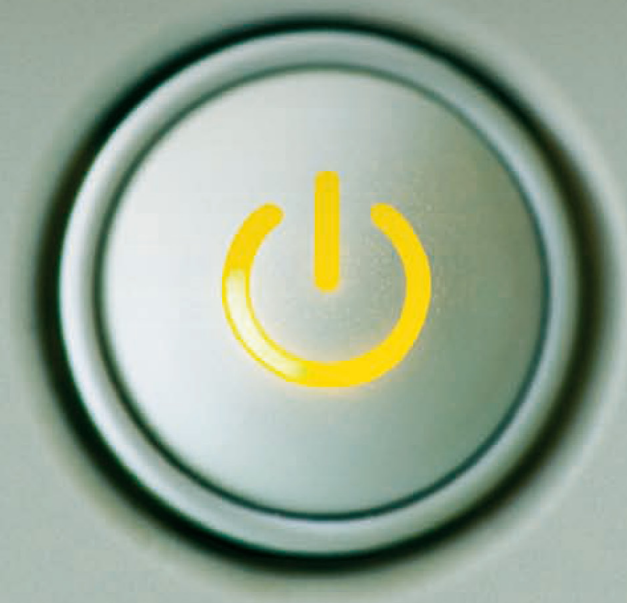


INGENIOUS MEDIA ACTIVE CAPITAL

HALF-YEARLY REPORT & ACCOUNTS

For the six months ended
30 September 2011



WE ARE **INGENIOUS**

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INGENIOUS MEDIA ACTIVE CAPITAL

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THE COMPANY AND ITS ADVISERS

Directors	Mike Luckwell* (Chairman) Neil Blackley George Bryan Dix* David Jeffreys* Patrick McKenna William Simpson Serena Tremlett*	
Company Secretary and Designated Manager	Morgan Sharpe Administration Limited Isabelle Chambers Route Isabelle St Peter Port Guernsey GY1 3TX	
Registered Office	Isabelle Chambers Route Isabelle St Peter Port Guernsey GY1 3TX	
Registered Number	44358	
Manager	Ingenious Ventures** 15 Golden Square London W1F 9JG	
Auditor	Deloitte LLP Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3HW	
Nominated Adviser and Broker	Canaccord Genuity Limited Cardinal Place 80 Victoria Street, 7th Floor London, UK SW1E 5JL	
Legal Advisers	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA	O'Melveny & Myers LLP Warwick Court 5 Paternoster Square London EC4M 7DX
Registrar	Capita Registrars (Guernsey) Limited PO Box 627 St Sampson Guernsey GY1 4PP	

* Independent director (a director who is independent of the Manager)

** Ingenious Ventures is a trading division of Ingenious Asset Management Limited

INGENIOUS MEDIA ACTIVE CAPITAL

COMPANY SUMMARY

The Company	Ingenious Media Active Capital Limited (the Company or IMAC) is a Guernsey registered investment company and its shares are admitted to trading on AIM. It was incorporated on 17 February 2006 and dealings on AIM commenced on 11 April 2006.		
Investment Policy	IMAC is a growth/development capital fund to generate capital gains for its Shareholders from equity or equity-related investments in media companies. The fund is no longer making investments in new investee companies, but is now focused on managing its existing investments through to exit. IMAC will continue to make further investments in existing investee companies where appropriate.		
Manager	The Company has appointed Ingenious Ventures to provide investment management services.		
Investments	Investments total (committed funds)	£93.2m	As at 15 December 2011 (£93.2m as at balance sheet date).
	23 June 2006	£2.2m	Whizz Kid Entertainment Limited
	6 November 2006	£9.2m	Incisive Media Limited
	5 December 2006	£3.0m	Digital Rights Group Limited
	8 March 2007	£4.0m	Community Television Networks Limited (reduced from £4.2m)
	29 March 2007	£1.0m	Outside Line Limited (reduced from £1.5m)
	27 April 2007	£1.3m	Crystal Entertainment Limited (reduced from £2.5m)
	24 May 2007	£5.3m	Two Way Media Holdings Limited (including NetPlay TV plc shares)
	8 June 2007	£4.6m	Enigmas2 Limited formerly In2Games Limited (reduced from £7.8m)
	14 June 2007	£3.0m	Digital Rights Group Limited (further investment)
	14 June 2007	£7.0m	Brand Events Holdings Limited
	18 June 2007	£5.0m	Trinity Universal Holdings Limited
	16 August 2007	£8.3m	Incisive Media Limited (further investment)
	5 September 2007	£1.5m	Eden State Limited (reduced from £10.0m)
	2 October 2007	£1.6m	Sportbuzz Limited
	29 October 2007	£0.4m	Incisive Media Limited (further investment)
	22 November 2007	£5.3m	Digital Rights Group Limited (further investment)
	12 December 2007	£7.3m	brandRappport Group Limited (formerly QobliQ Limited)
	22 February 2008	£2.0m	Whizz Kid Entertainment Limited (further investment)
	27 May 2008	£2.3m	brandRappport Group Limited (formerly QobliQ Limited) (further investment)
	12 June 2008	£7.0m	Review Centre Limited
	7 August 2008	£5.2m	Ingenious Ventures L.P. (reduced from £6.0m)
	7 November 2008	£2.8m	brandRappport Group Limited (formerly QobliQ Limited) (further investment)
	22 January 2009	£0.6m	Two Way Media Holdings Limited (further investment)
	3 April 2009	£0.4m	Trinity Universal Holdings Limited (further investment)
	9 June 2009	£0.3m	Trinity Universal Holdings Limited (further investment)
	31 March 2010	£2.1m	Brand Events Holdings Limited (further investment)
	10 May 2010	£0.5m	brandRappport Group Limited (formerly QobliQ Limited) (further investment)

CHAIRMAN'S STATEMENT

I am pleased to present the Half-Yearly Report and Accounts in respect of Ingenious Media Active Capital Limited (the **Company**) for the six month period ended 30 September 2011.

During this period, in line with the Company's investment policy, the portfolio has been actively managed, whilst opportunities for exit of the underlying companies are kept under review.

Investments

The Manager is not considering any new investments, only limited follow-on investments into existing portfolio companies where appropriate.

The Company's net asset value per share as at 30 September 2011 was 22.90 pence (including 4.89 pence of cash) compared to 26.41 pence (including 4.55 pence of cash) at 30 September 2010 and 25.88 pence (including 3.99 pence of cash) at 31 March 2011.

A description of the market and the Company's investment activities to date can be found in the Manager's Review which follows this statement.

Realisation of Investments

Outside Line Limited was sold to its management team on 6 April 2011. In addition, IMAC's holding in Two Way Media Holdings Limited was sold to its management team on 28 October 2011.



Mike Luckwell
Chairman
15 December 2011

INGENIOUS MEDIA ACTIVE CAPITAL

MANAGER'S REVIEW

Market Review and Prospects

Market conditions remain uncertain as austerity and tax rises impact consumer confidence. The Manager is cautious as to the future performance of the underlying investee companies, which may be impacted by these conditions worsening and/or a return to a recessionary economic environment.

Investment Activity

As mentioned in the Chairman's Statement, the Manager is no longer making investments in new investee companies, but will continue to manage the existing investee companies including making additional investments in these companies where appropriate.

Investments and Committed Funds

It should be noted that all outstanding funding commitments are at the discretion of the Company and the Manager.

Portfolio Management

This Manager's Review contains only subsidiaries in which the Company has a controlling interest. There are no further undrawn commitments to other investments held by the Company.

Investments and Committed Funds

Whizz Kid Entertainment Limited

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.

The company continues to perform well, with successful and highly-rated productions of the third series of *Let's Dance* for BBC1 and second series of *Being N-Dubz* completed. Recent assignments include live coverage of *Camp Bestival* and *Bestival in 3D*.

Whizz Kid Entertainment Limited continues to maintain a strong pipeline of projects in development across music, events and entertainment.

Digital Rights Group Limited

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 Portman Film & Television Group, Zeal Entertainment Limited, i-Rights Limited, iD Distribution and Channel 4 International.

Market conditions have been steadily improving, with broadcasters' increasing budgets feeding through into higher programming sales. DRG has been successful in acquiring the rights to leading programming including *Doc Martin*, *Collision*, *Underbelly* and *Sea Patrol*.

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.

Two Way Media Holdings Limited

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 being 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 TV plc in April 2009.

Due to uncertainty regarding the future red-button revenue of Two Way Media Holdings Limited, a strategic review was undertaken by the Manager, resulting in a decision to seek a sale of the business.

IMAC's holding in Two Way Media Holdings Limited was sold to its management team on 28 October 2011.

MANAGER'S REVIEW (CONTINUED)**Brand Events Holdings Limited**

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 in Australia, South Africa, The Netherlands, New Zealand, Ireland and Dubai. Visitors to *Taste Festivals* have now reached the 1 million visitor milestone, with Brand Events recently buying out their JV partner in *Taste Festivals*.

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 Scandinavia and other major cities in Australasia, as well as creating a car festival format. A new *Golf Live* show was launched in May 2010 with joint venture partner IMG, adding to the portfolio of shows that can then be licensed internationally through Brand Events Limited's network. Brand Events also launched *Masterchef Live* in Australia.

brandRapport Group Limited (formerly QobliQ Limited)

brandRapport Group Limited provides sponsorship and marketing services to clients in the UK and internationally.

In December 2007, brandRapport Group 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 brandRapport Group Limited allowing the company to acquire Paris-based experiential marketing agency, Nouveau Jour SAS, and SponsorClick France SAS, an independent sponsorship marketing consultancy based in Paris (which have subsequently gone into voluntary liquidation in August 2011). IMAC invested an additional £2.8 million in November 2008 in order for the company to acquire Arena International Limited and Arena Sports Marketing Limited together (**Arena**), a UK sponsorship consultancy specialising in football. The acquisition of Arena, 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). A further investment of £0.5 million was made in May 2010 to fund the acquisition of Fulford PR in Singapore, which focuses on consumer and sports PR in the region.

The business currently has a presence specialising in sports sponsorship and consumer PR in the UK, Hong Kong and Singapore.

Review Centre Limited

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.

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.

Recent changes to Google's algorithms and search engines have had a negative impact on both traffic to the site and therefore revenues. This has led to a concerted plan by management to reduce overheads where possible, and bring the business back to a break-even position.

INGENIOUS MEDIA ACTIVE CAPITAL

MANAGER'S REVIEW (CONTINUED)

Ingenious Ventures L.P.

IMAC's investment in Cream is via its Limited Partnership interest in the Ingenious Ventures L.P. (**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. No monitoring fees are charged by the Manager to IMAC for management of its interest in IVLP.

Cream Holdings Limited

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 2011 festival was again a success, selling out in advance of the event. The club nights business in Ibiza also enjoyed a strong season this summer.

Ingenious Ventures

15 December 2011

INDEPENDENT REVIEW REPORT TO INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the Half-Yearly Report and Accounts for the six months ended 30 September 2011 which comprises the Condensed Company Statement of Comprehensive Income, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Company Statement of Financial Position, the Condensed Consolidated Statement of Financial Position, the Condensed Company Statement of Changes in Equity, the Condensed Consolidated Statement of Changes in Equity, the Condensed Company Statement of Cash flows, the Condensed Consolidated Statement of Cash flows and related notes 1 to 21. We have read the other information contained in the Half-Yearly Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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 for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Half-Yearly Report and Accounts is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Report and Accounts in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Company and Group are prepared in accordance with IFRSs. The condensed set of financial statements included in this Half-Yearly Report and Accounts has been prepared in accordance with International Accounting Standard 34 (IAS34), "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half-Yearly Report and Accounts based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly Report and Accounts for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS34 and the AIM Rules of the London Stock Exchange.



Deloitte LLP
Chartered Accountants
Guernsey

15 December 2011

Note: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

INGENIOUS MEDIA ACTIVE CAPITAL

CONDENSED COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2011

		Six months ended 30 September 2011 (unaudited)	Six months ended 30 September 2010 (unaudited)	Year ended 31 March 2011 (audited)
	Note	£ '000	£ '000	£ '000
Revenue	1f	117	145	292
Other operating expenses	1g	(320)	(643)	(689)
Investment revenue	1f	25	97	113
Fair value loss on investments in subsidiaries	1d	(4,032)	-	(343)
Loss on investments at fair value through profit or loss	1d, 12	-	(853)	(853)
Gain/(loss) on disposal of investments		72	(353)	(438)
Investment management fees	20	(179)	(209)	(405)
Loss before taxation		(4,317)	(1,816)	(2,323)
Income tax expense	3	-	-	-
Loss for the period/year		(4,317)	(1,816)	(2,323)
Loss per share (basic and diluted pence per share)	4	(3.02)	(1.27)	(1.62)

All income is attributable to the Ordinary Shareholders of the Company unless otherwise stated.

All revenue and expenses are derived from continuing operations unless otherwise stated.

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2011

		Six months ended 30 September 2011 (unaudited)	Six months ended 30 September 2010 (unaudited)	Year ended 31 March 2011 (audited)
	Note	£ '000	£ '000	£ '000
Continuing operations				
Revenue	1f	27,716	21,526	51,190
Cost of sales	1g	(20,159)	(13,459)	(35,838)
Other operating expenses	1g	(9,215)	(10,058)	(18,443)
Investment revenue	1f	218	97	141
Share of results from associates		(227)	-	1,392
Profit/(loss) on investments at fair value through profit or loss	1d, 12	3,491	(853)	(853)
Loss on disposal of investment	12	-	(347)	(432)
Impairment of goodwill	5	(5,763)	-	-
Impairment of intangible assets	6	(240)	(75)	(75)
Investment management fees	20	(179)	(209)	(405)
Profit on disposal of a foreign operation		610	-	-
Finance costs		(318)	(319)	(637)
Loss before taxation		(4,066)	(3,697)	(3,960)
Income tax expense	3	(264)	(281)	(1,242)
Loss for the period/year from continuing operations		(4,330)	(3,978)	(5,202)
Discontinued operations				
Profit for the period/year from discontinued operations	10	324	-	289
Non-controlling interests	19	470	1,551	1,065
Loss for the period/year attributable to the owners of the parent		(3,536)	(2,427)	(3,848)
Loss per share on continuing operations (basic and diluted pence per share)				
	4	(2.69)	(1.70)	(2.69)
Earnings per share on discontinued operations (basic and diluted pence per share)				
	4	0.22	-	-
Loss per share (basic and diluted pence per share)				
	4	(2.47)	(1.70)	(2.69)

All income is attributable to the Ordinary Shareholders of the Company unless otherwise stated.

All revenue and expenses are derived from continuing operations unless otherwise stated.

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

INGENIOUS MEDIA ACTIVE CAPITAL

CONDENSED COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 September 2011

	Note	30 September 2011 (unaudited) £ '000	30 September 2010 (unaudited) £ '000	31 March 2011 (audited) £ '000
Non current assets				
Investment in subsidiaries	7	25,755	31,284	31,438
Financial assets at fair value through profit or loss	12	-	256	-
		25,755	31,540	31,438
Current assets				
Trade and other receivables		188	157	141
Cash and cash equivalents	13	7,003	6,519	5,718
		7,191	6,676	5,859
Current liabilities				
Trade and other payables		(158)	(406)	(246)
Net current assets		7,033	6,270	5,613
Net assets		32,788	37,810	37,051
Equity				
Share premium account	17	20,860	21,166	20,860
Distributable reserve		70,663	70,663	70,663
Shares held in treasury	16	(515)	(515)	(515)
Retained earnings		(58,220)	(53,504)	(53,957)
Total equity		32,788	37,810	37,051
Net asset value (basic and diluted pence per share)	18	22.90	26.41	25.88

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board and authorised for issue on 15 December 2011.

Signed on behalf of the Board:



David Jeffreys
Director



Serena Tremlett
Director

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2011

	Note	30 September 2011 (unaudited) £ '000	30 September 2010 (unaudited) £ '000	31 March 2011 (audited) £ '000
Non current assets				
Goodwill	5	10,669	14,842	15,090
Other intangible assets	6	5,554	8,058	7,382
Fixtures, fittings and equipment		417	568	393
Financial assets at fair value through profit or loss	12	6,920	4,062	3,806
Investments in associates		(482)	(13)	(147)
		23,078	27,517	26,524
Current assets				
Inventories	11	2,227	1,329	1,239
Trade and other receivables		26,891	24,877	21,676
Cash and cash equivalents	13	15,352	14,668	17,497
Assets classified as held for sale		-	-	2,103
		44,470	40,874	42,515
Current liabilities				
Trade and other payables		(34,894)	(31,966)	(31,971)
Short term third party loans	14	(1,332)	-	-
Current tax liabilities		(144)	(428)	(287)
Liabilities associated with assets classified as held for sale		-	-	(641)
		(36,370)	(32,394)	(32,899)
Net current assets		8,100	8,480	9,616
Non current liabilities				
Long term third party loans	14	(3,020)	(2,777)	(2,895)
Deferred tax		-	(5)	-
Deferred consideration		(3,527)	(3,187)	(4,366)
Net assets		24,631	30,028	28,879
Equity				
Share premium account	17	20,860	21,166	20,860
Distributable reserve		70,663	70,663	70,663
Shares held in treasury	16	(515)	(515)	(515)
Retained earnings		(68,215)	(63,319)	(65,148)
Foreign currency translation reserve		92	(71)	58
Equity attributable to equity holders of the parent		22,885	27,924	25,918
Amounts recognised in equity relating to assets held for sale		-	-	462
Non-controlling interests	19	1,746	2,104	2,499
Total equity		24,631	30,028	28,879
Net asset value (basic and diluted pence per share)	18	15.98	19.50	18.10

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board and authorised for issue on 15 December 2011.

Signed on behalf of the Board:



David Jeffrey
Director



Serena Tremlett
Director

INGENIOUS MEDIA ACTIVE CAPITAL

CONDENSED COMPANY STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2011 (unaudited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Total equity £ '000
Balance at 1 April 2011		20,860	70,663	(515)	(53,957)	37,051
Recognition in respect of share-based payments	1s	-	-	-	54	54
Retained losses for the period		-	-	-	(4,317)	(4,317)
Balance at 30 September 2011		20,860	70,663	(515)	(58,220)	32,788

for the six months ended 30 September 2010 (unaudited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Total equity £ '000
Balance at 1 April 2010		71,275	70,663	(515)	(51,742)	89,681
Capital distribution	17	(50,109)	-	-	-	(50,109)
Recognition in respect of share-based payments	1s	-	-	-	54	54
Retained losses for the period		-	-	-	(1,816)	(1,816)
Balance at 30 September 2010		21,166	70,663	(515)	(53,504)	37,810

for the year ended 31 March 2011 (audited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Total equity £ '000
Balance at 1 April 2010		71,275	70,663	(515)	(51,742)	89,681
Capital distribution	17	(50,109)	-	-	-	(50,109)
Capital distribution costs	17	(306)	-	-	-	(306)
Recognition in respect of share-based payments	1s	-	-	-	108	108
Retained losses for the year		-	-	-	(2,323)	(2,323)
Balance at 31 March 2011		20,860	70,663	(515)	(53,957)	37,051

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2011 (unaudited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Translation reserve £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Assets classified as held for sale £ '000	Non-controlling interest £ '000	Total equity £ '000
Balance at 1 April 2011		20,860	70,663	58	(515)	(65,148)	462	2,499	28,879
Recognition in respect of share-based payments	1s	-	-	-	-	54	-	-	54
Other reserve movements		-	-	34	-	(47)	-	-	(13)
Retained losses for the period		-	-	-	-	(3,536)	-	(470)	(4,006)
Shares issued to non-controlling interest	19	-	-	-	-	-	-	215	215
Amounts in equity relating to assets previously classified as held for sale		-	-	-	-	462	(462)	-	-
Acquisition/disposal of subsidiaries	19	-	-	-	-	-	-	(498)	(498)
Balance at 30 September 2011		20,860	70,663	92	(515)	(68,215)	-	1,746	24,631

for the six months ended 30 September 2010 (unaudited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Translation reserve £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Assets classified as held for sale £ '000	Non-controlling interest £ '000	Total equity £ '000
Balance at 1 April 2010		71,275	70,663	39	(515)	(60,812)	-	3,668	84,318
Capital distribution	17	(50,109)	-	-	-	-	-	-	(50,109)
Recognition in respect of share-based payments	1s	-	-	-	-	54	-	-	54
Other reserve movements		-	-	(110)	-	(134)	-	33	(211)
Dividends		-	-	-	-	-	-	(46)	(46)
Retained losses for the period		-	-	-	-	(2,427)	-	(1,551)	(3,978)
Balance at 30 September 2010		21,166	70,663	(71)	(515)	(63,319)	-	2,104	30,028

INGENIOUS MEDIA ACTIVE CAPITAL

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 March 2011 (audited)

	Note	Share premium account £ '000	Distributable reserves £ '000	Translation reserve £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Assets classified as held for sale £ '000	Non-controlling interest £ '000	Total equity £ '000
Balance at 1 April 2010		71,275	70,663	39	(515)	(60,812)	-	3,668	84,318
Capital distribution	17	(50,109)	-	-	-	-	-	-	(50,109)
Capital distribution costs	17	(306)	-	-	-	-	-	-	(306)
Recognition in respect of share-based payments	1s	-	-	-	-	108	-	-	108
Other reserve movements		-	-	19	-	(134)	-	33	(82)
Dividends		-	-	-	-	-	-	(137)	(137)
Retained losses for the year		-	-	-	-	(3,848)	-	(1,065)	(4,913)
Amounts in equity relating to assets classified as held for sale		-	-	-	-	(462)	462	-	-
Balance at 31 March 2011		20,860	70,663	58	(515)	(65,148)	462	2,499	28,879

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

CONDENSED COMPANY STATEMENT OF CASH FLOWS

for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 (unaudited) £ '000	Six months ended 30 September 2010 (unaudited) £ '000	Year ended 31 March 2011 (audited) £ '000
Net cash flow from operating activities		(438)	(401)	(570)
Investing activities				
Acquisition of subsidiary undertakings	7	-	(500)	(997)
Sale of investment	7	1,723	1,761	1,761
Sale of investment at fair value through profit and loss	12	-	-	171
Net cash flow used in investing activities		1,723	1,261	935
Financing activities				
Capital distribution	17	-	(50,109)	(50,109)
Capital distribution costs	17	-	-	(306)
Net cash flow used in financing activities		-	(50,109)	(50,415)
Net increase/(decrease) in cash and cash equivalents		1,285	(49,249)	(50,050)
Cash and cash equivalents at beginning of period/year		5,718	55,768	55,768
Cash and cash equivalents at end of period/year		7,003	6,519	5,718
Cash flow from operating activities				
Loss before taxation		(4,317)	(1,816)	(2,323)
Fair value loss on financial assets		4,032	853	1,196
(Profit)/loss on disposal of investment		(72)	353	438
Recognition of share based payment		54	54	108
(Increase)/decrease in amounts receivable		(47)	74	90
(Decrease)/increase in amounts payable		(88)	81	(79)
Net cash flow from operating activities		(438)	(401)	(570)

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

INGENIOUS MEDIA ACTIVE CAPITAL
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 (unaudited) £ '000	Six months ended 30 September 2010 (unaudited) £ '000	Year ended 31 March 2011 (audited) £ '000
Net cash flow from operating activities		(5,446)	(6,763)	(2,834)
Investing activities				
Acquisition of subsidiary undertakings	8	534	1,388	1,203
Sale of investment	12	377	1,989	2,127
Acquisition of intangible assets	6	(188)	(132)	(755)
Disposal of non current assets		-	69	-
Purchases of fixtures, fittings and equipment		(177)	(264)	(383)
Disposal of subsidiary	11	1,320	-	-
Net cash flow used in investing activities		1,866	3,050	2,192
Financing activities				
Capital distribution	17	-	(50,109)	(50,109)
Capital distribution costs	17	-	-	(306)
Third party borrowings		1,332	(47)	(30)
Amounts received from/(paid to) non-controlling interests		61	(241)	(332)
Net cash flow used in financing activities		1,393	(50,397)	(50,777)
Net decrease in cash and cash equivalents		(2,187)	(54,110)	(51,419)
Cash and cash equivalents at beginning of period/year		17,497	68,888	68,888
Effect of foreign exchange rate changes		42	(110)	28
Cash and cash equivalents at end of period/year		15,352	14,668	17,497
Cash flow from operating activities				
Loss before taxation		(4,066)	(3,697)	(3,960)
Fair value (gain)/loss on financial assets at fair value through profit or loss	12	(3,491)	853	853
Recognition of share based payment		54	54	108
Loss on disposal of investment		-	347	432
Impairment of goodwill	5	5,763	-	-
Impairment of intangible assets	6	240	75	75
Amortisation of intangible assets	6	540	907	1,884
Increase in amounts receivable		(4,149)	(995)	(110)
Decrease in amounts payable		(440)	(3,798)	(1,897)
Decrease/(increase) in inventories		782	(648)	(558)
Depreciation of fixtures, fittings and equipment		133	161	256
Profit on disposal of a foreign operation		(610)	-	-
Other		(202)	(22)	83
Net cash flow from operating activities		(5,446)	(6,763)	(2,834)

The notes on pages 17 to 38 are an integral part of these consolidated financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for the six months ended 30 September 2011

1. Summary of significant accounting policies**Reporting entity**

Ingenious Media Active Capital Limited (the **Company**) is a closed-end investment company with limited liability formed under The Companies (Guernsey) Law 2008, and its shares are admitted to trading on AIM. The Company was incorporated on 17 February 2006 and dealings on AIM commenced on 11 April 2006. The Company's registered office is Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey. The **Group** is defined as the Company and its subsidiaries.

Basis of preparation

The condensed set of financial statements of the Company and Group have been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the International Accounting Standards Board (the **IASB**), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (**IASC**) that remain in effect, together with applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the UK Listing Authority. The condensed set of financial statements included in this Half-Yearly Report and Accounts has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The financial statements have been prepared on the historical cost basis, as modified by the measurement at fair value of investments and financial instruments.

There have been no material changes in accounting policies during the period.

Going concern

The financial statements have been prepared on the going concern basis. IMAC currently holds adequate cash balances to meet the payment of funds committed to its investee companies as they fall due. Following the capital distribution of £50.1 million to Shareholders in May 2010, the Manager anticipated that the Company would have sufficient cash reserves to fund future operating costs of the Company over the next three years. These costs are expected to be funded from a combination of the Company's post-distribution cash balance, as well as cash retained from ongoing realisations, if required. In the unlikely scenario that insufficient 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 solvency of the Company for the purposes of any future distributions of capital.

Any current funding commitments that the Company has to the investee companies, which have yet to be drawn down, are at the discretion of the Company and the Manager. If the Company and Manager were to approve a draw down of any outstanding commitments, the commitments to the investee companies would be funded from a combination of the post-distribution cash balance of the Company, as well as from additional cash retained from ongoing realisations, if required.

Shareholders should note that the implementation of the return of £50.1 million of capital also attracted inherent risks to the Company, such as the Company not being able to realise, or realising less than expected, for the investee companies. However, in such a case, with respect to its current funding commitments, the Company retains the flexibility of choosing in which investee 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 Manager due to having insufficient cash, the Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of investee companies. The Board is therefore of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

Ethical Standard 3 (Revised), "Long association with the audit engagement", issued by the Auditing Practices Board, requires mandatory rotation of the audit engagement partner after 5 years unless the Audit Committee deem that more flexibility is necessary in the timing of rotation to safeguard the quality of the audit and the audit firm agrees. In such cases, the audit engagement partner may continue to act for an additional period of up to 2 years. In view of the Group's current circumstances, the Audit Committee has requested the current audit partner to continue to act. This position will be reviewed again going forward.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingencies at the date of the Group's financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates in the Group's financial statements include the amounts recorded for the fair value of the investments and recoverable value of goodwill and other intangible assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Group's financial statements of changes in estimates in future periods could be significant. In the current economic conditions the number of transactions and market prices are depressed. In these circumstances the fair value of the Company's investments and recoverable value of goodwill and other intangible assets cannot be estimated as easily as when there are greater levels of market activity.

The current market conditions are such that some of the Group's investments remain loss making and may require further cash injection in the future. In each case, the Manager has implemented measures to reduce operating costs and stimulate revenue growth for these investments in order to limit future funding requirements and increase investment value with a view to realisation in an orderly fashion over an extended period. As explained in note 1d, the valuations undertaken by the Company are based upon a mixture of bases using revenue, contribution, net assets, cash and earnings multiples in light of the measures noted above.

Financial instruments

Financial assets

Financial assets are divided into the following categories:

- loans and receivables, including cash and cash equivalents;
- fair value through profit or loss.

Financial assets are assigned to the different categories on initial recognition depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in the Condensed (Company and Consolidated) Statement of Comprehensive Income or charged directly against equity. All income and expenses in respect of financial assets held by the Company and Group in the period under review are recognised in the Condensed (Company and Consolidated) Statement of Comprehensive Income. Generally the Company and Group recognise all financial assets using trade date accounting. An assessment of whether the value of a financial asset is impaired is made at least at each reporting date. All income relating to financial assets is recognised in the Condensed (Company and Consolidated) Statement of Comprehensive Income under the heading "revenue" and interest payable is recognised under the heading "finance costs".

The Company and Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Condensed (Company and Consolidated) Statement of Financial Position.

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Company and Group's trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Discounting is omitted where its effect is immaterial. Individual receivables are considered for impairment when they are overdue or when there is objective evidence that the debtor will default.

Financial assets at fair value through profit or loss include financial assets that are classified as held for trading. The Company and Group's remaining financial assets fall into this category and include its investment in investee companies. Fair values of securities listed in active markets are determined by the current bid prices. Where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This may include, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are divided into the following categories:

- other financial liabilities;
- fair value through profit or loss.

Other financial liabilities include the Company and Group's trade and other payables and are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at fair value through profit or loss are carried on the Condensed (Company and Consolidated) Statement of Financial Position at fair value determined by current market prices.

Fair value measurement hierarchy

IFRS 7, "Financial Instruments: Disclosures", requires certain disclosures which require a classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy of the financial asset or liability is determined on the basis of the lowest level input that is significant to the fair value measured. Financial assets and liabilities are classified in their entirety into only one of the three levels.

	Company		
	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Level 1	-	256	-
Level 2	-	-	-
Level 3	25,755	31,284	31,438
	25,755	31,540	31,438

	Consolidated		
	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Level 1	-	256	-
Level 2	-	-	-
Level 3	6,920	3,806	3,806
	6,920	4,062	3,806

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

1. Summary of significant accounting policies (continued)

Adoption of new and revised standards

At the date of approval of the financial statements, the following Standards and Interpretations, which have not been applied in the financial statements, were in issue but not yet effective:

- IFRS 9 “Financial Instruments – Classification and Measurement”, effective for periods beginning on or after 1 January 2013;
- IFRS 10 “Consolidated Financial Statements”, effective for periods beginning on or after 1 January 2013;
- IFRS 11 “Joint Arrangements”, effective for periods beginning on or after 1 January 2013;
- IFRS 12 “Disclosure of Interests in Other Entities”, effective for periods beginning on or after 1 January 2013;
- IFRS 13 “Fair Value Measurement”, effective for periods beginning on or after 1 January 2013.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods could have a significant impact on the financial statements of the Group or Company. The Directors are reviewing this impact on an ongoing basis.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**1. Summary of significant accounting policies (continued)****Principal accounting policies****a. Basis of consolidation**

The Condensed Consolidated Interim Financial Statements incorporate the financial statements of the Company and the Group made up to 30 September 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The results of subsidiaries acquired during the period are included in the Condensed Consolidated Statement of Comprehensive Income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, revenue and expenses are eliminated on consolidation.

b. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations (Amended)", are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Goodwill is reviewed for impairments annually.

The non-controlling interests in the acquiree are initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities at the time of acquisition.

c. Functional currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The condensed consolidated financial statements are presented in GBP (£), which is the Company's functional and presentational currency.

Transactions in currencies other than sterling are translated at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Condensed (Company and Consolidated) Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into sterling at foreign exchange rates ruling at the dates the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Where the average exchange rates fluctuate significantly, material income and expenses must be translated at the exchange rate prevailing on the date of the transaction. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate prevailing at the balance sheet date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

1. Summary of significant accounting policies (continued)

Principal accounting policies (continued)

d. Financial assets at fair value through profit or loss

Investments, including equity and loan investments, including subsidiaries, are designated as fair value through profit or loss in accordance with International Accounting Standard 39 (**IAS 39**) "Financial Instruments: Recognition and Measurement", as the Company is an investment company whose business is investing in financial assets with a view to profiting from their total return in the form of interest and changes in fair value. Investments are initially recognised at cost. The investments are subsequently re-measured at fair value, as determined by the Directors. Unrealised gains or losses arising from the revaluation of investments are taken directly to the Condensed (Company and Consolidated) Statement of Comprehensive Income.

Fair value is determined as follows:

Unquoted securities are valued based on the realisation value which is estimated by the Directors with prudence and good faith. The Directors will take into account the guidelines and principles for valuation of investee companies set out by the International Private Equity and Venture Capital association, with particular consideration of the following factors:

- Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- In estimating fair value for an investment, the Company will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations.
- An appropriate methodology incorporates available information about all factors that are likely to materially affect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements.

The most widely used methodologies are listed below. In assessing which methodology is appropriate, the Directors are predisposed towards those methodologies that draw upon market-based measures of risk and return.

- Cost of recent investment
- Earnings multiple
- Net assets
- Available market prices

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Condensed (Company and Consolidated) Statement of Comprehensive Income in the period in which they arise.

The Group has determined that the valuations are most sensitive to changes in the following key assumptions:

- Annual budgets and cash flow projections for each individual investment. These are based on actual budgets and cash flows and projections discussed with and approved by management for a period of one year to five years depending on the investment;
- Comparable earnings multiples. A number of investments are valued using comparable listed and other industry multiples which range from 5 to 6 times earnings depending on the investment.

As a result of the above basis of valuation, there is significant judgement associated with the valuation of investments.

e. Arrangement fees

Under the terms of the investment agreements between the Company and its investee companies, the investee companies are required to pay to the Company an arrangement fee in consideration for its services in arranging financing for the investee company. In accordance with IAS 39, this arrangement fee is deducted from the cost of the investment. A corresponding increase in the fair value of the investment is then recorded so that the investment is valued at the gross amount paid.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**1. Summary of significant accounting policies (continued)****Principal accounting policies (continued)****f. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Where appropriate, revenue is recorded in the Condensed (Company and Consolidated) Statement of Comprehensive Income on the basis that there is a legally binding contract in place and there is virtual certainty of fulfilment of any conditionality attached to the contract.

Interest income is included on an accruals basis using the effective interest method.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

g. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Condensed (Company and Consolidated) Statement of Comprehensive Income except where they relate to capital expenditure or the raising and maintenance of capital.

h. Other intangible assets

Acquired trademarks, licenses and customer relationships are initially recognised at fair value. Trademarks, licenses and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, licenses and customer relationships over their estimated useful lives (being a period of up to 10 years).

i. Fixtures, fittings and equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives (being between two and five years) using the straight-line method.

j. Investee company interests in joint ventures

Investee company interests in jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity, are recognised using the equity method of accounting. The investment is initially recognised at cost under 'investments in associates', and adjusted thereafter for the post-acquisition change in the investee company's share of net assets of the joint venture. The investee company's share of the profit or loss of the joint venture is included under 'other operating revenue and expenses'.

This accounting policy differs from that applied by the Company in accounting for its interests in associates, which are designated as financial assets at fair value through profit or loss.

k. Investee company interests in associates

Investee company interests in associates are accounted for using the equity method of accounting. Under the equity method, investments in the associates are carried in the Condensed Consolidated Statement of Financial Position at cost plus post acquisition changes in the consolidated entity's share of net assets of the associates.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the consolidated entity are identical and the associates' accounting policies conform to those used by the consolidated entity for like transactions and events in similar circumstances.

l. Inventories

Inventories comprise of work-in-progress which is the cost incurred in relation to a show or customer campaign which has not taken place at the balance sheet date and is stated at the lower of cost and net realisable value. Cost includes materials, direct labour and any other direct costs.

m. Trade and other receivables

Trade and other receivables are initially recognised at fair value. A provision for impairment of trade receivables is established when there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivables.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

1. Summary of significant accounting policies (continued)

Principal accounting policies (continued)

n. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on-demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

o. Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently, where necessary, re-measured at amortised cost using the effective interest method.

p. Deferred consideration

A number of investee company acquisitions have been made on deferred payment terms. These deferred payments are generally contingent on the future revenue and/or profits achieved by the investee company. Amounts of deferred consideration payable after one year, are discounted using discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the investee company. This contingent deferred consideration is reassessed annually, and the difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the Condensed Consolidated Statement of Comprehensive Income and credited to the liability over the period in which the consideration is deferred.

q. Financial instruments

Financial assets and financial liabilities are recognised in the Condensed (Company and Consolidated) Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

r. Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

s. Share options

The Group and the Company accounts for the fair value of share options at the grant date over the vesting period in the Condensed (Company and Consolidated) Statement of Comprehensive Income, with a corresponding increase to equity. The fair value has been calculated based on the Black Scholes Model using the following inputs:

- Share price 97.50 pence
- Exercise price 100.00 pence
- Expected volatility 11.55%
- Expected life 10 years
- Risk free rate 4.413%
- Expected dividends NIL

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

2. Operating segments

The information in this note has been prepared using the definition of an operating segment in IFRS 8: “Operating Segments”. The Group determines and presents the information that is provided internally to the Directors to enable them to assess performance and allocate resources.

The chief operating decision-maker has been identified as the Board, which reviews the Company’s internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

As an investment company, the Group’s primary focus is on the performance of its investment portfolio. Whilst there are a number of individual investments included in this portfolio, performance is reviewed for the portfolio as a whole on the basis of its fair value.

The Directors believe that the Company and the Group are engaged in a single segment of business of holding investments in media and entertainment companies, and therefore the Directors only recognise a single class of asset. The information reviewed by the Board includes summarised financial information for each investment in the portfolio, however, this is not sufficiently detailed to provide any segmental analysis and hence only a single segment has been identified.

	Segment revenue			Segment profit/(loss)		
	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Investments portfolio	27,716	21,526	51,190	11,720	6,680	10,275
Total for continuing operations	27,716	21,526	51,190	11,720	6,680	10,275
Share of results from associates				(227)	-	1,392
Group administration costs and directors' salaries				(9,215)	(10,058)	(18,443)
Finance costs				(318)	(319)	(637)
Consolidation adjustments				(6,026)	-	3,453
Loss before tax				(4,066)	(3,697)	(3,960)
				Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Segment assets						
Investments portfolio				67,548	68,391	66,936
Assets classified as held for sale				-	-	2,103
Total segment and consolidated assets				67,548	68,391	69,039

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

2. Operating segments (continued)

	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Segment liabilities			
Investments portfolio	42,917	38,363	39,519
Liabilities directly associated with assets classified as held for sale	-	-	641
Total segment and consolidated liabilities	42,917	38,363	40,160

	Revenue from external customers			Non current assets		
	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Geographical information						
United Kingdom	12,042	9,707	18,279	22,990	27,517	26,484
Europe (excluding UK)	6,784	6,458	11,858	20	-	29
Other	8,890	5,361	21,053	68	-	11
	27,716	21,526	51,190	23,078	27,517	26,524

Major clients

The Group is not reliant on one major customer as no one customer accounts for more than 10 per cent. of the Group's revenue.

3. Income tax expense

The Company has been granted exemption from income tax in Guernsey under the Income Tax (Exempt Bodies) (Bailiwick of Guernsey) Ordinance 1989, and is liable to pay an annual fee (currently £600) under the provisions of the Ordinance. As such it will not be liable to income tax in Guernsey other than on Guernsey source income (excluding deposit interest on funds deposited with a Guernsey bank). No withholding tax is applicable to distributions to Shareholders by the Company.

The subsidiary companies are resident in the UK and liable to UK Corporation Tax. Group relief on operating losses may be available between those United Kingdom resident investee companies in which the Company holds not less than 75 per cent. of the ordinary share capital.

4. Loss per share

The calculation of basic and diluted return per share is based on the return on ordinary activities and on 143,168,463 Ordinary Shares (six months ended 30 September 2010: 143,168,463, year ended 31 March 2011: 143,168,463), being the weighted average number of shares for the purpose of the earnings per share calculation.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

5. Goodwill

	Consolidated		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Cost			
Balance at the beginning of the period/year	37,601	36,441	36,441
Recognised on acquisition of subsidiaries	1,342	929	1,268
Adjustment to brought forward cost	-	(17)	(108)
Balance at the end of the period/year	38,943	37,353	37,601
Impairment			
Balance at the beginning of the period/year	(22,511)	(22,511)	(22,511)
Charge for the period/year	(5,763)	-	-
Balance at the end of the period/year	(28,274)	(22,511)	(22,511)
Carrying amount at the end of the period/year	10,669	14,842	15,090

Included within goodwill are other intangible assets which were not separately identified at acquisition. The Company will review the treatment of these assets over the next 12 months and make any appropriate adjustments to the categorisation of these assets.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has invested in a broad range of companies within the media sector. The Directors view each investment as an individual cash generating unit as this represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill has been allocated for impairment testing purposes to four individual cash-generating units.

The carrying amount of goodwill is as follows:

	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Investments	10,669	14,842	15,090

During the period ended 30 September 2011, the Group has determined that there has been an impairment on a number of its cash-generating units containing goodwill or intangible assets with indefinite useful lives amounting to £5,763k (six months ended 30 September 2010: £Nil, year ended 31 March 2011: £Nil).

The recoverable amounts (i.e. the higher of value in use and fair value less costs to sell) of those units and group of units are determined using either the value in use or the fair value less cost to sell methodologies as the Directors determine as appropriate.

	Six months ended 30 September 2011 £ '000	Six months ended 30 September 2010 £ '000	Year ended 31 March 2011 £ '000
Fair value less costs to sell	10,669	14,842	15,090

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

5. Goodwill (continued)

The Group has determined that the recoverable amount calculations are most sensitive to changes in the following key assumptions:

- a. Annual budgets and cash flow projections for each individual investment. These are based on actual budgets and cash flows and projections discussed with and approved by the Manager for a period of one year to five years depending on the investment;
- b. Comparable earnings multiples. A number of investments are valued using comparable listed and other industry multiples which range from 5 to 6 times earnings depending on the investment.

The Directors have applied the accounting policy outlined in note 1d to determine the recoverable amount of cash-generating units where the fair value less cost to sell methodology applies.

6. Other intangible assets

	Consolidated		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Cost or valuation			
Balance at the beginning of the period/year	13,687	12,932	12,932
Additions in period/year	188	378	513
Recognised on acquisition of a subsidiary	18	-	242
Derecognised due to early license termination	(2,956)	-	-
Balance at the end of the period/year	10,937	13,310	13,687
Amortisation			
Balance at the beginning of the period/year	(2,633)	(673)	(673)
Reclassification	-	-	(76)
Charge for the period/year	(540)	(907)	(1,884)
Derecognised due to early license termination	1,702	-	-
Balance at the end of the period/year	(1,471)	(1,580)	(2,633)
Impairment			
Balance at the beginning of the period/year	(3,672)	(3,597)	(3,597)
Charge for the period/year	(240)	(75)	(75)
Balance at the end of the period/year	(3,912)	(3,672)	(3,672)
Carrying amount at the end of the period/year	5,554	8,058	7,382

On 9 May 2011, DRG ended its existing trade mark license agreement with Channel 4 International, to continue using its name, waiving future payments associated with this agreement of £1.3 million. The trade mark license agreement to use the Channel 4 International name originated when DRG acquired the international TV distribution business of Channel 4 International in November 2007.

Acquired trademarks, licenses and customer relationships are initially recognised at fair value. Trademarks and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Show formats and some licenses have indefinite lives. Amortisation is calculated using the straight line method to allocate the cost of trademarks, licenses and customer relationships over their estimated useful lives (being a period of up to 10 years).

The carrying amount of intangible assets with indefinite useful lives is as follows:

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Investments	4,373	5,532	5,686

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

6. Other intangible assets (continued)

The recoverable amounts (i.e. the higher of value in use and fair value less costs to sell) of those units and group of units are determined using either the value in use or the fair value less cost to sell methodologies as the Directors determine as appropriate.

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Fair value less costs to sell	4,373	5,532	5,686

7. Investment in subsidiaries

	Company		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Opening fair value at the beginning of the period/year	31,438	32,898	32,898
Purchases at cost	-	500	997
Disposal proceeds	(1,723)	(1,761)	(1,761)
Profit/(loss) on sale of investment	72	-	(353)
Fair value adjustment	(4,032)	(353)	(343)
Closing fair value at the end of the period/year	25,755	31,284	31,438

An investee company is classified as a subsidiary where the Company can achieve control either:

- by obtaining more than 50 per cent. of the equity of the investee company; or
- where there is sufficient power to govern the financial and operating policies of the investee company so as to obtain the economic benefits from its activities.

Ingenious Ventures L.P. continues to hold its investment in Cream Holdings Limited.

In April 2011, the Company disposed of its holding in Outside Line Limited.

In June 2011, Enigmas2 Limited applied to be struck off from the register of companies at Companies House in the UK.

In August 2011, Nouveau Jour SAS and SponsorClick France SAS, French subsidiaries of brandRapport Group Limited, were placed into voluntary liquidation.

In October 2011, the Company announced that it has disposed of its investment in Two Way Media Holdings Limited.

Undrawn commitments

All outstanding funding commitments are at the discretion of the Company and the Manager.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

7. Investment in subsidiaries (continued)

Name of subsidiary undertaking	Class of share	% of class held	Country of incorporation	Principal activity	Full commitment £'000	Paid as at 30 Sep 2011 £'000	Paid as at 30 Sep 2010 £'000	Paid as at 31 March 2011 £'000
Whizz Kid Entertainment Limited	Ordinary	47.1%	UK	Television production	4,250	2,750	2,750	2,750
Digital Rights Group Limited	Ordinary	78.3%	UK	Television distribution	11,270	8,274	8,274	8,274
Two Way Media Holdings Limited	Ordinary	84.3%	UK	Interactive television company	4,935	4,655	4,655	4,655
Enigmas2 Limited (formerly In2Games Limited)	Ordinary	43.8%	UK	Video games business	4,560	4,560	4,560	4,560
Brand Events Holdings Limited	Ordinary	69.5%	UK	Consumer events business	9,080	9,080	8,583	9,080
brandRapport Group Limited	Preference	79.1%	UK	Marketing services	12,867	12,867	12,867	12,867
Review Centre Limited	Ordinary	71.5%	UK	Internet/new media	7,034	7,034	7,034	7,034
Ingenious Ventures L.P.	N/A	90.0%	UK	Investment vehicle	1,035	685	4,826	685
Total					55,031	49,905	53,549	49,905

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

8. Acquisition of subsidiaries

During the period the Group acquired a controlling interest in Brand Events Benelux B.V. and Taste Festivals Limited which resulted in goodwill arising. The fair value of assets acquired and liabilities assumed were as follows:

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Intangibles	18	-	242
Fixtures and fittings	13	20	62
Cash and cash equivalents	1,902	2,005	2,005
Accounts receivable	605	560	987
Trade payables	(4,385)	(2,141)	(3,131)
Non-controlling interest	31	(118)	161
Inventory	1,842	-	144
Net assets acquired	26	326	470
Goodwill on consolidation	1,342	1,084	1,268
Total consideration	1,368	1,410	1,738
Total consideration satisfied by:			
Cash	1,368	617	802
Cash paid in prior years	-	-	300
Consideration shares	-	110	110
Deferred consideration	-	683	526
	1,368	1,410	1,738
Net cash (inflow)/outflow arising on acquisition:			
Cash consideration	1,368	617	802
Cash and cash equivalents acquired	(1,902)	(2,005)	(2,005)
	(534)	(1,388)	(1,203)

The goodwill arising on the acquisition is attributable to the anticipated profitability of the Group's products and services.

Included within the consolidated retained loss for the period is a profit before tax of £0.4 million relating to acquired subsidiaries (year ended 31 March 2011: profit of £0.6 million; six months ended 30 September 2010: profit of £0.1 million). Due to the nature of the businesses acquired, financial performance is not comparable pre to post investment. Therefore, for all business combinations that were effected during the period, it is inappropriate to disclose the revenue and profit and loss of the combined entities for the period as though the acquisition date was the start of the financial period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

9. Investment in associates

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Aggregate amounts relating to associates			
Total assets	7,438	9,473	12,614
Total liabilities	(9,674)	(9,871)	(11,898)
Revenues	1,832	9,702	15,999
Loss	(4,344)	(2,126)	(1,557)

A list of the significant investments in associates, including the name, class of share, proportion of ownership interest and country of incorporation is given below.

Name of associate	Class of share	% of class held	Country of incorporation
Sub Zero Limited	Ordinary	50.0%	UK
Brand Events Management Ireland Limited	Ordinary	50.0%	Ireland
Brand Events Festivals Limited	Ordinary	50.0%	Ireland
Brand Events Italy	Ordinary	50.0%	Italy
Brand Events Live Limited	Ordinary	49.9%	UK
Golfmania Limited	Ordinary	49.9%	UK
Dance Floor Limited	Ordinary	49.9%	UK
DRG Media Assets Limited	Ordinary	49.9%	UK
Taste Xmas Live Limited	Ordinary	49.9%	UK

Brand Events Holdings Limited is required to fund its share of losses in its associates listed above. DRG is not required to fund the losses of its associate, DRG Media Assets Limited and Whizz Kid Entertainment Limited is not required to fund the losses in Dance Floor Limited.

During the period the Group acquired a controlling interest in Brand Events Benelux B.V. and Taste Festivals Limited. These companies are no longer associates in the Group, and are now fully consolidated.

10. Discontinued operations

Discontinued operations in the current period results relate to Outside Line Limited and Enigmas2 Limited.

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Revenue	58	-	3,666
Expenses	(54)	-	(3,287)
Gain on derecognition of a subsidiary	320	-	-
Profit before tax	324	-	379
Attributable tax expense	-	-	(90)
Profit for the period/year on discontinued operations	324	-	289

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

11. Derecognition of subsidiaries

The Group no longer has a controlling interest in Outside Line Limited (**Outside Line**) as IMAC sold its shareholding on 6 April 2011.

The fair value of assets and liabilities no longer controlled by the Group are as follows:

	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Fixtures and fittings	129	-	-
Cash and cash equivalents	516	-	-
Accounts receivable	1,691	-	-
Trade payables	(1,867)	-	-
Net assets deconsolidated	469	-	-

Outside Line was disposed of for £1,320,000. The cash contained as part of the net assets of Outside Line on the day of disposal was £516,000. This cash was not shown as part of cash and cash equivalents as at 31 March 2011, as it was contained within assets classified as held for sale.

12. Financial assets at fair value through profit or loss

	Company		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Opening fair value	-	1,109	1,109
Disposal proceeds	-	-	(171)
Fair value adjustment	-	(853)	(853)
Loss on disposal of investment	-	-	(85)
Closing fair value	-	256	-

	Consolidated		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Opening fair value	3,806	7,251	7,251
Disposal proceeds	(377)	(1,989)	(2,160)
Fair value adjustment	3,491	(853)	(853)
Loss on disposal of investment	-	(347)	(432)
Closing fair value	6,920	4,062	3,806

The disposal proceeds of £377,000 relates to the disposal of Stage Three Music Limited to BMG Rights Management GmbH in July 2010.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

12. Financial assets at fair value through profit or loss (continued)

Name of investment	Class of share	% of class held	Country of incorporation	Principal activity	Full commitment £'000	Paid as at 30 Sep 2011 £'000	Paid as at 30 Sep 2010 £'000	Paid as at 31 March 2011 £'000
Incisive Media Limited	Ordinary	0.1%	UK	Business publishing	17,903	17,903	17,903	17,903
Trinity Universal Holdings Limited	Ordinary	0%	UK	Interactive media marketing	5,710	5,710	5,710	5,710
Sportbuzz Limited	Preference	45%	British Virgin Islands	Internet/new media	1,604	1,604	1,604	1,604
Crystal Entertainment Limited	Ordinary	10%	UK	Talent relationships	1,311	1,311	1,311	1,311
Total					26,528	26,528	26,528	26,528

In April 2009 Trinity Universal Holdings Limited was placed in Voluntary Creditors Liquidation which is still ongoing.

13. Cash and cash equivalents

Cash and cash equivalents held by the Company and Group amount to £7,003k (year ended 31 March 2011: £5,718k, six months ended 30 September 2010: £6,519k) and £15,352k (year ended 31 March 2011: £17,497k, six months ended 30 September 2010: £14,668k) respectively. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The cash equivalents are currently invested in quoted cash funds. The carrying amount of these assets approximates to their fair value. Included within the Group's cash and cash equivalents is a restricted cash amount of £2,023k (year ended 31 March 2011: £2,080k, six months ended 30 September 2010: £2,101k) in relation to amounts that Whizz Kid Entertainment Limited is holding in programme production trust accounts to fund specific programme production costs and which are owed to Live VCT 1, Live VCT 2, Entertainment VCT 1 and Entertainment VCT 2.

14. Long term and short term third party loans

Long term

	Redemption date	Consolidated		
		Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Brand Events Holdings Limited	26 April 2012	2,390	2,207	2,296
Review Centre Limited	6 June 2018	630	570	599
		3,020	2,777	2,895

Long term third party loans represent loan stock instruments held by other investors in the Group's subsidiaries. Brand Events Holdings Limited has an ongoing lending facility which is ranked subordinate with IMAC loan notes. It has been agreed that the 2015 loan notes take priority over the 2012 loan notes. Therefore, there will be no repayments of any of the loan notes before 2015. Review Centre Limited's long term third party loan comprises of a loan provided by one of the existing directors and ranks pari passu with IMAC loan notes.

Short term

Short term third party loans represent a flexible rate loan (the current default interest rate is 18.91%) acquired by Brand Events Holdings Limited, denominated in Australian Dollar. The loan is secured by a charge over certain properties of the Group, and is repayable on 29 February 2012.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

15. Share capital

	Company and Consolidated		
	Six months ended 30 Sep 2011 No.	Six months ended 30 Sep 2010 No.	Year ended 31 March 2011 No.
Authorised share capital			
Ordinary shares of no par value	Unlimited	Unlimited	Unlimited
Issued and fully paid			
Ordinary shares of no par value	144,402,402	144,402,402	144,402,402

Share options

On 4 April 2006, 750,000 share options were issued in respect of ongoing services, granting rights to Neil Blackley to subscribe for 750,000 Ordinary Shares. On 24 January 2008, Mike Luckwell was awarded 750,000 share options.

The share options have an exercise price equal to the placing price (£1) and vest over five years, (with one fifth of the options vesting each year) or immediately on the signing of a contract for the sale of the entire (or substantially entire) issued share capital or business undertaking of the Company or on their appointment as a Director of the Company being terminated without cause by the Company. The share options will expire ten years from each date of grant unless there is an early expiration in accordance with the terms of each grant.

16. Shares held in treasury

The Company held 1,233,939 ordinary shares purchased at an average price of 41.72 pence in 2009.

	Company and Consolidated		
	Six months ended 30 Sep 2011 No.	Six months ended 30 Sep 2010 No.	Year ended 31 March 2011 No.
Shares held in treasury			
Ordinary shares of no par value	1,233,939	1,233,939	1,233,939

17. Share premium account

	Company and Consolidated		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Balance at the beginning of the period/year	20,860	71,275	71,275
Capital distribution	-	(50,109)	(50,109)
Capital distribution costs	-	-	(306)
Balance at the end of the period/year	20,860	21,166	20,860

Following a strategic review of the Company, the Board proposed changes to the Company's investing policy, the Investment Management Agreement, its Articles, and a reduction of capital. The proposed changes were approved by the Shareholders at an extraordinary general meeting on 12 May 2010.

The new Articles were adopted in order to extend the duration of the life of the Company to at least the eighth anniversary following Admission; and to allow greater freedom for the Company to distribute both income and capital to Shareholders. The term of the Investment Management Agreement was extended for a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011). The Investment Management Agreement was also changed to permit the 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

17. Share premium account (continued)

The investing policy was amended to halt any new investments, other than investments relating to the investee companies and to remove the investment restriction which prevents more than 15 per cent. of the Company's net assets being invested in any one investee company at the time of that investment. Subject to Guernsey company law and the Company's ongoing working capital requirements, the revised investing policy permits the Company to make distributions to Shareholders as and when the appropriate situations arise following the realisation of its investee companies.

It was agreed to return cash to Shareholders in an amount of £50.1 million by way of a reduction of the Company's Share Capital (the **Returned Capital**). The Returned Capital was distributed to Shareholders on 28 May 2010.

18. Net asset value per share

	No. of Shares	Company pence	Consolidated pence
30 September 2011			
Ordinary shares			
Basic and diluted	143,168,463	22.90	15.98
30 September 2010			
Ordinary shares			
Basic and diluted	143,168,463	26.41	19.50
31 March 2011			
Ordinary shares			
Basic and diluted	143,168,463	25.88	18.10

19. Non-controlling interests

	Consolidated		
	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Balance at the beginning of the period/year	2,499	3,668	3,668
Post acquisition capital loss	-	(101)	(101)
Prior period adjustment	-	134	134
Dividends	-	(46)	(137)
Shares issued to non-controlling interest	215	-	-
Acquisition/disposal of subsidiaries	(498)	-	-
Loss for the period/year	(470)	(1,551)	(1,065)
Balance at the end of the period/year	1,746	2,104	2,499

20. Related party transactions

- a. The Company has appointed Ingenious Ventures (a trading division of Ingenious Asset Management Limited) to provide investment management services. Patrick McKenna is a director of Ingenious Asset Management Limited which is a subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. William Simpson is also a non-executive director of Ingenious Asset Management International Limited (**IAMI**) and FP Holdings Limited which are Guernsey registered companies, within the Ingenious Group. Ogier, of which William Simpson is a partner, has provided legal advice in connection with these entities.

The Company has incurred a management fee of £179,000 of which £27,915 was still outstanding at the period end.

At the EGM on 12 May 2010, the terms of the Manager's investment management agreement with the Company were varied, reducing the Manager's fee to 1.25 per cent. of the Company's net asset value minus the cash held by the Company, payable monthly in arrears. If the Company were to be unable to pay fees owing to the Manager due to having insufficient cash, the Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of investee companies.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

20. Related party transactions (continued)

- b. Ingenious Ventures, a trading division of Ingenious Asset Management Limited, provides administrative support to the Company which is outside the scope of the Investment Management Agreement. The recharge is made at cost and has been approved by the Board at a value of £85,500 for the current financial period. Ingenious Ventures invoices for this quarterly in arrears. Ingenious Asset Management Limited is a subsidiary within the Ingenious Group which is controlled by Patrick McKenna.
- c. Serena Tremlett is the Managing Director of Morgan Sharpe Administration Limited which receives fees for providing secretarial and administrative services to the Company. Morgan Sharpe has received £30,008 for the current financial period in fees for company secretarial and administration services.
- d. William Simpson is a partner of Ogier, which may receive fees for providing legal advice and other services from time to time to the Company. In the current financial period, fees of £750 have been incurred with Ogier for legal advice.
- e. The Company has delegated discretionary treasury management responsibilities to IAMI, a company of which William Simpson is a non-executive director, to manage the uninvested funds of the Company. As at 30 September 2011 IAMI held £6,856,000 (six months ended 30 September 2010: £6,436,000; 31 March 2011: £5,591,000) on behalf of the Company. IAMI is a subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. The fees for the services provided by IAMI to the Company are met by Ingenious Ventures.
- f. IAMI has further delegated its treasury management responsibilities to Ingenious Asset Management Limited which is a subsidiary within the Ingenious Group, which is controlled by Patrick McKenna.
- g. Entities within the Group appointed Ingenious Corporate Finance Limited (**ICF**), a company of which Patrick McKenna is a director, to provide corporate finance services. ICF is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna.
- h. Patrick McKenna is a director and a shareholder of both Ingenious Entertainment VCT 1 plc (**Entertainment VCT 1**) and Ingenious Entertainment VCT 2 plc (**Entertainment VCT 2**). The Ingenious Group holds shares in both Entertainment VCT 1 and Entertainment VCT 2. In August 2010, Entertainment VCT 1 and Entertainment VCT 2 invested £1,000,000 through a combination of equity and loan notes into CLS Concerts Limited (**CLS**) in return for a 33 per cent. share of the equity. Cream Holdings Limited also owns 33 per cent. of the equity of CLS. Patrick McKenna is a director of Cream Holdings Limited.
- i. In February 2011, Two Way Media Holdings Limited and Ingenious Games LLP entered into an agreement to co-develop new computer games. Patrick McKenna is a member of the Executive Committee of Ingenious Games LLP and was a non-controlling member of Ingenious Games LLP until he retired on 6 April 2011.
- j. Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc (**Live VCT 1**), Ingenious Live VCT 2 plc (**Live VCT 2**), Entertainment VCT 1 and Entertainment VCT 2. Live VCT 1, Live VCT 2, Entertainment VCT 1 and Entertainment VCT 2 have jointly agreed with Whizz Kid Entertainment Limited to form a new company, Dance Floor Limited, to co-produce *Let's Dance*. In January 2009, Live VCT 1, invested £500,000 for a total of 12.475% of the equity in Dance Floor Limited. Live VCT 2, Entertainment VCT 1 and Entertainment VCT 2 each invested £500,000 for 12.475% of the equity in Dance Floor Limited. Whizz Kid Entertainment Limited holds 49.9% of the equity in Dance Floor Limited. Whizz Kid Entertainment Limited is a subsidiary of IMAC of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC. Ingenious Ventures is also the Manager of IMAC.

Dance Floor Limited recouped £87,881 of its investment in March 2011. At 30 September 2011, a balance of £1,754,972 was held in a deposit account under charge from Dance Floor Limited. This is repayable on demand from Dance Floor Limited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

20. Related party transactions (continued)

During the period/year, the Group carried out a number of transactions with the above mentioned related parties in the normal course of business and on an arm's length basis as listed in the table below.

		Expenditure paid/(reclaimed)			Amounts due		
		Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000	Six months ended 30 Sep 2011 £ '000	Six months ended 30 Sep 2010 £ '000	Year ended 31 March 2011 £ '000
Ingenious Ventures							
- Investment management fee	a	184	(116)	256	28	93	33
- Administrative support	b	86	86	171	43	43	43
Morgan Sharpe Administration Limited							
- Company secretarial, administration, accounting & directorship	c	30	30	79	6	12	-
Ogier Fund Administration (Guernsey) Limited							
- Directorship	d	-	-	6	-	5	-
Ogier							
- Legal advice	d	1	13	13	-	-	-
Ingenious Corporate Finance Limited							
- Corporate finance	g	-	325	379	-	-	50

Transactions between related parties

The arrangements detailed at notes a to b below between related parties of the Company were agreed in the period from 2001 to 2004 prior to IMAC acquiring its 90 per cent. shareholding in IVLP in 2008. IVLP holds the Company's interest in Cream Holdings Limited and Stage Three Music Limited which was disposed in July 2010. At the time that this arrangement was entered into the entities were not related to the Company. There has been no variation of the terms of the arrangements since they were originally entered into. Following the sale of the assets of Stage Three Music Limited to BMG Rights Management GmbH, Stage Three Music Limited will remain owned by IVLP until its liquidation is completed. This means the board of Stage Three Music Limited will remain in place, but under the control of the liquidator.

- a. Patrick McKenna is a director of Cream Holdings Limited and receives a salary of £10,000 per annum and a consultancy fee of £110,000 per annum.
- b. Ingenious Media Consulting Limited, a subsidiary within the Ingenious Group, which is controlled by Patrick McKenna, receives a fee of £120,000 per annum for the provision of finance director and financial controller support to Cream Holdings Limited.

21. Events after the balance sheet date

- a. On 28 October 2011, the Company sold its holding in Two Way Media Holdings Limited to its management team. At the date of signing this report, the financial impact of the sale is still to be determined.
- b. The directors of Live VCT 1 and Live VCT 2 have agreed to sell their interest in CFDT Limited, an associated company of C.I. (Events) Limited, to C.I. (Events) Limited, a wholly-owned subsidiary of Cream Holdings Limited. The total consideration has been agreed at £2.78 million, together with a future contingent payment. As disclosed in note 20, Live VCT 1 and Live VCT 2 are related parties of IMAC.

SHAREHOLDER INFORMATION

1. Share price

All of the issued shares have been admitted to trading on AIM. Share price information can be obtained from many financial websites including www.londonstockexchange.com

2. Share trading

Shares can be bought and sold in the same way as any other AIM admitted company via a stockbroker. The primary market maker for the shares is Canaccord Genuity Limited.

Selling your shares may have tax consequences. You should contact your financial adviser if you are in any doubt as to such potential consequences.

3. Change of Shareholder address

Communications with Shareholders are sent to the registered address held on the register of members. In the event of a change of address or any other relevant amendments, please notify the Company's registrar, Capita Registrars, under the signature of the registered holder of the shares in question.

4. Investor relations

The Company and the Manager are committed to maintaining excellent investor relations. If you have any questions about the Company's progress please contact:

Patrick McKenna/Patrick Bradley

Ingenious

020 7319 4000

INGENIOUS MEDIA ACTIVE CAPITAL

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Administrator”	Morgan Sharpe Administration Limited during the period;
“Admission”	The admission of the Ordinary Shares, issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	The AIM market of the London Stock Exchange;
“AIM Rules”	The rules for AIM companies and their nominated advisers issued by The London Stock Exchange in relation to AIM traded securities;
“Arena”	Arena International Limited and Arena Sports Marketing Limited;
“Articles”	The articles of incorporation of the Company, as amended from time to time;
“Board”	The Board of Directors of the Company or the Directors present at a duly convened meeting of the directors at which a quorum is present including a duly constituted committee;
“Brand Events”	Brand Events Holdings Limited;
“brandRapport”	brandRapport Group Limited;
“Channel 4 International”	Channel 4 International Limited;
“CLS”	CLS Concerts Limited;
“Companies Law”	The Companies (Guernsey) Law, 2008;
“Company” or “IMAC”	Ingenious Media Active Capital Limited, a closed ended investment company incorporated as a company with limited liability in Guernsey (registered number 44358);
“Cream”	Cream Holdings Limited;
“Current Investing Policy”	The Company’s current investing policy as set out in the Admission Document;
“Director”	Any person who is a director of the Company from time to time;
“DRG”	Digital Rights Group Limited;
“Entertainment VCT 1”	Ingenious Entertainment VCT 1 plc;
“Entertainment VCT 2”	Ingenious Entertainment VCT 2 plc;
“Group”	Ingenious Media Active Capital Limited and its subsidiaries;
“IAS”	International Accounting Standard;
“iD Distribution”	iD Distribution Limited;
“Ingenious” or “Ingenious Group”	Ingenious Media Limited and its parent company and subsidiaries from time to time;

DEFINITIONS (CONTINUED)

“Ingenious Asset Management” or “IAM”	Ingenious Asset Management Limited;
“Ingenious Asset Management International”, or “IAMi”	Ingenious Asset Management International Limited;
“Ingenious Corporate Finance” or “ICF”	Ingenious Corporate Finance Limited;
“Ingenious Media”	Ingenious Media Limited;
“Ingenious Ventures” or “Manager”	Ingenious Ventures Limited up until 29 February 2008, when the Investment Management Agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited;
“International Financial Reporting Standards” or “IFRSs”	International Financial Reporting Standards;
“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;
“IVLP”	Ingenious Ventures L.P.;
“Laws”	Means every Act, Order in Council, Ordinance or Statutory Instrument for the time being in force concerning companies registered in Guernsey and affecting the Company (including, for the avoidance of doubt, the Companies Law) in each case as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder;
“Live VCT 1”	Ingenious Live VCT 1 plc;
“Live VCT 2”	Ingenious Live VCT 2 plc;
“London Stock Exchange / LSE”	London Stock Exchange plc;
“Net Asset Value” or “NAV”	The total assets of the Company less its total liabilities (including accrued but unpaid fees) valued in accordance with IFRS and International Private Equity and Venture Capital valuation guidelines;
“Ordinary Share(s)”	No par value shares in the capital of the Company designated as ordinary share(s);
“Outside Line”	Outside Line Limited;
“Precious Media”	Precious Media Limited;
“Review Centre”	Review Centre Limited;
“Shareholder” or “Ordinary Shareholder”	A holder of an Ordinary Share and “Shareholders” or “Ordinary Shareholder” shall be construed accordingly;

