

Downing Planned Exit VCT 8 PLC

Half-Yearly Report for
the six months ended
30 June 2011

SHAREHOLDER INFORMATION

Performance summary

	30 Jun 2011 Pence	31 Dec 2010 Pence	30 Jun 2010 Pence
Net asset value per Ordinary Share	84.7	83.8	80.5
Net asset value per 'A' Share	0.1	0.1	0.1
Cumulative distributions per Ordinary Share	7.5	5.0	5.0
Total return per Ordinary Share and 'A' Share	<u>92.3</u>	<u>88.9</u>	<u>85.6</u>

Dividend history

Ordinary Shares

Year end	Date Paid	Pence per Share
Final 2008	5 June 2009	2.50
Final 2009	28 May 2010	2.50
Final 2010	3 June 2011	2.50
		<u>7.50</u>

No dividends have been declared to date in respect of the 'A' Shares.

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 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), 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).

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.

If you have any queries regarding your shareholding in Downing Planned Exit VCT 8 plc, please contact the Registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders".

Shareholder information is continued on the inside back cover

CHAIRMAN'S STATEMENT

I present the Company's Half-Yearly Report for the period ended 30 June 2011.

Investment activity

During the period, the Company made one small qualifying follow-on investment in The Thames Club Limited. £25,000 was invested, alongside funds from other investors, to provide additional working capital for the business.

The Company also made a non-qualifying investment of £250,000 in Future Biogas (SF) Limited. The investment comprises wholly of loan stock and is secured by a charge over the anaerobic digestion plant and machinery owned by the business. The investment has an attractive yield and is expected to be redeemed in line with the Company's timetable for returning funds to Shareholders.

Two redemptions of non-qualifying loan stock investments also took place in the period, producing proceeds of £328,000.

Investment valuations

The Board has undertaken a review of the investment valuations at the period end and made no adjustments from the carrying values from the previous year-end.

Three of the Company's investments remain valued below original cost. The Thames Club is making progress, but at a slow rate, in rebuilding its health club membership base after a major refurbishment. It continues to be valued at £350,000 below original cost.

Horsham Bowl, which operates a nightclub and bowling alley, continues to struggle in a very challenging economic climate. The investment, similarly, continues to be valued at £180,000 below original cost.

West Tower Holdings owns and operates a wedding venue and restaurant. Both businesses are making progress and, in time, there appear to be prospects for a recovery in value. However, for the time being, the investment is valued at £400,000 below original cost.

No other investments have experienced significant departures from plan which impact on their valuations and, accordingly, continue to be valued at original cost or near to it.

Net asset value and results

The Company generated a significant level of loan stock interest in the period which has helped to lift the Company's net asset value ("NAV"). At 30 June 2011, the NAV per Ordinary Share stood at 84.7p and the NAV per 'A' Share stood at 0.1p, producing a combined total of 84.8p. This is an increase of 3.4p per share (3.8%) since 31 December 2010 (after adjusting for the 2.5p dividend paid during the period). Total Return (NAV plus cumulative dividends paid to date) has now reached an aggregate 92.3p per Ordinary Share and 'A' Share combined.

The profit on ordinary activities after taxation for the period was £300,000.

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.

During the period the Company purchased 10,300 Ordinary Shares at a price of 75.5p per share and 7,625 'A' Shares at a price of 0.1p per share. These shares were subsequently cancelled.

CHAIRMAN'S STATEMENT (continued)

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; and
- (ii) 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. The Investment Manager has followed 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 monitors the business. The Board is satisfied that this approach reduces the investment risks described in (i) 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.

Going concern

The Company has sufficient financial resources at the period 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 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 apply the going concern basis in preparing the financial statements.

Outlook

The Company is now in the phase of its life where it is fully invested but there is some time to go before it will seek to start unwinding its investment portfolio. The process of returning funds to Shareholders is due to commence in 2013.

The Manager remains focussed on monitoring and supporting portfolio companies during these challenging times, and is now also starting to look ahead to possible exit plans for some of the investments so that these can be developed over the next two years.



Hugh Gillespie
Chairman

31 August 2011

UNAUDITED BALANCE SHEET

as at 30 June 2011

	30 Jun 2011 £'000	30 Jun 2010 £'000	31 Dec 2010 £'000
Fixed assets			
Investments	6,853	6,637	6,906
Current assets			
Debtors	441	51	113
Cash at bank and in hand	242	429	303
	<u>683</u>	<u>480</u>	<u>416</u>
Creditors: amounts falling due within one year	<u>(208)</u>	<u>(149)</u>	<u>(70)</u>
Net current assets	475	331	346
Net assets	<u>7,328</u>	<u>6,968</u>	<u>7,252</u>
Capital and reserves			
Called up Ordinary Share capital	9	9	9
Called up 'A' Share capital	13	13	13
Deferred share capital	3	3	3
Special reserve	7,811	8,039	8,035
Revaluation reserve	(781)	(980)	(781)
Capital reserve - realised	9	9	9
Revenue reserve	264	(125)	(36)
Equity Shareholders' funds	<u>7,328</u>	<u>6,968</u>	<u>7,252</u>
Net asset value per Ordinary Share	84.7p	80.5p	83.8p
Net asset value per 'A' Share	0.1p	0.1p	0.1p
	<u>84.8p</u>	<u>80.6p</u>	<u>83.9p</u>

UNAUDITED INCOME STATEMENT

for the six months ended 30 June 2011

	Six months ended 30 June 2011		
	Revenue £'000	Capital £'000	Total £'000
Income	519	-	519
Losses on investments	-	-	-
	<u>519</u>	<u>-</u>	<u>519</u>
Investment management fees	(41)	-	(41)
Other expenses	(63)	-	(63)
Return on ordinary activities before taxation	<u>415</u>	<u>-</u>	<u>415</u>
Taxation	(115)	-	(115)
Return attributable to equity Shareholders	<u><u>300</u></u>	<u><u>-</u></u>	<u><u>300</u></u>
Return per Ordinary Share	3.4p	-	3.4p
Return per 'A' Share	-	-	-

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 2010			Year ended 31 December 2010
Revenue £'000	Capital £'000	Total £'000	Total £'000
91	-	91	256
-	(323)	(323)	(124)
<u>91</u>	<u>(323)</u>	<u>(232)</u>	<u>132</u>
(51)	-	(51)	(91)
(164)	-	(164)	(198)
<u>(124)</u>	<u>(323)</u>	<u>(447)</u>	<u>(157)</u>
-	-	-	(2)
<u>(124)</u>	<u>(323)</u>	<u>(447)</u>	<u>(159)</u>
(1.4p)	(3.7p)	(5.1p)	(1.8p)
-	-	-	-

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 30 June 2011

	30 Jun 2011 £'000	30 Jun 2010 £'000	31 Dec 2010 £'000
Opening Shareholders' funds	7,252	7,632	7,632
Total recognised profit/(loss) for the period	300	(447)	(217)
Dividends paid	(216)	(217)	(159)
Purchase of own shares	(8)	-	(4)
	<u>7,328</u>	<u>6,968</u>	<u>7,252</u>
Closing Shareholders' funds			

UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2011

	Note	30 Jun 2011 £'000	30 Jun 2010 £'000	31 Dec 2010 £'000
Cash inflow/(outflow) from operating activities and returns on investments	1	110	(81)	(51)
Taxation				
Corporation tax paid		-	-	(82)
Capital expenditure				
Purchase of investments		(275)	(1,102)	(1,172)
Sale of investments		328	1,055	1,055
Net cash outflow from capital expenditure		53	(47)	(117)
Equity dividends paid		(216)	(217)	(217)
Net cash outflow before financing		(53)	(345)	(467)
Financing				
Purchase of own shares		(8)	-	(4)
Net cash (outflow) from financing		(8)	-	(4)
(Decrease) in cash	2	(61)	(345)	(471)
Notes to the cash flow statement:				
1 Cash inflow from operating activities and returns on investments				
Return on ordinary activities before taxation		415	(447)	(157)
Loss on investments		-	323	124
(Increase)/decrease in other debtors		(328)	89	27
(Decrease)/increase in other creditors		(13)	(45)	(35)
Increase/(decrease) in amounts due to subsidiary undertaking		36	(1)	(10)
Net cash inflow from operating activities		110	(81)	(51)
2 Analysis of net funds				
Beginning of period		303	774	774
Net cash (outflow)		(61)	(345)	(471)
End of period		242	429	303

SUMMARY OF INVESTMENT PORTFOLIO

as at 30 June 2011

	Cost £'000	Valuation £'000	Unrealised gain/(loss) £'000	% of portfolio by value
VCT-qualifying				
Crossco (1135) Limited t/a Complete Childcare	998	998	-	14.1%
Hoole Hall Country Club Holdings Limited	750	806	-	11.4%
West Tower Holdings Limited	1,150	750	-	10.6%
Cadbury House Holdings Limited	700	750	-	10.6%
The Thames Club Limited	1,075	725	-	10.2%
Hoole Hall Spa and Leisure Club Limited	562	605	-	8.5%
Horsham Bowl Limited	600	420	-	5.9%
Chapel Street Food and Beverage Limited	50	50	-	0.7%
Chapel Street Services Limited	50	50	-	0.7%
	<u>5,935</u>	<u>5,154</u>	-	<u>72.7%</u>
Non VCT-qualifying				
Kings Gap Group Limited	400	400	-	5.6%
Hoole Hall Country Club Holdings Limited	344	344	-	4.9%
Horsham Bowl Limited	261	261	-	3.7%
Sanguine Hospitality Limited	250	250	-	3.5%
Future Biogas (SF) Limited	250	250	-	3.5%
Bijou Wedding Venues Limited	100	100	-	1.4%
Fenkle Street LLP	92	92	-	1.3%
Chapel Street Hotel Limited	2	2	-	0.0%
Brunswick International Associates Limited	-	-	-	0.0%
The Swan Holding Company	-	-	-	0.0%
Hoole Hall Hotel Limited	-	-	-	0.0%
	<u>1,699</u>	<u>1,699</u>	-	<u>23.9%</u>
Total investments	<u>7,634</u>		-	<u>96.6%</u>
Cash at bank and in hand		242		3.4%
Total		<u>7,095</u>		<u>100.0%</u>

SUMMARY OF INVESTMENT MOVEMENTS

as at 30 June 2011

Additions

		£'000
VCT-qualifying investments	Activity	
The Thames Club Limited	Health and fitness club <i>www.thethamesclub.co.uk</i>	25
Non VCT-qualifying investments		
Future Biogas (SF) Limited	Biogas plant <i>www.futurebiogas.com</i>	250
		275
		275

Disposals

	Cost £'000	Proceeds £'000	Gain/(loss) £'000	Profit/(loss) in period £'000
Non VCT-qualifying investments				
Loan stock redemptions:				
Fenkle Street LLP	308	308	-	-
Fenkle Street Developments LLP	20	20	-	-
	328	328	-	-
	328	328	-	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. The unaudited half-yearly financial results cover the six months to 30 June 2011 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2010 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 8,635,627 Ordinary Shares and 12,971,610 'A' Shares, being the number of shares in issue at the period end.
5. Return per share for the period has been calculated on 8,645,512 Ordinary Shares and 12,978,928 'A' Shares, being the weighted average number of shares in issue during the period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

6. Reserves

	Special reserve £'000	Revaluation reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
At 31 December 2010	8,035	(781)	9	(36)	7,227
Losses on investments	-	-	-	-	-
Distributions paid	(216)	-	-	-	(216)
Purchase of own shares	(8)	-	-	-	(8)
Retained net revenue	-	-	-	300	300
At 30 June 2011	<u>7,811</u>	<u>(781)</u>	<u>9</u>	<u>264</u>	<u>7,303</u>

The Revenue reserve and Special reserves are distributable reserves.

7. 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

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 current 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.

SHAREHOLDER INFORMATION (continued)

Share price

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

	Ordinary Shares	'A' Shares
TIDM/EPIC code	"DPV8"	"DP8A"
Latest share price (mid-market 26 August 2011):	72.0p per share	5.025p per share

The share prices are also available on Downing's website (www.downing.co.uk).

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, who will be able to provide up-to-date details. Downing's contact details are shown 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 houses 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.

Directors

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