

**155(6)b**

Page 1

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**Please complete  
legibly, preferably  
in black type, or  
bold block  
lettering**

The assistance is to be given to (note 2) Nolava Holdings Limited ("Nolava")  
a company incorporated in England and Wales with company number 06433072

See Part A of the attached schedule

† delete as appropriate

See Part B of the attached schedule

The value of any asset to be transferred to the person assisted is £ nil

The date on which the assistance is to be given is within 8 weeks of the date hereof

**Please complete  
gibly, preferably  
black type, or  
bold block lettering**

~~X~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts (note 3)

delete either (a) or (b) as appropriate

[illegible]

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at Lacon House, Theobald's  
Rd, London

Declarants to sign below

Day Month Year

on 0 2 0 4 2 0 0 8

before me

**A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths**

## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given, if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form
- 5 The address for companies registered in England and Wales or Wales is -

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

or, for companies registered in Scotland -

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**AVALON TELEVISION LIMITED**

(the **Company**)

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**SCHEDULE TO FORM 155(6)(B)**

**In relation to the Company and Liberty Bell Productions Limited ("Liberty")**

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All defined terms in this Schedule are (unless defined otherwise herein) as defined in the sale and purchase agreement to be entered into in relation to the Acquisition (as defined below)

**PART A**

In connection with the acquisition (**Acquisition**) by Nolava of 945,200 A ordinary shares of 1p each and 45,000 B ordinary shares of 1p shares of the Avalon Entertainment Limited, the assistance will take the form of

- (i) a CAS 2000 master agreement made between the Company, Nolava, Avalon Entertainment Limited, Avalon Management Group Limited, Avalon Promotions Limited, Funnyfriend Limited, Avalon Public Relations Limited, and Liberty (together the "**Group**") and Barclays Bank PLC (the "**Bank**") (the "**Master Agreement**"),
- (ii) a cross guarantee and debenture made between the Group and the Bank ("**Guarantee and Debenture**"),
- (i) an overdraft facility letter made between the Group and the Bank (the "**Overdraft**"), and
- (v) an intra-group loan agreement made between Nolava as borrower and the Company, Avalon Entertainment Limited, Avalon Management Group Limited, Funnyfriend Limited, Avalon Promotions Limited, Liberty and Avalon Public Relations Limited as lenders (the "**Intra Group Loan Agreement**"), and
- (vi) the payment of the fees of professional advisors, including but not limited to solicitors' fees, auditors' fees, financial advisors' fees and banking charges

**PART B**

The principal terms on which the assistance will be given are

**1 Master Agreement**

Under the terms of the Master Agreement, in consideration of

- (a) the Bank making the Facility available to one or more Participants, and
- (b) the Bank agreeing that, for the purpose of calculating interest, the Bank will for the time being deduct from the aggregate Indebtedness to the Bank on the Accounts of Participants the amount of any credit balances on the Accounts of the same or any other Participants,



each Participant (which includes Liberty) irrevocably authorises the Bank in its sole discretion to pay and apply all or part of any money standing (at any time on or before termination of the Netting Arrangement) to the credit of any Participant on any Account in or towards discharge of all or such part of any Indebtedness (at the time of such application) of the same and/or any other Participant to the Bank on the Accounts as the Bank may select, without any need to call for payment

## 2 Guarantee and Debenture

- 2 1 Under the terms of the Guarantee and Debenture, Liberty covenants and guarantees, jointly and severally, as principal and not merely as surety that it will on demand in writing pay or discharge all Indebtedness now or in the future due, owing or incurred (before or after that demand) by each other party to the Guarantee and Debenture (other than the Bank) to the Bank in any manner (except as a guarantor under the Guarantee and Debenture) including all interest, commission, fees, charges, costs and expenses which the Bank may charge in the course of business or incur in respect of the Liberty's affairs
- 2 2 Under the terms of the Guarantee and Debenture, Liberty charges to the Bank with full title guarantee with the payment or discharge of all Indebtedness
- 2 2 1 by way of legal mortgage, all freehold and leasehold Land in England and Wales now vested in Liberty and not registered at H M Land Registry,
- 2 2 2 by way of fixed charge
- a) all freehold and leasehold Land in England and Wales now vested in Liberty and registered at H M Land Registry,
  - b) all other Land which is now, or in the future becomes the property of Liberty,
  - c) all plant and machinery now or in the future attached to any Land,
  - d) all rental and other income and all debts and claims which are due or owing to Liberty now or in the future under or in connection with any lease, agreement or licence relating to Land,
  - e) all Liberty's Securities,
  - f) all insurance and assurance contracts and policies now or in the future held by or otherwise benefiting Liberty
    - which relate to Assets themselves subject to a fixed charge in favour of the Bank, or
    - which are now or in the future deposited by Liberty with the Bank,together with all Liberty's rights and interests in these contracts and policies (including the benefit of all claims arising and all money payable under them),
  - g) all goodwill and uncalled share capital for the time being of Liberty,
  - h) all Intellectual Property of Liberty, present and future, including any Intellectual Property to which Liberty are not absolutely entitled or to which Liberty is entitled together with others,



the benefit of all agreements and licences now or in the future entered into or enjoyed by Liberty relating to the use or exploitation of any Intellectual Property in any part of the world,

all trade secrets, confidential information and knowhow owned or enjoyed by Avalon Television now or in the future in any part of the world,

i) all trade debts now or in the future owing to Liberty,

all other debts now or in the future owing to Liberty save for those arising on fluctuating accounts with associates (as defined in section 53(3) of the Companies Act 1989),

j) the benefit of all instruments, guarantees, charges, pledges and other rights now or in the future available to Liberty as security in respect of any Asset itself subject to a fixed charge in favour of the Bank,

2.2.3 by way of floating charge

a) all Assets of Liberty which are not effectively charged by the fixed charges detailed above, and

b) without exception all Assets of Liberty insofar as they are situated for the time being in Scotland, but in each case so that Liberty shall not without prior written consent of the Bank

- create any mortgage or any fixed or floating charge or other security over any of the Floating Charge Assets (whether having priority over, or ranking *pari passu* with or subject to, the floating charge created pursuant to the Guarantee and Debenture),
- take any other step referred to in clause 5.1 of the Guarantee and Debenture with respect to any of the Floating Charge Assets,
- sell, transfer, part with or dispose of any of the Floating Charge Assets except by way of sale in the ordinary course of business

### 3 CAS Guarantee

3.2 Under the terms of the CAS Guarantee, in consideration of the Bank giving or continuing to give credit and/or banking facilities to one or more Participants, each Participant (which includes Liberty) guarantees, severally and jointly with each other Participant, the payment to the Bank by each and every other Participant of all Indebtedness now or in the future due or owing to the Bank by such other Participants (including all those which become Participants by accession under clause 4 of the CAS Guarantee), whether before or after the occurrence of any Automatic Enforcement Event. In the CAS Guarantee, the term "**Guarantor**" describes each Participant in its character as a guarantor of the other Participants under the CAS Guarantee and the term "**Principal**" describes each Participant insofar as it is or may become liable to the Bank for any Indebtedness otherwise than as a Guarantor of the other Participants under the CAS Guarantee

3.2 The obligation of a Guarantor to make payment to the Bank under the CAS Guarantee will be immediately enforceable by the Bank

(a) (without demand) if any Automatic Enforcement Event occurs in relation to any Principal or such Guarantor or the Bank, or

(b) if the Bank makes written demand upon such Guarantor requiring payment of all or part of the Indebtedness of any Principal to the Bank

3.3 If an Automatic Enforcement Event occurs, the Bank may nevertheless at its discretion disregard such event and continue to rely on the CAS Guarantee (to the fullest extent permitted by law) as though such event had never occurred



#### 4 Overdraft

Under the terms of the Overdraft, Liberty (together with the Group) assumes joint liability to repay the overdraft facility

#### 5 Intra-Group Loan Agreement

Under the terms of the Intra-Group Loan Agreement, Liberty together with each of Avalon Entertainment Limited, Avalon Television Limited, Funnyfriend Limited, Avalon Management Group Limited, Avalon Promotions Limited and Avalon Public Relations Limited) agrees to provide a loan facility to Nolava in a principal amount of £4,000,000 together with all sums necessary to enable Nolava to meet its obligations in respect of the Acquisition, including all sums necessary to pay capital and interest under the Credit Agreement and all fees, costs, taxes and expenses incurred in relation to the Acquisition and the Credit Agreement

##### Definitions

**"Account"** means an account of a Participant in its sole name with the Bank denominated in the currency specified in clause 1 of the Master Agreement and permitted by the Bank to be included in the composite accounting system contemplated in the Master Agreement,

**"Assets"** means, all undertaking, property, assets, rights and revenues, whatever and wherever in the world, present and future, and includes each or any of them,

**"Automatic Enforcement Event"** means the occurrence of any one of the following -

- (a) the appointment of an administrator, liquidator or provisional liquidator,
- (b) the making of a winding-up order,
- (c) the passing of a resolution for a voluntary winding-up (except for the purpose of amalgamation or reconstruction while solvent on terms previously approved by the Bank)
- (d) the appointment of a receiver over any assets,
- (e) the approval of a proposal for a voluntary arrangement under Part I of the Insolvency Act 1986,
- (f) a moratorium becoming applicable, or
- (g) the taking of any proceeding or step or the making of any court order in any applicable jurisdiction outside England and Wales which has a substantially similar effect to any of the foregoing,

**"Credit Agreement"** means a credit facility for an amount up to £4,000,000 made between Nolava and the Bank,

**"Facility"** means the overdraft facility for the time being made available by the Bank to one or more of the Participants on the basis of the Master Agreement,

**"Floating Charge Assets"** means those Assets that are for the time being comprised in the floating charge created by clause 3.1.3 of the Guarantee and Debenture but only insofar as concerns the floating charge,

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**"Facility"** means the overdraft facility for the time being made available by the Bank to one or more of the Participants on the basis of the Master Agreement,

**"Group Company"** means the company named in Schedule 4 of the Master Agreement and any company which is now or in the future a subsidiary undertaking of it (within the meaning of Section 258 of the Companies Act 1985),

**"Indebtedness"** includes any obligation for the payment or repayment of money in any currency, whether present or future, actual or contingent, joint or several, whether incurred as principal or surety or in any other way whatever, and including principal, interest, commission, fees and other charges (and in the case of the Guarantee and Debenture – "Indebtedness" includes any liability (secured or unsecured) of Liberty to a third party which subsequently becomes payable to the Bank by assignment or otherwise),

**"Intellectual Property"** means all patents (including supplementary protection certificates), utility models, registered and unregistered trade marks (including service marks), rights in passing off, copyright, database rights, registered and unregistered rights in designs (including in relation to semiconductor products) and in each case, any extensions and renewals of, and any applications for, these rights,

**"Land"** includes freehold and leasehold, and any other estate in, land and (outside England and Wales) immovable property and in each case all buildings and structures upon and all things affixed to Land (including trade and tenant's fixtures),


**"Netting Arrangement"** means the arrangement for netting debit and credit balances on the Accounts for the purposes of calculating interest as referred to in clause 2 1(b) of the Master Agreement,

**"Participant"** means each of the parties to the Master Agreement (other than the Bank) and any one or more of them, either collectively or individually, and (unless the context otherwise requires) includes any Group Company which accedes as a party to the Master Agreement in accordance with clause 7 of the Master Agreement (with effect from the time of such accession),

**"Securities"** means, all stocks, shares, debentures, debenture stock, loan stock, bonds and securities issued by any company or person (other than that one of the Participants) and all other investments as listed in Part II of Schedule 2 to the Financial Services and Markets Act 2000

- which now or in the future represent a holding in a subsidiary undertaking (as defined in section 258 of the Companies Act 1985) or an undertaking which would be a subsidiary undertaking if in sub-section (2)(a) of that section "30 per cent or more" were substituted for "a majority", or
- the certificates for which are now or in the future deposited by Liberty with the Bank or which, if uncertificated, are held in an escrow or other account in favour of the Bank or held in our name or that of the Bank's nominee or to the Bank's order,

including in each case all rights and benefits arising and all money payable in respect of any of them, whether by way of conversion, redemption, bonus, option, dividend, interest or otherwise





## Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

**155(6)b**

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XWe s Grainne Perkins of 62 Wood Vale London SE23 3ED together with Jonathan Murray Thoday of 23 Lancaster Road, London W11 1QL Richard Allen-Turner of 19 Pangbourne Avenue, London W10 6DJ James Gregory of 63 Levertton Street London NW5 2NX who will be making a declaration on the date hereof which together with this declaration is the statutory declaration required by section 155(6)a of the Companies Act

This company is [the] ☒ holding company of\* LIBERTY BELL PRODUCTIONS LIMITED  
\_\_\_\_\_ which is  
proposing to give financial assistance in connection with the acquisition of shares  
in ~~XXXXXXXXXX~~ Avalon Entertainment Limited  
\_\_\_\_\_ the holding company of this company ] †

DX77 London / Chancery  
ref 54827032

2. en

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

† (note 1)

**Please complete  
legibly, preferably  
in black type, or  
bold block  
lettering**

1p each and 45,000 B ordinary shares of 1p each

The assistance is to be given to (note 2) Nolava Holdings Limited ("Nolava")

a company incorporated in England and Wales with company number 06433072

See Part A of the attached schedule

Nolava

† delete as appropriate

See Part B of the attached schedule

by giving it is nil

The amount of cash to be transferred to the person assisted is £ up to £4,000,000

The value of any asset to be transferred to the person assisted is £ nil

The date on which the assistance is to be given is within 8 weeks of the date hereof

**Please complete  
gibly, preferably  
black type, or  
bold block lettering**

~~X~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts (note 3)

delete either (a) or (b) as appropriate

(a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)

[illegible]

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at 20 CLIFF ROAD, NEWQUAY, CORNWALL Declarants to sign below

on 

Day	Month	Year
02	04	2008

before me

~~A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths~~

## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given, if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form
- 5 The address for companies registered in England and Wales or Wales is -

**The Registrar of Companies**  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

or, for companies registered in Scotland -

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

Dep

Company number 02856604

**AVALON TELEVISION LIMITED**

(the Company)

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**SCHEDULE TO FORM 155(6)(B)**

**In relation to the Company and Liberty Bell Productions Limited ("Liberty")**

---

All defined terms in this Schedule are (unless defined otherwise herein) as defined in the sale and purchase agreement to be entered into in relation to the Acquisition (as defined below)

**PART A**

In connection with the acquisition (**Acquisition**) by Nolava of 945,200 A ordinary shares of 1p each and 45,000 B ordinary shares of 1p shares of the Avalon Entertainment Limited, the assistance will take the form of

- (i) a CAS 2000 master agreement made between the Company, Nolava, Avalon Entertainment Limited, Avalon Management Group Limited, Avalon Promotions Limited, Funnyfriend Limited, Avalon Public Relations Limited, and Liberty (together the "**Group**") and Barclays Bank PLC (the "**Bank**") (the "**Master Agreement**"),
- (ii) a cross guarantee and debenture made between the Group and the Bank ("**Guarantee and Debenture**"),
- (i) an overdraft facility letter made between the Group and the Bank (the "**Overdraft**"), and
- (v) an intra-group loan agreement made between Nolava as borrower and the Company, Avalon Entertainment Limited, Avalon Management Group Limited, Funnyfriend Limited, Avalon Promotions Limited, Liberty and Avalon Public Relations Limited as lenders (the "**Intra Group Loan Agreement**"), and
- (vi) the payment of the fees of professional advisors, including but not limited to solicitors' fees, auditors' fees, financial advisors' fees and banking charges

**PART B**

The principal terms on which the assistance will be given are

**1. Master Agreement**

Under the terms of the Master Agreement, in consideration of

- (a) the Bank making the Facility available to one or more Participants, and
- (b) the Bank agreeing that, for the purpose of calculating interest, the Bank will for the time being deduct from the aggregate indebtedness to the Bank on the Accounts of Participants the amount of any credit balances on the Accounts of the same or any other Participants,

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each Participant (which includes Liberty) irrevocably authorises the Bank in its sole discretion to pay and apply all or part of any money standing (at any time on or before termination of the Netting Arrangement) to the credit of any Participant on any Account in or towards discharge of all or such part of any Indebtedness (at the time of such application) of the same and/or any other Participant to the Bank on the Accounts as the Bank may select, without any need to call for payment

## 2 Guarantee and Debenture

- 2.1 Under the terms of the Guarantee and Debenture, Liberty covenants and guarantees, jointly and severally, as principal and not merely as surety that it will on demand in writing pay or discharge all indebtedness now or in the future due, owing or incurred (before or after that demand) by each other party to the Guarantee and Debenture (other than the Bank) to the Bank in any manner (except as a guarantor under the Guarantee and Debenture) including all interest, commission, fees, charges, costs and expenses which the Bank may charge in the course of business or incur in respect of the Liberty's affairs
- 2.2 Under the terms of the Guarantee and Debenture, Liberty charges to the Bank with full title guarantee with the payment or discharge of all Indebtedness
- 2.2.1 by way of legal mortgage, all freehold and leasehold Land in England and Wales now vested in Liberty and not registered at H M Land Registry,
- 2.2.2 by way of fixed charge
- a) all freehold and leasehold Land in England and Wales now vested in Liberty and registered at H M Land Registry,
  - b) all other Land which is now, or in the future becomes the property of Liberty,
  - c) all plant and machinery now or in the future attached to any Land,
  - d) all rental and other income and all debts and claims which are due or owing to Liberty now or in the future under or in connection with any lease, agreement or licence relating to Land;
  - e) all Liberty's Securities,
  - f) all insurance and assurance contracts and policies now or in the future held by or otherwise benefiting Liberty
    - which relate to Assets themselves subject to a fixed charge in favour of the Bank, or
    - which are now or in the future deposited by Liberty with the Bank,
- together with all Liberty's rights and interests in these contracts and policies (including the benefit of all claims arising and all money payable under them),
- g) all goodwill and uncalled share capital for the time being of Liberty,
  - h) all Intellectual Property of Liberty, present and future, including any Intellectual Property to which Liberty are not absolutely entitled or to which Liberty is entitled together with others,



the benefit of all agreements and licences now or in the future entered into or enjoyed by Liberty relating to the use or exploitation of any Intellectual Property in any part of the world,

all trade secrets, confidential information and knowhow owned or enjoyed by Avalon Television now or in the future in any part of the world,

i) all trade debts now or in the future owing to Liberty,

all other debts now or in the future owing to Liberty save for those arising on fluctuating accounts with associates (as defined in section 53(3) of the Companies Act 1989),

j) the benefit of all instruments, guarantees, charges, pledges and other rights now or in the future available to Liberty as security in respect of any Asset itself subject to a fixed charge in favour of the Bank,

2.2.3 by way of floating charge

a) all Assets of Liberty which are not effectively charged by the fixed charges detailed above, and

b) without exception all Assets of Liberty insofar as they are situated for the time being in Scotland, but in each case so that Liberty shall not without prior written consent of the Bank

- create any mortgage or any fixed or floating charge or other security over any of the Floating Charge Assets (whether having priority over, or ranking *pari passu* with or subject to, the floating charge created pursuant to the Guarantee and Debenture),
- take any other step referred to in clause 5.1 of the Guarantee and Debenture with respect to any of the Floating Charge Assets,
- sell, transfer, part with or dispose of any of the Floating Charge Assets except by way of sale in the ordinary course of business

### 3 CAS Guarantee

3.2 Under the terms of the CAS Guarantee, in consideration of the Bank giving or continuing to give credit and/or banking facilities to one or more Participants, each Participant (which includes Liberty) guarantees, severally and jointly with each other Participant, the payment to the Bank by each and every other Participant of all Indebtedness now or in the future due or owing to the Bank by such other Participants (including all those which become Participants by accession under clause 4 of the CAS Guarantee), whether before or after the occurrence of any Automatic Enforcement Event. In the CAS Guarantee, the term "Guarantor" describes each Participant in its character as a guarantor of the other Participants under the CAS Guarantee and the term "Principal" describes each Participant insofar as it is or may become liable to the Bank for any Indebtedness otherwise than as a Guarantor of the other Participants under the CAS Guarantee.

3.2 The obligation of a Guarantor to make payment to the Bank under the CAS Guarantee will be immediately enforceable by the Bank

- (a) (without demand) if any Automatic Enforcement Event occurs in relation to any Principal or such Guarantor or the Bank, or
- (b) if the Bank makes written demand upon such Guarantor requiring payment of all or part of the Indebtedness of any Principal to the Bank

3.3 If an Automatic Enforcement Event occurs, the Bank may nevertheless at its discretion disregard such event and continue to rely on the CAS Guarantee (to the fullest extent permitted by law) as though such event had never occurred

#### 4. Overdraft

Under the terms of the Overdraft, Liberty (together with the Group) assumes joint liability to repay the overdraft facility

#### 5. Intra-Group Loan Agreement

Under the terms of the Intra-Group Loan Agreement, Liberty together with each of Avalon Entertainment Limited, Avalon Television Limited, Funnyfriend Limited, Avalon Management Group Limited, Avalon Promotions Limited and Avalon Public Relations Limited) agrees to provide a loan facility to Nolava in a principal amount of £4,000,000 together with all sums necessary to enable Nolava to meet its obligations in respect of the Acquisition, including all sums necessary to pay capital and interest under the Credit Agreement and all fees, costs, taxes and expenses incurred in relation to the Acquisition and the Credit Agreement

#### Definitions

**"Account"** means an account of a Participant in its sole name with the Bank denominated in the currency specified in clause 1 of the Master Agreement and permitted by the Bank to be included in the composite accounting system contemplated in the Master Agreement,

**"Assets"** means, all undertaking, property, assets, rights and revenues, whatever and wherever in the world, present and future, and includes each or any of them,

**"Automatic Enforcement Event"** means the occurrence of any one of the following -

- (a) the appointment of an administrator, liquidator or provisional liquidator,
- (b) the making of a winding-up order,
- (c) the passing of a resolution for a voluntary winding-up (except for the purpose of amalgamation or reconstruction while solvent on terms previously approved by the Bank)
- (d) the appointment of a receiver over any assets,
- (e) the approval of a proposal for a voluntary arrangement under Part I of the Insolvency Act 1986,
- (f) a moratorium becoming applicable, or
- (g) the taking of any proceeding or step or the making of any court order in any applicable jurisdiction outside England and Wales which has a substantially similar effect to any of the foregoing,

**"Credit Agreement"** means a credit facility for an amount up to £4,000,000 made between Nolava and the Bank,

**"Facility"** means the overdraft facility for the time being made available by the Bank to one or more of the Participants on the basis of the Master Agreement,

**"Floating Charge Assets"** means those Assets that are for the time being comprised in the floating charge created by clause 3.1.3 of the Guarantee and Debenture but only insofar as concerns the floating charge,

Handwritten signature and initials, possibly 'AS' and 'GP', in the bottom right corner.

**"Facility"** means the overdraft facility for the time being made available by the Bank to one or more of the Participants on the basis of the Master Agreement,

**"Group Company"** means the company named in Schedule 4 of the Master Agreement and any company which is now or in the future a subsidiary undertaking of it (within the meaning of Section 258 of the Companies Act 1985),

**"Indebtedness"** includes any obligation for the payment or repayment of money in any currency, whether present or future, actual or contingent, joint or several, whether incurred as principal or surety or in any other way whatever, and including principal, interest, commission, fees and other charges (and in the case of the Guarantee and Debenture – "Indebtedness" includes any liability (secured or unsecured) of Liberty to a third party which subsequently becomes payable to the Bank by assignment or otherwise),

**"Intellectual Property"** means all patents (including supplementary protection certificates), utility models, registered and unregistered trade marks (including service marks), rights in passing off, copyright, database rights, registered and unregistered rights in designs (including in relation to semiconductor products) and in each case, any extensions and renewals of, and any applications for, these rights,

**"Land"** includes freehold and leasehold, and any other estate in, land and (outside England and Wales) immovable property and in each case all buildings and structures upon and all things affixed to Land (including trade and tenant's fixtures),

**"Netting Arrangement"** means the arrangement for netting debit and credit balances on the Accounts for the purposes of calculating interest as referred to in clause 2.1(b) of the Master Agreement,

**"Participant"** means each of the parties to the Master Agreement (other than the Bank) and any one or more of them, either collectively or individually, and (unless the context otherwise requires) includes any Group Company which accedes as a party to the Master Agreement in accordance with clause 7 of the Master Agreement (with effect from the time of such accession),

**"Securities"** means, all stocks, shares, debentures, debenture stock, loan stock, bonds and securities issued by any company or person (other than that one of the Participants) and all other investments as listed in Part II of Schedule 2 to the Financial Services and Markets Act 2000

- which now or in the future represent a holding in a subsidiary undertaking (as defined in section 258 of the Companies Act 1985) or an undertaking which would be a subsidiary undertaking if in sub-section (2)(a) of that section "30 per cent or more" were substituted for "a majority", or
- the certificates for which are now or in the future deposited by Liberty with the Bank or which, if uncertificated, are held in an escrow or other account in favour of the Bank or held in our name or that of the Bank's nominee or to the Bank's order,

including in each case all rights and benefits arising and all money payable in respect of any of them, whether by way of conversion, redemption, bonus, option, dividend, interest or otherwise

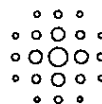


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Avalon Television Limited  
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**MacIntyre Hudson**  
THE FUTURE IS WHAT YOU MAKE IT®

02 April 2008  
Our Ref JEC/PJC/A861

Dear Sirs

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF AVALON TELEVISION LIMITED ON BEHALF OF LIBERTY BELL PRODUCTIONS LIMITED PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached Statutory Declaration of the Directors of Avalon Television Limited dated 02 April 2008 in connection with the proposal that Liberty Bell Productions Limited ("The Company") should give financial assistance for the purchase of the entire ordinary share capital of Avalon Entertainment Limited

**Basis of opinion**

We have enquired into the state of the Company's affairs in order to review the bases for the Statutory Declaration

**Opinion**

We are not aware of anything to indicate that the opinion expressed by the Directors in their Declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances

Yours faithfully

**MacIntyre Hudson LLP**



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