



**IBIS Media VCT 1 plc**  
Annual Report & Financial Statements  
for the year ended 31 January 2011

Incorporated in England and Wales  
with registration number 5660269

# Contents

Financial Summary & Investment Policy	1	Directors' Report	18	Cash Flow Statement	35
Chairman's Statement	2	Directors' Remuneration Report	24	Reconciliation of Movements in Shareholders' Funds	36
The Board, Investment Committee & Investment Adviser	4	Statement of Corporate Governance	26	Notes to the Financial Statements	37
Investment Adviser's Review	6	Statement of Directors' Responsibilities	30	Notice of Annual General Meeting	47
Investment Portfolio	15	Report of the Independent Auditor	31	Corporate Information	49
Venture Capital Investments	16	Income Statement	33	Form of Proxy	51
		Balance Sheet	34		

## Financial Summary

Year ended 31 January	2011	2010
Net assets	£8,419,249	£7,588,410
Net asset value per share	94.46p	94.29p
Investment income	£25,475	£128,819
<b>Return on ordinary activities before tax</b>		
- Revenue	£(164,434)	£(68,566)
- Capital	£315,069	£353,714
- Total	£150,635	£285,148
<b>Return per share</b>		
- Revenue	(1.88)p	(0.85)p
- Capital	3.60p	4.40p
- Total	1.72p	3.55p
<b>Dividend per share declared in respect of the year</b>		
- Revenue	Nil	Nil
- Capital	1.5p	1.5p
- Total	1.5p	1.5p
Share price at end of year	£0.86	£0.88

## Investment Policy

The 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 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

### Company Overview

Since my statement in the annual report last year, it is pleasing to note that there has been a steady improvement in the general state of the media sector. So for example, the FTSE All-share media index over the last year has increased by approximately 26%. Interestingly the same index is now ahead by approximately 5% of where the index was when we first launched the IBIS Media VCT back in February 2006. However, uncertainty surrounding the UK economy has cooled any signs of irrational exuberance.

The Company's portfolio has held its value well since launch and now comprises investments in nine companies diversified across multiple sub-sectors and with a strong focus on digital media.

For the second year in a row, our portfolio enjoyed an unrealised gain in value of over £400,000. Several of our investments are nearing that stage at which realisations become more probable and, encouragingly, there are signs of increased merger and acquisition activity within the media sector.

Key features of the Company's year included:

- > An increase of £416,851 in the valuation of the investment portfolio
- > An increase in net asset value per share from 94.29p to 94.46p
- > Payment of a dividend of 1.5p per share
- > The investment of £750,000 in a new holding and £580,631 of follow-on investments
- > A top-up offer and share issue which raised over £850,000

- > The launch of the first share realisation and reinvestment programme structured as linked tender and open offers in the VCT sector; and the launch of an offer for subscription. (At time of writing, over £1 million has been raised.)

The Company's shareholders who invested in tax year 2005/06 and recovered the full income tax relief of 40p per £1 subscribed, have now received 44.5p per share and the net asset value per share of their holding was 94.46p as at 31 January 2011.

### Financial Performance

The Board, in consideration of the Company's financial performance and taking account of the comparatively long-term nature of the Company's investments, pays particular attention to the net asset value total return per share performance against the FTSE All-share media index (which the Investment Adviser considers to be the most appropriate broad equity market index for comparative purposes) and the total expense ratio.

The Company's return attributable to its shareholders was £150,635. This comprised a revenue return of £(164,434) and a capital return of £315,069, the latter being made up of a realised loss of £(101,782) – the element of the Investment Adviser's fee allocated to capital – and an unrealised gain of £416,851. The revenue return was depressed by a decision to exchange some debt and its associated accrued income for additional equity – hopefully, a sacrifice of short-term revenue for a significantly greater realised gain in the slightly longer-term.

The Company's net assets increased by £830,839. This increase comprised a net amount of £813,901 which was raised from several share allotments, a profit for the year of £150,635 and a total dividend payment of £133,697. The dividend which was paid in the year was a final dividend in respect of the year ending 31 January 2010 of 1.5p per share, bringing the total cumulative dividend paid per share to 4.5p. Therefore, the net asset value per share increased by 0.17p, an increase of 0.18%, and the net asset value total return per share increased from 97.29p to 98.96p, an increase of 1.72%.

Over the year ended 31 January 2011, the FTSE All-share media index rose by 26.38%. A graph comparing the Company's net asset value total return per share and share price total return per share against the total return from a notional investment of 100p in the FTSE All-share media index ("Index") from the date of the Company's launch to 31 January 2011 is given on page 25. If consideration were taken of the maximum income tax relief for which our shareholders were eligible, then the net asset value total return per share would be increased by a further 40p or 30p (depending on the date of investment) and the Company's net asset value total return per share would comfortably outperform the Index.

The Company's total expense ratio rose from 3.4% to 3.6%. The previous year's ratio of 3.4% was achieved largely because of the one-off recovery of VAT associated with the Investment Adviser's fees – the ratio for the year ended 31 January 2009 was 3.9% putting the ratio of the year under review in a truer perspective.

### Dividends

During the year, the Company paid a dividend of 1.5p per share which was a final dividend in respect of the year ended 31 January 2010. At the forthcoming annual general meeting, a final dividend of 1.5p per share will be proposed in respect of the year ended 31 January 2011. Should this dividend be approved, then the Company's cumulative dividend will be 6.0p per share.

### Investment Performance

Ten investments totalling £1,330,631 were completed during the year increasing the cost of the Company's venture capital portfolio from £5,509,698 to £6,840,329. There was one new investment of £750,000, with the remaining nine investments being follow-on investments.

No investments were realised during the year; and the carrying value of the venture capital investments increased by £416,851 taking the market value of the portfolio to £7,465,571 as at 31 January 2011.

The Company's cash, pending its investment in qualifying venture capital holdings, was invested in a number of liquidity funds with the emphasis on capital preservation.

A full report on the performance of the Company's investments is given in the Investment Adviser's Review.

### Corporate Activity

In January 2011, the Company launched a share realisation and reinvestment programme structured as linked tender and open offers and

became the first VCT to do so. The programme gave all shareholders the opportunity to sell their shares to the Company at the most recently published net asset value per share provided the proceeds of the sale were reinvested in new shares, which investment carried income tax relief of 30%. Shares which were allotted on or before 5 April 2006 could be sold without jeopardising the up-front income tax relief of 40% associated with their acquisition whereas if shares allotted after 5 April 2006 were sold then the associated income tax relief was put at risk.

76.3% of the shares allotted on or before 5 April 2006 were tendered under the programme suggesting a highly encouraging level of shareholder loyalty for which the board is very grateful. It has also persuaded the Board to consider how best to make such a programme available to all shareholders as their shareholdings reach the end of the minimum period (currently five years) for which shares must be held to secure the initial income tax relief.

An offer for subscription was also launched and is still open. At the time of writing, over £1 million has been raised.

### Outlook

The success of the year's top-up offer, which raised over £0.85m, and the £1.00m raised under the currently open offers will allow the Company to give further support to several of its existing investments and to consider further investment in the year ending 31 January 2012. An increasing priority, however, will be to work with the

managements of investee companies to identify the business opportunities which should result in successful exits for the Company and suitable returns for its shareholders.

Consideration will also be given to the opportunities raised by the Government's announcement of the following changes (all of which are conditional on the outcome of negotiations with the European Commission to secure State Aid clearance and, if accepted, will take effect from 6 April 2012) in the VCT sector:

- > The "headcount" test will be raised from 50 to 250 employees
- > The gross assets test for eligible investments will be raised from £7 million to £15 million
- > The amount any one qualifying company can receive in a twelve month period from VCTs (or other State Aid approved schemes) will be raised from £2 million to £10 million

The Board is grateful for the support of the Company's shareholders and would encourage them (or their advisers) to contact the company secretary on 0131 243 7210 with any questions which they may have about either the Company or their shareholdings in it. The Investment Adviser also maintains a website for the Company which may be accessed at [www.ibismediavct.com](http://www.ibismediavct.com).

**Sir Robin Miller**  
Chairman

31 May 2011

## The Board, Investment Committee & Investment Adviser

### The Board

**Sir Robin Miller**, independent non-executive chairman

Robin Miller is a non-executive director of The Racing Post and Time Out Group, chairman of IBIS Media VCT 1 plc, Edge Performance VCT plc, Get Me Media Limited, Golf Club Network, Crash Media Group and Butler Tanner & Dennis; is a director of Bikesportnews.com and a Trustee of the Golf Foundation and Riders for Health.

Robin was formerly chief executive (1985-98 and 2001-03) and chairman (1998-2001) of Emap plc, a leading international media group in consumer and trade publishing, commercial radio, music TV channels and events.

In 2003, Robin became senior media adviser to HgCapital, and was involved in the successful disposal of Boosey & Hawkes and Clarion Events Limited. He has also been non-executive director of Channel Four Television (1999-2006), and was chairman of their New Business Board, was non-executive chairman of the HMV Group (2004-2005), senior non-executive director at Mecom Group plc (2005-2009), chairman of Entertainment Rights plc (2008-2009), and Setanta Sports in 2009.

**Peter English**, independent non-executive director

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

Lucy Macdonald is a managing director and member of the board of RCM (UK), a subsidiary of Allianz Global Investors. She has been the Chief Investment Officer, Global Equities, of RCM since 2001. She is responsible for £6.3 billion of global equity funds. Previously, she was a director of Baring Asset Management and head of UK specialist funds. She has 24 years of investment experience.

**Peter Williams**, independent non-executive director

Peter Williams recently retired from the position as Finance Director of Daily Mail and General Trust plc ("DMGT") that he had held since 1991. DMGT is a leading UK-based media company with a market capitalisation of approximately £1.8 billion. He is senior independent director of Perform Group plc, a leading digital sports media company.

**Simon Jamieson**, independent non-executive director

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 I, II, III, IV and V which target both global private equity funds and direct investments.

**David Forster**, non-independent non-executive director

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. 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. In 2003 he left and established IBIS Capital in conjunction with Charles McIntyre.

**Charles McIntyre**, non-independent non-executive director

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 media 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.

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.

### **Gary Hughes**

Gary Hughes is a chartered accountant and was appointed as the chief financial officer of Gala Coral Group in October 2008. He was formerly chief executive of CMP Information Limited, a subsidiary of United Business Media plc, and 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 and a non-executive director of SECC Limited since 2010.

### **The Investment Adviser**

IBIS Capital Limited acts as the investment adviser to IBIS.

IBIS Capital Limited was established in August 2003. It is an FSA registered business offering not only asset management services, including a long/short equity hedge fund focused on the global media industry, but also a full range of corporate finance services to clients in the media sector.

## Investment Adviser's Review

### Highlights

- > 2011 year end NAV per share of 94.46p, after payment of the 2010 final dividend of 1.5p, compared to 90.30p at the half-year. Further 1.5p dividend proposed in relation to 2011, taking total dividends to 6.0p
- > £1.3m of new investment during the year, of which £750,000 was into a new company, Ginx TV, and the balance being follow-on investments into existing portfolio companies
- > Pipeline of new investment opportunities remains strong
- > Launch of Public Offer and a Share Realisation and Reinvestment Programme for existing shareholders

IBIS now has an established portfolio of nine investee companies across multiple sub-sectors within the media industry. The portfolio has a strong digital focus with a range of both mature and growth companies. During the year to 31 January 2011, there have been follow-on investments in five of the portfolio companies and the addition of a new company to the portfolio, Ginx TV. We are encouraged with the progress that has been made during the course of the year under review and believe that with the increasing mergers and acquisitions activity and investor interest in the media sector, the Company's portfolio is well positioned as we start to look at realising the investments that have been made.

The ability to support the on-going development and initiatives of investee companies remains an important element of our investment approach, both through active involvement with the management teams as well as by investing further when the right opportunities arise.

As explained in more detail later in this review, we made a number of adjustments, both up and down, in the carrying value of our investments. Investee companies where we maintained or increased the carrying value of our investments, on a like for like basis, were GetMeMedia, Riva, Freshwater, Masher and Steel River Media. However, we reduced the carrying value of our investments in Heritage House and Skive.

The following table summarises the year's investment activity, and further activity since the year end.

	Date of Investment	Investee Company	Amount	Use of Funds
<b>2010</b>	Feb.	Heritage House	£150,000	Refinancing
	Feb.	Riva	£4,500	Development
	Mar.	Freshwater	£45,361	AIM market purchase
	Apr.	Freshwater	£45,880	Open offer to fund acquisition and provide working capital
	Jul.	Futurelex	£150,000	Development
	Jul.	Masher	£50,000	Development
	Aug.	Ginx TV	£750,000	New investment
	Oct.	Freshwater	£23,715	AIM market purchase
	Nov.	Freshwater	£24,333	AIM market purchase
<b>2011</b>	Jan.	Heritage House	£86,842	Development
<b>Total for 2010/11</b>			<b>£1,330,631</b>	
<b>Post Year End</b>	Feb.	GetMeMedia	£128,747	Development

The table below summarises the changes in fair value as compared to the previous year, including and excluding the impact of new investment by IBIS.

	Change in Fair Value between 31 Jan 2010 and 31 Jan 2011	New Investment in Period	Change in Fair Value between 31 Jan 2010 and 31 Jan 2011 (excluding new investment)	Percentage Change (excluding new investment)
GetMeMedia	+ £78,172	£0	+ £78,172	+12%
Skive Group	-£118,026	£0	-£118,026	-12%
Riva Digital Media	+£4,500	+£4,500	+£0	+0%
Freshwater	+ £229,544	+£139,289	+ £90,255	+45%
Heritage House	- £252,375	+£236,842	- £489,217	-53%
Masher	+ £167,507	+£50,000	+ £117,507	+25%
Futurelex	+ £41,590	+£150,000	-£108,410	-7%
Steel River Media	+ £719,070	£0	+ £719,070	+85%
Ginx TV	+ £877,500	+£750,000	+ £127,500	N/A
Total	£1,747,482	£1,330,631	+£416,851	+7%

As the above table illustrates, we have seen an increase in the overall value of the IBIS investment portfolio, which on a like-for-like basis has increased by approximately 7% in the 12 month period to 31 January 2011.

The composition of the portfolio is balanced across multiple sub-sectors of media, with business information and marketing services being the two key subsectors, as illustrated below.

#### IBIS Media VCT : Media Sub-Sector by Net Asset Value at 31 January 2011

As we have previously reported, we completed a top-up offer in March 2010, which raised £756,902 net of expenses for the VCT. The offer was taken up in full, with subscriptions from both existing investors, including every member of the VCT Board and Investment Committee, and a number of new investors. In addition, the Directors, at their discretion, approved additional subscriptions outside of the offer of a further £60,000, with those

shares issued at the same price per share as the offer shares.

You will also be aware that we have launched a Public Offer and a Share Realisation and Reinvestment Programme ("SRRP") for the tax years 2010/11 and 2011/12. The Share Realisation and Reinvestment Programme allows existing investors to sell their shares back to the Company in exchange for the issue of new shares. The SRRP is targeted at investors who were allotted shares in the 2005/2006 tax as these shareholders have held the shares for the required minimum three year holding period and so can sell their shares without jeopardising their original income tax relief. Investors participating in the SRRP are able to apply for 30% income tax on the amount reinvested subject to VCT annual limit of £200,000 per tax year. The 30% income tax relief combined with the original 40% income tax relief and subsequent 4.5p of dividends means that investors with shares allotted in 2005/06 will have received

a cash return of approximately 70% of their original investment and still hold shares with a NAV per share in excess of 90p.

As the VCT minimum holding period expires for share allotments made in 2006/2007 and afterwards, we intend to explore the possibility of making a similar scheme to the SRRP available to shareholders in future years.

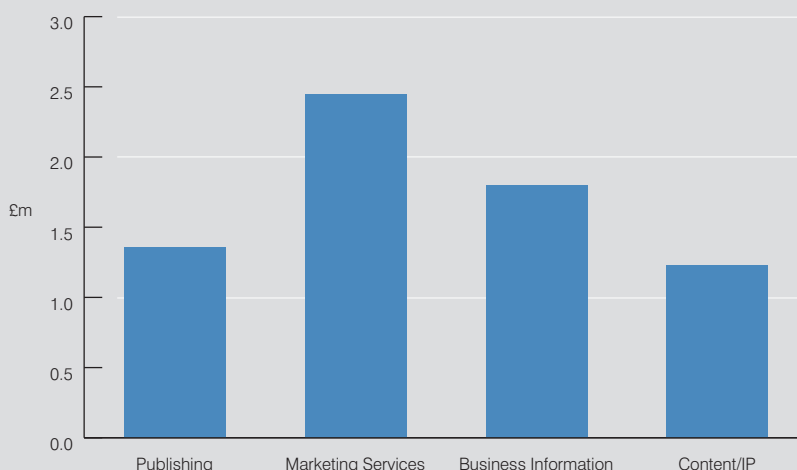
The funds raised under the current Public Offer will be used to make further new investments in both new opportunities as well as supporting existing portfolio companies when follow-on opportunities arise.

#### Portfolio Review

The Company's portfolio comprises investments in nine companies: Get Me Media, Skive Group, Riva Digital Media, Freshwater, Heritage House Media, Masher Technologies, Futurelex, Steel River Media, the holding company for Contagious Communications, and Ginx TV.

#### IBIS Media VCT 1 plc:

Media Sub-Sector by Net Asset Value as at 31 January 2011



## Investment Adviser's Review (continued)

The following is a review of the current portfolio.

### Get Me Media

**Date of initial investment:**  
22 January 2007

**Date of follow-on investment:**  
28 May 2009

**Investment:**  
£560,000 comprising a mixture of ordinary shares and unsecured loan notes

**Valuation as at 31 January 2010:**  
£675,600

**Investment in period:**  
£0

**Valuation as at 31 January 2011:**  
£753,772

**Change in valuation:**  
year-on-year +£78,172, +11.6%

#### Investment Overview

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.

#### Investment Thesis

The Get Me Media business model has been to disrupt the traditional market for media spend by allowing greater transparency and providing

media owners and advertisers the opportunity to transact directly. The business was set up by Pete Davis, who had nine years of marketing experience at Nestlé UK prior to launching Get Me Media. The investment thesis was to back a strong management team in the development of a new digital platform which would allow market participants to trade more efficiently and with better knowledge of the available marketing opportunities.

#### Recent Developments

Revenues grew over 30% year-on-year, comfortably outstripping the growth of an improving media market. The average deal value of the company's top 20 clients increased from £8,600 in 2009 to £11,600 in 2010. Membership is now over 10,000 which is also an encouraging increase of approximately 24% year-on-year.

Media ideas posted to the site have grown as well as the number of ideas viewed, up 76% year-on-year. This growth is also reflected in the improved SEO which in December 2010 was 23,300 as compared to 13,177 in December 2009.

In summary, Get Me Media has made good progress during the course of year in establishing its position in the market. The next stage is to drive revenues and profitability.

Following the year-end, Get Me Media completed an equity fundraising of £225k to fund the further development of the business and the hiring of additional staff. IBIS invested £128,747 as part of this round, with the balance of the investment coming from a new third party investor at an uplift in value which has been used for recording the fair value of the investment in Get Me Media at 31 January 2011.

### 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

**Valuation as at 31 January 2010:**  
£963,148

**Valuation as at 31 January 2011:**  
£845,122

**Change in valuation:**  
year-on-year -£118,026, -12.3%

#### Investment Overview

Skive Group is a creative digital marketing agency, which trades in the market through two companies Skive Creative and Soup Digital. Skive Group delivers marketing campaigns and interactive content for a wide range of clients, including Nestlé, L'Oreal, Aviva, Lotus and Dunhill. Skive Group has received over 20 industry awards for its work over the last 18 months and now ranks in the top 50 UK digital agencies according to Marketing magazine.

#### Investment Thesis

The advent of digital forms of advertising has resulted in a need for a whole new range of skill sets to serve the marketing requirements of advertisers. These changes in advertising have created opportunities for new market entrants to establish themselves. Skive Group is one such company that has responded to this window of opportunity and has built an impressive mix of clients. The market in the UK for creative digital agencies remains highly fragmented. As a consequence we believe there will

continue to be a period of consolidation as marketing services groups seek to establish a degree of scale within the online advertising sector. We would expect Skive Group to benefit from this consolidation in due course as larger marketing services companies seek to acquire smaller digitally-focused agencies.

#### Recent Developments

Skive revenues increased by over 25% year-on-year on a calendar basis although operating profits over the period actually decreased due primarily to the costs arising from a re-organisation of the group as part of the integration of the Soup Digital acquisition. The integration is now complete and although this has had a negative impact on the current holding value for IBIS's investment we believe this is only temporary.

During the year the Norwich office was closed with staff being moved to London. At the same time the group moved into a new larger office in London. The new offices have been well received by staff and have created a better and more professional looking environment.

The outlook for 2011 is encouraging, with new client wins – Carlsberg, Dorothy Perkins and Cheetos. The current direct client roster includes: Nestlé (KitKat, Milkybar and Gourmet cat food), AVIVA (brand, brokers and web), Vauxhall, ABF (Associated British Foods brands, Ryvita and Kingsmill), Lotus, Dunhill, Animal, New York Bakery, L'Oreal, Kettle, Kallo, Coty, and Pom-bear. This list of clients reflects the success the agency has had in developing from a production agency for other agencies to an independent direct client agency.

#### 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

**Valuation as at 31 January 2010:**  
£69,003

**Valuation as at 31 January 2011:**  
£73,503

**Change in valuation:**  
year-on-year +£4,500, net of new investment in period £0, 0%

#### Investment Overview

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 customised 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 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.

#### Investment Thesis

The original investment thesis was based on the management's ability to secure high quality content, such as exclusive celebrity video downloads, which would then be used to populate an online store for consumers. The business model suffered due to the lack of premium content and a resulting lower level of users of Epacs. The current plan from the management team is to re-position Epacs as a PC version of mobile applications ("Mobile Apps") on phones such as Apple's iPhone. The marketplace for Mobile Apps has grown enormously over the last year and Riva Digital Media is seeking to benefit from this demand spilling over into the PC environment where current Mobile Apps are not designed to function.

#### Recent Developments

In 2009, the Board of IBIS decided to write down the investment in Riva by 80%. Although progress is being made with the Paul McKenna PC App and a series of 10 PC Apps are to be produced for Universal this year, it remains difficult to assess the future prospects. As a consequence there has been no change to the valuation other than to record the loan made in February 2010 at cost.

## Investment Adviser's Review (continued)

### Freshwater

#### Date of initial investment:

18 July 2007

#### Dates of follow-on Investments:

2 July 2009, 17 March 2010, 26 April 2010, 26 October 2010 and 3 November 2010

#### Investment:

£864,499 in ordinary shares

#### Valuation as at 31 January 2010:

£201,825

#### Valuation as at 31 January 2011:

£431,369

#### Change in valuation:

year-on-year +£229,544, net of new investment in period +£90,255, +44.7%

### Investment Overview

Freshwater 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.

### Investment Thesis

The aim of Freshwater has been to build a network of regional PR agencies largely through acquisition and to integrate the businesses under one brand. The company has completed 11 acquisitions since 2004 and has built up expertise in a number of specialty areas.

Freshwater's business was impacted by the recession during the first half of

2010 and in particular was affected by the spending cuts implemented by customers such as NHS. 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. This operational gearing resulted in trading under-performance as compared to market expectations. However, as the economy has stabilised so has Freshwater's own trading performance. The most recent interims for the six month period to 28 February 2011 reported an encouraging improvement in trading. We believe that the company, with its national network, is now well positioned to benefit from an upturn in the economic cycle.

### Recent Developments

Following a period of disappointing trading and share price performance Freshwater announced on 19 October 2010 its intention to de-list from AIM:

"... the Board has reluctantly concluded that the lack of market enthusiasm for funding small companies, the depressed share price and the absence of meaningful liquidity in the Company's shares are likely to continue to be problems for some time to come, making it impossible to deliver a strategy of creating a substantial PR and marketing group by using equity to fund acquisitions."

IBIS has continued to be a supportive shareholder to the company and as the remainder of the IBIS portfolio is unquoted there is no particular issue for IBIS holding its interest in

Freshwater as unquoted shares.

Since the delisting of Freshwater's shares the company has reported on the six months trading to 28 February 2011 and it is pleasing to note the encouraging improved performance.

"The first half of the trading year saw Freshwater embark on a new strategy of de-listing from AIM to focus on organic growth against a background of a much improved trading performance.

From the low point of the final quarter of 2009-10, revenue rose 2% in the first quarter and a further 8% in the second quarter to recover to an annualised rate at the same level as in the first half last year.

Meanwhile, with costs reduced by 15%, EBITDA increased 57% to £0.33m (2010: £0.21m) and operating profit increased 178% to £0.25m (2010: £0.09m).

The EBITDA margin of 13% is now heading towards our target of 20%, allowing the Group to generate the cash to pay down its remaining liabilities much more rapidly."

IBIS decided during the course of 2010 to increase its shareholding in Freshwater and so acquired further shares on 17 March 2010, 26 April 2010, 26 October and 3 November. IBIS currently holds 11.64% of Freshwater's shares.

## Heritage House Media

**Date of initial investment:**  
6 September 2007

**Dates of follow-on investments:**  
30 November 2007, 27 May 2008,  
1 December 2008, 17 February 2010  
and 28 January 2011

**Investment:**  
£1,341,315 as at 31 January 2011 and  
a further £28,947 on 27 April 2011 after  
the Company's year end.

**Valuation as at 31 January 2010:**  
£931,525

**Valuation as at 31 January 2011:**  
£679,150

**Change in valuation:**  
year-on-year -£252,375, net of new  
investment in period -£489,217, -53%

### Investment Overview

Heritage House Media was established through three acquisitions in 2007 to create the UK's leading independent publisher focused on the heritage market. The group publishes tourist guidebooks for individual visitor attractions as well as the industry directory, Hudson's, the definitive guide to historic houses and gardens open to the public in the UK. The group also publishes the Visit Britain accommodation guides and the Open Britain disabled access guides.

### Investment Thesis

In the last few years there has been an increasing interest in domestic UK tourist destinations as opposed to overseas destinations, of which the

heritage house market forms an important part. The aim of Heritage House Media is to serve the publishing needs of this market. The acquisitions that formed the group, together created one of the leading suppliers to the heritage market in the UK. Heritage House Media publishes guide books and ancillary materials to over 400 visitor attractions in the UK as well as publishing Hudson's Historic Houses and Gardens, which is perceived as the "bible" to heritage venues in the UK. The investment strategy has been to establish a strong market position within the heritage market and to use this platform to launch a range of additional products and services.

Since the date of IBIS' initial investment, Heritage House Media has developed a number of spin-off products such as Hudson's Dream Weddings, a guide to heritage house wedding venues, as well as other new initiatives such as Open Britain, a directory for disabled access.

### Recent Developments

The economic climate during 2010 impacted Heritage House Media's revenues adversely, with guide books and the souvenirs division being most heavily affected. In order to address these issues the company decided to hire a new managing director and to divest of the souvenirs business, which was non-core to the principal publishing activities of the group.

In September 2010, Ed Beale was appointed managing director. Mr Beale was previously managing director of the sports and leisure publishing

division of Emap Plc, one of the UK's largest publishers.

With the arrival of the new managing director, there has been a re-focus on the core publishing offering to the heritage market. In November 2010, the souvenirs business was successfully sold to Carole Group Ltd. Hudson's online presence has been launched and a new awards event for the heritage market is to be launched in the autumn of 2011.

In order to refinance the outstanding term loan to the bank and to provide working capital to the group, the shareholders agreed to provide an additional £400,000 commitment in January 2011. Of this commitment, £300,000 was drawn down on 28 January 2011 and the balance after IBIS's year end. IBIS's commitment was £115,789, of which £86,842 was drawn down before IBIS's year end.

We are pleased with the progress the new managing director is making. The recent sales figures for the Visit Britain guides have been encouraging, with one of the best starts to its selling season since launch. The lead times for the publishing of guides books is long, so any positive impact here will be slower to materialise into sales.

## Investment Adviser's Review (continued)

### Masher

#### Date of initial investment:

14 July 2008

#### Dates of follow-on investments:

2 November 2009 and 15 June 2010

#### Investment:

£525,000 in ordinary shares

#### Valuation as at 31 January 2010:

£475,000

#### Valuation as at 31 January 2011:

£642,507

#### Change in valuation:

year-on-year +£167,507, net of new investment in period +£117,507, +25%

#### Investment Overview

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.

#### Investment Thesis

Online social media has been one of the fastest growing sectors of media within the last few years. For example, Facebook currently has over 500m active users, a significant increase on the 1m active users it had in December 2004!

Masher provides an application for online social media that seeks to enhance video messaging and communication. The ability to mix user generated content (UGC) and high quality video content from BBC Worldwide's digital archive provides an exciting and differentiated product for users.

Revenues to date have been generated by providing Masher as a white label application to brands and media owners seeking to use online social media as part of their marketing campaigns. As Masher's audience builds, the intention is to generate advertising income from the online traffic using the application as well as by charging for premium content and services.

#### Recent Developments

The key development for Masher during 2010 was the completion of a £250,000 equity fundraising with a new financial investor to fund the development of a Masher Facebook application. As part of the new investment from funds managed by Northstar Equity Partners, IBIS together with other shareholders converted outstanding shareholder loans to equity. The valuation accorded to the company by Northstar Equity Partners represented an uplift on the previous holding value for the investment by IBIS.

The Masher Facebook application has been completed and recently launched for use within Facebook. Masher is now actively marketing the application to build the online user base.

### Futurelex (formerly known as Polyview)

#### Date of initial investment:

17 November 2008

#### Date of follow-on investment:

27 July 2010

#### Investment:

£950,000 comprising ordinary shares and loan notes

#### Valuation as at 31 January 2010:

£1,551,988

#### Valuation as at 31 January 2011:

£1,593,578

#### Change in valuation:

year-on-year +£41,590, net of new investment in period -£108,410, -7%

#### Investment Overview

Futurelex, which was launched in 2006, has three principal strands to its business: the European Lawyer magazine, European Lawyer legal reference books and online legal procurement services, ProcureLaw.com and TakeLegalAdvice.com. 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 Futurelex. 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 e-procurement site ProcureLaw.com, which provides a legal tendering and briefing platform for corporate legal services. ProcureLaw.com offers a platform to the general counsel of a corporation to manage, wholly online, the tendering process for new legal instructions.

### Investment Thesis

Futurelex was launched by two successful entrepreneurs, Mark Wyatt and Mary Heaney, who had previously build up a legal publishing business which was sold to Incisive Media in 2005. IBIS backed this team to establish a B2B publishing business that was positioned to take advantage of the changing digital environment and its impact on the legal market. Futurelex at present straddles both online and offline.

The European Lawyer magazine and legal reference books are published on a range of topics and are sold across Europe directly to law firms. The online platforms address the changing needs of the legal market place, providing an opportunity for cost reduction and increased efficiency to market participants.

### Recent Developments

The European Lawyer, which was acquired in 2009, has under Futurelex's ownership grown significantly with 9 new reference titles being launched in 2010 and the magazine being redesigned. The reference books have a strong forward order book for 2011 and so further growth is expected this year.

Procure Law is at a much earlier stage. The online platform has been completed and is now up and running. A board of advisors has been established to help shape the product which has been built in-house. The Procure Law platform is now being used with a number of test clients including a FTSE 100 company.

The lead generation site TakeLegalAdvice.com has been significantly scaled back in light of the state of the market for small to mid-sized legal firms, which have been heavily impacted during the recession.

### Steel River Media being the holding company of Contagious

**Date of initial investment:**  
12 January 2010

**Investment:**  
£850,000 in ordinary shares

**Valuation as at 31 January 2010:**  
£850,000

**Valuation as at 31 January 2011:**  
£1,569,070

**Change in valuation:**  
year-on-year +£719,070, net of new investment in period +719,070, +85%

### Investment Overview

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, Nestlé, 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.

### Investment Thesis

Digital media has had a major impact on the way that brands can communicate to their end customers. As the market has changed it has become increasingly important for brand owners to be aware of new marketing techniques as they emerge as well as understanding the associated technologies. Contagious seeks to address this market by providing an authoritative intelligence source for this information.

At the time of the investment by IBIS, Contagious was a profitable company with a management team that had successfully established Contagious' position in the market. The company benefits from an attractive business model which is largely based on annual subscriptions for its various business intelligence services.

### Recent Updates

2010 represented the first full year of trading since IBIS' investment. Progress has been extremely encouraging with turnover for calendar 2010 up by approximately 50% and operating profits up by over 75%. The business expanded its client base during the course of the year and with a particular focus on its online information service "Contagious Feed".

During the course of the year, the business was relocated to new offices in London which completes the separation from the company's former owners. Contagious also opened a new office in New York to help accelerate expansion in North America.

## Investment Adviser's Review (continued)

Since IBIS' year end, Contagious has announced the appointment of its first CEO for the business in the form of Simon Wylie. Mr Wylie joins from Ebquity plc and was previously co-founder and managing director of Xtreme Information (former co-owner of Contagious). Mr Wylie has over 20 years of international experience in creating business and advertising intelligence solutions for FTSE 100 and Fortune 500 clients.

### Ginx TV

#### Date of initial investment:

24 August 2010

#### Investment:

£750,000 comprising ordinary shares and loan notes

#### Valuation as at 31 January 2010:

not included

#### Valuation as at 31 January 2011:

£877,500

#### Change in valuation:

not included in 31 January 2010 valuation as investment made after that date

### Investment Overview

Ginx produces a 24/7 video games TV channel as well as individual review and insight programmes on the latest in video games. The TV shows are targeted at an international audience typically ranging in age between 8 and 35 and have been aired in the UK, Spain, South Africa, Israel and the Middle East.

The 24/7 channel was launched on the back of the success of the individual TV shows and is now available in Turkey, Indonesia and Eastern Europe. Ginx has a management team with particular expertise in broadcast media targeted at young adults. The Chairman of Ginx is Peter Einstein, who was formerly President of MTV Networks Europe and Showtime Arabia. The recently appointed Chief Executive is Michiel Bakker, who was previously Executive Vice President and Managing Director of MTV Networks UK and Nordic.

### Investment Thesis

The global video games industry is worth over \$50 billion a year and is projected to grow in excess of 10% per annum<sup>1</sup>. Ginx provides video games' publishers with an effective means of marketing to a growing number of video gamers; traditionally a difficult audience to reach.

Ginx has an attractive scalable platform from which Ginx TV channels can be delivered to cable, satellite and TV broadcasters all over the world. Ginx TV is the first 24/7 channel dedicated to the video games sector and is expected to benefit from the size and growth of the market. The company's principal revenue stream is from the sale of Ginx TV programming to local distributors in multiple international territories.

### Recent Updates

Since IBIS' investment, Ginx has enhanced the programming output of the channel and commenced an international roll out of the channel and Ginx programming. The Ginx channel is currently available in Turkey, Indonesia, Serbia, Croatia, Slovenia, Bosnia and Macedonia. The company is currently working on a UK launch for later this year.

Ginx also produces video gaming shows for 3rd party broadcasters and has recently announced deals with Zee TV in India and TVNZ in New Zealand.

## Investment Portfolio

as at 31 January 2011

	2011			2010		
	Cost £	Valuation £	% of net assets by value	Cost £	Valuation £	% of net assets by value
<b>Venture capital investments</b>						
Get Me Media	560,000	753,772	8.95	560,000	675,600	8.90
Riva	349,515	73,503	0.87	345,015	69,003	0.91
Skive	650,000	845,122	10.04	650,000	963,148	12.69
Heritage House	1,341,315	679,150	8.07	1,104,473	931,525	12.28
Freshwater	864,499	431,369	5.12	725,210	201,825	2.66
Masher	525,000	642,507	7.63	475,000	475,000	6.26
Futurelex (formerly Polyview)	950,000	1,593,578	18.93	800,000	1,551,988	20.45
Steel River Media	850,000	1,569,070	18.64	850,000	850,000	11.20
Ginx	750,000	877,500	10.42			
<b>Total venture capital investments</b>	6,840,329	7,465,571	88.67	5,509,698	5,718,089	75.35
<b>Total fixed asset investments</b>	6,840,329	7,465,571	88.67	5,509,698	5,718,089	75.35
<b>Net current assets</b>		953,678	11.33		1,870,321	24.65
<b>Net assets</b>		8,419,249	100.00		7,588,410	100.00

## Venture Capital Investments

as at 31 January 2011

### Get Me Media Limited

Get Me Media is a B2B online information provider.

The Company's investment has been valued on the basis of third party investment in the company.

#### VCT Investment

Cost	£560,000
Valuation	£753,772
Equity holding	38%
Income accrued to VCT in y/e 31 Jan '11	£10,621
Income paid to VCT in y/e 31 Jan '11	£25,000

### Skive Creative Limited

Skive is a digital media agency.

The Company's investment has been valued on the basis of discounted cash flow and valuations from transactions involving comparable companies.

#### VCT Investment

Cost	£650,000
Valuation	£845,122
Equity holding	17%
Income accrued to VCT in y/e 31 Jan '11	£5,403
Income paid to VCT in y/e 31 Jan '11	£9,600

### Heritage House Media Limited

Heritage House is a media solutions provider to the heritage sector.

The Company's investment has been valued on the basis of the equity element held at cost as adjusted for an impairment provision and the debt element held at its repayment value as adjusted for an impairment provision.

#### VCT Investment

Cost	£1,341,315
Valuation	£679,150
Equity holding	19%
Income accrued to VCT in y/e 31 Jan '11	£(204,719)
Income paid to VCT in y/e 31 Jan '11	£Nil

### Riva Digital Media Limited

Riva is a digital media agency.

The Company's investment has been valued on the basis of original cost as adjusted by an impairment provision.

#### VCT Investment

Cost	£349,515
Valuation	£73,503
Equity holding	9%
Income accrued to VCT in y/e 31 Jan '11	£Nil
Income paid to VCT in y/e 31 Jan '11	£Nil

### Freshwater UK plc

Freshwater is a regional PR network.

The Company's investment has been valued on the basis of discounted cash flow and valuations from transactions involving comparable companies.

#### VCT Investment

Cost	£864,499
Valuation	£431,369
Equity holding	12%
Income accrued to VCT in y/e 31 Jan '11	£Nil
Income paid to VCT in y/e 31 Jan '11	£Nil

### Masher Technologies Limited

Masher is an online application for the creation of personal videos including BBC content.

The Company's investment has been valued on the basis of third party investment in the company.

#### VCT Investment

Cost	£525,000
Valuation	£642,507
Equity holding	29%
Income accrued to VCT in y/e 31 Jan '11	£(11,000)
Income paid to VCT in y/e 31 Jan '11	£Nil

**Futurelex** (formerly Polyview Media Limited)

Futurelex publishes the European Lawyer magazine and legal reference books. The company also operates the online legal services procurement site ProcureLaw.com and the search and comparison site TakeLegalAdvice.com.

The Company's investment has been valued on the basis of discounted cash flow and valuations from transactions involving comparable companies.

**VCT Investment**

Cost	£950,000
Valuation	£1,593,578
Equity holding	8%
Income accrued to VCT in y/e 31 Jan '11	£87,538
Income paid to VCT in y/e 31 Jan '11	£Nil

**Steel River Media Limited**

Steel River Media Limited is the holding company for Contagious, a publisher of business information on new marketing strategies and associated technologies.

The Company's investment has been valued on the basis of discounted cash flow and valuations from transactions involving comparable companies.

**VCT Investment**

Cost	£850,000
Valuation	£1,569,070
Equity holding	24%
Income accrued to VCT in y/e 31 Jan '11	£Nil
Income paid to VCT in y/e 31 Jan '11	£77,280

**Ginx TV**

Ginx TV Limited produces a 24/7 TV channel focused on the video games market as well as producing individual TV programmes for international distribution.

The Company's investment has been valued on the basis of the equity element held at cost and the debt element held at its repayment value.

**VCT Investment**

Cost	£750,000
Valuation	£877,500
Equity holding	2%
Income accrued to VCT in y/e 31 Jan '11	£19,921
Income paid to VCT in y/e 31 Jan '11	£Nil

## Directors' Report

The Directors present the financial statements of the Company (incorporated in England and Wales with registration number 5660269) for the year ended 31 January 2011 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 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
- > A 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.

### 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 have 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 to 14). Details of the venture capital investments made by the Company are given in the Investment Portfolio summary (page 15) and the Venture Capital Investments report (pages 16 and 17). 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. As at 31 January 2011, the Company's net asset value total return per share was 98.96p.

During the year under review, the Company's net assets increased by £830,839. This increase comprised a net amount of £813,901 which was raised from several share allotments, a profit for the year of £150,635 - an unrealised capital gain of £416,851, a realised capital loss of £101,782 and a revenue loss of £164,434 - and a total dividend payment of £133,697. The dividend which was paid in the year was a final dividend in respect of the year ending 31 January 2010 of 1.5p per share bringing the total cumulative dividend paid per share to 4.5p. Therefore, the net asset value per share increased by 0.17p, an increase of 0.18%, and the net asset value total return per share increased from 97.29p to 98.96p, an increase of 1.72%.

Over the same period, the FTSE All-share media index rose by 26.38%. A graph comparing the Company's share price total return, the Company's net asset value total return per share and the total return from a notional investment of 100p in the FTSE All-share media index over the period from 5 April 2006 to 31 January 2011 is presented on page 25.

### 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 3.6% (2010: 3.4%). 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.

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, trail commission 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 and Dividends

As shown in the Company's Income Statement on page 33, the Company's returns in the year ended 31 January 2011 were:

Revenue return per share	(1.88)p
Capital return per share	3.60p
Total return per share	1.72p

The Board recommends the payment of a final dividend of 1.5p per share in respect of the year ended 31 January 2011. The proposed record and payment dates are 15 July 2011 and 1 August 2011 respectively.

The Balance Sheet, page 34, shows that the Company's net assets have increased over the year, primarily because of the top-up offer held in the tax year 2009/10. The Company's net asset value per share, over the same period, increased from 94.29p to 94.46p, an increase of 0.17p per share. The dividend per share was 1.5p so the Company's net asset value total return per share increased from 97.29p to 98.96p.

The net cash outflow during the year was £754,585 reflecting a spend on investments of £1,330,631, a dividend distribution of £133,697, a cash outflow of £98,952 due to operating activities, a corporation tax payment of £5,206 (which will be recovered from HMRC) and a net sum of £813,901 raised through a top-up offer.

### Future Developments

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. The viability of offering further enhanced buybacks for shareholders will be explored with the intention of providing shareholders who purchased shares after 5 April 2006 the opportunity to benefit from the additional tax relief which was available, under the Share Realisation and Reinvestment Programme launched in the year ended 31 January 2011, to shareholders who purchased shares before 6 April 2006.

## Director's Report (continued)

### 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 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 26 to 29.

### Corporate Information

#### Directors

The directors of the Company during the year under review were Sir Robin Miller, Peter English, Lucy Macdonald, Simon Jamieson, Peter Williams, David Forster and Charles McIntyre.

#### 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 2011	Percentage holding	No of ordinary shares as at 31 Jan 2010	Percentage holding
Sir Robin Miller	68,748	0.8	56,122	0.7
Peter English	127,772	1.4	102,520	1.3
Lucy Macdonald	94,041	1.1	81,920	1.0
Simon Jamieson	114,666	1.3	102,040	1.3
Peter Williams	63,742	0.7	51,116	0.6
David Forster	707,194	7.9	643,525	8.0
Charles McIntyre	423,689	4.8	398,437	5.0

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

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

Simon Jamieson, Lucy Macdonald and Charles McIntyre will retire at the annual general meeting in 2011 and, being eligible, offer themselves for re-election.

### Directors' Remuneration Report

An ordinary resolution to approve the Directors' Remuneration Report (presented on pages 24 and 25) will be put to the annual general meeting.

### Companies Act 2006 Disclosures

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), Company employees (eg their recruitment, training and development) and social and community issues; including information about any policies it has in relation to these matters and the effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

### 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, trail commission 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.

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.

In April 2008, 10,000 ordinary shares of 1p each were issued at a price of £1 per share.

Between 1 April 2010 and 31 May 2010, 865,382 ordinary shares of 1p

## Director's Report (continued)

each were issued at a price of £0.99 per share.

As at 31 January 2011 a total of 8,913,146 ordinary shares of 1p each of the Company were in issue.

The Company will consider requests to buy back shares but is mindful that investment in the Company was promoted as comparatively long-term with venture capital portfolios typically taking from five to seven years to mature.

### 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, 6.99% (686,779 shares)
- > D Forster, 5.01% (491,954 shares)
- > C Davis, 5.18% (509,151 shares)
- > A Beckingham, 4.09% (402,039 shares)
- > C McIntyre, 3.83% (376,750 shares)

### Authority to make Market Purchases of Shares

By a special resolution passed at the 2010 annual general meeting of the Company held on 7 July 2010, the Company was generally and unconditionally authorised pursuant to section 551 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 18 months from the passing of the resolution and

the conclusion of the Company's 2011 annual general meeting. Renewal of the authority will be sought at the 2011 annual general meeting.

### 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 was one trade creditor as at 31 January 2011.

### Annual General Meeting

The annual general meeting will be held at 6.00pm on 13 July 2011 at the Company's offices. Notice of the meeting and a proxy form are set out on pages 47 and 51 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 2011.

#### [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 1 August 2011 to the holders of ordinary shares registered at the close of business on 15 July 2011 which will bring the total dividend for the year to 1.5p per share.

### Resolution 3 – Directors' Remuneration Report

Under Regulation 11 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, 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 24 and 25 of the Annual Report and Financial Statements.

### Resolution 4 – 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 5 – Re-election of Director

Lucy Macdonald retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for re-election.

### Resolution 6 – Re-election of Director

Charles McIntyre 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 551 of the Companies Act 2006, 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 1,474,016 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 2012 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 £14,741 (representing approximately 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 2012 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 2012 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  
31 May 2011

## Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. 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 pages 31 and 32.

### Nomination and Remuneration Committee

During the period under review, the members of the Nomination 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 26 to 29.

The committee did not meet in the year

### Directors' Fees

The fees payable to individual Directors in respect of the year ended 31 January 2011 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 year ended 31 January 2011	Annual fee £	Fee for year ended 31 January 2010
Sir Robin Miller	15,000	15,000	15,000	15,000
Peter English	12,500	12,500	12,500	12,500
David Forster*	12,500	-	12,500	-
Simon Jamieson	12,500	12,500	12,500	12,500
Lucy Macdonald	12,500	12,500	12,500	12,500
Charles McIntyre*	12,500	-	12,500	-
Peter Williams	12,500	12,500	12,500	12,500

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

ended 31 January 2011. Such a meeting 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.

### 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.

Simon Jamieson, Lucy Macdonald and Charles McIntyre will retire at the annual general meeting in 2011 and, being eligible, offer themselves for re-election.

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

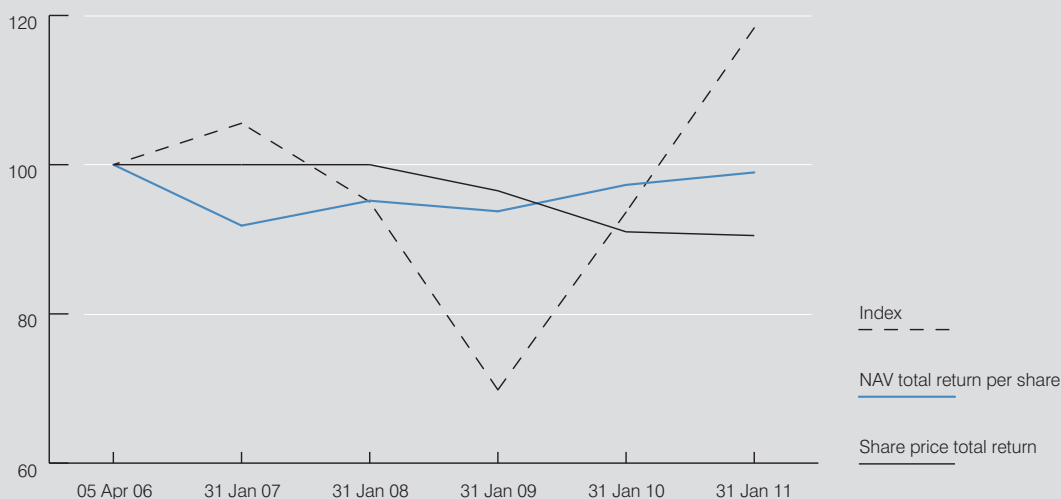
None of the Directors has a service contract with the Company. On being appointed or re-elected, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the 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 FTST 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 2011



By Order of the Board

**The City Partnership (UK) Limited**  
Company Secretary  
31 May 2011

## 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 2011.

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, Brewin Dolphin Securities Limited, PricewaterhouseCoopers LLP 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 each annual general 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 VCT status adviser, PricewaterhouseCoopers LLP, 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. 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 nomination 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 Ltd; 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 members of the committee are Peter Williams (chairman), Peter English and Lucy Macdonald.

A quorum shall be two members.

## Statement of Corporate Governance (continued)

### Nomination & 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.
- The duties of the committee as regards nomination 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 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 2011 there were:

- > Four full Board meetings
- > Three investment committee meetings
- > Two audit committee meetings
- > No meetings of the nomination & remuneration committee

The Directors' attendance at these meetings is noted below.

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

### 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; 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 2011 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.

### Accountability and Audit

The statement of the Directors' responsibilities in respect of the financial statements and the independent auditor's report are presented on pages 30 and 31 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 2006. 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 are responsible for keeping adequate 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 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review), Directors' Remuneration Report and Corporate Governance Statement.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Financial Statements are published on [www.ibiscapital.co.uk](http://www.ibiscapital.co.uk) a website maintained by IBIS Capital Limited. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of IBIS Capital Limited. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

### Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- > the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- > the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

**Sir Robin Miller**  
Director

31 May 2011

## Report of the Independent Auditor

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 2011, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- > give a true and fair view of the state of the Company's affairs as at 31 January 2011 and of its return for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepting Accounting Practice; and
- > have been prepared in accordance with the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- > the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- > the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- > the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of Directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditor (continued)**

Under the Listing Rules we are required to review:

- > the Directors' statement on page 29 in relation to going concern;
- > the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- > certain elements of the report to the shareholders by the Board on directors' remuneration.

We have nothing to report in respect of these matters.

**Graham Scrimgeour**

(Senior Statutory Auditor)

For and on behalf of Scott-Moncrieff,  
Statutory Auditor

Exchange Place 3  
Sempie St  
Edinburgh  
EH3 8BL

31 May 2011

## Income Statement

for the year ended 31 January 2011

	Note	Revenue £	Year ended 31 January 2011 Capital £	Year ended 31 January 2011 Total £	Revenue £	Year ended 31 January 2010 Capital £	Year ended 31 January 2010 Total £
Realised/unrealised movements on investments		-	416,851	416,851	-	406,937	406,937
Income	2	25,476	-	25,476	128,819	-	128,819
Investment adviser's fees	3	(33,927)	(101,782)	(135,709)	(17,741)	(53,223)	(70,964)
Other expenses	4	(155,983)	-	(155,983)	(179,644)	-	(179,644)
Return on ordinary activities before tax		(164,434)	315,069	150,635	(68,566)	353,714	285,148
Tax on ordinary activities	6	-	-	-	-	-	-
Return attributable to equity shareholders		(164,434)	315,069	150,635	(68,566)	353,714	285,148
Transfer to reserves		(164,434)	315,069	150,635	(68,566)	353,714	285,148
Return per share							
Return per ordinary share	8	(1.88)p	3.60p	1.72p	(0.85)p	4.40p	3.55p

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 37 to 46 are an integral part of the financial statements.

## Balance Sheet

as at 31 January 2011

	Note	As at 31 January 2011 £	As at 31 January 2010 £
<b>Fixed assets</b>			
Investments	1 & 9	7,465,571	5,718,089
<b>Current assets</b>			
Debtors	11	177,066	344,727
Liquidity funds and cash at bank		851,304	1,605,889
		1,028,370	1,950,616
Creditors: amounts falling due within one year	12	(74,692)	(80,295)
Net current assets		953,678	1,870,321
Net assets		8,419,249	7,588,410
<b>Capital and reserves</b>			
Called up share capital	13	89,131	80,478
Share premium account	14	2,892,502	2,087,254
Special reserve	14	5,138,300	5,271,997
Capital reserves	14	472,747	157,678
Revenue reserves	14	(173,431)	(8,997)
Total equity shareholders' funds		8,419,249	7,588,410
Net asset value per share	15	94.46p	94.29p

The accompanying notes on pages 37 to 46 are an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 31 May 2011 and signed on their behalf by:

**Sir Robin Miller**  
Director

**David Forster**  
Director

## Cash Flow Statement

for the year ended 31 January 2011

	Note	£	Year ended 31 January 2011 £	Year ended 31 January 2010 £
<b>Operating activities</b>				
Investment income received – qualifying		117,697		40,711
Deposit and similar interest received – non qualifying		797		49
Investment adviser's fees paid		(53,979)		(109,652)
Company secretarial fees paid		(25,850)		(25,300)
Cash paid to and on behalf of directors		(86,732)		(86,584)
Other cash payments		(50,885)		(51,645)
<b>Net cash outflow from operating activities</b>	<b>16</b>		(98,952)	(232,421)
<b>Financial investment</b>				
Purchase of investments	<b>9</b>	(1,330,631)		(1,554,666)
Sale of investments		-		-
<b>Net cash outflow from financial investment</b>			(1,330,631)	(1,554,666)
<b>Dividends</b>				
Corporation tax paid		(5,206)		(5,207)
Equity dividends paid		(133,697)		(120,716)
<b>Net cash outflow from tax and dividends</b>			(138,903)	(125,923)
<b>Net cash outflow before financing</b>			(1,568,486)	(1,913,010)
<b>Financing</b>				
New share issue		853,034		-
Share issue expenses		(39,133)		-
<b>Net cash inflow from financing</b>			813,901	-
<b>(Decrease) in cash</b>	<b>17</b>		(754,585)	(1,913,010)

The accompanying notes on pages 37 to 46 are an integral part of the financial statements.

## Reconciliation of Movements in Shareholders' Funds

	2011 £'000	2010 £'000
Total net assets attributable at 31 January 2010 (31 January 2009)	7,588,410	7,423,978
Capital per share issue	856,739	-
Expenses of offer	(42,838)	-
Dividend	(133,697)	(120,716)
Return for the period	150,635	285,148
Total net assets attributable at 31 January 2011 (31 January 2010)	8,419,249	7,588,410

The accompanying notes on pages 37 to 46 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"), revised in January 2009.

#### 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/PLUS, are valued at fair value by the Directors with reference to the International Private Equity and Venture Capital Association guidelines which include the following:

- > 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, discounted cash flow 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/PLUS 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

	2011 £	2010 £
Interest receivable		
- from liquidity funds	5,681	22,532
- from bank deposits	151	39
- from loan stock*	(57,636)	95,605
- equity dividends	77,280	10,643
	25,476	128,819

\* During the year under review, the Company received or accrued income of £158,083 from its loan stock holdings in Get Me Media, Skive, Futurelex and Ginx. The Company also converted £11,000 of accrued income, which had been recognised in previous years, from its holding in Masher into equity; and wrote off £204,719 of accrued income, which had been recognised in previous years, from its Heritage House holding as part of the valuation of that holding. (It is likely that this income will be converted to equity during the year ending 31 January 2012.) The aggregate effect of all these transactions is negative income of £(57,636) for the year.

### 3. Investment adviser's fees

	2011 £	2010 £
IBIS Capital Limited	135,709	99,656
Irrecoverable VAT	-	-
VAT recoverable	-	(28,692)
	135,709	70,964

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. Other expenses**

	2011 £	2010 £
Directors' remuneration	80,594	80,706
Company secretarial fees	22,000	22,000
Auditors' fees – audit services	11,300	11,200
Printing & stationery	8,734	8,384
Other costs	16,613	41,409
Irrecoverable VAT	16,742	15,945
	155,983	179,644

In the year, investment acquisition costs of £744 (2010: £8,130) were incurred. At the year-end, these costs were transferred from fixed assets to unrealised adjustments in value of investments.

The Company has no employees.

**5. Directors' and special adviser's fees**

	2011 £	2010 £
Lucy Macdonald	12,500	12,500
Peter Williams	12,500	12,500
Gary Hughes (special adviser)	12,500	12,500
David Forster	-	-
Charles McIntyre	-	-
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	15,000	15,000
Peter English	12,500	12,500
Simon Jamieson	12,500	12,500
	77,500	77,500
Employer's NICs	3,094	3,206
	80,594	80,706

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.

**6. Tax on ordinary activities****a) Analysis of tax charge**

	2011 £	2010 £
Revenue charge	-	-
Credited to capital return	-	-
Current and total tax charge (note (b))	-	-

## Notes to the Financial Statements (continued)

### b) Factors affecting tax charge for the year

	2011 £	2010 £
Total return on ordinary activities before tax	150,634	285,148
Add: unrealised losses/(gains)	(416,851)	(406,937)
Less: non-taxable realised gains	-	-
Add: transaction costs and investment management expense charged to capital	101,782	53,223
Revenue return on ordinary activities before taxation	(164,435)	(68,566)
Corporation tax at 21% (2010: 21.00%)	-	-
Non-taxable UK dividends	(16,229)	(2,235)
Non-allowable expenditure	-	-
Taxation on revenue return	-	-
Taxation on allowable expenditure charged to capital return	-	-
Unrelieved expenses	266,216	132,432
Utilisation of previous tax losses	-	-
Credited to capital return	-	-
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 (2010: nil). There is no unrecognised deferred tax asset (2010: nil). The deferred tax asset relates to prior year unutilised expenses.

### 7. Dividends paid and proposed

	2011 £	2010 £
Amounts recognised as distributions to equity holders in the year.	133,697	120,716

The Directors recommend a final dividend of 1.5p per share (2010: 1.5p) to be paid on 1 August 2011 to all shareholders on the register as at close of business on 15 July 2011. The proposed final dividend is subject to approval by the shareholders at the 2011 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.

	2011 £	2010 £
Proposed final dividend – 1.5p per ordinary share (2010: 1.5p)	147,402	133,697

### 8. Return per share

	Revenue	Capital	2011 Total	Revenue	Capital	2010 Total
Return per ordinary share	(1.88)p	3.60p	1.72p	(0.85)p	4.40p	3.55p

Basic revenue return per share is based on the net revenue loss (2010: loss) from ordinary activities after taxation of £(164,434) (2010: £(68,566)) and on 8,754,014 (2010: 8,047,764) 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 (2010: gains) after taxation of £315,069 (2010: £353,714) and on 8,754,014 (2010: 8,047,764) ordinary shares, being the weighted average number of shares in issue during the year.

## 9. Investments

Movements in investments during the year are summarised as follows:

	Total £
Book cost at 31 January 2010	5,509,698
Unrealised gains/(losses) at 31 January 2010	208,391
Valuation at 31 January 2010	5,718,089
Movements in the year:	
- purchases at cost	1,330,631
- disposals – proceeds	-
- net realised gains/(losses)	-
Movement in unrealised gains/(losses)	416,851
Valuation at 31 January 2011	7,465,571
Comprising:	
Book cost at 31 January 2011	6,840,329
Unrealised gains/(losses) at 31 January 2011	625,242

During the year, the Company incurred disposal transaction costs of £nil (2010: £nil).

As at 31 January 2011, the Company had no intention to dispose of any of its holdings.

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

### Quoted market prices in active markets – “Level 1”

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has no investments classified in this category.

### Valued using models with significant observable market parameters – “Level 2”

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has no investments classified in this category.

### Valued using models with significant unobservable market parameters – “Level 3”

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company’s unquoted equities and loan stock are classified within this category. As explained in Note 1, unquoted investments are valued in accordance with the International Private Equity and Venture Capital Association guidelines.

## 10. 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	Percentage equity holding
Get Me Media	38.0
Skive Creative Limited	17.0
Heritage House Media Limited	19.0
Freshwater UK plc	12.0
Masher Technologies Limited	29.0
Steel River Media Limited	24.0

## Notes to the Financial Statements (continued)

### 11. Debtors

	2011 £	2010 £
Amounts falling due within one year:		
Accrued interest and other accrued income	115,154	274,867
Prepayments	2,416	1,465
HMRC	13,856	-
Investment adviser	45,640	68,395
	177,066	344,727

### 12. Creditors: amounts falling due within one year

	2011 £	2010 £
Sundry creditors and accruals	74,692	80,295
	74,692	80,295

Included in creditors is a balance of £6,466 (2010: £5,291) for the income tax and national insurance contributions ("NICs") payable in respect of the directors' remuneration – income tax £3,750 (2010: £3,750) and NICs £2,716 (2010: £1,541).

### 13. Called-up share capital

	2011 £	2010 £
<b>Authorised:</b>		
30,000,000 Ordinary Shares of 1p each	300,000	300,000
<b>Allotted, called-up and fully paid:</b>		
8,913,146 Ordinary Shares of 1p each (2010: 8,047,764)	89,131	80,478

During the year, the Company issued 865,382 ordinary shares as detailed below:

#### Allotted, called-up and fully paid:

No of shares	Nominal value £	Consideration received £
756,258 ordinary shares issued on 5 April 2010	7,563	748,705
48,518 ordinary shares issued on 16 April 2010	485	48,034
60,606 ordinary shares issued on 16 April 2010	606	60,000

**14. Reserves**

	Share premium £	Special reserve £	Capital reserve (realised) £	Capital reserve (unrealised) £	Revenue reserves £	Total £
At 31 January 2010	2,087,254	5,271,997	(50,713)	208,391	(8,997)	7,507,932
Share issue	848,085	-	-	-	-	848,085
Share issue expenses	(42,837)	-	-	-	-	(42,837)
Dividend	-	(133,697)	-	-	-	(133,697)
Movement in realised reserves	-	-	(101,782)	-	-	(101,782)
Movement in unrealised reserves	-	-	-	416,851	-	416,851
Movement in revenue reserves	-	-	-	-	(164,434)	(164,434)
At 31 January 2011	2,892,502	5,138,300	(152,495)	625,242	(173,431)	8,330,118

**15. Net asset value per share**

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

	2011 Net asset values attributable		2010 Net asset values attributable	
	Net assets	Net assets per share	Net assets	Net assets per share
Ordinary shares (basic)	£8,419,249	94.46p	£7,588,410	94.29p

Net asset value per share is based on net assets at the period end and on 8,913,146 (2010: 8,047,764) ordinary shares, being the number of shares in issue at the year end.

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

	2011 £	2010 £
Net revenue before taxation for the period	(164,434)	(68,566)
Investment adviser's fees charged to capital	(101,782)	(53,223)
Decrease/(Increase) in debtors	167,661	(124,739)
(Decrease)/Increase in creditors and accruals	(5,603)	(58,405)
Exclude tax-related balances	5,206	5,206
Exclude fixed asset balances	-	67,306
Net cash outflow from operating activities	(98,952)	(232,421)

**17. Analysis of changes in net funds**

	Cash £	Liquid funds £	Total £
As at 1 February 2010	159,365	1,446,524	1,605,889
Cash flows	124,599	(879,184)	(754,585)
As at 31 January 2011	283,964	567,340	851,304

## Notes to the Financial Statements (continued)

### 18. 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 2011:

	2011 (Book cost) £	2011 (Fair value) £	2010 (Book cost) £	2010 (Fair value) £
<b>Assets at fair value through profit and loss</b>				
Investment portfolio	6,840,329	7,465,571	5,509,698	5,718,089
Current investments	567,340	567,340	1,446,524	1,446,524
Cash at bank	283,964	283,964	159,365	159,365
<b>Loans and receivables</b>				
Accrued income	115,154	115,154	274,867	274,867
Other debtors	61,912	61,912	69,860	69,860
Other creditors	(74,692)	(74,692)	(80,295)	(80,295)
	7,794,007	8,419,249	7,380,019	7,588,410

Unquoted investments account for 100% of the investment portfolio (2010: 96.5%) by value. The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 88.67% (2010: 75.4%) of net assets at the year-end.

Current investments are money market funds which represent 6.74% (2010: 19.1%) 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 £746,557 and 8.38p 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 2011, 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 rate fixed, years
Venture capital investments					
Ordinary shares	4,376,921	52.6	n/a	n/a	n/a
Loan stock (fixed rate)	175,000	2.1	Fixed	20.0	Indefinitely
Loan stock (fixed rate)	4,500	0.1	Fixed	nil	Indefinitely
Loan stock (fixed rate)	679,150	8.2	Fixed	12.0	Five years
Loan stock (fixed rate)	1,465,000	17.6	Fixed	10.0	Four years
Loan stock (fixed rate)	765,000	9.2	Fixed	7.0	Five years
Liquidity funds	567,340	6.8	Floating	0.5	n/a
Bank deposits	283,964	3.4	Floating	0.1	n/a
	8,316,875	100.0			

It is estimated that a one percentage point fall in interest rates would have decreased the pre-tax profit for the year by 3.9%.

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.

## 19. Post balance sheet events

Since 31 January 2011 the Company has:

- Bought back and cancelled 3,608,233 shares under its share realisation and reinvestment programme ("SRRP");
- Allotted 3,499,943 shares under the SRRP;
- Allotted a further 1,021,921 shares under its public offer and SRRP;
- Raised over £1 million through the public offer and SRRP; and
- Made two follow-on investments for a total of £157,694.

## Notes to the Financial Statements (continued)

### 20. Geographical analysis

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

### 21. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company as at 31 January 2011.

### 22. Transactions with the Investment Adviser

During the year ended 31 January 2011 (year ended 31 January 2010), the Company incurred costs of £178,547 (£70,964) (exclusive of VAT) payable to IBIS Capital, the Investment Adviser:

- > £181,349 (£164,251) as an investment advisory fee;
- > £(45,640) (£(64,595)) as a sum recoverable from the Investment Adviser in respect of the cap on the Company's annual running expenses;
- > £nil (£(28,682)) as a sum recoverable from the Investment Adviser in respect of VAT on the investment advisory fee; and
- > £42,838 (£nil) as a fundraising fee from which IBIS Capital paid the expenses of the offer.

As at 31 January 2011 (31 January 2010), the Investment Adviser owed the Company £45,640 (£64,595) (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 2012 (31 January 2011).

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

### 23. Management of capital

The Board of directors considers the Company's net assets to be its capital and the Company does not have any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders.

The requirements of the Venture Capital Trust Regulations and the fact that the Company has a policy of not having any borrowings, mean that there is limited scope to manage the Company's capital structure. However, to the extent to which it is possible, the Company can maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, purchasing its own shares or issuing new shares.

There has been no change from the previous year in the objectives, policies or processes for managing capital.

## Notice of Annual General Meeting

**Notice is hereby given that the fifth annual general meeting of IBIS Media VCT 1 plc will be held at 6.00pm on 13 July 2011 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 Auditor's Reports and the Company's financial statements for the year ended 31 January 2011.
2. To declare a final dividend of 1.5p per share in respect of the year ended 31 January 2011 with a payment date of 1 August 2011 and a record date of 15 July 2011.
3. To approve the Directors' Remuneration Report for the year ended 31 January 2011.
4. To re-elect Simon Jamieson as a director of the Company.
5. To re-elect Lucy Macdonald as a director of the Company.
6. To re-elect Charles McIntyre 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 551 of the Companies Act 2006 (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 £14,741 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 2012 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 551 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 570 and 573 of the Act to allot or make offers or agreements to allot equity securities as defined in Section 560 of the Act for cash pursuant to the authority given pursuant to Resolution 9 set out in this notice of Annual General Meeting as if section 561(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 within the meaning of Section 693(4) 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;

(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 2012 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

31 May 2011

#### Notes

- 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.
- 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.
- 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.
- 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.
- The notes to the proxy form explain how to direct your proxy 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, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232; and
  - > received by Share Registrars Limited no later than 6.00 pm on 11 July 2011.
- 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).
- 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; and amended proxy appointment received after the relevant cut-off time will be discarded. 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.
- 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, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. 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 6.00 pm on 11 July 2011. 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.
- 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 6.00 pm on 11 July 2011 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 6.00 pm on 11 July 2011 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.
- Biographical details of the Directors are given on page 4 of the Annual Report and Financial Statements
- The issued share capital of the Company at the date of this notice is 9,826,777 ordinary shares. The total number of voting rights in the Company is 9,826,777.
- 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.

## 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](http://www.ibismediavct.com)

#### Investment Adviser

IBIS Capital Limited  
22 Soho Square  
London  
W1D 4NS

#### Sponsor & Broker

Brewin Dolphin Investment Banking  
34 Lisbon Street  
Leeds  
LS1 4LX

#### Secretary

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh  
EH2 1DF  
Telephone: 0131 243 7210

#### Auditors

Scott-Moncrieff  
Chartered Accountants  
Exchange Place 3  
Sempie Street  
Edinburgh  
EH3 8BL

#### VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

#### 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

#### IBIS Media VCT 1 plc

(incorporated in England and Wales  
registration number: 5660269)

#### Reporting Calendar

for year ending 31 January 2012

Results announced:

- > Interim – August 2011
- > Annual – May 2012

Annual general meeting:

- > July 2012



# Form of Proxy

## IBIS Media VCT 1 plc

Annual General Meeting – 13 July 2011

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 annual general meeting of the Company to be held at 6.00 pm on 13 July 2011, notice of which was sent to shareholders with the annual report and financial statements for the year ended 31 January 2011, 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 year ended 31 January 2011.			
2	To declare a dividend of 1.5p per share in respect of the year ended 31 January 2011.			
3	To approve the Directors' Remuneration Report in respect of the year ended 31 January 2011.			
4	To re-elect Simon Jamieson as a director of the Company.			
5	To re-elect Lucy Macdonald as a director of the Company.			
6	To re-elect Charles McIntyre 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 551 of the Companies Act 2006.			
10	To disapply Section 561(1) of the Companies Act 2006 in relation to the allotment of equity securities.			
11	To authorise the Company to make market purchases of ordinary shares in accordance with Section 693(4) of the Companies Act 2006.			

Signed: ..... Date: ..... 2011

### 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 6.00 pm on 13 July 2011 at 22 Soho Square, London W1D 4NS

Signed: ..... Date: ..... 2011



## 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, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232; and
  - received by the Company no later than 6.00 pm on 11 July 2011.
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.





**IBIS Media VCT 1 plc**  
22 Soho Square  
London  
W1D 4NS