11,000 in Hoole Hall Country Club Holdings Limited and £8,000 in Hoole Hall Spa and Leisure Club Limited.

The investment in Crossco (1135) Limited was made three years ago, and the business is now performing well. The increase in value recognises the improving performance of the business.

Cadbury House, Hoole Hall Country Club and Hoole Hall Spa each saw a small increase in value over the year. The increase in value recognises that the businesses continue to perform in line with our expectations for a full exit next year.

The investment in Thames Club Limited was written down by £270,000 at the year end following concerns that the profits of the business were behind the original business plan. Whilst membership numbers at the club are higher than at the start of the year, and management are optimistic that the business will meet its 2012 forecasts, it is prudent to recognise a reduction in the valuation at the year end.

Outlook

The uncertain economic environment is expected to continue throughout 2012 with consumer confidence unlikely to improve in the short term. The Company will continue to focus on working closely with our investment partners to strengthen performance in order to secure optimal exits over the next two years.

Downing Managers 9 Limited

25 April 2012

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 December 2011:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
Hoole Hall Country Club Holdings Limited**	1,094	1,161	11	16.4%
Crossco (1135) Limited t/a Kingsclere Nurseries	998	1,081	83	15.2%
Cadbury House Holdings Limited	700	763	13	10.8%
West Tower Holdings Limited	1,150	750	-	10.6%
Horsham Bowl Limited**	861	681	-	9.6%
Hoole Hall Spa and Leisure Club Limited	562	613	8	8.7%
The Thames Club Limited	1,075	455	(270)	6.4%
Kings Gap Group Limited*	400	400	-	5.6%
Future Biogas (SF) Limited*	350	350	-	4.9%
Snow Hill Developments LLP*	250	250	-	3.5%
Fenkle Street LLP*	92	92	-	1.3%
Sanguine Hospitality Limited*	56	56	-	0.8%
Chapel Street Food & Beverage Limited	50	50	-	0.7%
Chapel Street Services Limited	50	50	-	0.7%
Chapel Street Hotel Limited*	2	2	-	0.0%
	7,690	6,754	(155)	95.2%
Cash at bank and in hand		344		4.8%
Total investments		7,098		100.0%

Investment movements for the year ended 31 December 2011

ADDITIONS

	£'000
Future Biogas (SF) Limited*	350
Snow Hill Developments LLP*	250
Sanguine Hospitality Limited*	119
The Thames Club Limited	25
	744

DISPOSALS

Loan stock redemptions	Cost £'000	MV at 31/12/10 *** £'000	Proceeds £'000	Profit vs cost £'000	Realised gain £'000
Sanguine Hospitality Limited*	313	313	348	35	35
Fenkle Street LLP*	308	308	308	-	-
Bijou Wedding Venues Limited*	100	100	100	-	-
Fenkle Street Developments LLP*	20	20	20	-	-
	741	741	776	35	35

* non-qualifying VCT investment
** partially non-qualifying VCT investment
*** adjusted for purchases during the year

The basis of valuation for the largest investments is set out on pages 6 to 8.

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest investments:

Hoole Hall Country Club Holdings Limited

www.hoolehall.com

Cost:	£1,093,750	Valuation at 31/12/11:	£1,161,000
Date of first investment:	Dec 2008	Valuation at 31/12/10:	£1,150,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£225,000	Proportion of equity held:	6.7%
Loan notes:	£868,750	Proportion of loan notes held:	15.8%
Summary financial information from statutory accounts to 31 March 2011		Turnover:	£3,920,471
		Operating profit:	£1,171,393
		Net liabilities:	(£5,190,295)

Hoole Hall Country Club is set on a ten acre site on the edge of Hoole, near Chester. It comprises a Victorian Mansion, a large conservatory and a modern extension. The property has undergone an extensive refurbishment and consists of a conference and banqueting centre and a Marco Pierre White bar and grill.

Crossco (1135) Limited t/a Kingsclere Nurseries

www.kingsclere-nurseries.co.uk

Complete Childcare

Cost:	£997,500	Valuation at 31/12/11:	£1,080,000
Date of first investment:	Jan 2009	Valuation at 31/12/10:	£997,500
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£240,000	Proportion of equity held:	7.5%
Loan notes:	£757,500	Proportion of loan notes held:	30.0%
Summary financial information from statutory accounts to 31 December 2010		Turnover:	£2,362,935
		Operating loss:	(£146,236)
		Net assets:	£492,631

Complete Childcare was an investment made in 2009 to allow the management of Complete Childcare, which operated three children's day nurseries, to make a £4m acquisition of Kingsclere Nurseries, which operated a further seven nurseries.

Cadbury House Holdings Limited

www.cadburyhotelbristol.co.uk

Cost:	£700,000	Valuation at 31/12/11:	£763,000
Date of first investment:	Nov 2009	Valuation at 31/12/10:	£750,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£210,000	Proportion of equity held:	4.4%
Loan notes:	£490,000	Proportion of loan notes held:	9.1%
Summary financial information from statutory accounts to 31 March 2011		Turnover:	£6,584,842
		Operating profit:	£731,250
		Net assets:	£5,567,588

Cadbury House owns and operates a health club, restaurant and conference centre near Bristol. The restaurant trades as a Marco Pierre White Steakhouse Bar and Grill.

REVIEW OF INVESTMENTS **(continued)**

West Tower Holdings Limited

www.westtower.co.uk
www.theswan.org.uk

Cost:	£1,150,000	Valuation at 31/12/11:	£750,000
Date of first investment:	Feb 2008	Valuation at 31/12/10:	£750,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£345,000	Proportion of equity held:	8.2%
Loan notes:	£805,000	Proportion of loan notes held:	11.7%
Summary financial information from statutory accounts to 31 March 2011		Turnover:	Nil
		Operating loss:	(£40,872)
		Net assets:	£3,211,697

West Tower Holdings Limited purchased West Tower Limited and The Swan Limited in 2008. West Tower has been re-launched as an exclusive wedding venue based in Aughton, Lancashire, and provides exclusive access to the property. The Swan Limited owns a nearby inn (traded through West Tower Limited) which was re-launched as a Marco Pierre White franchise restaurant in January 2010.

Horsham Bowl Limited

www.thebigapple.co.uk

Cost:	£861,333	Valuation at 31/12/11:	£681,333
Date of first investment:	Feb 2009	Valuation at 31/12/10:	£681,333
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£180,000	Proportion of equity held:	25.0%
Loan notes:	£681,333	Proportion of loan notes held:	50.0%
Summary financial information from statutory accounts to 31 December 2010		Turnover:	£861,234
		Operating loss:	(£128,823)
		Net assets:	£431,158

Horsham Bowl Limited is a joint investment with American Amusements Limited, to invest in an entertainment complex comprising a 12 lane bowling alley, restaurant, bar and nightclub. The property was refurbished in 2010.

Hoole Hall Spa and Leisure Club Limited

www.hoolehall.com

Cost:	£562,500	Valuation at 31/12/11:	£613,000
Date of first investment:	May 2008	Valuation at 31/12/10:	£605,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£168,750	Proportion of equity held:	6.9%
Loan notes:	£393,750	Proportion of loan notes held:	14.3%
Summary financial information from statutory accounts to 31 March 2011		Turnover:	n/a
		Operating profit:	n/a
		Net liabilities:	(£13,203)

Hoole Hall Spa and Leisure Club is a health club and spa adjacent to Hoole Hall Country Club. The company is trading well with over 1,800 members.

The Thames Club Limited

www.thethamesclub.co.uk

Cost:	£1,075,000	Valuation at 31/12/11:	£455,000
Date of first investment:	Jul 2009	Valuation at 31/12/10:	£700,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£350,000	Proportion of equity held:	12.4%
Loan notes:	£725,000	Proportion of loan notes held:	18.6%
Summary financial information from statutory accounts to 31 December 2010		Turnover:	n/a
		Operating profit:	n/a
		Net assets:	£988,680

The Thames Club is a 33,000 sq ft health and fitness club located in Staines. In 2010 the club underwent a £2m refurbishment followed by a subsequent re-launch. The club now has over 2,500 members.

REVIEW OF INVESTMENTS (continued)

Kings Gap Group Limited
www.sanguinehospitality.com

Cost:	£400,000	Valuation at 31/12/11:	£400,000
Date of first investment:	Jul 2008	Valuation at 31/12/10:	£400,000
		Valuation method:	Net assets
Investment comprises:			
Loan notes:	£400,000	Proportion of loan notes held:	17.6%
Summary financial information from statutory accounts to 31 March 2011		Turnover:	n/a
		Operating profit:	n/a
		Net liabilities:	(£1,209,633)

Since the year end, Kings Gap Group Limited has sold the property it owned in Hoylake. As a condition of the sale, it is building out a hotel extension for the new owners which will be branded as an Express by Holiday Inn. This is a non-qualifying investment for the Company.

Future Biogas (SF) Limited
www.futurebiogas.com

Cost:	£350,000	Valuation at 31/12/11:	£350,000
Date of first investment:	Jun 2011	Valuation method:	Cost
Investment comprises:			
Loan notes:	£350,000	Proportion of loan notes held:	11.8%
Summary financial information from statutory accounts to 31 May 2011		Net assets:	£406,757

Future Biogas (SF) Limited is developing a 1.4MWh self-contained biogas plant in Norfolk. The company farms its own maize on nearby land which is fed into the biogas plant. Through an Anaerobic Digestion process, biogas is produced which is used to generate electricity which is then sold on. Under the Feed-in Tariffs introduced in April 2010 by the UK Government for small scale renewable energy operations, the minimum payment for electricity produced from renewable sources is fixed for 20 years with an annual increase in line with the Retail Prices Index. This is a non-qualifying investment for the Company.

Snow Hill Developments LLP
www.sanguinehospitality.com

Cost:	£250,000	Valuation at 31/12/11:	£250,000
Date of first investment:	Oct 2011	Valuation method:	Cost
Investment comprises:			
Members capital:	£250,000	Proportion of members capital held:	8.3%

Summary financial information from statutory accounts: None filed

Snow Hill Developments is refurbishing an office building in Birmingham which will be turned into a 224 bedroom Holiday Inn Express. The hotel is due to be completed in Spring 2013. This is a non-qualifying investment for the Company.

Note: The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

REVIEW OF INVESTMENTS (continued)

Summary of loan stock interest income

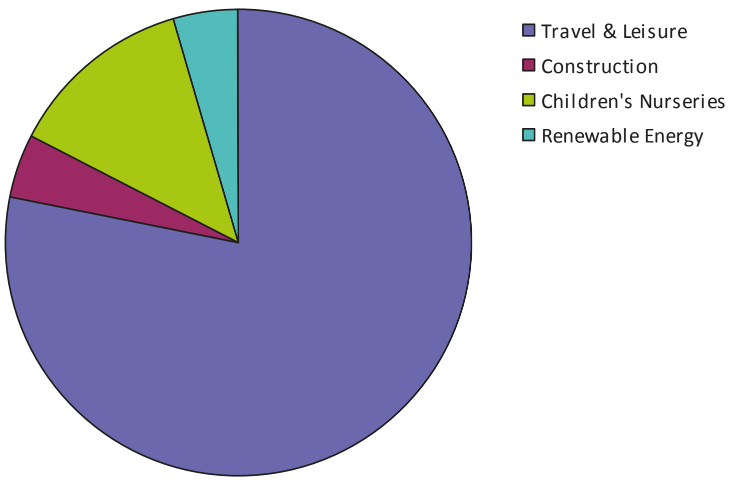
	£'000
Loan stock interest receivable in the year from the ten largest investments	
Hoole Hall Country Club Holdings Limited	154
Crossco (1135) Limited t/a Kingsclere Nurseries	91
Cadbury House Holdings Limited	113
West Tower Holdings Limited	-
Horsham Bowl Limited	71
Hoole Hall Spa and Leisure Club Limited	-
The Thames Club Limited	-
Kings Gap Group Limited	-
Future Biogas (SF) Limited	17
Snow Hill Developments LLP	n/a
	446
Receivable from other investments	42
	488

REVIEW OF INVESTMENTS (continued)

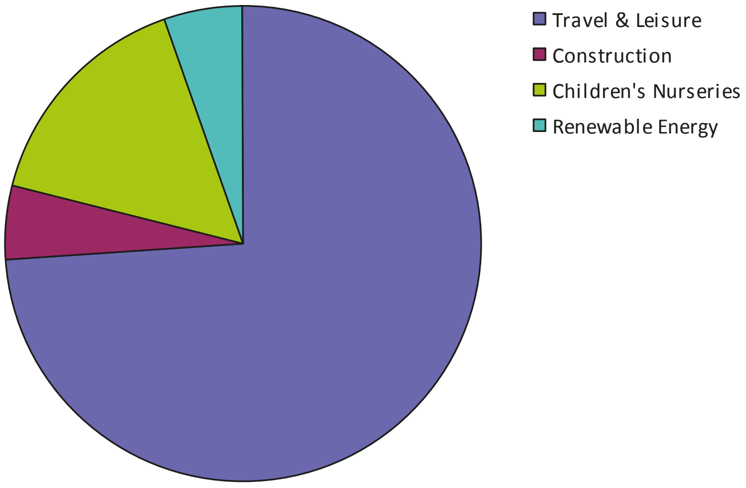
Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 December 2011) is as follows:

Analysis of investments by sector based on cost



Analysis of investments by sector based on value



Analysis of investments by type

The allocation of the Company's funds compared to the intended split at 31 December 2011 is summarised as follows:

	Actual portfolio split at 31 Dec 2011	Target portfolio split
VCT qualifying investments		
Loans to qualifying companies	60%	50%
Ordinary shares in qualifying companies	14%	25%
Total	74%	75%
Non-qualifying investments		
Loans to non-qualifying companies	22%	n/a
Ordinary shares in non-qualifying companies	4%	n/a
Total	26%	25%
	100%	100%

REPORT OF THE DIRECTORS

The Directors present the fourth Annual Report and Accounts of the Company for the year ended 31 December 2011.

Principal activity and status

The Directors initially obtained approval for the Company to act as a venture capital trust from HM Revenue & Customs and have continued to meet the standards set out by HM Revenue & Customs.

The Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Part 6 of the Income Tax Act 2007.

The Company has no employees (other than the Directors). Downing Managers 9 Limited, the wholly owned subsidiary, has two executive directors and one employee.

Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement, Investment Manager's Report and the Review of Investments.

Share capital

At the year end, the Company had in issue 8,657,673 Ordinary Shares, 12,986,507 'A' Shares, and 3,171,164 Deferred Shares. Only the holders of the Ordinary Shares have voting rights, except where there are issues in respect of the variation of rights of the 'A' Shares. There are no other share classes in issue.

No shares were purchased in the year for cancellation.

At the AGM that took place on 19 May 2011, the Company was authorised to make market purchases of its Ordinary Shares and 'A' Shares up to a limit of 1,289,993 Ordinary Shares and 1,934,900 'A' Shares, which represented approximately 14.9% of the issued Ordinary Share capital and 'A' Share capital at the date of the AGM. At the current date, authority remains for 1,289,993 Ordinary Shares and 1,934,000 'A' Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 26 June 2012.

The minimum price which may be paid for an Ordinary Share or an 'A' Share is 0.1p, exclusive of all expenses, and the maximum price which may be paid for an Ordinary Share or an 'A' Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations.

There is no authority currently in place authorising the Directors to issue new shares in the Company.

Results and dividends

	£'000	Pence per Ord Share	Pence per 'A' Share
Profit for the year	91	1.0p	-

Your Board is proposing to pay a final revenue dividend of 2.5p per Ordinary Share (comprising 2.0p revenue and 0.5p capital) payable on 29 June 2012 to Shareholders on the register at 1 June 2012.

Performance incentive fees

The structure of 'A' Shares enables a payment, by way of a distribution of income, of a performance incentive fee to the Management Team.

No performance incentive fee will be payable until Shareholders who invested under the Company's Offer for Subscription ("Subscribing Shareholders"):

i) receive proceeds, by way of dividends/ distributions/share buybacks ("Total Proceeds"), of at least 100p per £1 invested; and
ii) achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

Subject to these conditions being met Total Proceeds will be distributed as follows:

Subscribing Shareholders:	97% of the first 100p of proceeds per £1 invested and 80% thereafter
Management:	3% of the first 100p of proceeds and 20% thereafter

If the above distribution would result in Subscribing Shareholders receiving less than 100p per £1 invested or lower than a 7% compound return, then the return to the Management Team will be reduced until Shareholders receive at least 100p per £1 invested and a 7% compound return. Management's share of the Total Proceeds will be subject to a cap at 1.25% of net assets of the Company per annum and will only be payable if the hurdle is achieved.

The maximum performance incentive is limited to an amount equivalent to 1.25% of net assets per annum ("the Cap"). If, in any accounting period, the performance incentive payable is less than the Cap then the shortfall shall be aggregated to the Cap in respect of the following accounting period and so on until fully utilised.

As the targets have not been met, no fee is due to be paid for the year ended 31 December 2011.

REPORT OF THE DIRECTORS (continued)

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares and 'A' Shares of 0.1p each of both Downing Planned Exit VCT 9 plc and Downing Planned Exit VCT 8 plc at 31 December 2010 and 31 December 2011 were as follows:

	Downing Planned Exit VCT 9 plc		Downing Planned Exit VCT 8 plc	
	31 Dec 2010 No. of shares		31 Dec 2010 No. of shares	
Directors	**Ord**	**A**	**Ord**	**A**
Hugh Gillespie	-	-	5,225	5,225
Dennis Hale	-	-	15,900	15,900
Christopher McCann	-	-	5,200	5,200
	31 Dec 2011 No. of shares		31 Dec 2011 No. of shares	
Directors	**Ord**	**A**	**Ord**	**A**
Hugh Gillespie	-	-	5,225	5,225
Dennis Hale	-	-	15,900	15,900
Christopher McCann	-	-	5,200	5,200

Downing Planned Exit VCT 8 plc and Downing Planned Exit VCT 9 plc were launched under one prospectus with investors being allotted shares in one Company or the other. The Directors, therefore, feel it is appropriate to present their holdings in both companies.

In accordance with developments in corporate governance practice, the Board has decided that it is best practice for all Directors to retire at each Annual General Meeting. Accordingly, all the Directors will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 2, together with the results for the period to date, in order to support the resolutions to re-appoint all three Directors.

Each of the Directors entered into a consultancy agreement dated 9 October 2007. These agreements are for a period of three years and thereafter are terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Investment policy

The Company's strategy is to invest 75% of its funds in VCT qualifying investments by 31 December 2011 and maintain that level for the life of the Company.

Qualifying investments

Qualifying investments comprise investments in UK trading companies which own substantial assets or have contracts over which the VCT takes a charge to provide security on its investments. Qualifying investments will, where possible, be structured to include a significant element of the investment in loan stock, typically two thirds of the investment by value.

Non-qualifying investments

The funds not employed in qualifying investments will be invested in:

- Fixed income securities; and/or
- Loans secured on property or other assets.

Fixed income securities will consist mainly of bonds issued by the UK Government, major companies and institutions and will have credit ratings of not less than A-/A3.

Venture Capital Trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital);
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).

Borrowings

It is not the Company's intention to have any borrowings.

The Company does, however, have the ability to borrow a maximum amount equal to 25% of the gross funds raised under its offers for subscription less the total amount paid for repurchasing its own shares, currently equal to £1.9 million. There are no plans to utilise this ability at the current time.

REPORT OF THE DIRECTORS (continued)

Investment management and administration fees

Downing Managers 9 Limited ("DM9") provides investment management services to the Company. DM9 is a wholly owned subsidiary of the Company and is paid a fee equivalent to 1.35% of net assets per annum (based on the half year and annual accounts).

The Board is satisfied with DM9's strategy, approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of DM9 as Investment Manager remains in the best interest of Shareholders.

Additionally, DM9 has been appointed to provide administration services to the Company for a fee of £40,000 (plus RPI) per annum.

The agreement is for a minimum term of three years, with effect from 3 April 2008, with a twelve month notice period on either side thereafter.

The annual running costs of the Company, for the year, are also subject to a cap of 2.9% of net assets of the Company. Any excess costs over this cap are met by DM9 through a reduction in fees.

For the year ended 31 December 2011 the fee payable to DM9 was reduced by £14,000 for excess costs relating to the expense cap.

Trail commission

The Company has an agreement to pay trail commission, annually, to Downing LLP in connection to the funds raised under the offer for subscription. This is calculated at 0.25% of the net assets of the Company at each year end.

Creditor payment policy

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice, except where other terms have been agreed. The Company did not have any trade creditors at the year end.

Environmental and social policy

As a VCT, with all of its executive and administrative activities delegated to third parties, the Company does not have a policy on either environmental or social and community issues.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see Shareholder Information page).

In addition, the Board considers the Company's performance in relation to other VCTs.

VCT status

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although PwC works closely with the Investment Manager, they report directly to the Board.

Compliance with the VCT regulations (as described in the Investment Policy) for the year under review is summarised as follows:

	Position at year ended 31 Dec 11
1. To ensure that, by and from 1 January 2011, the Company holds at least 70% of its investments in qualifying companies;	73.9%
2. To ensure that, by and from 1 January 2011, at least 30% of the Company's qualifying investments are held in "eligible shares";	30.6%
3. At least 10% of each investment in a qualifying company is held in eligible shares;	Complied
4. No investment constitutes more than 15% of the Company's portfolio;	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	98.5%
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and	Complied
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).	Complied

Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, market price, credit and liquidity risks, are summarised within note 17 to the financial statements.

In addition to these risks, the Company, as a fully listed company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the UK Listing Authority Rules and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly reports from the Manager who monitors the compliance of these risks, and they place reliance on the Manager to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial period.

Substantial interests

As at 31 December 2011 and the date of this report, the Company had not been notified of any beneficial interest exceeding 3 per cent of the issued Ordinary Share capital.

Auditor

A resolution proposing the reappointment of PKF (UK) LLP will be submitted at the AGM.

Annual General Meeting

The Company's fourth Annual General Meeting ("AGM") will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:05 am on 26 June 2012. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Report of the Directors, the Directors Remuneration Report, and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure Rules and Transparency Rules

Each of the Directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and results of the Company; and

- the management report included within the Report of the Directors, Chairman's Statement, Investment Manager's Report and Review of Investments includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.downing.co.uk.

Corporate Governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code June 2010 (www.frc.org.uk) is shown on page 19.

Statement as to disclosure of information to the Auditor

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

25 April 2012

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Section 420 of the Companies Act 2006. A resolution to approve this report will be put to the Shareholders at the Annual General Meeting to be held on 26 June 2012.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on page 20.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

(i) The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £100,000 per annum (excluding any performance incentive fees to which the Directors may be entitled from time to time). The Directors shall also receive, by way of additional fees, such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of the determination equally.

(ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. This includes any expenses incurred in attending meetings of the Board, Committees of the Board or General Meetings. If in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

Agreement for services

Each of the Directors has entered into an agreement for a fixed term of three years from 9 October 2007 and thereafter on a three month rolling notice. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Directors' remuneration (audited)

Directors' remuneration for the Company and its subsidiary for the year under review was as follows:

	Current annual fee	Year ended 31/12/11	Year ended 31/12/10
	£	£	£
Hugh Gillespie	7,103	7,103	7,087
Dennis Hale	5,670	5,670	5,670
Christopher McCann	5,670	5,670	5,670
	18,443	18,443	18,427

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

2012 remuneration

The remuneration levels for the forthcoming year for the Directors of Downing Planned Exit VCT 9 plc are expected to be at the current annual fee levels shown in the above table.

DIRECTORS' REMUNERATION REPORT **(continued)**

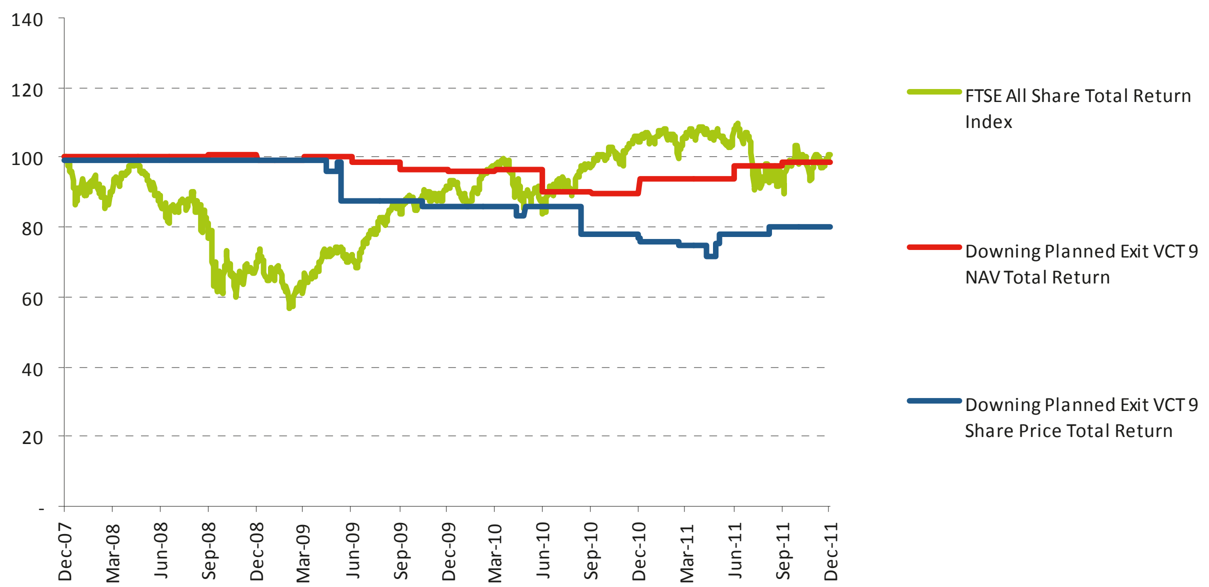
Performance graph

The chart below represents the Company's performance over the period since shares were first listed on the London Stock Exchange, and compares the NAV Total Return of the Company (net asset value plus dividends reinvested) and Share Price Total Return of the Company (share price plus dividends reinvested) to the FTSE All Share Total Return Index (source: FTSE International Limited). Although the FTSE All Share Total Return Index is not a benchmark for the Company, it has been chosen as a comparison as the Board considers it is the most appropriate of the major publicly available indices. All series have been rebased to 100 at 17 October 2007, being the Company's launch date.

By order of the Board

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London
SW1W 0EN

25 April 2012



CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in June 2010, being the principles of good governance and the code of best practice, as set out in Section 1 of the UK Corporate Governance Code annexed to the Listing Rules of the UK Listing Authority.

The Board

The Company has a Board comprising three non-executive Directors. The Chairman is Hugh Gillespie. Biographical details of all Board members (including significant other commitments of the Chairman) are shown on page 2.

In accordance with Company policy, all of the Directors are offering themselves for re-election at the next AGM.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues including considering recommendations from the Investment Manager, making all decisions concerning the acquisition or disposal of investments, and reviewing periodically the terms of engagement of all third party advisers (including Investment Managers and administrators). The Board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

As the Company has a small Board of non-executive Directors, all three Directors sit on each Committee. The Chairman of each Committee is Hugh Gillespie. The Audit Committee normally meets twice yearly, and the Remuneration and Nomination Committees meet as required. All Committees have defined terms of reference and duties.

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 11.

Audit Committee

The Audit Committee is responsible for reviewing the half yearly and annual accounts before they are presented to the Board, the terms of appointment of the Auditor, together with their remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems.

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken, to ensure that auditor objectivity and independence is safeguarded. The Committee is satisfied with the performance of the Auditor and recommends to Shareholders that they be re-appointed as Auditor for the forthcoming year.

The Audit Committee met once during the year. During the year, the Committee reviewed the internal financial controls and concluded that they remained appropriate. They also considered the need for an internal audit function and concluded that due to the size of the Company this would not be an appropriate function.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation, the audit feedback documentation and from correspondence and discussions with the engagement partner of PKF (UK) LLP. Based on the assurance obtained, the Committee has recommended to Shareholders that PKF (UK) LLP be re-appointed as Auditor for the forthcoming year.

During the year, in addition to the audit, PKF (UK) LLP provided corporation tax compliance services on behalf of the Company. The Committee considers that PKF (UK) LLP is well placed to provide this service given the knowledge gained from the work undertaken during the audit of the Company.

As the Company has no staff, other than the Directors, there are no procedures in place in respect of C3.4 of the UK Corporate Governance Code, relating to whistle blowing. The Audit Committee understands that the Investment Manager and Administration Manager have whistle blowing procedures in place.

Board and Committee meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended (4 held)	**Audit Committee meetings attended** (1 held)
Hugh Gillespie	4	1
Dennis Hale	4	1
Christopher McCann	4	1

CORPORATE GOVERNANCE (continued)

Remuneration Committee

The Committee meets as and when required to review the levels of Directors' remuneration. Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 15, and this is subject to Shareholder approval.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee meets as and when appropriate.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major Shareholders if so requested.

In addition to the formal business of the AGM, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Administrator collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the Committees and the conditions of appointment of non-executive Directors are available to Shareholders on request.

Financial reporting

The Statement of Directors' responsibilities for preparing the accounts is set out in the Report of the Directors on page 14, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 20.

Internal control

The Board has adopted an internal control manual ("Manual") for which they are responsible, which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the financial reporting process) to Downing Managers 9 Limited.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 3, the Investment Manager's Report on page 4 and the Report of the Directors on page 11. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow statement on page 23 and the Report of the Directors on page 12. In addition, note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources at the year end, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Share capital

The company has two classes of share capital; Ordinary Shares and 'A' Shares. The rights and obligations attaching to those shares, including the powers of the Company to buy back shares and details of any significant shareholdings, are set out on page 3 of the Chairman's Statement and page 11 and 14 of the Report of the Directors.

Compliance statement

The Listing Rules require the Board to report on compliance with the fifty two UK Corporate Governance Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 December 2011 with the provisions set out in the UK Corporate Governance Code.

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also, the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)

b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. Similarly, a senior independent director has not been appointed. (A.4.1, A.4.2, B.6.1, B.6.3, B.7.2)

c) The Company does not have any independent Directors as defined by the UK Corporate Governance Code as a result of other directorships of companies managed by the same Investment Management Team. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code. (B.1.2). (Consequently, the composition of the Audit Committee does not comply with C.3-1.)

d) Non-executive Directors' contracts are on a three month rolling notice following an initial three year fixed term, whereas the recommendation is for fixed term renewable contracts. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company. (B.2.3)

e) As the Company has had no staff, other than Directors, there are no procedures in place relating to whistleblowing. (C.3.4)

G Whitehouse

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

25 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING PLANNED EXIT VCT 9 PLC

We have audited the financial statements of Downing Planned Exit VCT 9 plc for the year ended 31 December 2011 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 17 to 19 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 18, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the Shareholders by the Board on Directors' remuneration.

PKF (UK) LLP

Rhodri Whitlock (Senior statutory auditor)
for and on behalf of PKF (UK) LLP
Statutory auditor
London, UK

25 April 2012

INCOME STATEMENT
for the year ended 31 December 2011

	Note	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
Income	2	495	-	495	256	-	256
Net loss on investments	9	-	(120)	(120)	-	(124)	(124)
		495	(120)	375	256	(124)	132
Investment management fees	3	(85)	-	(85)	(91)	-	(91)
Other expenses	4	(126)	-	(126)	(198)	-	(198)
Return/(loss) on ordinary activities before tax		284	(120)	164	(33)	(124)	(157)
Tax on ordinary activities	6	(73)	-	(73)	(2)	-	(2)
Return/(loss) attributable to equity shareholders		211	(120)	91	(35)	(124)	(159)
Basic and diluted return/(loss) per share:							
Ordinary Share	8	2.4p	(1.4p)	1.0p	(0.4p)	(1.4p)	(1.8p)
'A' Share	8	-	-	-	-	-	-

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement noted above.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the return/loss as stated above and historical cost.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Opening Shareholders' funds		7,265	7,641
Dividends paid	7	(217)	(217)
Total profit/(loss) for the year		91	(159)
Closing Shareholders' funds		7,139	7,265

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2011

	Note		2011		2010
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		6,754		6,906
Current assets					
Debtors	10	196		113	
Cash at bank and in hand	16	344		316	
		540		429	
Creditors: amounts falling due within one year	11	(155)		(70)	
Net current assets			385		359
Net assets			7,139		7,265
Capital and reserves					
Called up Ordinary Share capital	12		9		9
Called up 'A' Share capital	12		13		13
Deferred Share capital	12		3		3
Special reserve	13		7,817		8,034
Revaluation reserve	13		(936)		(781)
Capital reserve - realised	13		44		9
Revenue reserve	13		189		(22)
Total equity shareholders' funds			7,139		7,265
Basic and diluted net asset value per share					
Ordinary Share	14		82.3p		83.8p
'A' Share	14		0.1p		0.1p

The financial statements on pages 21 to 34 were approved and authorised for issue by the Board of Directors on 25 April 2012 and were signed on its behalf by

Hugh Gillespie
Chairman
Company number: 6372969

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 December 2011

	Note	Year ended 31 Dec 2011 £'000	Year ended 31 Dec 2010 £'000
Net cash inflow from operating activities	**15**	213	5
Taxation			
Corporation tax paid		-	(82)
Capital expenditure			
Purchase of investments	**9**	(744)	(1,172)
Proceeds from disposal of investments	**9**	776	1,055
Net cash inflow/(outflow) from capital expenditure		32	(117)
Equity dividends paid	**7**	(217)	(217)
Net cash inflow/(outflow) before financing		28	(411)
Financing			
Purchase of own shares		-	-
Net cash inflow from financing		-	-
Increase/(decrease) in cash	**16**	28	(411)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2011

1. Accounting policies

Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice ("UK GAAP") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for the certain financial instruments measured at fair value and on the basis that it is not necessary to prepare consolidated accounts as explained in note 9.

The Company implements new Financial Reporting Standards ("FRS") issued by the Accounting Standards Board when required.

Presentation of Income Statement

In order to better reflect the activities of a Venture Capital Trust and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments

All investments are designated as "fair value through profit or loss" assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") together with FRS26.

For unquoted investments, fair value is established by using the IPEV guidelines. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment are expensed.

Where an investee company has gone into receivership, liquidation or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised.

It is not the Company's policy to exercise significant influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Income

Dividend income from investments is recognised when the Shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income is accrued on a time apportionment basis, by reference to the principal sum outstanding and at the effective rate applicable and only where there is reasonable certainty of collection.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2011

1. Accounting policies (continued)

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted a policy of charging 100% of the Investment Manager's fees to the revenue account.

Taxation

The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate, using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred taxation, which is not discounted, is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors, other creditors and loan notes

Other debtors (including accrued income), other creditors and loan notes are included within the accounts at amortised cost.

2. Income

	2011 £'000	2010 £'000
Income from investments		
Loan stock interest	488	254
Other income		
Bank interest	3	2
Arrangement fees	4	-
	495	256

3. Investment management fees

The Company's subsidiary undertaking, Downing Managers 9 Limited ("DM9"), provides management services in respect of the portfolio of venture capital investments. The management fee, which is charged to the Company, is based on an annual amount of 1.35% of net assets. The Manager also provides administration services for a fee of £40,000 (plus RPI) per annum. Fees in relation to these services are shown within note 4. The fees are also subject to the annual running costs cap as discussed in note 4.

	2011 £'000	2010 £'000
Investment management fees	85	91

4. Other expenses

	2011 £'000	2010 £'000
Administration services	43	41
Trail commission	18	18
Directors' remuneration	18	18
Social security costs	-	1
Auditor's remuneration for audit	13	12
Auditor's remuneration for non-audit services (taxation)	4	1
Other	30	107
	126	198

The annual running costs of the Company for the year are subject to a cap of 2.9% of net assets of the Company.

5. Directors' remuneration

Details of remuneration (excluding employer's NIC) are given in the Directors' Remuneration Report on pages 15 and 16.

The Company had no employees (other than Directors) during the year. Costs in respect of these are referred to in note 4 above.

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director.

6. Tax on ordinary activities

	2011 £'000	2010 £'000
(a) Tax charge for year		
UK corporation tax at 26.5% (2010: 21.0%)	73	2
Charge for the year	73	2
(b) Factors affecting tax charge for the year		
Return/(loss) on ordinary activities before taxation	164	(157)
Tax charge calculated on return/(loss) on ordinary activities before taxation at the applicable rate of 26.5% (2010: 21.0%)	43	(33)
Effects of:		
Marginal rate relief	(7)	-
Expenses disallowed for tax purposes	5	4
Losses on investments	32	26
Losses available to carry forward	-	3
Adjustment in respect of prior year	-	2
Current tax charge	73	2

7. Dividends

Ordinary Shares	Year ended 31 December 2011			Year ended 31 December 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Paid in year						
2010 Final – 2.5p	-	217	217	-	-	-
2009 Final – 2.5p	-	-	-	217	-	217
Proposed						
2011 Final – 2.5p	173	43	216	-	-	-
2010 Final – 2.5p	-	-	-	-	216	216

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2011

8. Basic and diluted return per share

Return per share is calculated on the following:		Weighted average number of shares in issue	Revenue return/(loss) £'000	Capital loss £'000
Year ended 31 December 2011	Ordinary Shares	8,657,673	211	(120)
	'A' Shares	12,986,507	-	-
Year ended 31 December 2010	Ordinary Shares	8,657,673	(35)	(124)
	'A' Shares	12,986,507	-	-

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per Ordinary Share or 'A' Share. The return per share disclosed therefore represents both the basic and diluted return per Ordinary Share and 'A' Share.

9. Investments

	Unquoted investments £'000
Opening cost at 31 December 2010	7,687
Losses at 31 December 2010	(781)
Opening fair value at 1 January 2011	6,906
Movement in the year:	
Purchased at cost	744
Disposals - proceeds	(776)
- realised gains on disposals	35
Unrealised losses in the Income Statement	(155)
Closing value at 31 December 2011	6,754
Closing cost at 31 December 2011	7,690
Losses at 31 December 2011	(936)
	6,754

The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market;
Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and
Level 3 Reflects financial instruments that are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2011 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2010 Total £'000
Loan notes	-	-	5,295	5,295	-	-	5,811	5,811
Unquoted equity	-	-	1,459	1,459	-	-	1,095	1,095
	-	-	6,754	6,754	-	-	6,906	6,906

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2011

9. Investments (continued)

Reconciliation of fair value for Level 3 financial instruments held at the year end:

	Unquoted equity £'000	Loan notes £'000	Total £'000
Balance at 31 December 2010	1,095	5,811	6,906
Movements in the Income Statement:			
Unrealised gains/(losses) in the Income Statement	115	(270)	(155)
Realised gains in the Income Statement	35	-	35
	150	(270)	(120)
Purchases at cost	250	494	744
Sales proceeds	(36)	(740)	(776)
Balance at 31 December 2011	1,459	5,295	6,754

There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to certain of the VCT's investments.

FRS 29 requires disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The basis of valuation was changed for one investment held throughout the year. The valuation of Crossco (1135) Limited was changed from cost reviewed for impairment to net asset value basis. The effect of this change was an increase of £82,500 to the current year valuation.

The Board and the Investment Manager believe that the valuations as at 31 December 2011 reflect the most appropriate assumptions at the date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 17.

The Company also owns 100% of the issued Ordinary Share capital of Downing Managers 9 Limited ("DM9") within an attributable cost of £1.

Results of the subsidiary undertaking for the year ended 31 December 2011 (unaudited)

	Country of registration	Nature of business	Turnover £'000	Profit before tax £'000	Net assets £'000
Downing Managers 9 Limited	England and Wales	Investment management and administration services	127	3	5

This subsidiary undertaking has not been consolidated as it is not considered material to the group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Downing Corporate Finance Limited, a company in which Nicholas Lewis and Tony McGing (directors of DM9) are directors and shareholders, has been granted an option to acquire the entire share capital of DM9 at any time after 17 October 2017 for an amount equal to the net asset value of DM9 at the time of exercise.

An analysis of venture capital investments between equity and non-equity elements is set out in the review of investments on pages 5 to 8.

10. Debtors

	2011 £'000	2010 £'000
Prepayments and accrued income	196	113

11. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to subsidiary undertaking	33	27
Corporation tax	73	-
Accruals and deferred income	49	43
	155	70

12. Called up share capital

	2011 £'000	2010 £'000
Allotted, called up and fully-paid:		
8,657,673 (2010: 8,657,673) Ordinary Shares of 0.1p each	9	9
12,986,507 (2010: 12,986,507) 'A' Shares of 0.1p each	13	13
	22	22
Deferred Shares:		
3,171,164 (2010: 3,171,164) Deferred Shares of 0.1p each	3	3

Any distributions or returns of capital shall be made on the following basis between the holders of Ordinary Shares and 'A' Shares:

- Provided that the performance hurdle is met (i.e. Subscribing Shareholders receive proceeds of at least £1 per share and a 7% compound return) distributions are made as 91% to Ordinary Shares and 9% to 'A' Shares until an amount equivalent to the 100p per one Ordinary Share and one 'A' Share has been distributed; thereafter
- All distributions will be allocated pro-rata to the number of shares held.

Before the performance hurdle is met, distributions and returns of capital will be made to the holders of Ordinary Shares and the holders of 'A' Shares in proportion of 999 to 1 respectively being pro-rata to the amount subscribed for the shares. Once the Hurdle is met, all distributions will be to the holders of 'A' Shares until the above split of distributions is achieved.

Deferred Shares are not entitled to any distributions.

The Company's capital is managed in accordance with its investment policy as shown in the Directors' report, in pursuit of its principal investment objective as stated on page 2.

The Company has the authority to buy back shares as described in the Report of the Directors.

13. Reserves

	Special reserve £'000	Revaluation reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
At 1 January 2011	8,034	(781)	9	(22)	7,240
Dividend paid	(217)	-	-	-	(217)
(Losses)/gains on investments	-	(155)	35	-	(120)
Retained net revenue	-	-	-	211	211
At 31 December 2011	7,817	(936)	44	189	7,114

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions. The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The distributable reserve is reduced by losses of £1,200,000 which are included in the Revaluation reserve.

14. Basic and diluted net asset value per share

	Shares in issue 2011	Shares in issue 2010	2011 Pence per share	2011 Net asset value £'000	2010 Pence per share	2010 Net asset value £'000
Ordinary Shares	8,657,673	8,657,673	82.3	7,130	83.8	7,256
'A' Shares	12,986,507	12,986,507	0.1	9	0.1	9
			82.4	7,139	83.9	7,265

The Directors allocate the assets and liabilities of the Company between the Ordinary Shares and 'A' Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights as described in note 12.

As the Company has not issued any convertible shares or share options, there is no dilutive net asset value per Ordinary Share or per 'A' Share. The net asset value per share disclosed therefore represents both the basic and diluted net asset value per Ordinary Share and per 'A' Share.

15. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2011 £'000	2010 £'000
Return/(loss) on ordinary activities before taxation	164	(157)
Losses on investments	120	124
(Increase)/decrease in debtors	(83)	55
Increase/(decrease) in creditors	6	(7)
Increase/(decrease) in amounts due to subsidiary undertaking	6	(10)
Net cash inflow from operating activities and returns on investments	213	5

16. Analysis of changes in cash at bank during the year

	2011 £'000	2010 £'000
Beginning of year	316	727
Net cash inflow/(outflow)	28	(411)
End of year	344	316

17. Financial instruments and derivatives

The Company's financial instruments comprise investments held at fair value through profit and loss, being equity and loan stock investments in unquoted companies, loans and receivables being cash deposits and short term debtors and financial liabilities being creditors arising from its operations. The main purpose of these financial instruments is to generate cashflow and revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9.

Loans and receivables and other financial liabilities, as set out in the balance sheet, are stated at amortised cost which the Directors consider is equivalent to fair value.

17. Financial instruments and derivatives (continued)

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Market risks
- Credit risk
- Liquidity risk

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below:

Market risks

As a VCT, the Company is exposed to market risks in the form of potential losses and gains that may arise on the investments it holds in accordance with its investment policy. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Market risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Market price risk
- Interest rate risk

Market price risk

Market price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through changes in the fair value of unquoted investments that it holds.

At 31 December 2011, the unquoted portfolio was valued at £6,754,000.

As the larger proportion of the Company's unlisted investments are classified as 'asset-backed', it is believed that a fall in share prices generally would have a lesser impact on the valuation of the unlisted portfolio. A 10% movement in the valuations of all of the unquoted investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations		**2011**		**2010**
	Impact on net assets £'000	**Impact on NAV per share Pence**	**Impact on net assets £'000**	**Impact on NAV per share Pence**
Unquoted investments	675	7.8p	691	8.0p

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares and loan stocks) held by the Company produces an overall movement of 10%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

17. Financial instruments and derivatives (continued)

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. Investments in loan stock attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

There are four categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and Preference Shares;
- "Variable rate" assets represent investments with interest rates linked to Bank of England base rate in accordance with loan agreements;
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments; and
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2011 £'000	2010 £'000
Fixed rate	13.4%	874 days	5,034	5,550
Variable rate	10.0%	195 days	261	261
Floating rate	0.5%		344	316
No interest rate			1,500	1,138
			7,139	7,265

The Company monitors the level of income received from fixed and floating rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

It is estimated that an increase of 1% in interest rates would have increased total return before taxation for the year by £3,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is not believed that a reduction from this level is likely.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	2011 £'000	2010 £'000
Investments in loan stocks	5,295	5,811
Cash and cash equivalents	344	316
Interest and other receivables	196	113
	5,835	6,240

The Manager manages credit risk in respect of loan stock with a similar approach as described under "Market risks" above. The management of credit risk associated interest, dividends and other receivables is covered within the investment management procedures. The level of security is a key means of managing credit risk.

Cash is held by Bank of Scotland plc and Royal Bank of Scotland plc, both of which are A-rated financial institutions and both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk.

17. Financial instruments and derivatives (continued)

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. As the Company has a relatively low level of creditors being (£155,000) and has no borrowings, the Board believes that the Company's exposure to liquidity risk is low. The Company always holds sufficient levels of funds as cash in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the assets, highlighting the length of time that it could take the Company to realise assets if it were required to do so.

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 December 2011 as analysed by the expected maturity date is as follows:

As at 31 December 2011	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Fully performing loan stock	56	511	1,115	56	-	1,738
Past due loan stock	628	1,669	910	350	-	3,557
	684	2,180	2,025	406	-	5,295

As at 31 December 2010	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Fully performing loan stock	726	56	56	771	-	1,609
Past due loan stock	179	400	2,369	1,254	-	4,202
	905	456	2,425	2,025	-	5,811

Of the loan stock classified as "past due" above, £3,329,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is thus in arrears. As at the balance sheet date, the extent to which the interest giving rise to the classification of the loan notes as past due comprised loan notes of £1,260,000 falling within the banding of not later than one year, loan notes of £525,000 failing within the banding of between one and two years, loan notes of £400,000 falling within the banding of between two and three years and loan notes of £1,144,000 falling within the banding of between three and five years. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as "past due" above, £228,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date giving rise to the classification of the loan notes as past due comprised £148,000 falling within the banding of not later than one year, £56,000 falling within the banding of between one and two years and £24,000 falling within the banding of between two and three years. Notwithstanding that the principal has passed its maturity date, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2011

18. Contingencies, guarantees and financial commitments

At 31 December 2011, the Company had no contingencies, guarantees or financial commitments.

19. Related party transactions

Downing Managers 9 Limited ("DM9"), a wholly owned subsidiary, is the Company's Investment Manager. Details of the agreement with DM9 are included in note 3. During the year ended 31 December 2011, £85,000 (2010: £91,000) was payable to DM9. Additionally, DM9 provides accounting, secretarial and administrative services for an annual fee of £40,000 (plus an annual RPI increase) per annum. During the year ended 31 December 2011, £43,000 (2010: £41,000) was due in respect of administration fees. At the year end, a balance of £33,000 (2010: £27,000) was due to DM9.

20. Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING OF DOWNING PLANNED EXIT VCT 9 PLC

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Downing Planned Exit VCT 9 plc will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:05 am on 26 June 2012 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 December 2011 together with the Report of the Auditor thereon.

2. To approve the Directors' Remuneration Report.

3. To approve the payment of a final dividend of 2.5p per Ordinary Share.

4. To re-appoint PKF (UK) LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.

5. To re-elect as Director, Hugh Gillespie, who retires and, being eligible, offers himself for re-election.

6. To re-elect as Director, Dennis Hale, who retires and, being eligible, offers himself for re-election.

7. To re-elect as Director, Christopher McCann, who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolution:

Special Resolution

8. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 0.1p each ("Ordinary Shares") and 'A' Shares of 0.1p each ("'A' Shares") in the capital of the Company provided that:

   (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 1,289,993 Ordinary Shares and 1,934,989 'A' Shares representing approximately 14.9% of the present issued Ordinary Share capital and 14.9% of the issued 'A' Share capital of the Company;

   (ii) the minimum price which may be paid for an Ordinary Share or an 'A' Share is 0.1p, exclusive of all expenses;

   (iii) the maximum price which may be paid for an Ordinary Share or an 'A' Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the relevant share as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the share is contracted to be purchased; and

   (iv) the Company may validly make a contract to purchase its own Ordinary Shares or 'A' Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares or 'A' Shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary

Registered Office
10 Lower Grosvenor Place
London SW1W 0EN

25 April 2012

Notes

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 11:05 am on 22 June 2012 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:05 am on 22 June 2012 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9:00 am on 25 April 2012, the Company's issued share capital comprised 8,657,673 Ordinary Shares and 12,986,507 'A' Shares and the total number of voting rights in the Company were 8,657,673. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

DOWNING PLANNED EXIT VCT 9 PLC

For use at the Annual General Meeting of the above-named Company to be held on 26 June 2012, at 10 Lower Grosvenor Place, London SW1W 0EN at 11:05 am.

I/We* …….....................(in BLOCK CAPITALS please)

of …….

being the holder(s)* of Ordinary Shares of 0.1p each in the capital of the above-named Company, hereby appoint the Chairman of the Meeting (see note 1)

or …….

of …….
as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 10 Lower Grosvenor Place, London SW1W 0EN on 26 June 2012 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt the Directors' Report and Accounts of the Company.	☐	☐	☐
2. To approve the Directors' Remuneration Report.	☐	☐	☐
3. To approve the payment of a final dividend of 2.5p per Ordinary Share.	☐	☐	☐
4. To re-appoint the Auditor and authorise the Directors to determine their remuneration.	☐	☐	☐
5. To re-elect Hugh Gillespie as a Director.	☐	☐	☐
6. To re-elect Dennis Hale as a Director.	☐	☐	☐
7. To re-elect Christopher McCann as a Director.	☐	☐	☐
SPECIAL BUSINESS			
8. To authorise the Directors to make market purchases of the Company's shares.	☐	☐	☐

Signature(s)……………………………………………………………………………………………… Date:………………………………………………….

* Delete as appropriate

If you are unable to attend the AGM and wish to put any comments to the Board, please use the box below.

Please return in the pre-paid envelope provided to: Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN

NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, this Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, and be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

10 Lower Grosvenor Place
London SW1W 0EN

Tel: 020 7416 7780
Email: vct@downing.co.uk
Web: www.downing.co.uk