



IBIS Media VCT 1 plc

Half-year report

for the six months ended 31 July 2009



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Financial Summary

Period ended	31 July 2009	31 July 2008	31 January 2009
Net assets	£7,202,969	£7,518,974	£7,423,978
Net asset value per share	89.50p	93.43p	92.25p
Investment income	£66,410	£187,572	£341,146
Return on ordinary activities before tax			
- Revenue	£(31,577)	£78,508	£130,685
- Capital	£(68,715)	£(216,132)	£(239,652)
- Total	£(100,292)	£(137,624)	£(108,967)
Return per share			
- Revenue	(0.39)p	0.81p	1.34p
- Capital	(0.85)p	(2.55)p	(2.76)p
- Total	(1.24)p	(1.74)p	(1.42)p
Dividend per share declared in respect of the period			
- Revenue	Nil	Nil	1.0p
- Capital	Nil	Nil	0.5p
- Total	Nil	Nil	1.5p
Share price at end of period	90p	100p	95p

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 targeting 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 targeted 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

A year ago, this statement read: "At a time when the "credit crunch" has significantly reduced the value of many UK companies with the media sector being particularly affected, it is reassuring to report that the carrying value of our portfolio of venture capital investments is largely unaffected." After a second testing year, it is pleasing to confirm not only that this remains the case but also that the majority of our investee companies are continuing to grow their businesses.

In July 2009, we paid a second dividend of 1.5p per share.

Financial Performance

In the six months ended 31 July 2009, our net asset value per ordinary share has decreased by 2.98% from 92.25p to 89.50p. The payment of a second dividend of 1.5p per share accounted for a decrease of 1.63%, with a six month loss of £100,292 accounting for the balance. The most significant elements in the period loss were: (i) the considerable reduction in the returns on cash held in liquidity funds pending its investment in venture capital opportunities; and, (ii) an unrealised capital loss of £29,905 in the valuation of the venture capital investment portfolio.

The greatest valuation movement was the decrease in the valuation of our holding in Freshwater, an AIM-quoted stock. In valuing its investments, the Company follows the International Private Equity and Venture Capital Valuation Guidelines which recommend that a quoted stock be carried at bid price. Freshwater's bid price fell from 36p at 31 January 2009 to 29p at 31 July 2009. That said, we believe the company is performing satisfactorily and that the fall in the bid price is temporary rather than indicative of any fundamental shortcoming in the business. It was for this reason that we invested a further £27,360 in Freshwater. It is, therefore, encouraging to note that, as at the date of this statement, Freshwater's bid price stands at 38.5p, an increase of 9.5p, or 32.8%, per share since 31 July.

Portfolio Review

Since 1 February 2009, we have invested £237,360, of which £210,000 was a follow-on investment in Get Me Media and the balance of £27,360 was a follow-on investment in Freshwater. There have been no realisations.

In the same period, the valuations of two of our investments increased, the valuations of three of our investments were unchanged and there were decreases in the valuations of the remaining two investments in our portfolio, producing an unrealised capital loss of £29,905 in the valuation of the venture capital investment portfolio. Details of these movements may be found in the Investment Portfolio Summary on page 6 and summarised information on our investee companies and their activities may be found in the Investment Adviser's Review on pages 4 and 5 and the Venture Capital Investments copy on pages 7 to 9.

Our investment adviser, IBIS Capital Limited, reports a healthy pipeline for new investments and has alerted the Company's investment committee to the high probability of further follow-on investment opportunities as a number of our existing investee companies look to accelerate or consolidate their growth.

As at the date of this statement, we have committed to two follow-on investments: an investment of £300,000 in Skive and an investment of £100,000 in Masher.

Corporate Developments

During the period, the Company has satisfied all the VCT tests to which it is subject.

The Company is required, under these tests, to have at least 70% by value of its investments in VCT qualifying holdings by no later than 31 January 2010. To satisfy this requirement it is estimated that the Company would need to invest approximately £890,000 in such holdings in the six month period from 1 August to 31 January 2010. As stated above, we have already committed to further investments of £400,000 of which £300,000 is in a qualifying holding. A number of other investment opportunities are well-advanced and we are confident the investment requirement will be achieved.

One consequence of the current severe economic climate is the heightened probability of it taking longer than was originally thought to realise our investments profitably. This, in turn, raises the prospect of there being several years during which the funds currently under management will be fully invested in venture capital opportunities and the Company will have no money to develop the portfolio further. Given the steady performance of our portfolio during an extremely challenging period and the quality and volume of the investment possibilities being seen by IBIS Capital together with valuation expectations the board is questioning whether the Company's shareholders would be better served if there were money available for investment during these years. Our consideration of the possibility of further fund-raising will be concluded comparatively soon.

Outlook

These are challenging times in which to develop a healthy venture capital portfolio and we continue to view the immediate future with a degree of caution. However, we believe that we have laid the foundations of a sound investment portfolio. IBIS Capital will continue to work closely with the management teams of our investee companies to help them steer their businesses safely through the current climate and to take full advantage of the economic upturn when it comes; and, with the close co-operation of the Company's investment committee, will continue the search for investment opportunities that will further develop and enhance the value of our portfolio.

Thank you for your continued support.

Sir Robin Miller

Chairman

25 September 2009

Investment Adviser's Review

Investment Overview

The economic climate for most media companies has continued to remain challenging. However, against this backdrop we believe that the IBIS portfolio of investments has continued to hold up well. In the first half of our new financial year we have made two further follow-on investments: one in Get Me Media, and the other in Freshwater. The investment in Get Me Media was to provide additional development capital while the investment in Freshwater was to provide finance for an acquisition and additional working capital. We are also pleased to report that Skive was able to announce in July the acquisition of a complementary digital creative advertising agency, which will expand the group's client base and service offering.

The pipeline of new investment opportunities both within our existing portfolio and with new companies remains encouraging. We would expect to make a number of further investments before the end of the financial year.

IBIS' investments are valued in accordance with the International Private Equity and Venture Capital Guidelines. During the 6 month period ending 31 July 2009 we have seen a decrease of 2.98% in IBIS' net asset value, from 92.25 pence to 89.50 pence per share.

The decline, as it relates to the investment portfolio, has been caused principally by a further fall in the share price of Freshwater, the public relations led marketing group, which is the Company's only AIM quoted qualifying investment. However, as referenced in the Chairman's Statement, Freshwater's share price has bounced sharply since 31 July 2009, the date when the NAV per share was calculated.

New Investments completed in the Period

Follow-on Investment in Get Me Media (May 2009)

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 advertising and marketing opportunities for their brands.

In May this year we announced that we had invested a further £210,000 in Get Me Media in order to provide the company with development capital to accelerate the growth of the core business and fund the launch of new initiatives. We were also able to announce that Sir Robin Miller, who is the non-executive chairman of IBIS, was joining Get Me Media's board as non-executive chairman.

Get Me Media has made good progress since the date of our follow-on investment. The company continues to build the number of media owners and advertising agencies signed up to its online platform. Usage of the site remains strong, with unique users in the 6 months to 31 July 2009 being over 40% higher than for the same period last year.

The total investment in Get Me Media is £560,000.

Follow-on Investment in Freshwater (July 2009)

Freshwater is a public relations led marketing group with teams operating in five UK regions and now also in Ireland. On 2 July 2009, Freshwater announced the acquisition of Life Communications, a public relations and marketing agency based in Belfast and Dublin. The company also announced a placing of 1,305,881 new ordinary shares to raise £0.47 million, of which £300,000 went to fund the cash element of the initial consideration for the acquisition. IBIS made a follow-on investment of £27,360 in the placing as we remain supportive of the company's strategy of creating an integrated public relations marketing group with a regional focus.

There has been no trading update since the company's published interim report in May, when it stated that its second half had started well.

The company is steadily building a brand which, as we reported in the last Annual Report, has been recognised with an award from PR Week, the industry's leading trade journal. With the increased scale and recognition of the business, we would expect the company to extend its specialist expertise to a wider group of clients as well as becoming more efficient in the provision of those services.

The total investment in Freshwater is £725,210.

Investment Portfolio Summary

as at 31 July 2009

Company	As at 31 July 2009			As at 31 January 2009		
	Cost £	Valuation £	% of net assets by value	Cost £	Valuation £	% of net assets by value
Get Me Media	560,000	672,836	9.34	350,000	427,224	5.75
Skive	350,000	605,323	8.40	350,000	595,456	8.02
Riva	345,015	69,003	0.96	345,015	69,003	0.93
Freshwater	725,210	260,130	3.61	697,850	295,560	3.98
Heritage House	1,104,473	1,248,955	17.34	1,104,473	1,261,549	16.99
Masher	375,000	375,000	5.21	375,000	375,000	5.05
Polyview	800,000	800,000	11.11	800,000	800,000	10.79
Total venture capital investments	4,259,698	4,031,247	55.97	4,022,338	3,823,792	51.51
Total fixed asset investments	4,259,698	4,031,247	55.97	4,022,338	3,823,792	51.51
Net current assets		3,171,722	44.03		3,600,186	48.49
Net assets		7,202,969	100.00		7,423,978	100.00

Venture Capital Investments

as at 31 July 2009

Get Me Media

Date of Initial Investment:	22 January 2007
Investment:	£350,000 comprising a mixture of ordinary shares and unsecured loan notes
Date of Follow-on Investment:	28 May 2009
Investment:	£210,000 of ordinary shares
Total Investment:	£560,000

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.

Skive

Date of Initial Investment:	24 May 2007
Investment:	£350,000 of ordinary shares

Skive is a creative digital marketing agency. Skive delivers websites and interactive content for a wide range of clients, including Nestlé, 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. In July 2009, Skive announced the acquisition of Soup, a complementary digital creative agency with offices in London and Norwich.

Riva

Date of Initial Investment:	23 May 2007
Investment:	£300,000 of ordinary shares
Date of Follow-on Investment:	17 December 2007
Investment:	£45,015 of ordinary shares
Total Investment:	£345,015

Riva'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 customised information.

Venture Capital Investments

(continued)

Freshwater

Date of Investment:	18 July 2007
Investment:	£697,850 of ordinary shares
Date of Follow-on Investment:	2 July 2009
Investment:	£27,360 of ordinary shares
Total Investment:	£725,210

Freshwater is a public relations led marketing group with teams operating in the UK and Ireland across five specialisms. 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.

Heritage House

Date of Initial Investment:	6 September 2007
Investment:	£825,000, comprising a mixture of ordinary shares and loan notes
Date of Follow-on Investment:	30 November 2007
Investment:	£175,000 (Subsequently realised on 14 December 2007 for a modest gain)
Date of Follow-on Investment:	27 May 2008
Investment:	£179,473
Date of Follow-on Investment:	1 December 2008
Investment:	£100,000
Total Investment:	£1,279,473

Heritage House is a publisher and provider of guidebooks and souvenirs that focus on heritage houses, castles, gardens, museums, galleries and other historical institutions. Although the market for Heritage House remains encouraging, with the current year seeing good growth in the numbers of domestic and overseas visitors to UK tourist attractions, including stately homes, the company has experienced some slippage in elements of its publishing schedules.

Masher

Date of Initial Investment:	14 July 2008
Investment:	£375,000, comprising a mixture of ordinary shares and unsecured loan notes

Masher is an online application that allows users to create personal videos which combine content provided by the BBC together with their own videos and photos. The resulting "mashed" video can be further enhanced with the addition of music and digital effects before being uploaded to a social networking site or emailed to friends. Masher is a B2C (business to consumer) widget application with simple and intuitive drag and drop functionality.

Polyview

Date of Initial Investment:	17 November 2008
Investment:	£800,000 comprising a mixture of ordinary shares and loan notes with warrants attached

Polyview operates the law firm search and comparison website TakeLegalAdvice.com, which provides B2B and B2C services in the UK legal market. The company seeks to address consumer concerns relating to the selection of legal representation, whilst offering law firms access to new business in a cost effective manner. It provides a confidential and verisign secure matching service to individuals and businesses looking to appoint a law firm.

In February 2009, Polyview acquired the business and assets of European Lawyer which included 21 legal reference books, guides and directories.

Responsibility Statement of the Directors in respect of the Half-Year Financial Report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board
- The Chairman's Statement (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R of the "Disclosure and Transparency Rules", being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements
- The "Statement of Principal Risks and Uncertainties" on page 11 is a fair review of the information required by DTR 4.2.7R, being a description of the principal risks and uncertainties for the remaining six months of the year
- The financial statements include a fair review of the information required by DTR 4.2.8R of the "Disclosure and Transparency Rules", being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

The City Partnership (UK) Limited

Company Secretary

25 September 2009

Statement of Principal Risks and Uncertainties

The Company's assets consist of equities and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors' Report, the Statement of Corporate Governance and Note 18 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 31 January 2009. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Related Parties

IBIS Capital Limited ("Investment Adviser") has been appointed as the Company's investment adviser. The Investment Adviser receives an annual advisory fee of 2.25% of the net asset value of the Company. The Investment Adviser also bears any excess of the total modified annual running costs over a cap of 3.5% of the Company's average net asset value. These arrangements are described in more detail in Note 3 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 31 January 2009. During the period the Company has incurred investment advisory fees of £81,434 (exclusive of VAT) and it is estimated that the Investment Adviser owes the Company £29,688 (exclusive of VAT) in respect of the cap on the Company's annual running costs. 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 2011.

Income Statement (unaudited)

for the six months ended 31 July 2009

	Six months ended 31 July 2009			Six months ended 31 July 2008			Year ended 31 January 2009		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Realised gains on investments	-	-	-	-	-	-	-	-	-
Unrealised gains on investments	-	(29,905)	(29,905)	-	(164,200)	(164,200)	-	(157,496)	(157,496)
Income	66,410	-	66,410	187,572	-	187,572	341,146	-	341,146
Investment adviser's fees	(12,937)	(38,810)	(51,747)	(17,311)	(51,932)	(69,243)	(27,385)	(82,156)	(109,541)
Other expenses	(85,050)	-	(85,050)	(91,753)	-	(91,753)	(183,076)	-	(183,076)
Return on ordinary activities before tax	(31,577)	(68,715)	(100,292)	78,508	(216,132)	(137,624)	130,685	(239,652)	(108,967)
Taxation on ordinary activities	-	-	-	(13,682)	11,413	(2,269)	(22,800)	17,594	(5,206)
Return attributable to equity shareholders	(31,577)	(68,715)	(100,292)	64,826	(204,719)	(139,893)	107,885	(222,058)	(114,173)
Transfer to reserves	(31,577)	(68,715)	(100,292)	64,826	(204,719)	(139,893)	107,885	(222,058)	(114,173)
Return per share	(0.39)p	(0.85)p	(1.24)p	0.81p	(2.55)p	(1.74)p	1.34p	(2.76)p	(1.42)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.

Balance Sheet (unaudited)

as at 31 July 2009

	31 July 2009 £	31 July 2008 £	31 January 2009 £
Fixed assets			
Investments	4,031,247	2,742,088	3,823,792
Current assets			
Debtors	296,380	275,805	219,988
Cash at bank	2,921,165	4,565,038	3,518,899
Creditors: amounts falling due within one year	(45,823)	(63,957)	(138,701)
Net current assets	3,171,722	4,776,886	3,600,186
Net assets	7,202,969	7,518,974	7,423,978
Capital and reserves			
Called-up share capital	80,478	80,478	80,478
Share premium	2,087,255	2,087,255	2,087,254
Special reserve	5,271,997	5,352,475	5,312,236
Capital reserve – realised	(36,299)	26,554	2,510
Capital reserve – unrealised	(228,451)	(205,250)	(198,546)
Revenue reserve	27,989	177,462	140,046
Equity shareholders' funds	7,202,969	7,518,974	7,423,978
Net asset value per share	89.50p	93.43p	92.25p

Reconciliation of Movement in Shareholders' Funds (unaudited)

for the six months ended 31 July 2009

	Six months ended 31 July 2009 £	Six months ended 31 July 2008 £	Year ended 31 January 2009 £
Opening shareholders' funds	7,423,978	7,649,317	7,649,317
Capital per share issues	-	10,000	10,000
Expenses of share issues	-	(450)	(450)
Dividend	(120,717)	-	(120,716)
Return on ordinary activities after tax	(100,292)	(139,893)	(114,173)
Closing shareholders' funds	7,202,969	7,518,974	7,423,978

Cash Flow Statement (unaudited)

for the six months ended 31 July 2009

Period ended	31 July 2009		31 July 2008		31 Jan 2009	
	£	£	£	£	£	£
Operating activities						
Investment income received	30,210		143,249		266,191	
Interest received	21		4,536		4,864	
Investment adviser's fees paid	(87,578)		(149,584)		(112,166)	
Company secretarial fees paid	(12,650)		(12,925)		(25,850)	
Cash paid to and on behalf of directors	(64,457)		(43,736)		(87,679)	
Other cash payments	(37,898)		(31,520)		(58,384)	
Net cash outflow from operating activities		(172,352)		(89,980)		(13,024)
Financial investment						
Purchase of investments	(304,666)		(379,473)		(1,387,167)	
Sale of investments	-		-		-	
Net cash outflow from financial investment		(304,666)		(379,473)		(1,387,167)
Dividends						
Equity dividends paid	(120,716)		-		(120,716)	
Net cash outflow from dividends		(120,716)		-		(120,716)
Net cash outflow before financing		(597,734)		(469,453)		(1,520,907)
Financing						
Share issues	-		10,000		10,000	
Share issue expenses	-		(5,765)		(450)	
Cancellation of share premium a/c	-		-		-	
Net cash inflow from financing		-		4,235		9,550
Increase in cash		(597,734)		(465,218)		(1,511,357)

Notes to the Interim Financial Statements

1. Accounting Policies

The unaudited interim financial statements which cover the six months ended 31 July 2009 have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory financial statements of the Company for the year ended 31 January 2009.

2. Return per Share

The return per share has been calculated based on a weighted average number of shares in issue for the six months ended 31 July 2009 of 8,047,764 (31 July 2008: 8,044,248).

3. Net Asset Value per Share

The net asset value per share has been calculated based on 8,047,764 shares being the number of shares in issue as at 31 July 2009 (31 July 2008: 8,047,764).

4. During the six months ended 31 July 2009 the Company did not issue any shares. During the period the Company did not buy back any shares.

5. The financial information for the period ended 31 July 2009 has not been audited and does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 January 2009 were unqualified. No statutory accounts in respect of any period after 31 January 2009 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

6. Copies of this Half-Year Report have been mailed to shareholders and are available to the public at the Company's registered office.

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

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IBIS Media VCT 1 plc

Incorporated in England and Wales under the Companies Act 1985 with registered number: 5660269

Reporting Calendar

Annual Report for year ending

31 January 2010 published May 2010

Annual general meeting June 2010

Half-year report for six months ending 31 July 2010 published September 2010

Bankers

Barclays Bank plc

1st Floor

99 Hatton Garden

London

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Sponsor & Broker

Brewin Dolphin Investment Banking

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