

DATED

5 April

2006

43502195

ARTS ALLIANCE MEDIA (BVI) LIMITED

and

LOVEFILM INTERNATIONAL LIMITED



SALE AND PURCHASE AGREEMENT
relating to part of the share capital of
BOXMAN SVERIGE AB

Certified as a true and exact copy of the original:

A handwritten signature in black ink, appearing to read "O. Shapleski", is written over a dotted line.

Oliver Richard Shapleski
Solicitor of the High Court of New Zealand
London

Dated: 20/04/2006

THIS AGREEMENT is made

5th April

2006

BETWEEN

- (1) **ARTS ALLIANCE MEDIA (BVI) LIMITED**, a company incorporated in the British Virgin Islands whose registered office is at Akara Building, 24 de Castro Street, Road Town, Tortola, British Virgin Islands and whose principal office is at Suite 2, Borough House, Rue du Pre, St. Peter Port, Guernsey GY1 1EF (the "**Seller**"); and
- (2) **LOVEFILM INTERNATIONAL LIMITED**, a company registered in England whose registered office is at 60 Sloane Avenue, London, SW3 3DD (the "**Buyer**").

WHEREAS

- A Boxman Sverige AB (the "**Company**") is a company incorporated in Sweden.
- B The Seller is the registered owner of 255 ordinary shares in the capital of the Company (the "**Shares**").
- C Subject to the terms and conditions of this Agreement, the Seller has agreed to sell and the Buyer has agreed to purchase the Shares.

IT IS AGREED as follows

1 INTERPRETATION

- 1.0 In this Agreement, unless the context otherwise requires:

"**Business Day**" means any day other than a Saturday or Sunday on which banks are generally open for business in London;

"**Completion**" means completion of the sale and purchase of the Shares upon the terms and the conditions of this Agreement;

"**Completion Date**" means 4 April 2006, or, if later, the first Business Day after the day on which the shareholders of the Buyer pass an ordinary resolution to increase the share capital of the Buyer and give the directors of the Buyer authority to allot the Consideration Shares, or such other date as may be agreed between the parties;

"**Consideration Shares**" means 26,755 new ordinary shares of £0.001 per share in the Buyer;

"**Parties**" means the parties to this Agreement.

- 2.0 (a) Reference to any statute or statutory provision includes a reference to that statute or statutory provision as amended, extended or re-enacted and to any regulation, order, instrument or subordinate legislation under the relevant statute or statutory provision;
- (b) reference to the singular includes a reference to the plural and vice versa;

- (c) reference to any recital, clause, sub-clause or schedule is to a recital, clause, sub-clause or schedule (as the case may be) of or to this Agreement;
- (d) references to persons in this Agreement include bodies corporate, unincorporated associations and partnerships and any reference to any party who is an individual is also deemed to include their respective legal personal representative(s);
- (e) any reference to this Agreement or any reference to or definition of any other agreement or document shall be construed as a reference to this Agreement or a reference to or definition of such other agreement or document as it may have been or may from time to time be amended, novated, supplemented or replaced by a document having a similar effect.

2 SALE OF THE SHARES

- 1.0 The Seller shall sell as beneficial owner, and the Buyer shall purchase, the Shares free from all security interests, options, equities, claims or other third party rights of any nature whatsoever, with full title guarantee.
- 2.0 Title to, beneficial ownership of, and any risk attaching to the Shares shall pass on Completion together with all associated rights and benefits attaching or accruing to them on or after Completion.

3 CONSIDERATION

The consideration for the sale of the Shares shall be the allotment and issue to the Seller of the Consideration Shares, credited as fully paid. The Consideration Shares shall rank *pari passu* with the existing ordinary shares of the Buyer.

4 COMPLETION

- 1.0 Completion shall take place on the Completion Date.
- 2.0 On Completion, the Seller shall deliver (or cause to be delivered) to the Buyer all such documents (including any necessary waivers or consents) as may be required to enable the Buyer to be registered as the holder of the Shares.
- 3.0 On Completion, the Buyer shall in satisfaction of his obligations under this Agreement, allot and issue to the Seller the Consideration Shares and as soon as reasonably practicable thereafter issue to the Seller the share certificate in respect of such shares.

5 POST COMPLETION UNDERTAKINGS

- 1.0 The Seller shall use its reasonable endeavours to procure the Buyer's registration as a member of the Company in respect of the Shares as soon as practicable after Completion.
- 2.0 The Buyer shall procure the registration of the Seller as a member of the Buyer in respect of the Consideration Shares as soon as practicable after Completion.

6 WARRANTIES

1.0 The Seller represents and warrants to the Buyer that:

6.1.1 the Seller is the sole legal and beneficial owner of the Shares free from all security interests, options, equities, claims or other third party rights (including rights of pre-emption) of any nature whatsoever; and

6.2.2 the Seller has the right, power and authority and has taken all action necessary to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement and each document to be executed at or before Completion and such exercise and performance does and will not result in a breach of any obligation by which the Seller is bound.

7 ENTIRE AGREEMENT

1.0 This Agreement and the documents referred to in it constitute the entire agreement and understanding between the parties in relation to its subject matter.

2.0 Each of the parties agrees that in entering into this Agreement, and the documents referred to in it, no party may rely on, and shall have no right or remedy in respect of, any agreement, representation, warranty, statement, assurance or undertaking of any nature whatsoever (other than those expressly set out in this Agreement and the documents referred to in it) made by or given by any person prior to the date of this Agreement. Nothing in this clause shall limit or exclude any liability for fraud.

8 VARIATION

1.0 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

2.0 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation, and the rights and obligations of the parties under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

9 COSTS

Except where this Agreement provides otherwise, each of the parties shall pay its own costs and expenses incurred in connection with the negotiation, preparation and implementation of this Agreement.

10 SEVERABILITY

If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement.

11 NOTICES

- 1.1 Any notice or other communication to be given by one party to the other party under or in connection with this Agreement shall be in writing and signed by or on behalf of the party giving it. It shall be served by delivering it by hand or sending it by prepaid recorded delivery, special delivery or registered post to the address and marked for the attention of the relevant party set out in clause 1.1 (or as otherwise notified from time to time in accordance with the provisions of this clause 11). Any notice so served by hand or post shall be deemed to have been duly given:

- (a) in the case of delivery by hand, when delivered;
- (b) in the case of prepaid recorded delivery, special delivery or registered post, at 10am on the second business day following the date of posting, provided that in each case where delivery by hand occurs after 6pm on a business day or on a day which is not a business day, service shall be deemed to occur at 9am on the next following business day. References to time and business days in this clause 11 are to local time and business days in the country of the addressee.

- 1.2 The addresses of the parties for the purpose of clause 1.0 are as set out on the first page of this Agreement.

12 WAIVERS

- 1.0 No failure or delay by either of the parties in exercising any right or remedy provided by law under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

- 2.0 The rights and remedies of the parties under or pursuant to this Agreement are cumulative, may be exercised as often as such party considers appropriate and are in addition to its rights and remedies under general law.

13 FURTHER ASSURANCE

The parties agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the other party may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transactions contemplated by it and for the purpose of vesting in the Buyer the Shares to be transferred to it pursuant to the provisions of this Agreement and vesting in the Seller the Consideration Shares.

14 NO RIGHTS UNDER CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

15 COUNTERPARTS

This Agreement may be executed in any number of counterparts and any party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all of the parties. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

16 GOVERNING LAW

- 1.0 This Agreement and the relationship between the parties shall be governed by, and interpreted in accordance with, English law.
- 2.0 The Parties irrevocably agree that the English courts are to have jurisdiction to settle any disputes and to entertain any suit, action or proceedings in each case arising out of or in connection with this Agreement (together, in this clause 16, "proceedings").
- 3.0 Nothing contained in this clause 16 shall limit the right of any Party to take proceedings against the other party in the courts of any country in which that party has assets or in any other courts of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

AS WITNESS this Agreement has been signed on behalf of the parties the day and year first before written.

SIGNED by)
)
)
for and on behalf of ARTS)
ALLIANCE MEDIA (BVI) LIMITED)

SIGNED by)
)
)
for and on behalf of LOVEFILM)
INTERNATIONAL LIMITED)



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SIGNED by

J M RALLET
for and on behalf of ARTS
ALLIANCE MEDIA (BVI) LIMITED

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SIGNED by

for and on behalf of LOVEFILM
INTERNATIONAL LIMITED