

Downing ONE VCT PLC

—
Half-Yearly Report for
the six months ended
30 September 2013

SHAREHOLDER INFORMATION

Company name

The Company changed its name to **Downing ONE VCT plc** on 13 November 2013. Previously the Company's name was Downing Distribution VCT 1 plc.

Merger

On 12 November 2013, the Company merged with the following VCTs:

Downing Absolute Income VCT 1 plc;
Downing Absolute Income VCT 2 plc;
Downing Income VCT plc;
Downing Income VCT 3 plc; and
Downing Income VCT 4 plc.

As part of the transaction, New Ordinary Shares were created by way of a share consolidation and issued to all existing and new Shareholders. The New Ordinary Shares had a net asset value of 100.0p per share based on investment valuations as at close of business on 8 November 2013.

Dividends

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

Forthcoming dividends

Interim dividend

Date payable

28 March 2014

Pence per share

2.0p

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

As I am sure Shareholders are aware, there have been some major changes to your Company that have taken place recently. On 12 November, the Company completed a merger with five other VCTs and, on 13 November 2013, changed its name from Downing Distribution VCT 1 plc to **Downing ONE VCT plc**. The Company's shares also underwent a consolidation such that the New Ordinary Shares created had a net asset value of 100.0p per share based on investment valuations as at 8 November 2013.

Along with the merger, there have been a number of Board changes, including my appointment as Chairman. I am therefore pleased to present my first report to Shareholders.

Reporting period

The Company is required to report on the six-month period ended 30 September 2013, however, as this period ended prior to the completion of the merger, we have also included an unaudited balance sheet and summary of the investment portfolio immediately following the merger (as at 12 November 2013) and much of the focus of this report will be on the Company since the merger and future plans.

Board changes

In structuring the merger of six VCTs, it was agreed that the merged entity should have representation on the post-merger board from each of the participating VCTs. Accordingly, Barry Dean, Andrew Griffiths, Helen Sinclair and I all joined the Board as non-executive directors on 12 November 2013.

In addition, Christopher Powell, Roger Jeynes and Michael Cunningham stepped down from the Board. I would like to thank each of them for their considerable contribution over the years that they were directors of Downing Distribution VCT 1 plc and wish them well for the future.

I also wish to thank all of the non-executive directors of the other participating VCTs who have not joined the Downing ONE board. I believe the merger has been a very positive development for all Shareholders and could not have taken place without a substantial amount of additional work from all directors of each of the participating VCTs.

Merger

The merger was undertaken on a relative net asset value basis using net asset values as at 8 November 2013.

The VCTs whose assets and liabilities were acquired by the Company ("DD1") are summarised as follows:

Downing Absolute Income VCT 1 plc ("DAI1");
Downing Absolute Income VCT 2 plc ("DAI2");
Downing Income VCT plc ("DI");
Downing Income VCT 3 plc ("DI3"); and
Downing Income VCT 4 plc ("DI4").

The merger was undertaken by means of five schemes of reconstruction under Section 110 of the Insolvency Act 1986 and was followed by a share consolidation.

This resulted in New Ordinary Shares being issued to the various groups of shareholders as follows:

	Approximate number of New Ordinary Shares issued for each share originally held
Original shares held	
DD1	0.713
DI	0.353
DI3: Ordinary	0.916
DI3: E Share	0.870
DI4	0.387
DAI1: Ordinary	0.842
DAI1: C Share	0.705
DAI2: Ordinary	0.688
DAI2: A Share	0.001

CHAIRMAN'S STATEMENT (continued)

Review of period to 30 September 2013

I will now turn to the period prior to the merger. As at 30 September 2013, the Company's NAV stood at 69.2p; a small increase of 0.2p (or 0.3%) compared to 31 March 2013 and after taking into account the 2.5p dividend paid during the period.

In general, the Company's AIM-quoted investments performed well over the period producing net unrealised gains of £676,000 and realised gains of £19,000. Amongst the unquoted investments, one significant provision was required which contributed to net unrealised losses of £522,000 from the unquoted portfolio.

After the period end, the AIM-quoted investments continued to perform strongly, helping NAV increase by 2.1p to 71.3p at 8 November 2013, being the NAV used for the merger.

Post merger

As at 12 November 2013, the newly merged Company had net assets of £74.9 million and the NAV per New Ordinary Share was 100.4p, the increase of 0.4p arising from uplifts in the valuation of quoted investments between the 8 November and 12 November.

The Company now holds investments in more than 100 companies. In round numbers, approximately 60% of the Company's net assets are invested in unquoted businesses, 35% in quoted companies and the remaining 5% is in cash.

The unaudited balance sheet and portfolio summary as at 12 November 2013 is shown on pages 4 and 5.

The Company's strategy going forward is to maintain a fair proportion of assets in growth businesses, which will predominantly comprise AIM-quoted investments. A larger proportion will be maintained in unquoted investments which are expected to produce a steady yield which will contribute towards funding annual dividends, share buybacks and running costs.

Dividend policy

It is the Board's intention to pay annual dividends of at least 4% per annum. Initially the dividends are likely to be paid at the 4% level but, where the Company is able to generate significant capital profits, the Board will consider increasing the rate.

In line with this policy, an interim dividend of 2.0p per share will be paid on 28 March 2014 to Shareholders on the register at 21 February 2014.

Share buybacks

The Company intends to operate 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).

The Company has appointed Panmure Gordon to act as its corporate broker. The Board believes that this will be helpful in operating the share buyback process and in keeping the quoted spread on the Company's shares at a reasonable level.

Contact details for Panmure Gordon are on the inside back cover of this report.

CHAIRMAN'S STATEMENT (continued)

New share offer

Following the merger, the Board believes that the Company is well placed to undertake a new fundraising and is making plans for a launch. The new offer will allow Shareholders, and other investors, to subscribe for New Ordinary Shares so they will gain exposure to the Company's existing diverse and reasonably mature portfolio.

The new offer is expected to launch in the near future. Details will be sent to all existing Shareholders at that time.

Outlook

Having successfully completed the first ever merger of six VCTs, the Company and its Shareholders should now start to reap the benefits of the transaction. The burden of running costs has been significantly reduced for most Shareholders and the new share buyback and dividend policies have been implemented.

Although the Company currently has a reasonable level of cash, new investment activity is likely to be mainly funded from investment realisation proceeds and funds raised under the new share offer. Over the remainder of the year, we expect to see the Manager undertake some rationalisation of the portfolio and seek opportunities to exit from investments that are not considered to be core holdings.

I look forward to updating Shareholders on developments with my report in the Annual Report to 31 March 2014.



Chris Kay
Chairman

29 November 2013

POST MERGER UNAUDITED BALANCE SHEET

as at 12 November 2013

	12 Nov 2013 £'000
Fixed assets	
Investments	<u>71,215</u>
Current assets	
Debtors	444
Cash at bank and in hand	<u>4,759</u>
	5,203
Creditors: amounts falling due within one year	(1,512)
Net current assets	<u>3,691</u>
Net assets	<u><u>74,906</u></u>
Capital and reserves	
Called up share capital	746
Other reserves	<u>74,160</u>
Equity shareholders' funds	<u><u>74,906</u></u>
Basic and diluted net asset value per share	100.4p
New Ordinary Shares in issue	74,594,798

POST MERGER UNAUDITED SUMMARY OF INVESTMENT PORTFOLIO as at 12 November 2013

	Cost £'000	Valuation £'000	% of portfolio by value
Top twenty five venture capital investments (by value)			
Accumuli plc*	2,519	3,221	4.2%
Cadbury House Holdings Limited	3,233	2,778	3.7%
Mosaic Spa and Health Clubs Limited	2,747	2,734	3.6%
Baron House Developments LLP	2,695	2,695	3.5%
Ludorum plc*	3,443	2,576	3.4%
Inland Homes plc*	2,075	2,407	3.2%
Tracsis plc*	2,051	2,305	3.0%
Vulcan Renewables Limited	2,300	2,300	3.0%
Universe Group plc*	1,705	2,184	2.9%
Hoole Hall Country Club Holdings Limited	2,316	1,980	2.6%
Science in Sport plc*	1,689	1,742	2.3%
Tramps Nightclub Limited	1,582	1,545	2.0%
Bowman Care Homes Limited	1,535	1,535	2.0%
Hoole Hall Spa and Leisure Club Limited	1,467	1,335	1.8%
Plastics Capital plc*	848	1,304	1.7%
Leytonstone Pub Limited	1,258	1,302	1.7%
Anpario plc*	1,296	1,296	1.7%
Blue Cedars Limited	1,267	1,267	1.7%
Future Biogas (Reepham Road) Limited	1,123	1,123	1.5%
Aminghurst Limited	1,106	1,106	1.5%
Quadrate Spa Limited	1,074	1,074	1.4%
Residential PV Trading Limited	1,060	1,060	1.4%
Domestic Solar Limited	1,008	1,008	1.3%
Data Centre Response Limited	983	983	1.3%
Pennant International Group plc*	977	977	1.3%
	<hr/>	<hr/>	
	43,357	43,837	57.7%
Other venture capital investments			
	<hr/>	<hr/>	
	29,437	27,378	36.0%
	<hr/>	<hr/>	
	72,794	71,215	93.7%
Cash at bank and in hand			
		<hr/>	
		4,759	6.3%
Total investments		<hr/>	
		75,974	100.0%

All venture capital investments are unquoted unless otherwise stated.

* quoted on AIM

THIS PAGE IS INTENTIONALLY LEFT BLANK

DOWNING ONE VCT PLC

FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2013

(PRE MERGER)

UNAUDITED BALANCE SHEET

as at 30 September 2013

		30 Sept 2013 £'000	30 Sept 2012 £'000	31 Mar 2013 £'000
	Note			
Fixed assets				
Investments		<u>12,979</u>	<u>13,830</u>	<u>13,960</u>
Current assets				
Debtors		45	109	111
Cash at bank and in hand		<u>673</u>	<u>526</u>	<u>123</u>
		718	635	234
Creditors: amounts falling due within one year		<u>(132)</u>	<u>(155)</u>	<u>(189)</u>
Net current assets		<u>586</u>	<u>480</u>	<u>45</u>
Net assets		<u>13,565</u>	<u>14,310</u>	<u>14,005</u>
Capital and reserves				
Called up share capital	7	196	199	196
Capital redemption reserve	8	1,153	1,226	1,153
Share premium	8	315	6,066	315
Special reserve	8	13,743	8,085	13,743
Capital reserve – realised	8	270	4,057	1,136
Capital reserve – unrealised	8	(2,125)	(5,295)	(2,555)
Revenue reserve	8	13	(28)	17
Equity shareholders' funds	6	<u>13,565</u>	<u>14,310</u>	<u>14,005</u>
Basic and diluted net asset value per share	6	69.2p	72.0p	71.5p

UNAUDITED INCOME STATEMENT

for the six months ended 30 September 2013

Note	Six months ended 30 September 2013			Six months ended 30 September 2012			Year ended 31 March 2013
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	155	-	155	141	-	141	329
(Losses)/gains on investments							
- realised	-	(6)	(6)	-	333	333	470
- unrealised	-	154	154	-	(852)	(852)	(598)
	155	148	303	141	(519)	(378)	201
Investment management fees	(32)	(94)	(126)	(35)	(107)	(142)	(250)
Other expenses	(127)	-	(127)	(124)	-	(124)	(239)
Return/(loss) on ordinary activities before taxation	(4)	54	50	(18)	(626)	(644)	(288)
Taxation	-	-	-	-	-	-	-
Return/(loss) attributable to equity shareholders	4	(4)	50	(18)	(626)	(644)	(288)
Basic and diluted return/(loss) per share	4	-	0.3p	0.3p	(0.1p)	(3.1p)	(3.2p)

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 2013

	30 Sept 2013	30 Sept 2012	31 Mar 2013
Note	£'000	£'000	£'000
Opening Shareholders' funds	14,005	15,812	15,812
Issue of shares	-	393	393
Unallotted shares	-	(382)	(382)
Issue of shares under Share Realisation and Reinvestment Programme	-	5,850	5,850
Share issue costs	-	(99)	(97)
Purchase of own shares	-	(242)	(413)
Purchase of own shares under Share Realisation and Reinvestment Programme	-	(5,879)	(5,879)
Total recognised gains/(losses) for the period	50	(644)	(288)
Dividends paid	5 (490)	(499)	(991)
Closing Shareholders' funds	<u>13,565</u>	<u>14,310</u>	<u>14,005</u>

UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2013

	30 Sept 2013 Note £'000	30 Sept 2012 £'000	31 Mar 2013 £'000
Net cash outflow from operating activities and returns on investments	9 <u>(58)</u>	<u>(86)</u>	<u>(119)</u>
Capital expenditure			
Purchase of investments	(724)	(1,883)	(2,188)
Disposal of investments	<u>1,852</u>	<u>2,152</u>	<u>2,719</u>
Net cash inflow from capital expenditure	<u>1,128</u>	<u>269</u>	<u>531</u>
Equity dividends paid	<u>(484)</u>	<u>(499)</u>	<u>(989)</u>
Net cash inflow/(outflow) before financing	<u>586</u>	<u>(316)</u>	<u>(577)</u>
Financing			
Proceeds from new share issue	-	393	393
Proceeds from new share issue under Share Realisation and Reinvestment Programme	-	5,850	5,850
Unallotted share issue proceeds	-	(382)	(382)
Share issue costs	2	(99)	(99)
Purchase of own shares	(38)	(325)	(467)
Purchase of own shares under Share Realisation and Reinvestment Programme	<u>-</u>	<u>(5,879)</u>	<u>(5,879)</u>
Net cash outflow from financing	<u>(36)</u>	<u>(442)</u>	<u>(584)</u>
Increase/(decrease) in cash	10 <u>550</u>	<u>(758)</u>	<u>(1,161)</u>

SUMMARY OF INVESTMENT PORTFOLIO

as at 30 September 2013

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Cadbury House Holdings Limited	2,369	1,914	-	14.0%
Hoole Hall Country Club Holdings Limited	1,920	1,584	-	11.6%
Ludorum plc*	2,068	1,201	40	8.8%
Hoole Hall Spa and Leisure Limited	1,200	1,068	-	7.8%
Accumuli plc*	338	736	159	5.4%
Vulcan Renewables Limited	700	700	-	5.1%
First Care Limited	942	668	-	4.9%
Plastics Capital plc*	166	622	172	4.6%
Inland Homes plc*	390	585	195	4.3%
Universe Group plc*	293	563	78	4.1%
	<u>10,386</u>	<u>9,641</u>	<u>644</u>	<u>70.6%</u>
Other venture capital investments	<u>4,718</u>	<u>3,338</u>	<u>(490)</u>	<u>24.5%</u>
	<u>15,104</u>	<u>12,979</u>	<u>154</u>	<u>95.1%</u>
Cash at bank and in hand		<u>673</u>		<u>4.9%</u>
Total investments		<u><u>13,652</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 2013

Additions

	£'000
Inland Homes plc	390
Science in Sport plc	333
Other sundry investments	1
	<u>724</u>

Disposals	Cost £'000	Value at 31/03/13 * £'000	Disposal proceeds £'000	(Loss)/gain against cost £'000	Realised (loss)/gain in period £'000
Quoted (market sales)					
Animalcare Group plc	219	222	236	17	14
Belgravium Technologies plc	43	34	45	2	11
Craneware plc	293	326	302	9	(24)
Netcall plc	55	187	210	155	23
Travelzest plc	96	17	3	(93)	(14)
Tristel plc	511	193	179	(332)	(14)
Unquoted (including loan note redemptions)					
Baron House Developments LLP	115	115	115	-	-
Cadbury House Holdings Limited	149	149	149	-	-
Real Time Logistics Solutions Limited	-	125	125	125	-
Tender offer					
Hasgrove plc	95	133	156	61	23
Bonds					
Ulster Bank (IRE) 11.75% Subord	558	357	332	(226)	(25)
	<u>2,134</u>	<u>1,858</u>	<u>1,852</u>	<u>(282)</u>	<u>(6)</u>

* adjusted for purchases in the period

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2013

1. The unaudited half-yearly financial results cover the six months to 30 September 2013 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2013, which were prepared under UK Generally Accepted Accounting Practice and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" January 2009.
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 2012 and the year ended 31 March 2013 respectively.

4. Return per share

	Weighted average number of shares in issue	Revenue (loss)/return £'000	Capital gain/(loss) £'000
Period ended 30 September 2013	19,592,490	<u>(4)</u>	<u>54</u>
Period ended 30 September 2012	20,160,488	<u>(18)</u>	<u>(626)</u>
Year ended 31 March 2013	19,958,558	<u>27</u>	<u>(315)</u>

5. Dividends paid in the period

Date paid	Six months ended 30 September 2013			Year ended 31 March 2013
	Revenue £'000	Capital £'000	Total £'000	Total £'000
2013 Final 30/09/2013: 2.5p	-	490	490	-
2013 Interim 28/03/2013: 2.5p	-	-	-	492
2012 Final 28/09/2012: 2.5p	-	-	-	499
	<u>-</u>	<u>490</u>	<u>490</u>	<u>991</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2013 (continued)

6. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2013	19,592,490	<u>13,565</u>	69.2
Period ended 30 September 2012	19,872,990	<u>14,310</u>	72.0
Year ended 31 March 2013	19,592,490	<u>14,005</u>	71.5

7. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2013	19,592,490	<u>196</u>
Period ended 30 September 2012	19,872,990	<u>199</u>
Year ended 31 March 2013	19,592,490	<u>196</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2013 (continued)

8. Reserves

	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Capital reserve -realised £'000	Capital reserve -unrealised £'000	Revenue reserve £'000
At 1 April 2013	1,153	315	13,743	1,136	(2,555)	17
Capital expenses	-	-	-	(94)	-	-
(Losses)/gains on investments	-	-	-	(6)	154	-
Realisation of revaluations from previous years	-	-	-	(276)	276	-
Dividends paid	-	-	-	(490)	-	-
Retained net revenue	-	-	-	-	-	(4)
At 30 September 2013	1,153	315	13,743	270	(2,125)	13

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 Sept 2013 £'000	31 Mar 2013 £'000
Special reserve	13,743	13,743
Capital reserve – realised	270	1,136
Revenue reserve	13	17
Unrealised losses (excluding unrealised unquoted gains)	(2,179)	(2,765)
Total distributable reserves	<u>11,847</u>	<u>12,131</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 September 2013 (continued)

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

	30 Sept	30 Sept	31 Mar
	2013	2012	2013
	£'000	£'000	£'000
Return/(loss) on ordinary activities before taxation	50	(644)	(288)
(Gains)/losses on investments	(148)	519	128
Decrease in other debtors	59	63	60
Decrease in other creditors	(19)	(24)	(19)
Net cash outflow from operating activities	<u>(58)</u>	<u>(86)</u>	<u>(119)</u>

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

	30 Sept	30 Sept	31 Mar
	2013	2012	2013
	£'000	£'000	£'000
Beginning of period	123	1,284	1,284
Net cash inflow/(outflow)	<u>550</u>	<u>(758)</u>	<u>(1,161)</u>
End of period	<u>673</u>	<u>526</u>	<u>123</u>

11. 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 2013 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 2013 (continued)

12. 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.

13. 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 Manager, who regularly reports to the Board on the current position. The Company also retains PricewaterhouseCoopers 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 Manager 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 2013 (continued)

14. 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.

15. 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.

PERFORMANCE SUMMARY

The table below shows performance for investors that took part in the various main fundraisings undertaken by the Company and companies which have merged into it.

Name of original VCT/Fundraising	Year of issue	Initial income tax relief on investment (%)	Total dividends received per £1 invested (pence)	Equivalent NAV per £1 invested (pence)	Gain/(loss) (after initial tax relief) (%)	Gain/(loss) (after initial and SRRP*) (%)
The AIM Distribution Trust plc	1996	20%	63.7p	25.0p	8.7%	16.6%
The AIM Distribution Trust plc - Ords Top-up	2005	40%	13.9p	25.0p	-7.1%	3.6%
Downing Absolute Income VCT 1 plc - Ords	1998	20%	68.4p	84.5p	72.9%	98.0%
Downing Absolute Income VCT 1 plc - Ords Top-up	2010	30%	11.0p	84.5p	25.5%	n/a
Downing Absolute Income VCT 1 plc - C Share	2011	30%	12.5p	70.8p	13.3%	n/a
Downing Absolute Income VCT 2 plc	2010	30%	15.0p	69.2p	14.2%	n/a
Downing Income VCT 3 plc - E Shares	2012	30%	7.5p	87.3p	24.8%	n/a
Pennine AIM VCT plc	1996	20%	94.9p	32.4p	47.2%	55.8%
Pennine AIM VCT plc - C Shares	2002	20%	27.7p	45.4p	-6.9%	5.1%
Pennine AIM VCT plc - D Shares	2006	30%	20.4p	53.5p	3.8%	18.0%
Pennine AIM VCT II plc	1997	20%	57.0p	21.6p	-1.4%	4.3%
Pennine AIM VCT 5 plc	2005	40%	36.3p	21.8p	-1.9%	5.0%
Pennine AIM VCT 6 plc	2006	40%	37.1p	29.0p	6.1%	15.3%
Pennine Downing AIM VCT plc	1998	20%	39.6p	28.5p	-11.9%	-4.4%
Pennine Downing Ethical VCT plc	1999	20%	23.9p	18.4p	-37.7%	-32.9%
Pennine Downing AIM VCT 2 plc	2001	20%	33.2p	29.0p	-17.7%	-10.1%
Framlington AIM VCT plc (Downing Income VCT 4 plc)	2004	40%	33.5p	38.9p	12.4%	22.0%
Framlington AIM VCT 2 plc (Downing Income VCT plc)	2005	40%	28.0p	35.4p	3.4%	12.7%

In the table above, income tax relief has been treated as additional income for the purpose of calculating gains/(losses) after income tax relief.

* In 2012 and 2013, a number of companies offered a Share Realisation and Reinvestment Programme ("SRRP") which allowed shareholders, who had already held their shares for more than five years, to sell their shares and reinvest the proceeds, receiving additional income tax relief at the rate of 30% on the new issue.

SHAREHOLDER INFORMATION (continued)

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 2013):

New Ordinary Shares

DDV1

93.5p 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 (formerly Downing Distribution VCT 1 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

Chris Kay (Chairman)
Barry Dean
Stuart Goldsmith
Andrew Griffiths
Helen Sinclair

Company Secretary and Registered Office

Grant Whitehouse
10 Lower Grosvenor Place
London SW1W 0EN

Registered No. 3150868

Investment and Administration Manager

Downing LLP
10 Lower Grosvenor Place
London SW1W 0EN

www.downing.co.uk
Tel: 020 7416 7780

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
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)