

IBIS Media VCT 1 plc

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Investment in Riva Digital Media Ltd

We are pleased to announce that IBIS Media VCT 1 plc (IBIS) has completed its third investment - a £300,000 investment in Riva Digital Media Ltd (Riva), whose website can be found at www.epacmedia.com.

Company Description

Riva focuses on identifying and creating commercial opportunities for brands and artists using new media technology, based on an exciting new interactive entertainment and content platform – the Epac. The inspiration for Epacs was the electronic press kits that now form a key part of most major product and event launches.

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

The Epac concept has both business to consumer (B2C) and business to business (B2B) applications. An area of particular focus for Riva is the music industry, where commercial agreements are in place with Universal Music, Sony BMG and Eagle Rock. Riva will produce individual Epacs for a wide range of bands within these record labels, and each will be targeted at the band's fan base. The Epac might comprise some video concert footage, a MP3 single, a ring tone, wall paper, a band history, including member biographies and interviews. The Live Box will enable the record company to update fans of forthcoming events, such as the release of a new album or details of a forthcoming tour and ticket availability. With regards to the broader entertainment industry, agreements are being finalised with a number of the foremost companies who either own or distribute top quality content.

In B2B, Riva has already generated sales and has placed much of its initial focus on the motor and event industries, where a number of commercial agreements with major manufacturers are in place or at advanced stages of negotiation.

Riva was founded in September 2005 by Russ Lindsay, Peter Powell, Paul Worsley and Darren Worsley (James Grant Media Group, the UK's leading TV talent management agency) and Patrick Gibbon and Ken Wood (Interplay Media Ltd).

The company's website can be found at www.epacmedia.com, and Comic Relief Epacs, illustrating how premium content owners can use Epacs to showcase their content, can be downloaded from www.epacstore.com/comicrelief

Investment Rationale

IBIS' investment in Riva is based on a belief that Epacs represent an attractive and compelling new media content package with significant commercial potential. Furthermore, the Riva management team and largest shareholder, James Grant Media, are well known and highly regarded among the content and talent industries which should prove valuable in securing partnerships with owners of quality content in the entertainment and other industries. This has been demonstrated by the commercial agreements that are already in place.

In particular, Riva is positioned to profit from the increasing trend of consumers seeking to 'download to own' high quality content. Although each Epac is delivered as a bundled proposition all of the individual pieces of an Epac can be sorted and accessed separately through a traditional list-based system in the Epac Centre, enabling items to be transferred to portable devices and CDs using the application itself.

From the client perspective, an Epac represents an opportunity to deliver content to customers in an exciting new format with the capacity to develop personalised one-to-one relationships, which is in keeping with one of the most powerful trends driving the development of many major brands' marketing strategies.

Additional Information

IBIS' investment represents Riva's first institutional funding and is part of a £500,000 total fundraising round. Riva has had two prior fundraisings from management and angel investors.

Riva's largest shareholders are James Grant Media Group, the UK's leading television talent management agency, and Interplay Media, a company that specialises in using technology to develop communications solutions for brands and corporations.

James Grant was founded in 1984 by Peter Powell and Russ Lindsay. James Grant has a client list of high profile television personalities that includes Simon Cowell, Ant and Dec, Richard and Judy, Phillip Schofield and Piers Morgan

Russ Lindsay, was instrumental in setting up Riva with Interplay Media's Ken Wood. Russ will work in a full-time capacity as Riva's Creative Director and Ken as the full-time CEO.

Following completion of the investment David Stephens of IBIS Capital has joined the Board of Riva as a non-executive director.

Riva has been advised by Duncan Macintosh and Nicola McNeely of law firm, Capital Law LLP. IBIS has been advised by Kim Goode of Martineau Johnson.

Update on IBIS portfolio development

IBIS has made two prior investments to date - £400,000 in Quintus Management Holdings Limited ('Quintus') and £350,000 in Get Me Media Limited ('GMM').

IBIS has already achieved an exit from its investment in Quintus as a result of the acquisition of the company by IMG, the world's largest company dedicated to the marketing and management of sport, leisure and lifestyle. The proceeds received by IBIS represented a 42% uplift on the original investment level and an IRR of 53%.

The investment in GMM was only made in January 2007, but the Directors of IBIS are pleased with the progress that the company continues to make in developing its relationships and revenues within the media and marketing services industries.

About IBIS Media VCT 1 plc (IBIS)

IBIS is a venture capital fund focusing on making private equity investments at the smaller end of the UK media sector.

The fund has been structured as a Venture Capital Trust in order to enable investors in the fund to take advantage of the significant tax benefits available to VCTs, and investors in VCTs.

IBIS Capital Ltd

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