

CHFP025

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

T	-	T	-	T	-
L	-	L	-	L	-

3203247

Note
Please read the notes
on page 3 before
completing this form.

Name of company

* CHRYSALIS TV & FILM (OVERSEAS) LIMITED (the "Company")

* insert full name
of company

X/Weg SEE ANNEXURE 1

• insert name(s) and address(es) of all the directors

† delete as appropriate

~~XXXXXXXXXXXX~~ [all the directors of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever
is inappropriate

[illegible][illegible]

i\tsUKa\ndexbusinessXIXIXeXUXIedXIXadonSX

(c) something other than the above\$

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~(XXXXXX XXXX XXXX XXXX)~~

LimitedIt

The assistance is for the purpose of [that acquisition] [XXXXXXXXXXXXXXXXXXXXXX]

XXXXXXXXXXXXX

The number and class of the shares acquired or to be acquired is: SEE ANNEXURE 2

Presentor's name address and reference (if any) :

Travers Smith Braithwaite
10 Snow Hill
London
EC1A 2AL

79 London/City
AZM/#1974130

For official Use
General Section

Post room



A06
COMPANIES HOUSE

0677
06/09/08

The assistance is to be given to: (note 2) _____

DE FACTO 1064 LIMITED REGISTERED IN ENGLAND AND WALES WITH COMPANY REGISTERED
NUMBER 4782820, SEVENTH FLOOR, 90 HIGH HOLBORN, LONDON WC1V 6XX

Please do not
write in this
margin

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

The assistance will take the form of:

SEE ANNEXURE 3

The person who ~~XXXXXXXXXX~~ will acquire† the shares is:

† delete as
appropriate

DE FACTO 1064 LIMITED, details of which are listed above.

The principal terms on which the assistance will be given are:

SEE ANNEXURE 4

The amount of cash to be transferred to the person assisted is £ NIL

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 SEE ANNEXURE 5

CHRYSLIS TV & FILM (OVERSEAS) LIMITED

(Registered No.3203247)

ANNEXURE 1 TO FORM 155(6)a

JULES BURNS

10 Grayton Road, Hampstead, London, NW3 1TX

STEVE MORRISON

16 East Heath Road, Hampstead, London, NW3 1AL

being all the directors of the Company.

CHRYSLIS TV & FILM (OVERSEAS) LIMITED

(Registered No.3203247)

ANNEXURE 2 TO FORM 155(6)a

£2 comprising 2 ordinary shares in the Company.

CHRYSLIS TV & FILM (OVERSEAS) LIMITED

(Registered No. 3203247)

ANNEXURE 3 TO FORM 155(6)a

The assistance will take the form of the execution, delivery and performance by the Company of the following documents:

1. a composite guarantee and debenture (the "**Lender Debenture**") to be entered into by *inter alia* the Company in favour of The Royal Bank of Scotland plc (the "**Lender**");
2. an intercreditor deed (the "**Intercreditor Deed**") to be entered into by *inter alia* the Lender, the Investors (as listed in the Schedule thereto), Chrysalis Group plc (the "**Vendor**") and De Facto 1064 Limited (the "**Principal Borrower**");
3. an intra-group loan agreement (the "**Intra-Group Loan Agreement**") to be entered into by *inter alia* (1) the Principal Borrower and (2) the Company;
4. a working capital facility letter (the "**Working Capital Facility Letter**") to be entered into between the companies named therein as WCF Borrowers and the Lender; and
5. a composite guarantee and debenture (the "**Vendor Debenture**") to be entered into by *inter alia* the Company in favour of the Vendor.

Definitions

The following definitions shall apply to Annexures 3 and 4 of this Form 155(6)(a):-

"Acquisition" means the acquisition by the Principal Borrower and the Dutch Borrower of the Targets in accordance with the terms of the Acquisition Documents;

"Acquisition Agreement" means the acquisition agreement, in the agreed terms, entered into between (1) the Vendor and (2) the Principal Borrower as the buyer, providing for the Acquisition;

"Acquisition Documents" means the Acquisition Agreement together with all other documents executed or delivered, or to be executed or delivered, in accordance with the terms thereof, or in connection therewith (including, without limitation, the "Disclosure Letters" referred to therein);

"Borrowers" means the Term Borrowers, the Production Borrowers and the WCF Borrowers;

"Completion Date" means the date of completion of the Acquisition;

"Dutch Borrower" means a Group Company incorporated in the Netherlands which has executed and delivered to the Lender a deed of accession in the form of Schedule 14 to the Facilities Agreement, and pursuant to which the Lender has received all of the documents and other evidence listed in Part 2 of Schedule 1 to the Facilities Agreement in form and substance satisfactory to the Lender;

"Dutch Security" means:-

- (i) the pledge of shares by the Principal Borrower of its shares in the Dutch Borrower; and
- (ii) the pledge of shares by the Dutch Borrower of its shares in Chrysalis idtV Media Group BV;

"Encumbrance" means any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement or any other security agreement or arrangement having the effect of security;

"Existing Sale and Leasebacks" means the sale and leasebacks entered into prior to the date of the Facilities Agreement as listed in Schedule 13 to the Acquisition Agreement;

"Facilities Agreement" means the facilities agreement dated 31st July 2003 and made between *inter alia* (1) De Facto 1064 Limited, (2) Newincco 267 Limited, (3) the companies named in Schedule 6 thereto as Original Production Borrowers, (4) the companies named in Schedule 7 thereto as WCF Borrowers and (5) the Lender which will be acceded to by the Dutch Borrower on, pursuant to which the Lender has agreed to make certain facilities available to the Borrowers;

"Fee Letter" means the letter dated on or about the date of the Facilities Agreement between the Lender and the Borrower setting out the fees referred to in clause 14 of the Facilities Agreement;

"Finance Documents" means the Facilities Agreement, any documentation pursuant to which the Working Capital Facility is made available, any document pursuant to which the Production Facility is made available, the Fee Letter, the Security Documents (as such term is defined in the Facilities Agreement, and which includes the Debenture), the Hedging Arrangements, the Intercreditor Deed and any document designated as such by the Lender and the Borrower;

"Group" means Newincco 267 Limited and its Subsidiaries (as that term is defined in the Facilities Agreement) and Permitted Joint Ventures at such time (each a Group Company);

"Hedging Arrangements" means the interest rate management arrangements in respect of a maximum of 66% of the Loans for a period of not less than three years from the Completion Date to be put in place with the Lender (providing the Lender provides a rate competitive with rates offered by other respectable counterparties in the market) pursuant to the Facilities Agreement;

"Insurance Assignment" means the assignment by way of security, in the general terms, to be entered into by the Borrower in favour of the Lender in respect of the Keyman Policies;

"Keyman Policies" means the life assurance and critical illness policies in favour of Newincco 267 Limited effected with an insurance company approved by the Lender (such approval not to be unreasonably withheld or delayed) in respect of the following:-

Life Assured	Sum Assured	Duration of Cover
Jules Burns	£500,000	3 years
David Liddiment	£250,000	3 years
Steve Morrison	£500,000	3 years

or any substituted policy (or policies) or any new policy (or policies) which are the subject of the security constituted by the Insurance Assignment;

"New Zealand Security" means :-

- (i) the specific security agreement of the Principal Borrower in relation to its shares in Sandalwood Holdings Limited;
- (ii) the general security agreement of Sandalwood Holdings Limited; and
- (iii) the guarantee from Sandalwood Holdings Limited;

"Permitted Encumbrance" means:

- (i) a lien or right of set-off arising or in the ordinary course of business solely by operation of law;
- (ii) an Encumbrance which the Lender has at any time in writing agreed shall be a Permitted Encumbrance;
- (iii) Encumbrances arising under the Finance Documents; and
- (iv) any Encumbrances arising solely as a result of a title retention clause in a supply agreement entered into by any Group Company, or arising under conditional sale or hiring agreements in respect of goods supplied to the Group in the ordinary course of business;
- (v) Encumbrances in favour of ANZ Banking Group (New Zealand) Limited created by any Group Company prior to the date of this Agreement;
- (vi) Encumbrances created prior to the date of the Facilities Agreement over the Sale and Leaseback Accounts; and
- (vii) Encumbrances arising under the Vendor Debenture;

"Permitted Joint Ventures" means joint ventures established in the ordinary course of business PROVIDED THAT (i) the Lender obtains security over the shares held by the relevant Group Company in the joint venture and (ii) no Group Company provides any finance to, makes any investment in or answers any financial obligation on behalf of the relevant joint venture (in excess of £100,000);

"Production Borrowers" means the Original Production Borrowers (as listed in Schedule 6 to the Facilities Agreement) and any other Group Company which has from time to time been approved in writing by the Lender and which has executed and delivered to the Lender a deed of accession in the form of schedule 14 to the Facilities Agreement (each a **"Production Borrower"**);

"Production Facility" means the production facility from time to time made available by the Lender to certain Group Companies;

"Sale and Leaseback Accounts" means the accounts set up for the purposes of the Existing Sale and Leasebacks;

"Security Documents" means the Debenture, the Dutch Security, the New Zealand Security, the Insurance Assignment and any documents which are from time to time entered into by any Group Company in favour of the Lender as security for any and all monies and liabilities due, owing or incurred by any Group Company to the Lender;

"Targets" means companies acquired pursuant to the Acquisition Agreement;

"Term Borrower" means the Principal Borrower and the Dutch Borrower;

"WCF Borrowers" means the Original WCF Borrowers (as listed in Schedule 7 to the Facilities Agreement) and any other Group Company which has from time to time been approved in writing by the Lender and which has executed and delivered to the Lender a deed of accession in the form of schedule 14 to the Facilities Agreement (each a **"WCF Borrower"**);

"Working Capital Facility" means the working capital facility from time to time made available by the Lender to certain Group Companies.

CHRYSLIS TV & FILM (OVERSEAS) LIMITED

(Registered No. 3203247)

ANNEXURE 4 TO FORM 155(6)(a)

1. Lender Debenture

Pursuant to the terms of the Lender Debenture the Company:-

- 1.1 undertakes to indemnify the Lender as an additional and independent obligation against all losses, damages, costs and expenses incurred by the Lender arising from any failure by any of the other Charging Companies to pay any sums comprised in the Secured Obligations as and when they become due and payable;
- 1.2 as a continuing security for the payment of the Secured Obligations, with full title guarantee, charges, and agrees to charge, in favour of the Lender the following assets which are at any time owned by the Company, or in which the Company is from time to time interested:
 - 1.2.1 by way of first legal mortgage all the freehold and leasehold property (if any) vested in or charged to the Company including, without limitation, the property specified in schedule 2 (if any) to the Lender Debenture, together with all buildings and fixtures (including trade fixtures) at any time thereon;
 - 1.2.2 by way of first fixed charge all other interests (not being charged by paragraph 1.2.1 above) in any freehold or leasehold property vested in or charged to the Company, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - 1.2.3 by way of first fixed charge all plant, machinery, computers, vehicles, office and other equipment and the benefit of all contracts, licences and warranties relating to the same;
 - 1.2.4 by way of first fixed charge all Investments, together with all Related Rights from time to time accruing thereto;
 - 1.2.5 by way of first fixed charge all rights and interests of the Company in, and claims under, the Insurances and all proceeds thereof held by, or written in favour of, the Company or in which the Company is otherwise interested;
 - 1.2.6 by way of first fixed charge all its right, title, interest and benefit in and to the Collections Accounts, all monies standing to the credit of the Collections Accounts, all interest accrued on monies standing to the credit

of the Collections Accounts and all rights of the Company to repayment of any of the foregoing;

- 1.2.7 by way of first fixed charge all monies standing to the credit of the Company from time to time on any and all accounts with any bank, financial institution, or other person;
- 1.2.8 to the extent that they are capable of being charged, by way of first fixed charge all Intellectual property including but not limited to the Intellectual Property listed at schedule 8 to the Lender Debenture;
- 1.2.9 by way of first fixed charge the benefit of all licences, consents, agreements and authorisations held or utilised by the Company in connection with its business or the use of any of its assets;
- 1.2.10 to the extent not effectively assigned under paragraph 1.3 (*Assignment*), by way of first fixed charge all Receivables;
- 1.2.11 by way of first fixed charge all the goodwill and uncalled capital of the Company; and
- 1.2.12 by way of first fixed charge all the Charged Shares together with all the Related Rights from time to time accruing thereto;
- 1.3 as a continuing security for the payment of the Secured Obligations, with full title guarantee, assigns and agrees to assign absolutely in favour of the Lender all the rights, title, interest and benefit of the Company in and to the Receivables.
- 1.4 as further continuing security for the payment of the Secured Obligations, charges with full title guarantee in favour of the Lender by way of first floating charge all its assets and undertaking whatsoever and wheresoever situated both present and future not effectively charged by way of first fixed mortgage or charge pursuant to the provisions of paragraph 1.2, including, without prejudice to the generality of the foregoing, heritable property and all other property and assets in Scotland;
- 1.5.1 until the relevant consent shall have been obtained, there shall be excluded from the charges created by paragraph 1.2 (and the further assurance provisions set out in clause 8 to the Lender Debenture) any leasehold property held by the Company under a lease and any other property where the freehold is not owned where the terms of such lease or other arrangement either preclude absolutely the Company from creating any charge over its leasehold or other interest in such property, or require the consent of any third party prior to the creation of such charge and such consent shall not have been previously obtained (each an "**Excluded Property**");
- 1.5.2 with regard to each Excluded Property, the Company undertakes within 21 days of the date hereof to make application for the consent of the third party from whom consent is required and, in respect of each lease which provides that the relevant third party will not unreasonably withhold its consent (each such Excluded Property in respect of which a relevant third party may not unreasonably withhold its consent to the creation of security, hereinafter referred to as a "**Relevant Property**") to use

all its reasonable endeavours to obtain such consent as soon as possible and to keep the Lender informed of the progress of its negotiations with such third parties; and

- 1.5.3 forthwith upon receipt of any such third party consent, the relevant Excluded Property shall thereupon be charged to the Lender pursuant to the terms of paragraph 1.2 (or, as the case may be, clause 8 to the Lender Debenture). If required by the Lender in respect of any Excluded Property, at any time following receipt of such consent or, in respect of any Relevant Property, the earlier of the date of such receipt or the date falling 60 days after the date hereof, the Company will execute a legal mortgage in favour of, and in such form as is required by, the Lender, subject only to the same containing terms and conditions which are no more onerous than those contained herein;
- 1.6.1 until the relevant consent shall have been obtained, there shall be excluded from the charges created by paragraph 1.2 (and the further assurance provisions set out in clause 8 to the Lender Debenture) any Intellectual Property in which the Company has an interest pursuant to any licence or other agreement, the terms of which either preclude the Company from creating any security over its interest in such Intellectual Property, or require the consent of any third party prior to the creation of such charge and such consent shall not have been previously obtained (each an **"Excluded Intellectual Property Right"**);
- 1.6.2 with regard to each Excluded Intellectual Property Right, the Company undertakes within 21 days of the date hereof to make application for the consent of the third party from whom consent is required (where the identity of the relevant third party is known to the Company) to the creation of the charges contained in paragraph 1.2 (and the further assurance provisions set out in clause 8 to the Facilities Agreement) and, in respect of any licence or agreement which provides that the relevant third party will not unreasonably withhold its consent (each such Excluded Intellectual Property Right in respect of which a relevant third party may not unreasonably withhold its consent to the creation of security, hereinafter referred to as a **"Relevant Intellectual Property Right"**), to use its reasonable endeavours to obtain such consent as soon as possible and to keep the Lender informed of the progress of its negotiations with such third parties; and
- 1.6.3 forthwith upon receipt of any such third party consent, the relevant Excluded Intellectual Property Right shall thereupon be charged to the Lender pursuant to the terms of paragraph 1.2 (or, as the case may be, clause 8 of the Lender Debenture). If required by the Lender in respect of any Excluded Intellectual Property Right, at any time following receipt of such consent or, in respect of any Relevant Intellectual Property Right, the earlier of the date of such receipt or the date falling 60 days after the date hereof, the Company will execute security in favour of, and in such form as is required by, the Lender, subject only to the same containing terms and conditions no more onerous than those contained herein;
- 1.7 save as permitted by the terms of the Facilities Agreement, the Company severally covenants with the Lender that, during the continuance of the security created by the Lender Debenture, it shall not without the prior written consent of the Lender:

- 1.7.1 create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon any of the Charged Assets; and
 - 1.7.2 sell, transfer, lease, lend or otherwise dispose of, whether by a single transaction or a number of transactions and whether related or not, the whole or any part of the Charged Assets save for a disposal permitted under clause 23.1.2 of the Facilities Agreement;
- 1.8 agrees it will, whenever requested by the Lender and at its own expense, promptly execute such deeds or documents and take any action required by the Lender to perfect and protect the security created (or intended to be created) by the Lender Debenture or to facilitate the realisation thereof or otherwise to enforce the same or exercise any of the rights of the Lender hereunder. In particular, but without limitation, the Company will:
 - 1.8.1 execute a valid legal mortgage in such form as the Lender shall reasonably require of any freehold or leasehold property now or in the future belonging to the Company which is not hereby effectively charged by way of legal mortgage;
 - 1.8.2 execute a legal assignment in such form as the Lender may reasonably require over all or any of the Receivables and give notice of such assignment to the relevant Debtors;
 - 1.8.3 execute a valid fixed charge in such form as the Lender may reasonably require over any asset the subject of the floating charge under the Lender Debenture; and
 - 1.8.4 otherwise execute all transfers, assignments, conveyances and assurances whatsoever and give all notices, orders, instructions and directions whatsoever which the Lender may think expedient;

Definitions:-

The following definitions apply to this paragraph 1 to annexure 4:-

"Charged Assets" means all property and assets from time to time charged by or pursuant to the Lender Debenture;

"Charged Shares" means all shares specified in schedule 4 to the Lender Debenture, together with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and Investments owned by the Company;

"Charging Companies" means the Initial Charging Companies and any company which accedes to the terms of the Lender Debenture pursuant to the terms of a duly executed Deed of Accession (each a **"Charging Company"**);

"Collections Accounts" means such specially designated account(s) with the Lender or such

other account(s) with such other bank as the Lender may from time to time direct into which Receivables are paid (together with all additions to or renewals or replacements thereof (in whatever currency));

"Debtor" means any person who is liable (whether as principal debtor or as surety and whether actually or contingently) to discharge or pay a Receivable;

"Deed of Accession" means a deed of accession to the Lender Debenture in the form set out in Schedule 7 to the Lender Debenture;

"Initial Charging Companies" means the Group Companies listed in schedule 4 to the Facilities Agreement (each an **"Initial Charging Company"**);

"Insurances" means the policies of insurance in which the Company has an interest from time to time;

"Intellectual Property" means all legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the World) of the Group Companies (or any of them), in or relating to registered and unregistered trade marks and service marks, patents, registered designs, utility models, applications for any of the foregoing, trade names, copyrights, design rights, unregistered designs, inventions, confidential information, know-how, registerable business names and any other rights of every kind;

"Investments" means shares, certificates of deposit, debentures and other investments as defined in part II of schedule II of the Financial Services and Markets Act 2000;

"Receivables" means:

- (i) all present and future book and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts recoverable or receivable by the Company from other persons or due or owing to the Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever);
- (ii) the benefit of all rights and remedies relating to any of the foregoing including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to interest, negotiable instruments, guarantees, indemnities, Encumbrances, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights; and
- (iii) all proceeds of any of the foregoing;

"Related Rights" means, in relation to any Investments or Charged Shares, all dividends, distributions and other income paid or payable on the relevant Investment or Charged Shares (as the case may be), together with (a) all shares or other property derived from the relevant Investment or Charged Shares (as the case may be) and (b) all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to the relevant Investment or Charged Shares (whether by way of conversion, redemption, bonus, preference, option or otherwise);

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Group Company to the Lender whether actually or contingently and

whether solely or jointly with any other person and whether as principal or surety and in whatever currency denominated including all liabilities from time to time assumed or incurred by the Lender at the request of any Group Company in connection with foreign exchange transactions, acceptances, discounting or otherwise or under guarantees, bonds, indemnities, documentary or other credits or any instruments whatsoever and including interest, discount, commission and other lawful charges or reasonable expenses which the Lender may in the course of its business charge in respect of any facilities or accommodation or service provided by the Lender or for keeping any Group Company's account, **provided** that no obligation or liability shall be included in the definition of "**Secured Obligations**" to the extent that, if it were so included, the Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985.

2. Intercreditor Deed

Under the Intercreditor Deed the Company agrees: -

- 2.1. to observe the provisions of the Intercreditor Deed at all times and not in any way to prejudice or affect the enforcement of such provisions, or the subordination contemplated by the Intercreditor Deed, or to do or suffer anything to be done which would be a breach of the terms of the Intercreditor Deed; and
- 2.2. that all its obligations and liabilities to, *inter alia*, the Investors would be subordinated to the Lender (the "**Senior Creditor**") until such date that all obligations to the Senior Creditor under the Finance Documents have been discharged.

3. Intra-Group Loan Agreement

The Company will, with certain other Group Companies (as lenders), enter into the Intra-Group Loan Agreement with the Principal Borrower (as borrower) in which such subsidiaries as lenders (including the Company) together agree to make available to the Principal Borrower a loan facility of up to £35,500,000 for the period of the intra-group loan agreement to 31st August 2009.

4. Working Capital Facility Letter

Pursuant to the terms of the Working Capital Facility Letter, the Company agrees:-

- 4.1 to indemnify and keep indemnified the Lender on demand against all losses, actions, claims, damages, costs, charges, expenses and liabilities which the Lender may incur or sustain or for which the Lender may become liable by reason either directly or indirectly of the Lender having undertaken such obligation in relation to and in consideration of any indemnities, bonds, guarantees or letters of credit issued under the Working Capital Facility other than where the Lender has been negligent or in wilful default; and
- 4.2 if that contractual currency amount is less than the contractual currency amount expressed to be due to the Lender under this letter the relevant WCF Borrower shall indemnify the Lender against any shortfall and/or loss sustained by it as a result. In any event, the relevant WCF Borrower shall indemnify the Lender against the cost of making any such purchase.

Definition:-

The following definition shall apply to this paragraph 4 to Annexure 4:-

"Contractual Currency" means any amount received or recovered in a currency other than the currency in which it is required to be paid under the Working Capital Facility Letter (whether as a result of, or on the enforcement of, a judgment or order of account of any jurisdiction in the winding-up of the WCF Borrower or otherwise).

5. Vendor Debenture

Pursuant to the terms of the Vendor Debenture, the Company agrees:-

- 5.1 undertakes to indemnify the Vendor as an additional and independent obligation against all losses, damages, costs and expenses incurred by the Vendor arising from any failure by any of the other Charging Companies to pay any sums comprised in the Vendor Secured Obligations as and when they become due and payable;
- 5.2 subject at all times to the security created by each Charging Company under the Lender Debenture, but subject only to that security, as a continuing security for the payment of the Vendor Secured Obligations, with full title guarantee, charges, and agrees to charge, in favour of the Vendor the following assets which are at any time owned by the Company, or in which the Company is from time to time interested:
 - 5.2.1 by way of first legal mortgage all the freehold and leasehold property (if any) vested in or charged to the Company including, without limitation, the property specified in Schedule 2 (if any) to the Vendor Debenture, together with all buildings and fixtures (including trade fixtures) at any time thereon;
 - 5.2.2 by way of first fixed charge all other interests (not being charged by paragraph 5.2.1 above) in any freehold or leasehold property vested in or charged to the Company, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - 5.2.3 by way of first fixed charge all plant, machinery, computers, vehicles, office and other equipment and the benefit of all contracts, licences and warranties relating to the same;
 - 5.2.4 by way of first fixed charge all Investments, together with all Related Rights from time to time accruing thereto;
 - 5.2.5 by way of first fixed charge all rights and interests of the Company in, and claims under, the Insurances and all proceeds thereof held by, or written in favour of, the Company or in which the Company is otherwise interested;
 - 5.2.6 by way of first fixed charge all its right, title, interest and benefit in and to the Collections Accounts, all monies standing to the credit of the Collections Accounts, all interest accrued on monies standing to the credit of the Collections Accounts and all rights of the Company to repayment of any of the foregoing;
 - 5.2.7 by way of first fixed charge all monies standing to the credit of the Company from time to time on any and all accounts with any bank, financial institution, or other person;
 - 5.2.8 to the extent that they are capable of being charged, by way of first fixed

charge all Intellectual property including but not limited to the Intellectual Property listed at schedule 8 to the Vendor Debenture;

- 5.2.9 by way of first fixed charge the benefit of all licences, consents, agreements and authorisations held or utilised by the Company in connection with its business or the use of any of its assets;
 - 5.2.10 to the extent not effectively assigned under paragraph 5.3 (*Assignment*), by way of first fixed charge all Receivables;
 - 5.2.11 by way of first fixed charge all the goodwill and uncalled capital of the Company; and
 - 5.2.12 by way of first fixed charge all the Charged Shares together with all the Related Rights from time to time accruing thereto;
- 5.3 subject at all times to the security created by each Charging Company under the Lender Debenture, as a continuing security for the payment of the Vendor Secured Obligations, with full title guarantee, assigns and agrees to assign absolutely in favour of the Vendor all the rights, title, interest and benefit of the Company in and to the Receivables.
- 5.4 subject at all times to the security created by each Charging Company under the Lender Debenture, as further continuing security for the payment of the Vendor Secured Obligations, charges with full title guarantee in favour of the Vendor by way of first floating charge all its assets and undertaking whatsoever and wheresoever situated both present and future not effectively charged by way of first fixed mortgage or charge pursuant to the provisions of paragraph 5.2, including, without prejudice to the generality of the foregoing, heritable property and all other property and assets in Scotland;
- 5.5.1 until the relevant consent shall have been obtained, there shall be excluded from the charges created by paragraph 5.2 (and the further assurance provisions set out in clause 8 to the Vendor Debenture) any leasehold property held by the Company under a lease and any other property where the freehold is not owned where the terms of such lease or other arrangement either preclude absolutely the Company from creating any charge over its leasehold or other interest in such property, or require the consent of any third party prior to the creation of such charge and such consent shall not have been previously obtained (each an "**Excluded Property**");
- 5.5.2 with regard to each Excluded Property, the Company undertakes within 21 days of the date hereof to make application for the consent of the third party from whom consent is required and, in respect of each lease which provides that the relevant third party will not unreasonably withhold its consent (each such Excluded Property in respect of which a relevant third party may not unreasonably withhold its consent to the creation of security, hereinafter referred to as a "**Relevant Property**") to use all its reasonable endeavours to obtain such consent as soon as possible and to keep the Vendor informed of the progress of its negotiations with such third parties; and
- 5.5.3 forthwith upon receipt of any such third party consent, the relevant Excluded

Property shall thereupon be charged to the Vendor pursuant to the terms of paragraph 5.2 (or, as the case may be, clause 8 to the Vendor Debenture) **provided however** that such charge shall rank behind the charge created by the Lender Debenture and shall not become subject to the charge created by the Vendor Debenture if it has already become subject to the charge created by the Lender Debenture;

5.6.1 until the relevant consent shall have been obtained, there shall be excluded from the charges created by paragraph 5.2 (and the further assurance provisions set out in clause 8 to the Vendor Debenture) any Intellectual Property in which the Company has an interest pursuant to any licence or other agreement, the terms of which either preclude the Company from creating any security over its interest in such Intellectual Property, or require the consent of any third party prior to the creation of such charge and such consent shall not have been previously obtained (each an **"Excluded Intellectual Property Right"**);

5.6.2 with regard to each Excluded Intellectual Property Right, the Company undertakes within 21 days of the date hereof to make application for the consent of the third party from whom consent is required (where the identity of the relevant third party is known to the Company) to the creation of the charges contained in paragraph 5.2 (and the further assurance provisions set out in clause 8 to the Facilities Agreement) and, in respect of any licence or agreement which provides that the relevant third party will not unreasonably withhold its consent (each such Excluded Intellectual Property Right in respect of which a relevant third party may not unreasonably withhold its consent to the creation of security, hereinafter referred to as a **"Relevant Intellectual Property Right"**), to use its reasonable endeavours to obtain such consent as soon as possible and to keep the Vendor informed of the progress of its negotiations with such third parties; and

5.6.3 forthwith upon receipt of any such third party consent, the relevant Excluded Intellectual Property Right shall thereupon be charged to the Vendor pursuant to the terms of paragraph 5.2 (or, as the case may be, clause 8 of the Vendor Debenture) **provided however** that such charge shall rank behind the charge created by the Lender Debenture and shall not become subject to the charge created by the Vendor Debenture if it has already become subject to the charge created by the Lender Debenture;

5.7 save as permitted by the terms of the Facilities Agreement, the Company severally covenants with the Vendor that, during the continuance of the security created by the Vendor Debenture, it shall not without the prior written consent of the Vendor:

5.7.1 create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon any of the Charged Assets; and

5.7.2 sell, transfer, lease, lend or otherwise dispose of, whether by a single transaction or a number of transactions and whether related or not, the whole or any part of the Charged Assets save for a disposal permitted under clause 23.1.2 of the Facilities Agreement;

5.8 agrees it will, whenever requested by the Vendor and at its own expense, promptly execute such deeds or documents and take any action required by the Vendor to perfect and protect the security created (or intended to be created) by the Vendor Debenture or to facilitate the realisation thereof or otherwise to enforce the same or exercise any of the rights of the Vendor hereunder. In particular, but without limitation, the Company will in each case subject to any equivalent but prior ranking rights in favour of the Lender under the Lender Debenture:

5.8.1 execute a valid legal mortgage in such form as the Vendor shall reasonably require of any freehold or leasehold property now or in the future belonging to the Company which is not hereby effectively charged by way of legal mortgage;

5.8.2 execute a legal assignment in such form as the Vendor may reasonably require over all or any of the Receivables and give notice of such assignment to the relevant Debtors;

5.8.3 execute a valid fixed charge in such form as the Vendor may reasonably require over any asset the subject of the floating charge under the Vendor Debenture; and

5.8.4 otherwise execute all transfers, assignments, conveyances and assurances whatsoever and give all notices, orders, instructions and directions whatsoever which the Vendor may think expedient;

Definitions:-

The following definitions apply to this paragraph 5 to annexure 4:-

"Charged Assets" means all property and assets from time to time charged by or pursuant to the Vendor Debenture;

"Charged Shares" means all shares specified in schedule 4 to the Vendor Debenture, together with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and Investments owned by the Company;

"Charging Companies" means the Initial Charging Companies and any company which accedes to the terms of the Vendor Debenture pursuant to the terms of a duly executed Deed of Accession (each a **"Charging Company"**);

"Collections Accounts" means such specially designated account(s) with the Vendor or such other account(s) with such other bank as the Vendor may from time to time direct into which Receivables are paid (together with all additions to or renewals or replacements thereof (in whatever currency));

"Debtor" means any person who is liable (whether as principal debtor or as surety and whether actually or contingently) to discharge or pay a Receivable;

"Deed of Accession" means a deed of accession to the Vendor Debenture in the form set out

in Schedule 7 to the Vendor Debenture;

"Initial Charging Companies" means the Group Companies listed in schedule 1 to the Vendor Debenture (each an **"Initial Charging Company"**);

"Insurances" means the policies of insurance in which the Company has an interest from time to time;

"Intellectual Property" means all legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the World) of the Group Companies (or any of them), in or relating to registered and unregistered trade marks and service marks, patents, registered designs, utility models, applications for any of the foregoing, trade names, copyrights, design rights, unregistered designs, inventions, confidential information, know-how, registerable business names and any other rights of every kind;

"Investments" means shares, certificates of deposit, debentures and other investments as defined in part II of schedule II of the Financial Services and Markets Act 2000;

"Receivables" means:

- (i) all present and future book and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts recoverable or receivable by the Company from other persons or due or owing to the Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever);
- (ii) the benefit of all rights and remedies relating to any of the foregoing including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to interest, negotiable instruments, guarantees, indemnities, Encumbrances, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights; and
- (iii) all proceeds of any of the foregoing;

"Related Rights" means, in relation to any Investments or Charged Shares, all dividends, distributions and other income paid or payable on the relevant Investment or Charged Shares (as the case may be), together with (a) all shares or other property derived from the relevant Investment or Charged Shares (as the case may be) and (b) all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to the relevant Investment or Charged Shares (whether by way of conversion, redemption, bonus, preference, option or otherwise);

"Vendor Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Charging Company to the Vendor under clauses 3.4 and 4.4 of the Acquisition Agreement, whether actually or contingently and whether solely or jointly with any other person and whether as principal or surety and in whatever currency denominated **provided** that no obligation or liability shall be included in the definition of **"Vendor Secured Obligations"** to the extent that, if it were so included, the Vendor Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985.

CHRYSLIS TV & FILM (OVERSEAS) LIMITED

(Registered No. 3203247)

ANNEXURE 5 TO FORM 155(6)a

The date hereof or within 8 weeks of the date hereof.

**Auditors' report to the directors of Chrysalis TV and Film (Overseas)
Limited pursuant to section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Chrysalis TV and Film (Overseas) Limited ("the Company") dated **26** August 2003, prepared in accordance with applicable United Kingdom Law, in connection with the proposal that the Company should give financial assistance for the purchase of the whole of the issued share capital of the Company.

This report is made solely to the directors in accordance with Section 156(4) of the Companies Act 1985. Our audit work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' 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 directors, for our audit work, for this report, or for the opinions we have formed.

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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
26 August 2003