

Downing Planned Exit VCT 9 PLC

Half-Yearly Report for
the six months ended
30 June 2013

SHAREHOLDER INFORMATION

Performance summary

	30 Jun 2013 Pence	31 Dec 2012 Pence	30 Jun 2012 Pence
Net asset value per Ordinary Share	77.4	80.1	80.8
Net asset value per 'A' Share	0.1	0.1	0.1
Cumulative distributions per Ordinary Share	12.5	10.0	10.0
Total return per Ordinary Share and 'A' Share	<u>90.0</u>	<u>90.2</u>	<u>90.9</u>

Dividends – Ordinary Shares

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
Final 2011	29 June 2012	2.5
Final 2012	28 June 2013	<u>2.5</u>
		<u>12.5</u>
Forthcoming dividend		
Special 2013	4 October 2013	21.5

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

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).

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 9 plc, please contact the registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders and employees".

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 period ended 30 June 2013. Although the investment portfolio suffered from some minor write downs in the period, these were offset by income generated from the portfolio which, after running costs, has resulted in a small decrease in net asset value over the period after adding back dividends paid. More positively, shortly after the period end, the Manager was able to complete the first investment realisations and will now start the process of returning funds to Shareholders.

Net asset value and results

At 30 June 2013, the net asset value ("NAV") per Ordinary Share and per 'A' Share stood at 77.4p and 0.1p respectively, producing a combined total of 77.5p. This is a decrease of 0.2p per share (0.2%) since 31 December 2012 (after adjusting for the 2.5p dividend paid during the period). Total Return (NAV plus cumulative dividends paid to date) is now 90.0p for a combined holding of one Ordinary Share and one 'A' Share. This compares to the original cost, net of income tax relief, of 70.0p.

The loss on ordinary activities after taxation for the period was £20,000, which comprised a revenue surplus of £135,000 and a capital loss of £155,000.

Investment review

With the Company effectively fully invested, investment activity was at a low level during the period. However, one small new non-qualifying investment of £89,000 was made in Dominions House Limited. The company has acquired two development sites which have the potential to deliver an attractive capital uplift in a short period.

In terms of investment disposals, there was one small redemption of loan stock of £15,000 from Fenkle Street LLP. The only other investment activity was a reorganisation, whereby Gatewales Limited took over the interests of West Tower Holdings Limited, which had no impact on the investment valuation.

As usual, the Board has undertaken a review of the investment valuations at the period end and some adjustments were made.

The most significant adjustment has been a provision against the investment in Horsham Bowl Limited. The company owns a ten pin bowling alley and nightclub in Horsham, West Sussex. Attempts by management to improve the trading performance of the site do not appear to be making headway. Following the withdrawal of a potential purchaser and indications that the market for such sites has weakened, we have reassessed the value of the business and concluded that it is appropriate to make a provision of £210,000 against the investment.

The Company holds three small investments in Chapel Street Food and Beverage Limited, Chapel Street Services Limited and Chapel Street Hotel Limited, each of which operates from the new Hotel Indigo in Liverpool. The hotel market in Liverpool has become very competitive, which has resulted in occupancy of the hotel building more slowly than expected. With bank debt ranking ahead of the VCT's investments, the Board has concluded that a provision of £49,000 across the three investments is appropriate.

CHAIRMAN'S STATEMENT (continued)

The portfolio has also provided some positive news from Crossco (1135) Limited and its related company, Brunswick International Associates Limited. The companies operate children's nurseries which form part of the Complete Childcare group. Trading at the nurseries has been steady and has justified a total uplift in valuation of £104,000 over the period.

All other investments are performing more or less in line with expectations and have been held at previous carrying value. Overall, the portfolio produced unrealised losses of £155,000 over the period.

Investment realisation update

The Company has now passed the fifth anniversary of the close of its offer for subscription and is at the stage where it is seeking to realise its investments in order to be able to return funds to Shareholders.

As I mentioned in my statement with the last Annual Report, the ongoing lack of bank funding is a significant hindrance to this process and, as a result, we expect that the process will take some considerable time to complete.

Having said that, I am pleased to report that, in July, the Manager managed to complete the disposal of Crossco (1135) Limited and Brunswick International Associates Limited, with a significant proportion of the consideration paid in cash (£1.0 million) and the remainder in the form of loan notes which are expected to be redeemed in 12 months' time. The valuation of the consideration is equal to our carrying value at the period end and represents a gain against original cost of £236,000. If the loan stock is redeemed in full at par, this will result in a further small gain.

Additionally, I can report a partial redemption of loan notes in Gatewales Limited in July, producing proceeds of £526,000.

I can also report that the Manager is in discussions with a potential funder that could allow a partial exit from Cadbury House, however, this is not yet finalised.

Exit prospects are less clear for some of the other remaining investments. In the case of both Horsham Bowl and The Thames Club, the businesses need to stabilise and establish an improving trading record in order to support possible trade sales at reasonable prices. The Manager is continuing to work to this end.

Dividend

As a result of the exits discussed above, the Company is now in a position to make its first major return of funds to Shareholders.

A dividend of 21.5p per Ordinary Share will be paid to Shareholders on 4 October 2013 to Shareholders on the register at 13 September 2013.

Following the payment of the dividend, Shareholders will have received total dividends since launch of 34.0p per Ordinary Share.

Share buybacks

In view of the fact that the Company is now in the process of returning funds to Shareholders, the Company is unlikely to buy in any more shares for cancellation. The Board intends to retain any surplus liquid funds in the Company and distribute to Shareholders by way of dividends as and when sufficient levels have accumulated.

CHAIRMAN'S STATEMENT (continued)

Outlook

There are still significant challenges ahead in exiting from the remaining investments, however, the Board is pleased with progress made in the difficult conditions over the last two months and is encouraging the Manager to vigorously pursue further realisations.

As I mentioned in my previous statement, the Board is considering whether it might be in the best interests of Shareholders for the Company to enter a formal VCT winding up period in the near future. In such a period, a liquidator is appointed and various VCT regulations are relaxed, which allows the Company to delist its shares from the London Stock Exchange and make significant running costs savings.

I will, of course, communicate with Shareholders as soon as there is any further news on the above plans. Additionally, if there are any further major investment realisations prior to the next scheduled report, I will write to Shareholders at that time and expect to provide details of the next dividend.



Hugh Gillespie

Chairman

28 August 2013

UNAUDITED BALANCE SHEET

as at 30 June 2013

	30 Jun 2013 £'000	30 Jun 2012 £'000	31 Dec 2012 £'000
Fixed assets			
Investments	6,461	6,347	6,542
Current assets			
Debtors	268	145	209
Cash at bank and in hand	94	632	257
	<u>362</u>	<u>777</u>	<u>466</u>
Creditors: amounts falling due within one year	<u>(163)</u>	<u>(154)</u>	<u>(113)</u>
Net current assets	199	623	353
Net assets	<u>6,660</u>	<u>6,970</u>	<u>6,895</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	7,234	7,739	7,724
Revaluation reserve	(797)	(912)	(1,042)
Capital reserve - realised	44	44	44
Revenue reserve	154	74	144
	<u>6,660</u>	<u>6,970</u>	<u>6,895</u>
Equity shareholders' funds	<u>6,660</u>	<u>6,970</u>	<u>6,895</u>
Net asset value per Ordinary Share	77.4p	80.8p	80.1p
Net asset value per 'A' Share	0.1p	0.1p	0.1p
	<u>77.5p</u>	<u>80.9p</u>	<u>80.2p</u>

UNAUDITED INCOME STATEMENT

for the six months ended 30 June 2013

	Six months ended 30 Jun 2013			Six months ended 30 Jun 2012			Year ended 31 Dec 2012
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	280	-	280	177	-	177	365
(Losses)/gains on investments	-	(155)	(155)	-	24	24	(106)
	280	(155)	125	177	24	201	259
Investment management fees	(37)	-	(37)	(36)	-	(36)	(70)
Other expenses	(63)	-	(63)	(67)	-	(67)	(134)
Return on ordinary activities before taxation	180	(155)	25	74	24	98	55
Taxation	(45)	-	(45)	(16)	-	(16)	(33)
Return attributable to equity shareholders	135	(155)	(20)	58	24	82	22
Return per Ordinary Share	1.6p	(1.8p)	(0.2p)	0.7p	0.3p	1.0p	0.3p
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.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 30 June 2013

	30 Jun 2013 £'000	30 Jun 2012 £'000	31 Dec 2012 £'000
Opening Shareholders' funds	6,895	7,139	7,139
Total recognised (loss)/profit for the period	(20)	82	22
Dividends paid	(215)	(216)	(216)
Purchase of own shares	-	(35)	(50)
Closing Shareholders' funds	6,660	6,970	6,895

UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2013

	Note	30 Jun 2013 £'000	30 Jun 2012 £'000	31 Dec 2012 £'000
Cash inflow from operating activities and returns on investments	1	<u>126</u>	<u>108</u>	<u>142</u>
Taxation				
Corporation tax paid		-	-	(69)
Capital expenditure				
Purchase of investments		(89)	(25)	(350)
Sale of investments		15	456	456
Net cash (outflow)/inflow from capital expenditure		<u>(74)</u>	<u>431</u>	<u>106</u>
Equity dividends paid		<u>(215)</u>	<u>(216)</u>	<u>(216)</u>
Net cash (outflow)/inflow before financing		(163)	323	(37)
Financing				
Purchase of own shares		-	(35)	(50)
Net cash outflow from financing		<u>-</u>	<u>(35)</u>	<u>(50)</u>
(Decrease)/increase in cash	2	<u>(163)</u>	<u>288</u>	<u>(87)</u>

Notes to the cash flow statement:

1 Cash inflow from operating activities and returns on investments

Return on ordinary activities before taxation	25	98	55
Losses/(gains) on investments	155	(24)	106
(Increase)/decrease in other debtors	(59)	51	(13)
Decrease in other creditors	(16)	(14)	-
Increase/(decrease) in amounts due to subsidiary undertaking	21	(3)	(6)
Net cash inflow from operating activities	<u>126</u>	<u>108</u>	<u>142</u>

2 Analysis of net funds

Beginning of period	257	344	344
Net cash (outflow)/inflow	<u>(163)</u>	<u>288</u>	<u>(87)</u>
End of period	<u>94</u>	<u>632</u>	<u>257</u>

SUMMARY OF INVESTMENT PORTFOLIO

as at 30 June 2013

	Cost £'000	Valuation £'000	Unrealised gain/(loss) £'000	% of portfolio by value
Qualifying investments				
Crossco (1135) Limited t/a Kingsclere Nurseries	998	1,189	59	18.1%
Hoole Hall Country Club Holdings Limited *	1,094	1,161	-	17.7%
Cadbury House Holdings Limited	700	763	-	11.6%
Gatewales Limited	750	750	-	11.5%
Hoole Hall Spa and Leisure Club Limited	562	613	-	9.4%
Horsham Bowl Limited *	861	471	(210)	7.2%
The Thames Club Limited *	1,125	350	-	5.3%
Chapel Street Food and Beverage Limited	50	26	(24)	0.4%
Chapel Street Services Limited	50	26	(24)	0.4%
	<u>6,190</u>	<u>5,349</u>	<u>(199)</u>	<u>81.6%</u>
Non-qualifying investments				
Future Biogas (SF) Limited	350	350	-	5.3%
Southampton Hotel Developments Limited	300	300	-	4.6%
Snow Hill Developments LLP	250	250	-	3.8%
Dominions House Limited	89	89	-	1.4%
Fenkle Street LLP	77	77	-	1.2%
Brunswick International Associates Limited	-	45	45	0.7%
Chapel Street Hotel Limited	2	1	(1)	0.0%
	<u>1,068</u>	<u>1,112</u>	<u>44</u>	<u>17.0%</u>
Total investments	<u><u>7,258</u></u>	<u><u>6,461</u></u>	<u><u>(155)</u></u>	<u><u>98.6%</u></u>
Cash at bank and in hand		94		1.4%
Total		<u><u>6,555</u></u>		<u><u>100%</u></u>

* partly non-qualifying

SUMMARY OF INVESTMENT MOVEMENTS

as at 30 June 2013

Additions

	£'000
Qualifying investment	
Gatewales Limited ‡	750
Non-qualifying investment	
Dominions House Limited	89
	<u>839</u>

Disposals

	Cost £'000	Valuation at 01/01/13* £'000	Proceeds £'000	Loss vs. cost £'000	Realised gain in period £'000
Qualifying investment					
West Tower Holdings Limited ‡	1,150	750	750	(400)	-
Non-qualifying investments					
Fenkle Street LLP	15	15	15	-	-
	<u>1,165</u>	<u>765</u>	<u>765</u>	<u>(400)</u>	<u>-</u>

* adjusted for purchases in the period

‡ reorganisation whereby Gatewales Limited took over the interests of West Tower Holdings Limited

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. The unaudited half-yearly financial results cover the six months to 30 June 2013 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2012 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. The comparative figures were in respect of the six months ended 30 June 2012 and the year ended 31 December 2012 respectively.
5. Net asset value per share at the period end has been calculated on 8,589,873 Ordinary Shares and 12,953,507 'A' Shares, being the number of shares in issue at the period end.
6. Return per share for the period has been calculated on 8,589,873 Ordinary Shares and 12,953,507 'A' Shares, being the weighted average number of shares in issue during the period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

7. Dividends

		Six months ended 30 June 2013			Year ended 31 Dec 2012
	Per share pence	Revenue £'000	Capital £'000	Total £'000	Total £'000
Paid in year					
2012 Final	2.5p	125	90	215	-
2011 Final	2.5p	-	-	-	216
		<u>125</u>	<u>90</u>	<u>215</u>	<u>216</u>

8. Reserves

	Special reserve £'000	Revaluation reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
At 31 December 2012	7,724	(1,042)	44	144	6,870
Losses on investments	-	(155)	-	-	(155)
Dividends paid	-	-	(90)	(125)	(215)
Retained net revenue	-	-	-	135	135
Realisation of revaluations from previous years	-	400	(400)	-	-
Transfer between reserves	(490)	-	490	-	-
At 30 June 2013	<u>7,234</u>	<u>(797)</u>	<u>44</u>	<u>154</u>	<u>6,635</u>

The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. Revaluation reserve includes losses of £1,214,000 which are included in the calculation of distributable reserves. Total distributable reserves are £6,218,000 (31 Dec 2012: £6,557,000).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

9. 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 December 2012 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.

10. 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 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

11. 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.

The Directors have concluded 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.

12. 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.

13. 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 codes.

TIDM code	Ordinary Shares "DPV9"	'A' Shares "DP9A"
Latest share price (mid-market 27 August 2013):	48.0p per share	5.0p per share

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

Trading 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.

It should be noted that the Company has stated that it is not now expecting to buy in any further shares and will not provide support for the secondary market in its shares. Shareholders are therefore likely to find that the Company's shares trade at a significant discount to NAV. The Board envisages that the exit route for Shareholders will be by way of dividends which are expected to be paid as and when major realisations are completed, until all funds are returned.

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.

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

Hugh Gillespie (Chairman)

Dennis Hale

Christopher McCann

Secretary and Registered Office

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(calls cost 10p per minute plus network extras)

www.capitaregistrars.com