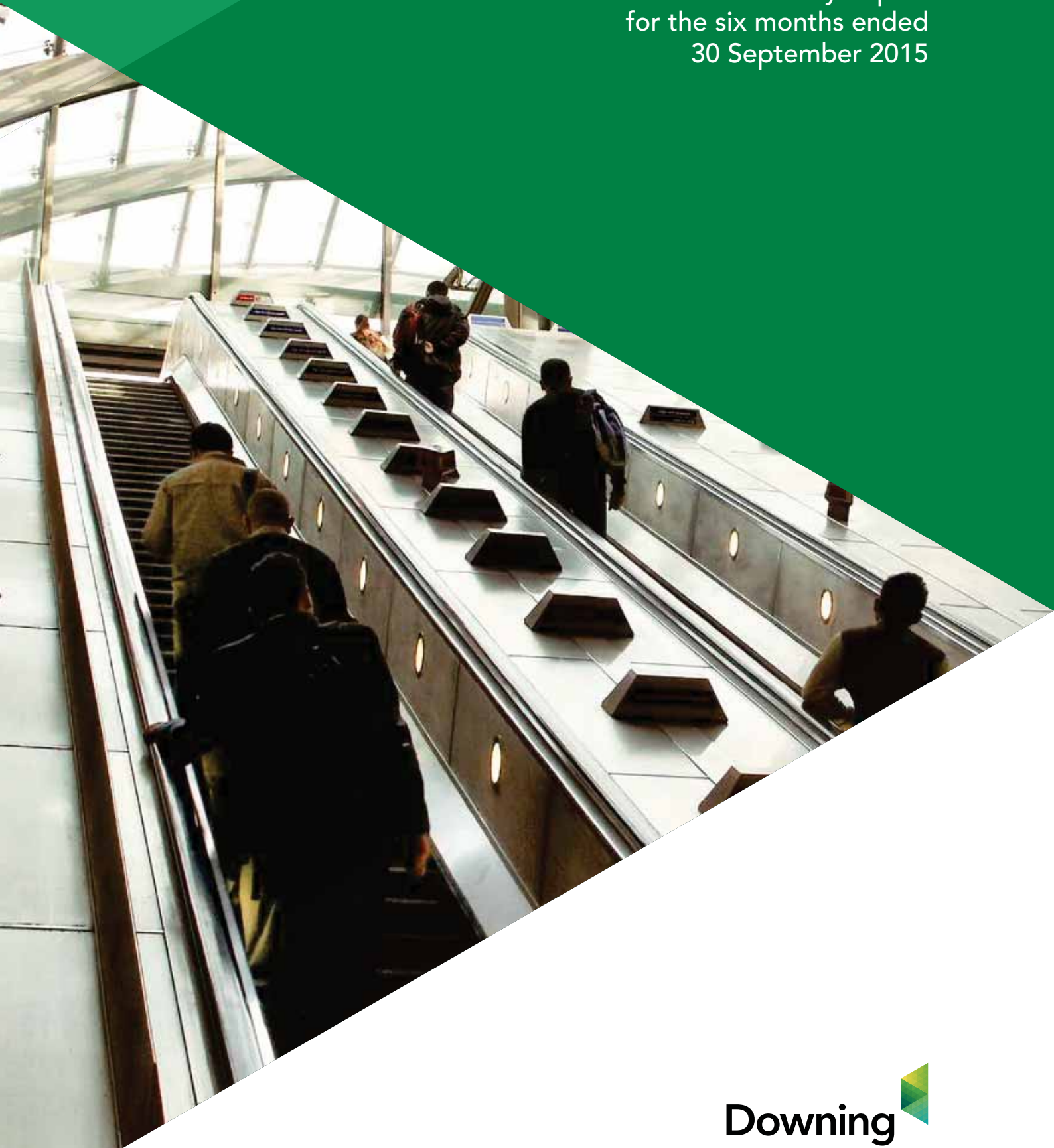


Downing ONE VCT plc

Half Yearly Report
for the six months ended
30 September 2015



SHAREHOLDER INFORMATION

FINANCIAL SUMMARY

	30 Sep 2015	31 Mar 2015	30 Sep 2014
	pence	pence	pence
Net asset value per share ("NAV")	98.1	96.9	96.7
Cumulative dividends paid since 12 November 2013	9.0	6.0	4.0
Total return (net asset value plus cumulative dividends paid per share)	<u>107.1</u>	<u>102.9</u>	<u>100.7</u>

DIVIDEND POLICY

The Company has a stated target of paying a dividend of at least 4% of net assets per annum.

FORTHCOMING DIVIDENDS

	Date payable	Pence per share
Interim dividend	26 February 2016	3.0p

Dividends are 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 (forms can be downloaded from www.capitaassetservices.com). Queries relating to dividends and requests for mandate forms should be directed to the Company's registrar, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open Monday to Friday 8:30am to 5:30pm), or in writing to the address on the back cover of this document.

SHARE SCAM WARNING

We have become aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers have 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.

Shareholder information is continued on the inside back cover

CHAIRMAN'S STATEMENT

I am pleased to present the Company's half-yearly report for the six month period ended 30 September 2015.

The Company has had a significant level of investment activity over the period and can report a healthy increase in net asset value.

Net asset value and results

As at 30 September 2015, the Company's NAV stood at 98.1p; an increase of 4.2p (or 4.4%) compared to the 31 March 2015 year-end position, after adding back the 3.0p dividend paid during the period.

The return attributable to equity shareholders for the period was £3.6 million, comprising a revenue return of £819,000 and a capital return of £2.8 million.

Investment activity and performance

The Company made 12 investments in the period of which four were new investments and 8 were follow-ons. In addition there were a number of nominal additions. The total amount invested in the period was £8.2 million.

There were also a significant number of realisations, including a number of partial exits from quoted and unquoted holdings.

The single largest disposal was that of Accumuli Group, which was the subject of a takeover offer and resulted in the Company receiving cash plus stock in NCC Group. The NCC Group shares were then subsequently sold. The transactions produced a realised gain of £583,000 and total net proceeds of £4.4 million.

Total gains for the period were £1.3 million on proceeds £13.4 million (after adjusting to avoid double counting of the cost of NCC Group shares received on the sale of Accumuli).

At the period end the Board has reviewed the valuation of the unquoted investments and made a number of adjustments. 14 unquoted investments were adjusted upwards in value while 12 negative adjustments were made producing a net unrealised gain of £303,000 for the period.

In the quoted portfolio, there were 16 risers, and 14 fallers and a net unrealised gain of £1.4 million. The most notable movements were gains of £638,000 and £568,000 for the holdings in Universe Group and Tracsis.

In total, net unrealised gains for the period were £1.7 million.

Further details of the investment activities of the Company are in the Investment Adviser's Report on pages 3 to 5.

Dividends

The Company's stated policy is to seek to pay dividends of at least 4% of net asset value each year.

In line with this policy, and in view of the level of realisations in the period, an interim dividend of 3.0p will be paid on 26 February 2016 to Shareholders on the register at 5 February 2016. This will take the total dividends to 12.0p since the merger in November 2013.

Fundraising

The Company's offer for subscription that opened in December 2014 closed on 13 November 2015 having raised a total of £12.1 million.

On the back of this successful fundraising and in light of expected opportunities, the Company is planning to launch a new offer for the current tax year. Full details will be available in due course.

CHAIRMAN'S STATEMENT (continued)

Share buybacks

The Company operates a policy of buying in its own shares that become available in the market at a 5% discount to NAV (subject to liquidity and any regulatory restrictions).

During the period, the Company purchased 1,665,970 shares at an average price of 90.6p per Ordinary Share, being a 5% discount to the latest announced NAV at the time of purchase.

New VCT Rules

Shareholders may be aware of changes to the VCT regulations which have been introduced in the Summer Finance Act. The new rules introduce greater restrictions on investments that VCTs can make, in particular in respect of the age of businesses into which the Company can invest and have been brought in to bring the VCT scheme into line with the European Union's Risk Capital Guidelines.

The Board has discussed the potential impact of the new regulations with the Investment Advisor and has concluded that, while there may be a slightly higher risk profile for new investments, less opportunity for quoted investments and some restrictions on follow on investments in existing portfolio companies, the Board considers that the effect on the Company as a whole is not likely to be substantial in the medium term.

The Board is aware that HMRC has announced that it will soon issue guidance covering the new regulations and also that further changes potentially relaxing some rules are planned. The Board will therefore continue to monitor the situation and will report to Shareholders if there are any significant developments affecting the Company.

Outlook

The Company's quoted investment strategy of taking significant stakes in a relatively small number of companies has continued to deliver good results in a period when the AIM market as a whole has been relatively flat. Although opportunities for new quoted investments may become more restricted under the new VCT rules, the existing portfolio should provide further potential and, in addition the Board, will examine options for the future to give the Company continued exposure in this area.

The unquoted portfolio still comprises investments of varying quality, however there are signs that the portfolio has now stabilised and some of the larger investments have prospects for moderate growth.

I look forward to reporting developments to Shareholders in the Annual Report.



Chris Kay
Chairman

27 November 2015

INVESTMENT ADVISER'S REPORT

Introduction

At 30 September 2015, the Company held a portfolio of 89 investments, valued in total at £63.9 million.

Although performance amongst the investments has been mixed over the period, overall the portfolio has seen a steady rise in value.

Unquoted portfolio

Investment activity

At 30 September 2015, the unquoted portfolio was valued at £38.4 million, comprising 58 investments, spread across a number of sectors.

There was one new investment and five follow-on investments during the period. The largest investments were as follows: -

An investment was made in Pearce and Saunders Limited, a small pub group with a portfolio of three pubs in the London area. £493,000 was invested.

A non-qualifying secured loan investment of £820,000 was made to UK Solar Lower Newton LLP to fund the final stage of development of 11.8MWp ground mounted solar plant in Staffordshire. Part of the loan was repaid in May 2015 and the remainder of the loan will be repaid when the site is sold which is expected in the next few months.

Portfolio valuation

A number of adjustments to carrying values have been made at the period end, the most significant of which are summarised below.

First Care, an absence management service for businesses, has had a number of new client wins and has started to attract interest from potential acquirers. Accordingly the investment valuation has been increased by £392,000.

Cadbury House Holdings owns a Double Tree by Hilton conference centre, health and hotel complex near Bristol. Trading performance has continued to strengthen and, following a reorganisation of the Company where some debt was replaced with cheaper funds, the investment has been uplifted by £348,000.

Domestic Solar owns and operates an array of roof top mounted solar panels. The company has performed well and since the period end has been sold. The valuation has been increased by £208,000 to match the ultimate sale proceeds.

Hoole Hall Holdings owns a plot of land next to the DoubleTree by Hilton Hotel in Chester. The land was being considered as a potential residential development site, however unfortunately the site has now been excluded from the local authority's plans. Accordingly the investment has been written down by £179,000 to reflect the reduced valuation of the land.

Tramps Nightclub owns and operates a nightclub venue in Worcester which houses three different clubs. The increasingly challenging market for nightclubs has resulted in weaker trading and a reduction in value of £146,000 has been required.

The overall movement on the unquoted portfolio was a gain of £303,000.

INVESTMENT ADVISER'S REPORT (continued)

Quoted investments

Investment activity

As at 30 September 2015, the quoted portfolio was valued at £25.5 million and comprised 31 holdings.

The task of focussing the portfolio on a smaller number of quoted investments where we have a more influential role has continued. In excess of 70% of the value in the quoted portfolio is now in the ten largest quoted investments. This strategy has so far produced good results and we believe it can continue to do so.

Over the period since 31 March 2015, the valuation of the quoted portfolio has risen 7.4%, well ahead of recognised AIM indices which were close to flat over the six months.

During the period, £3.05m was invested in four new AIM-quoted investments. This included Pittards, a manufacturer and distributor of leather hides, in which the Company invested £1.35m as part of a larger placing to help the company buy back its Yeovil tannery.

A £700,000 investment was made in Amino Technologies, a producer of set top boxes who acquired Entone, its major competitor.

£500,000 was invested in Hornby, the well-known manufacturer and distributor of train sets and other branded toys. The company moved from the full list to AIM.

The fund also made a £500,000 investment in Redhall, the engineering support services company, as part of a larger fundraising to support the restructuring of the business and fund working capital.

Accumuli was the target of a takeover offer from NCC Group. The takeover and the subsequent disposal of NCC consideration shares netted total proceeds of £4.4 million compared to an original cost of £2.4 million and produced a realised gain in the period of £584,000. Keycom was also acquired by a third party, producing a realised gain of £15,000 in the period.

Portfolio valuation

The largest valuation movement within the quoted portfolio over the period was Universe Group which showed a gain of £638,000 – this was the result of positive trading and contract wins.

The investment in Tracsis increased in value by £568,000, again the result of a positive trading statement.

Other highlights included Craneware which showed a gain of £250,000 and Finsbury Food £233,000. Both companies have announced strong trading results and in the case of Finsbury, announced the full integration of the Fletchers acquisition

On the negative side, Pittards fell by £281,000 on the back of a cautious trading statement regarding world demand for hides (particularly from China). However the long term outlook for this business is positive.

Flowgroup also fell by £284,000 reflecting continued delays in manufacture of its fuel efficient boiler. Norman Broadbent fell by £211,000 on little news – however we remain positive with the longer term outlook for Norman Broadbent and have confidence in the recently appointed executive chairman to capitalise on the strong brand of the company.

Overall the quoted portfolio produced unrealised gains of £1.4 million and realised gains of £493,000 over the six months.

INVESTMENT ADVISER'S REPORT (continued)

Outlook

We are generally satisfied with the progress made by the Company. The quoted portfolio has continued to produce solid overall results and the unquoted portfolio is starting to become more stable, with a higher proportion of value now residing in the stronger companies.

Following the successful fundraising, the Company now has a reasonable level of funds available for new investment and has made a number of new investments since the period end. The Finance (No. 2) Act 2015 has introduced some new restrictions on how funds can be employed. However, we believe that suitable opportunities will arise to allow us to add to the existing portfolios going forward.

Downing LLP

27 November 2015

UNAUDITED BALANCE SHEET

as at 30 September 2015

	Note	30 Sep 2015 £'000	30 Sep 2014 £'000	31 Mar 2015 £'000
Fixed assets				
Investments		<u>63,931</u>	<u>66,729</u>	<u>69,195</u>
Current assets				
Debtors		867	946	592
Cash at bank and in hand		<u>18,118</u>	<u>6,098</u>	<u>10,857</u>
		18,985	7,044	11,449
Creditors: amounts falling due within one year		(308)	(659)	(727)
Net current assets		<u>18,677</u>	<u>6,385</u>	<u>10,722</u>
Net assets		<u><u>82,608</u></u>	<u><u>73,114</u></u>	<u><u>79,917</u></u>
Capital and reserves				
Called up share capital	7	839	754	798
Capital redemption reserve	8	1,517	1,488	1,500
Share premium	8	75,226	64,307	69,714
Share capital to be issued	8	271	169	2,593
Special reserve	8	5,702	8,912	7,523
Capital reserve – unrealised	8	(1,520)	(3,111)	(2,805)
Revenue reserve	8	573	595	594
Equity shareholders' funds	6	<u><u>82,608</u></u>	<u><u>73,114</u></u>	<u><u>79,917</u></u>
Basic and diluted net asset value per share	6	98.1p	96.7p	96.9p

UNAUDITED INCOME STATEMENT

for the six months ended 30 September 2015

	Note	Six months ended 30 September 2015			Six months ended 30 September 2014			Year ended 31 March 2015
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income		1,658	-	1,658	1,314	-	1,314	2,659
Gains/(losses) on investments								
- realised		-	1,329	1,329	-	331	331	621
- unrealised		-	1,705	1,705	-	(314)	(314)	789
		<u>1,658</u>	<u>3,034</u>	<u>4,692</u>	<u>1,314</u>	<u>17</u>	<u>1,331</u>	<u>1,410</u>
Net gain on acquisition of net assets		-	-	-	-	-	-	-
Investment management fees		(378)	(378)	(756)	(168)	(503)	(671)	(1,352)
Other expenses		(342)	-	(342)	(359)	(1)	(360)	(715)
Return/(loss) on ordinary activities before taxation		<u>938</u>	<u>2,656</u>	<u>3,594</u>	<u>787</u>	<u>(487)</u>	<u>300</u>	<u>2,002</u>
Taxation		(119)	119	-	(116)	116	-	-
Return/(loss) attributable to equity shareholders	4	<u>819</u>	<u>2,775</u>	<u>3,594</u>	<u>671</u>	<u>(371)</u>	<u>300</u>	<u>2,002</u>
Basic and diluted return per share	4	1.0p	3.3p	4.3p	0.9p	(0.5p)	0.4 p	2.6p

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

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

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 30 September 2015

	30 Sep 2015 £'000	30 Sep 2014 £'000	31 Mar 2015 £'000
Note			
Opening Shareholders' funds	79,917	74,577	74,577
Issue of new shares	5,495	2,303	7,678
Issue of new shares under DRIS	75	-	-
Funds held in respect of shares not yet allotted	(2,321)	(752)	1,672
Share issue costs	(116)	(88)	(156)
Purchase of own shares	(1,516)	(1,714)	(2,802)
Total recognised gains for the period	3,594	300	2,002
Dividends paid	5 (2,520)	(1,512)	(3,054)
Closing Shareholders' funds	<u>82,608</u>	<u>73,114</u>	<u>79,917</u>

UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2015

	Note	30 Sep 2015 £'000	30 Sep 2014 £'000	31 Mar 2015 £'000
Net cash (outflow)/inflow from operating activities and returns on investments	9	<u>(222)</u>	<u>(277)</u>	<u>378</u>
Taxation				
Corporation tax paid		-	(198)	(199)
Capital expenditure				
Purchase of investments		(8,180)	(998)	(5,620)
Disposal of investments		16,567	2,035	5,660
Net cash inflow from capital expenditure		<u>8,387</u>	<u>1,037</u>	<u>40</u>
Acquisitions				
Cash acquired		-	-	-
Acquisition costs		-	(244)	(244)
Net cash outflow from acquisitions		<u>-</u>	<u>(244)</u>	<u>(244)</u>
Equity dividends paid		<u>(2,520)</u>	<u>(1,512)</u>	<u>(3,054)</u>
Net cash (outflow)/inflow before financing		<u>5,645</u>	<u>(1,194)</u>	<u>(3,079)</u>
Financing				
Proceeds from new share issue		5,495	2,303	6,757
Proceeds from share issue under DRIS		75	-	-
Funds held in respect of shares not yet allotted		(2,321)	(752)	2,593
Share issue costs		(116)	(88)	(156)
Purchase of own shares		(1,517)	(2,154)	(3,241)
Net cash inflow/(outflow) from financing		<u>1,616</u>	<u>(691)</u>	<u>5,953</u>
Increase/(decrease) in cash	10	<u>7,261</u>	<u>(1,885)</u>	<u>2,874</u>

SUMMARY OF INVESTMENT PORTFOLIO

as at 30 September 2015

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Tracsis plc*	1,773	4,075	568	5.0%
Downing Care Homes Holdings Limited	3,881	4,030	-	4.9%
Vulcan Renewables Limited	2,680	3,197	-	3.9%
Universe Group plc*	1,706	2,823	638	3.4%
Baron House Developments LLP	2,695	2,695	-	3.3%
Cadbury House Holdings Limited	3,081	2,674	348	3.3%
Inland Homes plc*	1,526	2,152	168	2.6%
Mosaic Spa and Health Clubs Limited	2,747	2,090	(124)	2.5%
Anpario plc*	1,448	1,918	31	2.3%
Leytonstone Pub Limited	1,061	1,780	90	2.2%
	<u>22,598</u>	<u>27,434</u>	<u>1,719</u>	<u>33.4%</u>
Other venture capital investments	<u>42,852</u>	<u>36,497</u>	<u>(14)</u>	<u>44.5%</u>
	<u><u>65,450</u></u>	<u><u>63,931</u></u>	<u><u>1,705</u></u>	<u><u>77.9%</u></u>
Cash at bank and in hand		<u>18,118</u>		<u>22.1%</u>
Total investments		<u><u>82,049</u></u>		<u><u>100.0%</u></u>

All venture capital investments are unquoted unless otherwise stated.

* quoted on AIM

SUMMARY OF INVESTMENT MOVEMENTS

for the six months ended 30 September 2015

Additions

£'000

Quoted

NCC Group plc	3,148 *
Pittards plc	1,350
Amino Technologies plc	700
Hornby plc	500
Redhall Group plc	500
Flowgroup plc	178
Other sundry investments	7
	<u>6,383</u>

Unquoted

UK (Lower Newton) Solar LLP	820
Pearce & Saunders Limited	493
Redmed Limited	203
Curo Compensation Limited	163
Pearce & Saunders Devco Limited	88
London City Shopping Centre Limited	30
	<u>1,797</u>

Total additions

8,180

* Received as consideration in disposal of Accumuli plc

SUMMARY OF INVESTMENT MOVEMENTS (continued)

for the six months ended 30 September 2015

Disposals

	Cost £'000	Value at 31/03/15* £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
Quoted					
Market sales					
Inland Homes plc	212	334	361	149	27
Interquest Group plc	229	254	230	1	(24)
NCC Group plc	3,148	3,148	3,233	85	85
Northbridge Financial Services plc	254	229	106	(148)	(123)
PHSC plc	104	104	113	9	9
Wheelsure Holdings plc	23	14	18	(5)	4
	3,970	4,083	4,061	91	(22)
Takeovers					
Accumuli plc	2,395	3,797	4,296	1,901	499
Keycom plc	817	90	106	(711)	16
	3,212	3,887	4,402	1,190	515
Unquoted					
<i>Including loan note redemptions</i>					
Alpha Schools (Holdings) Limited	585	637	747	162	110
Aminghurst Limited	119	119	119	-	-
Camandale Limited	222	169	169	(53)	-
Chapel Street Hotel Limited	4	8	-	(4)	(8)
Chapel Street Food and Beverage Limited	97	193	336	239	143
Chapel Street Services Limited	97	193	317	220	124
Dominions House Limited	30	30	30	-	-
Future Biogas (Reepham Road) Limited	348	348	348	-	-
Future Biogas (SF) Limited	360	360	360	-	-
Gatewales Limited	32	32	121	89	89
Hoole Hall Spa and Leisure Club Limited	1,170	322	321	(849)	(1)
Liverpool Nurseries (Holdings) Limited	478	461	507	29	46
Redmed Limited	464	525	534	70	9
Slopingtactic Limited	380	482	481	101	(1)
SPC International Limited	180	355	405	225	50
VSA Capital Limited	-	-	1	1	1
Tawa Associates Limited	-	-	21	21	21
The 3D Pub Co Limited	710	710	867	157	157
Tramps Nightclub Limited	140	104	200	60	96
UK Solar (Hartwell) LLP	2,000	2,000	2,000	-	-
UK Solar (Lower Newton) LLP	220	220	220	-	-
	7,636	7,268	8,104	468	836
	14,818	15,238	16,567	1,749	1,329

* adjusted for purchases in the period

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015

1. Basis of accounting

The unaudited half-yearly results cover the six months to 30 September 2015 and have been prepared in accordance with the Financial Reporting Standard 102 (“FRS102”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” revised November 2014 (“SORP”).

This is the first period in which the financial statements have been prepared under FRS102, however, it has not been necessary to restate comparatives as the treatment previously applied aligns with the requirements of FRS102. As a result, there are no reconciling differences between the previous financial reporting framework and the current financial reporting framework and the comparative figures represent the position under both current and previous financial reporting frameworks.

The following accounting policies have been applied consistently throughout the period. Further details of principal accounting policies will be disclosed in the Annual Report and Accounts for the year ended 31 March 2016.

a) 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 revenue return 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.

b) 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 FRS 26.

Structured Product investments are measured using bid prices in accordance with the IPEV.

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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

1. Basis of accounting (continued)

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 or 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.

c) 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 in the foreseeable future.

2. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
3. The comparative figures were in respect of the six months ended 30 September 2014 and the year ended 31 March 2015 respectively.

4. Return per share

	Weighted average number of shares in issue	Revenue return £'000	Capital Gain/(loss) £'000
Period ended 30 September 2015	83,951,159	<u>819</u>	<u>2,775</u>
Period ended 30 September 2014	76,368,113	<u>671</u>	<u>(371)</u>
Year ended 31 March 2015	76,191,863	<u>1,055</u>	<u>947</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

5. Dividends paid in the period

	Date paid	Six months ended 30 September 2015			Year ended 31 March 2015
		Revenue £'000	Capital £'000	Total £'000	Total £'000
2015 Final	07/08/2015: 3.0p	840	1,680	2,520	-
2015 Interim	20/02/2015: 2.0p	-	-	-	1,542
2014 Final	19/09/2014: 2.0p	-	-	-	1,512
		<u>840</u>	<u>1,680</u>	<u>2,520</u>	<u>3,054</u>

6. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2015	83,896,034	<u>82,608</u>	98.1
Period ended 30 September 2014	75,426,730	<u>73,114</u>	96.7
Year ended 31 March 2015	79,798,496	<u>77,324</u>	96.9

7. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2015	83,896,034	<u>839</u>
Period ended 30 September 2014	75,426,730	<u>754</u>
Year ended 31 March 2015	79,798,496	<u>798</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

8. Reserves

	Capital redempti on reserve £'000	Share premium £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Capital reserve -unrealised £'000	Revenue reserve £'000
At 1 April 2015	1,500	69,714	2,593	7,523	-	(2,805)	594
Utilised in share issue	-	-	(2,593)	-	-	-	-
Unallotted shares	-	-	271	-	-	-	-
Issue of new shares	-	5,438	-	-	-	-	-
Issue of new shares under DRIS	-	74	-	-	-	-	-
Share issue costs	-	-	-	(116)	-	-	-
Purchase of own shares	17	-	-	(1,516)	-	-	-
Capital expenses	-	-	-	-	(376)	-	-
Corporation tax	-	-	-	-	118	-	-
Gains on investments	-	-	-	-	1,329	1,705	-
Realisation of revaluations from previous years	-	-	-	-	420	(420)	-
Transfer between reserves	-	-	-	(189)	189	-	-
Dividends paid	-	-	-	-	(1,680)	-	(840)
Retained net revenue	-	-	-	-	-	-	819
At 30 September 2015	1,517	75,226	271	5,702	-	(1,520)	573

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 dividends/capital distributions.

Distributable reserves are calculated as follows:

	30 Sep 2015 £'000	31 Mar 2015 £'000
Special reserve	5,702	7,523
Revenue reserve	573	594
Unrealised losses (excluding unrealised unquoted gains)	(4,208)	(5,396)
Total distributable reserves	<u>2,067</u>	<u>2,721</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

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

	30 Sep 2015 £'000	30 Sep 2014 £'000	31 Mar 2015 £'000
Return on ordinary activities before taxation	3,594	300	2,002
Gains on investments	(3,034)	(17)	(1,410)
Increase in other debtors	(363)	(463)	(185)
Decrease in other creditors	(419)	(97)	(29)
Net cash (outflow)/inflow from operating activities	<u>(222)</u>	<u>(277)</u>	<u>378</u>

10. Reconciliation of net cash flow to movement in net funds

	30 Sep 2015 £'000	30 Sep 2014 £'000	31 Mar 2015 £'000
Beginning of period	10,857	7,983	7,983
Net cash inflow/(outflow)	7,261	(1,885)	2,874
End of period	<u>18,118</u>	<u>6,098</u>	<u>10,857</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

11. The fair value of investments is determined using the detailed accounting policy as shown in note 1. The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level a Reflects financial instruments quoted in an active market;

Level b Reflects financial instruments that have prices that are directly observable; and

Level c Reflects financial instruments that are not based on observable market data (unquoted equity investments and loan note investments).

	30 Sep			31 Mar				
	Level a	Level b	Level c	2015	Level a	Level b	Level c	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Quoted on AIM	25,509	-	-	25,509	25,589	-	-	25,589
Quoted on ISDX	30	-	-	30	44	-	-	44
Unquoted loan notes	-	-	22,503	22,503	-	-	27,870	27,870
Unquoted equity	-	-	15,889	15,889	-	-	15,692	15,692
	<u>25,539</u>	<u>-</u>	<u>38,392</u>	<u>63,931</u>	<u>25,633</u>	<u>-</u>	<u>43,562</u>	<u>69,195</u>

12. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 March 2015 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

13. Going concern

The Directors have reviewed the Company's financial resources at the period end and concluded that the Company is well placed to manage its business risks.

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

14. Risks and uncertainties

Under the Disclosure and Transparency Rules, the Board is required, in the Company's half-year results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks are:

- (i) compliance risk of failure to maintain approval as a VCT; and
- (ii) investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Adviser, who regularly reports to the Board on the current position. The Company also retains Robertson Hare LLP to provide regular reviews and advice in this area.

In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. It also has a limited period in which it must invest the majority of its funds into VCT qualifying investments. The Adviser follows a rigorous process in vetting and careful structuring of new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business.

The Board is satisfied that these approaches provide satisfactory management of the key risks.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2015 (continued)

15. The Directors confirm that, to the best of their knowledge, the half yearly financial report has been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board and the half-yearly financial report includes a fair review of the information required by:
- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
16. Copies of the unaudited half-yearly financial results will be sent to Shareholders shortly. Further copies can be obtained from the Company's Registered Office and will be available for download from www.downing.co.uk

SHAREHOLDER INFORMATION (continued from inside front cover)

Share price

The Company's share price can be found on various financial websites. The share price is also available on Downing's website (www.downing.co.uk).

TIDM/EPIC codes

Latest share price (27 November 2015):

New Ordinary Shares

DDV1

88.625p per share

Selling shares

If you wish to sell your shares either you or your adviser should contact Downing on **020 7416 7780**.

Shareholders are advised to seek advice from their tax adviser before selling shares, particularly if they deferred capital gains in respect of shares acquired prior to 6 April 2004, took part in the Share Realisation and Reinvestment Programme or purchased Ordinary Shares within the last five years.

The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or wish to buy shares in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure can be contacted as follows:

Chris Lloyd

0207 886 2716 chris.lloyd@panmure.com

Paul Nolan

0207 886 2717 paul.nolan@panmure.com

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 Asset Services, under the signature of the registered holder.

Other information for Shareholders

Up-to-date Company information (including company announcements, 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 ONE VCT plc, please contact the registrar on the number shown on the back cover or visit Capita's website at www.capitaassetservices.com and click on "Shareholders and employees".

Directors

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Barry Dean
Stuart Goldsmith
Andrew Griffiths
Helen Sinclair

Company Secretary and Registered Office

Grant Whitehouse
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Registered No. 3150868

Investment Adviser and Administration Manager

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Registrar

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Beckenham
Kent BR3 4TU

www.capitaassetservices.com
Tel: 0871 664 0324

(calls cost 10p per minute plus network extras,
lines open Monday to Friday 8:30am to 5:30pm)



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