IBIS Media VCT 1 plc

Annual Report & Financial Statements

for the year ended 31 January 2008

Contents

Financial Summary

Period ended 31 January	2008	2007
Net assets	£7,649,317	£5,362,304
Net asset value per share	95.17p	91.83p
Investment income	£343,103	£189,510
Return on ordinary activities before tax		
- Revenue	£138,203	£(320)
- Capital	£49,018	£(48,241)
- Total	£187,221	£(48,561)
Return per share		
- Revenue	1.51p	(0.00)p
- Capital	0.99p	(0.84)p
- Total	2.50p	(0.84)p
Dividend per share declared in respect of the period		
- Revenue	1.0p	Nil
- Capital	0.5p	Nil
- Total	1.5p	Nil
Share price at end of period	£1	£1

Investment Policy

The over-riding objective of IBIS Media VCT 1 plc ("IBIS" or the "Company") is to make investments in unquoted companies within the media sector that have the potential to grow and to achieve capital appreciation on a subsequent exit.

Whilst the Company's directors ("Directors") and the Company's investment committee ("Investment Committee") are primarily targetting investments in privately owned companies, suitable opportunities to acquire VCT qualifying investments in smaller AIM and PLUS-quoted (Ofex) stocks will also be considered where there is potential to achieve the level of return targetted by the Company's board of directors ("Board"). It is also the intention of the Directors to build a balanced portfolio with interests in a mixture of cyclical and non-cyclically exposed media companies operating both in mature and high growth areas of the market. IBIS is, however, unlikely to invest in all media sub-sectors as factors such as growth prospects, the competitive environment and valuations may mean that the prospective investment performance of certain of those sub-sectors would be unlikely to provide satisfactory rates of return.

Investments in business start-ups will generally be avoided unless the management team has a strong profile in the media sector and a track record of value creation for shareholders.

The Company's investment adviser is IBIS Capital Limited ("IBIS Capital" or "Investment Adviser").

Chairman's Statement

I am pleased to present the annual financial report of the Company for the year ended 31 January 2008.

Steady Progress

The Company first had funds under management on 5 April 2006 when its initial offer for subscription raised £5.74 million gross. In a subsequent offer for subscription, which opened in October 2006 and closed in October 2007, the Company raised a further £2.16 million gross.

As at 31 January 2008:

- The Company held five VCT qualifying investments with a total value of £2.56 million. In the year under review, the Company made four new investments, two follow-on investments and two divestments. Both realisations were profitable with the more significant divestment – a trade sale of Quintus Management Holdings Limited – producing an uplift of 42% on the original investment of £400,000.
- The Company's net assets had increased from £5.36 million (as at 31 January 2007) to £7.65 million.
- The Company's net asset value per share had increased from 91.83p (as at 31 January 2007) to 95.17p
- The Company's share price on the London Stock Exchange was 100p
- A dividend of 1.5p per share was to be recommended to the annual general meeting

Venture Capital Portfolio Development

The Company entered the year under review with a venture capital portfolio comprising two investments: holdings in Quintus Management Holdings Limited (£400,000) and in Get Me Media (£350,000). During the year, six investments were made:

- Riva – an original investment of £300,000 with a follow-on investment of £45,015
- Skive – an investment of £350,000
- Freshwater – an investment of £697,850
- Heritage House Media Limited – an original investment of £825,000 with a follow-on investment of £175,000

The year also witnessed two divestments. The holding in Quintus Management Holdings Limited was sold for £568,161 and the follow-on investment in Heritage House Media Limited was realised for a modest gain.

In order to satisfy one of the Revenue's VCT tests, it is estimated that the Company will have to invest approximately £1.29 million in VCT qualifying holdings by no later than 31 January 2009 and a further £1.47 million, also in VCT qualifying holdings, by no later than 31 January 2010. The Board is confident that these targets will be met:

- The Company's investment adviser, IBIS Capital Limited, is well respected with a wide range of contacts in the media sector and, consequently, is generating a healthy pipeline of interesting and diverse investment opportunities.
- IBIS Capital Limited and the Company's investment committee have formed a very effective working relationship which ensures the rigorous analysis of likely investment opportunities and, where appropriate, their efficient conclusion.
- The Board is also aware that the general economic downturn may benefit the development of the Company's venture capital portfolio – acquisition prices are likely to become more attractive.

Full details of the year's investment activity are given in the Investment Adviser's Review on pages 6 and 7.

Company Performance

Over the year ended 31 January 2008, the FT All Share Media Index fell by 12.2% while the Company's net asset value per share increased by 3.34p (3.6%) from 91.83p to 95.17p.

The Company's net assets increased from £5.36 million (31 January 2007) to £7.65 million at 31 January 2008. The significant contributions to this increase were:

- The monies raised under the Company's second offer for subscription (the costs of which were capped at 4.5% – rather than the more usual 5.5% – of the sums subscribed with any excess borne by IBIS Capital Limited)
- The gains made on the Company's two divestments

In valuing its investments, the Company follows the International Private Equity and Venture Capital Valuation Guidelines. As at 31 January 2008, all of the Company's unquoted investments were carried at cost and the one quoted investment, the holding in Freshwater, was carried at bid price as dictated by the Guidelines. This latter requirement resulted in an unrealised capital loss of £41,050 to set against the realised gains arising from the successful investment realisations.

Maiden Dividend

In recognition of the Company's strengthened financial performance, the Board is pleased to recommend a final dividend of 1.5p per share.

Outlook

I wrote last year that the Company was making solid progress. The evidence of the year under review does, I believe, strongly support this view.

We are focused on the development of the Company's venture capital portfolio through selective investments at attractive prices and close support of the management teams of our investee companies. We are confident that the combined experience and expertise of our Investment Adviser and Investment Committee will achieve this development.

The Company's second annual general meeting will be held on 30 June 2008. I hope I may meet you then and I look forward to answering any questions you may have about our VCT. Meanwhile, may I thank you for your continued support.

Sir Robin Miller
Chairman

30 May 2008

The Board, Investment Committee & Investment Adviser

The Board

Sir Robin Miller, independent non-executive chairman (Age 67)

Sir Robin Miller was the chief executive of EMAP plc, a major UK media company with a market capitalisation of approximately £1.8 billion, until he became non-executive chairman. He subsequently resigned as chairman of EMAP plc and was reappointed as interim group chief executive for a further period of some 18 months. He is also chairman of Channel Four Television's New Business Board and the past chairman of HMV Group plc.

Peter English, independent non-executive director (Age 66)

Peter English co-founded VCF LLP, which now trades as Foresight Group, in 1985. Foresight Group has managed or advised Fleming Ventures Limited and a number of venture capital trusts including Foresight VCT plc, TriVest VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc (formerly Advent VCT plc) and Foresight 4 VCT plc (formerly Advent VCT 2 plc).

Lucy MacDonald, independent non-executive director (Age 45)

Lucy MacDonald has been a director chief investment officer, Global Equities, of RCM (a subsidiary of Allianz Global Investors) since 2001. She is responsible for £5.1 billion of global equity funds, including Allianz RCM Global Equity fund. Previously, she was a director of Baring Asset Management and head of UK specialist funds.

Peter Williams, independent non-executive director (Age 54)

Peter Williams has been the group finance director of Daily Mail & General Trust ("DMGT") since 1991. DMGT is a leading UK-based media company with a market capitalisation of approximately £1.6 billion. He is also a non-executive director of Euromoney Institutional Investor plc, a professional information publisher and events organiser, and of GCap Media plc, one of the UK's largest radio companies.

Simon Jamieson, independent non-executive director (Age 48)

Simon Jamieson is a director of FF&P Asset Management Limited. He is also a member of Flemings Family & Partners Asset Management Limited's investment committee and of FF&P Private Equity Limited's investment committee. Mr Jamieson was the fund manager of FF&P Special Situations 1 LLP, which has invested some £17 million in a portfolio of British and American businesses since 2001. He also manages FF&P Venture Funds 1 and 2 which target private equity funds that invest primarily in US and Eurpoean businesses. These funds have $115 million and $204 million respectively of committed capital.

David Forster, non-independent non-executive director (Age 48)

Between 1986 and 2003, David Forster worked as an equity analyst covering the media sector for firms including Kleinwort Benson, Merrill Lynch and latterly Salomon Smith Barney. For the eight year period to 2001 he was co-head of a team that was ranked first by institutions for its coverage of the UK media sector. Between 1996 and 2003, whilst he was at Salomon Smith Barney, he became a managing director taking over responsibility for the global equity media research product in 2001, whose ranking by global institutional investors improved form sixth to third over the two years to 2003 when he left to establish IBIS Capital in conjunction with Charles McIntyre.

Charles McIntyre, non-independent non-executive director (Age 39)

Charles McIntyre began his career with Apax Partners, which today is one of Europe's largest private equity investors. In 1999, together with other senior managers, Mr McIntyre spun off the investment banking arm of Apax Partners to form Altium Capital which was developed into a pan-European investment bank. At Altium Capital, he headed up the European investment banking team and originated deal flow in the small to mid-sized sector of the market.

The Investment Committee

There are eight members of the Investment Committee comprising all the Company's directors ("Directors") and an independent special adviser, Gary Hughes.

Gary Hughes

Gary Hughes is a chartered accountant and was appointed as the chief executive of CMP Information Limited, a subsidiary of United Business Media plc, in February 2006. He was previously group finance director of EMAP plc between 2000 and 2005. Prior to joining EMAP plc, Mr Hughes was the group finance director of SMG plc (Scottish Media Group) between 1996 and 2000 and deputy finance director of Forte plc from 1994 to 1996. He has also been a non-executive director of J Sainsbury plc since January 2005.

Investment decisions are taken by the Investment Committee. A minimum of two Directors must be in attendance at each meeting of the Investment Committee and each investment must be approved by at least two Directors with no member of the Investment Committee voting against. David Forster and Charles McIntyre have no vote on the Investment Committee but can participate in its discussions.

The Investment Adviser

IBIS Capital Limited acts as the investment adviser to IBIS. During the course of 2007, IBIS Capital Limited further expanded its asset management activities with the launch of IBIS Global Media Fund, a long/short equity hedge fund focused on the global media industry.

IBIS Capital Limited was established in August 2003. It is an FSA registered business offering not only asset management services but also a full range of corporate finance services to clients in the media sector. In terms of enterprise value, its corporate finance clients range in size from approximately £10 million to £1.5 billion.

Investment Adviser's Review

Investment overview

The financial year ending January 2008 represented IBIS Media VCT 1's ("IBIS") second year of operation.

Six investments in four separate qualifying companies were completed during the course of the year under review, namely in Skive, Riva Digital Media, Freshwater and Heritage House.

In aggregate, since the launch of IBIS to the date of this report, we have invested £3,322,847 which represents approximately 40% of the gross amounts raised to date.

IBIS's focus is on smaller private media companies at a time when the media industry is undergoing significant structural change, which in turn is opening up some very exciting growth opportunities for young companies. However, building a private equity pipeline takes time and the time line between the initial identification of an investment opportunity and successful completion can take several months.

In our appraisal of investment opportunities, we have the benefit of working closely with the Company's independent investment committee ("Investment Committee") which has to approve every investment decision. The Investment Committee comprises a number of leading media and investment professionals. Their input has been invaluable and we would like to thank them for their efforts and enthusiasm.

IBIS's share price has remained at 100p since launch. With regards to net asset value ("NAV"), the private equity industry standard practice of holding investments at cost until there is a significant event means that in the Company's early stages the major influences on NAV are the costs of fundraising and the ongoing running costs of the VCT. In terms of annual running costs these are capped by the Investment Adviser at a maximum of 3.5% of NAV. At the end of the period the fund's net asset value per share was 95.17p. Over the course of the year ended 31 January 2008, we would note that the IBIS NAV per share has increased by 3.6% whilst the FT All Share Media Index has decreased by 12.2%.

As referenced in the Chairman's Statement, the fund's net asset value per share has been impacted positively by the favourable exit from Quintus and the effect of the new monies raised.

New investments in the period

Riva

Riva's core activity is the design, production and distribution of Epacs. Epacs are exciting new interactive entertainment and content formats which are, in short, a digital pack of downloadable entertainment. Each Epac is a bundled collection of premium content which is digitally wrapped in a unique branded skin and is downloadable to a customer's personal computer. The components of an Epac can include video clips, MP3 files, ring tones, digital wall paper and customized information. One of the important components of each Epac is the Live Box – an opportunity for content owners or brands to engage Epac downloaders in personalised dialogue and targeted direct marketing.

Riva's shareholders include the founders of James Grant Media, one of the UK's leading television talent management agencies, and Interplay Media, which specialises in using technology to develop communications solutions for brands and corporations. James Grant Media was founded in 1984 by Peter Powell and Russ Lindsay. James Grant Media has a client list of high profile television personalities that includes Simon Cowell, Ant and Dec, Richard and Judy, Phillip Schofield and Piers Morgan.

IBIS initially invested £300,000 in May 2007, as part of an overall £500,000 funding round. IBIS subsequently invested £45,015 in December 2007 as part of an overall £500,000 funding round which was achieved at an uplift of 35% to the price per share of IBIS's initial investment.

Skive

Skive is a creative digital marketing agency. Skive delivers websites and interactive content for a wide range of clients including Reebok, TBWA, AMV, and MSN. Skive has a particular strength and reputation for high quality interactive 'desktop' games produced on a bespoke basis for client marketing campaigns (e.g. Gillette's World Cup 2006 global promotion).

Skive was founded in 2001 and has enjoyed revenue growth since launch.

IBIS invested £350,000 in May 2007.

Freshwater

Freshwater UK plc is an established and profitable public relations ("PR") and marketing services group. The business has been operating since 1997 with a record of significant expansion in a fragmented industry, through both acquisitions and organic growth.

The Cardiff-headquartered Group combines a UK regional network with offices in Cardiff, London, Glasgow, Bristol, Birmingham, Southampton and Sheffield. The network has specialist consultancy and marketing support service teams in sectors such as technology, healthcare, consumer products and the public sector.

The Group has extensive cross selling opportunities and is able to combine the Group's national, regional and specialist strengths to offer clients the mix of expertise they require, regardless of location.

The company listed on AIM in July 2007 and has subsequently completed a number of further acquisitions since flotation.

IBIS invested £697,850 in May 2007.

Heritage House

Heritage House Media was established by Kelvin Ladbrook and Peter Diggles who have worked together for several years and who each has over 20 years experience of senior management roles within the UK publishing industry at firms such as United News & Media plc, Reed Elsevier plc and Wolters Kluwer UK Ltd.

This experienced and proven executive team intends to lead the company through a series of related media acquisitions in and around the heritage industry. The heritage industry includes English Heritage and National Trust properties (with combined visitor numbers in excess of 30 million in 2006), as well as privately owned historic houses and sites. In aggregate, this area of the heritage industry serves a market of approximately 2,500 individual historic homes, castles and gardens which are open to the public.

The company's first acquisition was the highly-regarded Hudson's Historic Houses and Gardens, the UK's only annually updated guide to historic houses. In addition the company has acquired the assets of Heritage House Group's publishing and souvenir businesses, and the Jarrold contract publishing business from NPI Media. Each of the businesses is well established, profitable and growing.

IBIS invested £825,000 in September and a further £175,000 in November. The follow-on investment was realised on 14 December 2007.

Investment completed since year end

The Company made a further follow-on investment of £179,473 in Heritage House as part of a round of fundraising of £650,000 to finance the company's further development.

Outlook

The current level of dealflow remains encouraging, with a number of high quality propositions under active review across a range of media sub-sectors. Our average investment size to date has been below our target and therefore we hope to make some larger investments as the year progresses. The investment opportunities that we are currently evaluating embrace both relatively early stage and more mature businesses and as part of our portfolio and risk management process we will seek to gain exposure to a mix of investment stages as well as different areas of media.

Investment Portfolio

As at 31 January 2008

	Cost £	Valuation £	2008 % of net assets by value	Cost £	Valuation £	2007 % of net assets by value
Venture capital investments (see page 9)						
Quintus Management Holdings	-	-	-	400,509	400,509	7.47
Get Me Media	350,000	350,000	4.57	350,000	350,000	6.53
Riva	345,015	345,015	4.51	-	-	-
Skive	350,000	350,000	4.57	-	-	-
Heritage House Media Limited	825,000	825,000	10.79	-	-	-
Freshwater	697,850	656,800	8.59	-	-	-
Total venture capital investments	2,567,865	2,526,815	33.03	750,509	750,509	14.00
Total fixed asset investments	2,567,865	2,526,815	33.03	750,509	750,509	14.00
Net current assets		5,122,502	66.97		4,611,795	86.00
Net assets		7,649,317	100.00		5,362,304	100.0

Venture Capital Investments

as at 31 January 2008

Get Me Media

Cost	£350,000	**Annual financial statements**
Valuation	£350,000	
Basis of Valuation	Cost	First accounts will be for the period ending 31 December 2007
Equity held	25%	
Income in period	Nil	
Business	B2B online information provider	

Skive

Cost	£350,000	**Annual financial statements**
Valuation	£350,000	
Basis of Valuation	Cost	First accounts will be for the period ending 31 December 2007
Equity held	14%	
Income in period	Nil	
Business	Digital Media Agency	

Riva Digital Media

Cost	£345,015	**Annual financial statements**
Valuation	£345,015	
Basis of Valuation	Cost	First accounts will be for the period ending 31 December 2007
Equity held	9%	
Income in period	Nil	
Business	Digital Media Agency	

Freshwater

Cost	£697,850	**Annual financial statements**	
Valuation	£656,800		
Basis of Valuation	Bid Price on AIM	From audited accounts for the year ended 31 August 2007	
Equity held	7%		
Income in period	£12,434		
Business	Regional PR network	Turnover	£6.5m
		Operating Profit	£1.0m
		Profit for the year	£650,000

Heritage House

Cost	£825,000	**Annual financial statements**
Valuation	£825,000	
Basis of Valuation	Cost	First accounts will be for the period ending 31 December 2008
Equity held	16.5%	
Income in period	£34,508	
Business	Media Solutions Provider to the Heritage sector	

Directors' Report

The Directors present the financial statements of the Company for the year ended 31 January 2008 and their report on its affairs.

Business and principal activities

The Company was launched in February 2006 to invest in private equity type transactions at the smaller end of the UK media industry.

The over-riding objective of the Company is to make investments in unquoted companies within the media sector that have the potential to grow and to achieve capital appreciation on a subsequent exit.

IBIS invests principally in smaller unquoted companies, although AIM and PLUS-quoted (Ofex) companies are also considered. The focus is on providing development capital, second stage fundraisings, pre-IPO fundraisings and acquisition capital to investee companies. Investments in business start-ups will generally be avoided unless the management team has a strong profile in the media sector and a track record of value creation for shareholders.

The Directors and the Investment Committee look for the following characteristics when considering potential investments:

- A sustainable business model
- High quality management team
- A competitive advantage within their target markets
- The scope for organic revenue growth
- Profitability or reasonable expectation of achieving profitability within a foreseeable timeframe

The Directors do not foresee any major changes in the activity undertaken by the Company in the foreseeable future.

Investment company status

Throughout the period under review the Company was an investment company as defined in sections 832 and 833 of the Companies Act 2006.

VCT status

The Company was granted provisional approval as a venture capital trust by HM Revenue & Customs under section 842AA of the Income and Corporation Taxes Act 1988 with effect from 5 April 2006. The Directors managed the affairs of the Company in compliance with this section throughout the year under review and intend to continue to do so.

Business review

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's Statement (pages 2 and 3) and the Investment Adviser's Review (pages 6 and 7). Details of the venture capital investments made by the Company are given in the Investment Portfolio summary (page 8) and the Venture Capital Investments report (page 9). A summary of the Company's key financial measures is given on page 1.

The Board is responsible to shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment proposals are originated, negotiated and recommended to the Investment Committee by IBIS Capital Limited. Company Secretarial and Accountancy services are provided to the Company by The City Partnership (UK) Limited.

In reviewing the work of the Investment Committee and the Investment Adviser, the Board looks to be satisfied that:

- The Company's investment policy is being followed
- Each investment or divestment decision is subjected to rigorous due diligence
- Risk is spread by investing across a sufficiently diverse range of businesses within the media sector and by maintaining a balance between equity and loan stock exposure
- The portfolio will meet the HMRC VCT conditions

In consideration of the Company's financial performance, the Board, taking account of the comparatively long term nature of the Company's investments, pays particular attention to net asset value total return per share, total expense ratio and performance against the FT All Share Media Index (which is considered to be the most appropriate broad equity market index for comparative purposes).

Net asset value total return per share

The net asset value total return per share comprises the net asset value plus cumulative dividends paid per share. Net asset value is calculated at least quarterly with investments valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. During the year under review, the Company's net assets increased with a 3.6 % increase in net asset value per share and a 3.6% increase in net asset value total return per share.

Total expense ratio

The total expense ratio, calculated as the year's expenses (as disclosed in the profit & loss account) divided by the average net asset value across the year, was 4.0%. Although this ratio is higher than that achieved by many other venture capital trusts, the Board is satisfied with the ratio given that the Company's net asset value is significantly lower than that of many of its peers.

The total expense ratio for the Company for the period from 5 April 2006 to 31 January 2007 was 4.2%.

Under the terms of the Investment Adviser agreement, the running costs of the Company (excluding the Investment Adviser's performance related incentive fee, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.5% of the average value of the Company's net assets. Any excess will be paid by the Investment Adviser.

Results, dividends and comparative performance

As shown in the Company's Income Statement on page 24, the Company's returns in the year ended 31 January 2008 were:

Revenue return per share	1.51p
Capital return per share	0.99p
Total return per share	2.50p

The Board recommends the payment of a final dividend of 1.5p per share in respect of the year ended 31 January 2008.

The Balance Sheet, page 25, shows that the Company's net assets and the net asset value per share have increased over the year, reflecting the injection of capital through the offer for subscription which closed in October 2007 and the successful sale of two of the Company's investments.

Cash flow for the business has been positive over the period, with the spend on investments (£2,392,865) being significantly exceeded by the aggregate of the funds raised through an offer for subscription (£2,159,000) and the proceeds of the sale of two investments (£747,848).

Future developments

The Company needs to invest approximately £1.29 million and £1.47 million in the years ending 31 January 2009 and 31 January 2010 respectively to satisfy the HMRC VCT criterion of having at least 70% by value of its investments in shares or securities comprised in VCT qualifying holdings. The Board is confident that these minimum targets will be met.

While the primary focus will continue to be on the development of an investment portfolio which will deliver attractive returns over the medium to longer term, consideration will also be given to further fund raising.

Risk management

The Board has adopted a risk management programme whereby it continually identifies the principal risks faced by the Company and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible.

The Board believes that the principal risks to which the Company is exposed are:

- Economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely
- Investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment decisions without having undertaken sufficiently robust due diligence
- Financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting
- Regulatory risk – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 1985, the provisions of the Companies Act 2006, the UKLA listing rules, applicable Accounting Standards and HMRC VCT regulations

Further information about the Company's internal controls is given in the Statement of Corporate Governance on pages 18 to 21.

Directors' Report (continued)

Corporate information

Directors

The directors of the Company on incorporation were Meaujo Incorporations Limited and Philsec Limited both of whom resigned as Directors on 23 January 2006 following the appointments of Sir Robin Miller, Peter English, Lucy MacDonald, Simon Jamieson, Peter Williams, David Forster and Charles McIntyre. As these appointments were made by the Board, the Company's shareholders were invited to confirm the appointments at the 2007 annual general meeting. All appointments were confirmed. No other person was a director of the Company during any part of the period under review.

Peter English, David Forster and Simon Jamieson will retire at the annual general meeting in 2008 and, being eligible, offer themselves for re-election.

Brief biographical details of the Directors are given on page 4.

Directors' interests

The interests of the current Directors and their connected persons in the ordinary shares of the Company are shown below.

	No of ordinary shares as at 31 Jan 2008	Percentage holding	No of ordinary shares as at 31 Jan 2007	Percentage holding
Sir Robin Miller	56,122	0.7	56,122	1.0
Peter English	102,520	1.3	51,020	0.9
Lucy MacDonald	81,920	1.0	51,020	0.9
Simon Jamieson	102,040	1.3	102,040	1.7
Peter Williams	51,116	0.6	40,816	0.7
David Forster	643,525	8.0	571,425	9.8
Charles McIntyre	398,437	5.0	346,937	5.9

No options over shares in the capital of the Company have been granted to the Directors.

Directors' remuneration report

An ordinary resolution to approve the Directors' Remuneration Report (presented on pages 16 and 17) will be put to the annual general meeting.

Investment adviser agreement

IBIS Capital Limited is the investment adviser to the Company and provides a range of services to the Company under an investment adviser agreement dated 7 February 2006.

This appointment shall continue until terminated by the expiry of not less than twelve months' notice in writing given by either party to the other at any time after the third anniversary of the last date (30 June 2006) on which ordinary shares issued pursuant to the prospectus published in February 2006 were admitted to the Official List and to trading on the London Stock Exchange. This appointment may also be terminated in circumstances of material breach by either party.

IBIS Capital Limited receives an annual advisory fee. The fee is payable quarterly in advance, such quarterly fee (exclusive of VAT) being equal to one-quarter of 2.25% of the net asset value of the Company as at the commencement of the quarter but excluding any amount taken into consideration in the calculation of that net asset value which is intended to be distributed to shareholders within that quarter.

Total annual running costs have been capped at 3.5% of average net assets (excluding the Investment Adviser's performance related incentive fee, irrecoverable VAT and costs of any significant corporate activity) with any excess being borne by the Investment Adviser.

In the opinion of the Directors, the continuous appointment of the Investment Adviser is in the interests of the shareholders as a whole.

Performance related incentive fee

The Investment Adviser and each member of the Investment Committee (other than Messrs. Forster and McIntyre who will benefit through their shareholdings in IBIS Capital Limited) will each be entitled to share in a performance related incentive fee equal to 20% of the increase in the Performance Value per ordinary share over an initial period of three years and thereafter each successive period of six months. No fee will be payable unless two tests are met. First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded Performance Value per ordinary share.

Each member of the Investment Committee will be entitled to a 3% share of the performance related incentive fee, save that the Chairman of the Board will be entitled to a share of 3.5%. The Investment Adviser will be entitled to the remaining 81.5% of the performance related incentive fee.

Share capital

The Company was incorporated on 21 December 2005 with the name IBIS Media VCT 1 plc.

The Company's authorised share capital on incorporation was £300,000 divided into 25,000,000 ordinary shares of 1p each and 5,000,000 redeemable non-voting shares of 1p each.

On incorporation, 20 ordinary shares were issued, nil paid, to the subscribers to the Memorandum of Association of the Company.

To enable the Company to obtain a certificate under section 117 of the Companies Act, on 18 January 2006, 5,000,000 redeemable shares were allotted by the Company at par for cash, paid up as to one quarter of their nominal value, to IBIS Capital Limited. The 5,000,000 redeemable shares were redeemed in full on 6 April 2006. The authorised but unissued shares so arising were redesignated as ordinary shares and the Articles were amended by the deletion of all references to the redeemable shares and the rights attaching to them.

Between 30 March 2006 and 30 June 2006, a total of 5,839,009 ordinary shares of 1p each were issued at a price of £1 per share.

As at 31 January 2007 a total of 5,839,029 ordinary shares of 1p each of the Company were in issue.

Between 1 February 2007 and 31 January 2008, a total of 2,198,735 ordinary shares of 1p each were issued at a price of £1 per share.

As at 31 January 2008 a total of 8,037,764 ordinary shares of 1p each of the Company were in issue.

The Company operates a policy of buying back shares for cancellation.

Substantial shareholdings

As at the date of this report the Company was aware of the undernoted individual shareholdings exceeding 3% of the issued share capital:

- M Alen-Buckley, 7.6% (614,162 shares)
- D Forster, 5.7% (459,661 shares)
- C Davies, 5.1% (410,081 shares)
- A Beckingham, 5.1% (408,162 shares)
- C McIntyre, 4.4% (357,621 shares)

Authority to make market purchases of shares

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 23 January 2006, the Company was generally and unconditionally authorised pursuant to section 163 of the Act to make market purchases of up to 14.99% of the ordinary shares in issue from time to time. The price paid must not be less than 1p per ordinary share nor more than 5 per cent above the average of the market value of the ordinary shares for the five business days prior to the day the purchase is made. The authority, unless renewed or revoked prior to such time, expires on the earlier of 15 months from the passing of the resolution and the conclusion of the Company's first annual general meeting. The authority was renewed by a special resolution of the Company passed at an extraordinary general meeting held on 16 October 2006 and then by a special resolution of the Company passed at the Company's annual general meeting held on 21 June 2007. The authority (unless previously renewed or revoked) shall expire on the earlier of the annual general meeting of the Company to be held in 2008 and the date which is 18 months after 21 June 2007. Renewal of the authority will be sought at the 2008 annual general meeting.

Directors' Report (continued)

Special reserve

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 23 January 2006, the Company was authorised to cancel the amount standing to the credit of the share premium account of the Company at the date the order was made confirming such cancellation. Court approval was granted on 23 August 2006.

The cancellation of the share premium account created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's shares when the Board considers that it is in the best interests of the Company to do so.

Disclosure of information to auditors

The Directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are aware: there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to re-appoint Scott-Moncrieff as auditors to the Company will be proposed at the forthcoming annual general meeting. A separate resolution will be proposed at the meeting authorising the Directors to fix the remuneration of the auditors.

Creditor payment policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. There were two trade creditors as at 31 January 2008.

Annual general meeting

The annual general meeting will be held at 6.00pm on 30 June 2008 at the Company's offices. Notice of the meeting and a proxy form are set out on pages 37 and 39 respectively of this report.

The business of the meeting is outlined below.

Resolution 1 - Annual Report and Financial Statements

The Directors are required to present to the annual general meeting the Annual Report and Financial Statements for the financial year ended 31 January 2008.

Resolution 2 – To declare a final dividend

The final dividend cannot exceed the amount recommended by the Directors and can only be paid after the members at a general meeting have approved it. The Directors recommend a final dividend of 1.5p per share payable on 20 August 2008 to the holders of ordinary shares registered at the close of business on 1 August 2008 which will bring the total dividend for the year to 1.5p per share.

Resolution 3 – Directors' Remuneration Report

Under the Directors' Remuneration Report Regulations 2002, the Company is required to produce a Directors' Remuneration Report for each relevant financial year and to seek shareholder approval for that report at the annual general meeting. The Directors' Remuneration Report is on pages 16 and 17 of the Annual Report and Financial Statements.

Resolution 4 – Re-election of Director

Peter English retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Resolution 5 – Re-election of Director

David Forster retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Resolution 6 – Re-election of Director

Simon Jamieson retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Resolution 7– Re-appointment of the Auditors

The Company is required to re-appoint Auditors at each annual general meeting of the Company to hold office until the next general meeting at which accounts are presented. This resolution proposes that the Company's current Auditors, Scott-Moncrieff, be re-appointed as auditors of the Company.

Resolution 8 – Remuneration of the Auditors

This resolution proposes that the Directors be authorised to set the auditors' remuneration.

Resolution 9 - Renewal of Directors' authority to allot shares

By virtue of Section 80 of the 1985 Act, the Directors require the authority of the shareholders of the Company to allot shares or other relevant securities in the Company. This resolution authorises the Directors to make allotments of up to an additional 1,205,700 shares (representing approximately 15% of the issued share capital of the Company as at the date of this report (being the latest practicable date prior to the publication of this document). The existing authority will expire at the forthcoming annual general meeting and, by proposing this resolution, the Board seeks its renewal. The Directors have no present intention of exercising the authority given by this resolution. This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2009 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 10 - Disapplication of pre-emption rights

Resolution 10, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company given to them by Resolution 9. The Resolution authorises the Directors to allot equity shares for cash up to a total nominal value of £12,057 (representing 15% of the share capital currently in issue). This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2009 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 11 - Purchase of ordinary shares by the Company

Resolution 11, which will be proposed as a special resolution, will, if passed, authorise the Company to purchase in the market up to 14.99% of the issued share capital of the Company from time to time at a minimum price of 1p per share and a maximum price per share of not more than an amount equal to 105% of the average of the middle market prices shown in the quotations for an ordinary share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased. This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2009 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

By Order of the Board

The City Partnership (UK) Limited
Company Secretary

30 May 2008

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve the report will be proposed at the annual general meeting.

The Company's auditors, Scott-Moncrieff, are required to give their opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Their report is set out on page 23.

Nominations and remuneration committee

During the period under review, the members of the Nominations and Remuneration Committee, a fully constituted board committee, were Lucy MacDonald (Chairman) and Simon Jamieson. The committee's remit regarding remuneration is included in the Statement of Corporate Governance which is set out on pages 18 to 21.

The committee did not meet in the year ended 31 January 2008. Such a meeting in the Company's second year of business was thought unnecessary given that no Director retired and that the Directors' initial fees had been agreed in their letters of appointment.

The committee has not received any advice or services from any person in respect of the Directors' remuneration during the period.

Directors' remuneration policy

The committee considers that directors' fees should reflect the time commitment required and the high level of responsibility borne by directors, and should be broadly comparable to the fees paid by similar companies. The Company's Articles of Association do not place an overall limit on directors' remuneration. None of the Directors is eligible for pension benefits, share options, bonuses or other benefits in respect of their services as non-executive directors of the Company.

As members of the Investment Committee, each Director (other than David Forster and Charles McIntyre) is entitled to share in a performance-related incentive fee from the Company. David Forster and Charles McIntyre will benefit through their shareholdings in the Investment Adviser which is also entitled to share in the incentive fee.

The aggregate performance fee payable by the Company is calculated as being equal to 20% of the increase in the Performance Value per ordinary share over an initial period of three years and thereafter each successive period of six months. No fee will be payable unless two tests are met. First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded Performance value per ordinary share when an incentive fee was paid.

Each member of the Investment Committee is entitled to a 3% share of the incentive fee, save that the Chairman of the Board is entitled to a share of 3.5%. The Investment Adviser is entitled to the remaining 81.5% of the fee.

Directors' fees

The fees payable to individual Directors in respect of the year ended 31 January 2008 are shown in the table below. Sir Robin Miller's, Peter English's and Simon Jamieson's fees are paid to RMC Limited, VCF Partners, and FFP Services respectively in consideration for their services.

Director	Annual fee £	Fee for period ended 31 Jan 2007 £
Sir Robin Miller	15,000	15,564
Peter English	12,500	12,970
David Forster*	12,500	12,970
Simon Jamieson	12,500	12,970
Lucy MacDonald	12,500	12,970
Charles McIntyre*	12,500	12,970
Peter Williams	12,500	12,970

*Both David Forster and Charles McIntyre, who are directors of the Investment Adviser, waived their entitlement to directors' fees in both periods.

Terms of appointment

The Company's Articles of Association provide that the Directors shall retire and be subject to re-election at the first annual general meeting after their appointment and at least every three years thereafter.

Peter English, David Forster and Simon Jamieson will retire at the annual general meeting in 2008 and, being eligible, offer themselves for re-election.

Brief biographical details of these Directors are given on page 4.

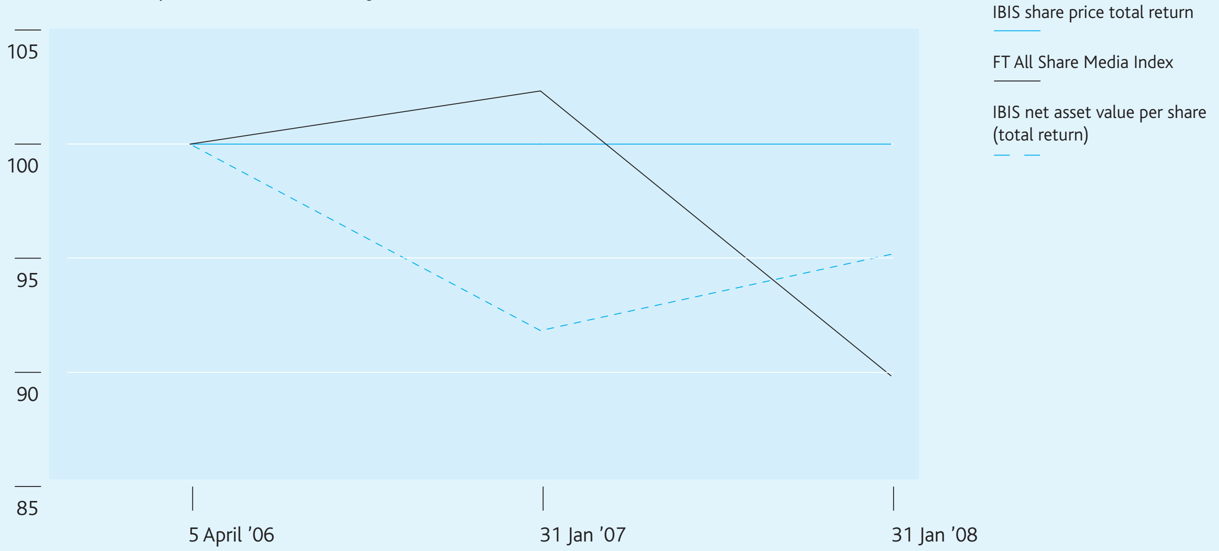
None of the Directors has a service contract with the company. On being appointed or re-elected, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of six months' notice in writing given by the Director or the Company as the case may be.

Company performance

The graph below compares the Company's share price (total return) and the Company's net asset value per share (total return) with the total return from a notional investment of 100p in the FT All Share Media Index over the same period. This index is considered to be the most appropriate broad equity market index for comparative purposes.

Return to ordinary shareholders in IBIS Media VCT 1 plc

Period from 5 April 2006 to 31 January 2008



Statement of Corporate Governance

Statement of compliance

The directors of IBIS Media VCT 1 plc confirm that the Company has taken appropriate action to enable it to comply with the Principles of the Combined Code on Corporate Governance ("the Code") issued by the Financial Reporting Council in July 2003 and revised in June 2006.

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the Code were complied with throughout the year ended 31 January 2008.

In view of its non-executive nature and the requirements of the Company's Articles of Association that all Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to IBIS Capital Limited, Martineau Johnson, Brewin Dolphin Securities Limited and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive director. There is no formal induction programme for Directors.

Board of Directors

The Company has a board of seven non-executive directors, five of whom are considered to be independent. The remaining two, David Forster and Charles McIntyre, are also directors of the Investment Adviser, IBIS Capital Limited. The Company has no staff.

All non-executive Directors have signed letters confirming the terms of their appointment as non-executive directors with effect from 18 January 2006. As these initial appointments were made by the Board, the Company's shareholders were invited to confirm the appointments at the 2007 annual general meeting. All appointments were confirmed. The letters of appointment will be available for inspection by shareholders immediately before and after the meeting.

At each annual general meeting of the Company, at least one-third of the Directors shall retire from office by rotation. A retiring Director is eligible for re-election.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's solicitors & VCT status adviser, Martineau Johnson, and by the company secretary, The City Partnership (UK) Limited. The Board has direct access to corporate governance advice and compliance services through the company secretary, which is responsible for ensuring that board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary. Directors and officers liability insurance has been taken out by the Company. Any newly appointed director will be given a comprehensive introduction to the Company's business including meeting the Company's advisers.

The Board is responsible to shareholders for the proper management of the Company and looks to meet on at least four occasions each year. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The chairman together with the company secretary establish the agenda for each board meeting and all necessary papers are distributed in advance of the meetings. The Board considers all matters not included within the remits of the board committees.

Board committees

There are three board committees: an investment committee, an audit committee and a nominations and remuneration committee. Copies of their terms of reference are available from the company secretary.

Investment committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board:

- In respect of equity investment opportunities: to consider each such opportunity of which it is appraised by IBIS Capital; to decide which of the investment opportunities should be accepted by the Company; to ensure that investments fall within the investment policy described in the prospectus; to monitor investee companies and the Company's investments therein.
- In respect of fixed interest investments to monitor the Company's investment in fixed interest securities.
- Generally, to monitor the Company's performance in respect of the VCT investment criteria and to advise the Board as necessary.
- After reviewing the advice of advisers, to determine the valuation of each investment in accordance with the previously agreed valuation guidelines.

The members of the investment committee are all the Company's directors and an independent special adviser, Gary Hughes. The chairman of the committee is Sir Robin Miller.

A quorum shall be two members and must include at least two members of the committee other than David Forster and Charles McIntyre. Each investment must be approved by at least two Directors with no member of the committee voting against the proposed investment. Neither David Forster nor Charles McIntyre has a vote on the investment committee but both may participate in its discussions.

Audit committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board:

- To monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them.
- To review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's internal control and risk management systems.
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- To review the half-year and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- To monitor and review the effectiveness of any internal audit activities. If there is no internal audit function to consider annually if there is a need for such an audit and to make a recommendation to the Board.
- To review the external auditor's management letter and management's response.

The committee shall comprise at least 3 independent Directors. The first members of the committee are Peter Williams (chairman), Peter English and Lucy MacDonald.

A quorum shall be two members.

Nominations & remuneration committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board.

The duties of the committee as regards remuneration shall be:

- To determine and agree with the Board the framework or broad policy for the remuneration of the chairman, the Directors and the secretary. No Director or manager should be involved in any decisions as to their own remuneration.
- To determine targets for any performance-related pay schemes operated by the Company; to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; within the terms of the agreed policy, to determine the total individual remuneration package of each Director including, where appropriate, bonuses, incentive payments and share options; in determining such packages and arrangements, to give due regard to the contents of the Code as well as the UK Listing Authority's Listing Rules and associated guidance.
- To agree the policy for authorising claims for expenses from the Directors.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- To report the frequency of, and attendance by members at, remuneration committee meetings in the annual reports.

Statement of Corporate Governance (continued)

The duties of the committee as regards nominations shall be:

- To be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Before making an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- To review annually the time required from a non-executive Director. Performance evaluation should be used to assess whether the non-executive Director is spending enough time to fulfil their duties.
- To monitor and review the effectiveness and performance of individual directors of the Company.
- To review regularly the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- To keep under review the leadership needs of the Company, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- To make a statement in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the committee, number of committee meetings and attendance over the course of the year.
- To ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

The committee shall comprise at least two Directors. The first members of the committee are Lucy MacDonald (chairman) and Simon Jamieson.

A quorum shall be two members.

Attendance at Board and committee meetings

During the period ended 31 January 2008 there were:

- 3 full Board meetings
- 5 investment committee meetings
- 1 audit committee meeting
- No meetings of the nominations & remuneration committee

The Directors' attendance at these meetings is noted below.

Director	Board	Investment committee	Audit committee
Robin Miller	3	5	1
Peter English	3	4	1
Simon Jamieson	2	3	1
Lucy MacDonald	3	5	1
Peter Williams	2	4	1
David Forster	3	5	1
Charles McIntyre	3	5	1

Internal control

The Board has established an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of investments and regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of: investment advisory services; legal and VCT status advisory services; broking services; day-to-day accounting, company secretarial and administration services; and share registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Committee which, in turn, receives and considers regular reports from the Investment Adviser. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Adviser.

Review of internal control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation.

Each risk is considered with regard to: the likelihood of occurrence, the probable impact on the Company, and the controls exercised at source, through reporting and at board level.

The Board has identified no problems with the Company's internal controls.

Relations with shareholders

The Board welcomes the views of shareholders and puts a premium on effective communication with the Company's members.

All written communication with shareholders is reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved.

Shareholders are encouraged to attend the Company's annual general meeting where the Directors and representatives of the Company's advisers will be available to answer any questions members may have. The notice of the 2008 annual general meeting accompanies this report – separate resolutions are proposed for each substantive issue.

The Board also communicates with shareholders through interim and annual reports which will include a chairman's statement and an investment adviser's report both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

During the period under review, the Company held its first shareholder evening at which the Chairman reviewed the Company's progress, presentations were given by several of the Company's investee companies and shareholders were invited to question both the Company's directors and the management of the investee companies.

Accountability and audit

The statement of the Directors' responsibility in respect of the financial statements and the independent auditors' report are presented on pages 22 and 23 respectively of this report.

Internal audit

The Company does not have an independent internal audit function. Such a function is thought by the Board to be unnecessary at this time given the size of the Company and the nature of its business. However, the audit committee considers annually whether an independent internal audit function should be introduced and reports its conclusions to the Board.

Going concern

After making enquiries, the Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the Company's financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements. The Directors have chosen to prepare the financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view in accordance with the UK GAAP of the state affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period and which comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with these requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

to the shareholders of IBIS Media VCT 1 plc

We have audited the financial statements of IBIS Media VCT 1 plc for the year ended 31 January 2008, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the relevant notes, 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Corporate Governance.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the Statement of Corporate Governance on pages 18 to 21 reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement on Internal Control covers all risks or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises the Financial Summary & Investment Policy, Chairman's Statement, Investment Adviser's Review, Investment Portfolio, Venture Capital Investments, Directors' Report, Directors' Remuneration Report, Statement of Corporate Governance, Statement of Directors' Responsibilities, Notice of Annual General Meeting and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2008 and of the total return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh
30 May 2008

Income Statement

for the year ended 31 January 2008

	Note	Year ended 31 January 2008			Period ended 31 January 2007 Restated - see note 4		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Realised/unrealised movements on investments		-	131,289	131,289	-	-	-
Income	2	343,103	-	343,103	189,510	-	189,510
Investment adviser's fees	3	(27,423)	(82,271)	(109,694)	(16,080)	(48,241)	(64,321)
Other expenses	5	(177,477)	-	(177,477)	(173,750)	-	(173,750)
Return on ordinary activities before tax		138,203	49,018	187,221	(320)	(48,241)	(48,561)
Tax on ordinary activities	7	(25,306)	25,306	-	61	(61)	-
Return attributable to equity shareholders		112,897	74,324	187,221	(259)	(48,302)	(48,561)
Transfer to reserves		112,897	74,324	187,221	(259)	(48,302)	(48,561)
Return per share							
Return per ordinary share	9	1.51p	0.99p	2.50p	(0.00)p	(0.84)p	(0.84)p

The total column of this statement represents the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits. The Company has no gains and losses other than those recognised in the Income Statement above and has not therefore prepared a separate statement of total recognised gains and losses.

The accompanying notes on pages 27 to 36 are an integral part of the financial statements.

Balance Sheet
as at 31 January 2008

	Note	As at 31 January 2008 £	As at 31 January 2007 Restated see note 4 £
Fixed assets			
Investments	1 & 10	2,526,815	750,509
Current assets			
Debtors	12	144,058	53,867
Liquidity funds and cash at bank		5,030,256	4,579,303
		5,174,314	4,633,170
Creditors: amounts falling due within one year	13	(51,812)	(21,375)
Net current assets		5,122,502	4,611,795
Net assets		7,649,317	5,362,304
Capital and reserves			
Called up share capital	14	80,378	58,390
Share premium account	15	2,077,804	-
Special reserve	15	5,352,475	5,352,475
Capital reserves	15	26,022	(48,302)
Revenue reserves	15	112,638	(259)
Total equity shareholders' funds		7,649,317	5,362,304
Net asset value per share	16	95.17p	91.83p

The accompanying notes on pages 27 to 36 are an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 30 May 2008 and signed on their behalf by:

Sir Robin Miller
Director

David Forster
Director

Cash Flow Statement

for the year ended 31 January 2008

	Note	£	Year ended 31 January 2008 £	£	Period ended 31 January 2007 £
Operating activities					
Investment income received – qualifying		252,524		160,204	
Deposit and similar interest received – non qualifying		32,554		29,305	
Investment adviser's fees paid		(148,570)		(96,674)	
Company secretarial fees paid		(24,675)		(16,425)	
Cash paid to and on behalf of directors		(65,470)		(83,464)	
Other cash payments		(51,530)		(73,999)	
Net cash outflow from operating activities	17		(5,167)		(81,053)
Financial investment					
Purchase of investments	10	(2,392,865)		(750,509)	
Sale of investments		747,848		-	
Net cash outflow from financial investment			(1,645,017)		(750,509)
Net cash outflow before financing			(1,650,184)		(831,562)
Financing					
New share issue		2,159,000		5,737,000	
Share issue expenses		(57,863)		(315,535)	
Cancellation of share premium account		-		(10,600)	
Net cash inflow from financing			2,101,137		5,410,865
Increase in cash	18		450,953		4,579,303

Reconciliation of Movements in Shareholders' Funds

	2008 £'000	2007 £'000
Total net assets attributable at 31 January 2007 (5 April 2006)	5,362,304	-
Capital per share issue	2,198,735	5,737,000
Expenses of offer	(98,943)	(315,535)
Fee re cancellation of share premium account	-	(10,600)
Return for the period	187,221	(48,561)
Total net assets attributable at 31 January 2008 (31 January 2007)	7,649,317	5,362,304

The accompanying notes on pages 27 to 36 are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' ("SORP"), issued in December 2005.

b) Investments

The Company did not hold any listed investments at any time during the period under review. In accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), investments in unlisted companies, other than those traded on AIM/OFEX, are valued at fair value by the Directors with reference to the following guidelines:

- Investments which have been made within the last twelve months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case provision against cost is made as appropriate
- Where a company is in the early stage of development, it will normally continue to be held at cost on the basis described above.
- Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation will include cost, provision against cost or net asset value where such factors apply that make one of these methods more appropriate.

Alternatively, where a value is indicated by a material arm's-length transaction by a third party in the shares of a company, the valuation will normally be based on this.

Investments in companies traded on AIM/OFEX will be valued at their bid prices as appropriate.

Realised surpluses or deficits on the disposal of investments and impairments in the value of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves.

c) Income

Dividends receivable on listed equity shares are brought into account on the ex-dividend date. Dividends receivable on unlisted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

d) Expenses

All expenses (inclusive of VAT where appropriate) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are included within the cost of the investment or deducted from the disposal proceeds as appropriate, and with the exception that 75% of the fees payable to IBIS Capital Limited are charged against capital.

e) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising in the revaluation or disposal of investments.

f) Financial instruments

The Company's financial instruments comprise its investment portfolio and cash balances. The Company holds financial assets that comprise investments in unlisted companies. The fair value is not materially different from the carrying value for all financial assets and liabilities.

Notes to the Financial Statements (continued)

2. Income

	2007/08 £	2006/07 £
Interest receivable		
- from liquidity funds	309,549	160,204
- from bank deposits	33,554	29,306
	343,103	189,510

3. Investment adviser's fees

	2007/08 £	2006/07 Restated see note 4 £
IBIS Capital Limited	93,357	54,741
Irrecoverable VAT	16,337	9,580
	109,694	64,321

IBIS Capital Limited has been appointed as the Company's investment adviser. This appointment shall continue until terminated by the expiry of not less than twelve months' notice in writing given by either party to the other at any time after the third anniversary of the last date on which ordinary shares issued pursuant to the prospectus published in February 2006 were admitted to the Official List and to trading on the London Stock Exchange. This appointment may also be terminated in circumstances of material breach by either party.

IBIS Capital Limited receives an annual advisory fee. The fee is payable quarterly in advance, such quarterly fee (exclusive of VAT) being equal to one-quarter of 2.25% of the net asset value of the Company as at the commencement of the quarter but excluding any amount taken into consideration in the calculation of that net asset value which is intended to be distributed to shareholders within that quarter.

The Investment Adviser and each member of the Investment Committee (other than Messrs. Forster and McIntyre who will benefit through their shareholdings in IBIS Capital Limited, the Investment Adviser) will each be entitled to share in a performance related incentive fee equal to 20% of the increase in the Performance Value per ordinary share over an initial period of three years and thereafter each successive period of six months. No fee will be payable unless two tests are met. First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded Performance Value per ordinary share.

Each member of the Investment Committee will be entitled to a 3% share of the performance related incentive fee, save that the Chairman of the Board will be entitled to a share of 3.5%. The Investment Adviser will be entitled to the remaining 81.5% of the performance related incentive fee.

Total annual running costs have been capped at 3.5% of average net assets (excluding the investment adviser's performance related incentive fee, irrecoverable VAT and costs of any significant corporate activity) with any excess being borne by the Investment Adviser.

4. Revised presentation of income statement for period ended 31 January 2007

In the presentation of the income statement in the 2006/07 annual report & accounts, the VAT (£10,000) associated with the Investment Adviser's fees was included in "Other expenses" and not in "Investment adviser's fees". Consequently, all of the VAT asssociated with the Investment Adviser's fees was carried under revenue in the revenue/capital analysis.

It has been decided that, in this year's and future years' financial statements, the VAT associated with the Investment Adviser's fees should be included in "Investment adviser's fees".

Last year's income statement has therefore been represented in this year's financial statements to be consistent with this decision. The changes in presentation are:

- Investment Adviser's fees become £(64,321) rather than £(54,321)
- The revenue/capital analysis of the Investment Adviser's fees becomes £(16,080)/£(48,241) rather than £(14,080)/£(40,241)
- Other expenses become £(173,750) rather than £(183,750)
- The revenue and capital returns attributable to equity shareholders become £(259) and £(48,302) rather than £(8,259) and £(40,302)
- The revenue and capital returns per share become nil and (0.84)p rather than (0.14)p and (0.70)p

5. Other expenses

	2007/08 £	2006/07 Restated see note 4 £
Directors' remuneration	80,740	83,464
Company secretarial fees	21,000	16,425
Auditors' fees – audit services	9,000	9,000
Printing & stationery	5,128	10,348
Other costs	44,702	38,320
Irrecoverable VAT	16,907	16,193
	177,477	173,750

In 2006/07 the auditors also received a fee of £3,750 (exclusive of VAT) from IBIS Capital in respect of their review of the financial statements presented in the Company's prospectus for the offer for subscription which opened on 27 October 2006. No such fee was payable in 2007/08.

The Company has no employees.

Notes to the Financial Statements (continued)

6. Directors' and special adviser's fees

	2007/08 £	2006/07 £
Lucy MacDonald	12,500	12,970
Peter Williams	12,500	12,970
Gary Hughes (special adviser)	12,500	12,970
David Forster	-	-
Charles McIntyre	-	-
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	15,000	15,565
Peter English	12,500	12,970
Simon Jamieson	12,500	12,970
	77,500	80,415
Employer's NICs	3,240	3,049
	80,740	83,464

These sums are shown net of irrecoverable VAT as appropriate

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all of the fee earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

7. Tax on ordinary activities

a) Analysis of tax charge

	2008 £	2007 £
Revenue charge	25,306	(61)
Credited to capital return	(25,306)	61
Current and total tax charge (note (b))	-	-

b) Factors affecting tax charge for the year

Total return on ordinary activities before tax	187,221	(48,561)
Add: unrealised losses/(gains)	41,050	-
Less: non-taxable realised gains	(172,339)	-
Add: transaction costs and investment management expense charged to capital	82,271	48,241
Revenue return on ordinary activities before taxation	138,203	(320)
Corporation tax at 19.84% (2007: 19%)	27,420	(61)
Non-taxable UK dividends	(2,467)	-
Non-allowable expenditure	353	-
Taxation on revenue return	25,306	(61)
Taxation on allowable expenditure charged to capital return	(16,323)	(9,166)
Unrelieved expenses	-	9,227
Utilisation of previous tax losses	(8,983)	-
Credited to capital return	(25,306)	61
Tax charge for year (note (a))	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a venture capital trust.

There is no potential liability to deferred tax (2007: nil). There is an unrecognised deferred tax asset of £453 (2007: £9,227). The deferred tax asset relates to prior year unutilised expenses.

8. Dividends paid and proposed

	2008 £	2007 £
Amounts recognised as distributions to equity holders in the year.	nil	nil

The Directors recommend a final dividend of 1.5p per share (2007: nil) to be paid on 20 August 2008 to all shareholders on the register as at close of business on 1 August 2008. The proposed final dividend is subject to approval by the shareholders at the 2008 annual general meeting and has not been included as a liability in these financial statements.

The total dividend payable in respect of the financial year is set out below.

	2008 £	2007 £
Proposed final dividend - 1.5p per ordinary share (2007: nil)	120,556	nil

9. Return per share

			2007/08			2006/07 Restated - see note 4
	Revenue	Capital	Total	Revenue	Capital	Total
Return per ordinary share	1.51p	0.99p	2.50p	(0.00)p	(0.84)p	(0.84)p

Basic revenue return per share is based on the net revenue profit (2006/07: loss) from ordinary activities after taxation of £112,897 (2006/07: £(259)) and on 7,498,719 (2006/07: 5,681,712) ordinary shares, being the weighted average number of shares in issue during the year. Basic capital return per share is based on the net capital gains (2006/07: losses) after taxation of £74,324 (2006/07: £(48,302)) and on 7,498,719 (2006/07: 5,681,712) ordinary shares, being the weighted average number of shares in issue during the year.

10. Investments

Movements in investments during the year are summarised as follows:

	Venture capital - unquoted £	Venture capital - quoted £	Total £
Book cost at 31 January 2007	750,509	-	750,509
Unrealised gains at 31 January 2007	-	-	-
Valuation at 31 January 2007	750,509	-	750,509
Movements in the year:			
- Purchases at cost	1,695,015	697,850	2,392,865
- Disposals - proceeds	(747,848)	-	(747,848)
- net realised gains/losses	172,339	-	172,339
Movement in unrealised gains/(losses)	-	(41,050)	(41,050)
Valuation at 31 January 2008	1,870,015	656,800	2,526,815
Comprising:			
- Book cost at 31 January 2008	1,870,015	697,850	2,567,865
- Unrealised gains/(losses) at 31 January 2008	-	(41,050)	(41,050)
	1,870,015	656,800	2,526,815

During the period, the company incurred disposal transaction costs of £4,108 (2006/07: £505).

Notes to the Financial Statements (continued)

11. Significant interests

As at the balance sheet date and from the dates of making the investments the Company has held 10% or more in the undernoted investments:

Investment	%age equity holding
Get Me Media	25.0
Heritage House Media Limited	16.5
Skive	14.0

12. Debtors

	31 January 2008 £	31 January 2007 £
Amounts falling due within one year:		
Accrued interest and other accrued income	61,276	-
Prepayments	4,732	4,596
Investment adviser	78,050	49,271
	144,058	53,867

13. Creditors: amounts falling due within one year

	31 January 2008 £	31 January 2007 £
Sundry creditors and accruals	51,812	21,375
	51,812	21,375

14. Called-up share capital

	31 January 2008 £	31 January 2007 £
Authorised:		
30,000,000 Ordinary Shares of 1p each	300,000	300,000
	300,000	300,000
Allotted, called-up and fully paid:		
8,037,764 Ordinary Shares of 1p each	80,378	58,390
(2006/07: 5,839,029)	80,378	58,390

During the year, pursuant to the prospectus dated 27 October 2006, the Company issued 2,198,735 ordinary shares as detailed below:

Allotted, called-up and fully paid:

No of shares		Nominal value, £	Consideration received, £
1,214,180	Ordinary shares issued on 30 March 2007	12,142	1,214,180
301,580	Ordinary shares issued on 5 April 2007	3,016	301,580
313,725	Ordinary shares issued on 12 April 2007	3,137	313,725
65,625	Ordinary shares issued on 8 May 2007	656	65,625
121,125	Ordinary shares issued on 15 October 2007	1,211	121,125
182,500	Ordinary shares issued on 29 October 2007	1,825	182,500
2,198,735	Totals	21,987	2,198,735

15. Reserves

	Share premium £	Special reserve £	Capital reserve (realised) £	Capital reserve (unrealised) £	Revenue reserves £	Total £
At 1 February 2007 *Restated - see note 4*	-	5,352,475	(48,302)		(259)	5,303,914
Share issue	2,176,748					2,176,748
Early subscriber discount						
Share issue expenses	(98,944)					(98,944)
Cancellation of share premium account						
Cancellation fee						
Movement in realised reserves			115,374			115,374
Movement in unrealised reserves				(41,050)		(41,050)
Movement in revenue reserves					112,897	112,897
At 31 January 2008	2,077,804	5,352,475	67,072	(41,050)	112,638	7,568,939

16. Net asset value per share

The net asset value per ordinary share at the period end was as follows:

	2007/08 Net asset values attributable		2006/07 Net asset values attributable	
	Net assets	Net assets per share	Net assets	Net assets per share
Ordinary shares (basic)	£7,649,317	95.17p	£5,362,304	91.83p

Net asset value per share is based on net assets at the period end and on 8,037,764 (2006/07: 5,839,029) ordinary shares, being the number of shares in issue at the period end.

17. Reconciliation of net return before taxation to net cash outflow from operating activities

	2007/08 £	2006/07 £
Net revenue before taxation for the period	138,203	(320)
Investment adviser's fees charged to capital	(82,271)	(48,241)
Outstanding balance of offer fee charged to share premium	(1,345)	-
(Increase) in debtors	(90,191)	(53,867)
Increase in creditors and accruals	30,437	21,375
Net cash outflow from operating activities	(5,167)	(81,053)

18. Analysis of changes in net funds

	Cash £	Liquid funds £	Total £
As at 1 February 2007	(25,901)	4,605,204	4,579,303
Cash flows	320,863	130,090	450,953
As at 31 January 2008	294,962	4,735,294	5,030,256

Notes to the Financial Statements (continued)

19. Financial instruments

The Company's financial instruments comprise:

- Equity and fixed-interest investments, and units in open-ended investment companies
- Cash balances and liquid resources

Investments are made in a combination of equity and loans. Surplus funds are held on bank deposit or in listed money market instruments. It is not the company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value. For quoted investments this is bid price. In respect of unquoted investments, these are valued by the directors in accordance with current industry guidelines. Where no reliable fair value can be estimated, unquoted investments are carried at cost subject to provision for impairment where necessary. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 January 2008:

	2008 (Book value) £	2008 (Fair value) £	2007 (Book value) £	2007 (Fair value) £
Assets at fair value through profit and loss				
Investment portfolio	2,526,815	2,526,815	750,509	750,509
Current investments	4,735,294	4,735,294	4,605,204	4,605,204
Cash at bank	294,962	294,962	(25,901)	(25,901)
Loans and receivables				
Accrued income	61,275	61,275	-	-
Other debtors	82,783	82,783	53,867	53,867
Other creditors	(51,812)	(51,812)	(21,375)	(21,375)
	7,649,317	7,649,317	5,362,304	5,362,304

Unquoted investments account for 74.0% of the investment portfolio (2007: 100%). The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 33.0% (2007: 14.0%) of net assets at the year-end.

Current investments are money market funds which represent 61.9% (2007: 85.9%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are credit risk, market price risk, interest rate risk and liquidity risk. All assets and liabilities are denominated in sterling, hence there is no currency risk.

Credit risk

Credit risk is managed by settling all transactions on the basis of delivery against payment.

Market price risk

The Board manages the market risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk and by ensuring full and timely access to relevant information from the Investment Committee. The Investment Committee reviews the investment performance and financial results, as well as compliance with the Company's investment objectives. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities which are sufficient to meet any funding commitments which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year and the Company's net asset value per share by £252,682 and 3.15p respectively.

Interest rate risk

Some of the Company's financial assets are interest bearing, some of which are at fixed rates and some at variable. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest bearing investments. The Company does not use derivative instruments to hedge against interest rate risk.

As at 31 January 2008, the Company's financial assets by value, excluding short-term trade debtors and creditors as permitted by Financial Reporting Standard 25 "Financial Instruments: Disclosure and Presentation", comprised:

Financial assets	£	%	Interest rate	Weighted average interest rate, %	Weighted average period for which rate is fixed, years
Venture capital investments					
- Ordinary shares	1,717,604	22.7	n/a	n/a	n/a
- Loan stock (fixed rate)	100,000	1.3	Fixed	Nil for first three years & then 20	Indefinitely from end of third year
- Loan stock (fixed rate)	709,211	9.4	Fixed	12	5 years + 1 day
Liquidity funds	4,735,294	62.7	Floating	5.8	n/a
Bank deposits	294,962	3.9	Floating	4.6	n/a
	7,557,071	100.0			

It is estimated that a one percentage point fall in interest rates would have reduced profit before tax for the year by 28.1%. The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and thus are not readily realisable. At times the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments. The Company invests its surplus funds in high quality liquidity funds which are all accessible on an immediate basis.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for shareholders.

As a VCT, the Company must have, and must continue to have, within three years of raising its capital at least 70% by value of its investments in VCT qualifying holdings which are a relatively high risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction, the Company may adjust dividends, return capital to shareholders, issue new shares or sell assets to maintain the level of liquidity to remain a going concern.

Notes to the Financial Statements (continued)

20. Post balance sheet events

In April 2008, the Directors accepted an application to subscribe for 10,000 shares at £1 per share. The shares were allotted on 5 April 2008.

In May 2008, the Company made a further follow-on investment of £179,473 in Heritage House as part of a round of fundraising of £650,000 to finance the company's further development.

21. Geographical analysis

The operations of the Company are wholly in the United Kingdom.

22. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company as at 31 January 2008.

23. Transactions with the Investment Adviser

During the year ended 31 January 2008 (period ended 31 January 2007), the Company incurred costs of £258,725 (£412,209) (exclusive of VAT) payable to IBIS Capital, the Investment Adviser:

- £98,943 (£315,535) as a fund-raising fee in respect of the Company's offer for subscription. IBIS Capital met all the costs of the offer from this fee.
- £159,782 (£96,674) as an investment advisory fee.

As at 31 January 2008 (31 January 2007), the Investment Adviser owed the Company £66,426 (£41,933) (exclusive of VAT) in respect of the cap on the Company's annual running expenses. Under the Company's agreement with the Investment Adviser, this sum is paid by deduction from the Investment Adviser's fee for the year ending 31 January 2009 (31 January 2008).

Details of the Investment Adviser's fee arrangements are given in Note 3.

Notice of Annual General Meeting

Notice is hereby given that the second annual general meeting of IBIS Media VCT 1 plc will be held at 6.00pm on 30 June 2008 at 22 Soho Square, London W1D 4NS for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 9 will be proposed as Ordinary Resolutions and Resolutions 10 and 11 will be proposed as Special Resolutions):

Ordinary Business

1. To receive the Directors' and the Independent Auditors' Reports and the Company's financial statements for the year ended 31 January 2008.
2. To declare a final dividend of 1.5p per share in respect of the year ended 31 January 2008.
3. To approve the Directors' Remuneration Report for the year ended 31 January 2008.
4. To re-elect Mr Peter English as a director of the Company.
5. To re-elect Mr David Forster as a director of the Company.
6. To re-elect Mr Simon Jamieson as a director of the Company.
7. To re-appoint Scott-Moncrieff as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Directors to fix the remuneration of the auditors.

Special Business

As Special Business, to consider and, if thought fit, to pass the following Resolutions:

9. (i) That the Directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (as amended) (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £12,057 during the period commencing on the passing of this resolution and expiring on the earlier of the date of the annual general meeting of the Company to be held in 2009 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry; and

   (ii) That all previous authorities given to the Directors in accordance with section 80 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

Special Resolutions

10. The Directors be and are hereby empowered pursuant to Section 95(1) of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 94(2) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act by the Resolution 9 set out in this notice of Annual General Meeting as if section 89(1) of the Act did not apply to such allotment provided that this power shall expire on the date falling 15 months after the date of the passing of this resolution and provided further that this power shall be limited to the allotment and issue of equity securities in connection with:

    (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10% of the issued ordinary share capital where the proceeds of the allotment are to be used in whole or in part to purchase the Company's Ordinary Shares, and

    (ii) the allotment of equity securities from time to time with an aggregate nominal value of up to but not exceeding 5% of the issued Ordinary Share capital of the Company.

11. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make market purchases (as defined in section 163(3) of the Act) of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:

    (i) The maximum aggregate number of Ordinary Shares hereby authorised to be purchased is an amount equal to 14.99% of the issued ordinary share capital of the Company from time to time;

    (ii) The minimum price which may be paid for an Ordinary Share is 1p per share, the nominal amount thereof;

    (iii) The maximum price which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market prices shown in the quotations for an ordinary share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;

Notice of Annual General Meeting (continued)

(iv) The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the annual general meeting of the Company to be held in 2009 and the date which is 15 months after the date on which this resolution is passed; and

(v) The Company may make a contract or contracts to purchase its own Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By order of the Board

The City Partnership (UK) Limited
Secretary

30 May 2008

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can appoint a proxy only by using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN or by fax to 01252 719232; and
   - received by Share Registrars Limited no later than 27 June 2008 at noon.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

   Send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by Share Registrars Limited no later than 27 June 2008 at noon. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the following text, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
9. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at noon on 27 June 2008 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after noon on 27 June 2008 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. Biographical details of the Directors are given on page 4 of the Annual Report and Financial Statements.
11. The issued share capital of the Company at the date of this notice is 8,047,764 ordinary shares. The total number of voting rights in the Company is 8,047,764.
12. The following documents are available for inspection at the registered office of the Company:
    - The Directors' letters of appointment
    - Register of the Directors' interests in the share capital of the Company

Form of Proxy
IBIS Media VCT 1 plc

Annual General Meeting – 30 June 2008

I/We...
(block capitals, please)

of ....

being a member of IBIS Media VCT 1 plc, hereby appoint (see note 3)

....

or failing him/her, the chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the second annual general meeting of the Company to be held on 30 June 2008, notice of which was sent to shareholders with the annual report and financial statements for the year ended 31 January 2008, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

No.	Resolution	For	Against	Vote withheld
1	To receive the financial statements for the period ended 31 January 2008			
2	To declare a dividend of 1.5p per share in respect of the year ended 31 January 2008			
3	To approve the Directors' Remuneration Report in respect of the year ended 31 January 2008			
4	To re-elect Mr Peter English as a director of the Company			
5	To re-elect Mr David Forster as a director of the Company.			
6	To re-elect Mr Simon Jamieson as a director of the Company.			
7	To reappoint Scott-Moncrieff as independent auditors			
8	To authorise the Directors to fix the remuneration of the independent auditors			
9	To authorise the Directors to allot shares pursuant to Section 80 of the Companies Act 1985			
10	To disapply Section 89 of the Companies Act 1985 in relation to the allotment of equity securities.			
11	To authorise the Company to make market purchases of ordinary shares in accordance with Section 166 of the Companies Act 1985.			

Signed: .... Date:...2008

Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN or by fax to 01252 719232; and
   - received by the Company no later than 27 June 2008 at noon.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
12. The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

Attendance indication

Shareholders who intend to attend the annual general meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I intend to attend the annual general meeting at 6.00pm on 30 June 2008 at 22 Soho Square, London W1D 4NS ☐

Signed: .... Date: 2008

Second Fold

Business Reply Service:
GI 2155

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Share Registrars Limited
Craven House
West Street
Farnham
Surrey
GU9 7BR

First Fold

Third fold and tuck in.

Corporate Information

Directors (all non-executive)

Independent
Sir Robin W Miller (Chairman)
Peter D English
Lucy H MacDonald
John P Williams
Simon D A Jamieson

Not independent
David C K Forster
Charles A McIntyre

All of the registered office and principal place of business of IBIS Media VCT 1 plc
22 Soho Square
London
W1D 4NS

VCT web site: www.ibismediavct.com

Reporting Calendar
for year ending 31 January 2009

Year end:	31 January 2009
Results announced:	Interim – August 2008 Annual – April 2009
Annual general meeting	June 2009

IBIS Media VCT 1 plc (incorporated in England and Wales registration number: 5660269) is an investment company as defined under Sections 265 and 266 of the Companies Act 1985.

Investment Adviser
IBIS Capital Limited
22 Soho Square
London
W1D 4NS

Secretary
The City Partnership (UK) Limited
Thistle House
21 Thistle Street
Edinburgh
EH2 1DF
Telephone: 0131 220 8226
Email: help@thecitypartnershipuk.com

Registrars
Share Registrars Limited
Craven House
West Street
Farnham
Surrey
GU9 7EN

Bankers
Barclays Bank plc
1st Floor
99 Hatton Garden
London
EC1N 8DN

Sponsor & Broker
Brewin Dolphin Investment Banking
34 Lisbon Street
Leeds
LS1 4LX

Auditors
Scott-Moncrieff
Chartered Accountants
17 Melville Street
Edinburgh
EH3 7PH

Solicitors
Martineau Johnson
No 1 Colmore Square
Birmingham
B4 6AA

VCT Status Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
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