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## **Supplementary Prospectus**

### **IBIS Media VCT 1 plc**

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

#### **Offer for Subscription**

#### **Sponsored by**

#### **Brewin Dolphin Securities Limited**

### **Introduction**

This document constitutes a supplementary prospectus prepared in accordance with the Prospectus Rules and approved by the FSA in accordance with section 85 of FSMA ("Supplementary Prospectus"). This Supplementary Prospectus is supplemental to, and should be read in conjunction with the securities note, registration document and summary each dated 27 October 2006 and together constituting a prospectus ("the Prospectus") containing an offer for subscription for up to 15,000,000 Ordinary Shares in IBIS Media VCT 1 plc ("the Offer"), and in conjunction with the supplementary prospectus dated 8 June 2007 (the "First Supplementary Prospectus"). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

Persons receiving this document should note that Brewin Dolphin Securities Limited is acting for IBIS Media VCT 1 plc and no-one else in connection with the Offer and will not be responsible to any other person for providing the protections afforded to customers of Brewin Dolphin Securities Limited or for providing advice in connection with the Offer. Brewin Dolphin Securities Limited is authorised and regulated by the Financial Services Authority.

### **Responsibility**

The Company and the Directors of IBIS Media VCT 1 plc accept responsibility for the information contained in this document, the Prospectus and the First Supplementary Prospectus. To the best of the knowledge and belief of the Company and the Directors of IBIS Media VCT 1 plc (who have taken all reasonable care to ensure that such is the case) the information contained in this document, the Prospectus and the First Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Events arising since publishing the Prospectus**

As announced on 26 April 2007 and in accordance with its terms and conditions, the Directors have extended the Offer. The Offer will remain open until 12.00 noon on Friday 26 October 2007 unless it is previously fully subscribed or if the Board resolves to close the Offer at an earlier date. Following this extension of the Offer, the preliminary announcement of the Company's results for the financial year ended 31 January 2007 was made on 25 May 2007 and subsequently, an announcement of the interim results for the six months ended 31 July 2007 (the "Interim Announcement") was made on 21 August 2007.

The unaudited interim financial statements for the six months ended 31 July 2007, including the notes thereto, and the Investment Adviser's review ("the 2007 Interim Statements") appear in the interim report for that period that was sent by post to Shareholders on 22 August 2007.

Copies of the Company's interim report incorporating the 2007 Interim Statements are available free of charge at the Company's registered office or from its website, the address of which is

www.ibismediavct.co.uk. The Interim Announcement is available on the website of the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews).

Since the release of the Interim Announcement provides updated financial information that constitutes a significant new factor that may be of relevance to Investors, this Supplementary Prospectus has been issued. The Investment Adviser's Review contained in this Supplementary Prospectus also updates the paragraph entitled "Overview of existing investments and activities" in the Summary to the Prospectus.

Information from the 2007 Interim Statements that is incorporated by reference in this Supplementary Prospectus is available as follows:

<b>Information incorporated by reference</b>	<b>Page reference of the interim report</b>
Financial Summary	1
Investment policy	1
Chairman's statement	2 to 3
Investment Adviser's review	4 to 5
Investment portfolio	6
Financial statements:	
Income statement	7
Balance sheet	8
Cash flow statement	9
Reconciliation of movements in Shareholders' funds	10
Notes to the accounts	11

### **No significant change**

Other than the publication of the interim report for the six months ended 31 July 2007, there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus approved by the FSA on 27 October 2006 or the First Supplementary Prospectus approved by the UKLA on 8 June 2007.

Save as otherwise amended hereby, the Offer is being made on the terms and subject to the conditions set out in full in the Prospectus. Investors are entitled to a minimum period of two clear working days from the date of publication of this Supplementary Prospectus during which they may withdraw applications made in respect of the Offer. The Company will accept withdrawals of applications made in respect of the Offer posted prior to the close of business on 4 September 2007 only where these relate to applications which have been submitted for Ordinary Shares under the Offer, but which have not yet received an allotment of Ordinary Shares. Investors who wish to withdraw their applications should write to Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7BR.

### **Availability of Supplementary Prospectus, First Supplementary Prospectus and Prospectus**

Copies of this document, the Prospectus and the First Supplementary Prospectus are available for inspection at the offices of Brewin Dolphin Securities Limited, 12 Smithfield Street, London EC1A 9BD and copies of this document, the Prospectus and the First Supplementary Prospectus will be available free of charge from the offices of IBIS Capital Limited, 22 Soho Square, London W1D 4NS.

28 August 2007

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## **Supplementary Prospectus**

### **IBIS Media VCT 1 plc**

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

#### **Offer for Subscription**

#### **Sponsored by**

#### **Brewin Dolphin Securities Limited**

### **Introduction**

This document constitutes a supplementary prospectus prepared in accordance with the Prospectus Rules and approved by the FSA in accordance with section 85 of FSMA ("Supplementary Prospectus"). This Supplementary Prospectus is supplemental to, and should be read in conjunction with the securities note, registration document and summary each dated 27 October 2006 and together constituting a prospectus ("the Prospectus") containing an offer for subscription for up to 15,000,000 Ordinary Shares in IBIS Media VCT 1 plc ("the Offer"). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

Persons receiving this document should note that Brewin Dolphin Securities Limited is acting for IBIS Media VCT 1 plc and no-one else in connection with the Offer and will not be responsible to any other person for providing the protections afforded to customers of Brewin Dolphin Securities Limited or for providing advice in connection with the Offer. Brewin Dolphin Securities Limited is authorised and regulated by the Financial Services Authority.

### **Responsibility**

The Company and the Directors of IBIS Media VCT 1 plc accept responsibility for the information contained in this document and the Prospectus. To the best of the knowledge and belief of the Company and the Directors of IBIS Media VCT 1 plc (who have taken all reasonable care to ensure that such is the case) the information contained in this document and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Events arising since publishing the Prospectus**

As announced on 26 April 2007 and in accordance with its terms and conditions, the Directors have extended the Offer. The Offer will remain open until 12.00 noon on Friday 26 October 2007 unless it is fully subscribed or if the Board resolves to close the Offer at an earlier date. Following this extension of the Offer, the preliminary announcement of the Company's results for the financial year ended 31 January 2007 ("the Preliminary Announcement") was made on 25 May 2007.

The audited financial statements for that financial year, including the notes thereto, the Auditor's Report thereon, and the Investment Adviser's review ("the 2007 Financial Statements") appear in the annual report and accounts for the year ended 31 January 2007 that were sent by post to Shareholders on 26 May 2007.

Copies of the Company's annual report and accounts incorporating the 2007 Financial Statements are available free of charge at the Company's registered office or from its website, the address of which is [www.ibismediavct.co.uk](http://www.ibismediavct.co.uk). The Preliminary Announcement is available on the website of the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews).

Information from the 2007 Financial Statements that is incorporated by reference in this Supplementary Prospectus is available as follows:

<b>Information incorporated by reference</b>	<b>Page reference of the annual report and accounts</b>
Investment Adviser's review	6 to 7
Financial statements:	
Income statement	22
Balance sheet	23
Cash flow statement	24
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Auditing of the Financial Statements:	
Independent Auditor's Report	21

For the avoidance of doubt, the information contained in the annual report and accounts for the year ended 31 January 2007 that is not listed in the above table is provided for information purposes only.

#### **No significant change**

Save as disclosed in this document, there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus approved by the FSA on 27 October 2006.

Save as otherwise amended hereby, the Offer is being made on the terms and subject to the conditions set out in full in the Prospectus. Investors are entitled to a minimum period of two clear working days from the date of publication of this Supplementary Prospectus during which they may withdraw applications made in respect of the Offer. The Company will accept withdrawals of applications made in respect of the Offer until close of business on 13 June 2007 only where these relate to applications which have been submitted for Ordinary Shares under the Offer, but which have not yet received an allotment of Ordinary Shares. Investors who wish to withdraw their applications should write to Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7BR.

#### **Availability of Supplementary Prospectus and Prospectus**

Copies of this document and the Prospectus are available for inspection at the offices of Brewin Dolphin Securities Limited, 12 Smithfield Street, London EC1A 9BD and copies of this document and the Prospectus will be available free of charge from the offices of IBIS Capital Limited, 22 Soho Square, London W1D 4NS.

8 June 2007



# IBIS Media VCT 1 plc

Offer for Subscription

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## Summary & Securities Note

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and what action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document constitutes a Securities Note ("the Securities Note") and the Summary referred to below of IBIS Media VCT 1 plc ("IBIS 1" or "the Company"). This document has been prepared for the purposes of complying with the Prospectus Directive, English law and the rules of the UKLA and the information disclosed may not be the same as that which would be disclosed if this document had been prepared in accordance with the laws of a jurisdiction outside England. Additional statutory and general information relating to the Company is contained in a registration document ("the Registration Document") and a brief summary written in non technical language, conveying the essential characteristics of and risks associated with the Company and the new ordinary shares of 1 pence each in the capital of IBIS 1 ("New Ordinary Shares") which it offers for subscription is contained in a summary note ("the Summary"). The Securities Note, the Registration Document and the Summary have been prepared in accordance with the Prospectus Rules made under FSMA and have been approved by the Financial Services Authority in accordance with section 85 of FSMA. THE SECURITIES NOTE, THE REGISTRATION DOCUMENT AND THE SUMMARY TOGETHER CONSTITUTE AND MAY BE RELIED UPON AS A PROSPECTUS dated 27 October 2006 ("the Prospectus") of IBIS Media VCT 1 plc. The Prospectus has been filed with the FSA in accordance with the Prospectus Rules and you are advised to read the Securities Note, the Registration Document and the Summary.

IBIS 1 and the Directors of IBIS 1 (whose names are set out on page 31) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of IBIS 1 and the Directors of IBIS 1 (who have taken all reasonable care to ensure that such is the case), the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In connection with the Offer, Brewin Dolphin Securities Limited is acting for IBIS 1 and no-one else and will not be responsible to any other person for providing the protections afforded to customers of Brewin Dolphin Securities Limited, nor for providing advice in relation to the Offer for Subscription. Brewin Dolphin Securities Limited is authorised and regulated in the United Kingdom by the FSA.

The Ordinary Shares of IBIS 1 are admitted to the Official List and to trading on the market for listed securities of the London Stock Exchange. Application has been made to the Official List of the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on its market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the New Ordinary Shares will commence three business days following allotment.

**Your attention is drawn to the Risk Factors on page 7. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment.**

# IBIS Media VCT 1 PLC

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

## Offer for Subscription

for up to 15 million New Ordinary Shares of 1p each in the capital of the Company at an issue price of 100p each payable in full on application

Aggregate share capital of the Company immediately following the Offer, assuming that it is fully subscribed:

Authorised			Issued	
Number	£		Number	£
30,000,000	300,000	Ordinary Shares of 1p each	20,839,029	208,390

A maximum of 15 million New Ordinary Shares in IBIS 1 (International Security Identification Number GB00B0WHB612), which are being offered to the public, are being made available under the Offer. The subscription list for the Offer will open on 27 October 2006 and may close at any time thereafter but in any event not later than 12.00 noon on 5 April 2007 in respect of the 2006/07 tax year and 12.00 noon on 27 April 2007 in respect of the 2007/08 tax year. The Directors reserve the right to close the Offer earlier than the stated dates if it is fully subscribed by an earlier date or if it so resolved by the Board. They also reserve the right to extend the closing date of the Offer.

An application form, together with the procedures for its completion, are set out on pages 32 and 33 of this document. The minimum subscription per individual application in respect of the Offer is £5,000 in total.

Copies of this Securities Note, the Registration Document and the Summary and any supplementary prospectus published by the Company are available free of charge from the offices of IBIS Capital Limited, 22 Soho Square, London W1D 4NS.

## Summary Information

The following Summary should be read as an introduction to the Prospectus of IBIS 1. Any decision to invest in the New Ordinary Shares of the Company should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the cost of translating the prospectus before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the Summary, including any translation of the Summary, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

### Reason for the Offer

IBIS 1 was launched in February 2006 to invest in private equity type transactions at the smaller end of the UK media industry. By way of a previous offer for subscription that closed on 30 June 2006, the Company raised £5.74 million.

The Directors believe that within the smaller end of the UK media sector, there is an opportunity to build a portfolio of investments, which will provide scope for capital appreciation through organic growth and the opportunities presented through consolidation within the industry.

The Directors believe IBIS 1 has assembled an Investment Committee and Investment Adviser with considerable relevant experience of analysing and making investments in the UK media sector and they believe that the application of their specialist industry knowledge should provide a competitive advantage relative to more generalist investors.

Since its launch, IBIS 1 has established a strong investment deal flow and has reviewed a significant number of opportunities. One investment has already been made, in Quintus Management Holdings Limited ("Quintus") and there is a strong pipeline of other investment opportunities.

In view of the potential investment opportunities, IBIS 1 is now seeking to raise a further amount of up to £15 million by way of the Offer. The costs of the Offer are expected to be £675,000 and the estimated net proceeds of the Offer are £14,325,000. The Directors believe that the additional funds raised will enhance the capacity of IBIS 1 to take advantage of the opportunities to invest in companies operating at the smaller end of the UK media sector.

### The opportunity

The Directors believe that the UK media industry is undergoing a period of significant structural change driven by the development of the internet and other new technologies, and the changing patterns of media consumption.

The Directors believe that the smaller end of the UK media sector represents an attractive opportunity for making investments with potential for significant capital appreciation:

- Smaller media companies with talented management teams and innovative approaches to emerging changes and trends can create value rapidly;
- Successful smaller media companies will continue to represent attractive acquisitions for larger media companies and/or institutional investors; and
- There are a limited number of funds that focus on smaller media companies and so IBIS 1 is well positioned for new investment opportunities in the sector.

The Directors believe that IBIS 1 has in place a strong team which is both qualified and experienced:

- The Board includes investment professionals with over 60 years of experience across retail and institutional funds and public and private equity; and
- In terms of media experience, the Board brings together a former chairman/chief executive officer of a listed media company, a finance director from a leading UK media company, an experienced media specialist investment banker and a highly rated media equity analyst. In aggregate, these individuals have over 100 years of experience of the UK media sector, including significant experience of successfully managing media companies and structuring investments.

The Directors believe that the Offer represents an attractive investment for individual investors:

- VCT tax benefits remain attractive to Qualifying Investors;
- IBIS 1's investment focus on private equity type transactions should enable the Company to generate returns superior to many other types of investment;
- The Offer will allow new Shareholders to benefit from IBIS 1's existing investment in Quintus and the strong deal flow of other investment opportunities; and
- Increasing the funds under management should enable IBIS 1 to diversify risk for existing and new Shareholders.

Potential investors should, nevertheless, be aware that investments in smaller unquoted companies can carry higher risks than investments in larger quoted companies, though the diversity of the media sector should enable IBIS 1's Investment Committee to develop a balanced portfolio of VCT Qualifying Investments in order to manage risk.

### The Board, the Investment Committee, the Investment Adviser and other advisers

A key strength of IBIS 1 is the mix of media sector and investment management experience amongst the members of the Investment Committee and the Investment Adviser.

The Directors and the special adviser to the Investment Committee, Gary Hughes, together with connected persons have already invested more than £1.2 million in IBIS 1.

The Investment Committee comprises three senior executives from the media industry (Sir Robin Miller, Peter Williams and Gary Hughes) and three executives with considerable investment management experience (Peter English, Lucy MacDonald and Simon Jamieson).

Sir Robin Miller (Chairman)	Formerly CEO and Chairman, EMAP plc
Peter Williams	Currently Group Finance Director, DMGT plc
Gary Hughes	Currently CEO of CMP Information, a subsidiary of United Business Media plc
Peter English	Co-founder of Foresight Venture Partners
Lucy MacDonald	Chief Investment Officer, Global Equities of RCM
Simon Jamieson	Director, Flemings Family & Partners Asset Management

The investment adviser to IBIS 1 is IBIS Capital Limited, a FSA registered and rapidly growing business that offers a full range of corporate finance services to clients in the media sector. In terms of enterprise value, its corporate finance clients range in size from approximately £10 million to £1.5 billion.

Key executives of IBIS Capital involved directly with the sourcing, analysis and structuring of investments include Charles McIntyre, David Forster and David Stephens.

Charles McIntyre	Co-founder, IBIS Capital, ex Apax Partners and Altium Capital
David Forster	Co-founder, IBIS Capital, ex Merrill Lynch, Salomon Smith Barney
David Stephens	Investment Director, IBIS Capital, ex WPP Group

The Board of IBIS 1 comprises Sir Robin Miller (Chairman), Peter Williams, Peter English, Lucy MacDonald, Simon Jamieson, Charles McIntyre and David Forster.

The auditors of IBIS 1 are Scott Moncrieff.

### Investment policy

IBIS 1 will invest principally in smaller unquoted companies, although AIM and PLUS-quoted (Ofex) companies will also be considered. IBIS 1 will focus on providing development capital, second stage fundraisings, pre-IPO fundraisings and acquisition capital to investee companies.

The objective of IBIS 1 is to develop a balanced investment portfolio that has potential for capital appreciation. Investments will not necessarily be made in all areas of the media sector.

Characteristics of investment targets can typically be expected to include:

- A sustainable business model;
- Competitive advantage;
- A strong management team;
- Organic revenue growth potential; and
- Profitability, or the expectation of profitability within a reasonable timeframe.

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.

### Downside protection

As IBIS 1's investment focus will largely be on unquoted companies, the Investment Committee will generally seek to structure individual investments so as to provide a degree of downside protection by subscribing for a combination of ordinary shares as well as loan stock and/or preference shares. In this way IBIS 1 will seek to develop an investment portfolio where there is a degree of protection against adverse changes in the market in general or in specific investee companies.

### Overview of existing investments and activities

The Company has completed its first investment, investing £401,000 in Quintus Management Holdings Limited ("Quintus"), a private company that focuses on the ownership and development of brands, proprietary events and the exploitation of intellectual property rights in the field of sport and entertainment. The company was formed in 2003 on the de-merger of a broader-based media group that was originally founded in 1991 and Quintus has achieved a good record of growth both organically and through acquisition.

The Directors are pleased with the progress made by Quintus in the period since the Company's investment. In accordance with IPEVC Guidelines, the investment is currently valued at its original cost.

IBIS 1's interim results for the period ended 31 July 2006 were announced in September. The Net Assets Value at that date was 92.28p, reflecting the costs incurred in the early stages of the development of the Company. At 31 July 2006, the value of shareholders' funds was £5.4 million and the Company had no indebtedness at that date. Cancellation of the share premium account was approved by the Court in August and the balance has been transferred to a special reserve.

### Realisation of investments

The Directors expect that, in due course, the majority of investments will be realised by way of trade sales and through initial public offerings.

### Distribution of realised profits

The Board is committed to distributing realised profits on investments to shareholders, subject to the availability of funds and the Net Assets Value of IBIS 1 being in excess of 100p. (Assuming full subscription of £15 million under the Offer, the Net Assets Value following the closing of the Offer is expected to be 94.5p. This is based on the Net Assets Value at 31 July 2006 and costs of the Offer of 4.5 per cent. of funds subscribed under the Offer but excludes any trading surpluses or deficits incurred in the period from 31 July 2006 through to the closing of the Offer).

Distributions of capital gains and income will be tax free to qualifying investors (see the comments below on venture capital trusts).

### Charges

Issue costs in respect of the New Ordinary Shares will be 4.5 per cent. of funds subscribed under the Offer (plus annual trail commission).

The annual Investment Adviser's fee will be 2.25 per cent. of the net assets value of IBIS 1; annual operating costs, including the fee payable to the Investment Adviser, will be capped at 3.5 per cent. of the net assets value.

### Incentive arrangements

Members of the Investment Committee and the Investment Adviser are entitled to a share in a performance related incentive fee subject to the successful achievement of two performance hurdles.

Any such fee will only be payable if and when the hurdles below are achieved:

- The Performance Value per Ordinary Share must exceed 150p as compared to the Offer price per Ordinary Share of 100p; and
- Cumulative cash distributions must exceed 60p per Ordinary Share.

Additionally, the Performance Value per Ordinary Share must be higher than the highest such value previously recorded when an incentive fee was paid.

The performance related incentive fee will be calculated as being equal to 20 per cent. of the increase in the Performance Value per Share.

## Venture capital trusts

Venture capital trusts were first introduced in 1995 to encourage investment in smaller companies. VCT shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities. Under current legislation, an individual over 18 who is a UK taxpayer may obtain income tax relief of 30 per cent. on investments of up to £200,000 in venture capital trusts during each tax year. Gains arising on the disposal of shares in a venture capital trust are exempt from capital gains tax and dividends of either an income or capital nature are free of tax where they are paid to a qualifying investor.

## Making an investment in IBIS 1

The minimum individual investment in IBIS 1 under the terms of the Offer is £5,000.

An application for Ordinary Shares in IBIS 1 may only be made using the application form included in the Securities Note. Any decision to invest in the Company should only be made after full consideration of the Prospectus as a whole.

The New Ordinary Shares will be admitted to the Official List and to trading on the main market of the London Stock Exchange. The Offer will close on 5 April 2007 in respect of the 2006/07 tax year and on 27 April 2007 in respect of the 2007/08 tax year. The Directors reserve the right to close the Offer earlier than the stated dates if it is fully subscribed by an earlier date or if it is so resolved by the Board. They also reserve the right to extend the closing date of the Offer.

Assuming full subscription under the Offer, the number of Ordinary Shares in issue will be 20,839,029. The voting rights of existing Shareholders who decide not to subscribe to the Offer may, therefore be diluted.

The New Ordinary Shares will be issued in accordance with the Memorandum and Articles of Association of the Company and will be identical to the Ordinary Shares already in issue in terms of the rights conferred on Shareholders.

The typical investor for whom investment in the Company is designed is a retail investor who is an individual higher rate taxpayer aged 18 or over and resident in the United Kingdom. Investors should obtain independent advice regarding the suitability of an investment in a venture capital trust from a financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. An investment in IBIS 1 is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient financial resources to bear any loss that might result from such an investment.

## Risk factors

Prospective investors should consider the following key risks before making an investment in the Company:

- An investment in a VCT carries a higher level of risk than many other forms of investment;
- The investment portfolio will include investments made in small AIM traded, PLUS-quoted (Ofex) and private companies that may prove difficult to realise at a future date, delaying a return of funds to investors;
- The investment portfolio will carry a higher degree of financial risk and will not be suitable for investors with a short term investment horizon. Investors who sell their New Ordinary Shares within five years of subscription may lose their tax benefits;
- The levels and bases of tax relief available to investors may change or be withdrawn at a future date. The Directors intend to maintain the VCT qualifying status of the Company but there can be no guarantee that this can be achieved. A loss of VCT qualifying status of the Company could result in Investors having to repay the tax benefits obtained; and
- The New Ordinary Shares may suffer from a lack of liquidity and Investors may find it difficult to sell their New Ordinary Shares through the stock market at a future date.

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## Risk Factors

**Prospective investors should be aware that the value of the New Ordinary Shares and the income from them can fluctuate and that they may not get back the amount they invested. An investment in a venture capital trust carries a higher risk than many other forms of investment. Prospective investors should regard an investment in the Company as a long term investment, particularly as regards the Company's investment objectives and policy and the five year period for which Shareholders must hold their New Ordinary Shares to retain their initial income tax relief.** As well as the general risk factors outlined above, the Directors consider that the further risks set out below are material to potential investors. There are no other material risks presently known to the Directors.

- The past performance of IBIS 1 and other funds managed by individual members of the Board or the Investment Committee of the Company or the Investment Adviser is not an indication of the future performance of the Company.
- On a sale of their New Ordinary Shares, investors may realise less than the amount that they originally invested in the Company pursuant to the Offer.
- Although it is anticipated that the New Ordinary Shares will be admitted to the Official List and traded on the London Stock Exchange's market for listed securities, the secondary market for the New Ordinary Shares is likely to be limited and it is possible that there will not be a liquid market so that investors may find it difficult to realise their investment. In addition, the market value of a New Ordinary Share may be less than the underlying Net Assets Value of the Ordinary Shares .
- While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that such status will be maintained. A failure to meet the qualifying requirements could result in the Company losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the income tax relief obtained on subscription for the New Ordinary Shares. The information, including tax rules, contained in the Prospectus is based on existing legislation and reflects the tax reliefs currently available. The current legislation provides for income tax relief of up to 30 per cent. of the amount subscribed for 2006/07 and subsequently (subject to overall limitations on the amount of tax reliefs which can be claimed). The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company.
- If an Investor who subscribes for New Ordinary Shares in the Company disposes of those shares within five years from subscription, the Investor will be subject to clawback by HM Revenue & Customs of the income tax relief obtained on subscription.
- Although the Company may receive conventional venture capital rights in connection with some of its investments, as a minority investor it may not be in a position fully to protect its interests.
- Although the Company will seek, in conjunction with the Investment Adviser, to carry out due diligence investigations of prospective investment opportunities, no assurance can be given that such investigations will identify the level or nature of the risks which may adversely affect the value of the investments held by the Company.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the venture capital trust status of the Company which may restrict the Company's ability to obtain maximum value from its investments.
- The Company will largely be investing in smaller companies whose shares are not publicly traded or are traded on AIM or are PLUS-quoted (Ofex) companies. Investment in smaller AIM, or PLUS-quoted (Ofex) and private companies by its nature involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. In particular, smaller quoted and private companies may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. In addition, markets for investments in smaller quoted and private companies are often less liquid and there may be difficulties in valuing and disposing of investments in such companies. Disposing of investments in smaller quoted and private companies through trade sales may be difficult. Accordingly, realisations from investments in smaller quoted and private companies may not yield the level of returns anticipated by the Company when making its original investment. As indicated above, this may mean that investors may realise less than the amount they invested in the Company.
- The Investment Adviser is dependent upon the services of certain key individuals for the implementation of the investment policy of the Company. Whilst the Investment Adviser has entered into contractual arrangements with such individuals with the aim of securing their services, the retention of their services is not guaranteed and the loss of key personnel could have an adverse effect on the performance of the Company.
- There can be no guarantee that sufficient suitable investment opportunities will be identified in order to meet the investment objectives of the Company or to maintain its VCT status.

## Expected Timetable

Offer for subscription opens	27 October 2006
Final date for applications in respect of the 2006/07 tax year	12.00 noon on 5 April 2007
Final date for applications in respect of the 2007/08 tax year unless the Offer is extended by the Directors	12.00 noon on 27 April 2007
First admission to listing and commencement of dealings	On or after 3 November 2006

The Directors reserve the right to close the Offer earlier than the dates stated above if it is fully subscribed by an earlier date or if it is so resolved by the Board. They also reserve the right to extend the closing date of the Offer.

The Directors further reserve the right to increase the size of the Offer at their discretion or amend the Offer price if there is a significant movement in Net Assets Value per Ordinary Share

## Offer Statistics

	Note 1
Offer price per Ordinary Share	100p
Maximum number of Ordinary Shares in issue following the Offer (Note 2)	20,839,029
Estimated net proceeds of the Offer (Note 3)	£14,325,000
Minimum Initial Net Assets Value per Ordinary Share immediately following the Offer (Note 4)	94.5p

Note 1: Assuming the Offer is fully subscribed.

Note 2: Subject to an Offer price of 100p.

Note 3: Based on the expenses of the Offer for Subscription being no more than 4.5 per cent. of funds subscribed which excluded annual trail commission payable by the Company.

Note 4: Calculated using the audited Net Assets Value per Ordinary Share on existing shares as at 31 July 2006 of 92.28p and before trading surpluses or deficits arising in the period through to the closure of the Offer.

## Financial Calendar

Financial year end	31 January 2007
Preliminary results announcement and posting of annual report	April 2007
Annual General Meeting	June 2007
Interim period end	31 July 2007
Interim results announcement and posting of interim report	September 2007

## Letter from the Chairman

IBIS Media VCT 1 plc  
22 Soho Square  
London  
W1D 4NS  
27 October 2006

Dear Investor

Venture capital trusts continue to represent attractive investment opportunities for individual investors. They can allow access to specialist investment situations that may not otherwise be available to smaller investors whilst also enabling investors to take advantage of tax benefits that include 30 per cent. income tax relief on the amount invested.

Earlier in 2006, IBIS 1 was launched with a specific focus on making investments in companies operating at the smaller end of the UK media sector. The Board has been encouraged by the response to the launch and the number and quality of the investment opportunities that have been presented to the Investment Committee in recent months.

The Directors also believe that the changes to the VCT tax qualification rules will favour the specialist private equity approach, such as that of IBIS 1, relative to the more generalist and AIM VCT funds. The revised, lower gross assets test is not a significant issue for IBIS 1: media companies are asset light, and most of the investment opportunities which IBIS 1 has identified and reviewed to date have qualified under the revised gross assets test. However, having launched IBIS 1 in the 2005/06 tax year, the Company will have some flexibility, if required, to participate in larger investment opportunities.

As I indicated in the Company's interim statement on 18 September, the Board has decided to proceed with a further offer for subscription in order to increase the amount of funds available for investment. This should benefit existing Shareholders as it will make IBIS 1 more attractive to potential investee companies and enhance the Company's ability to make follow-on investments. As a consequence it should be possible to build a more diversified portfolio with reduced investment risk and with a lower proportion of our cash being spent on running costs.

I very much hope that you will choose to invest in IBIS 1 and I look forward to welcoming you as a Shareholder.

Yours faithfully



**Sir Robin Miller**

Chairman

IBIS Media VCT 1 plc

## Part I – About IBIS 1

### Reason for the Offer

IBIS 1 was launched in February 2006 to invest in private equity type transactions at the smaller end of the UK media industry. By way of a previous offer for subscription that closed on 30 June 2006, the Company raised £5.74 million.

The Directors believe that within the smaller end of the UK media sector, there is an opportunity to build a portfolio of investments, which will provide scope for capital appreciation through organic growth and the opportunities presented through consolidation within the industry.

The Directors believe IBIS 1 has assembled an Investment Committee and Investment Adviser with considerable relevant experience of analysing and making investments in the UK media sector and they believe that the application of their specialist industry knowledge should provide a competitive advantage relative to more generalist investors.

Since its launch, IBIS 1 has established a strong investment deal flow and has reviewed a significant number of opportunities. Several of these opportunities have met the Company's investment criteria. One investment has already been made, in Quintus Management Holdings Limited ("Quintus"), and there is a strong pipeline of other investment opportunities.

In view of the potential investment opportunities, IBIS 1 is now seeking to raise a further amount of up to £15 million by way of the Offer. The Directors believe that the additional funds raised will enhance the capacity of IBIS 1 to take advantage of the opportunities to invest in companies operating at the smaller end of the UK media sector.

### The opportunity

#### Investment in IBIS 1 provides access to enhanced returns associated with private equity type investments

The Directors believe that an investment in IBIS 1 allows Shareholders access to enhanced returns associated with private equity type investments and the prospect of attractive rates of capital appreciation. Whilst such investments can carry a higher degree of risk than investments in larger listed companies, the Board believes that the relevant experience of the Investment Committee and the Investment Adviser should enable IBIS 1 to develop a balanced portfolio in order to manage this risk.

#### Smaller media companies can be well placed to deliver value

By focusing on the smaller end of the UK media sector, the Company can access areas of the industry that are undergoing significant change that can create attractive investment opportunities. In particular, the development of new digital technologies, the emergence of the internet and changing patterns of media consumption are producing major and sometimes rapid structural change. The Directors believe that, while larger media companies with legacy business models may take longer to adapt, smaller companies with talented management teams and innovative approaches to emerging changes and trends can be better placed to deliver revenue growth and appreciation in shareholder value in relatively shorter timescales.

#### High levels of corporate activity in the media sector can help value realisation

The Directors expect that, in due course, the majority of investments will be realised by way of trade sales or through initial public offerings. Corporate activity in the media sector is dynamic, with larger companies, in particular, seeking to supplement their organic growth by acquisition, often with the objective of accessing innovative products or technologies. Furthermore, more than 120 media companies are fully listed or traded on AIM, which is an indication of the attractiveness of media companies to institutional investors.

#### The Board has media and investment management experience

In terms of media experience, the Board brings together a former chairman/CEO of a major media company, a group finance director of a leading UK media company, an experienced media specialist investment banker and a highly rated media equity analyst. In aggregate these individuals have over 100 years of experience of the UK media sector, including significant experience of successfully managing media companies and structuring investments. Additionally, the Board includes investment management professionals who collectively have over 60 years of experience across retail and institutional funds and public and private equity, including venture capital trusts.

#### The Investment Committee and the Investment Adviser are incentivised to maximise returns to Shareholders

The Investment Committee and the Investment Adviser are incentivised by way of a performance related incentive fee that becomes payable when cumulative dividends of 60 pence per Ordinary Share have been paid and the Performance Value Per Share has increased to 150p (from an initial subscription price of 100p per share). Additionally, members of the Board and the special adviser to the Investment Committee, Gary Hughes, together with connected persons have invested £1.2m in the Company. They are also proposing to make under the Offer further aggregate minimum investments of £160,000. These interests and proposed investments ensure that their interests are aligned with Shareholders generally.

### A larger fund will mean that the costs of the Offer and continuing administration costs can be contained

The Directors anticipate that certain costs associated with the original incorporation and establishment of the Company and the earlier fundraising will not recur. Consequently, they have fixed the costs of the Offer at 4.5 per cent. of funds subscribed under the Offer (including irrecoverable VAT and initial trail commission but excluding annual trail commission which will be payable by the Company); IBIS Capital Limited has agreed to indemnify the Company in respect of all costs except annual trail commission incurred in excess of that level. Additionally, following the Offer, the annual administration expenses of the Company can be spread over a larger total fund. Although annual expenses are capped at 3.5 per cent. of net assets value, the Directors believe that the cost efficiencies that can be achieved in managing a fund of approximately £20 million have the potential to reduce the annual expenses below that level.

### VCT tax benefits are available to investors

Current VCT tax reliefs provide that an individual may obtain income tax relief of 30 per cent. on investments of up to £200,000 in venture capital trusts during each tax year. Gains arising on the disposal of shares in a venture capital trust are exempt from capital gains tax and dividends of either an income or capital nature paid to Qualifying Subscribers are free of tax provided that an individual's investments in venture capital trusts do not exceed £200,000 in each tax year. To obtain the benefit of these tax advantages, however, Shareholders must retain their New Ordinary Shares in the Company for a minimum period of five years. Potential investors who are in any doubt as to the available VCT tax benefits or the suitability of an investment in a venture capital trust should consult their own independent advisers.

### Investment policy

The UK has one of the most developed media markets in the world and one of its key attractions is its diversity, as it encompasses sub-sectors that range in character from mature to growth and cyclical to non-cyclical.

The Directors consider that the media sector encompasses the following sub-sectors:

- Advertising and marketing services
- Broadcasting
  - Cinema
  - Free TV
  - Pay TV
  - Radio
- Conferences and exhibitions
- Enabling technologies
- Film
- Intellectual property
- Online media
- Music
- Outdoor advertising (posters)
- Publishing
  - Advertising periodicals
  - Business magazines
  - Consumer books
  - Consumer magazines
  - Directories
  - National newspapers
  - Professional publishing
  - Regional newspapers

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.

Whilst the Directors and the Investment Committee are primarily targeting investments in privately owned companies, suitable opportunities to acquire Qualifying Investments in smaller AIM and PLUS-quoted (Ofex) stocks will also be considered where there is potential to achieve the level of returns targeted by the 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 1 is not, however, likely 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.

In common with general practices adopted by venture capital trusts, the Investment Committee will generally seek to structure individual investments in investee companies so as to provide a degree of downside protection by subscribing for a combination of ordinary shares as well as loan stock and/or preference shares.

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

- (i) a sustainable business model;
- (ii) high quality management team;
- (iii) a competitive advantage within their target markets;
- (iv) the scope for organic revenue growth; and
- (v) profitability or reasonable expectation of achieving profitability within a foreseeable timeframe.

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.

Where the Board and the Investment Committee consider that it is appropriate to do so, IBIS 1 will seek to implement the investment policy by syndicating with other investors. Typically, syndication will be considered where the investment requirement is greater than the limits set on IBIS 1 as a VCT. In such cases, syndication would allow IBIS 1 to participate in larger investments.

### Review of operations

On 7 February 2006, the Company launched an offer for subscription that subsequently closed on 30 June 2006, at which point it had raised £5.74 million gross. It proved to be a difficult year for newcomers to the VCT market with a specialist offering and IBIS 1 was pleased to comfortably pass its minimum subscription under that offer, with a number of investors investing across both the 2005/06 and the 2006/07 tax years. The Company's opening Net Asset Value (NAV) was 92.85p after account was taken of the start-up costs (which were capped at 5.5% of total funds subscribed) and the early subscriber discount of 2 per cent. on the first £5 million of subscriptions.

In June 2006, the Company announced the successful completion of its first investment; namely a £401,000 investment in Quintus Management Holdings Limited an established and profitable company that is focused on building brands and events and the exploitation of intellectual property rights in the field of sport and entertainment. Although the investment is relatively recent, the Directors are encouraged by Quintus' progress since that investment was made. The audited net assets of Quintus as at 31 December 2005 were £1.6 million.

The Investment Adviser, IBIS Capital Limited, has continued to see a high level of deal flow from smaller media companies and has evaluated approximately 70 investment opportunities.

The Company's interim results for the period from incorporation to 31 July 2006 were announced in September. The NAV was 92.28p as at 31 July 2006. As a fund focused on private equity investments, which by their nature are typically long term investments, the main influence on the NAV in the early stages of development of the Company is the effect of the charges that were incurred in connection with the offer for subscription undertaken in February 2006. The NAV as at 31 July 2006 compares with an effective cost of investment of 60p to those qualifying investors able to benefit fully from the front-end tax relief available under the 2005/06 tax regime, or 58p for those who also received the early subscriber discount available on the first £5 million of subscriptions.

The Company reported a loss of £32,894 for the period from incorporation to 31 July 2006. The Company's annual running costs are capped at 3.5 per cent. of net assets value.

The Company was authorised at an Extraordinary General Meeting held on 23 January 2006 to apply to the Court to cancel 100 per cent. of the amount standing to the credit of the share premium account immediately following the issue of Ordinary Shares pursuant to the offer undertaken in February 2006. Court approval for the cancellation was granted on 23 August 2006. The cancellation of the share premium account has created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's Ordinary Shares when the Directors consider that it is in the best interests of the Company to do so.

The Investment Adviser continues to see very high levels of deal flow. A strong pipeline of opportunities has been built and IBIS 1 is currently in various stages of negotiations with respect to a number of potential investments.

### The investment portfolio

IBIS 1 was launched in February 2006 and undertook an offer for subscription at that time. Its investment activities therefore only commenced in late March 2006 once the minimum level of subscription under that offer had been achieved.

The Company has completed its first investment, investing £401,000 in Quintus Management Holdings Limited, a private company that focuses on the ownership and development of brands, proprietary events and the exploitation of intellectual property rights in the field of sport and entertainment. The company was formed in 2003 on the de-merger of a broader-based media group that was originally founded in 1991 and has achieved a good record of growth both organically and through acquisition.

The Directors are pleased with the progress made by Quintus in the period since the Company's investment. The audited net assets of Quintus at 31 December 2005 were £1.6 million.

In accordance with IPEVC Guidelines, the investment is currently valued at its original cost.

### Distribution of realised profits

The Board is committed to distributing realised profits on investments to Shareholders, subject to the availability of funds and the Net Assets Value of IBIS 1 being in excess of 100p. (Assuming full subscription of £15 million under the Offer, the Net Assets Value following the closing of the Offer is expected to be 94.5p. This is based on the Net Assets Value at 31 July 2006 and costs of the Offer of 4.5 per cent. of funds subscribed under the Offer but excludes any trading surpluses or deficits incurred in the period from 31 July 2006 through to the closing of the Offer).

### Distributions of gains by way of capital or dividend distributions will be tax free to Qualifying Subscribers.

In order to demonstrate their commitment to the distribution policy the Investment Adviser and members of the Investment Committee have agreed to receive no award under the incentive scheme (details of which are set out below) until 60p per Ordinary Share of cumulative cash distributions have been made.

### Buy back policy

In line with industry practice, IBIS 1 operates a buy-back policy in respect of the Ordinary Shares. Buy-backs will be:

- at the Directors' discretion;
- implemented to benefit Shareholders as a whole; and
- subject to the Listing Rules and any other applicable legislation.

The price paid must be not less than one penny per Ordinary Share nor more than the Net Assets Value per Ordinary Share or 5 per cent. above the average of the market value of the Ordinary Shares over the five business days prior to purchase.

### Dividend policy

Venture capital trusts can distribute their realised capital profits as well as their income. Dividends paid out of capital and income are not subject to tax in the hands of Qualifying Subscribers. It is the intention of the Directors that the Company will make distributions from revenue profits and profits realised from the sale of investments.

### Illustration of the tax advantages of venture capital trusts for Qualifying Subscribers

The worked example given below illustrates the tax advantages, referred to above, currently available in respect of an investment in a venture capital trust. Investors should consult their own tax advisers in respect of their personal circumstances.

Investment	£10,000
Income tax relief	£3,000
Net cost of initial investment	£7,000
Value of investment if the Company achieves a Total Return of 22.5 per cent.	£12,250
Amount of uplift on net cost of initial investment	£5,250
Percentage uplift on investment	75%
Value of investment if the Company achieves a Total Return of minus 23 per cent.	£7,700
Amount of uplift on net cost of initial investment	£700
Percentage uplift on net cost of initial investment	10%

The information contained within the above table, which does not take account of the issue and operating costs of the Company, is for illustrative purposes only and is not intended, and should not be construed, as a forecast of the future financial performance of an investment in the Company.

Current legislation provides for income tax relief of 30 per cent. on investments of up to £200,000 per individual in VCTs in any one tax year from 6 April 2006. A husband and wife can each invest up to £200,000 in the tax year 2006/07 and subsequently.

### Corporate tax advantages of venture capital trusts

Venture capital trusts do not pay corporation tax on their capital profits from the sale of underlying investments. They do, however, pay corporation tax on their interest and dividend income.

## Part II – The Board, the Investment Committee and Investment Adviser

### The Board of IBIS 1

The Board of IBIS 1 provides a mix of investment management and public company experience, together with substantial experience of the media sector and venture capital. The Board has overall responsibility for the Company's affairs, including its investment policy and each of the Directors is a member of the Investment Committee. In addition, the Investment Committee benefits from the services of a specialist adviser, Gary Hughes, who has the same rights on the Investment Committee as the Board members.

The Board comprises:

#### Independent Directors

##### **Sir Robin Miller, Independent non-executive Chairman (Age 65)**

Sir Robin Miller was the chief executive of EMAP plc, a major UK media company with a market capitalisation of approximately £1.8 billion, until July 1998 when he became non-executive chairman. He subsequently resigned as chairman of EMAP plc and was re-appointed as interim group chief executive for a further period of some 18 months.

He is also chairman of Boosey & Hawkes and Clarion Events Limited. He is the past chairman of HMV Group plc and a past non-executive director of Moss Bros. Group plc and Channel 4 Television.

Sir Robin brings to the Board his experience as a chairman and director of public companies as well as a knowledge of many media sub-sectors that the Company will consider for investment, including television, radio, consumer magazines, business-to-business publishing and exhibitions.

##### **Peter English, Independent non-executive Director (Age 65)**

Peter English co-founded VCF LLP, which now trades as Foresight Venture Partners ("FVP"), in 1985. FVP has managed or advised Fleming Ventures Limited and a number of venture capital trusts including Foresight Technology VCT plc ("Ordinary" and "C" Share Funds), 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).

Over the last 20 years, FVP has achieved 30 exits through trade sales or flotation, averaging a multiple of 7.1 times the original investment. In 2005, FVP saw over 300 new investment opportunities and invested £21.3 million in 23 new and follow-on investments.

Mr English can, therefore, demonstrate a record of successful investment within, and considerable knowledge of, the VCT sector.

##### **Lucy MacDonald, Independent non-executive Director (Age 43)**

Lucy MacDonald has been a director and chief investment officer, Global Equities of RCM (a subsidiary of Allianz Global Investors) since 2001. She is responsible for \$4.3 billion (£2.3 billion) of global equity funds, including Allianz RCM Global Equity fund.

Previously, she was a director of Baring Asset Management and head of UK specialist funds, producing top quartile performance. Her sector responsibilities included media and investments in this area were an important driver of overall fund performance.

In the course of her twenty year investment career, Ms MacDonald has been responsible for numerous investments in the media sector, ranging from large global businesses to small UK based businesses, which represents the area of the market on which IBIS 1 focuses. She is an Associate of the Society of Investment Professionals and is a non-executive director of Apollo Films.

##### **Peter Williams, Independent non-executive Director (Age 53)**

Peter Williams has been the group finance director of Daily Mail & General Trust ("DMGT") since 1991. DMGT is a leading UK-based media company with a market capitalisation of approximately £2.4 billion.

He is also a non-executive director of Euromoney Institutional Investor plc, a professional information publisher and events organiser, and of GCap Media plc, one of the UK's largest radio companies.

Mr Williams provides the Board with experience as a director of a listed company and with knowledge of numerous aspects of the media sub-sectors that may be the subject of investment by the Company, including national and regional newspapers, radio, business information, exhibitions, educational publishing and online media.

##### **Simon Jamieson, Independent non-executive Director (Age 47)**

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

Mr Jamieson joined Robert Fleming Holdings in 1985. Previously he worked at Glenwood Management, a US West Coast based venture capital firm.

## Non-independent Directors

### David Forster, non-executive Director (Age 47)

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

### Charles McIntyre, non-executive Director (Age 37)

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 majority of businesses with which he was involved were backed with private equity investment. Mr McIntyre's activities included structuring private equity transactions, securing additional private equity and debt, overseeing investment processes including due diligence investigations and legal documentation for private equity investment and identifying and managing exit processes.

## The Investment Committee

There are eight members of the Investment Committee comprising all Directors and an independent special adviser, Gary Hughes.

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

In his capacity as finance director of two of the UK's leading media companies Mr Hughes has been involved in the appraisal and execution of numerous media acquisitions and investments across a wide variety of media sub-sectors. Mr Hughes brings his experience of the appraisal and approval of investment decisions to the Investment Committee and using his extensive network of contacts is able to add to the deal flow that is available to the Company.

As a member of the Investment Committee, Mr Hughes is entitled to an aggregate annual fee of £12,500 and will also receive 3 per cent. of the performance related incentive fee payable by the Company. Further details of the performance related incentive fee are set out below.

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 members of the Investment Committee voting against.

Mr Forster and Mr McIntyre have no vote on the Investment Committee but can participate in its discussions.

## The Investment Adviser

IBIS Capital Limited acts as the Investment Adviser to IBIS 1. IBIS Capital Limited was established in August 2003 by David Forster and Charles McIntyre. It is an FSA registered business offering a full range of corporate finance services to clients in the media sector. In terms of enterprise value, its corporate finance clients range in size from approximately £10 million to £1.5 billion.

The directors of IBIS Capital Limited have arranged and advised on a number of syndicated investments. In one instance, a realisation was achieved after 34 months at 7.25 times the value of the company at the date of the original investment whilst another of the companies in which an investment was made has subsequently undertaken a second round of fund-raising at a 30 per cent. uplift to its earlier valuation. Whilst these investments are of a size and type that is consistent with the sort of opportunities that are targeted by IBIS 1, they pre-date the launch of its fund. The past record of the Investment Adviser should not be taken as a guide to future performance.

Under the supervision of and on behalf of the Board and the Investment Committee, the Investment Adviser assists in the generation of deal flow, undertakes investment appraisals and due diligence, negotiates the terms of any investment, monitors the performance of investments made and reviews opportunities for the realisation of investments at an acceptable return.

### Performance related incentive fee

The Investment Adviser and each member of the Investment Committee (other than David Forster and Charles McIntyre who will benefit through their shareholdings in IBIS Capital Limited) are entitled to share in a performance related incentive fee from the Company. The aggregate performance fee payable by the Company is calculated as being equal to 20 per cent. 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. Firstly, 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. Secondly, 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 (other than David Forster and Charles McIntyre) is entitled to a 3 per cent. share of the Performance related incentive fee, save that the Chairman of the Board is entitled to a share of 3.5 per cent. The Investment Adviser is entitled to the remaining 81.5 per cent. of the performance related incentive fee.

## Part III – Offer Details

### The Offer

IBIS 1 proposes to raise up to £15 million (before issue costs) by way of an Offer to the public of up to 15 million New Ordinary Shares at an Offer price of 100p, payable in full on application. The net proceeds, assuming full subscription under the Offer will be £14,325,000. The Directors reserve the right to alter the Offer price per New Ordinary Share if there is a significant movement in the Net Assets Value. Any such new Offer price will be contained in a supplementary prospectus issued by the Company.

In the event of full subscription under the Offer, existing Shareholders will hold 5,839,029 Ordinary Shares from the total of 20,839,029 Ordinary Shares that would then be in issue, representing a dilution of approximately 75 per cent. for Shareholders who decided not to subscribe to the Offer.

### Use of the proceeds

The proceeds of the Offer will be invested substantially in Qualifying Investments within the media sector. Investments will primarily be made in private companies with the principal intention of realising capital appreciation.

### The Offer and minimum and maximum subscription

A maximum of 15 million New Ordinary Shares are being offered to the UK public at 100p each (subject to amendment), payable in cash. If applications are received in excess of the maximum subscription under the Offer, the Directors reserve the right to use their absolute discretion in the allocation of successful applications. In exercising their discretion in this manner, the Directors will take into consideration the dates on which correctly completed applications are received. Applicants are encouraged to submit their application forms early in order to be confident that their applications will be successful.

The minimum investment per applicant is £5,000. There is no maximum investment although, under current legislation, tax reliefs are available on a maximum investment of £200,000 per individual in all venture capital trusts in any one tax year. A husband and wife can each invest up to £200,000 in the tax year 2006/07 and subsequently.

The subscription list for the Offer will open on 27 October 2006 and may close at any time thereafter but in any event not later than 12.00 noon on 5 April 2007 in respect of the 2006/07 tax year and 12.00 noon on 27 April 2007 in respect of the 2007/08 tax year, unless the latter date is previously extended by the Directors. In the event that a subscription by an individual investor is either not accepted or is not accepted in full, the application monies or, as the case may be, the balance thereof, will be returned (without interest) by returning the individual investor's cheque or banker's draft or by a crossed cheque in favour of the individual investor, through the post at the risk of the person(s) entitled thereto.

It is expected that allotments of New Ordinary Shares under the Offer will be made monthly and on each allotment date an announcement will be released through a Regulatory Information Service including details of the issue price and the total number of New Ordinary Shares allotted. It is anticipated that dealings in New Ordinary Shares will commence by the third business day following allotment. Definitive share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of New Ordinary Shares will be posted to Shareholders within ten days of each allotment. No notification will be made to successful applicants prior to despatch of definitive share certificates or crediting of CREST accounts. Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register. No temporary documents of title will be issued. CREST accounts will first be credited on the same day on which dealings in the New Ordinary Shares commence. The Offer is not underwritten.

### Application procedure

The Directors in their absolute discretion will determine the basis of the allocation of the New Ordinary Shares (although it is anticipated that applications will be accepted on a first come, first served basis). The Registrar will not acknowledge receipt of applications. An application form is included within this document, together with explanatory notes. The terms and conditions of subscription are also set out in this document. You should carefully read the terms and conditions of subscription set out in this document.

Provided applications are for a minimum of £5,000, applications can be for any amount. Application forms should be sent or delivered, together with a remittance for the full amount payable in respect of the application, by post or by hand, to Park Circus Registrars, 2nd Floor, 144 West George Street, Glasgow G2 2HG. Applications in respect of the 2006/07 tax year must arrive by no later than 12.00 noon on 5 April 2007 and applications in respect of the 2007/08 tax year must arrive no later than 12.00 noon on 27 April 2007. All payments must be made in Sterling by cheque or bankers' draft drawn on a bank in the UK, the Channel Islands or the Isle of Man bearing a UK bank sort code in the top right hand corner. Cheques and bankers' drafts should be made payable to "IBIS 1 Offer Account" and crossed "A/C Payee Only". Your attention is drawn to the statements concerning the Money Laundering Regulations in the terms and conditions of application.

When submitting their application, investors must ensure that payment is made in full in respect of the number of New Ordinary Shares for which their application is made. Prospective investors are reminded that their application may not be accepted unless full payment is received (prior to 12.00 noon on 5 April 2007 in respect of the 2006/07 tax year or prior to 12.00 noon on 27 April 2007 in respect of the 2007/08 tax year) in respect of the New Ordinary Shares for which they apply.

Multiple applications are permitted.

### Costs of the issue

The total costs of the Offer (including irrecoverable VAT and sales commissions) is fixed by the Board at 4.5 per cent. of funds subscribed under the Offer plus annual trail commission. IBIS Capital Limited has agreed to indemnify the Company in respect of all costs (save for annual trail commission) in excess of this.

Assuming full subscription of £15 million under the Offer, the Net Assets Value following the closing of the Offer is expected to be 94.5p. This is based on the Net Assets Value at 31 July 2006 and costs of the Offer of 4.5 per cent. of funds subscribed under the Offer but excludes any trading surpluses or deficits incurred in the period from 31 July 2006 through to the closing of the Offer.

Introductory commission will be paid by the Promoter to authorised financial intermediaries at a rate of 3.0 per cent. of funds subscribed under the Offer for successful applications up to and including 31 January 2007 and thereafter at a rate of 2.5 per cent. until the close of the Offer. In addition, provided that the intermediary continues to act for the client and the client continues to hold New Ordinary Shares, intermediaries will be paid an annual trail commission of 0.375 per cent. of the initial Net Assets Value of New Ordinary Shares allotted to their client by the close of the Offer. No payment of trail commission shall be made to the extent that the cumulative commission would exceed 4.25 per cent. of the initial Net Assets Value per New Ordinary Share so allotted.

### Annual investment management and other costs

Annual expenses will be capped at 3.5 per cent. of net assets value. Any excess over 3.5 per cent. will be borne by the Investment Adviser. This figure covers the annual business expenses incurred and includes IBIS Capital Limited's investment advisory and administration fees, Directors' remuneration, normal fees payable to the special adviser, registrars, stockbroker, auditor, solicitors and VCT status advisers and any annual trail commission payable to financial advisers. It excludes any irrecoverable VAT and does not include performance related incentive fees.

### Settlement and dealings

The Ordinary Shares of IBIS 1 are admitted to the Official List and to trading on the market for listed securities of the London Stock Exchange. Application has been made to the UK Listing Authority for up to 15 million New Ordinary Shares to be issued pursuant to the Offer to be admitted to the Official List and to the London Stock Exchange's market for listed securities. New Ordinary Shares will be in registered form capable of being transferred by means of the CREST system. Those successful applicants who wish to take advantage of the ability to trade in New Ordinary Shares in uncertificated form, and who have access to a CREST account, may arrange with their CREST operator to convert their holdings into dematerialised form. Investors should be aware that New Ordinary Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Ordinary Shares held in CREST.

### Taxation and HM Revenue & Customs approval

Provisional approval of the Company as a venture capital trust was granted under section 842AA ICTA by HM Revenue & Customs with effect from 5 April 2006 (the date of the First Admission). IBIS 1 intends to carry on its business so as to obtain and maintain such approval. In this regard, the Company has retained Martineau Johnson to advise on VCT status.

Further details of the tests that must be satisfied for the Company to qualify as a venture capital trust are set out in Part V of this Securities Note. Any potential investors in doubt as to the tax reliefs associated with venture capital trusts should consult their independent financial adviser authorised under the Financial Services and Markets Act 2000.

## Part IV – Tax Benefits

The following information is only a summary of the current law concerning the tax position of individual investors in venture capital trusts. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a venture capital trust.

### Tax reliefs for investors

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

#### 1. Income tax

- (a) **Relief from income tax on investment**  
An investor subscribing for New Ordinary Shares will be entitled to claim income tax relief on amounts up to a maximum of £200,000 in any tax year. To obtain relief an investor must subscribe on his own behalf although the shares may subsequently be transferred to a nominee. The relief is given at the rate of 30 per cent. on the amount subscribed, provided that the relief is limited to the amount which reduces the investor's income tax liability to nil. Investments to be used as security for, or financed by, loans may not qualify for relief, depending on the circumstances.
- (b) **Dividend relief**  
An investor who acquires, in any tax year, venture capital trust shares having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those venture capital trust shares. No tax will be withheld by the Company when it pays dividends.
- (c) **Purchasers in the market**  
An individual purchaser of existing Ordinary Shares in the market will be entitled to claim dividend relief (as described in paragraph (b) above) but not relief from income tax on investment (as described in paragraph (a) above).
- (d) **Withdrawal of relief**  
Relief from income tax on subscription for shares in a venture capital trust is withdrawn if the shares are disposed of (other than between spouses) within five years of issue or if the venture capital trust loses its approval within this period.
- (e) **Obtaining income tax reliefs**
  - (i) The Company will give an income tax certificate to each investor which the Investor may use to claim income tax relief either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system (obtained by completing the relevant form available from the Inland Revenue) or by waiting until the end of the tax year and using a Self Assessment Tax Return to claim the relief.
  - (ii) Dividends received on shares acquired in venture capital trusts up to the qualifying maximum value of £200,000 per tax year need not be shown in the investor's Self Assessment Tax Return.

#### 2. Capital Gains Tax

- (a) **Relief from capital gains tax on the disposal of New Ordinary Shares**  
A disposal, by an investor, of New Ordinary Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax if the New Ordinary Shares have been held for a period of five years. The relief is limited to the disposal of venture capital trust shares acquired within the limit of £200,000 for any tax year, determined as for dividend relief.
- (b) **Purchasers in the market**  
An individual purchaser of Ordinary Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 2(a) above).

#### 3. Loss of approval as a venture capital trust

If a venture capital trust which has been granted approval subsequently fails to comply with the conditions for approval, approval as a venture capital trust may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on investment is repayable unless loss of approval occurs more than five years after the issue of the relevant shares; relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when venture capital trust status has been lost or in any period when venture capital trust status is treated as never having been given; any chargeable gain on which tax has been deferred will be brought into charge and any realised gains on VCT shares will be taxable.

The above is only a summary of the law concerning the tax position of individual investors in venture capital trusts. Any investor in doubt as to the taxation consequences of an investment in a venture capital trust should consult an independent professional tax adviser competent to advise on venture capital trusts. Existing levels and bases of, and reliefs from, taxation may change and the value of tax reliefs depends on the personal circumstances of Shareholders who should consult their tax advisers.

Investors who are not resident in the United Kingdom or who may cease to be resident in the United Kingdom should seek their own independent professional advice as to the consequences of making an investment in the Company.

## Part V – Venture Capital Trusts

The Company has to satisfy a number of tests in order to qualify as a venture capital trust and, therefore, to obtain the tax benefits available to venture capital trusts and their individual shareholders. A summary of those current tests is set out below.

### Qualifying as a venture capital trust

In order to qualify as a venture capital trust, a company must satisfy the following conditions in each accounting period:

- (a) It must be approved as a venture capital trust by HM Revenue and Customs;
- (b) It must not be a close company;
- (c) Throughout the period, each class of its ordinary share capital must be quoted on the Official List;
- (d) It must derive its income in that period wholly or mainly from shares or securities;
- (e) It must have at least 70 per cent. by value of its investments throughout the period in newly issued shares or securities (where the securities are not redeemable within five years of issue) comprised in Qualifying Investments, of which 30 per cent. by value must be ordinary shares which carry no preferential rights to voting, dividends or assets on winding up and no rights to be redeemed;
- (f) At least 10 per cent. by value of the total investment in a single company or group of companies must be in ordinary shares which carry no preferential rights to voting, dividends or assets on winding up and no rights to be redeemed;
- (g) It must not hold more than 15 per cent. by value of its investments throughout that period in a single company or group (other than a VCT, or other similar company); and
- (h) It must not retain more than 15 per cent. of the income which it derives from shares and securities in that period.

For the above purposes "value" of the investment has the same meaning as set out in section 842AA(5) ICTA 1988.

### Qualifying Investments

In order for an investment to qualify as a Qualifying Investment, not more than £1 million may be invested in the same company in any tax year. Where any investment is made in two consecutive tax years over this limit, there must be at least a six month gap between them. The £1 million limit is restricted further if the trade, in which the money invested is applied, is carried on through a partnership or joint venture.

The company in which the venture capital trust makes its investment must satisfy the following tests:

- (a) It must be unquoted (which will, in the case of a company which was unquoted at the time of the venture capital trust's investment, be deemed to be the case for a further five years after the company ceases to be unquoted). Companies whose shares are traded on AIM are treated as unquoted;
- (b) It must be a Qualifying Company (see below under the heading "Qualifying Companies and Qualifying Subsidiaries");
- (c) It must have gross assets of £7 million or less immediately pre-investment and £8 million or less immediately post-investment (in the case of companies which have Qualifying Subsidiaries (see below), the test is applied on a group basis);
- (d) It (or a Relevant Qualifying Subsidiary of the company) must apply the money invested for the purposes of a Qualifying Trade, which is carried out wholly or mainly in the UK (see below under the heading, "Qualifying Companies and Qualifying Subsidiaries") within certain time periods;
- (e) It must not control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
- (f) It must not be controlled by another company (on its own or together with a connected person); and
- (g) It must carry on a Qualifying Trade (see below). In certain circumstances, a holding can be split into part-Qualifying Holdings and part-non Qualifying Holdings.

### Qualifying Companies and Qualifying Subsidiaries

A Qualifying Company is a company which exists to carry on one or more Qualifying Trades (see below) or is the parent of a trading group, where all of its subsidiaries are Qualifying Subsidiaries and the group as a whole is not engaged in non qualifying activities (see below).

For the purposes of the Qualifying Investment test in (d) above, a subsidiary will be a Relevant Qualifying Subsidiary if at least 90 per cent. of its issued share capital and its voting power is owned by the Qualifying Company. Certain other tests as to the distribution of the subsidiary's profits and assets on winding-up must also be satisfied.

In the case of the Qualifying Investment test in (e) above, a subsidiary will be a Qualifying Subsidiary if at least, in most cases, 51 per cent. of its issued share capital is owned by the Qualifying Company and the other tests are also satisfied. A trade will be a Qualifying Trade only if it does not, to a substantial extent, include non-qualifying activities (non-qualifying activities include dealing in land or shares, providing financial services or activities which are largely landbased, such as farming, hotels and nursing homes). In the case of

a company which is preparing to carry on a Qualifying Trade, the qualifying trade must begin within two years of the issue to the venture capital trust of the shares or securities, and must continue thereafter.

### Approval of a venture capital trust

A venture capital trust must be approved as such at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval, which cannot be earlier than the time at which the application for approval is made. A venture capital trust cannot be approved until the relevant tests (see above under the heading, "Qualifying as a venture capital trust") have been satisfied throughout the most recent complete accounting period of the venture capital trust or HM Revenue & Customs is satisfied that the tests will be satisfied in relation to the accounting period of the venture capital trust which is current at the time the application is made.

However, in order to facilitate the launch of venture capital trusts, HM Revenue & Customs may grant provisional approval to a venture capital trust, notwithstanding that not all the relevant tests are satisfied at the time of the application, provided that HM Revenue & Customs is satisfied that the tests will be satisfied within a certain period. In particular, HM Revenue & Customs may grant provisional approval if it is satisfied that:

- (a) the relevant tests in (c), (d), (g) and (h) under the heading "Qualifying as a venture capital trust" above will either be satisfied in the accounting period current when the application for approval is made or in the following accounting period;
- (b) the relevant test in (e) under the heading "Qualifying as a venture capital trust" above, will be satisfied in relation to any accounting period beginning not more than three years after the time when approval is given or, if earlier, when it has effect; and
- (c) the relevant tests in (c), (d), (e), (g) and (h) under the heading "Qualifying as a venture capital trust" above, will continue to be satisfied in all subsequent accounting periods.

HM Revenue & Customs provisionally approved IBIS 1 as a venture capital trust with effect from 5 April 2006. The Company intends to comply with Section 842AA of ICTA.

### Withdrawal of Approval

Approval of a venture capital trust may be withdrawn by HM Revenue & Customs if the relevant tests (see above under heading, "Qualifying as a venture capital trust") are not satisfied. Withdrawal of approval generally has effect from the time when notice of withdrawal is given to the venture capital trust but, in relation to capital gains of the venture capital trust only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the venture capital trust in which all of the tests were satisfied.

The above is only a summary of the conditions to be satisfied under current law and practice for a company to be treated as a venture capital trust. For comprehensive clarification, investors are recommended to consult a professional adviser.

## Part VI – General Information on IBIS 1

### Share capital

- 1 The principal legislation under which the New Ordinary Shares have been created is the Act.
- 2 The New Ordinary Shares will be in registered form and are denominated in Sterling. The Ordinary Shares are admitted to CREST, a paperless settlement system, so that Shareholders will be able to hold their Ordinary Shares either in certificated or electronic form. The share register will be maintained by The City Partnership (UK) Limited.
- 3 The authorised share capital of the Company on incorporation was £300,000, divided into 25,000,000 Ordinary Shares of one penny each, and 5,000,000 redeemable non-voting shares of one penny each.
- 4 To enable the Company to obtain a certificate under section 117 of the 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.
- 5 By special resolutions of the Company passed at an Extraordinary General Meeting of the Company held on 16 October 2006:
  - (a)
    - (i) the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to allot relevant securities up to a maximum nominal amount of £181,259, (unless the authority is previously revoked, varied or extended by the Company in general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority; and
    - (ii) the Directors were empowered (pursuant to section 95(1) of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 5 (a) above as if section 89(1) of the Act did not apply to any such allotment during the period of such authority. This power was limited to the allotment of equity securities in connection with:
      - (aa) offers for subscription for Ordinary Shares up to an aggregate amount of £150,000;
      - (bb) the allotment of equity securities up to an aggregate nominal amount of 10 per cent. of the issued share capital of the Company immediately following the close of the offer referred to in paragraph (i) above where the proceeds of the allotment are to be used in whole or in part to purchase the Company's shares; and
      - (cc) the allotment from time to time of equity securities up to an aggregate nominal amount of 5 per cent. of the issued share capital of the Company immediately following the close of the offer referred to in paragraph 5 (a) (i) above, this authority to expire at the conclusion of the Company's annual general meeting to be held in 2007;
  - (b) the Company was generally and unconditionally authorised pursuant to section 163 of the Act to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue from time to time. The price paid must not be less than one penny 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 conclusion of the Company's annual general meeting to be held in 2007; and
  - (c) 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 is made confirming such cancellation.
- 6 At the date of this document, the interests of the Directors and their connected persons in the capital of the Company are as follows:

	No. of Ordinary Shares	Percentage holding
Sir Robin Miller	56,122	1.0
Peter English	51,020	1.0
Lucy MacDonald	51,020	1.0
Peter Williams	40,816	0.7
Simon Jamieson	102,040	1.7
David Forster	571,425	9.8
Charles McIntyre	346,937	5.9

7. Pursuant to the resolutions referred to in paragraph 5 above, the Company is authorised to purchase in the market and cancel up to 14.99 per cent. of its share capital in issue. A possible aim of such a purchase would be to reduce the discount at which Ordinary Shares trade in the market whilst also increasing the Net Assets Value for those Shareholders who retain their shares in the Company. Ordinary Shares which are purchased will be cancelled. Purchases of the Company's Ordinary Shares may be financed wholly or partly by the proceeds of a new issue of Ordinary Shares.
8. The rights attaching to the Ordinary Shares and the New Ordinary Shares are set out in the Articles, further details of which are included in the Registration Document. In summary, these rights are as follows:
  - (a) Dividend rights
    - (i) The Company may, by ordinary resolution and subject to the provisions of the Act and of the Articles, declare dividends to be paid to Shareholders according to their respective rights and interests in the profit of the Company provided that no dividend shall exceed the amount recommended by the Directors.
    - (ii) Except as otherwise provided by the rights that attach to any class of share, dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares on which the dividend is paid (except where those amounts are paid up in advance of calls).
    - (iii) If any dividend remains unclaimed after a period of twelve years from the date of declaration of that dividend, it shall be forfeited and shall cease to remain owing by the Company.
  - (b) Voting rights
    - (i) Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person, including any corporation present by its duly authorised representative, or by proxy, at a general meeting of the Company shall, on a show of hands, have one vote only. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.
    - (ii) Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the holding.
    - (iii) A member will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to section 212 of the Act (which requires the member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of fourteen days.
    - (iv) There are no limitations in the Articles on the rights of non-United Kingdom Shareholders to hold or to exercise voting rights attached to the Ordinary Shares, however, non-United Kingdom Shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.
  - (c) Pre-emption Rights

Subject to the Companies Act 1985 in relation to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares in the capital of the Company are at the disposal of the Directors and they may allot (with or without conferring a right of renunciation) grant warrants and options over or otherwise dispose of all unissued shares to such persons at such times and on such terms as they think proper provided that no share shall be issued at a discount except in accordance with the Companies Act 1985. There are no pre-emption rights in relation to the transfer of shares.
  - (d) Right to share in the Company's profits

The holders of the Company's Ordinary Shares alone are entitled to participate in the income and capital profits of the Company which are available for distribution.
  - (e) Rights to share in any surplus in the event of liquidation

On a return of assets on liquidation or otherwise the the holders of the Ordinary Shares shall alone be entitled to participate in any surplus assets of the Company remaining after payment of its liabilities.

## (f) Transfer of shares

Shares in the Company are freely transferable. A member may transfer any or all of his shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, either generally or in respect of any class of shares provided that the register shall not be closed for more than thirty days in any year. The Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares where the shares in question are not fully paid up or in respect of which the Company has a lien where such refusal does not restrict dealings on an open and proper basis. The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is (a) in respect of only one class of share; (b) is in favour of not more than four transferees; and (c) is lodged at the transfer office accompanied by the relevant share certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. No transfer will be registered where a member, or any other person appearing to be interested in the shares held by him has been served with a notice under section 212 of the Act and, at the end of the prescribed period, is in default in supplying the information thereby required provided that those shares represent at least 0.25 per cent. (calculated exclusively of treasury shares) in nominal value of the issued shares of any class and subject to the exceptions specified in the Articles relating to the disclosure of interests. Restrictions on transfers do not apply to a sale to a bona fide, unconnected, third party.

**10. Uncertificated shares**

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The Articles are consistent with CREST Membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Regulations. The Company has entered the CREST system.

**11. Capitalisation and indebtedness**

As at 31 July 2006 the capitalisation and indebtedness of the Company was as follows:

	£'000	£'000
Current and non-current indebtedness		Nil
Shareholders' equity:		
Share capital		58
Reserves:		
Share premium account	5,363	
Capital reserves	(8)	
Revenue reserves	(25)	
		5,330
<b>Total</b>		<b>5,388</b>

**12. Working capital**

In the opinion of IBIS Media VCT 1 plc the working capital available to IBIS Media VCT 1 plc is sufficient for its present requirements, that is for at least the next 12 months following the date of the Prospectus.

**13. Third party information**

IBIS Media VCT 1 plc confirms that the third party information reproduced in the Prospectus, the source of which is indicated where relevant, has been accurately reproduced and that as far as IBIS Media VCT 1 plc is aware and is able to ascertain from the information published by the relevant party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## Terms and Conditions of Application for the Offer for Subscription

In these terms and conditions which apply to the Offer:

"Subscriber" means a person whose name appears as such in an Application Form for use in connection with the Offer (the "Application Form"); and "Subscription" means the offer by a subscriber by completing an Application Form and posting (or delivering) it to Park Circus Registrars Limited or as otherwise indicated on the Application Form. The section headed "Notes on how to complete the Application Form" ("explanatory notes") forms part of these terms and conditions of Subscription.

- 1 The contract created by the acceptance of a Subscription under the Offer will be conditional on Admission unless otherwise resolved by the Board.
- 2 The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and to retain share certificates and application monies, pending clearance of successful subscribers' cheques and banker's drafts. The Company may treat Subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept a Subscription in respect of which payment is not received by the Company prior to the closing date of the Offer. Multiple applications are permitted. If any Subscription is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Subscriber's cheque or banker's draft or by crossed cheque in favour of the Subscriber, through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained in a separate account. Subscriptions which are not accompanied by cheques available for immediate presentation or by other valid payment means will be dealt with at the Directors' discretion. If any dispute arises to the date or time on which a Subscription is received, the Directors' determination shall be final and binding.
- 3 By completing and delivering an Application Form you:
  - (a) offer to subscribe for the number of New Ordinary Shares as will be determined by the amount specified in your Application Form (or such lesser amount for which your subscription is accepted) on the terms of and subject to these terms and conditions, the Prospectus and subject to the Memorandum and Articles of Association of the Company;
  - (b) agree that, in consideration of the Company agreeing to process your Subscription, your Subscription will not be revoked until after 5 April 2007 if it is a subscription tendered for allotment in the 2006/07 tax year or 27 April 2007 if it is a subscription tendered for allotment in the 2007/08 tax year and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Company of your Application Form;
  - (c) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Ordinary Shares until you make payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptances shall be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on the first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such New Ordinary Shares and may issue or allot such New Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of New Ordinary Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Subscription, without interest;
  - (d) agree that in respect of those New Ordinary Shares for which your Subscription has been received and is not rejected, your Subscription may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of the allocation or by notification of acceptance thereof to the Receiving Agent;
  - (e) agree that any monies refundable to you may be retained by the Company pending clearance of your remittance and any verification of identity which is, or which the Company or its advisers may consider to be, required for the purposes of the Money Laundering Regulations and that such money will not bear interest;
  - (f) authorise the Company to send share certificate(s) in respect of the number of New Ordinary Shares for which your Subscription is accepted and/or a crossed cheque for any monies returnable, by post without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such New Ordinary Shares;
  - (h) agree that all Subscriptions, acceptances of Subscriptions and contracts resulting therefrom shall be governed in accordance with English law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Subscriptions, acceptances of Subscriptions and contracts in any other manner permitted by law or any court of competent jurisdiction;

- (i) agree and acknowledge that you are making your Subscription on the basis of the information and statements concerning the Company and the New Ordinary Shares contained in this document, the Registration Document, the Summary Note, any supplemental prospectus issued in connection with the Offer and approved by the FSA (all of which you shall be deemed to have received and read) and that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the Company or the New Ordinary Shares or for any change in law or regulation affecting venture capital trusts;
  - (j) irrevocably authorise the Receiving Agent and/or the Company or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or of the Company to execute any document required thereof;
  - (k) confirm that you are not a US Person as defined under the United States Securities Act of 1933, as amended, or a resident of Canada and that you are not applying for any New Ordinary Shares with a view to their offer, sale, delivery to or for the benefit of any US person or a resident of Canada, and that you have reviewed the restrictions contained in paragraphs 4 and 5 below and warrant compliance therewith;
  - (l) declare that you are an individual aged 18 or over;
  - (m) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent will be sent at the risk of the person entitled thereto;
  - (n) agree, on request by the Company, to disclose promptly in writing to the Company any information which the Company may reasonably request in connection with your Subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company to disclose any information relating to your Subscription as it considers appropriate;
  - (o) agree that Brewin Dolphin Securities Limited will neither treat you as its customer by virtue of your subscription being accepted nor owe you any duties or responsibilities concerning the price of the New Ordinary Shares or the suitability for you of New Ordinary Shares or be responsible to you for providing the protections afforded to its customers;
  - (p) undertake that you will notify the Company if you are not or cease to be either an individual subscribing for the New Ordinary Shares within the limit set out in paragraph 1 (3) Schedule 15B Income and Corporation Taxes Act 1988 or beneficially entitled to the New Ordinary Shares;
  - (q) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Ordinary Shares and that New Ordinary Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
  - (r) declare that the Application Form has been completed to the best of your knowledge; and
  - (s) warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authorities contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form.
- 4 No person receiving an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make a Subscription to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 5 The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. Brewin Dolphin Securities Limited is not and will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.

- 6 The basis of allocation will be determined by the Company in its absolute discretion. The right is reserved to reject in whole or in part and scale down and/or ballot the Subscription or any part thereof including, without limitation, Subscriptions in respect of which a verification of identity which the Company considers may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied. The right is also reserved to close the Offer earlier than 5 April 2007 in respect of the 2006/07 tax year and earlier than 27 April 2007 in respect of the 2007/08 tax year if it is fully subscribed by an earlier date or if it is so resolved by the Board. The Directors further reserve the right to extend the closing date of the Offer. The right is also reserved to suspend the allotment of New Ordinary Shares where there would be a breach of statutory or regulatory requirements or if, in the opinion of the Directors, existing Shareholders or applicants may be disadvantaged. The right is also reserved to alter the Offer price per New Ordinary Share if there is a significant movement in the Net Assets Value of the Ordinary Shares, subject to the publication of a supplementary prospectus. Dealings prior to the issue of the certificates for New Ordinary Shares will be at the risk of Subscribers. A person so dealing must recognise that a Subscription may not have been accepted to the extent anticipated or at all.
- 7 As noted in paragraph 3 (b), your application, once made, may not be revoked. Neither will you have any rights of cancellation under the rules of the Financial Services Authority or otherwise.
- 8 Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA number, will be paid introductory commission by the Promoter at a rate of 3.0 per cent. on the value (at the Offer price) of successful applications received up to and including 31 January 2007 and thereafter at a rate of 2.5 per cent. until the close of the Offer. In addition, provided that the intermediary continues to act for the client and the client continues to hold New Ordinary Shares, intermediaries will be paid an annual trail commission of 0.375 per cent. of the initial Net Assets Value of New Ordinary Shares allotted to their clients by the close of the Offer. No payment of trail commission shall be made to the extent that the cumulative commission would exceed 4.25 per cent. of the initial Net Assets Value so allotted.

## Definitions

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the New Ordinary Shares to be allotted pursuant to the Prospectus to the Official List and to trading on the market for listed securities of the London Stock Exchange plc
“AIM”	the Alternative Investment Market of the London Stock Exchange plc
“Application Form”	the application form contained in this document for use in connection with the Offer
“Articles”	the articles of association of the Company
“Directors” or “Board”	the directors of the Company
“First Admission”	5 April 2006, being the date on which the Ordinary Shares of the Company were first admitted to the Official List and to trading on the market for listed securities of the London Stock Exchange
“FSA”	the Financial Services Authority
“IBIS 1” or “the Company”	IBIS Media VCT 1 plc
“ICTA”	the Income and Corporation Taxes Act 1988 (as amended)
“Investment Adviser”	IBIS Capital Limited
“Investment Committee”	the investment committee of the Company appointed by the Board
“Investor”	an individual aged 18 or over who is resident in the United Kingdom
“IPEVC Guidelines”	the International Private Equity and Venture Capital Guidelines
“Listing Rules”	the Listing Rules of the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Memorandum”	the memorandum of association of the Company
“NAV” or “Net Assets Value”	the net assets value per Ordinary Share calculated in accordance with the Company's normal accounting policies
“New Ordinary Shares”	the 15 million New Ordinary Shares of 1p each of IBIS 1 being offered for subscription in the Prospectus
“Offer”	the offer for subscription of 15 million New Ordinary Shares on the terms set out in the Prospectus
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	the ordinary shares of 1p each in the capital of IBIS 1
“Performance Period”	the first Performance Period which begins on 30 June 2006 and ends on 31 October 2007 and each subsequent period of six months commencing on the date immediately following the expiry of the previous Performance Period
“Performance Value”	at a particular time the sum of A, B and C where: “ A ” is the value of the net assets of the Company calculated in accordance with its relevant accounting policies; “ B ” is the aggregate of the amount of any dividends paid or distributions made by the Company at any time after the last allotment of Ordinary Shares pursuant to the Offer; “ C ” is the aggregate of all Performance Related Incentive Fees previously paid
“Performance Value Per Share”	the Performance Value divided by the weighted average of the total number of Ordinary Shares in issue since the Performance Period in respect of which a Performance Related Incentive Fee was last earned (or since the last date on which Ordinary Shares were allotted pursuant to the Offer if no Performance Related Incentive Fee has yet been earned)
“PLUS-quoted (Ofex)”	a trading facility operated by PLUS Markets Group (regulated by the FSA) to allow trading in the shares of unquoted companies
“Prospectus”	the Registration Document, the Securities Note and the Summary

"Prospectus Rules"	the prospectus rules
"Qualifying Company"	an unquoted (including AIM-traded) company carrying on a Qualifying Trade wholly or mainly in the UK satisfying the conditions in Schedule 28B to ICTA
"Qualifying Investments"	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements set out in Schedule 28B to ICTA
"Qualifying Limit"	an Investor's subscription limit of £200,000
"Qualifying Purchaser"	a UK resident individual, aged 18 or over, who purchases Ordinary Shares within the Qualifying Limit otherwise than by way of subscription
"Qualifying Subscriber"	a UK resident individual, aged 18 or over, who subscribes for New Ordinary Shares within the Qualifying Limit
"Qualifying Subsidiary"	a subsidiary of a Qualifying Company meeting the requirements set out in Schedule 28B to ICTA
"Qualifying Trade"	a qualifying trade meeting the requirements set out in Schedule 28B to ICTA
"Registrars and Receiving Agent"	The City Partnership (UK) Limited
"Registration Document"	the registration document issued by the Company dated 27 October 2006
"Regulations"	the Uncertificated Securities Regulations 1995
"Securities Note"	this document
"Shareholder"	a shareholder in the Company
"Summary"	the summary note issued by the Company dated 27 October 2006
"unquoted"	a security or share that is not quoted on any recognised stock exchange but may be traded on AIM or are PLUS-quoted (Ofex) stocks
"UKLA" or "UK Listing Authority"	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions (including the District of Columbia)
"venture capital trust" or "VCT"	a venture capital trust as defined in section 842(AA) ICTA

## Directors and Advisers

### Directors

#### Directors of IBIS 1 (all non-executive)

##### Independent

Sir "Robin" Robert William Miller – Chairman  
Peter David English  
Lucy Henrietta MacDonald  
John Peter Williams  
Simon David Auldjo Jamieson

##### Also directors of IBIS Capital Limited

David Charles Kay Forster  
Charles Alexander McIntyre

#### Investment Adviser and Promoter

IBIS Capital Limited  
22 Soho Square  
London  
W1D 4NS  
(Tel: 020 7070 7080)

#### Solicitors & VCT Status Adviser

Martineau Johnson  
No 1 Colmore Square  
Birmingham  
B4 6AA

#### Registered Auditors

Scott Moncrieff  
17 Melville Street  
Edinburgh  
EH3 7PH

#### Bankers

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

#### All of the registered office and principal place of business of IBIS 1

22 Soho Square  
London  
W1D 4NS  
(Tel: 020 7070 7080)

#### Sponsor and Broker

Brewin Dolphin Securities Limited  
Edmund House  
12 – 22 Newhall Street  
Birmingham  
B3 3DB

#### Company Secretary

The City Partnership (UK) Limited  
16 Alva Street  
Edinburgh  
EH2 4QG

#### Receiving Agent and Registrars

The City Partnership (UK) Limited  
16 Alva Street  
Edinburgh  
EH2 4QG

## Notes on how to complete the Application Form

1 Insert in Box 1 your full name, full address, National Insurance number, date of birth and daytime telephone number.

2 Insert (in figures) in Box 2 the total number of New Ordinary Shares in the Company for which you wish to subscribe under the Offer and indicate the amount of the investment being made in respect of the 2006/07 and 2007/08 tax years. The amount of the total payment due in respect of those New Ordinary Shares should be inserted in Box 2.

Pin a cheque or banker's draft to the Application Form for the exact amount shown in Box 2. Your cheque or banker's draft must be made payable to "IBIS 1 Offer Account" and crossed "A/C payee only". Your payment must relate solely to this Subscription. An acknowledgement of receipt of your Application Form will not be issued.

When submitting their application, Subscribers must ensure that payment is made in full in respect of the number of New Ordinary Shares for which their application is made. Subscribers are reminded that their application may not be accepted by the Company unless full payment is received (prior to the final dates for application as set out on page 8) in respect of the New Ordinary Shares for which they apply.

Your cheque or banker's draft must be drawn in Sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque & Credit Clearing Company Limited or the CHAPS Clearing Company Limited or is a member of the Scottish Clearing Banks Committee or the Belfast Bankers Clearing Committee or which has arranged for its cheques or banker's drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sort code in the top right-hand corner.

The right is reserved to reject any Subscription in respect of which the Subscriber's cheque or banker's draft has not been cleared on first presentation. Any monies returned will be sent by cheque crossed "A/C payee only" in favour of the Subscriber.

Investors are referred to the section entitled "Tax benefits" and are reminded that they must subscribe for shares in their own name and not that of a nominee, in order to qualify for certain of the tax reliefs referred to in the Taxation section.

Money Laundering Regulations – Important note for Subscriptions of £9,500 or more. If Subscriptions for £9,500 or more by an individual are accompanied by a cheque or banker's draft drawn by someone other than the Subscriber named in Box 1 (for example, a building society cheque), one of the following additional documents must be enclosed with the Application Form: a copy of the Subscriber's passport or driving licence or a recent original bank or building society statement or utility bill in the Subscriber's name. A copy passport or driving licence should be certified by a solicitor or a bank. Original documents will be returned by post at the Subscriber's own risk. Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained, your Subscription may not be accepted.

3 Date and sign Box 3.

4 Box 4 should only be completed by intermediaries where applicable.

# IBIS Media VCT 1 plc Application Form

Before completing this Application Form you should read the Terms and Conditions of Application on pages 26 to 28 and the notes on how to complete the Application Form on page 32.

This Application Form should be completed in full and sent by post or by hand addressed to: **Park Circus Registrars, 2nd Floor, 144 West George Street, Glasgow G2 2HG** so as to arrive as soon as possible but in any case **no later than 12.00 noon on 5 April 2007 for applications in respect of the 2006/07 tax year and no later than 12.00 noon on 27 April 2007 in respect of applications for the 2007/08 tax year.**

Cheques should be made payable to "IBIS 1 Offer Account". Payment must be made in full in respect of the number of Ordinary Shares for which application is made.

The application list will open on 27 October 2006 and will be closed at any time thereafter (if the Issue is fully subscribed or if it is so resolved by the Board) but not later than 12.00 noon on 27 April 2007 (unless the closing date is extended by the Directors).

<b>1</b>	Title: Mr/Mrs/Miss/Dr/Other	
	Forenames:	
	Surname(s):	
	Address:	
	Postcode:	
	Telephone: (work)	Telephone: (home or mobile)
	E-mail:	
	Date of Birth:	National Insurance Number:

I offer to subscribe for the following number of New Ordinary Shares at a price of 100p per New Ordinary Share on the Terms and Conditions of Application as set out in the Prospectus dated 27 October 2006 and subject to the Memorandum and Articles of Association. Applications must be for a minimum of £5,000.

<b>2</b>		Number	£
	New Ordinary Shares @ 100p per Share*	For 2006/07 tax year	
	New Ordinary Shares @ 100p per Share*	For 2007/08 tax year	
	<b>Total per cheque attached</b>		<b>£</b>

\* The number of New Ordinary Shares applied for shall be deemed amended if the Offer price is changed, to such number as results from the amount of subscription being divided by the revised Offer price

<b>3</b>	Signature of Applicant	Date:

<b>4</b>	<b>Only to be completed by Intermediaries</b>		<b>FSA No. must be quoted</b>
	Name of financial adviser		
	Title: Mr/Mrs/Miss	Forename:	Surname:
	Name of administrator/support staff		
	Title: Mr/Mrs/Miss	Forename:	Surname:
	Stamp of Financial Intermediary or full address details		





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Cheques should be made payable to "IBIS 1 Offer Account". Payment must be made in full in respect of the number of Ordinary Shares for which application is made.

The application list will open on 27 October 2006 and will be closed at any time thereafter (if the Issue is fully subscribed or if it is so resolved by the Board) but not later than 12.00 noon on 27 April 2007 (unless the closing date is extended by the Directors).

<b>1</b>	Title: Mr/Mrs/Miss/Dr/Other	
	Forenames:	
	Surname(s):	
	Address:	
		Postcode:
	Telephone: (work)	Telephone: (home or mobile)
	E-mail:	
Date of Birth:	National Insurance Number:	

I offer to subscribe for the following number of New Ordinary Shares at a price of 100p per New Ordinary Share on the Terms and Conditions of Application as set out in the Prospectus dated 27 October 2006 and subject to the Memorandum and Articles of Association. Applications must be for a minimum of £5,000.

<b>2</b>		Number	£
	New Ordinary Shares @ 100p per Share*	For 2006/07 tax year	
	New Ordinary Shares @ 100p per Share*	For 2007/08 tax year	
	<b>Total per cheque attached</b>		<b>£</b>

\* The number of New Ordinary Shares applied for shall be deemed amended if the Offer price is changed, to such number as results from the amount of subscription being divided by the revised Offer price

<b>3</b>	Signature of Applicant	Date:

<b>4</b>	<b>Only to be completed by Intermediaries</b>		<b>FSA No. must be quoted</b>
	Name of financial adviser		
	Title: Mr/Mrs/Miss	Forename:	Surname:
	Name of administrator/support staff		
	Title: Mr/Mrs/Miss	Forename:	Surname:
	Stamp of Financial Intermediary or full address details		







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

Tel: 0844 5449904  
[www.ibismediavct.com](http://www.ibismediavct.com)