



IBIS Media VCT 1 plc

Offer for subscription of up to
804,776 new ordinary shares of 1p each

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YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 13-14 OF THIS DOCUMENT

Important notes

This document, which constitutes a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000, has been approved, for the purposes of that section only, by IBIS Capital Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom pursuant to the Financial Services and Markets Act 2000.

In approving this document IBIS Capital Ltd is acting solely for IBIS Media VCT 1 plc and no one else and will not be responsible to anyone other than IBIS Media VCT 1 plc for providing the protections afforded to clients of IBIS Capital Limited or for providing commercial advice in relation to the subject matter of this document.

There is no guarantee that the investment objective of IBIS Media VCT 1 plc will be achieved. If you are in any doubt as to what action to take, you should contact an independent financial adviser who specialises in advising on the acquisition of shares and other securities. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances.

No person has been authorised to issue any advertisements, give any information, or make any representations in connection with the Offer for Subscription, other than those contained in this document and, if issued, given or made such advertisements, information or representations must not be relied upon as having been authorised by IBIS Media VCT 1 plc.

Last year the Company paid a final dividend of 1.5p per Share in respect of the year ended 31 January 2009. The Board has targeted a final dividend, again of 1.5p per Share, in respect of the year ended 31 January 2010. Any final dividend will be payable to all existing shareholders and subscribers to the Offer whose shares are allotted in the current tax year.

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Definitions

Board	the board of directors of the Company
Company	IBIS Media VCT 1 plc
Eligible Shares	ordinary shares which carry no present or future preferential right to dividends or to the assets of an investee company on its winding up, and no present or future right to be redeemed
First Closing Date	3.00 pm on 2 April 2010
Final Closing Date	3.00pm on 16 April 2010
Issue Price	the price at which New Shares are allotted as determined on the basis explained on page 9 of this document.
Investment Adviser	IBIS Capital Limited
Net Asset Value or NAV	the unaudited value of the Company's assets less its liabilities as determined by the Company from its internal management accounts prepared by IBIS Capital Ltd
New Shares	ordinary shares of 1p each in the Company being offered for subscription not exceeding 804,776
Offer or Offer for Subscription	this offer for New Shares in the Company
Offer Period	the period beginning on the date of this document and ending on the Final Closing Date
Shares	the existing ordinary shares of 1p each in the Company
Shareholders	the holders of Shares
VCT	venture capital trust, as defined by section 259 Income Tax Act 2007
VCT Rules	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

Chairman's Letter

Since its launch in 2006, IBIS Media VCT 1 plc has made considerable progress towards establishing itself as a leading specialist VCT, with its focus on the media sector. The Company's VCT qualifying holdings now represent some 76% by value of its investments.

In my statement which accompanied the interim results for the six months ended 31 July 2009, I said that the steady performance of the Company's portfolio during an extremely challenging period and the quality and volume of the investment possibilities being seen by the Investment Adviser together with valuation expectations meant that the Board was considering the possibility of a further fund raising. I am pleased to be able to report that the pipeline of investment opportunities has remained strong and that the Board now believes that there will be significant investment opportunities in both new investments as well as follow-on investments in existing portfolio companies which should enhance the overall performance of the Company in the future. The Board has therefore decided to seek further funds through a top-up offer.

In the nine month period ended 31 October 2009, the valuation of the Company's portfolio of qualifying holdings had increased from an opening valuation of £3,823,792 (audited) – 95.06% of the portfolio's cost – to a valuation of £4,446,097 (unaudited) – 96.03% of the portfolio's cost. As at the Company's year-end, 31 January 2010, a further £880,000 had been invested, comprising £30,000 in Masher and £850,000 in a new portfolio company called Steel River Media. The Investment Adviser believes that the audited portfolio valuations at 31 January 2010 will confirm the steady performance of the Company's portfolio.

The Offer for Subscription described in this document enables subscribers to access the Company's established and diversified pool of investments whilst, dependent on their own personal tax circumstances, benefiting from VCT tax reliefs including up to 30% income tax relief on the amount subscribed. In addition, subscribers to the Offer will receive any final dividend declared in respect of the year ended 31 January 2010 if they subscribe in the current tax year. The Board has targeted a final dividend of 1.5p per Share for the year.

Members of the Board and the Investment Adviser intend to subscribe in aggregate at least £100,000 for New Shares under the Offer.

Further details of the Offer are given on page 9.

Investment policy

The investment policy of IBIS Media VCT 1 plc, as laid out in its original prospectus, 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 Board and the Company's investment committee are primarily targeting investments in privately owned companies, suitable opportunities to acquire VCT qualifying investments in smaller AIM and PLUS quoted stocks will also be considered where there is the potential to achieve the level of return targeted by the Board. The Board also stated its intention 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.

The Company has subsequently invested in nine investee companies, of which eight remain in the current portfolio, with one successful exit already achieved. This portfolio, as planned, gives investors exposure to a wide range of media sub-sectors across a spread of early stage and more mature businesses.

Details of the Company's portfolio are given in the Investment Adviser's Report.

VCT status of the Company

The Company has satisfied all the VCT tests to which it is subject. The Company was required, under these tests, to have at least 70% by value of its investments in VCT qualifying holdings by no later than 31 January 2009. As at 31 January 2010, approximately 76% by value of its investments were in VCT qualifying Holdings.

Enquiries

If you have any questions concerning the Offer you should contact your independent financial adviser or IBIS Capital Limited on 020 7070 7080

Sir Robin Miller

Chairman of the Company

8 March 2010

Investment Adviser's Report

The portfolio of IBIS Media VCT 1 plc comprises investments in eight companies: Get Me Media, Skive Group, Riva Digital Media, Freshwater, Heritage House Media, Masher Technologies, Polyview Media and Steel River Media, the holding company for Contagious.

The Board's strategy is to structure its investments so as to provide a degree of protection, where it is able to do so, to the underlying investment. This protection is typically achieved by subscribing for a mixture of ordinary shares and loan notes in a portfolio company.

The following is a review of the portfolio as at 31 January 2010. Individual valuations are not given because they are currently subject to audit. The unaudited valuations would support the continued steady performance reported at the half-year, 31 July 2009 and in the Company's interim management statement as at 31 October 2009.

Get Me Media

Initial investment:	22 January 2007
Follow-on investment:	28 May 2009
Investment:	£560,000 comprising a mixture of ordinary shares and unsecured loan notes

Get Me Media, which trades as Getmemedia.com, is an online directory of marketing and media spend ideas. The company helps marketers and their agencies find relevant and up to date marketing opportunities for their brands. The company serves two needs: 1) for media owners, it gives them a shop window to promote their inventory of media opportunities to advertisers and their agencies, from whom the media owners hope to attract a share of marketing spend; and 2) for advertisers and their agencies, it gives them an easily navigable and searchable database of alternative media and ideas for their marketing campaigns.

Against the backdrop of a tough economic climate, Get Me Media has made good progress increasing both the number of users of the site as well as the number of ideas being posted to the system. Ideas on the site have grown from approximately 900 in February 2009 to approximately 1,400 in January 2010. Membership has increased from approximately 4,790 to approximately 9,000 over the same period.

Get Me Media has established itself as an important online platform for marketing ideas with strong acceptance within the media industry.

Skive Group

Date of initial investment:	21 May 2007
Date of follow-on investment:	2 November 2009
Investment:	£650,000 comprising a mixture of ordinary shares and convertible unsecured loan notes

Skive Group is a creative digital marketing agency, which trades in the market through two companies Skive Creative and Soup Digital. Their businesses deliver websites and interactive content for a wide range of clients, including Nestle, Sky, Vodafone, Publicis Modem and TBWA. Skive has a particular strength and reputation for high quality interactive 'desktop' games produced on a bespoke basis for client marketing campaigns. Skive received a number of awards for its work in 2009 including Best Interactive Advertisement and Best Advergame by the British Interactive Media Association. Soup was acquired in July 2009 and is a complementary digital creative agency with offices in London and Norwich.

New business wins have been encouraging and year-on-year revenue growth for 2009 has been significant, with similar profit growth once the costs associated with the acquisition are excluded. The group is well positioned to benefit from the continued demand for agencies with strong creative skills in digital media.

Riva Digital Media

Date of initial investment:	23 May 2007
Dates of follow-on investments:	17 December 2007 and 11 February 2010
Investment:	£345,015 in ordinary shares and £4,500 unsecured loan on 11 February 2010 after the Company's year end

Riva Digital Media's core activity is the design, production and distribution of Epacs. 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.

Since launch, Riva Digital Media has struggled to establish Epacs as a widely used consumer application for the consumption of mixed digital media. The original business model, that required significant web traffic to generate advertising income as well as a charging model for premium content, has not worked as originally envisaged. In response the management cut costs significantly while the business model was redeveloped.

Riva Digital Media has now developed a new version of the Epac which allows producers of applications for mobile devices ("Mobile Apps") to re-version the content for use on a PC. For example, Paul McKenna has agreed to re-purpose a number of Mobile Apps on subjects such as "I Can Make You Sleep" and "I Can Make You Thin" for the PC using Epacs. Riva Digital Media will receive a commission for each downloaded Paul McKenna Epac.

The new business model has not yet been launched so the outcome of the re-launch remains uncertain.

Freshwater

Date of investment:	18 July 2007
Date of follow-on Investment:	2 July 2009
Investment:	£725,210 in ordinary shares

Freshwater, which is an AIM listed company, is a public relations led marketing group with teams operating in the UK and Ireland across five specialist areas. The company has four support divisions offering: marketing, graphic design and media buying; conferences; training and coaching; and, interactive and online media. In July 2009, Freshwater announced the acquisition of Life Communications, which extended the group's reach to Ireland.

The recession has had an impact on Freshwater's ability to deliver profitable growth. The company has a high level of operational gearing which has meant the reductions in revenue have had a disproportionate effect on profits and cash generation.

The company announced its full year results to 31 August 2009 on 16 November 2009. The results showed revenues declining by 11% to £6.7m and EBITDA by 56% to £0.61m. The company made a subsequent trading statement on 22 December 2009 which indicated that in the three month period to 30 November 2009 there had been further delays in certain projects for clients resulting in revenues for the period being 14% below board expectations. However, on 24 February 2010 Freshwater was able to announce in its AGM statement: "that the improvement in the Group's profitability in December, as reported in the recent Notice of Annual General Meeting, has continued during the first two months of 2010 and that the Group is trading in line with the Board's expectations. As a whole, the Group's second quarter (December 2009 to February 2010) has been significantly better than the first quarter due to a combination of a small increase in revenue and the impact of ongoing cost savings. This is particularly satisfying as December and January are traditionally weak months for revenue in most divisions."

While this latest news is encouraging, Freshwater's share price remains at depressed levels. Notwithstanding, the Investment Adviser believes that Freshwater is well positioned within its marketplace and that profits should recover with a moderate improvement in the UK economy.

Heritage House Media

Date of initial investment:	6 September 2007
Follow-on investments:	30 November 2007, 27 May 2008, 1 December 2008 and 17 February 2010
Investment:	£1,104,473 as at 31 January 2010 and a further £150,000 on 17 February 2010 after the Company's year end

Heritage House Media was created through three acquisitions in 2007: Hudson's Historic Houses and Gardens, the UK's only annually updated guide to historic houses; the assets of Heritage House Group's publishing and souvenir businesses; and, the purchase of the Jarrold contract publishing business from NPI Media. These businesses have been integrated into the group, albeit at a slower rate than was originally envisaged. Following the completion of these acquisitions the company has launched a number of new initiatives including publishing the Visit Britain accommodation guides and the launch of Open Britain, which will provide directories for disabled access, region by region, across the UK.

The group's trading has been impacted by the current economic climate and revenues in 2009 fell year-on-year. The area of business that was most impacted was the publishing of guide books to the heritage market, which suffered from a reduced order rate as compared to historical levels. The company is expecting an improvement in this publishing area as the economy recovers. The publishing contract with Visit Britain made a strong contribution in 2009, which allowed Heritage House Media, with careful cost management, to improve year-on-year profitability in 2009. Additional investment from Heritage House's shareholders has recently been made to improve the capitalisation and working capital of the group for the forthcoming year.

Heritage House Media is a leader in its field within the UK heritage publishing market and from this platform has developed a number of visitor directory businesses which create the potential for future growth.

Masher

Date of initial investment:	14 July 2008
Date of follow-on investment:	2 November 2009
Investment:	£475,000 in ordinary shares and unsecured loan notes

Masher produces an online video editing and messaging tool designed to be used in conjunction with online social networking communities; it is a B2C widget and application with simple and intuitive drag and drop functionality. Masher is a spin-off from BBC Worldwide. Through a content licensing agreement with the BBC, it offers its users access to a catalogue of video and audio content.

The key development in 2009 for Masher has been the commercial agreement with the pan-European social network site Netlog. Netlog has approximately 50 million users spanning Western Europe, Turkey and Saudi Arabia. To date the Masher application has been rolled out in English, French, Italian, Turkish and Arabic. By the beginning of February 2010 Masher had over 50,000 registered users. Masher generates revenues from selling advertising on its website as well as licensing its application to other commercial users. For example, the Masher application was used by Nike to promote its award winning five-a-side football campaign.

Masher is an early stage company that has now established its application within the social networking market. Masher is currently seeking to raise additional funds to develop further the functionality of its application and to market the Masher platform more widely.

Polyview

Date of Initial Investment:	17 November 2008
Investment:	£800,000 comprising ordinary shares and loan notes

Polyview, which was launched in 2006, has three principal strands to its business: the European Lawyer magazine, legal reference books and online legal procurement services. The European Lawyer is sold by means of subscription to European law firms and plays an important role in developing brand recognition for the sale of other related products published by Polyview. The reference books cover specialist legal topics and are also sold principally to European legal firms.

The online platform operates in two areas: the consumer search and comparison site takelegaladvice.com and the recently launched site procurelaw.com, which provides a legal tendering and briefing platform for corporate legal services. The consumer site, takelegaladvice.com generates income from providing business leads to legal firms. Procurelaw.com provides a platform for the general counsel of a corporation to manage, wholly online, the tendering process for new legal instructions.

Since the date of the company's initial investment Polyview has grown significantly with substantial year-on-year revenue growth in 2009. The Board of Polyview expects the company to reach profitability in the current year.

Steel River Media being the holding company of Contagious

Date of initial investment:	12 January 2010
Investment:	£850,000 in ordinary shares

Contagious, which was launched in 2004, is a respected global intelligence resource reporting on innovative marketing techniques and the impact of emerging technologies on brands. Contagious' clients include some of the world's leading advertisers such as Diageo, Nestle, Nokia, Microsoft, Toyota and P&G as well as range of advertising agencies including Leo Burnett Worldwide, Ogilvy & Mather, Y&R, and Lowe Worldwide.

Contagious' offering includes a magazine, DVD and online resource, covering topics such as: branded content, mobile marketing, social networking, user-generated content, video games and emerging technologies. Contagious complements its core offering with a bespoke online intelligence resource and alerts service for advertisers and agencies. Separately, Contagious also provides interactive workshops and briefings on developments in the wider communications sector.

The overall proposition of the business is to identify ideas, trends and innovation behind the world's most revolutionary marketing strategies.

The investment by IBIS Media VCT 1 plc has only recently completed but the early indications of the company's progress on product sales have been encouraging.

Details of the Offer

Offer for Subscription

The Board has approved an Offer for Subscription for up to 804,776 New Shares thereby raising approximately £800,000 in the Company. The New Shares will rank pari passu with the existing Shares in the Company.

Last year the Company paid a final dividend of 1.5p per Share in respect of the year ended 31 January 2009. The Board has targeted a final dividend of 1.5p per Share in respect of the year ended 31 January 2010. Any final dividend will be payable to all existing shareholders and subscribers to the Offer whose shares are allotted in the current tax year.

Timetable

The Offer for Subscription is now open.

The Offer will be open until the earlier of (i) the date on which the Board determines that the Offer is fully subscribed (in which case a regulatory information service release will be made confirming the same) and (ii) the First Closing Date, 3.00pm on 2 April 2010, in respect of applications for allotment of New Shares in respect of the 2009/10 tax year and the Final Closing Date, 3.00pm on 16 April 2010, in respect of applications for allotment of New Shares in respect of the 2010/11 tax year. The Board reserves the right to close the Offer earlier or to extend the Offer Period and to accept applications and issue New Shares at any time prior to any of the closing dates. The Offer is not underwritten and New Shares may be issued notwithstanding that the Offer is not fully subscribed. It is intended that the Company will make an allotment of New Shares on the First Closing Date and a final allotment on the Final Closing Date, although the Board reserves the right to allot New Shares on or before either of these closing dates. Where New Shares are allotted the following timetable is expected to apply from the date of allotment:

Hearing of Application to admit New Shares to the Official List	Day 2
Dealing in New Shares commences	Day 3
Share and tax certificates despatched	Day 10

Minimum investment

The minimum investment for New Shares is £5,000. The Board reserves the right to accept subscriptions for lower amounts. Subject to this minimum, subscribers may apply for any amount of New Shares but should note that the maximum investment that can be made in order to qualify for the personal tax reliefs available from a VCT is currently £200,000 per person per tax year.

Issue Price

New Shares in the Company will be issued at a price calculated on the basis of the following pricing formula:

the latest published Net Asset Value per Share prior to the date of allotment divided by 0.95 to allow for issue costs of 5.0%, rounded up to the nearest 0.5 pence per share.

The number of New Shares allotted will be calculated by dividing the amount subscribed by the Issue Price as determined by this pricing formula, rounded down to the nearest new ordinary share. The application of this pricing formula avoids the need to announce repeatedly the price of the New Shares during the Offer Period and makes clear the basis on which the price of the New Shares will be determined.

For illustration purposes only, based on the unaudited NAV as at 31 October 2009 the Issue Price of New Shares would be as follows:

	NAV per Share at 31 October 2009 (pence)	Divided by 0.95 to allow for Offer costs (pence)	Issue Price Rounded up to the nearest 0.5 pence	Effective price per Share after 30% income tax relief (where applicable) (pence)
Subscription of new cash	89.5	94.21	94.5	66.15

The final price may be higher or lower than set out above as it will be determined by the last published NAV per Share prior to the day of allotment. The Board will set the Issue Price in accordance with this pricing formula so as to avoid any dilution in the NAV of the existing Shares when the New Shares are issued. The Company provides

periodic financial and valuation information through its interim management statements, half yearly reports and annual reports. Copies of the most recent published documents are available by visiting <http://www.ibiscapital.co.uk/investor-relations.asp>

Launch costs

The Investment Adviser has agreed to underwrite all the costs of the Offer in return for a fee of 5.0% of the gross funds raised. Out of this fee, the Investment Adviser will be responsible for paying all of the costs of the Offer including commissions payable to financial intermediaries.

Management and incentive fee on the New Shares

Under the terms of the management agreement between the Investment Adviser and the Company the Investment Adviser is entitled to an annual advisory fee payable quarterly in advance; such quarterly fee being equal to 1/4 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 the Net Asset Value which is intended to be distributed to Shareholders within a quarter.

The Investment Adviser and each member of the Company's investment committee (other than David Forster and Charles McIntyre who will benefit through their shareholdings in the Investment Adviser) are each entitled to share in a performance related incentive fee equal to 20% of the increase in the performance value per Share over the three year period ending 31 January 2009 and thereafter each successive period of six months. No fee is payable unless two tests are met. First, a performance hurdle must be achieved that requires that a performance value per Share should exceed 150 pence and that the cumulative cash distributions are not less than 60 pence per Share. Second, the performance value per Share must be higher than the highest previously recorded performance value per Share. For these purposes the performance value per Share is calculated by dividing the weighted average of the total number of Shares in issue since the period in respect of which a performance related incentive fee was last earned (or since the closing date of the offer for subscription in 2006 if none has yet been earned). No such fees have been earned to date.

Each member of the investment committee is entitled to a 3% share of the performance related 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 performance related incentive fee.

Total annual running costs are 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.

Application form

An application form and explanatory notes on how to complete it can be found at the end of this document. Subscribers should also carefully review the terms and conditions of the Offer on pages 15-17. In order to ensure that your application reaches the receiving agent as soon as possible, you may send a scanned and signed PDF copy of the application form by e-mail to Claudia.Lloyd@thecitypartnershipUK.com or by facsimile to 0131 777 8086 and remit the subscription monies by bank transfer using the details set out below:

Bank:	Barclays Bank plc
Branch:	Broadgate 2 London Corporate Banking
Sort Code:	20 77 67
Account Number:	70649953
Account Name:	IBIS Media VCT 1 plc Offer Account

Valid applications sent by either of these methods will be deemed to have been received on the date that the e-mail or facsimile transmission is received. In all cases, the applicant's original application form must be sent or delivered by post to The City Partnership (UK) Limited at the address below before any New Shares will be issued. The postal address for application forms is: The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF. All payments must be made in pounds sterling by electronic transfer, cheque or banker's draft drawn on an account with a UK or European Union regulated credit institution, and which is in the sole or joint name of the investor and must bear the appropriate sort code in the top right hand corner. Cheques and banker's drafts should be made payable IBIS Media VCT Offer Account and crossed "A/C payee only". Your attention is drawn to the statements concerning the Money Laundering Regulations in the terms and conditions of subscription.

Tax Considerations

Part 1 - Tax considerations for investors

The following is only a summary of the law concerning the tax position of individual investors in VCTs. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

(a) Income tax

- (i) An investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. To obtain relief an investor must subscribe on his own behalf although the New Shares may subsequently be transferred to a nominee. The relief is given at the rate of 30% on the amount subscribed regardless of whether the investor is a higher rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.
- (ii) An investor who acquires in any tax year VCT shares (including New Shares) having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.
- (iii) An individual purchaser of existing Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).
- (iv) Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period.

(b) Capital gains tax

- (i) A disposal by an investor of New Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.
- (ii) An individual purchaser of existing Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b (i) above).

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

Part 2 – Conditions to be met by Venture Capital Trusts

The Company must satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below.

1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must: (a) not be a close company; (b) have each class of its ordinary share capital quoted on the London Stock Exchange; (c) derive its income wholly or mainly from shares or securities; (d) have at least 70% by VCT Value of its investments in shares or securities in Qualifying Investments, of which 30% by VCT Value must be in ordinary shares which carry no preferential rights to dividends, assets on a winding-up and no rights to be redeemed; (e) have at least 10% by VCT Value of each Qualifying Investment in ordinary shares which carry no preferential rights to dividends or assets on a winding-up and no rights to be redeemed; (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and (g) not retain more than 15% of its income derived from shares and securities in any accounting period.

2. Qualifying Investments

A qualifying investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Parts 3 and 4 of Chapter 6 of the Tax Act and for which no more than £1 million was subscribed by any one VCT in any one tax year (nor more than £1 million in any period of 6 months straddling two tax years).

The conditions are detailed but include that the company must be a qualifying company, have gross assets not exceeding £7 million immediately before and £8 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Incentive Scheme in any rolling 12 month period

3. Qualifying Company

A qualifying company must be unquoted (for VCT purposes this includes a company whose shares are traded on PLUS and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the qualifying company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). The trade must be carried on wholly or mainly in the UK but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A qualifying company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51% owned.

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

Changes to the VCT rules

Venture capital trusts were granted State Aid approval by the European Commission in April 2009. That approval was subject to a number of changes being made to the VCT rules. In his 2009 pre-budget report on 6 December 2009, the Chancellor proposed draft legislation, which if approved by Parliament, is designed to implement these changes. Investors who are in any doubt as to the impact of these changes should consult an appropriately qualified tax adviser.

RISK FACTORS

Existing and prospective investors should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, or investors in the Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in doubt should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks:

- The value of Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Investment in the Company should be seen as a long term investment.
- The past performance of funds managed by individual members of the Board or its investment committee or the Investment Adviser, is not necessarily an indication of the future performance of the Company.
- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the Company's portfolio. The value of the investments and income derived from them can rise and fall.
- The level of returns from an investment in the Company may be less than expected if there is delay in the investment programme, such that all or part of the net proceeds of the Offer are held in cash or near cash investments for longer than expected. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.
- Although the existing Shares issued by the Company have been (and it is anticipated that the New Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, the underlying Net Asset Value. Such a discount may be exacerbated by the availability of income tax relief on the issue of new VCT shares.
- While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the 30% income tax relief obtained; loss of income tax relief on dividends paid (or subsequently payable) by the Company; loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company; a liability to capital gains tax on the disposal of Shares; and the loss of the Company's listing on the Official List.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.
- If an investor who subscribes for Shares disposes of those Shares within five years, the investor is likely to be subject to claw back by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position fully to protect its interests.
- Investment in smaller and unquoted companies involve a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller company securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of a company which may restrict that company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds raised after 5 April 2006 must invest in smaller companies with gross assets of not more than £7 million prior to the investment and £8 million post investment. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period.
- Although the Investment Adviser is currently seeing a strong flow of opportunities, there can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.

Terms and Conditions of Subscription

1. The contract created by the acceptance of applications in the manner herein set out will be conditional on the admission of the New Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities unless otherwise so resolved by the Board. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the Company in a separate client account.
2. The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.
3. By completing and delivering an application form, you (as the applicant):
 - a) irrevocably offer to subscribe for the amount of money specified in your application form which will be applied to purchase New Shares, subject to the provisions of (i) these Terms and Conditions and (ii) the Memorandum and Articles of Association of the Company;
 - b) authorise the Company's registrars to send definitive documents of title for the number of New Shares for which your application is accepted and to procure that your name is placed on the register of members of the Company in respect of such New Shares and authorise the receiving agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your application form;
 - c) in consideration of the Company agreeing that it will not, prior to the final closing date of the Offer, offer any Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked until the final closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery by hand of your application form duly completed to the Company's receiving agent, The City Partnership (UK) Limited;
 - d) understand that your cheque or banker's draft will be presented for payment on receipt, and agree and warrant that it will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive certificates for New Shares applied for or to enjoy or receive any rights or distributions in respect of such New Shares unless and until you make payment in cleared funds for such New Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such New Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such New Shares as void and may allot such New Shares to some other person in which case you will not be entitled to any refund or payment in respect of such New Shares (other than return of such late payment);
 - e) agree that monies subscribed for New Shares will be held for the account of the Company pending allotment of New Shares (which may not take place until several weeks after cleared funds have been received) and that all interest thereon shall belong to the Company and further that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;
 - f) agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - g) agree that, in respect of those New Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by notice of acceptance thereof by The City Partnership (UK) Limited;
 - h) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the application form;

- i) confirm that you understand that this document does not contain all the information which is required to make an informed assessment as to the merits of investing in the Company and that accordingly you have, to the extent you have thought appropriate, made such further enquiries as you deemed necessary or desirable and you agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any information which is not contained in this document and on which you may have relied in making a decision to invest;
 - j) confirm that you have reviewed the restrictions contained in paragraph 4 below and warrant as provided therein;
 - k) warrant that you are not under the age of 18 years;
 - l) agree that such application form is addressed to the Company, IBIS Capital Limited and The City Partnership (UK) Limited;
 - m) agree to provide the Company and/or The City Partnership (UK) Limited with any information which either may request in connection with your application and/or in order to comply with the Venture Capital Trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);
 - n) warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, IBIS Capital Limited, or The City Partnership (UK) Limited acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
 - o) agree that neither the Company nor IBIS Capital Limited will regard you as its customer by virtue of you having made an application for New Shares or by virtue of such application being accepted; and
 - p) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring New Shares and that the New Shares are being acquired for bona fide commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
4. No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of New Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the United Kingdom. No person receiving a copy of this document or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such application form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such application form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application for New Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
 5. The basis of allocation will be determined by the Company in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out below. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an application form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer will be suspended if at any time the Company is prohibited by statute or other regulations from issuing the New Shares.

6. Authorised financial intermediaries who, acting on behalf of their clients, return valid application forms bearing their address and FSA number will normally be paid either 3% initial commission on the amount payable in respect of the New Shares allocated for each such application form or 2.25% initial commission on the amount payable and, provided that the intermediary continues to act for the client and the client continues to hold Shares equal to the number of New Shares subscribed (plus any existing Shares already held), an annual trail commission of 0.375% of the amount payable in respect of the New Shares allocated for each such application form. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 1.5% of the sum subscribed by the applicant.
7. Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived.

Lodging of application forms and dealing arrangements

Completed application forms with the appropriate remittance must be posted or delivered by hand to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF. The Offer opens on 8 March 2010 and will close at 3.00pm on 2 April 2010 in the case of applications for the 2009/2010 tax year and at 3.00pm on 16 April 2010, in the case of applications for the 2010/11 tax year, or in each case earlier if fully subscribed or at the discretion of the Directors. The Directors in their absolute discretion may also decide to extend the Offer. If you post your application form, you are recommended to use first class post and to allow at least two business days for delivery.

Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

Application Procedures

Before making any application to acquire New Shares you are strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

To fill out the Application Form:

BOX 1

Insert your full name and address in BLOCK CAPITALS. Individuals can only apply on their own behalf and in their own name. You must be the beneficial owner of the New Shares issued to you pursuant to the Offer. You must not use a nominee name, as this will jeopardise your entitlement to tax reliefs. You must also give your own address, full postcode, date of birth and National Insurance Number. Telephone numbers will only be used in case of a query with regard to your application.

BOX 2

Insert (in figures) the total amount you wish to invest. Your application must be for a minimum of £5,000 and thereafter in multiples of £1,000.

If you are paying by cheque please make it payable to "IBIS Media VCT Offer Account" and crossed "A/C Payee Only".

Cheques must be honoured on first presentation. A separate cheque must accompany each application. The cheque or banker's draft must be drawn in sterling on an account at a bank branch or building society in the United Kingdom or the Channel Islands and bear a bank sort code number in the top right hand corner. You may, if you wish, use a personal cheque drawn by someone else, in which case your full name and address should be written on the back of the other person's cheque. Additionally, if you use a building society cheque or banker's draft, you should write the name, address and date of birth of the person named in Box 1 of the application form on the back of the cheque or banker's draft. Any monies not accepted will be returned by the applicant's cheque or banker's draft or by sending a cheque crossed "A/C Payee Only" in favour of the applicant.

BOX 3

Sign and date the form. If the form is signed on your behalf by an attorney or other agent, that person should state on the form the capacity in which they are signing and the original power(s) of attorney or a copy thereof duly certified by a solicitor must be enclosed for inspection and will be returned in due course.

Money Laundering Notice – Important

If the application is for the Sterling equivalent of Euro15,000 or more (or is one of a series of a linked applications the value of which exceeds that amount) the verification requirements of the Money Laundering Regulations will apply and verification of the identity of the applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delay of confirmation. If The City Partnership (UK) Limited has previously received the appropriate documents, you will not need to provide them again.

If the application is for the Sterling equivalent of Euro15,000 or more (or is one of a series of a linked applications the value of which exceeds that amount), the identity of the applicant must be verified and (if a cheque is drawn by a third party) of that third party, as set out under A or B below.

A Verification of the applicant's identity may be provided by means of a "Letter of Introduction" from an IFA or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EC financial institution (such as a bank). The City Partnership (UK) Limited will supply specimen wording on request;

or

B If an application is made direct (not through an IFA), you must ensure that the following documents are enclosed with the Application Form:

1. a certified copy of either the passport or the driving licence of the applicant (and cheque payer if different); and
2. an original bank or building society statement or utility bill (no more than 3 months old), or recent tax bill, in the name of the applicant (and cheque payer if different).

Copies should be certified by a solicitor or bank. Original documents will be returned by post at your risk.

Application Form

IBIS Media VCT 1 PLC (“the Company”)

This application form should be completed in full and sent by post or by hand addressed to: The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF so as to arrive as soon as possible but in any case no later than 3.00 p.m. on 2 April 2010 in the case of applications for the 2009/10 tax year and no later than 3.00 p.m. on 16 April 2010 in the case of applications for the 2010/11 tax year. You may also send a scanned and signed PDF copy of the application form by e-mail to Claudia.Lloyd@thecitypartnershipUK.com or by facsimile to 0131 777 8086 and remit the subscription monies by bank transfer using the details set out on page 10. Valid applications sent by either of these methods will be deemed to have been received on the date that the e-mail or facsimile transmission is received. In all cases, the applicant’s original application form must be sent or delivered by post to City Partnership (UK) Limited at the address above before any New Shares will be issued.

Before completing this application form you should read the terms and conditions of subscription on pages 15 to 17 and the application procedures on page 18.

The application list will open on 8 March 2010 and will be closed at any time thereafter (provided the Offer is fully subscribed or otherwise at the Directors’ discretion) but not later than 5.00 p.m. on 16 April 2010 (unless the closing date is extended by the Directors).

BOX 1

Title: Mr/Mrs/Ms/Miss/Dr/Other	
Forenames	
Surname	
Address	
Postcode	
Telephone (work)	Telephone (home)
Email address	
Date of Birth	National Insurance Number

I offer to subscribe for the following amount in the Company on the terms and conditions of application as set out in the Offer document dated 8 March 2010 and subject to the Memorandum and Articles of Association of the Company. Applications must be for a minimum of £5,000 and thereafter in multiples of £1,000.

BOX 2

Total	Tax year 2009/10	Tax year 2010/11
£	£	£

I enclose a cheque or banker’s draft drawn on a UK clearing bank, made payable to “IBIS Media VCT Offer Account”.

Yes / No (Please delete as appropriate.)

I have remitted the subscription monies by bank transfer.

Yes / No (Please delete as appropriate.)

BOX 3

Signature of Applicant	Date
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Intermediaries to complete. FSA No. must be quoted

<i>Name of Financial Adviser:</i>	
Title Mr/Mrs/Ms/Miss _____	
Forenames _____	
Surname _____	
Email address _____	Telephone _____
 <i>Name of Administrator/Support Staff:</i>	
Title Mr/Mrs/Ms/Miss _____	
Forenames _____	
Surname _____	
Email address _____	Telephone _____
FSA number and full address details of IFA firm: 	

Please state your choice of initial commission - 3% or 2.25% of the applicant's subscribed sum (the latter being accompanied by annual trail commission of 0.375% of the subscribed sum subject to a cumulative maximum of 1.5%).

3%	2.25%
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For either choice, please state the amount of initial commission (e.g. nil, 1%, all) that you wish to be waived and invested in additional New Shares for your client.

If commission is to be paid to a network or head office, please give details:

Bank: _____
Account Name: _____
Sort Code: _____
Account Number: _____

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

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 243 7210

Email: help@thecitypartnershipuk.com

Registrars

Share Registrars Limited

Suite E, First Floor

9 Lion and Lamb Yard

Farnham

Surrey

GU9 7LL

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

VCT Status Adviser

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

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London W1D 4NS

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