



IBIS Media VCT 1 plc

Annual Report & Financial Statements
for the year ended 31 January 2015

**Incorporated in England and Wales
with registration number 5660269**

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Financial Summary

Year ended 31 January	2015	2014
Net assets	£5,593,882	£6,013,888
Net asset value per share	51.47p	57.11p
Investment income	£104,854	£165,327
Return on ordinary activities before tax		
- Revenue	£4,551	£(159,664)
- Capital	£(617,771)	£369,782
- Total	£(613,220)	£210,118
Return per share		
- Revenue	0.04p	(1.52)p
- Capital	(5.73)p	3.53p
- Total	(5.69)p	2.01p
Dividend per share declared in respect of the year		
- Revenue	Nil	Nil
- Capital	Nil	Nil
- Total	Nil	Nil
Share price at end of year	21.5p	20.0p

Strategic Report

Chairman's Statement

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company for shareholders' collective benefit. This report has been prepared by the Directors in accordance with the requirements of Section 414 of the Companies Act 2006.

Company Overview

There have been a number of positive developments to report at Freshwater, Contagious, Ginx TV and Get Me Media during the year under review. Freshwater and Contagious reported a profitable set of trading results, while Ginx TV and Get Me Media are now at a level close to profitability. These four investee companies now account for the entire IBIS Media VCT 1 plc ("IBIS" or the "Company") portfolio of venture capital investments by net asset value.

This was the year when all the hard years of the recession began to pay off for Freshwater. I am pleased to report that the company achieved its best set of trading results for six years. Freshwater is now a strong, profitable and growing business that should benefit from the improving economic outlook. Indeed, the company's substantially improved trading and financial position allowed the board to resume dividend payments to shareholders, with IBIS receiving £22,074 in dividends in January 2015 and an interim dividend announced since the Company's year-end. Contagious continued along the path of international expansion with the launch of operations in Singapore and a joint venture in Brazil, the terms of which are such that Contagious received an up-front cash payment that places a significant value on the South American joint venture from the outset. The company reported strong trading momentum in the second half of the year, culminating in new business and renewals of its print and digital products in the final quarter being significantly ahead of the same period in the prior year. Ginx TV also reported a better second half of the year and traded close to profitability over the final quarter. The company has a number of advertising and channel sales deals in its short-term

sales pipeline that it hopes will take the company into profitability. Get Me Media focused on improving cost efficiency and almost achieved break-even in 2014. The company is showing signs of improving performance and is now targeting its first profitable trading year.

As stated in the Annual Report and Financial Statements for the year ending 31 January 2014, IBIS wrote down its investment in Futurelex by £150,000 to £50,000 following the year-end. Faced with a challenging legal market in which to monetise its digital assets, Futurelex experienced a number of years of deteriorating trading which culminated in the company entering administration in December 2014. IBIS has now written down its investment in Futurelex to nil. Since then, a new company, Global City Media, has been established to acquire the majority of assets from Futurelex. Masher Technologies' attempts to secure separate sales of the business in 2013 and 2014 were ultimately unsuccessful. Although there are prospects to achieve value from its consumer website, user database and licence agreement with BBC Worldwide, we believe that it is prudent to write down our investment in the company until there is more visibility on the company's prospects.

Financial Performance

The Board, in consideration of the Company's performance and taking account of the comparatively long-term nature of the Company's investments, pays particular attention to the net asset value total return per share performance against the FTSE All-Share Media Index (which IBIS Private Equity Partners LLP (the "Investment Adviser") considers to be the most appropriate broad equity market index for comparative purposes) and the ongoing charges ratio.

The net asset value total return per share comprises the net asset value plus cumulative dividends paid per share. Net asset value is calculated at least quarterly with investments valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. As at 31 January 2015, the Company's net asset value total return per share was 60.47p.

During the year under review, the Company's net assets decreased by £420,006. This decrease comprised a loss for the year of £613,220 – an unrealised capital loss of £516,784 due to an increase in the fair value of Freshwater offset by a larger decrease in the fair value of Futurelex and Masher Technologies, a realised capital loss of £100,987 and a revenue gain of £4,551 – set off with a net amount of £193,214, which was raised from several share allotments. Therefore, the net asset value per share decreased from 57.11p to 51.47p, a decrease of 5.64p per share or 9.88%, and the net asset value total return per share decreased from 66.11p to 60.47p, a decrease of 5.64p per share or 8.53%. The net cash outflow during the year was £39,665 reflecting a cash outflow of £157,879 due to operating activities and a net inflow of £118,214 as a result of new shares allotted and share buybacks.

Over the same period, the FTSE All-Share Media Index increased by 13.01%. A graph comparing the Company's share price total return, the Company's net asset value total return per share and the total return from a notional investment of 100p in the FTSE All-Share Media Index over the period from 5 April 2006 to 31 January 2015 is presented on page 28.

The ongoing charges ratio, calculated as the year's expenses (as disclosed in the profit and loss account) divided by

the average net asset value across the year, was 3.43% (2014: 6.94% – the ongoing charges ratio for the year ended 31 January 2014 takes into consideration £190,805 of accrued loan interest from Futurelex that was written off as part of the restructuring of IBIS' investment and was thereby accounted for as an exceptional cost to the Company. Excluding this exceptional cost, the Company's ongoing charges ratio for the year ended 31 January 2014 was 3.7%).

Under the terms of the Investment Adviser agreement, the running costs of the Company (excluding the Investment Adviser's performance related incentive fee, irrecoverable VAT, trail commission and costs of any significant corporate activity) are restricted to a maximum of 3.5% of the average value of the Company's net assets. Any excess will be paid by the Investment Adviser.

Dividends

No dividend was paid for the year ended 31 January 2014 and the Board proposes that the Company pays no dividend for the year ending 31 January 2015. The Board believes that at this stage of the Company's development the payment of future dividends should be more directly linked to the proceeds of realisations from the remaining portfolio companies. This is likely to lead to a future flow of dividends that is more irregular both with regards to timing and to size.

Investment Performance

No new or follow-on investments in IBIS portfolio companies were made during the year and no investments were directly realised. The carrying value of the Company's venture capital investments decreased by £516,784, taking the fair value of the portfolio to £5,182,338 as at 31 January 2015. The Company increased the carrying value of its investment in Freshwater by £37,803. This was offset by a larger reduction in the carrying value of Futurelex by £200,000 and Masher Technologies by £354,587. A full report of the performance of the Company's investments is given in the Investment Adviser's Review.

The Company's cash was invested in a number of liquid funds with the emphasis on capital preservation.

Corporate Activity

With the Company fully invested and now firmly focused on either nurturing its existing investments or seeking successful realisations, on 25 September 2014 both Peter Williams and Simon Jamieson decided it was an appropriate time to step down from the Board. I would like to thank Peter and Simon for their service to IBIS over the years and wish them all the best for their future endeavours.

Outlook

Freshwater, Contagious, Ginx TV and Get Me Media now account for the entire IBIS investment portfolio net asset value between them. These four companies are either profitable or on the verge of profitability and each has improving prospects of generating realisations for shareholders. Freshwater is now in a stronger financial position than at any time since before the recession and has resumed the payment of dividends to shareholders. Profitable trading at Contagious gained momentum in the second half of 2014 and the company now expects to accelerate its growth with the addition of new overseas territories in Asia and South America. Ginx TV has a short-term sales pipeline that it hopes will take the company into profitability and Get Me Media is also targeting its first profitable year as a result of improving performance at the operating level. The Company will continue to provide support for the on-going development of investee companies and the Company's Investment Adviser will continue to work closely with each investee company towards identifying exits for IBIS as soon as practicable.

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

Sir Robin Miller
Chairman

29 May 2015

Strategic Report

Investment Adviser's Review

Overview

- > Year-end NAV per share of 51.47p, compared to 57.11p at the end of 2013/14, reflecting positive and negative adjustments to the carrying value of investee companies and ongoing costs
- > Increase in the Company's fair value of Freshwater by £37,803 over the financial year
- > Write off of the Company's investments in Masher Technologies and Futurelex
- > Freshwater reported its best trading year for six years and resumed the payment of dividends
- > Freshwater and Contagious are trading profitably, while both Ginx TV and Get Me Media are now at a level close to profitability
- > The boards of Freshwater, Contagious, Ginx TV and Get Me Media are focused on achieving exits as soon as practicable

There have been a number of positive developments to report at four IBIS investee companies, Freshwater, Contagious, Ginx TV and Get Me Media. Pleasingly, Freshwater reported its best trading results for six years and resumed the payment of dividends to shareholders. Freshwater is now a growing, profitable business with a strong balance sheet and an encouraging outlook. Contagious launched operations in Asia (Singapore) and a joint venture in South America (Brazil), the terms of which are such that Contagious received an up-front cash payment that places a significant value on the South

American joint venture from the outset. The company reported particularly strong trading in the second half of 2014 and momentum has continued in the current year. Ginx TV managed to operate at a level close to profitability in the second half of 2014. The company has a number of deals in its short-term sales pipeline for its 24/7 video gaming channel that, if successful, will take the company into profitability. Ginx TV has also commenced a £1.25m fundraising and plans to launch a free-to-air channel on Sky later this year, thereby extending its reach to approximately 55% of all TV households in the UK and increasing its global reach to around 37 million homes. Finally, Get Me Media almost traded at break-even in FY 2014. All the company's key performance indicators are improving and the company is now targeting its first profitable trading year in the company's history.

Over the course of the Company's year ended 31 January 2015, IBIS wrote off the fair value of its investments in Futurelex and Masher Technologies. Faced with a challenging legal market in which to monetise its digital assets, Futurelex experienced a number of years of deteriorating trading which led IBIS to write down its investment in the company over time. After 18 months of ultimately unsuccessful negotiations by Futurelex's CEO for a transaction that might have realised value for the company's assets, Futurelex entered administration in December 2014. IBIS has now written down its investment in Futurelex to nil. Since then, a new company, Global City Media, has been established to acquire the majority of assets from Futurelex. Over the course of 2013, Masher Technologies was engaged in extensive discussions to

sell the business to a NASDAQ-listed US technology company. In 2014, Masher entered into separate discussions to sell the business to an AIM-listed technology company. Due to neither of these initiatives concluding in an offer for the company, IBIS believes it prudent to write the Company's investment in Masher down to £0 until there is more visibility on the company's prospects for new third party investment or a trade sale.

In the twelve months to 31 January 2015, IBIS made a number of adjustments, both up and down, in the carrying value of its investments. The table below summarises the changes in fair value as compared to the previous year, including and excluding the impact of new investment by IBIS.

	Change in Fair Value between 31 Jan 2014 and 31 Jan 2015 (excluding new investment)	Percentage Change (excluding new investment)
Steel River Media (Contagious)	£0	0%
Ginx TV	£0	0%
Get Me Media	£0	0%
Masher	-£354,587	-100%
Freshwater	+£37,803	+10%
Futurelex	-£200,000	-100%
Riva Digital Media	£0	0%
Total	-£516,784	-9%

As the above table illustrates, we have seen an overall decrease in the value of the IBIS investment portfolio, which on a like for like basis has decreased by approximately 9% over the 12 month period.

We increased the carrying value of our investment in Freshwater by £37,803 based on a discounted cash flow and read-across valuations from transactions and public trading involving comparable companies. The substantially improved trading and financial position also allowed Freshwater's board to resume dividend payments at 1p per share and IBIS received £22,074 in dividends from Freshwater in January 2015.

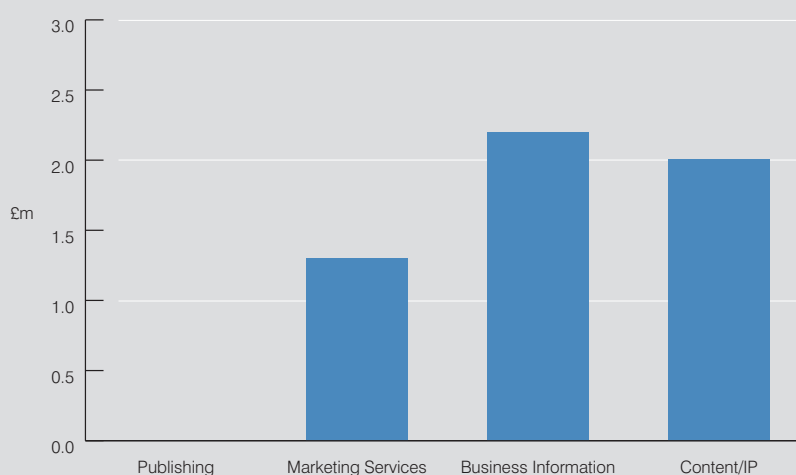
As stated in the last Annual Report and Financial Statements for the year ended 31 January 2014, IBIS wrote down its investment value in Futurelex from £200,000 to £50,000 following the year-end. Futurelex entered into administration in December 2014. IBIS has now written down its investment in Futurelex to nil. Since then, a new company, Global City Media, has been established to acquire the majority of assets from Futurelex.

We also reduced the carrying value of our investment in Masher Technologies from £354,587 to £0 until there is more visibility on the company's prospects for new third party investment or a trade sale.

We maintained the carrying value of our investments in Contagious, Ginx TV, Get Me Media and Riva Digital Media, the latter of which continues to be held at nil value.

IBIS Media VCT 1 plc:

Media Sub-Sector by Net Asset Value as at 31 January 2015



Strategic Report

Investment Adviser's Review (continued)

The Company has a portfolio of investee companies with a strong digital focus spanning Marketing Services, Business Information and Content/IP media sub-sectors, as illustrated in the above chart.

Portfolio Review

The IBIS portfolio comprises investments in Steel River Media, the holding company for Contagious, Ginx TV, Get Me Media, Masher Technologies, Freshwater, Futurelex and Riva Digital Media.

The following is a review of the current portfolio.

Steel River Media (being the holding company of Contagious)

Date of initial investment:
12 January 2010

Investment to date:
£850,000 ordinary shares

Valuation as at 31 January 2014:
£2,092,746

Investment in period:
£0

Valuation as at 31 January 2015:
£2,092,746

Change in valuation:
year-on-year +£0, 0%

Investment Overview

Contagious, which was launched in 2004, is a respected global intelligence resource reporting on innovative marketing techniques and the impact of emerging technologies on brands. Contagious' clients include some of the world's leading advertisers such as Google, Heineken, Kraft and Louis Vuitton as well as a range of advertising agencies including Drafftcb, Havas, JWT and McCann Worldgroup.

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

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

Investment Thesis

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

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

Recent Updates

Contagious' most recent audited financial statements for the year ended 31 December 2013 reported £3.03m in turnover and a loss on ordinary activities before taxation of £0.06m. The company ended FY2014 with turnover of £3.09m and Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) of £0.10m (unaudited).

Due to an unexpected slow start to the year, Contagious' revenue for the first six months was down 11% year-on-year. In response, management implemented cost-saving measures commensurate with a reduction in reported revenue at the half-year. Trading materially improved in the second half of the year, with a particularly strong final quarter: print "Magazine" new business was up 67% on Q4 2013, with renewals performing above target at 80%; digital "I/O" new business was up 66% on Q4 2013, with renewals also at 80%, and the consultancy "Insider" service was also up on the same period in the prior year. The momentum in new business sales achieved in the second half of the year has put the company in a stronger position for FY 2015.

Over the course of 2014, Contagious launched in Asia (Singapore) and a joint venture in South America (Brazil). The terms of the joint venture are such that Contagious received an up-front cash payment that places significant value on the South American joint venture from the outset. Combined with a newly relocated US office to serve east and west coast clients, new business sales in the overseas territories are generating positive cash for the business and showing signs of promising growth.

IBIS' valuation at the 31 January 2015 year-end is unchanged over the twelve month reporting period.

Ginx TV

Date of initial investment:

24 August 2010

Investment to date:

£985,000 ordinary shares and loan notes

Valuation as at 31 January 2014:

£1,679,883

Investment in period:

£0

Valuation as at 31 January 2015:

£1,679,883

Change in valuation:

year-on-year +£0, 0%

Investment Overview

Ginx TV produces a 24/7 video games TV channel as well as individual review and insight programmes on the latest in video games. Ginx programming is available on TV and online and the TV shows are targeted at international audiences in English language and localised versions. Ginx TV is now aired in over 50 territories and in more than 10 languages.

Investment Thesis

The global video games industry is worth over \$65 billion a year; is 2x larger than music (at \$32 billion) and forecast to be \$91 billion by 2015¹. Video gaming is growing faster than other entertainment sectors. Ginx provides video games publishers with an effective means of marketing to a growing number of video gamers; traditionally a difficult audience to reach.

Ginx TV has an attractive scalable platform from which Ginx TV channels can be delivered to cable, satellite and TV broadcasters all over the world. Ginx TV is the first 24/7 channel dedicated to the video games sector

and is expected to benefit from the size and growth of the market. The company's principal revenue stream is from the sale of Ginx TV programming to local distributors in multiple international territories.

IBIS is backing an experienced team: the chairman of Ginx TV is Peter Einstein, who was formerly president of MTV Networks Europe and Showtime Arabia and the CEO is Michiel Bakker, who was previously executive vice president and managing director of MTV Networks UK and Nordic.

Recent Updates

Ginx TV's most recent audited financial statements for the financial year ended 31 December 2013 reported £1.42m in turnover and a loss on ordinary activities before taxation of £0.61m. Sales marginally decreased in FY 2014 to £1.35m, with an Earnings before Interest and Taxation (EBIT) loss of £0.20m (unaudited).

Ginx TV launched a number of smaller European channel deals in FY 2014 and continued its efforts to convert free-to-air channel contracts inherited from The Poker Channel acquisition in 2013 to paid-for channels. After lengthy negotiations to launch channels on two major Russian national broadcast platforms and an application for a licence to televise within Russia being approved, the detrimental geopolitical situation meant that the channel launches failed to materialise in the second half of the year.

Ginx TV increased its programming sales by 18% over the course of the year, launching two new commissioned shows on Challenge TV, Video Game Nation and Power Up. It also provided content to GAME retail, the UK's largest video game retailer, which it hopes to extend into a long-term

partnership to provide GAME with in-store and online video game programming.

Following the launch on Virgin Media in the UK in 2013, Ginx subscribed to the UK audience measurement service, BARB, and started receiving ratings from June 2014, the result of which has been a step change in monthly advertising revenue from the UK channel. In July 2014, Ginx hired an international advertising director from Fox International in order to reinforce its efforts to monetise UK and pan-European advertising inventory on its 24/7 free-to-air channels.

Although it was a more challenging year of trading than envisaged, Ginx managed to operate at a level close to profitability in the second half of the year and has a number of channel sales deals in its short-term sales pipeline that, if successful, will take the company into profitability.

Ginx TV is now raising up to £1.25m from both existing shareholders and new investors in order to invest in its content production capabilities, increase its online and digital presence via Apps and launch on Sky in the UK. A 24/7 Ginx channel on Sky should significantly increase its UK and pan-European advertising sales capabilities, extend its reach to approximately 55% of all TV households in the UK and increase its global reach to around 37 million homes.

IBIS' valuation at the 31 January 2015 year-end is unchanged over the twelve month reporting period.

¹ GIA Video Games: A global Strategic Business Report 2001-2015

Strategic Report

Investment Adviser's Review (continued)

Get Me Media

Date of initial investment:
22 January 2007

Investment to date:
£806,442 ordinary shares and
unsecured loan notes

Valuation as at 31 January 2014:
£999,938

Investment in period:
£0

Valuation as at 31 January 2015:
£999,938

Change in valuation:
year-on-year £0, 0%

Investment Overview

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

Investment Thesis

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

Recent Developments

Get Me Media's most recent statutory accounts for the year ended 31 December 2013 reported £0.62m in turnover and a pre-tax loss of £0.43m. Over the 12 months to 31 December 2014, the company focused on improving cost efficiency and managing cash flow, the result of which was a decrease in turnover to £0.52m, although the company almost traded at break-even with a small EBITDA loss of £11,901 (unaudited). It is likely that the company would have achieved its first ever profitable year had it not been for a small number of customer buying decisions being delayed until the new financial year.

A smaller, more efficient team outperformed throughout the year (with headcount down to 6 full time staff from 15 in the previous year). Vastly improved account management led to annual media owner subscription renewals increasing from less than 30% in FY 2013 to 42%, with further improvement anticipated in the current year.

Pleasingly, big brand clients such as Homebase, Royal Mail and Argos renewed their annual contracts at 50% price increases. Get Me Media also revamped its briefing service, through which the company receives a commission on the value of agency and client briefs it "matches" with media owners, in response to user feedback. Over the course of the year, Get Me Media worked on 63 briefs versus 39 in the prior year (an increase of 61%), with combined brief value of over £21m versus £10m in the prior year (an increase of 110%).

As a strategy to increase awareness of Get Me Media and facilitate new business from larger brand advertisers and their agencies, the company engaged with a number of respected industry figures to join the company's board of directors. In July 2014, Roy Jeans was appointed as an executive director. Mr Jeans has extensive media agency experience, having been the Global CEO of Rapport and the MD of IPG media agencies Magna and Initiative. Mr Jeans also invested in Get Me Media as part of a new equity fundraising of up to £100,000 in which a number of existing shareholders also participated.

In FY 2015, Get Me Media is targeting its first profitable trading year in the company's history. A number of technology investments are underway, including a new website product that will significantly improve the user experience, increase repeat usage and automate the curation and communication of targeted marketing and sponsorship ideas to brand managers and agency planners.

IBIS' valuation at the 31 January 2015 year-end is unchanged over the twelve month reporting period.

Masher

Date of initial investment:
14 July 2008

Investment to date:
£564,333 ordinary shares, preferred ordinary shares and loan notes

Valuation as at 31 January 2014:
£354,587

Investment in period:
£0

Valuation as at 31 January 2015:
£0

Change in valuation:
year-on-year -£354,587, -100%

Investment Overview

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

Investment Thesis

Online social media has been one of the fastest growing sectors of media within the last few years. Masher provides an application for online social media that seeks to enhance video messaging and communication. The ability to mix user generated content (UGC) and high quality video content from BBC Worldwide's digital archive provides an exciting and differentiated product for users.

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

Recent Developments

Masher Technologies' most recent statutory accounts for the company's financial year ended 30 June 2014 reported £1,247 in turnover and a loss on ordinary activities before taxation of £90,550. Masher continues to attract 50,000 visitors per month and signs up 2,100 new users per week to its website with no paid-for marketing. Over 10,000 videos are now being created each month, of which 50% are shared online (and which carry Masher branding). As a result, Masher is currently generating revenue from display advertising that is sufficient to cover the cost of hosting the website (now the company's principal operating overhead).

Over the course of 2013, Masher was engaged in extensive discussions to sell the business to a NASDAQ-listed US technology company. In 2014, Masher entered into separate discussions to sell the business to an AIM-listed technology company. Due to neither of these initiatives concluding in an offer for the company, Masher's chairman is pursuing possible investment from third parties, the proceeds from which would be used to validate alternative revenue streams, such as subscriptions for premium content and the ability to download each video file, as part of Masher's ongoing efforts to maximise value at a potential trade sale. Nevertheless, IBIS believes it prudent to write the Company's investment in

Masher down from £354,587 to £0 until there is more visibility on the company's prospects for new third party investment or a trade sale.

Freshwater

Date of initial investment:
18 July 2007

Investment to date:
£864,499 ordinary shares

Valuation as at 31 January 2014:
£371,968

Investment in period:
£0

Valuation as at 31 January 2015:
£409,771

Change in valuation:
year-on-year +£37,803, +10%

Investment Overview

Freshwater UK is a former AIM-listed public relations led marketing group with teams operating in the UK and Ireland across five specialisms. The company has four support divisions offering: marketing, graphic design and media buying, conferences, training and coaching, and interactive and online media.

Investment Thesis

The aim of Freshwater has been to build a network of regional PR agencies largely through acquisition and to integrate the businesses under one brand. The company has completed 13 acquisitions since 2004 and has built up expertise in a number of specialty areas. Freshwater has an abundance of selling opportunities due to its diverse roster of clients across the UK and presence in a wide range of economic sectors.

Strategic Report

Investment Adviser's Review (continued)

Recent Developments

Freshwater's most recent audited financial statements for the company's financial year ended 31 August 2014 reported turnover of £4.12m, revenue of £3.35m and a profit before tax of £0.44m. FY 2014 was Freshwater's best trading year for six years, emerging from the recession as a growing, profitable business with a healthy balance sheet and good prospects for the future.

Pleasingly, all of the group's key trading and financial indicators were positive. Revenue increased by 7% year-on-year by the focusing of the business on its strongest markets. The full benefits of prior year costs savings materialised during the financial year (reducing administrative expenses by 6%), with a significant improvement in EBITDA to £0.64m, an increase of 148% over the prior year. Earnings per share rose 127% from 0.97p to 2.20p, the highest level since 2007/08.

An increase in cash generation also led to further strengthening of the balance sheet, with the company achieving positive net current assets for the first time since before the recession. The company achieved an almost total elimination of bank debt, earn-out and tax liabilities, which together had peaked at £2.40m in 2007/08. The substantially improved trading and financial position allowed the board to resume dividend payments at 1p per share and IBIS received £22,074 in dividends from Freshwater in January 2015. Post IBIS' year-end, Freshwater has announced a strong set of half-yearly results and announced an interim dividend.

Following the difficult years of the recession and unforeseen challenges of integrating some legacy acquisitions, the outlook for the business now looks encouraging. Freshwater should benefit from the improving economic situation and trading since the company's 31 August year-end has been in line with management's expectations.

IBIS' valuation has increased by £37,803 (+10%) over the twelve month reporting period to reflect discounted cash flow and read-across valuations from transactions and public trading involving comparable companies.

Futurelex

(formerly known as Polyview)

Date of initial investment:

17 November 2008

Investment to date:

£950,000 ordinary shares and loan notes

Valuation as at 31 January 2014:

£200,000

Investment in period:

£0

Valuation as at 31 January 2015:

£0

Change in valuation:

year-on-year -£200,000, -100%

Investment Overview

Futurelex, which was launched in 2006, provides both online and offline information to the international legal market. The group comprises The Global Legal Post, an online legal news digest, and the legal lead generation business TakeLegalAdvice.com. The company also organises events and conferences catering to specialist areas within the legal market.

Investment Thesis

Futurelex was launched by two successful entrepreneurs who had previously built up a legal publishing business which was sold to Incisive Media in 2005. IBIS backed this team to establish a B2B publishing business that was positioned to take advantage of the changing digital environment and its impact on the legal market. Futurelex straddles both online and offline, with a range of services from legal publishing to innovative digital platforms that reduce cost and increase efficiency for market participants.

Recent Developments

Futurelex's most recent audited financial statements for the financial year ended 31 December 2012 reported £0.27m in turnover and a loss on ordinary activities before taxation of £1.02m. Futurelex did not file statutory accounts for the year ended 31 December 2013 due to the company entering administration in December 2014, as detailed below, although the company generated £0.32m in turnover and a loss of £0.34m in FY 2013 and approximately £0.22m in turnover and a loss of £0.23m in the nine months to 30 September 2014 (unaudited).

After 18 months of negotiations, a significant transaction involving Futurelex's CEO failed to materialise by October 2014. At around the same time, HMRC put the company on notice that it would petition to wind the company up unless it paid approximately £171,000 of accrued PAYE obligations and the company's CEO promptly resigned, leaving the company with approximately £2.5m in creditors (£0.80m excluding total loan note obligations owed to IBIS). The

remaining executive director, Mary Heaney, assumed responsibility for the company and, along with its chairman and IBIS' investment adviser, sought professional advice from an insolvency practitioner. Despite best efforts to formulate a CVA proposal for the benefit of all creditors, HMRC filed a petition at court. Following a formal marketing procedure conducted by the insolvency practitioner, the majority of Futurelex's assets were purchased via an administration process for £50,000 by Global City Media Ltd, a new company established by Mary Heaney.

Global City Media will focus on a series of events catering to the international legal market, some of which are established brands acquired from Futurelex while others will be new events scheduled to launch later in the year. The company is currently raising capital from third parties to develop its pipeline of legal events and hopes to break-even in FY 2015.

As stated in the Annual Report and Financial Statements for the year ended 31 January 2014, IBIS wrote down its investment value in Futurelex from £200,000 to £50,000 following the year-end. Futurelex entered an administration process in December 2014. IBIS has now written down its investment in Futurelex to nil. Since then, a new company, Global City Media, has been established to acquire the majority of assets from Futurelex.

Riva Digital Media

Date of initial investment:
3 May 2007

Investment to date:
£345,015 ordinary shares and £4,500 unsecured loan note

Valuation as at 31 January 2014:
£0

Investment in period:
£0

Valuation as at 31 January 2015:
£0

Change in valuation:
year-on-year £0, 0%

Investment Overview

Riva Digital Media's core activity is the design, production and distribution of Epacs. Each Epac is a bundled collection of premium content which is digitally wrapped in a unique branded skin and is downloadable to a customer's personal computer. The components of an Epac can include video clips, MP3 files, ring tones, digital wall paper and customised information.

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

Investment Thesis

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

Recent Developments

It continues to remain difficult to assess the future prospects of Riva Digital Media and, as a consequence, the fair value was written down to zero in the 2011/12 financial year. Nevertheless, the company has a number of projects included in its development pipeline that once launched may allow for a positive revision to the fair value of the IBIS investment.

Strategic Report
Investment Portfolio
as at 31 January 2015

	2015			2014		
	Cost £	Valuation £	% of net assets by value	Cost £	Valuation £	% of net assets by value
Venture capital investments						
Steel River Media Limited	850,000	2,092,746	37.41	850,000	2,092,746	34.80
Ginx TV Limited	985,000	1,679,883	30.03	985,000	1,679,883	27.93
Get Me Media Limited	806,442	999,938	17.88	806,442	999,938	16.63
Masher Technologies Limited	564,333	0	0	564,333	354,587	5.90
Freshwater UK plc	864,499	409,771	7.32	864,499	371,968	6.18
Futurelex (formerly Polyview Media Limited)	950,000	0	0	950,000	200,000	3.33
Riva Digital Media Limited	349,515	0	0	349,515	0	0
Total venture capital investments	5,369,789	5,182,338	92.64	5,369,789	5,699,122	94.77
Total fixed asset investments	5,369,789	5,182,338	92.64	5,369,789	5,699,122	94.77
Net current assets		411,544	7.36		314,766	5.23
Net assets		5,593,882	100.00		6,013,888	100.00

Strategic Report

Venture Capital Investments

as at 31 January 2015

Steel River Media Limited

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

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

VCT Investment

Cost	£850,000
Valuation	£2,092,746
Equity holding	24.5%
Income accrued to VCT in y/e 31 Jan '15	£Nil
Income paid to VCT in y/e 31 Jan '15	£Nil

Get Me Media Limited

Get Me Media is a search engine for brands and their agencies to find marketing, media and sponsorship solutions.

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

VCT Investment

Cost	£806,442
Valuation	£999,938
Equity holding	38.8%
Income accrued to VCT in y/e 31 Jan '15	£26,332
Income paid to VCT in y/e 31 Jan '15	£Nil

Freshwater UK plc

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

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

VCT Investment

Cost	£864,499
Valuation	£409,771
Equity holding	10.9%
Income accrued to VCT in y/e 31 Jan '15	£Nil
Income paid to VCT in y/e 31 Jan '15	£22,074

Ginx TV Limited

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

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

VCT Investment

Cost	£985,000
Valuation	£1,679,883
Equity holding	18.2%
Income accrued to VCT in y/e 31 Jan '15	£56,386
Income paid to VCT in y/e 31 Jan '15	£Nil

Masher Technologies Limited

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

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

VCT Investment

Cost	£564,333
Valuation	£Nil
Equity holding	33.3%
Income accrued to VCT in y/e 31 Jan '15	£Nil
Income paid to VCT in y/e 31 Jan '15	£Nil

Futurelex

(formerly Polyview Media Limited)

Futurelex provides a range of print and digital publications, online services and events catering to the international legal market. The company entered administration in December 2014.

VCT Investment

Cost	£950,000
Valuation	£Nil
Equity holding	0%
Income accrued to VCT in y/e 31 Jan '15	£Nil
Income paid to VCT in y/e 31 Jan '15	£Nil

Strategic Report

Venture Capital Investments (continued)

Riva Digital Media Limited

Riva is a digital media agency.

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

VCT Investment

Cost	£349,515
Valuation	£Nil
Equity holding	9%
Income accrued to VCT in y/e 31 Jan '15	£Nil
Income paid to VCT in y/e 31 Jan '15	£Nil

Strategic Report

Objectives and Key Policies

The Board is responsible to shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment proposals are originated, negotiated and recommended to the Investment Committee by IBIS Private Equity Partners LLP. Company secretarial and accountancy services are provided to the Company by The City Partnership (UK) Limited.

In reviewing the work of the Investment Committee and the Investment Adviser, the Board looks to be satisfied that:

- > The Company's investment policy is being followed
- > Each investment or divestment decision is subjected to rigorous due diligence
- > Risk is spread by investing across a sufficiently diverse range of businesses within the media sector and by maintaining a balance between equity and loan stock exposure
- > The portfolio will meet the HMRC VCT conditions

In consideration of the Company's financial performance, the Board, taking account of the comparatively long term nature of the Company's investments, pays particular attention to net asset value total return per share, ongoing charges ratio and performance against the FTSE All-Share Media Index (which is considered to be the most appropriate broad equity market index for comparative purposes).

A summary of the Company's key financial measures is given on page 1.

Investment policy

The 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 Company's Directors ("Directors") and the Company's investment committee ("Investment Committee") are primarily targeting investments in privately owned companies, suitable opportunities to acquire VCT qualifying investments in smaller AIM and ISDX-quoted stocks will also be considered where there is potential to achieve the level of return targeted by the Company's board of Directors ("Board"). It is also the intention of the Directors to build a balanced portfolio with interests in a mixture of cyclical and non-cyclically exposed media companies operating both in mature and high growth areas of the market. IBIS is, however, unlikely to invest in all media sub-sectors as factors such as growth prospects, the competitive environment and valuations may mean that the prospective investment performance of certain of those sub-sectors would be unlikely to provide satisfactory rates of return.

Investments in business start-ups will generally be avoided unless the management team has a strong profile in the media sector and a track record of value creation for shareholders.

IBIS Private Equity Partners LLP is the Company's investment adviser ("Investment Adviser").

IBIS invests principally in smaller unquoted companies, although AIM and ISDX-quoted companies are also considered. The focus is on providing development capital, second stage fundraisings, pre-IPO fundraisings and acquisition capital to investee companies. Investments in business start-ups will generally be avoided unless the management team has a strong profile in the media sector and a track record of value creation for shareholders.

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

- > A sustainable business model
- > A high quality management team
- > A competitive advantage within their target markets
- > The scope for organic revenue growth
- > Profitability or reasonable expectation of achieving profitability within a foreseeable timeframe.

Business and principal activities

The Company was launched in February 2006 to invest in private equity type transactions at the smaller end of the UK media industry.

The Directors do not foresee any major changes in the activity undertaken by the Company in the foreseeable future.

VCT status

The Company was granted provisional approval as a venture capital trust by HM Revenue & Customs under section 274 of the Income Tax Act 2007. The Directors have managed the affairs of the Company in compliance with this section throughout the year under review and intend to continue to do so.

Strategic Report

Other Matters

Risk management

The Board has adopted a risk management programme whereby it continually identifies the principal risks faced by the Company and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible.

The Board believes that the principal risks to which the Company is exposed are:

Economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely.

Investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment decisions without having undertaken sufficiently robust due diligence.

Financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting.

Regulatory risk – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 2006, the UKLA listing rules, applicable Accounting Standards and HMRC VCT regulations.

Further information about the Company's internal controls is given in the Statement of Corporate Governance on pages 21 to 24. The Board have identified no uncertainties affecting the Company.

Further information on the Company's exposure risk is given in note 18 of the financial statements.

Other Disclosures

The Company had no employees during the year and the Company has 5 Directors, 1 of which is female. The Company, being an externally managed investment company with no employees, has no policies in relation to environmental matters, social, community and human rights issues.

By Order of the Board

The City Partnership (UK) Limited
Company Secretary

29 May 2015

Reports from the Directors

The Board, Investment Committee & Investment Adviser

The Board

Sir Robin Miller

independent non-executive Chairman

Robin Miller is a non-executive director of The Racing Post and Time Out Group, chairman of IBIS Media VCT 1 plc, Edge Performance VCT plc, Crash Media Group and Butler Tanner & Dennis, and a trustee of the Golf Foundation and Riders for Health. Robin was formerly chief executive (1985-98 and 2001-03) and chairman (1998-2001) of Emap plc, a leading international media group in consumer and trade publishing, commercial radio and music TV channels and events.

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

Peter English

independent non-executive Director

Peter English co-founded VCF LLP, which now trades as Foresight Group, in 1985. Foresight Group has managed or advised Fleming Ventures Limited and a number of venture capital trusts including Foresight VCT plc, TriVest VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc (formerly Advent VCT plc) and Foresight 4 VCT plc (formerly Advent VCT 2 plc).

Lucy Macdonald

independent non-executive Director

Lucy joined Allianz Global Investors in October 2001. She heads the Global Equity Fund Management team, which is responsible for global mandates from clients around the world with currently over \$8bn of assets under management. She was instrumental in launching the Global High Alpha product five years ago, now representing over \$6bn of global equity assets, which she now manages. Retail funds following this strategy include the DIT-Interglobal retail fund (S&P AA rated since December 2007) and the AGIF Allianz RCM Global Equity Fund (also S&P AA rated). Prior to Allianz Global Investors, Lucy spent 16 years, latterly as a director and senior portfolio manager, at Baring Asset Management managing High Alpha UK and global funds. Lucy graduated from Bristol University in 1984, and is an Associate of the Society of Investment Professionals (ASIP). She was made managing director of Allianz Global Investors in December 2007 and sits on the London Executive Committee.

David Forster

non-independent non-executive Director

Between 1986 and 2003, David Forster worked as an equity analyst covering the media sector for firms including Kleinwort Benson, Merrill Lynch and latterly Citigroup. Between 1996 and 2003, whilst he was at Citigroup, he became a managing director taking over responsibility for the global equity media research product in 2001. In 2003 he left and established IBIS Capital in conjunction with Charles McIntyre.

Charles McIntyre

non-independent non-executive Director

Charles McIntyre began his career with Apax Partners, which today is one of Europe's largest private equity investors. In 1999, together with other senior managers, Charles spun off the investment banking arm of Apax Partners to form Altium Capital which was developed into a pan-European investment bank. At Altium Capital, he headed up the European media investment banking team and originated deal flow in the small to mid-sized sector of the market.

The Investment Committee

There are five members of the Investment Committee comprising all the Company's Directors.

Investment decisions are taken by the Investment Committee. A minimum of two Directors must be in attendance at each meeting of the Investment Committee and each investment must be approved by at least two Directors with no member of the Investment Committee voting against. David Forster and Charles McIntyre have no vote on the Investment Committee but can participate in its discussions.

The Investment Adviser

IBIS Private Equity Partners LLP acts as the Investment Adviser to IBIS. IBIS Private Equity Partners LLP is an authorised representative of IBIS Capital Limited, a company regulated by the Financial Conduct Authority.

Reports from the Directors

Directors' Report

Directors

The Directors of the Company during the year under review were Sir Robin Miller, Peter English, Lucy Macdonald, Simon Jamieson, Peter Williams, David Forster and Charles McIntyre. Simon Jamieson and Peter Williams retired from the board of Directors on 25 September 2014.

Brief biographical details of the Directors are given on page 17.

In accordance with corporate governance best practice all Directors will retire at the annual general meeting in 2015 and, being eligible, offer themselves for re-election.

Investment Adviser agreement

IBIS Private Equity Partners LLP is the investment adviser to the Company and provides a range of services to the Company under an investment adviser agreement dated 7 February 2006.

This appointment shall continue until terminated by the expiry of not less than twelve months' notice in writing given by either party to the other at any time after the third anniversary of the last date (30 June 2006) on which ordinary shares issued pursuant to the prospectus published in February 2006 were admitted to the Official List and to trading on the London Stock Exchange. This appointment may also be terminated in circumstances of material breach by either party.

IBIS Private Equity Partners LLP receives an annual advisory fee. The fee is payable quarterly in advance, such quarterly fee (exclusive of VAT) being equal to one-quarter of 2.25% of the net asset value of the Company as at the commencement of the quarter but excluding any amount taken into consideration in the calculation of that net asset value which is intended to be distributed to shareholders within that quarter.

Total annual running costs have been capped at 3.5% of average net assets (excluding the Investment Adviser's performance related incentive fee, irrecoverable VAT, trail commission and costs of any significant corporate activity) with any excess being borne by the Investment Adviser.

In the opinion of the Directors, the continuous appointment of the Investment Adviser is in the interests of the shareholders as a whole.

Performance related incentive fee

The Investment Adviser and each member of the Investment Committee (other than Messrs. Forster and McIntyre who will benefit through their interest in IBIS Private Equity Partners LLP) will each be entitled to share in a performance related incentive fee equal to 20% of the increase in the Performance Value per ordinary share over an initial period of three years and thereafter each successive period of six months. No fee will be payable unless two tests are met. First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded Performance Value per ordinary share.

Each member of the Investment Committee (other than Messrs. Forster and McIntyre who will benefit through their interest in IBIS Private Equity Partners LLP) will be entitled to a 3% share of the performance related incentive fee, save that the Chairman of the Board will be entitled to a share of 3.5%. The Investment Adviser will be entitled to the remaining 90.5% of the performance related incentive fee.

Share capital

The Company was incorporated on 21 December 2005 with the name IBIS Media VCT 1 plc.

In August 2014 the Company bought back 22,500 ordinary shares for cancellation. In April 2014 269,884 ordinary shares were issued at a price of £0.5934 per share and in September 2014 90,770 shares were issued at a price of £0.5723 in accordance with the terms of a private placing.

As at 31 January 2015 a total of 10,869,135 ordinary shares of 1p each of the Company were in issue.

The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company.

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

Special reserve

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 23

January 2006, the Company was authorised to cancel the amount standing to the credit of the share premium account of the Company at the date the order was made confirming such cancellation. Court approval was granted on 23 August 2006.

The cancellation of the share premium account created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's shares when the Board considers that it is in the best interests of the Company to do so.

Substantial shareholdings

As at the date of this report the Company was aware of the undernoted individual shareholdings exceeding 3% of the issued share capital:

- > M Alen-Buckley, 6.26% (680,656 shares)
- > C Davies, 4.63% (502,971 shares)
- > D Forster 5.90% (641,634 shares)
- > C McIntyre 4.01% (435,975 shares)
- > A Beckingham 3.64% (395,916 shares)
- > R Hooper, 3.55% (385,640 shares)
- > S Knight, 3.06% (332,489 shares)

Disclosure of information to the auditor

The Directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are aware: there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Scott-Moncrieff as auditor to the Company will be proposed at the forthcoming annual general meeting. A separate resolution will be proposed at the meeting authorising the Directors to fix the remuneration of the auditor.

Global greenhouse gas emissions

The Company has no direct greenhouse gas emissions to report from its operations, being an externally managed investment company.

Annual general meeting

The annual general meeting will be held at 6.00pm on 17 June 2015 at the Company's offices. Notice of the meeting and a proxy form are set out on pages 45 and 47 respectively of this report.

The business of the meeting is outlined below.

Resolution 1 – Annual Report and Financial Statements

The Directors are required to present to the annual general meeting the Annual Report and Financial Statements for the financial year ended 31 January 2015.

Resolution 2 – Directors' Remuneration Report

Under The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013, the Company is required to produce a Directors' Annual Report on Remuneration and to seek shareholder approval for that report at the annual general meeting. The Directors' Annual Report on Remuneration is on pages 26 to 28 of the Annual Report and Financial Statements.

Resolution 3 – Re-election of Director

Lucy Macdonald retires in accordance with corporate governance best practice and, being eligible, offers herself for re-election.

Resolution 4 – Re-election of Director

Sir Robin Miller retires in accordance with corporate governance best practice and, being eligible, offers himself for re-election.

Resolution 5 – Re-election of Director

Peter English retires in accordance with corporate governance best practice and, being eligible, offers himself for re-election.

Resolution 6 – Re-election of Director

David Forster, a non-independent Director, retires and, being eligible, offers himself for re-election as required by the Listing Rules (Rule 15.2.13A).

Resolution 7 – Re-election of Director

Charles McIntyre, a non-independent Director, retires and, being eligible, offers himself for re-election as required by the Listing Rules (Rule 15.2.13A).

Resolution 8 – Re-appointment of the Auditor

The Company is required to re-appoint the auditor at each annual general meeting of the Company to hold office until the next general meeting at which accounts are presented. This resolution proposes that the Company's current auditor, Scott-Moncrieff, be re-appointed as auditor of the Company.

Reports from the Directors

Directors' Report (continued)

Resolution 9 – Remuneration of the Auditor

This resolution proposes that the Directors be authorised to set the auditor's remuneration.

Resolution 10 – Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006, the Directors require the authority of the shareholders of the Company to allot shares or other relevant securities in the Company. This resolution authorises the Directors to make allotments of up to an additional 2,173,827 shares (representing approximately 20% of the issued share capital of the Company as at the date of this report (being the latest practicable date prior to the publication of this document)). The existing authority will expire at the forthcoming annual general meeting and, by proposing this resolution, the Board seeks its renewal. The Directors have no present intention of exercising the authority given by this resolution. This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2016 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 11 – Disapplication of pre-emption rights

Resolution 11 which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company given to them by Resolution 10. The Resolution authorises the Directors to allot equity shares for cash up to a total nominal value of £21,738 (representing approximately 20% of the share capital currently in issue). This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2016 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 12 – Purchase of ordinary shares by the Company

Resolution 12, which will be proposed as a special resolution, will, if passed, authorise the Company to purchase in the market up to 14.99% of the issued share capital of the Company from time to time at a minimum price of 1p per share and a maximum price per share of not more than an amount equal to 105% of the average of the middle market prices shown in the quotations for an ordinary share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased. This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2016 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

By Order of the Board

The City Partnership (UK) Limited
Company Secretary
29 May 2015

Reports from the Directors

Statement of Corporate Governance

The Directors of IBIS Media VCT 1 plc confirm that the Company has taken appropriate action to enable it to comply with the Principles of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council in September 2012.

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the Code were complied with throughout the year ended 31 January 2015.

In view of its non-executive nature the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to IBIS Private Equity Partners LLP and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive director. There is no formal induction programme for Directors.

Board of Directors

The Company has a Board of five non-executive Directors, three of whom are considered to be independent. The remaining two, David Forster and Charles McIntyre, are also directors of the Investment Adviser, IBIS Private Equity Partners LLP. The Company has no staff. The Board does not believe that length of

service will necessarily compromise the independence or effectiveness of Directors and no limit has been placed on the overall length of service. The Board considers that such continuity and experience can be of significant benefit to the Company and its shareholders. However, in accordance with corporate governance best practice any Director who has served for more than nine years will be subject to annual re-election annually, therefore a resolution to re-elect Sir Robin Miller, Peter English and Lucy Macdonald is included in the Notice of Annual General Meeting.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's Investment adviser, IBIS Private Equity Partners LLP and by the company secretary, The City Partnership (UK) Limited. The Board has direct access to corporate governance advice and compliance services through the company secretary, which is responsible for ensuring that board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary. Any newly appointed Director will be given a comprehensive introduction to the Company's business including meeting the Company's advisers.

The Board is responsible to shareholders for the proper management of the Company and looks to hold meetings on at least four occasions each year. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control

over appropriate strategic, financial, operational and compliance issues. The Chairman together with the company secretary establish the agenda for each Board meeting and all necessary papers are distributed in advance of the meetings. The Board considers all matters not included within the remits of the board committees.

Board performance

The Board carried out a performance evaluation of the Board, committees and individual Directors during the year. Due to the size of the Company, the fact that the majority of the Directors are independent non-executive Directors and the costs involved, external facilitators are not used in the evaluation of the Board. The Directors concluded that the balance of skills and Directors is appropriate and all Directors contribute fully to discussion in an open, constructive and objective way. The size and composition of the Board and its committees is considered adequate for the effective governance of the Company. The biographies of the Directors shown on page 17 demonstrate the wide range of investment, commercial and professional experience that they contribute.

Board committees

There are three Board committees: an investment committee, an audit committee and a nomination and remuneration committee. These committees all operate within clearly defined written terms of reference which are available on request from the company secretary.

Reports from the Directors

Statement of Corporate Governance (continued)

Investment committee

This is a fully constituted Board committee established to perform the duties summarised below and to report on those matters to the Board:

- > In respect of equity investment opportunities: to consider each such opportunity of which it is appraised by IBIS Private Equity Partners LLP; to decide which of the investment opportunities should be accepted by the Company; to ensure that investments fall within the investment policy described in the prospectus; to monitor investee companies and the Company's investments therein.
- > In respect of fixed interest investments to monitor the Company's investment in fixed interest securities.
- > Generally, to monitor the Company's performance in respect of the VCT investment criteria and to advise the Board as necessary.
- > After reviewing the advice of advisers, to determine the valuation of each investment in accordance with the previously agreed valuation guidelines.

The members of the investment committee are all the Company's Directors. The chairman of the committee is Sir Robin Miller.

A quorum shall be two members and must include at least two members of the committee other than David Forster and Charles McIntyre. Each investment must be approved by at least two Directors with no member of the committee voting against the proposed investment. Neither David Forster nor

Charles McIntyre has a vote on the investment committee but both may participate in its discussions.

Audit committee

The audit committee comprises at least 3 independent Directors. The members of the committee are Lucy Macdonald (chairman), Peter English and Robin Miller. A quorum is two members.

During the year ended 31 January 2015 the audit committee discharged its responsibilities by:

- > Reviewing the Company's draft annual and half yearly results and the proposed fair value of investments as determined by the Investment Adviser;
- > Reviewing the Company's accounting policies;
- > Ongoing review of the internal controls and assessing the effectiveness of those controls in minimising the impact of key risks;
- > Reviewing and approving the external auditor's terms of engagement, remuneration and independence; and
- > Recommending to the board and shareholders the ongoing appointment of Scott-Moncrieff.

The key areas of risk identified by the audit committee in relation to the business activities and financial statements of the Company are:

- > Compliance with HM Revenue & Customs to maintain the Company's VCT status; and
- > Valuation of unquoted investments.

These issues were discussed with the Investment Adviser and the auditor at the board meeting pre-sign off of the financial statements. The committee concluded:

Venture Capital status – the Investment Adviser confirmed to the audit committee that the conditions for maintaining the Company's status had been complied with throughout the year.

Valuation of unquoted investments – the Investment Adviser and the auditor confirmed to the audit committee that the basis of valuation for unquoted companies was consistent with the prior year and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

The Investment Adviser and auditor confirmed to the audit committee that they were not aware of any material misstatements. Having reviewed the reports received from the Investment Adviser and auditor, the audit committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

The audit committee has managed the relationship with the external auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the Committee considered the auditor's technical knowledge and that they have a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the

auditor provided a clear explanation of the scope and strategy of the audit and that the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, Scott-Moncrieff has confirmed that it is independent of the Company and has complied with auditing accounting standards. Scott-Moncrieff was appointed as auditor of the Company on inception of the Company; in accordance with professional guidelines the engagement partner is rotated after at most five years, and the current partner has served for 3 years. No tender for the audit of the Company has been undertaken since inception.

Following the review as noted above the audit committee is satisfied with the performance of Scott-Moncrieff and recommends the services of Scott-Moncrieff to the shareholders in view of that performance and the firm's experience in auditing Venture Capital Trusts.

Nomination and remuneration committee

The committee comprises at least two Directors. The members of the committee are Peter English (chairman) and Lucy Macdonald. A quorum is two members.

The nomination and remuneration committee has considered the recommendations of the Code concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The committee believe, however, that all appointments should be made on merit rather than positive discrimination. The policy of the committee is that maintaining an appropriate balance around the board table through a diverse mix of

skills, experience, knowledge and background is of paramount importance and gender diversity is a significant element of this.

Any search for new Board candidates is conducted, and appointments made, on merit, against objective selection criteria having due regard, amongst other things, to the benefits of diversity on the Board, including gender. When recommending new appointments to the Board the committee draws on its members' extensive business experience and range of contacts to identify suitable candidates; the use of formal advertisements and external consultants is not considered cost-effective given the Company's size.

Attendance at Board and committee meetings

During the year ended 31 January 2015 there were:

- > 4 full Board meetings
- > 4 investment committee meetings
- > 2 audit committee meetings
- > No meetings of the nomination and remuneration committee

The Directors' attendance at these meetings is noted below.

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

**Simon Jamieson and Peter Williams retired on 25 September 2014.*

Internal control

The Board has established an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of investments and regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of: investment advisory services; VCT status advisory services; broking services; day-to-day accounting, company secretarial and administration services; and share registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Committee which, in turn, receives and considers regular reports from the Investment Adviser. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Adviser.

Reports from the Directors

Statement of Corporate Governance (continued)

Review of internal control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation. Each risk is considered with regard to: the likelihood of occurrence, the probable impact on the Company, and the controls exercised at source, through reporting and at board level. The Board has identified no problems with the Company's internal controls.

Relations with shareholders

The Board welcomes the views of shareholders and puts a premium on effective communication with the Company's members. All written communication with shareholders is reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved. Shareholders are encouraged to attend the Company's annual general meeting where the Directors and representatives of the Company's advisers will be available to answer any questions members may have. The notice of the 2015 annual general meeting accompanies this report – separate resolutions are proposed for each substantive issue. The Board also communicates with shareholders through the half-yearly

and annual reports which will include a chairman's statement and an investment adviser's report both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

Accountability and audit

The statement of the Directors' responsibilities in respect of the financial statements and the independent auditor's report are presented on pages 25 and 29-30 respectively of this report.

Internal audit

The Company does not have an independent internal audit function. Such a function is thought by the Board to be unnecessary at this time given the size of the Company and the nature of its business. However, the audit committee considers annually whether an independent internal audit function should be introduced and reports its conclusions to the Board.

Going concern

After making enquiries, the Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the Company's financial statements.

Reports from the Directors

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable laws and regulations. The Directors have chosen to prepare the financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors' must not approve the financial statements unless they are satisfied that they give a true and fair view in accordance with UK GAAP of the state of affairs of the Company as at the end of the financial year and of the return or loss of the Company for that period and which comply with UK GAAP and the Companies Act 2006. In preparing these financial statements, the Directors are required to:

- > Select suitable accounting policies and then apply them consistently;
- > Make judgments and estimates that are reasonable and prudent;
- > State whether all applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- > Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements

comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors consider that the Annual Report and Financial Statements of the Company for the year ended 31 January 2015 as a whole are fair, balanced and understandable and provide the information necessary for the members of the Company to help them assess the Company's performance, business model and strategy.

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

We confirm that to the best of our knowledge:

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

On behalf of the Board

Sir Robin Miller
Director

29 May 2015

Reports from the Directors

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). An Ordinary resolution for the approval of the Directors' annual report on remuneration will be put to members at the forthcoming Annual General Meeting.

The Company's auditor, Scott-Moncrieff, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is set out in their report on pages 29 and 30.

Annual statement from the Chairman of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee, a fully constituted board committee, are Peter English (Chairman) and Lucy Macdonald. The committee's remit regarding remuneration is included in the Statement of Corporate Governance which is set out on pages 21 to 24. No other person provided material advice or services to the committee in relation to remuneration.

The committee did not meet in the year ended 31 January 2015. At a meeting of the Board held in the year ended 31 January 2015 the Directors resolved to reduce their fees with effect from 1 September 2014. As from 1 September 2014 the Directors will be paid for their attendance at meetings and for any duties undertaken, rather than a set annual fee.

Directors' remuneration policy

The committee considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors, and should be broadly comparable to the fees paid by similar companies while ensuring that the fees payable are appropriate to retain individuals of sufficient calibre to lead the Company in achieving its short and long term strategy. The Company's Articles of Association do not place an overall limit on Directors' remuneration. None of the Directors is eligible for pension benefits, share options, bonuses or other benefits in respect of their services as non-executive Directors of the Company. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

As members of the Investment Committee, each Director (other than David Forster and Charles McIntyre) is entitled to share in a performance-related incentive fee from the Company. David Forster and Charles McIntyre will benefit through their interest in the Investment Adviser which is also entitled to share in the incentive fee.

The aggregate performance fee payable by the Company is calculated as being equal to 20% of the increase in the Performance Value per ordinary share over an initial period of three years and thereafter each successive period of six months. No fee will be payable unless two tests are met.

First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded

Performance Value per ordinary share when an incentive fee was paid.

Each member of the Investment Committee is entitled to a 3% share of the incentive fee, save that the Chairman of the Board is entitled to a share of 3.5%. The Investment Adviser is entitled to the remaining 90.5% of the fee. The performance fee policy is unchanged since the inception of the Company and no incentive fee has been paid to any of the Directors as a result of the policy.

The Directors' remuneration policy was approved at the AGM of the Company held on 2 July 2014 and this policy will continue as described above for the year ending 31 January 2016 and subsequent years. In accordance with the Regulations, an ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at least once every three years.

Directors' annual report on remuneration

Terms of appointment

None of the Directors has a service contract with the Company. On being appointed all Directors received a letter from the Company setting out the terms of their appointment, details of the fees payable and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of six months' notice in writing given by the Director or the Company as the case may be. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. The letters of appointment are available for inspection on request from the company secretary.

The Company's Articles of Association provide that the Directors shall retire and be subject to re-election at the first annual general meeting after their appointment and at least every three years thereafter. In accordance with corporate governance best practice Sir Robin Miller, Peter English and Lucy Macdonald will retire at the annual general meeting in 2015 and, being

eligible, offer themselves for re-election. David Forster and Charles McIntyre, being non-independent Directors, will, as required by Listing Rule 15.2.13A, also retire and, being eligible, offer themselves for re-election. Brief biographical details of these Directors are given on page 17.

Directors' fees for the year (audited)

The fees payable to individual Directors in respect of the year ended 31 January 2015 are shown in the table below. Sir Robin Miller's, Peter English's and Simon Jamieson's fees are paid to RMC Limited, VCF Partners, and FFP Services respectively in consideration for their services.

Director	Total annual fees (reduced from 1 September 2014)	Total fee paid for year ended 31 January 2015	Total fee paid for year ended 31 January 2014
Sir Robin Miller	£1,000 per meeting	4,667	8,834
Peter English	£750 per meeting	3,500	6,833
David Forster	£750 per meeting	-*	-*
Simon Jamieson**	Retired	3,500	6,833
Lucy Macdonald	£750 per meeting	3,500	6,833
Charles McIntyre	£750 per meeting	-*	-*
Peter Williams**	Retired	3,500	6,833

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

** Simon Jamieson and Peter Williams retired from the Board on 25 September 2014.

No fees were payable in respect of the incentive fee to any of the Directors. No taxable benefits were paid to the Directors, no pension related benefits were paid to the Directors and no money or other assets were received or receivable by the Directors for either the current or prior year. There were no fees payable to past Directors or payments made for loss of office.

Relative importance of spend on pay

The table below shows the total remuneration paid to the Directors and shareholder distributions in the year to 31 January 2015 and the prior year:

	2015 £	2014 £	Percentage increase/ (decrease) %
Dividend	Nil	157,964	(100.00)
Total Directors' fees	18,667	36,167	(48.39)

Reports from the Directors

Directors' Remuneration Report (continued)

Directors' shareholdings (audited)

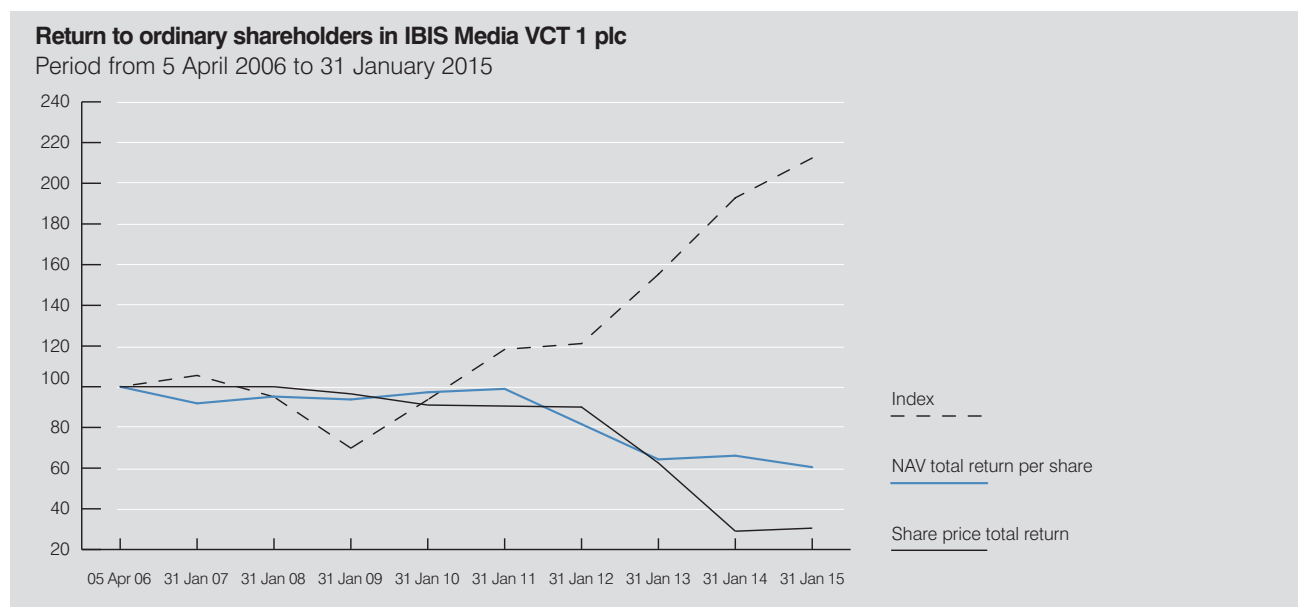
The beneficial interests of the Directors in the shares of the Company, at the beginning and the end of the year were as follows:

Director	As at 31 January 2015		As at 31 January 2014	
	Shares held	% of shares in issue	Shares held	% of shares in issue
Sir Robin Miller	75,993	0.70	75,993	0.72
Peter English	174,817	1.61	174,817	1.66
David Forster	948,641	8.73	770,296	7.31
Simon Jamieson	113,524	1.04	113,524	1.08
Lucy Macdonald	138,541	1.27	138,541	1.32
Charles McIntyre	476,791	4.39	445,988	4.24
Peter Williams	80,070	0.74	80,070	0.76

There have been no changes in the holdings of any of the Directors between 31 January 2015 and the date of this report. The Company has no policy for Directors concerning their ownership of shares in the Company.

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the management agreement. The graph below compares the Company's share price total return and the Company's net asset value per share total return with the total return from a notional investment of 100p in the FTSE All-Share Media Index over the same period. This index is considered to be the most appropriate broad equity market index for comparative purposes.



At the last AGM held on 2 July 2014, 100% of shareholders voted for the resolutions approving the Directors' Remuneration Report and the Directors' Remuneration Policy, although no proxy votes were received. An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM.

By Order of the Board

The City Partnership (UK) Limited

Company Secretary

29 May 2015

Report of the Independent Auditor

to the Shareholders of IBIS Media VCT 1 plc

We have audited the financial statements of IBIS Media VCT 1 plc for the year ended 31 January 2015, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided at the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- > give a true and fair view of the state of the Company's affairs as at 31 January 2015 and of its return for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the Companies Act 2006.

Our assessment of risks of material misstatement

We identified the following risks that we believe have the greatest impact on the audit strategy:

- > valuation of the Company's unlisted investments;
- > revenue recognised, specifically in relation to investment income; and
- > management override; and
- > going concern.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the level of error that would change the opinion of the reader of the financial statements.

When establishing our overall audit strategy, we determined the level of uncorrected misstatement that would be material for the financial statements as a whole to be £56,000, which is 1% of net assets (net assets being a key performance indicator for investors in the Company).

Materiality for revenue transactions was determined to be £6,000, as we believe readers of the financial statements will be more sensitive to variances in the revenue account.

We agreed with the Audit Committee that we would report to them individual and extrapolated errors in excess of a threshold of £1,200, as well as differences below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

The way in which we scoped our audit in order to address the assessed risks of material misstatement was as follows:

- > for the valuation of the Company's unlisted investments, we agreed all holdings to investee companies' annual returns submitted at Companies House; we examined the latest available audited financial statements of investee entities; and we assessed the valuation method used to ensure it was reasonable and in accordance with the International Private Equity and Venture Capital Valuation guidelines (revised December 2012).
- > for revenue recognition, specifically in relation to investment income, we recalculated the expected interest from loan notes held by the Company and compared this to the actual interest recognised. Differences were investigated to ensure there was no indication of omitted income. In addition, we reviewed the latest available

Report of the Independent Auditor (continued)

audited financial statements of the investee company to assess if dividends were expected.

- > for management override, we reviewed the accounting records for any significant transactions that were outside the normal course of business.
- > for going concern, we reviewed cashflow forecasts, along with other supporting documentation, and obtained written confirmations where appropriate.

The Audit Committee's consideration of these risks is set out on pages 22 and 23.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- > the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- > the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- > the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure and Transparency rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and share capital structure) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- > materially inconsistent with the information in the audited financial statements; or
- > apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- > is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- > adequate accounting records have not been kept and returns adequate for our audit have not been received from branches not visited by us; or
- > the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and return; or

- > certain disclosures of Directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- > the Directors' statement on page 24 in relation to going concern; and
- > the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the Corporate Governance Code specified for our review; and
- > certain elements of the report to the shareholders by the Board on Directors' remuneration.

Gareth Magee (Senior Statutory Auditor)

For and on behalf of Scott-Moncrieff,
Statutory Auditor
Exchange Place 3
Sempie St
Edinburgh
EH3 8BL

29 May 2015

Financial Statements
Income Statement
for the year ended 31 January 2015

	Note	Revenue £	Year ended 31 January 2015 Capital £	Year ended 31 January 2015 Total £	Revenue £	Year ended 31 January 2014 Capital £	Year ended 31 January 2014 Total £
Realised/unrealised movements on investments		-	(516,784)	(516,784)	-	455,859	455,859
Income	2	104,854	-	104,854	165,327	-	165,327
Investment adviser's fees	3	(33,663)	(100,987)	(134,650)	(28,692)	(86,077)	(114,769)
Other expenses	4	(66,640)	-	(66,640)	(296,299)	-	(296,299)
Return on ordinary activities before tax		4,551	(617,771)	(613,220)	(159,664)	369,782	210,118
Tax on ordinary activities	6	-	-	-	-	-	-
Return attributable to equity shareholders		4,551	(617,771)	(613,220)	(159,664)	369,782	210,118
Transfer to reserves		4,551	(617,771)	(613,220)	(159,664)	369,782	210,118
Return per ordinary share	8	0.04p	(5.73)p	(5.69)p	(1.52)p	3.53p	2.01p

The total column of this statement represents the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits. The Company has no gains and losses other than those recognised in the Income Statement above and has not therefore prepared a separate statement of total recognised gains and losses.

The accompanying notes on pages 35 to 44 are an integral part of the financial statements.

Financial Statements
Balance Sheet
as at 31 January 2015

	Note	As at 31 January 2015 £	As at 31 January 2014 £
Fixed assets			
Investments	9	5,182,338	5,699,122
Current assets			
Debtors	11	416,265	353,455
Liquidity funds and cash at bank		42,754	82,419
		459,019	435,874
Creditors: amounts falling due within one year	12	(47,475)	(121,108)
Net current assets		411,544	314,766
Net assets		5,593,882	6,013,888
Capital and reserves			
Called up share capital	13	108,691	105,310
Share premium account	14	4,495,853	4,306,020
Special reserve	14	4,474,481	4,474,481
Capital reserves	14	(3,129,746)	(2,511,975)
Revenue reserves	14	(355,397)	(359,948)
Total equity shareholders' funds		5,593,882	6,013,888
Net asset value per share	15	51.47p	57.11p

The accompanying notes on pages 35 to 44 are an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 29 May 2015 and signed on their behalf by:

Sir Robin Miller
Director

Charles McIntyre
Director

Registered in England and Wales, No. 5660269

Financial Statements
Cash Flow Statement
for the year ended 31 January 2015

	Note	£	Year ended 31 January 2015 £	Year ended 31 January 2014 £
Operating activities				
Investment income received – qualifying			22,121	26,808
Deposit and similar interest received – non qualifying			19	91
Investment adviser's fees paid			(101,153)	(25,717)
Company secretarial fees paid			(10,498)	(17,050)
Cash paid to and on behalf of Directors			(21,334)	(41,436)
Other cash payments			(47,034)	(51,800)
Net cash outflow from operating activities	16		(157,879)	(109,104)
Financial investment				
Loans made		-	(25,000)	
Net cash outflow from financial investment			-	(25,000)
Taxation				
Corporation tax repaid		-	-	-
Net cash inflow from taxation			-	-
Dividends				
Equity dividends paid		-	(157,964)	
Net cash outflow from dividends			-	(157,964)
Net cash outflow before financing			(157,879)	(292,068)
Financing				
New share issue		206,875	75,000	
Cash (released)/held for allotment		(75,000)	75,000	
Costs relating to issue of shares		(2,159)	(22,813)	
Expenses of SRRP		-	(8,772)	
Share buyback		(11,502)	-	
Net cash inflow from financing			118,214	118,415
(Decrease) in cash	17		(39,665)	(173,653)

The accompanying notes on pages 35 to 44 are an integral part of the financial statements.

Financial Statements

Reconciliation of Movements in Shareholders' Funds

	2015 £	2014 £
Total net assets attributable at 31 January 2014 (31 January 2013)	6,013,888	5,918,319
Share issue	206,875	75,000
Expenses of offer	(2,159)	(22,813)
Expenses of SRRP	-	(8,772)
Dividend	-	(157,964)
Share buyback	(11,502)	-
Return for the period	(613,220)	210,118
Total net assets attributable at 31 January 2015 (31 January 2014)	5,593,882	6,013,888

The accompanying notes on pages 35 to 44 are an integral part of the financial statements.

Financial Statements

Notes to the Financial Statements

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) Going concern

The Board of Directors is satisfied that the Company has adequate availability of funding in order to continue as a going concern. Therefore the Company continues to adopt the going concern basis in preparing these financial statements.

b) Basis of accounting

The accounts have been prepared on the historical cost basis of accounting, and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' ("SORP"), revised in January 2009.

c) Investments

The Company did not hold any listed investments at any time during the period under review. In accordance with UK GAAP, investments in unlisted companies, other than those traded on AIM/ISDX, are valued at fair value by the Directors with reference to the International Private Equity and Venture Capital Association guidelines which include the following:

- > Investments which have been made within the last twelve months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case provision against cost is made as appropriate.
- > Where a company is in the early stage of development, it will normally continue to be held at cost on the basis described above.
- > Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation will include cost, provision against cost, discounted cash flow or net asset value where such factors apply that make one of these methods more appropriate.

Alternatively, where a value is indicated by a material arm's-length transaction by a third party in the shares of a company, the valuation will normally be based on this.

Investments in companies traded on AIM/ISDX will be valued at their bid prices as appropriate.

Realised surpluses or deficits on the disposal of investments and impairments in the value of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves.

d) Income

Dividends receivable on listed equity shares are brought into account on the ex-dividend date. Dividends receivable on unlisted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

e) Expenses

All expenses (inclusive of VAT where appropriate) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are included within the cost of the investment or deducted from the disposal proceeds as appropriate, and with the exception that 75% of the fees payable to IBIS Private Equity Partners LLP are charged against capital.

f) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising in the revaluation or disposal of investments.

Financial Statements

Notes to the Financial Statements (continued)

g) Financial instruments

The Company's financial instruments comprise its investment portfolio and cash balances. The Company holds financial assets that comprise investments in unlisted companies. The fair value is not materially different from the carrying value for all financial assets and liabilities.

2. Income

	2015 £	2014 £
Interest receivable		
- from liquidity funds	43	48
- from bank deposits	19	91
- from loan stock	65,721	100,574
- from short term loans	16,997	13,094
Equity dividends	22,074	51,520
	104,854	165,327

3. Investment adviser's fees

	2015 £	2014 £
IBIS Private Equity Partners LLP	134,650	114,769
	134,650	114,769

IBIS Private Equity Partners LLP has been appointed as the Company's investment adviser. This appointment shall continue until terminated by the expiry of not less than twelve months' notice in writing given by either party to the other at any time after the third anniversary of the last date on which ordinary shares issued pursuant to the prospectus published in February 2006 were admitted to the Official List and to trading on the London Stock Exchange. This appointment may also be terminated in circumstances of material breach by either party.

The Investment Adviser receives an annual advisory fee. The fee is payable quarterly in advance, such quarterly fee (exclusive of VAT) being equal to one-quarter of 2.25% of the net asset value of the Company as at the commencement of the quarter but excluding any amount taken into consideration in the calculation of that net asset value which is intended to be distributed to shareholders within that quarter.

The Investment Adviser and each member of the Investment Committee (other than Messrs. Forster and McIntyre who will benefit through their shareholdings in IBIS Private Equity Partners LLP, the Investment Adviser) will each be entitled to share in a performance related incentive fee equal to 20% of the increase in the Performance Value per ordinary share since the close of the Company's first public offer ("launch") as now measured by reference to each successive period of six months. No fee will be payable unless two tests are met. First, a performance hurdle must be achieved that requires the Performance Value per ordinary share to exceed 150 pence and that cumulative cash distributions are not less than 60 pence per ordinary share. Second, the Performance Value per ordinary share must be higher than the highest previously recorded Performance Value per ordinary share. These tests are calculated by reference to each of the average number of ordinary shares in issue since launch.

Each member of the Investment Committee (other than Messrs Forster and McIntyre who will benefit through their shareholdings in IBIS Private Equity Partners LLP, the Investment Adviser) will be entitled to a 3% share of the performance related incentive fee, save that the Chairman of the Board will be entitled to a share of 3.5%. The Investment Adviser will be entitled to the remaining 90.5% of the performance related incentive fee.

Total annual running costs have been capped at 3.5% of average net assets (excluding the investment adviser's performance related incentive fee, irrecoverable VAT and costs of any significant corporate activity) with any excess being borne by the Investment Adviser.

4. Other expenses

	2015 £	2014 £
Directors' remuneration	18,667	36,166
Company secretarial fees	15,125	17,050
Auditor's fees – audit services	10,600	11,650
Printing & stationery	8,586	9,183
Loan stock interest written off	-	190,805
Other costs	5,388	17,626
Irrecoverable VAT	8,274	13,819
	66,640	296,299

In the year, investment acquisition costs of £nil (2014: £nil) were incurred.

The Company has no employees.

5. Directors' fees

	2015 £	2014 £
Lucy Macdonald	3,500	6,833
Peter Williams*	3,500	6,833
David Forster	-	-
Charles McIntyre	-	-
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	4,667	8,834
Peter English	3,500	6,833
Simon Jamieson*	3,500	6,833
	18,667	36,166
Employer's NICs	-	-
	18,667	36,166

*Peter Williams and Simon Jamieson retired from the Board on 25 September 2014.

These sums are shown net of irrecoverable VAT as appropriate.

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all of the fee earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

Financial Statements
Notes to the Financial Statements (continued)

6. Tax on ordinary activities

a) Analysis of tax charge

	2015 £	2014 £
Revenue charge	-	-
Credited to capital return	-	-
Current and total tax charge (note (b))	-	-

b) Factors affecting tax charge for the year

Total return on ordinary activities before tax	(613,220)	210,118
Add: unrealised losses/(gains)	516,784	(455,859)
Less: non-taxable realised gains	-	-
Add: transaction costs and investment management expense charged to capital	100,987	86,077
Revenue return on ordinary activities before taxation	4,551	(159,664)
Corporation tax at 20% (2014: 21.00%)	910	(33,529)
Non-taxable UK dividends	(4,415)	(10,819)
Utilisation of previous tax losses	-	-
Non-allowable expenditure	-	-
Taxation on revenue return	-	-
Taxation on allowable expenditure charged to capital return	(20,197)	(18,076)
Unrelieved expenses	20,197	18,076
Credited to capital return	-	-
Tax charge for year (note (a))	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a venture capital trust.

There is no potential liability to deferred tax (2014: nil). There is no unrecognised deferred tax asset (2014: nil). The deferred tax asset relates to prior year unutilised expenses.

7. Dividends paid and proposed

	2015 £	2014 £
Amounts recognised as distributions to equity holders in the year.	-	157,964
The Directors recommend a final dividend of nil per share (2014: nil).		

8. Return per share

	Revenue	Capital	2015 Total	Revenue	Capital	2014 Total
Return per ordinary share	0.04p	(5.73)p	(5.69)p	(1.52)p	3.53p	2.01p

Basic revenue return per share is based on the net revenue gain from ordinary activities after taxation of £4,551 (2014: £(159,664)) and on 10,775,258 (2014: 10,470,405) ordinary shares, being the weighted average number of shares in issue during the year. Basic capital return per share is based on the net capital loss after taxation of £(617,771) (2014: £369,782) and on 10,775,258 (2014: 10,470,405) ordinary shares, being the weighted average number of shares in issue during the year.

9. Investments

Movements in investments during the year are summarised as follows:

	Total £
Book cost at 31 January 2015 and 31 January 2014	5,369,789
Unrealised gains at 31 January 2014	329,333
Movement in unrealised gains/losses in the year	(516,784)
Unrealised losses at 31 January 2015	(187,451)
Valuation at 31 January 2015	5,182,338
Valuation at 31 January 2014	5,699,122

During the year, the Company incurred disposal transaction costs of £nil; (2014: £nil).

As at 31 January 2015, the Company had no intention to dispose of any of its holdings.

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

Quoted market prices in active markets – “Level 1”

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

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

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

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

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

Financial Statements

Notes to the Financial Statements (continued)

10. Significant interests

As at the balance sheet date and from the dates of making the investments the Company has held 10% or more in the undernoted investments:

Investment	Percentage equity holding
Get Me Media	38.8%
Masher	33.3%
Steel River Media (Contagious)	24.5%
Ginx TV	18.2%
Freshwater	10.9%
Futurelex	10.0%

11. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Accrued interest and other accrued income	315,022	232,308
Prepayments	21,037	21,004
HMRC	5,206	5,206
Get Me Media	75,000	75,000
Investment adviser	-	19,937
	416,265	353,455

12. Creditors: amounts falling due within one year

	2015 £	2014 £
Sundry creditors and accruals	47,475	121,108
	47,475	121,108

Included in creditors is a balance of £nil (2014: £1,275) for the income tax and national insurance contributions ("NICs") payable in respect of the Directors' remuneration – income tax £nil (2014: £1,275) and NICs £nil (2014: £nil).

13. Called up share capital

	2015 £	2014 £
Authorised:		
30,000,000 Ordinary Shares of 1p each	300,000	300,000
Allotted, called-up and fully paid:		
10,869,135 Ordinary Shares of 1p each (2014: 10,530,981)	108,691	105,310

During the year, the Company:

- > issued 360,654 ordinary shares as detailed below under a placing and 22,500 shares were bought back for cancellation.

Allotted, called up and fully paid:

	Nominal value £	Consideration received £
No of shares - Placing		
269,884 ordinary shares issued on 5 April 2014	2,699	155,000
90,770 ordinary shares issued on 29 September 2014	908	51,875
No of shares - buy back		
22,500 ordinary shares bought back for cancellation on 21 August 2014	225	11,502

14. Reserves

	Share premium £	Special reserve £	Capital reserve (realised) £	Capital reserve (unrealised) £	Revenue reserves £	Total £
At 31 January 2014	4,306,020	4,474,481	(2,841,308)	329,333	(359,948)	5,908,578
Share issue	203,269	-	-	-	-	203,269
Share buy back	(11,277)	-	-	-	-	(11,277)
Share issue and buy back expenses	(2,159)	-	-	-	-	(2,159)
Movement in realised reserves	-	-	(100,987)	-	-	(100,987)
Movement in unrealised reserves	-	-	-	(516,784)	-	(516,784)
Movement in revenue reserves	-	-	-	-	4,551	4,551
At 31 January 2015	4,495,853	4,474,481	(2,942,295)	(187,451)	(355,397)	5,485,191

15. Net asset value per share

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

	2015 Net asset values attributable		2014 Net asset values attributable	
	Net assets	Net assets per share	Net assets	Net assets per share
Ordinary shares (basic)	5,593,882	51.47p	£6,013,888	57.11p

Net asset value per share is based on net assets at the period end and on 10,869,135 (2014: 10,530,981) ordinary shares, being the number of shares in issue at the year end.

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

	2015 £	2014 £
Net revenue before taxation for the period	4,551	(159,664)
Investment adviser's fees charged to capital	(100,987)	(86,077)
(Increase)/decrease in debtors	(62,810)	116,294
(Decrease)/increase in creditors and accruals	(73,633)	70,343
Exclude share capital balances	75,000	(75,000)
Exclude financial investment balances	-	25,000
Net cash outflow from operating activities	(157,879)	(109,104)

Financial Statements

Notes to the Financial Statements (continued)

17. Analysis of changes in net funds

	Cash £	Liquid funds £	Total £
As at 1 February 2014	67,808	14,611	82,419
Cash flows	(25,054)	(14,611)	(39,665)
As at 31 January 2015	42,754	-	42,754

18. Financial instruments

The Company's financial instruments comprise:

- > Equity and fixed-interest investments and units in open-ended investment companies
- > Cash balances and liquid resources

Investments are made in a combination of equity and loans. Surplus funds are held on bank deposit or in listed money market instruments. It is not the Company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value. For quoted investments this is bid price. In respect of unquoted investments, these are valued by the Directors in accordance with current industry guidelines. Where no reliable fair value can be estimated, unquoted investments are carried at cost subject to provision for impairment where necessary. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 January 2015:

	2015 (Book cost) £	2015 (Fair value) £	2014 (Book cost) £	2014 (Fair value) £
Assets at fair value through profit and loss				
Investment portfolio	5,369,789	5,182,338	5,369,789	5,699,122
Current investments	-	-	14,611	14,611
Cash at bank	42,754	42,754	67,808	67,808
Loans and receivables				
Accrued income	315,022	315,022	232,308	232,308
Short term loans	75,000	75,000	75,000	75,000
Other debtors	26,243	26,243	46,147	46,147
Other creditors	(47,475)	(47,475)	(121,108)	(121,108)
	5,781,333	5,593,882	5,684,555	6,013,888

Unquoted investments account for 100% of the investment portfolio (2014: 100%) by value. The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 92.64% (2014: 94.77%) of net assets at the year end.

The main risks arising from the Company's financial instruments are credit risk, market price risk, interest rate risk and liquidity risk. All assets and liabilities are denominated in sterling, hence there is no currency risk.

Credit risk

Credit risk is managed by settling all transactions on the basis of delivery against payment.

Market price risk

The Board manages the market risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk and by ensuring full and timely access to relevant information from the Investment Committee. The Investment Committee reviews the investment performance and financial results, as well as compliance with the Company's

investment objectives. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities which are sufficient to meet any funding commitments which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year and the Company's net asset value per share by £518,234 and 5p respectively.

Interest rate risk

Some of the Company's financial assets are interest bearing, some of which are at fixed rates and some at variable. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest bearing investments. The Company does not use derivative instruments to hedge against interest rate risk.

As at 31 January 2015, the Company's financial assets by value, excluding short-term trade debtors and creditors as permitted by Financial Reporting Standard 25 "Financial Instruments: Disclosure and Presentation", comprised:

Financial assets	£	%	Interest rate	Weighted average interest rate %	Weighted average period rate fixed, years
Venture capital investments					
Ordinary shares	4,159,839	78.5	n/a	n/a	n/a
Loan stock (fixed rate)	100,000	1.9	fixed	5	5 years
Loan stock (fixed rate)	50,000	0.9	fixed	10	1 year
Loan stock (fixed rate)	637,500	12.0	fixed	7	1 year
Loan stock (fixed rate)	235,000	4.4	fixed	nil	3 years
Loan stock (fixed rate)	30,000	0.6	fixed	20	n/a
Loan stock (fixed rate)	20,000	0.4	fixed	20	n/a
Loan stock (fixed rate)	25,000	0.5	fixed	12	18 months
Bank deposits	42,754	0.8	floating	0.1	n/a
	5,300,093	100			

It is estimated that a one percentage point fall in interest rates would have increased the pre-tax loss for the year by 0.02%.

The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and thus are not readily realisable. At times the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments. The Company invests its surplus funds in high quality liquidity funds which are all accessible on an immediate basis.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for shareholders.

As a VCT, the Company must have, and must continue to have, within three years of raising its capital at least 70% by value of its investments in VCT qualifying holdings which are a relatively high risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction, the Company may adjust dividends, return capital to shareholders, issue new shares or sell assets to maintain the level of liquidity to remain a going concern.

Financial Statements

Notes to the Financial Statements (continued)

19. Post balance sheet events

There were no post balance sheet events.

20. Geographical analysis

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

21. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company as at 31 January 2015 (2014: None).

22. Transactions with the Investment Adviser

During the year ended 31 January 2015 the Company incurred costs of £134,650 (2014: £123,541) (exclusive of VAT) payable to IBIS Private Equity Partners LLP, the Investment Adviser:

- > £134,650 (2014: £133,748) as an investment advisory fee;
- > £Nil (2014: £(18,979)) as a sum recoverable from the Investment Adviser in respect of the cap on the Company's annual running expenses; and
- > £Nil (2014: £8,772) as a fundraising fee from which IBIS Capital paid the expenses of the offer.

As at 31 January 2015 the Company owed the Investment Adviser £13,560 (2014: £Nil) (exclusive of VAT) in respect of the Investment Adviser fees.

As at 31 January 2015 the Investment Adviser owed the Company £Nil (2014: £18,979) (exclusive of VAT) in respect of the cap on the Company's annual running expenses.

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

23. Management of capital

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

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

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

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

Information for Shareholders**Notice of Annual General Meeting**

Notice is hereby given that the ninth annual general meeting of IBIS Media VCT 1 plc will be held at 5.00pm on 1 July 2015 at 22 Soho Square, London W1D 4NS for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 9 will be proposed as Ordinary Resolutions and Resolutions 11 and 12 will be proposed as Special Resolutions):

Ordinary Business

1. To receive the Directors' and the Independent Auditor's Reports and the Company's financial statements for the year ended 31 January 2015.
2. To approve the Directors' Remuneration Report for the year ended 31 January 2015.
3. To re-elect Lucy Macdonald as a Director of the Company.
4. To re-elect Sir Robin Miller as a Director of the Company.
5. To re-elect Peter English as a Director of the Company.
6. To re-elect David Forster as a Director of the Company.
7. To re-elect Charles McIntyre as a Director of the Company.
8. To re-appoint Scott-Moncrieff as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors to fix the remuneration of the auditor.
10. (i) That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £21,738 during the period commencing on the passing of this resolution and expiring on the earlier of the date of the annual general meeting of the Company to be held in 2016 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry; and
(ii) That all previous authorities given to the Directors in accordance with section 551 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

Special Resolutions

11. The Directors be and are hereby empowered pursuant to Section 570 and 573 of the Act to allot or make offers or agreements to allot equity securities as defined in Section 560 of the Act for cash pursuant to the authority given pursuant to Resolution 10 set out in this notice of Annual General Meeting as if section 561(1) of the Act did not apply to such allotment provided that this power shall expire on the date falling 15 months after the date of the passing of this resolution and provided further that this power shall be limited to the allotment and issue of equity securities in connection with:
 - (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10% of the issued ordinary share capital where the proceeds of the allotment are to be used in whole or in part to purchase the Company's Ordinary Shares, and
 - (ii) the allotment of equity securities from time to time with an aggregate nominal value of up to but not exceeding 5% of the issued Ordinary Share capital of the Company.

Information for Shareholders

Notice of Annual General Meeting (continued)

12. That the Company be and is hereby generally and unconditionally authorised within the meaning of Section 693(4) of the Act of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:
- (i) The maximum aggregate number of Ordinary Shares hereby authorised to be purchased is an amount equal to 14.99% of the issued ordinary share capital of the Company from time to time;
 - (ii) The minimum price which may be paid for an Ordinary Share is 1p per share, the nominal amount thereof;
 - (iii) The maximum price which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market prices shown in the quotations for an ordinary share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;
 - (iv) The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the annual general meeting of the Company to be held in 2016 and the date which is 15 months after the date on which this resolution is passed; and
 - (v) The Company may make a contract or contracts to purchase its own Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By order of the Board

The City Partnership (UK) Limited

Secretary

29 May 2015

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can appoint a proxy only by using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
5. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - > completed and signed;
 - > sent or delivered to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232; and
 - > received by Share Registrars Limited no later than 5.00pm on 29 June 2015.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; and amended proxy appointment received after the relevant cut-off time will be discarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. In order to revoke a proxy instruction you will need to inform the Company using the following method:
 Send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 The revocation notice must be received by Share Registrars Limited no later than 5.00pm on 29 June 2015. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the following text, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
9. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 5.00pm on 29 June 2015 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 5.00pm on 29 June 2015 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. Biographical details of the Directors are given on page 17 of the Annual Report and Financial Statements
11. The issued share capital of the Company at the date of this notice is 10,869,135 ordinary shares. The total number of voting rights in the Company is 10,869,135.
12. The following documents are available for inspection at the registered office of the Company:
 - > The Directors' letters of appointment
 - > Register of the Directors' interests in the share capital of the Company.

Form of Proxy

IBIS Media VCT 1 plc

Annual General Meeting – 5.00pm on 1 July 2015

I/We.....
(block capitals, please)

of

being a member of IBIS Media VCT 1 plc, hereby appoint (see note 3)

or failing him/her, the chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 5.00pm on 1 July 2015, notice of which was sent to shareholders with the annual report and financial statements for the year ended 31 January 2015, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

No.	Resolution	For	Against	Vote withheld
1	To receive the financial statements for the year ended 31 January 2015.			
2	To approve the Directors' Remuneration Report in respect of the year ended 31 January 2015.			
3	To re-elect Lucy MacDonald as a director of the Company.			
4	To re-elect Robin Miller as a director of the Company.			
5	To re-elect Peter English as a director of the Company.			
6	To re-elect David Forster as a director of the Company.			
7	To re-elect Charles McIntyre as a director of the Company.			
8	To re-appoint Scott-Moncrieff as independent auditors.			
9	To authorise the Directors to fix the remuneration of the independent auditors.			
10	To authorise the Directors to allot shares pursuant to Section 551 of the Companies Act 2006.			
11	To disapply Section 561(1) of the Companies Act 2006 in relation to the allotment of equity securities.			
12	To authorise the Company to make market purchases of ordinary shares in accordance with Section 693(4) of the Companies Act 2006.			

Signed: Date: 2015

Attendance indication

Shareholders who intend to attend the annual general meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I intend to attend the annual general meeting at 5.00pm on 1 July 2015 at 22 Soho Square, London W1D 4NS

☐

Signed: Date: 2015



Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232; and
 - received by the Company no later than 5.00pm on 29 June 2015.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
12. The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

Corporate Information

Directors (all non-executive)

Independent

Sir Robin W Miller (Chairman)

Lucy H Macdonald

Peter D English

Not independent

David C K Forster

Charles A McIntyre

All of the registered office and principal place of business of IBIS Media VCT 1 plc

22 Soho Square

London

W1D 4NS

VCT web site: www.ibiscapital.co.uk

Investment Adviser

IBIS Private Equity Partners LLP

22 Soho Square

London

W1D 4NS

Bankers

Barclays Bank plc

1st Floor

99 Hatton Garden

London

EC1N 8DN

IBIS Media VCT 1 plc

(incorporated in England and Wales
registration number: 5660269)

Registrars

Share Registrars Limited

Suite E, First Floor

9 Lion and Lamb Yard

Farnham

Surrey

GU9 7LL

Auditor

Scott-Moncrieff

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Reporting Calendar

for year ending 31 January 2016

Results announced:

Interim – August 2015

Annual – May 2016

Annual general meeting:

June 2016

Secretary

The City Partnership (UK) Limited

Thistle House

21 Thistle Street

Edinburgh

EH2 1DF

Telephone: 0131 243 7210



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