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COMPANIES FORM No. 395

Particulars of a mortgage or charge

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

Name of company

* Candu Entertainment Group Limited (the "Company")

Date of creation of the charge

10 June 2005

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenturedated 10 June 2005 between the Company and the Chargeholder (as defined below) (the "Debenture")

Amount secured by the mortgage or charge

All the Company's liabilities now or at any time or times thereafter due or owing or incurred to any one or more of the Beneficiaries of any kind and in any currency (whether of principal or interest including default interest and whether present or future actual or contingent and whether incurred alone or jointly with another) pursuant to the Investor Loan Note Instrument together with Expenses (the "Company's Obligations").

"Beneficiaries" means the Chargeholder, Close Securities Limited and the limited partnership and/or fund for whom the Chargeholder is general partner in relation to the Debenture.

"Expenses" means all expenses (on a full indemnity basis) incurred by any one or more of the Beneficiaries or any receiver at any time in connection with the Property or the Company's Obligations or in taking or perfecting the Debenture or in preserving defending or enforcing the security created by the Debenture or in exercising any power under the Debenture or otherwise with Interest from the date they are incurred.

"Interest" means interest at the default date charged in respect of the Obligations.

"Investor Loan Note Instrument" has the meaning ascribed to it in the investment agreement dated 10 June 2005 between (among others) the Company (1) the Original Managers (as defined therein) (2) and the Chargeholder (3).

"Property" means the whole and any part of the undertaking property and assets of the Company charged by Clause 1 of the Debenture.

Names and addresses of the mortgagees or persons entitled to the charge

Close Investment Partners Limited (company number 02268702), 10 Throgmorton Avenue, London (the "Chargeholder")

Postcode EC2N 2DL

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

Wragge & Co LLP
55 Colmore Row
Birmingham
B3 2AS

1900558/CAG/DBM1

Time critical reference

For official Use (02/00)
Mortgage Section

Post room



A03
COMPANIES HOUSE

0677
23/06/05

Short particulars of all the property mortgaged or charged

1. By way of legal mortgage all the freehold and leasehold property vested in or charged to the Company at the date of the Debenture including any registered land, including the properties (if any) specified in the Schedule to the Debenture. *No properties were so specified.*
2. By way of fixed charge all estates or interests in any freehold and leasehold property at the date of the Debenture and in the future vested in or charged to the Company except (i) the property charged by Clause 1.1 of the Debenture (as set out in paragraph 1 above) and (ii) until any requisite landlord consent to charge has been granted, any leasehold property requiring such landlord consent to charge. On obtaining such consent, that leasehold property shall then be charged under clause 1.2 of the Debenture (as set out in this paragraph 2).
3. By way of fixed charge all fixtures and fittings from time to time attached to any freehold and leasehold property of the Company.
4. By way of fixed charge all the plant and machinery vehicles and computer equipment of the Company present and future not regularly disposed of in the ordinary course of business and all associated warranties and maintenance contracts.
5. By way of fixed charge all furniture furnishings equipment tools and other chattels of the Company present and future not regularly disposed of in the ordinary course of business.

Please see continuation sheet 1.

Particulars as to commission allowance or discount (note 3)

Nil

Signed Wragg et al

Date 22/6/05

On behalf of [company] [mortgagee/chargee] †

Please do not write in this margin

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

A fee is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

† delete as appropriate

CHFP025

Particulars of a mortgage or charge (continued)

Please do not
write in this
binding margin

Continuation sheet No 1
to Form No 395 and 410 (Scot)

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

Company Number

05415747

Name of Company

Candu Entertainment Group Limited (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

6

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

Please do not
write in this
binding margin

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

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

6. By way of fixed charge all rents receivable from any lease granted out of any freehold and leasehold property of the Company.

7. By way of fixed charge all the goodwill and uncalled capital of the Company present and future.

8. By way of fixed charge all stocks shares and other securities held by the Company from time to time in any subsidiary and all income and rights derived from or attaching to the same.

9. By way of fixed charge all stocks shares and other securities held by the Company present and future (except those charged by Clause 1.8 of the Debenture (as set out in paragraph 8 above) and all income and rights derived from or attaching to the same.

10. By way of fixed charge all Intellectual Property Rights (as defined below) chooses in action licences and claims of the Company present and future and the insurance policies and proceeds of any insurance from time to time affecting the Property.

11. By way of fixed charge the benefit of any currency or interest rate swap cap or collar or other hedging agreement or any future transaction or treasury instrument made with the Chargeholder or any third party.

12. By way of fixed charge all book debts and other debts of the Company present and future and the proceeds of payment or realisation of each of them until the receipt of the proceeds from time to time into an account in accordance with Clause 4.2 of the Debenture.

13. By way of fixed charge all funds standing to the credit of the Company from time to time on any account with the Prior Chargeholder or any other bank or financial institution or organisation including all receipts from time to time paid into an account in accordance with Clause 4.2 of the Debenture Provided that the Prior Chargeholder consents without prejudice to the Debenture to the Company to making withdrawals from such account from time to time to the extent such withdrawal is permitted by the Prior Chargeholder.

14. By way of floating charge all the undertaking and all property assets and rights of the Company present and future not subject to a fixed charge under this deed.

Negative Pledge

1. The Company will not without the previous written consent of the Chargeholder:

1.1. Create or permit to arise any mortgage charge or lien on the Property;

1.2. Dispose of the Property charged by Clauses 1.1 to 1.13 of the Debenture inclusive (as set out in paragraphs 1 to 13 (inclusive) above);

1.3. Deal with the Company's book debts and other debts otherwise than by collecting them in the ordinary course of the Company's business and in particular the Company will not realise its book debts and other debts by means of block discounting factoring or the like;

1.4. Dispose of the Property charged by way of floating charge under Clause 1.14 of the Debenture (as set out in paragraph 14 above) other than in the ordinary course of business;

1.5. Grant or accept a surrender of any lease or licence of or part with or share possession or occupation of its freehold and leasehold property or any part of it.

Definitions

"Intellectual Property Rights" include (without limitation) all rights in patents inventions copyrights design rights trademarks servicemarks database rights confidential information know-how domain names and business names.

"Prior Chargeholder" means Barclays Bank Plc.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 05415747

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 10th JUNE 2005 AND CREATED BY CANDU ENTERTAINMENT GROUP LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO ANY ONE OR MORE OF THE BENEFICIARIES ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 23rd JUNE 2005.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 27th JUNE 2005.

Pangella



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —