

INGENIOUS MEDIA ACTIVE CAPITAL

CIRCULAR TO SHAREHOLDERS
17 April 2010



WE ARE **INGENIOUS**

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If you have sold or transferred all of your registered holding of IMAC Shares, please forward this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or other agent through or by whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part only of your registered holding of IMAC Shares, please contact the Registrar.

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INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

(a closed-ended investment company incorporated in Guernsey and registered with number 44358)

PROPOSED CHANGES TO THE INVESTING POLICY,

ARTICLES OF INCORPORATION AND

THE INVESTMENT MANAGEMENT AGREEMENT,

A REDUCTION OF CAPITAL,

and

NOTICE OF EXTRAORDINARY GENERAL MEETING

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Ingenious Media Active Capital Limited set out on pages 1 to 12 of this document in which the Board unanimously recommends that you approve the proposals described herein by voting in favour of the Resolution at the Extraordinary General Meeting.

Notice of an Extraordinary General Meeting of Ingenious Media Active Capital Limited, to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 12 May 2010 from 11.00 am, is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed.

To be valid, the Form of Proxy should be completed, signed and returned, in accordance with the instructions printed thereon, to the Registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605 as soon as possible but, in any event, so as to arrive no later than 48 hours before the time of the Extraordinary General Meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting in person should you wish to do so.

INGENIOUS MEDIA ACTIVE CAPITAL

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Circular	17 April 2010
Closing Date for receipt of Forms of Proxy	11.00 am 10 May 2010
EGM (announce EGM result and Returned Capital)	11.00 am 12 May 2010
Ex-Distribution Date	19 May 2010
Record Date (for the purpose of calculating entitlement for Returned Capital)	21 May 2010
Payment Date	at the latest 28 May 2010

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INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

(a closed-ended investment company incorporated in Guernsey and registered with number 44358)

Directors:

Mike Luckwell (Chairman)
Neil Blackley
George Bryan Dix
David Jeffreys
Patrick McKenna
William Simpson
Serena Tremlett

Registered office:

Isabelle Chambers
Route Isabelle
St. Peter Port
Guernsey

17 April 2010

Dear Shareholder,

Proposed changes to the Current Investing Policy, the Investment Management Agreement and the Articles, and a reduction of capital.

1. INTRODUCTION

IMAC has been reviewing its Current Investing Policy in respect of its potential surplus cash position and investment opportunities in light of the current economic climate. Based on recommendations it has received from its Investment Manager, IMAC proposes to make certain changes to its Current Investing Policy to allow it to return capital to its Shareholders of up to 35 pence per IMAC Share by way of a capital reduction as an alternative to using the cash to make further investments in any new portfolio companies. In connection with the return of cash, the Board and the Investment Manager have agreed, subject to Shareholder approval, revised terms of the Investment Management Agreement to better reflect the strategy of the Company following implementation of the Proposals. The purpose of this document is to explain those proposed changes, the reasons for them and to call for an EGM.

IMAC is an “investing company” for the purposes of the AIM Rules. Rule 8 of the AIM Rules requires an investing company to state and to follow an investing policy and to seek the prior consent of its shareholders at a general meeting for any material change to such policy. Accordingly, at the end of this document, Shareholders will find a notice convening an Extraordinary General Meeting of the Company, such meeting to be held at 11.00 am on 12 May 2010 at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, at which a resolution in relation to the Proposals, as explained in more detail at paragraph 2 below, will be proposed as a special resolution (the **Resolution**). In order to be passed, the Resolution requires the approval of not less than 75 per cent. of the total voting rights of the Shareholders who, being entitled to do so, vote on the Resolution. The Chairman intends to exercise his right to demand that voting on the Resolution be conducted by way of a poll. To date, the Company has received irrevocable undertakings to vote in favour of the Resolution from Shareholders holding 56,923,632 IMAC Shares in total which represents 39.76 per cent. of the issued and outstanding IMAC Shares not otherwise held in treasury.

2. BACKGROUND AND RATIONALE FOR THE PROPOSALS

At the time of the Company’s Admission in 2006, the economic environment presented opportunities to invest in a broad range of ‘mid-stage’, high growth companies within the media sector, in particular a new class of media companies, which we termed ‘progressive media’ companies. Our investment strategy on Admission anticipated that substantially all the funds raised on Admission would be invested or committed for investment within two years. However, due to market conditions, it has not been feasible for the funds to be substantially invested while at the same time achieve a long-term return target of more than 15 per cent. per annum.

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As has been well documented, there was a serious adverse change to global economic conditions throughout 2008 and most of 2009. The impact of the recession and the dramatic decline in bank financing have hit the media sector hard, which was itself already facing the challenges of structural shifts caused by digitalisation and fragmentation of existing revenue models. This offered fewer investment opportunities as well as resulting in longer timeframes to exit investments. The Board was also conscious of the increased challenges faced by the Portfolio Companies as their businesses had to make rapid adjustments to meet the new trading conditions brought about by the recession.

On the recommendation of the Investment Manager, the Company took the positive decision to make no new investments from the summer of 2008, anticipating the economic turbulence and with the aim of preserving investors' cash in the Company until economic conditions and the outlook for the media sector had improved. This has resulted in the Company having a significant cash reserve and one which, in the Investment Manager's opinion, is greater than the current portfolio requires. Given that the conditions for the media sector remain very challenging, the Investment Manager has advised the Board that it is in the Shareholders' interests to distribute the majority of the Company's cash balance while retaining sufficient working capital to provide an adequate follow on capability to support the investment potential of the Portfolio Companies along with meeting the Company's operating costs.

As further discussed in section 3 below, the Board expects the Returned Capital to be £50,108,962, however, the exact amount of the Returned Capital will be finalised by the Board following the passing of the Resolution, as the distribution of the Returned Capital can only be made if the Board, in its absolute discretion, concludes that the Company will, immediately after such distribution, be able to satisfy the "Solvency Test" (as defined under The Companies (Guernsey) Law 2008, as amended).

The Board and the Investment Manager have therefore reviewed the Current Investing Policy in light of current conditions. On advice from the Investment Manager, the Board recommends that the Company implements the following proposals (the **Proposals**), to:

- a.) adopt new articles of incorporation of the Company (the **New Articles**) (a summary of the material changes to the Articles is provided at Appendix IV of this document), a copy of which is available for inspection at the Company's registered office: Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey. The New Articles are proposed to be adopted in order to, *inter alia*:
 - i.) extend the duration of the life of the Company to at least the eighth anniversary following Admission; and
 - ii.) allow greater freedom for the Company to distribute both income and capital;
- b.) in connection with the Current Investing Policy:
 - i.) halt any new investments, other than investments relating to the Portfolio Companies;
 - ii.) remove the investment restriction which prevents more than 15 per cent. of the Company's net assets being invested in any one Portfolio Company at the time of that investment; and
 - iii.) subject to Guernsey company law and the Company's ongoing working capital requirements, make distributions to Shareholders as and when the appropriate situations arise following the realisation of its Portfolio Companies;
- c.) return cash to Shareholders (in such manner and of such amount as the Directors may determine), not being more than £50,108,962, by way of a reduction of the Company's share capital (the **Returned Capital**); and
- d.) amend the Investment Management Agreement (a summary of the Amended Investment Management Agreement is set out at Appendix III), in particular:
 - i.) with deemed effect from 1 April 2010, to reduce the management fee from 2.0 per cent. of the total net asset value to 1.25 per cent. of the total net asset value minus the cash held by IMAC per annum;
 - ii.) to reset the incentive fee payable by the Company to the Investment Manager by fixing the base value at net asset value as at 31 December 2009 minus the Returned Capital (being no less than £41,849,918 in total);
 - iii.) to extend the term of the Investment Management Agreement for a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011); and

- iv.) to allow the Investment Manager (and its subsidiaries and associated companies) to make investments for itself, or on behalf of its clients or other funds it may manage that would otherwise be caught within the Current Investing Policy.

3. CONSEQUENCES OF IMPLEMENTING THE PROPOSALS

If the Resolution is approved by the Shareholders, the Company would implement the Proposals, including adopting the Revised Investing Policy (which is set out in full in Appendix II of this document) and enter into an Amended Investment Management Agreement on the revised terms set out in this document.

Following the distribution of the Returned Capital to Shareholders, the Investment Manager anticipates that the Company will have approximately £5.5 million of cash. The estimated future operating costs of the Company over the next three years are £3.8 million. These costs are expected to be funded from a combination of the Company's post-distribution cash balance, as well as cash retained from future realisations, if required. In the unlikely scenario that no realisations are made over this period, the Company will have sufficient cash to meet its operating costs. The Directors are satisfied under The Companies (Guernsey) Law 2008 as to the future solvency of the Company for the purposes of distributing the Returned Capital.

A more detailed summary of the Portfolio Companies can be found at paragraph 6, however, below is a summary of its current investment plan, and how much of this has been invested as at 31 March 2010¹.

Name of Subsidiary Undertaking	Class of Share	% of Class Held	Country of Incorporation	Principal Activity	Current Commitment (£'000)	Paid as at 31 March 2010 (£'000)	Paid as at 31 March 2009 (£'000)
Whizz Kid Entertainment Limited	Ordinary	47.10%	UK	Television production	4,250	2,750	2,750
Digital Rights Group Limited	Ordinary	79.90%	UK	Television production & distribution	11,270	8,274	8,274
Outside Line Limited	Ordinary ²	0.00%	UK	Digital marketing & creative agency	1,500	1,000	1,000
Two Way Media Holdings Limited	Ordinary	84.30%	UK	Interactive television company	4,935	4,655	4,561
Enigmas2 Limited (formerly In2Games Limited)	Ordinary	43.80%	UK	Video games business	4,560	4,560	4,560
Brand Events Holdings Limited	Ordinary	67.00%	UK	Consumer events business	9,080	8,583	6,620
QobliQ Limited	Preference	73.40%	UK	Marketing services	12,567	12,367	12,367
Review Centre Limited	Ordinary	71.50%	UK	Internet/New media	7,034	7,034	7,034
Ingenious Ventures Limited Partnership ³	n/a	90.00%	UK	Investment vehicle	6,065	4,826	4,728
Total					61,261	54,049	51,894

The current commitment column in the table above shows the current funding commitments that the Company has to each Portfolio Company (see note 1), of which £7.2 million has yet to be drawn down. All outstanding funding commitments are, however, at the discretion of the Company and the Investment Manager. If the Company and Investment Manager were to approve draw down of these outstanding commitments, the commitments to the Portfolio Companies would be funded from a combination of the post-distribution cash balance of the Company, as well as from additional cash retained from future realisations, if required. Shareholders should note that the implementation of the Proposals also attracts inherent risks to the Company, such as the Company not being able to realise or realising less than expected for the Portfolio Companies. However, in such a case, with respect to its current funding commitments, the Company will retain the flexibility of choosing in which Portfolio Companies it will continue to invest, with a view to maximising Shareholder value. Furthermore, in such a case where the Company is unable to pay fees owing to the Investment Manager due to having insufficient cash, the Investment Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of Portfolio Companies.

¹ This table contains only subsidiaries in which IMAC has a controlling interest. There are no further undrawn commitments to other investments held by IMAC.

² Investment in Outside Line Limited is in the form of a convertible loan note. This is convertible into up to 60 per cent. of ordinary equity.

³ IMAC's investment in Cream Holdings Limited and Stage Three Music Limited is through Ingenious Ventures Limited Partnership.

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The Independent Directors have discussed the proposed changes to the Investment Management Agreement with the Investment Manager and believe that the effect of reducing the management fee, resetting the base value of the incentive fee, extending the term of the Investment Management Agreement and allowing the Investment Manager to pursue investments on a non-exclusive basis, taken as a whole, will serve to incentivise the Investment Manager's commitment towards developing and managing the Portfolio Companies to ensure that the Company and its Shareholders achieve, over the mid-term, the maximum exit values possible.

The New Articles proposed to be adopted are considered necessary to enable, *inter alia*, the Proposals to be implemented. For instance, the initial lifespan of the Company (before a winding up resolution must be proposed) is to be aligned with the Investment Management Agreement's term and, given that the Company shall not be re-investing proceeds from realised Portfolio Companies in new investments under the Revised Investing Policy, the proposed change set out at Appendix IV (b) allows the Directors greater freedom to return both income and capital based profits to Shareholders. A summary of the proposed material changes to the Articles is set out at Appendix IV of this document and the proposed New Articles are available to be viewed on display at the Company's registered office located at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey.

4. AIM RULES DISCLOSURES

The following disclosures are being made in accordance with the Note for Investing Companies of the AIM Rules.

Expertise of the Directors in respect of the Revised Investing Policy

All of the current Directors are responsible for the determination of the investing policy of the Company and the overall supervision of its activities. As the Revised Investing Policy is to discontinue investing in new opportunities and rather to focus on IMAC's current investments, the Directors possess all the necessary and desirable expertise and experience to fulfil the requirements of the Revised Investing Policy. The biographies of the Directors are as follows:

Mike Luckwell (aged 67) - Chairman

Mike Luckwell joined the Board in February 2007 having previously been a member of the advisory board to the Investment Manager. He was appointed acting Chairman with effect from 26 January 2008 and Chairman on 29 July 2009.

Mike has over 30 years' experience in the media sector. In 1970 he set up The Moving Picture Company Limited, which he reversed into Carlton Communications plc in 1983. He was also the largest single shareholder in HIT Entertainment plc which was sold to Apax Partners Limited in March 2005.

Neil Blackley (aged 54) - Non-Independent Director

Neil Blackley is a non-executive director of Ingenious Media Holdings plc, a non-executive director of World Archipelago and a non-executive director of Stage Three Music. Neil was the head of the UK and European media research team at Merrill Lynch. Neil joined Merrill Lynch from Goldman Sachs where he was the lead analyst on the flotation of BSkyB in 1994.

Prior to joining Goldman Sachs in 1993, Neil was at James Capel, where he worked for ten years and was consistently the No. 1 ranked media analyst in the Extel Survey.

George Bryan Dix (aged 53) - Independent Director

Bryan Dix was a tax partner with Deloitte LLP. In 2003, he led a management buy out of Deloitte's offshore business, Walbrook Group Ltd, which had offices in Guernsey, Jersey and the Isle of Man and then employed 140 people. Walbrook provided trust and company administration services.

In 2007, having added an office in Hong Kong and with staff numbers now over 200, Walbrook was sold to Barclays Wealth. Bryan subsequently took on the role of Global Head of Wealth Advisory, the division of Barclays Wealth looking after the trust and company structuring for wealthy families throughout the world. Bryan retired from Barclays Wealth Advisory in March 2009. Bryan was appointed a director of Barclays Private Clients International Limited on 6 August 2009.

Bryan is a chartered Tax Adviser and past president of the Guernsey Branch of the Chartered Institute of Taxation.

David Jeffreys (aged 50) - Independent Director

David Jeffreys qualified as a chartered accountant with Deloitte Haskins & Sells in 1985. He is a fellow of the Institute of Chartered Accountants in England and Wales and works as an independent non-executive director to a number of Guernsey-based investment fund companies and managers.

From 2007 to 2009, David was the managing director of EQT Funds Management Limited, the Guernsey management office of the EQT group of private equity funds. From 1993 to 2004, he was the managing director of Abacus Fund Managers (Guernsey) Limited, a third party administration service provider to, primarily, corporate and fund clients. Prior to 1993, David worked as an auditor.

David was born in 1959 and is a Guernsey resident.

Patrick McKenna (aged 53) - Non-Independent Director

Patrick is the founder and Chief Executive of Ingenious Media. Prior to forming Ingenious in 1998, Patrick was Chairman and Chief Executive of The Really Useful Group and prior to that was a Partner in Deloitte, where he ran the media group.

Patrick is Chairman of the television company Hat Trick Productions, the music publisher Stage Three Music and sits on the Advisory Board of the advertising agency BBH. He is also Chairman of The Young Vic Theatre, a Trustee of NESTA and a Board Member of the British Council. In addition, he is a member of the Film Business Academy Board at the Cass Business School and is an Ambassador for C&binet, the Government's creative and business international network.

William Simpson (aged 53) - Independent Director

William Simpson is a partner of Ogier and head of its Guernsey office. Ogier are Guernsey Advocates with associated offices in Bahrain, British Virgin Islands, Cayman, Hong Kong, Ireland, Jersey, London and Tokyo, specialising in establishing mutual funds and providing legal services to the finance industry. Ogier are providing legal advice to the Company as to Guernsey law, and William is a director of and beneficially interested in Ogier.

William practised at the Bar in England until 1987 prior to joining the Attorney-General's Chambers in the Cayman Islands. Thereafter, following a further period offshore in private practice in the British Virgin Islands, William relocated to Guernsey in 1991 and in 1996 became a partner in a locally based law firm. In 2002 he joined Ogier. William is a director of a number of investment companies based in Guernsey and continues to advise regularly on investment and finance related matters.

Serena Tremlett (aged 45) - Independent Director

Serena Tremlett has over 20 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 13 years.

She is a Guernsey resident and managing director of Morgan Sharpe Administration Limited, a third party fund administrator which was acquired by her and her team by way of management buy-out in April 2008 and is a non-executive director on Alpha Pyrenees Trust, Alpha Tiger Property Trust and NewRiver Retail in addition to various unlisted funds and general partners.

Serena was previously the company secretary (and formerly a director) of Assura Group, a company listed on the London Stock Exchange investing in primary healthcare property, pharmacy and medical businesses and ran Assura's Guernsey head office.

Prior to working for Assura, Serena was head of Guernsey property funds at Mourant Guernsey for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards.

Experience of the Investment Manager

The Company had originally appointed Ingenious Ventures Limited to provide investment management services. Ingenious Ventures Limited was the investment manager up until 29 February 2008, when the Investment Management Agreement was novated to Ingenious Asset Management Limited. Ingenious Ventures, a trading division of the Investment Manager, is now the private equity division of the Investment Manager. Further information on the Investment Manager can be found on its website, www.ingeniousmedia.co.uk.

Since its formation, the Investment Manager has engaged in the structuring and management of a number of investment opportunities in the media sector.

The Board agrees with the Investment Manager that the Proposals should be implemented, and believes that the Investment Manager and its team have the necessary skills, contacts and experience to execute the Revised Investing Policy for the Company.

The Investment Team

Subject to the overall supervision of the Board, the Investment Team is responsible for managing and monitoring investments on behalf of the Company. The senior members of the team are drawn principally from the Investment Manager, but also include members of the board of Ingenious Media.

The current members of the Investment Team are as follows:

Patrick McKenna (53) - Chief Executive, Ingenious Group

Please see Patrick McKenna's biography on page 5.

Guy Bowles (47) - Chief Executive Officer, Ingenious Asset Management Division

Guy Bowles began his career at Singer & Friedlander as a portfolio manager. He then spent three years with Banque Paribas structuring derivative based products. Prior to joining Ingenious Media, Guy was a director of Newton Investment Management for nine years with responsibility for their institutional division. In this role he built and led a team of forty people responsible for product development, marketing and client service. Guy holds a degree in pure mathematics and an MSC in mathematics and finance. Guy is a director of Ingenious Media and chief executive officer of the Ingenious Asset Management Division. Guy is a member of the Investment Manager's Investment Committee.

Patrick Bradley (49) - Director, Ingenious Ventures

Before joining Ingenious Media, Patrick Bradley had spent over 10 years in senior operating positions within major media companies including: PolyGram, Universal Pictures, @ Entertainment and UPC Media. During his career Patrick has worked extensively throughout Europe and the US. He has worked on numerous transactions including PolyGram's acquisition of 30 per cent. of the Really Useful Group and its acquisition of Motown Records, A&M Records, Island Records, Palace Pictures and Working Title. He was also General Counsel to Ilchester Investments, a media investment company founded by Alain Levy and David Munns, formally chairman and vice-chairman of EMI Music, respectively. Since joining Ingenious Media in 2001, Patrick has been focused on its venture capital activities, including the management of its first fund, Ingenious Ventures LP and subsequently the management of IMAC's portfolio investment.

Prior to working in the media sector, Patrick practiced law in the City of London and Brussels. He qualified as a solicitor in 1986 and holds both a Bachelor of Law from King's College London (First Class Hons, Mackrell Law Prize) and a Bachelor of Civil Laws from Worcester College, Oxford University. Patrick is a non-executive director of Digital Rights Group Limited, Stage Three Music Limited, Cream Holdings Limited, Outside Line Limited, QobliQ Limited and Whizz Kid Entertainment Limited and sits on the Investment Manager's Investment Committee.

Neil Forster (39) - Group Finance Director, Ingenious Group

Neil Forster is group finance director of Ingenious Media Holdings plc responsible for all financial management and governance across the Ingenious Group. Prior to joining the Ingenious Group in 2008, Neil was group finance director at Hat Trick Productions for four years, one of the UK's most successful producers of comedy and entertainment programming. Between 1996 and 2000 Neil held various senior finance roles at Walt Disney and was head of finance for the EMEA sales arm of Disney-ABC International Television between 2000 and 2004. Neil qualified as a Chartered Accountant with KPMG and remains a non executive director of Hat Trick Productions. He is a member of the Media and Entertainment Special Interest Group of the ICAEW and sits on the Investment Manager's Investment Committee.

Duncan Reid (50) - Commercial Director, Ingenious Group

Duncan started his career in the music industry before returning to his studies. He qualified as a Chartered Accountant at Deloitte & Touche, where he worked as a tax specialist in the media and entertainment group, with clients ranging across music, film, television and theatre. In 1990 he joined Patrick McKenna at The Really Useful Group as business development manager for the group and finance director of The Really Useful Theatre Company, the main subsidiary. He left The Really Useful Group in 1997 to become CFO of Nottingham Forest Football Club, a listed UK football club. Duncan joined the Ingenious Group in 1998. He is a non-executive director of Review Centre Limited, Brand Events Holdings Limited and Two Way Media Holdings Limited, and sits on the Investment Manager's Investment Committee.

Regulatory status

The Investment Manager is authorised and regulated by the FSA with registration number 223074.

Amended Investment Management Agreement

The key terms of the Amended Investment Management Agreement are set out in Appendix III of this document.

Policy on regular updates

The Company has, and will continue to, issue quarterly updates of the Company's net asset value and details of its main investments in its annual reports.

5. RELATED PARTY TRANSACTION - AMENDING THE INVESTMENT MANAGEMENT AGREEMENT

The Investment Manager is the private equity division of the Ingenious Group. Patrick McKenna is a director of the Company and chief executive and controlling shareholder of the Ingenious Group. Ingenious Media, which is a wholly-owned subsidiary within the Ingenious Group, is the largest Shareholder of the Company. Neil Blackley is a non-executive director of both Ingenious Media Holdings plc and the Company. The proposed amendment of the Investment Management Agreement (a summary of the proposed revised version is set out at Appendix III), whereby the Investment Manager has agreed to make such amendments to the Investment Management Agreement as set out at paragraph 2(d) above, is therefore a Related Party Transaction for the purposes of the AIM Rules.

The Independent Directors (being the Board, other than Patrick McKenna and Neil Blackley who have an interest in the Related Party Transaction) consider, having consulted with Canaccord Adams, as the Company's nominated adviser, that the Related Party Transaction, in the context of the Proposals taken as a whole, is fair and reasonable insofar as the Shareholders are concerned.

Canaccord Adams Limited of Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL, which is regulated in the UK by the Financial Services Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references to it in the form and context in which they appear.

6. IMAC TRADING UPDATE

In the financial year ended 31 March 2010, the Company made no new investments. An additional £2.06 million was committed to Brand Events Holdings Limited. This brings the total funds invested as at 31 March 2010 to £94.2 million. As at 31 March 2010, the Company's unaudited net asset value was £89,680,977.05 with a per share value of 62.64 pence per IMAC Share (diluted and undiluted), such figure being inclusive of 23.75 pence per IMAC Share of investments and 38.95 pence per IMAC Share of cash.

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Whizz Kid Entertainment Limited

June 2006, £2.25 million

February 2008, £2.00 million

Whizz Kid Entertainment Limited is an independent TV production company formed by Malcolm Gerrie, former chief executive and co-founder of Initial, which was sold in 1992 to what became Endemol. Whizz Kid Entertainment Limited creates and produces audio-visual content across a range of genres including music, events and entertainment. The company is able to exploit opportunities in digital content through its digital arm, Tough Cookie, and in advertiser-funded content through its investment in Precious Media with Peter Christiansen.

While the market conditions for independent TV production companies, especially smaller companies, remain extremely tough, Whizz Kid Entertainment Limited has been enjoying some success. In particular, its show, *Let's Dance* for BBC1, received good ratings and was re-commissioned for this year.

The company also strengthened its online credentials by winning the commission to produce coverage of the U2 concert in LA in October 2009. This was streamed live on Youtube and attracted an online audience of over 10 million.

Whizz Kid Entertainment Limited currently has a strong pipeline of projects in development across music, events and entertainment, including a number of co-productions with international partners.

Digital Rights Group Limited

December 2006, £3.00 million

June 2007, £3.00 million

November 2007, £5.27 million

Digital Rights Group Limited (**DRG**) is a TV sales and rights distribution group which provides TV producers with international distribution for their rights and programmes, independently of the major broadcasters or other TV-producer-owned distributors. DRG is now the largest independent TV distributor in the UK having acquired the following companies: Portman Film & Television Group; Zeal Entertainment, iRights and iD Distribution; and Channel 4 International (**C4i**).

Market conditions have been tough, with broadcasters' reduced budgets having a corresponding impact on new programming being commissioned. Despite this, DRG has been successful in acquiring the rights to leading programming including *Doc Martin*, *Collision*, *Underbelly* and *Sea Patrol*.

The company has also completed a white-label distribution deal with Ovation in the US, and has recently launched a catalogue of 3D programming (3DRG). The management team is continuing to work on operational synergies within the business and is also examining new investment opportunities in both TV and digital rights.

Outside Line Limited

March 2007, £1.50 million

Founded by Ant Cauchi and Lloyd Salmons in 2000, Outside Line Limited is a digital marketing and creative agency. The company has grown since IMAC's investment, expanding its service offering from the design and development of websites and mobile applications into other disciplines including online PR, social-media marketing, and blogger outreach. A content division has also been established to provide filming, editing, audio and copywriting services.

Since 2007, Outside Line Limited has also successfully transitioned its client base from mainly entertainment clients (including The Beatles, Robbie Williams and Sega Games) to other sectors, including leading consumer brands such as Playstation, Adidas, Lynx and LG.

Two Way Media Holdings Limited

May 2007, £4.34 million

January 2009, £0.60 million

Two Way Media Limited, the trading company, is a UK-based interactive television company which has transitioned itself from being a supplier of red-button technology and professional services to UK cable operators and channels to a multiplatform interactive TV production and distribution company.

Subsequent to IMAC's investment, Two Way Media Limited established a cross-platform gambling production company with the delivery of the Challenge Jackpot gambling channel on TV/online in partnership with Virgin Media. This joint venture was sold to Netplay in April 2009.

Two Way Media Limited is now focused on red-button gaming and is already the largest supplier of this type of gaming and content to the UK cable platform. It has a strong pipeline of opportunities both to supply similar red-button content to IPTV operators across Europe as well as to develop branded casual games content both online and for TV. ITV red button voting has recommenced and is surpassing expectations. Two Way Media Limited has also created games for mobile phones, social networks and won several commissions to create applications for Connected televisions.

Brand Events Holdings Limited

June 2007, £7.02 million

March 2010 £2.06 million

A leader in the consumer exhibitions market, Brand Events Limited, the trading company, has established a strong reputation within the UK for successfully launching new consumer shows. The company's established operating model borrows skills and techniques from the entertainment, media and leisure sectors and combines them with traditional exhibition skills. The company has now established two key shows: the Taste Festivals, food festivals celebrating different foods; and *Top Gear Live*, the *Top Gear* branded live motoring theatre format. An international network has been built allowing Brand Events Limited to license or run the shows with joint venture partners in Australia, South Africa, The Netherlands, New Zealand, Ireland and Dubai.

A further working capital injection of £2.06 million was agreed with management in order to expand the *Top Gear Live* shows into new territories such as Dubai, two Scandinavian countries and other major cities in Australasia. A new *Golf Live* show is launching in May 2010, adding to the portfolio of shows that can then be licensed internationally through Brand Events Limited's network.

QobliQ Limited

December 2007, £7.50 million

May 2008, £2.30 million

November 2008, £2.77 million

QobliQ Limited was formed with the aim of creating the leading international innovative marketing services group, combining sponsorship, digital and experiential marketing to provide brands with an integrated innovative marketing solution. The company is exploiting a structural shift in spend away from traditional above-the-line advertising into innovative below-the-line marketing activities which enable brands to engage with their target audience on a more personal level, whilst typically delivering higher return on investment for the advertisers. The management team of QobliQ Limited is led by Xavier Quattrocchi-Oubradous and Roland Giscard d'Estaing, who founded Sponsorclick France SARL, a Paris-based sponsorship consultancy, and who both have backgrounds in investment banking.

In December 2007, QobliQ Limited completed its first acquisition of brandRapport Limited, an independent sponsorship agency in the UK. In May 2008, IMAC invested a further £2.3 million in QobliQ Limited allowing the company to acquire Paris-based experiential marketing agency, Nouveau Jour, and SponsorClick France, an independent sponsorship marketing consultancy based in Paris. IMAC invested an additional £2.8 million in November 2008 in order for the company to acquire Arena International and Arena Sports Marketing (together, **Arena**), a UK sponsorship consultancy specialising in football. The acquisition of Arena, which has been re-branded brandRapport Arena, extended brandRapport's already impressive track record into football partnerships through its work with the Barclaycard Premiership and FA Cup (E.ON).

The business is expected to grow in FY10/11 on the back of the recovery in marketing spend. In addition, the management of the QobliQ group is currently reviewing its acquisition strategy in view of reduced prices in the market, and is working with the existing group companies to extract synergies and develop new business opportunities.

INGENIOUS MEDIA ACTIVE CAPITAL

Review Centre Limited

June 2008, £7.03 million

Review Centre Limited (www.reviewcentre.com), a leading consumer generated review site, was acquired in June 2008 by IMAC in a management buy-in (**MBI**) deal.

The MBI team was led by Nick Hynes as non-executive chairman and Glen Collins as chief executive officer. Nick Hynes was previously chief executive officer of The Search Works, the search engine marketing provider sold to Tradedoubler in July 2007 for £56 million, and prior to that headed Overture Europe, Yahoo's search advertising business. Glen Collins is a career online marketer who founded and ran pioneering online marketing and web development agency Digital Outlook, until exiting the business in 2006.

Review Centre was established in 1999 to allow internet users to post their product reviews on online bulletin boards. It now provides reviews across a very broad base of different products and services, encompassing automotive, electrical, entertainment, finance, lifestyle, sport and travel. In 2002 it switched its business model to pay-per-click advertising, significantly enhancing revenues. The business has grown steadily, primarily due to an expanding database of consumer reviews, a booming e-commerce market and increased consumer interest in researching purchases online.

Since investment, the MBI team has pressed ahead with redesigning the website and enhancing the user experience for both writing and reading reviews. The new site build has allowed Review Centre to generate several new revenue streams. These include price comparison, voucher codes and cash back revenues, display advertising as well as the ability to deliver more targeted commercial deals.

Ingenious Ventures Limited Partnership

IMAC's investment in Cream Holdings Limited and Stage Three Music Limited is through its limited partnership interest in the Ingenious Ventures Limited Partnership (**IVLP**) fund. This interest was purchased from UBS (Jersey) Limited in August 2008. Ingenious Media Limited remains the other (minority) partner in the limited partnership.

Cream Holdings Limited

August 2008, £1.03 million

Cream Holdings Limited is a live events company based around the Cream dance brand and is run by James Barton. Its main activities are festivals in the UK and licensed shows overseas. The company also operates club nights in both Liverpool and Ibiza and a compilation record label.

Its best known event, Creamfields, is held in August every year. The 2009 festival was very successful, selling out in advance. Management believe that this success can be replicated in 2010 as many of the factors driving the performance of 2009's event, including a change of venue and a move to a two-day format, will be continued.

Stage Three Music Limited

August 2008, £5.03 million

Stage Three Music Limited is an independent music publishing company which acquires and exploits existing music catalogues as well as signing writers in the creation of new copyright in songs. Since its inception it has acquired the rights to Aerosmith, ZZ Top, Gerry Rafferty and many other songwriters. The chief executive officer, Steve Lewis, formerly led Virgin Music Publishing and then Chrysalis Music Publishing.

Stage Three Music Limited is provided with acquisition debt by Bank of Ireland, as well as co-investment equity from Apax Partners, who are currently the majority shareholder in the company. The Mike Oldfield catalogue was successfully acquired in January 2010.

The company has performed well in the current market conditions, with weak synch revenue being offset by better than expected performance and mechanical revenue, in particular from the Duffy, James Morrison and Take That albums.

7. TAX

United Kingdom Taxation

General

The following summary is given as a general guide to the expected UK tax treatment of the reduction of capital for UK based investors who are the absolute beneficial owners of IMAC Shares and who hold such shares as an investment. Unless indicated otherwise, the analysis assumes that such Shareholder is resident or ordinarily resident and domiciled in the UK for UK tax purposes during the period of investment.

This summary is based on current UK law and HMRC published practice, all of which may change, but the summary is considered to be correct at the date of this document.

Shareholders should seek their own advice on the taxation consequences of the reduction of capital in the context of their own particular circumstances. Neither the Company nor its advisers can take responsibility in this regard.

Where a distribution is received from a foreign company the nature of the distribution is usually determined by reference to the laws of the territory in which the foreign company is resident.

The Directors have been advised that, as the distribution will be debited to share premium and solely represents application monies paid up in respect of the issue of those shares, from a Guernsey perspective this should be considered a payment out of capital of the Company, notwithstanding the fact that the shares are not cancelled. However, it is noted that the Guernsey companies' law regime is relatively new and untested in this area.

Taxation of UK Individual Shareholders

The Directors have been advised that, to the extent that the Returned Capital represents under Guernsey law a repayment of all or part of the Company's share capital, this should be taxed as a capital distribution for UK tax purposes. This is treated as a part disposal of the individual's shareholding.

Gains on disposal of IMAC Shares by individual UK resident Shareholders may, depending on the Shareholders' individual circumstances, give rise to a liability to UK taxation on capital gains, currently at 18 per cent. for individuals.

Non UK domiciled individuals who are resident in the UK may also be subject to UK taxation on any gains on disposal of IMAC Shares, depending on their individual circumstances.

Taxation of UK Corporate Shareholders

The Directors have been advised that, to the extent that the Returned Capital represents under Guernsey law a repayment of all or part of the Company's share capital, for the purposes of UK corporation tax, this should be taxed as a capital distribution. This is treated as a part disposal of the Company's shareholding.

Gains on disposal of IMAC Shares by UK corporate Shareholders may, depending on the Shareholder's particular circumstances, give rise to liability to UK corporation tax.

It should, however, be noted that the UK tax treatment of distributions paid out of share premium accounts or distributable reserves created on the cancellation or reduction of share capital is not entirely free from doubt. On 24 February 2010, the Financial Secretary to the Treasury said that legislation would be introduced to clarify the corporation tax treatment of distributions from UK companies. It is understood that proposals will be introduced into a future Finance Bill in the new Parliament, however draft wording has not yet been released publicly. It is also unclear whether the clarification will affect overseas companies, although it is thought likely that it would.

Guernsey Taxation

As the Company has been granted exemption from income tax in Guernsey under the Income Tax (Exempt Bodies) (Bailiwick of Guernsey) Ordinance 1989, Guernsey resident Shareholders will only be taxed on actual distributions to the Shareholder at the individual standard income tax rate of 20 per cent. A "distribution" includes any distribution made out of the assets of a company including a dividend, save that it does not include any repayment of capital to the member.

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The Directors have been advised that, to the extent that the Returned Capital represents all or part of the Company's share capital, for the purposes of Guernsey tax, this should be taxed as a repayment of capital.

Distributions made by the Company to non-Guernsey resident Shareholders, whether made during the life of the Company or by distribution on liquidation, will not be subject to Guernsey tax.

There is no capital gains tax in Guernsey.

Withholding tax

No withholding tax is due in Guernsey on repayments of capital, dividends or other income distributions made by the Company.

8. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM, which is to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 12 May 2010 from 11.00 am, is set out at the end of this document. The adoption and implementation of the Proposals is conditional upon Shareholder approval of the Resolution at the EGM. The Resolution is proposed as a special resolution requiring the approval of not less than 75 per cent. of the total voting rights of the Shareholders who, being entitled to do so, vote on the Resolution.

9. ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use at the EGM. Whether or not you propose to attend the EGM in person, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon and return it to the Registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605, as soon as possible but, in any event, so as to arrive no later than 11.00 am on 10 May 2010.

The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

10. RECOMMENDATIONS AND IRREVOCABLE UNDERTAKINGS

The Independent Directors consider, having consulted with Canaccord Adams in respect of the Related Party Transaction in the context of the Proposals taken as a whole, that the Related Party Transaction is fair and reasonable insofar as the Shareholders are concerned. The Board further considers that the adoption of the Proposals is in the best interests of the Shareholders as a whole and unanimously recommends that the Shareholders vote in favour of the Resolution.

The following Directors, Mike Luckwell, Patrick McKenna and Neil Blackley have each entered into irrevocable undertakings and intend to vote in favour of the Proposals in respect of their own beneficial holdings (including shares held by the Ingenious Group, which is controlled by Patrick McKenna) being 42,182,395 IMAC Shares (representing 29.46 per cent. of the current issued share capital of the Company (excluding treasury shares)). Furthermore, the Company has also received irrevocable undertakings from other Shareholders holding in total 14,741,237 IMAC Shares (representing 10.30 per cent. of the current issued share capital of the Company (excluding treasury shares)) confirming their intention to vote in favour of the Resolution.

Yours faithfully,



Mike Luckwell
Chairman

APPENDIX I: CURRENT INVESTING POLICY

Principal Activities and Investing Policy

Investing Policy

Principal Activities

IMAC is a company incorporated with limited liability under the laws of Guernsey and is authorised under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, as a closed-ended collective investment scheme.

The Company aims to provide investors with capital growth through its investment in significant minority (25 per cent. and above) or controlling equity and equity-related investments, in lead or co-lead positions in a portfolio of holdings in predominantly unquoted 'mid-stage' media companies with an enterprise value of between £5 million and £25 million. The focus is across the media sector, including marketing services, publishing, broadcasting, distribution, internet and content sub-sectors, in which IMAC considers significant growth opportunities exist. This strategy is to be implemented over a period of five years from Admission. The investments will be actively managed.

Investments are likely to be predominantly, but not exclusively, in the UK. Additionally, the Company may invest a small amount in early stage investments, where there is visibility as to the route to near-term cash generation but these types of investments will only be considered if they are effectively a continuation of existing businesses with proven management.

IMAC's investments are structured through a range of equity and equity-related instruments to create a portfolio which is balanced to manage risks, both in terms of size, media sub-sector and stage of development. The Company may also invest directly or indirectly in asset backed revenue streams, whether through equity, equity related or other instruments, securities, participations, commitments or interests including interests in collective investment schemes, and, in particular but not limited to, film distribution opportunities.

It is the Company's aim to provide finance to assist investee companies to the point where they become attractive to larger acquirors or suitable for IPO and then to market them competitively to exit.

Restrictions

The Company has also imposed the following investment restrictions upon the Investment Manager:

- no more than 15 per cent. of the Company's net assets may be invested in any one portfolio company at the time of that investment;
- the Company will only invest in derivatives for the purpose of hedging currency risk relating to non-sterling denominated investments;
- the Company may not write uncovered options;
- the Company will not invest directly in real estate;
- the Company will not invest in commodities;
- the Company may not make any investments where its liability in relation to such investment is unlimited;
- in addition to short term borrowings (for not more than three months) the Company will have the ability to borrow up to 25 per cent. of the value of its net asset value; and
- in terms of gearing at the investee company level, the Company shall not be restricted save that the Investment Manager shall consider the appropriateness of an investee company's gearing on a case-by-case basis.

Due to the nature of the Company's investments, the Investment Manager does not expect there to be significant (if any) cross-holdings among its investments.

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Deal sourcing and strategy execution

There are four principal channels from which investment opportunities flow:

1. Where members of the Ingenious Group have been used as a “sounding board” for a potential transaction. Ingenious Group often provides pre-transaction consultancy advice to companies, acting as a “sounding board” for owner-managers.
2. Where members of the Ingenious Group are aware of talent that is not being fully developed commercially.
3. The Ingenious Group’s knowledge of the industry landscape enables the Investment Manager to identify opportunities for IMAC earlier than competing investors.
4. The Investment Manager is able to compete in terms of its knowledge, price and structure in competitive market opportunities and be the partner of choice for management teams seeking a knowledgeable, active investor that can add value beyond the provision of finance.

Investment procedures

Subject to the overall supervision of the Board, and within the scope of the Company’s investing policy, the Investment Manager adopts the following investment procedures:

All new prospective investments are progressed by the originating principal unless specific industry knowledge or relationships that sit elsewhere need to be brought to bear to enhance the Company’s ability to convert the opportunity. At least two principals will meet to discuss every new prospect before devoting a significant resource to developing the opportunity.

If an opportunity is sufficiently attractive to merit further consideration the principal responsible for the opportunity will present an opportunity summary for discussion at an Investment Team meeting. At this stage the intention is to determine whether there are any fundamental objections to the proposal in terms of commercial viability, proposed investment structure and investment rationale (fit with fund objectives, portfolio weighting etc.). The Investment Manager will perform initial due diligence using commercial expertise from within the Ingenious Group. External advisers will be appointed to perform further due diligence as appropriate. As part of any investment the Investment Manager will partner with management team and will seek to take at least one board seat.

The Board reviews details of all investments which have been made by the Investment Manager on behalf of the Company at regular meetings of the Board.

Dividend policy

The Directors intend to distribute, subject to the Company having sufficient available profits, 75 per cent. of the Company’s dividend and interest income to Shareholders by way of dividend. Any capital profits generated by the Company on disposal of its investments will be retained for reinvestment.

APPENDIX II: REVISED INVESTING POLICY

The Company shall continue to follow and adhere to its Current Investing Policy save to the extent that: (i) such Current Investing Policy shall only apply to investments and opportunities which lie within the Portfolio Companies and (ii) the investment restriction preventing more than 15 per cent. of the Company's net assets being invested in any one Portfolio Company at the time of that investment shall no longer apply.

For the avoidance of doubt, the Company shall not make any new investments which are unconnected with the Portfolio Companies.

Distribution Policy

The Directors intend to make distributions, subject to Guernsey company law and the Company's ongoing working capital requirements, as and when the appropriate situations arise in connection with the realisation of its Portfolio Companies.

APPENDIX III: SUMMARY OF THE AMENDED INVESTMENT MANAGEMENT AGREEMENT

The Amended and Restated Investment Management Agreement originally dated 4 April 2006 (as amended and novated from time to time) between the Company, the Investment Manager and Ingenious Media (the **Amended Investment Management Agreement**) is a Related Party Transaction whereby the Investment Manager has agreed (subject to the overall supervision and directions of, and investment policy established by, the Board) to act as sole and exclusive discretionary manager of the Company's investment portfolio. The Amended Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than twelve months' prior written notice to the other parties, not to expire prior to the eighth anniversary of Admission (i.e. 11 April 2014).

The Amended Investment Management Agreement may also be terminated (a) by the Company on not less than 12 months' prior written notice if the Investment Manager shall cease to be a (direct or indirect) subsidiary of Ingenious Media Holdings plc (or any successor parent company) or Patrick McKenna shall cease to be a director of Ingenious Media Holdings plc (or any successor parent company); (b) with immediate effect by the Company upon the Investment Manager's insolvency, material breach of the Amended Investment Management Agreement by the Investment Manager and failure to remedy within 30 days of being requested to do so or the scope of the Investment Manager's Part IV permission under the FSMA ceases to be sufficient to entitle it to carry out its duties in the ordinary course of business and where such failure is not remedied within three months of the Investment Manager being required to do so, or where the Amended Investment Management Agreement is not assigned within such period to another subsidiary of Ingenious Media which holds an appropriate Part IV permission; (c) automatically if the Investment Manager ceases to be authorised by the FSA or the members of the Company pass a resolution to wind up or reconstruct following a continuation resolution not being passed; (d) by the Investment Manager immediately upon the Company's insolvency or material breach by the Company and failure to remedy within 30 days; and (e) by the Company or the Investment Manager immediately if the other is prevented from performing its obligations for more than 30 days by certain *force majeure* or circumstances.

The Amended Investment Management Agreement contains provisions excluding the liability of the Investment Manager for any actions taken or not taken by it or any other person, but provides that the Investment Manager shall remain liable for any loss to the extent it arises from the fraud, wilful default or gross negligence of, or material breach of the Amended Investment Management Agreement by the Investment Manager or its delegates. It also provides for the Company to indemnify, subject to Guernsey law, the Investment Manager, its delegates and its and their members, directors, officers, employees and agents against claims made against or damages, liabilities or losses suffered by them in connection with the Investment Manager's services under the Amended Investment Management Agreement, except to the extent that such claims, damages, liabilities or losses arise as a result of their fraud, wilful default, gross negligence or material breach of the Amended Investment Management Agreement.

The Amended Investment Management Agreement provides that the Investment Manager (and its subsidiaries and associated companies) shall be free to make, advise on or arrange any investments for its own account or on behalf of its clients or funds that it manages.

Fees

With deemed effect from 1 April 2010, the Investment Manager will receive a fee payable monthly in arrears for investment management services equal to 0.1042 per cent. of the amount equal to the net asset value of the Company (minus any cash (or cash equivalents held by the Company)) as at the last day of the relevant calendar month. This fee is adjusted annually (either way) so that the total amount received by the Investment Manager in any one year is equal to 1.25 per cent. of the amount equal to the net asset value of the Company as shown in the audited accounts for that year (minus any cash (or cash equivalents held by the Company)). In the event that a Portfolio Company is realised within the relevant accounting period, the investment management fee will be adjusted accordingly to ensure that the Investment Manager receives a pro-rata amount for any such period of ownership by the Company of the Portfolio Company before its realisation.

In addition to the base remuneration described above, the Investment Manager will be paid an annual performance fee equal to 20 per cent. of any amount by which the net asset value of the Company at the relevant year end (31 March) exceeds the previous high water mark (less distributions made since that date) subject to performance exceeding the previous high water mark plus a hurdle rate equal to 10 year UK Gilts rate plus three per cent. Any fee payable will be reduced to the extent that payment in full would reduce performance below the previous high water mark plus the hurdle rate. The base value for calculating the initial performance fee on 31 March 2011 is the net asset value of the Company as at 31 December 2009 minus the Returned Capital. All fees which are net asset value based are

determined using the net asset value of the Company alone and not the consolidated net asset position. Any further cash distributions will likewise be adjusted against the net asset value base value.

In the event that the performance of the Company falls short of the hurdle return in any period such shortfall must be made up before any further incentive fee is payable in respect of subsequent periods.

In cases where the Company is unable to pay fees owing to the Investment Manager due to solvency concerns, the Investment Manager has agreed to defer such payments until such time as the Company is able to pay such amounts without becoming insolvent.

APPENDIX IV: SUMMARY OF MATERIAL CHANGES TO THE ARTICLES

A summary of the material changes to the Articles is as follows, to:

- a.) delete article 42 in its entirety to remove the requirement for a special resolution to approve a reduction of capital by the Company;
- b.) amend the wording in article 122 to allow greater freedom for the Company to distribute both income and capital; and
- c.) extend the duration of the life of the Company by deleting the word “fifth” in the first line and the third line of article 149(A) and replacing it with the word “eighth”.

An entire copy of the New Articles is available for inspection at the Company’s registered office located at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey.

APPENDIX V: DEFINITIONS AND GLOSSARY

Admission	admission of the IMAC Shares to trading on AIM on 11 April 2006;
AIM	the AIM market operated by the London Stock Exchange;
AIM Rules	the AIM Rules for Companies and guidance notes as published by the London Stock Exchange from time to time;
Amended Investment Management Agreement	proposed amended and restated investment management agreement to be entered into between the Company, the Investment Manager and Ingenious Media, a summary of which is set out at Appendix III of this document;
Articles	articles of incorporation of the Company adopted on 29 July 2008;
Board or your Board	the Directors acting as a board;
Canaccord Adams or the Nominated Adviser	Canaccord Adams Limited;
Capita Registrars	a trading name of Capita Registrars Limited;
Current Investing Policy	the Company's current investing policy as set out in Appendix I of this document;
Directors	the directors of IMAC, namely Mike Luckwell, Patrick McKenna, Neil Blackley, William Simpson, David Jeffreys, George Bryan Dix and Serena Tremlett;
Extraordinary General Meeting or the EGM	the extraordinary general meeting of the Company, convened for 11.00 am on 12 May 2010 or any adjournment thereof, notice of which is set out at the end of this document;
Form of Proxy	the form of proxy for use in relation to the Extraordinary General Meeting enclosed with this document;
FSA	the Financial Services Authority;
FSMA	the UK Financial Services and Markets Act 2000 and all rules and regulations made thereunder;
HMRC	UK HM Revenue & Customs;
Independent Directors	Mike Luckwell, Serena Tremlett, William Simpson, George Bryan Dix and David Jeffreys;
IMAC or the Company	Ingenious Media Active Capital Limited, a Guernsey incorporated closed-ended investment company with registered number 44358;
IMAC Shares	the issued ordinary shares of no par value in the share capital of IMAC;

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Ingenious Asset Management Division	the asset management division of the Ingenious Group;
Ingenious Group	Ingenious Media and its parent company and subsidiaries from time to time;
Ingenious Investments	Ingenious Media Investments Limited;
Ingenious Media	Ingenious Media Limited;
Ingenious Ventures	the private equity division of the Investment Manager;
Investment Manager	Ingenious Asset Management Limited;
Investment Management Agreement	the investment management agreement dated 4 April 2006 between the Company, the Investment Manager and Ingenious Media as amended or novated from time to time;
Investment Team	as detailed in the disclosures at paragraph 4 of this document;
London Stock Exchange	London Stock Exchange plc;
New Articles	proposed new articles of incorporation of the Company incorporating the summary amendments detailed at Appendix IV of this document, a copy of which is available for inspection at the Company's registered office: Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey;
Note for Investing Companies	the Note for Investing Companies issued by the London Stock Exchange in June 2009 as amended from time to time;
Portfolio Companies	the Company's existing portfolio companies as more particularly described at paragraph 6 of this document;
Proposals	as defined at paragraph 2 of this document;
Registrar	the registrar of the Company, Capita Registrars;
Related Party Transaction	the entering into the Amended Investment Management Agreement, as more particularly described at paragraphs 2(d) and 5 of this document;
Resolution	the resolution set out in the notice of EGM at the end of this document;
Returned Capital	the return of capital to the Shareholders (in such manner and of such amount as the Directors may determine, not being more than £50,108,962), by way of a reduction of the Company's share capital as set out in paragraph 2(c) of this document;
Revised Investing Policy	the revised investing policy proposed to be adopted by the Company, as set out in Appendix II of this document;
Shareholder, Shareholders or IMAC Shareholders	the holders of IMAC Shares; and
UK	the United Kingdom of Great Britain and Northern Ireland.

INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

(a closed-ended investment company incorporated in Guernsey and registered with number 44358)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of Ingenious Media Active Capital Limited (the **Company**) will be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 12 May 2010 from 11.00 am for the following business:

To consider and, if thought fit, pass the following resolution as a special resolution:

THAT the implementation of the Proposals, as further described in the circular to Shareholders dated 17 April 2010 (the **Circular**), of which this notice becomes part, and including, without limitation:

- a.) the rescission in whole of the Articles of the Company and the substitution of such with the New Articles in the form appended to this Resolution (and initialled for the purpose of identification) with immediate effect;
- b.) the change of the Current Investing Policy to the Revised Investing Policy as set out at Appendices I and II of the Circular;
- c.) the return of cash to Shareholders (in such manner and of such amount as the Directors may determine, not being more than £50,108,962), by way of a reduction of the Company's share capital (the **Returned Capital**); and
- d.) the amendment of the Investment Management Agreement (a summary of the Amended Investment Management Agreement is set out at Appendix III of the Circular), in particular:
 - i.) with deemed effect from 1 April 2010, to reduce the management fee from 2.0 per cent. of the total net asset value to 1.25 per cent. of the total net asset value minus the cash held by IMAC per annum;
 - ii.) to reset the incentive fee payable by the Company to the Investment Manager by fixing the base value at net asset value as at 31 December 2009 minus the Returned Capital (being no less than £41,849,918 in total);
 - iii.) to extend the life of the Investment Management Agreement for a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011); and
 - iv.) to remove restrictions against the Investment Manager in the Investment Management Agreement prohibiting the Investment Manager purchasing or selling any investment which would otherwise fall within the Current Investing Policy,

be and is hereby approved.

The definitions contained in the Circular shall have the same meanings where used in this special resolution.

Dated: 17 April 2010

By order of the Board
Morgan Sharpe Administration Limited
Company Secretary

Registered office:
Isabelle Chambers
Route Isabelle
St. Peter Port
Guernsey

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and, on a poll, vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.
2. To have the right to attend and vote at the meeting you must hold ordinary shares in the Company and your name must be entered on the Register (as defined below) in accordance with note 5 below.
3. A Form of Proxy is enclosed. To be valid, this Form of Proxy duly executed (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at the Company's registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote or in the case of a meeting adjourned for not more than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded. Completion and return of the Form of Proxy will not preclude a member from attending and voting at the meeting in person or an adjournment of the meeting if he/she so wishes.
4. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority is determined by the order in which the names of the holders stand in the register of members of the Company.
5. The Company gives notice that only those shareholders entered on the register of members of the Company (the **Register**) for certificated or uncertificated shares of the of the Company (as the case may be) at 11.00 am on 10 May 2010 (the **Specified Time**) will be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the meeting. Should the meeting be adjourned to any time before 11.00 am on 14 May 2010, the Specified Time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. Should the meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.
6. As at 16 April 2010, the latest practicable date prior to publication of this document, the Company had 143,168,463 ordinary shares in issue (excluding treasury shares).

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Form of Proxy for use by shareholders of Ingenious Media Active Capital Limited (the "Company") at the Extraordinary General Meeting to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 12 May 2010 from 11.00 am.

As a shareholder of the Company you have the right to attend, speak and vote at the Extraordinary General Meeting (the **Meeting**). If you cannot, or do not want to, attend the Meeting, but still want to vote, you can appoint someone to attend the Meeting and vote on your behalf. That person is known as a "proxy".

You can use this Form of Proxy to appoint the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary), or someone else, as your proxy. Your proxy does not need to be a shareholder of the Company.

I/We (name in full) _____ (in BLOCK CAPITALS)

of (registered address) _____ (in BLOCK CAPITALS)

holding (insert number of ordinary shares) _____ (in BLOCK CAPITALS)

being (a) shareholder(s) of the Company entitled to attend and vote at meetings, hereby appoint the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary), or

_____ (see Note 1) as my/our proxy to attend and, on a poll, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 12 May 2010 from 11.00 am, and at any adjournment thereof.

RESOLUTION (see Note 2)	FOR	AGAINST	VOTE WITHHELD
Special resolution set out in the Notice of Meeting in connection with the Proposals			

Please indicate with an "X" in the appropriate box opposite the resolution how you wish your vote to be cast (see Note 5). Unless expressly defined herein, the definitions contained in the Company's shareholder circular dated 17 April 2010 and accompanying notice of the Meeting have the same meanings where used in this Form of Proxy.

Signature(s) _____ (See Note 7)

Name _____ (in BLOCK CAPITALS)

Date _____ 2010

INGENIOUS MEDIA ACTIVE CAPITAL

Notes:

1. A member may appoint a proxy of his own choice. If such appointment is made, please delete the words “the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary)” and insert the name of the person appointed proxy.
2. The full text of the resolution is set out in the Notice of the Meeting dated 17 April 2010.
3. The completion and return of this Form of Proxy will not prevent you from attending in person and voting at the Meeting or an adjournment of the Meeting should you subsequently decide to do so.
4. A member may appoint more than one proxy to attend. When two or more valid but differing instruments of proxy are delivered or received in respect of the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was last validly delivered or received, none of them shall be treated as valid in respect of that share.
5. If you wish your proxy to cast all of your votes for or against the resolution you should insert an “X” in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the resolution and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the Meeting) which may properly come before the Meeting.
6. The “Vote Withheld” option is provided to enable you to instruct your proxy to abstain from voting on a particular resolution. A “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes “For” or “Against” a resolution.
7. This Form of Proxy must be signed by the shareholder or his/her duly constituted attorney. Where the shareholder is a corporation, the signature must be under seal or signed by a duly authorised officer or attorney or other person authorised to sign. In the case of joint shareholders, the signature of one shareholder will be accepted but the names of all joint holders should be given. The vote of the senior joint shareholder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
8. To be valid, this Form of Proxy duly executed (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at the Company’s registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote or in the case of a meeting adjourned for not more than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded.
9. The Company gives notice that only those shareholders entered on the relevant register of members (the “Register”) for certificated or uncertificated shares of the of the Company (as the case may be) at 11.00 am on 10 May 2010 (the “Specified Time”) will be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the meeting. Should the meeting be adjourned to any time before 11.00 am on 14 May 2010, the Specified Time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. Should the meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.
10. Any proxy made by means of CREST shall not be valid.

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