

# Downing Planned Exit VCT 9 PLC

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Half-Yearly Report for  
the six months ended  
30 June 2010

## SHAREHOLDER INFORMATION

### Performance summary

	30 June 2010 Pence	30 June 2009 Pence	31 Dec 2009 Pence
Net asset value per Ordinary Share	80.4	90.8	88.1
Net asset value per 'A' Share	0.1	0.1	0.1
Cumulative distributions per Ordinary Share and 'A' Share	5.0	2.5	2.5
Total return per Ordinary Share and 'A' Share	<u>85.5</u>	<u>93.4</u>	<u>90.7</u>

### Share price

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

	Ordinary Shares "DPV9"	'A' Shares "DP9A"
TIDM/EPIC code		
Latest share price (mid-market 27 August 2010):	82.0p per share	5.0p per share

Links to the share prices are also available on Downing's website ([www.downing.co.uk](http://www.downing.co.uk)).

### 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 0300 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire, HD8 0GA. Mandate forms can also be downloaded from Capita's website (see below).

### 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 any 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 Management Services Limited, who will be able to provide up-to-date details. Downing Management Services Limited contact details are shown on the back cover of this document.

### 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 prices and dividend history) may be obtained from Downing's website at [www.downing.co.uk](http://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](http://www.capitaregistrars.com) and click on "Shareholders".

## CHAIRMAN'S STATEMENT

I present the Company's Half-Yearly report for the period ended 30 June 2010. With the Company having effectively completed its investing phase, the focus is now on working with the existing portfolio as these investments are steered towards exits which are targeted to commence in 2013.

### Change of name

Following Shareholder approval at the AGM on 25 May 2010, the Company changed its name to "Downing Planned Exit VCT 9 plc". The new name better describes the Company's objectives and differentiates it from other Downing funds with different strategies.

### Investment activity

During the period, the Company made investments of £50,000 in each of Chapel Street Services Limited and Chapel Street Food and Beverage Limited in March 2010. The companies have agreements in place to operate and to provide management services to a café bar and restaurant at the Hotel Indigo at Chapel Street, Liverpool which is due to open in 2011.

The Company also made a small £2,000 non-qualifying investment in Chapel Street Hotel Limited, which owns the land where the Hotel Indigo is being developed.

Two non VCT-qualifying loan stock investments were also made at a total cost of £1,000,000, one which was subsequently also realised at par during the period.

There was one other realisation in the period of a non-qualifying loan stock investment which gave rise to a small gain of £7,000.

### Investment valuations

The Board has undertaken a review of the investment valuations at the period end and made two adjustments from the carrying values at the previous year-end.

A major refurbishment of the health club operated by The Thames Club Limited was completed last year. The disruption arising from the refurbishment work had a significant negative impact on the Company's trading performance and progress has been slower than budgeted in rebuilding the membership base in spite of the improved facilities. For this reason, the Board have made a further provision of £150,000 against the investment valuation.

A refurbishment at Horsham Bowl Limited, which operates an entertainment centre including a tenpin bowling alley, has also now been completed. However, the trade at the night club within the centre, which represents a significant part of the company's income, is not performing to budget and a provision of £180,000 has been made.

All other investments continue to be held at valuations equal to original cost, except for West Tower Holding Limited, where a provision of £400,000 was made in 2008/2009 as reported to you in the last Annual Report.

### Net Asset Value and results

At 30 June 2010, the Net Asset Value ("NAV") per Ordinary Share stood at 80.4p and the NAV per 'A' Share stood at 0.1p, producing a combined total of 80.5p. This is a decrease of 5.2p per share (5.9%) since 31 December 2009 (after adjusting for the 2.5p dividend paid during the period). Total Return (NAV plus cumulative dividends paid to date) now stands at an aggregate 85.5p per Ordinary Share and 'A' Share combined.

The loss on ordinary activities after taxation for the period was £447,000.

## CHAIRMAN'S STATEMENT (continued)

### Share buybacks

The Company operates a policy, subject to certain restrictions, of buying its own shares when any become available in the market. Buybacks will generally be undertaken at a 10% discount to the latest NAV, but the Directors regularly review this discount level and make adjustments if they believe it is appropriate. No shares were purchased for cancellation in the period.

### Risk and uncertainties

Under the Disclosure and Transparency Directive, 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 facing the Company over the remainder of the financial period are as follows:

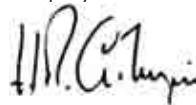
- (i) investment risk associated with investing in small and immature businesses;
- (ii) investment risk arising from having to invest funds during a period of difficult economic conditions; and
- (iii) failure to maintain provisional approval as a VCT.

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. The Investment Manager follows a rigorous process in vetting and carefully structuring 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 this approach reduces the investment risks described in (i) and (ii) as far as reasonably possible.

The Company's compliance with the VCT regulations is continually monitored by the Administration Manager, who reports regularly to the Board on the current position. The Company also retains PricewaterhouseCoopers to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to an acceptable level.

### Outlook

The difficult economic conditions have clearly had a notable impact on three of the company's investments, resulting in current valuations lower than original cost. The Company's plan is, however, to start to return funds to Shareholders in 2013, so there is a significant period before investment realisations will be sought. The Manager is working closely with the underperforming investments and believes that these can be brought back on track to deliver satisfactory exits in line with the Company's timetable.



**Hugh Gillespie**  
Chairman

31 August 2010

## UNAUDITED SUMMARISED BALANCE SHEET

as at 30 June 2010

	30 June 2010 £'000	30 June 2009 £'000	31 Dec 2009 £'000
<b>Fixed assets</b>			
Investments	6,637	7,721	6,913
<b>Current assets</b>			
Debtors	43	182	168
Cash at bank and in hand	455	121	727
	<u>498</u>	<u>303</u>	<u>895</u>
<b>Creditors: amounts falling due within one year</b>	<u>(157)</u>	<u>(151)</u>	<u>(167)</u>
<b>Net current assets</b>	341	152	728
<b>Net assets</b>	<u><u>6,978</u></u>	<u><u>7,873</u></u>	<u><u>7,641</u></u>
<b>Capital and reserves</b>			
Called up Ordinary share capital	9	9	9
Called up 'A' share capital	13	13	13
Deferred share capital	3	3	3
Special reserve	8,034	8,034	8,034
Investment holding losses	(980)	(300)	(650)
Capital reserve - realised	9	-	2
Revenue reserve	(110)	114	230
<b>Equity shareholders' funds</b>	<u><u>6,978</u></u>	<u><u>7,873</u></u>	<u><u>7,641</u></u>
<b>Net asset value per Ordinary Share</b>	<b>80.4p</b>	<b>90.8p</b>	<b>88.1p</b>
<b>Net asset value per "A" Share</b>	<u><u>0.1p</u></u>	<u><u>0.1p</u></u>	<u><u>0.1p</u></u>
	<u><u>80.5p</u></u>	<u><u>90.9p</u></u>	<u><u>88.2p</u></u>

## UNAUDITED INCOME STATEMENT

for the six months ended 30 June 2010

	Six months ended 30 June 2010		
	Revenue £'000	Capital £'000	Total £'000
Income	91	-	91
Losses on investments	-	(323)	(323)
	<u>91</u>	<u>(323)</u>	<u>(232)</u>
Investment management fees	(51)	-	(51)
Other expenses	(164)	-	(164)
<b>Return on ordinary activities before taxation</b>	<u>(124)</u>	<u>(323)</u>	<u>(447)</u>
Taxation	-	-	-
<b>Return attributable to equity shareholders</b>	<u>(124)</u>	<u>(323)</u>	<u>(447)</u>
<b>Return per Ordinary Share</b>	<b>(1.4p)</b>	<b>(3.7p)</b>	<b>(5.1p)</b>
<b>Return per 'A' Share</b>	-	-	-

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.

Six months ended 30 June 2009			Year ended 31 December 2009
Revenue £'000	Capital £'000	Total £'000	Total £'000
260	-	260	529
-	(150)	(150)	(498)
<u>260</u>	<u>(150)</u>	<u>110</u>	<u>31</u>
(54)	-	(54)	(108)
(66)	-	(66)	(125)
<u>140</u>	<u>(150)</u>	<u>(10)</u>	<u>(202)</u>
(41)	-	(41)	(80)
<u>99</u>	<u>(150)</u>	<u>(51)</u>	<u>(282)</u>
<b>1.1p</b>	<b>(1.7p)</b>	<b>(0.6p)</b>	<b>(3.3p)</b>
-	-	-	-

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 30 June 2010

	30 June 2010 £'000	30 June 2009 £'000	31 Dec 2009 £'000
<b>Opening shareholders' funds</b>	7,641	8,140	8,140
Total recognised (loss) for the period	(447)	(51)	(282)
Dividends paid	(216)	(216)	(217)
<b>Closing shareholders' funds</b>	<u>6,978</u>	<u>7,873</u>	<u>7,641</u>



## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2010

	Note	30 Jun 2010 £'000	30 Jun 2009 £'000	31 Dec 2009 £'000
<b>Cash (outflow)/inflow from operating activities and returns on investments</b>	<b>1</b>	<u>(9)</u>	<u>41</u>	<u>225</u>
<b>Taxation</b>				
Corporation tax paid		-	-	(38)
<b>Capital expenditure</b>				
Purchase of investments		(1,102)	(2,659)	(3,491)
Sale of investments		1,055	64	1,356
Net cash outflow from capital expenditure		<u>(47)</u>	<u>(2,595)</u>	<u>(2,135)</u>
<b>Equity dividends paid</b>		(216)	(216)	(217)
<b>Net cash outflow before financing</b>		(272)	(2,770)	(2,165)
<b>Financing</b>				
Net cash inflow from financing		<u>-</u>	<u>-</u>	<u>-</u>
<b>(Decrease) in cash</b>	<b>2</b>	<u>(272)</u>	<u>(2,770)</u>	<u>(2,165)</u>
<b>Notes to the cash flow statement:</b>				
<b>1 Cash inflow from operating activities and returns on investments</b>				
Net revenue before taxation		(447)	140	(202)
Losses on investments		323	-	498
Increase/(decrease) in other debtors		125	(83)	(69)
(Decrease)/increase in other creditors		(9)	(14)	(1)
(Decrease) in amounts due to subsidiary undertaking		(1)	(2)	(1)
Net cash inflow from operating activities		<u>(9)</u>	<u>41</u>	<u>225</u>
<b>2 Analysis of net funds</b>				
Beginning of period		727	2,892	2,892
Net cash (outflow)		<u>(272)</u>	<u>(2,770)</u>	<u>(2,165)</u>
End of period		<u>455</u>	<u>122</u>	<u>727</u>

## SUMMARY OF INVESTMENT PORTFOLIO

as at 30 June 2010

	Cost £'000	Valuation £'000	Unrealised gain/(loss) £'000	% of portfolio by value
<b>VCT-Qualifying</b>				
Crossco (1135) Limited t/a Complete Childcare	998	998	-	14.1%
West Tower Holding Limited	1,150	750	-	10.6%
Hoole Hall Country Club Holdings Limited	750	750	-	10.6%
Cadbury House Holdings Limited	700	700	-	9.9%
The Thames Club Limited	1,000	700	(150)	9.9%
Hoole Hall Spa and Leisure Club Limited	562	562	-	7.9%
Horsham Bowl Limited	600	420	(180)	5.9%
Chapel Street Food and Beverages Limited	50	50	-	0.7%
Chapel Street Services Limited	50	50	-	0.7%
	<u>5,860</u>	<u>4,980</u>	<u>(330)</u>	<u>70.3%</u>
<b>Non-VCT Qualifying</b>				
Fenkle Street LLP	400	400	-	5.6%
Hoole Hall Country Club Holdings Limited	344	344	-	4.9%
Kings Gap Group Limited	400	300	-	4.2%
Horsham Bowl Limited	261	261	-	3.7%
Sanguine Hospitality Limited	250	250	-	3.5%
Bijou Wedding Venues Limited	100	100	-	1.4%
Chapel Street Hotel Limited	2	2	-	0.0%
The Swan Holding Company	-	-	-	0.0%
Hoole Hall Hotel Limited	-	-	-	0.0%
	<u>1,757</u>	<u>1,657</u>	<u>-</u>	<u>23.3%</u>
<b>Total investments</b>	<u>7,617</u>		<u>(330)</u>	93.6%
<b>Cash at bank and in hand</b>		455		6.4%
<b>Total</b>		<u>7,092</u>		<u>100.0%</u>

## SUMMARY OF INVESTMENT MOVEMENTS

as at 30 June 2010

### Additions

VCT-Qualifying investments	Activity	£'000
Chapel Street Food and Beverages Limited	Restaurant operator <i>www.hotelindigoliverpool.co.uk</i>	50
Chapel Street Services Limited	Hotel operator <i>www.hotelindigoliverpool.co.uk</i>	50

### Non-VCT qualifying investments

Fenkle Street LLP	Hotel owner/operator	400
Bowman Care Homes Limited	Care Home	600
Chapel Street Hotel Limited	Hotel and restaurant owner	2
		<u>1,102</u>

### Disposals

	Cost £'000	Proceeds £'000	Gain/(loss) £'000	Profit/(loss) in period £'000
<b>Loan Stock redemptions:</b>				
<b>Non-VCT qualifying investments</b>				
Pocket Living Limited	448	455	7	7
Bowman Care Homes Limited	600	600	-	-
	<u>1,048</u>	<u>1,055</u>	<u>7</u>	<u>7</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. The unaudited half yearly financial results cover the six months to 30 June 2010 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2009 which were prepared 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").
2. All revenue and capital items in the Income Statement derive from continuing operations.
3. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
4. Net Asset Value per share at the period end has been calculated on 8,657,673 Ordinary Shares and 12,986,657 'A' Shares, being the number of shares in issue at the period end.
5. Return per share for the period has been calculated on 8,657,673 Ordinary Shares and 12,986,657 Shares, being the weighted average number of shares in issue during the period.
6. Reserves

	Special reserve £'000	Investment holding losses £'000	Capital reserve – realised £'000	Revenue reserve £'000	Total £'000
At 31 December 2009	8,034	(650)	2	230	7,616
Losses on investments	-	(330)	7	-	(323)
Distributions paid	-	-	-	(216)	(216)
Retained net revenue	-	-	-	(124)	(124)
At 30 June 2010	8,034	(980)	9	(110)	6,953

The Revenue Reserve and Special Reserves are distributable reserves.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

7. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies.
8. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have 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 in 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.
9. Copies of the Half-Yearly Report will be sent to Shareholders shortly. Further copies can be obtained from the Company’s registered office or can be downloaded from [www.downing.co.uk](http://www.downing.co.uk).





### Directors

Hugh Gillespie (Chairman)  
Dennis Le  
Christopher Cunn

### Secretary and Registered Office

Portland Whitehouse  
10 Lower Grosvenor Place  
London E1C 3D

Registered No 32

### Investment and Administration Manager

Downing Protected Investors Limited  
10 Lower Grosvenor Place  
London E1C 3D

Tel 020 1 0  
[www.downing.co.uk](http://www.downing.co.uk)

### Registrar

Credit Registrars  
Portsmouth  
Roodsome Park  
Penryn Ridge  
Luddersfield  
West of Shire D

Tel 01 0300  
(calls cost 10p per minute plus network extras)  
[www.creditregistrars.com](http://www.creditregistrars.com)