3 St. Mary's Square
Bury St. Edmunds
IP33 2AJ

To the directors and officers of MediaKey plc.

(i) The Rt. Hon. Thomas Orlando Lyttelton, Viscount Chandos
(ii) David Sorrell Gordon Esq.
(iii) Luke Oliver Johnson Esq.
(iv) Thomas Turner Parkinson Esq.

cc: John Twizell, Geoffrey Martin & Co, Liquidators Just Group plc
Mick McLoughlin, KPMG, Joint Administrator MediaKey plc

November 29th 2006

Gentlemen,

Claim for Damages in excess of £10,000,000

Some of you will be aware that in January 2005 I was given Power of Attorney over the affairs of Think Entertainment plc, the successor in title to all the assets of Newscreen Media Group plc, formerly Just Group plc.

Since that time I have been attempting to realise the value of the assets for the benefit of creditors and shareholders of Think Entertainment.

All of you are no doubt aware that Just Group collapsed principally because of the deficiencies in the financial affairs of MediaKey plc for which you were all personally responsible when you sold it to Just Group, and the dreadful state of the Butt Ugly Martians IP rights which had been so badly and negligently created/managed by Wilf and Paula Shorrocks.

In May 2001 the board of Just Group received a report from their solicitors, Eversheds, that identified many discrepancies between the accounts and cash flow forecasts you represented to Just Group at the time of the takeover and what was actually discovered to be the case. Those discrepancies, in my judgment, constitute wilful fraud by you on Just Group plc. and its shareholders.

By way of example, Eversheds identify that Arthur Andersens report to the directors of Just Group was made after they had given you a draft and asked for your confirmation that you had made available all significant information, set out all significant assumptions and included no material unrecognised contingencies, to Andersen and therefore the shareholders of Just Group plc.

The report identifies that “there was a suspicion shared by the Institutions and a number of other parties that information may have been concealed by MediaKey” as being one of the reasons for Just Group's caution in dealing with you.

The report further identifies that you falsified creditor balances, found budgeting “difficult” and provided profit figures that were not supported by invoices or contracts and that the working capital forecast was more than £3 million pounds adrift in the first 6 months.

In essence you were grossly negligent and falsely represented the financial position of MediaKey in order to induce Just Group to buy it. For that you are personally liable as the acquisition would not have proceeded in any shape if the truth had been known.

Eversheds concluded that “Just is entitled to pursue recovery of all the costs, losses and expenses that it has incurred from the purchase of MediaKey which it would not otherwise have made”.

You will be aware of the wholly misguided and subsequent rescue of Just Group by Christopher Jones and others. Indeed Jones was positively gushing about the surefire recovery of £30 million in damages from Andersens (auditors and advisers to both Just and Mediakey) as a result of the fraud and falsity of the accounts you had prepared and for which you bear personal responsibility, but for some inexplicable reason neither Jones nor the other “rescue” directors of Just Group, sought to recover damages from those actually responsible for the false accounting, viz: yourselves.

Well that task has now fallen to me, and I therefore now assert against you, individually and jointly and severally, the rights to damages arising from that “chose in action” on behalf of the successors in title to the assets of Just Group plc. Please be aware that Just Group is in creditors voluntary liquidation, and this letter has been copied to that company's liquidator as shown above, as well as to the MediaKey joint Administrators at KPMG.

MediaKey plc has itself been placed in Compulsory Liquidation by the High Court with the Official Receiver as Liquidator. You will fully appreciate the powers of investigation available to him and the High Court.

The Civil Procedure Rules require all parties to a dispute to attempt to resolve matters without recourse to the courts if at all possible, and therefore I would propose a round table meeting to

explore possible resolution before formal proceedings are commenced.

Accordingly I would welcome any thoughts you may have, given that the quantum of the claim is clearly in excess of £10,000,000 (Ten Million Pounds), as to how best to resolve matters in as uncontentious a manner as possible. In particular I would be grateful for your advice as to the existence of any Directors and Officers Insurance that was in place, albeit claims are likely to be denied in the first instance given that your actions were clear fraud on your part.

I look forward to hearing from you at your earliest convenience.

Yours faithfully

Mark G. Hardy

3 St. Mary's Square
Bury St. Edmunds
IP33 2AJ

Christopher Andrew Jones Esq.
Old Orchard Cottage
The Green
Cookham Dean
Maidenhead, SL6 9NZ

November 21st, 2006

Dear Mr. Jones,

As you are aware, over the course of the last 21 months, I have discovered considerable irregularities in your conduct in the matter of the "rescue" of Just Group plc, and as part of the "Just Action Group".

In particular you:

1. Encouraged people to send money to a firm of accountants based on representations that their money would be held on the strict condition that it would be returned to them if the money was not invested in the "rescue" of Just Group; and then, aided and abetted by others, you plundered those monies to, inter alia, pay yourself substantial sums of money.
2. Falsely accounted for the monies raised.
3. Solicited investment in Just Group shares based upon a prospectus and other representations you knew, should have known and/or shall be deemed to have known, was materially false and/or misleading.

In one instance you even went so far as to prepare a board minute purporting to commit Just Group, of which you were a director, to repay £40,000 you demanded be (and was) paid to you even though you were under instructions from the administrators of Just Group that you could not commit that company to anything ahead of the proposed Creditors Voluntary arrangement, and those monies were held in trust.

You have, largely without success, tried to involve the police and various regulatory bodies in the investigation of your allegations that fraud had been committed in Just Group prior to it being placed in liquidation. I have to say

that I share some of your concerns about the pre-2002 fraud in Just Group, and I am as you know, taking steps to have those matters properly investigated by the liquidator of Just Group plc.

It is now my intention to commence proceedings against you under the Theft Act and at Common Law. I intend to Lay Informations before the City of London Magistrates Court and will ask the Magistrates to issue Summons against you in respect of the offences. As a courtesy, I will provide you with copies of those Informations when we meet at the High Court on December 18th in the KPMG application matter.

The issuance of a Summons is within the discretion of the Magistrates, and should you wish to do so I am sure they will afford you the right to appear and argue that the Summons should not be issued. I therefore advise you to take proper legal advice, and accordingly request that you please let me know whether you wish to avail yourself of that opportunity.

At the time of Laying the Informations, I undertake to advise the Magistrates of the contents of this letter and any response you might wish to make indicating you wish to contend the issuance of any Summons.

Acting out of an abundance of caution, this letter is copied to the major respondents to the High Court application.

Yours sincerely

Mark Gregory Hardy

cc: John Twizell, Liquidator, Just Group plc

Mick McLoughlin, KPMG, Joint Administrator Just Group plc

3 St. Mary's Square
Bury St. Edmunds
IP33 2AJ

Mick McLoughlin Esq.
Global Head of Restructuring
KPMG
8 Salisbury Square
London EC4Y 8BB

November 21st, 2006

Dear Mr. McLoughlin,

Just Group plc and its subsidiaries

I write to you as one of the joint administrators of Just Group plc and its subsidiaries, and in particular **EDI Realisations Ltd**.

You are aware that the High Court has listed your latest application for hearing on December 18th 2006 at 12.30pm.

Since I came onto the scene in January of 2005 as the holder of a Power of Attorney for Think Entertainment plc, the successor company under a s110 Insolvency Act scheme, I have had cause to investigate many things concerning the affairs of Just Group plc and its successors and assigns.

My investigations have revealed some very worrying matters concerning the role of not only the directors and officers of Just Group plc, but also your own and your firm's pivotal role in matters post the Administration Order.

In the EDI matter, you are well aware that I and the creditors of Think Entertainment plc were induced into letting that company "trade on" in reliance on your and your solicitors, Eversheds, representations to Addleshaw Goddard that the excess monies in EDI would flow to Think to enable it to pay its creditors and convene an AGM etc. Matters became complicated by the inevitable conversion of the Just Group plc liquidation from a Members Voluntary to a Creditors Voluntary solely because you had refused to hand over monies I and others had relied on.

Your application to the High Court is itself, in my judgment, quite bizarre and I shall be seeking a wasted costs order in any event. But to find this summer that you stated, through your solicitors, that the monies were in any event due (and had been paid) to preferential creditors of all the estates under your control, as that was the purpose of the monies raised in the Just Group CVA has stretched credulity beyond breaking point.

In the absence of replies to correspondence, I have taken such limited advice as I can on the information I have dragged out of you via Eversheds.

It seems pretty clear to most observers that you have not only improperly applied monies that were passed to you to be held in trust against certain liabilities, but contrary to the requirements of the Insolvency Act you have misapplied some of those monies to your own uncertified and unaccounted fees. Your conduct has not only fallen below acceptable professional standards, but given the statements you have made to the High Court and myself, it is clear evidence of conduct that would otherwise constitute offences under the Theft Act.

I also enclose, for your information, a copy of a letter I have today sent to Christopher Jones, and you will see that I refer to a false and/or misleading prospectus. That prospectus is the one you caused to be sent to the more than 55,000 shareholders of Just Group plc., and for which you have statutory liability under the provisions of the Companies Acts.

The main complaint in relation to the fund raising that was carried out relates to Christopher Jones' “wild” assertions about the near certainty of recovering £30,000,000 in damages from Andersens in relation to the fraud perpetrated by the then directors of MediaKey plc (including Luke Johnson, now Chairman of Channel 4, an audit client of your firm). He, you and your solicitors knew this was arrant nonsense as your solicitors, acting for Just Group, had already advised on the matter.

It seems to me unarguable but that the advice contained in the Eversheds report should have been disclosed to shareholders who were being asked to send monies to the company based on Jones' stupid assertions. You had an overriding duty of care to ensure that the "prospectus" was not misleading in that regard, and I say you clearly failed in your duty – indeed has there ever been a prospectus quite like the Just Group one? Could you have made the CVA document any "smaller" in its print size?

We are now heading for a crunch hearing on December 18th, and let me make no bones about it, but that I will be making accusations to the Registrar about your failure to act properly in the EDI application and deliberately withholding relevant information from the court and the respondents.

I also intend to seek the reopening of all closed Administrations as you have prima facie misapplied CVA monies in so many of those.

There is still time to settle the EDI matters outside of the courtroom, as John Twizell has suggested to your co- Administrator, Allan Graham, and as the Registrar has "off the record" recommended, but he has been rebuffed and/or ignored at every turn. I appreciate the fundamental difficulty you face in admitting gross professional misconduct, but you have been offered a lifeline in this matter.

Lest you think I am not prepared to follow through with my proposed actions, please feel free to contact our mutual contact, David Buchler, who can confirm my fearless tenacity – perhaps he can broker a resolution.

This letter is also copied to your Senior Partner, John Griffith-Jones, to ensure that your firm is properly on notice of the nature of the claims against it, you and Allan Graham.

Yours sincerely

Mark G, Hardy

cc: John Twizell, Geoffrey Martin & Co.

Think Entertainment plc

To: Graham Robert Calderbank of 37 Acorn Ridge, Walton, Chesterfield S42 7HF
Hilary David Clement of Applecroft, Broome, Stourbridge DY9 0HA
Brian Charles Downs of Imperial House, North Street, Bromley BR1 1SD
John Brian Proctor of Thornhill, Clint, Harrogate HG3 3DS

March 18th 2005

Gentlemen,

Claim for damages

I write to advise you that since my appointment on January 25th 2005, to act for and on behalf of Think Entertainment plc ("Think") by irrevocable power of attorney (copy enclosed), it has come to my attention that the circumstances giving rise to the very act of creation of Think are in doubt as to their bone fides, and that Think has claims against you for damages.

You are aware of the disastrous nature of the acquisition of the Four Point Entertainment llc ("4PT") business and assets, and matters have come to light which show that Think has claims for damages against you for breach of your duty. I enclose a copy of the circular and the July 19th letter sent to you by Deloittes, putting you on clear notice of the problems with the 4PT deal.

In accordance with the RSC Civil Procedure Rules and best practice, I enclose a copy of the relevant extract from the Protocols to the Rules as an addendum to this letter.

FIRSTLY

Three of you swore a declaration of solvency in accordance with the provisions of the Insolvency Act concerning the affairs of Newscreen Media plc ("Newscreen"), and

the company records show that declaration was based upon information produced by Graham Calderbank who was clearly at all times acting as a shadow director of Newscreen, and should have been so reported to Companies House.

The four of you are, and in my judgment were at all times, aware that the assets shown in the sworn solvency statement relating to "debtors" was a misrepresentation of the fact that the "recoverables" of Newscreen, Newscreen Licensing and Newscreen Entertainment were not recoverable to the extent envisaged, and that the value ascribed to the "debtor" as reflected in the sworn statement was false, and you knew it to be false. Your declaration was, in my judgement, made with reckless disregard for its veracity and was intended to deceive the shareholders of Newscreen into believing that monies could be recovered from the subsidiary companies sufficient to meet the payments due under the loan notes to be issued by the successor corporation, Think, as a consequence of your deliberately misleading and false statements.

Accordingly Think claims from you, on a joint and several liability basis, the amount shown as "debtors" in the false declaration of solvency less amounts collected to the date hereof. I will provide you with the detailed schedules showing actual amounts recovered within 28 days as reconciliations are presently being prepared, but early indications are that the uncollected and/or uncollectible amounts exceed **£2,500,000 (TWO MILLION FIVE HUNDRED THOUSAND POUNDS)** and you may presume that is the minimum estimated amount of this claim.

In addition it is my present opinion that Think should deny any and all liability to pay any amounts to the loan note holders, on the grounds that it was fraudulently induced into assuming those liabilities upon your representations that there were adequate resources to pay them. Some of you are registered note holders, and should consider that position.

Accordingly I am taking advice as to whether, when and how to advise the loan note holders that the four of you should be held jointly and severally liable for any amounts due under the notes, including interest, an amount in excess of **£2,500,000 (TWO MILLION FIVE HUNDRED THOUSAND POUNDS).**

Think also hereby places you on notice that should it deny liability under the loan notes, it intends to seek reimbursement from you of monies paid as "interest" to the loan note holders in 2004, an amount in excess of £75,000 but yet to be determined as some notes were not issued when they should have been, and interest will have accrued upon them.

You are no doubt aware that the swearing of a declaration of solvency is one of those rare occasions in English law where there is a presumption of a criminal offence and of the guilt on the parties swearing the declaration, if the debts cannot and have not been paid within twelve months.

You were all aware before your resignations that the ordinary debts of Newscreen, let alone the loan notes, had not all been paid, and therefore you may presume that the liquidators of Newscreen will be in touch with you in due course as many of them remain unpaid for want of liquid resources.

SECONDLY

You are all aware of the forged signature that appears on the document purporting to be an agreement or consent of the Discovery Channel to the assignment of otherwise non-assignable properties (The "Discovery Properties") from 4PT to Think. Consent to the assignment was a condition precedent to the completion of the transaction, and was included at Divider 8 of the binders prepared by Cobbetts, solicitors acting for Think. A copy of the document is enclosed for your attention.

You will note, if you had not already known it, that the document is merely a copy of a fax sent from the offices of 4PT.

It is the most basic, fundamental and essential principle of any due diligence investigation and/or audit, that where confirmation is required from a third party of a critical matter, then confirmation is sought directly from the third party who is asked to confirm the matter directly to the enquirer. Two of you are members of the Institute of Chartered Accountants in England & Wales, and the procedures will have been drummed into you from the very start of your training, as it was in mine.

To find that no enquiry was made directly of the third party on a matter individually and so prominently disclosed in the circular to shareholders as being the major source of revenues for 2004-6 is incomprehensible, and in my judgment a gross breach of your duties as a director, whether or not the document turned out to be a forgery. My investigations show that such a lapse of even the most basic due diligence is not the only example, and I can only conclude that in what appears to be haste to do "any deal at all" before the first loan note principal payment became due, you did not adhere to the standards legitimately expected of you by the shareholders who had placed their trust in you.

I fully appreciate that you appointed solicitors and accountants to assist in the due diligence process, but you personally had a minimum duty to enquire as to the validity and propriety of the most fundamental and essential documents. You should be aware that Think has claimed against Cobbetts for gross professional negligence relating to their acceptance of the forged document as adequate for the purpose and is seeking exemplary damages for such a gross lapse in professional standards, but that does not absolve you of your responsibilities and liabilities.

You may be aware that the entirety of the Discovery Property dealings are now being dealt with by Discovery Channel's legal department, who have asked me to provide an address to which they may submit 'claims'. I require and shall seek an indemnity from the four of you in respect of those claims.

You should also be aware that I am told, but as yet have no direct corroborative evidence other than documents in the due diligence files, that the true nature of the Discovery Properties was only ever for 5 programmes of one hour, not the 13 that you disclosed in the circular. If you had only made direct enquiry you would most likely have been aware of this discrepancy, and the due diligence documents that were available to you seem to confirm significantly fewer than 13 hours anyway.

Accordingly Think claims from you, on a joint and several liability basis, an amount equal to the loss of forecast profits on the Discovery Properties as shown in the working papers relating to the 4PT acquisition, together with the monies disbursed since acquisition on programme development, and any and all other amounts lost as a consequence of the reversion of the Discovery Properties to the Discovery Channel. I am not in a position to

quantify the amounts until further investigation has been completed, but the amount is estimated at not less than **£1,000,000 (ONE MILLION POUNDS).**

POTENTIAL CLAIMS

Other matters are still the subject of enquiry and may result in further claims being asserted against you. Mr. Calderbank is aware of other claims that I have already asserted against him alone.

In particular you should be aware that shareholders are demanding that monies be returned to them in relation to the "rescue" of Just Group plc being based upon knowingly false representations. There is prima facie evidence that they have a very strong case against members of JAG/GOS etc. and those who were directors, declared or shadow, of the company at the time the monies were released and shares allocated. Some of you were involved at the time. To the extent that any claims may be asserted against Think, I will seek indemnification from those of you who were involved.

I am presently investigating whether or not Think can assert claims against the directors of MediaKey and/or Just Group in relation to the losses suffered in that disastrous transaction, and also whether there may be any claims under the Directors & Officers insurance. Again some of you were directors and/or officers at the time.

Please acknowledge receipt of this claim letter promptly.

Please provide me with a detailed written response within one month from the date of this letter, a time frame that is in my judgment reasonable given that you are all aware of the facts and circumstances and had discussed them at length with solicitors to Think.

Court proceedings will be issued if the full response is not received within one month.

I am keen to resolve matters as speedily and expeditiously as possible, and I am willing to consider binding mediation or similar alternative dispute resolution in order to avoid protracted and costly litigation.

I draw your attention to the court's powers to impose sanctions for failure to comply with its practice directions.

Yours faithfully

Mark Gregory Hardy
By power of attorney
For and on behalf of Think Entertainment plc

WITHOUT PREJUDICE

57 Acorn Ridge
Walton
Chesterfield
S42 7HF
2 April 2005

Mark Hardy
Think Entertainment Plc
3 The Court
Lanwades Business Park
Kentford
CB8 7PN

Dear Mr Hardy

I am in receipt of your document dated 18 March 2005, which was incorrectly addressed, but which has been forwarded on to me. Please ensure that your records are amended to reflect the address at the top of this letter.

I refute totally your claim that I was a shadow director, which I believe is fully supported by the company records and indeed will, I believe, be confirmed by the professionals who acted at the time, including the board, should the need arise. Indeed I have already received verbal confirmations to this effect.

My role was simply that of provider of information requested by the board, based upon the information available to me, similar to that of any accountant in any business. If the board acted on my directions and instructions they would certainly not have progressed the acquisition of Four Point, about which I expressed serious reservations both before the board signed off their Statement of Solvency and subsequent thereto.

I have today received a copy of a letter, dated 31 March 2005, sent to you jointly by John Procter, Brian Downs and David Clement. As they do, I take great exception to your allegations of deception and gross negligence and, like them, should I find that you are making these allegations in any way public, either written or verbal, I will also be pursuing you personally for defamation. A copy of your document has been forwarded to my insurers, who provide cover for legal expenses in such circumstances, should the matter proceed further.

As a shareholder and a creditor of Think I would ask, is not the Company's best interest served by pursuing its legal options under the warranties within the Four Point acquisition documents, and to that end working with the previous board and its then advisors, and in seeking to recover the sums due to the company, which I seem to recall you referred to as being a priority, when we first met in January, but I have seen little evidence of?

Yours sincerely

Graham Calderbank BA ACA

31st March 2005

Mr M G Hardy
Think Entertainment PLC
3 The Court
Lanwades Business Park
Kentford CB8 7PN

Dear Sir

We refer to your correspondence dated 18th March 2005, the contents of which are noted. However, they are totally incorrect and in fact amount to nonsense. You do Think and yourself a disservice in making allegations of this nature, especially bearing in mind the amount of work and effort put in by the Directors.

Further, we regard that the power of attorney under which you claim to be operating does not give you any powers to either act in litigation on behalf of Think, nor take the actions which you are purporting to have the authority to do. Therefore, you are exposing yourself to personal liability for exceeding your powers and are acting in a manner in which you are likely to bring the Company into disrepute.

We take very serious exception to your allegations of deception and gross negligence and should we find that you are making these allegations in any way public, either written or verbal, we will be pursuing you personally for defamation.

We refer to the two claims you allege exist. Firstly, you have failed to provide any details of any debtors that at the time of the sworn declaration, you feel were not recoverable. Further, we require details of the actions you have taken to recover these alleged unrecoverable debts.

You appear to be alleging that the forged signature on the assignments has caused a loss in some way to the Company. This document in no way affected the production as is evidenced by the fact that after the merger Think continued forward with the production. The fact that it later reverted to Discovery had nothing whatsoever to do with the document. We would expect Think to be pursuing a warranty claim against the party responsible for the alleged fraud in the first place.

Finally, we have not as yet sought legal representation, but should the matter proceed further, we intend to instruct solicitors and will seek to recoup all costs incurred against you personally.

Yours faithfully

John Proctor, Thornhill, Clint, Harrogate, HG3 3DS

Brian Downs, Imperial House, North Street, Bromley BR1 1SD

H David Clement, Applecroft, Broome, Stourbridge DY9 0HA

Think Entertainment plc

To: Graham Robert Calderbank of 57 Acorn Ridge, Walton, Chesterfield S42 7HF
Hilary David Clement of Applecroft, Broome, Stourbridge DY9 0HA
Brian Charles Downs of Imperial House, North Street, Bromley BR1 1SD
John Brian Proctor of Thornhill, Clint, Harrogate HG3 3DS

April 15th 2005

Gentlemen,

Claim for damages

Mr. Calderbank wrote to me by letter dated April 2nd, and the other three of you wrote to me by letter dated March 31st but that bears a postmark of April 4th. Mr. Calderbank's letter refers to him having seen that letter, but I am not aware whether or not you have seen his letter.

I note the threats you make against me personally, and I will draw these to the attention of the trial judge in due course, as such threats are wholly improper and unlawful. In the meantime please be aware that any claim to lodged in the High Court will state on the face of it the entirety of the allegations against you, and that the document is publicly available after service upon you in accordance with the Rules and public policy.

I note that you do not accept the authority of my Power of Attorney to act for the company. You are mistaken, but if we have to let a judge of the High Court rule upon my capacity as enunciated on the face of the Statement of Claim, so be it.

I note you have not yet sought legal representation, but Messrs Downs and Calderbank have confirmed they have notified their insurers.

Mr. Calderbank further states that he is not a shadow director. His assertion will be tested in the High Court as necessary, and does not accord with records I have seen nor is it the opinion of those of the Company's advisers to whom I have spoken.

You state that I have failed to provide details of the debts that I claim were not recoverable. That is not true, and you are being wholly disingenuous. I enclosed a copy of the circular that set out with total precision the amounts sworn by you to be recoverable from the two Newscreen Media subsidiary companies.

You are well aware that before you had sworn the declaration, you had told the auditors to those companies that upon the reorganisation being completed you intended to declare the amounts not to be recoverable earlier than the first anniversary of their adoption of the statutory accounts of those companies. I enclose a copy of the statutory accounts to remind you of your deliberate acts made just a few days after you had sent the circular to the share and loan-note holders. The trail shows that in January the then draft accounts showed provision for the inclusion of a "post balance sheet note", clearly evidencing your intention to deceive.

I find it difficult to comprehend why you ask me what actions I have taken to recover the debts, when you had precluded any recovery, and that it was your clear duty to collect the monies due to the companies before I even came on the scene.

The evidence of an almost complete lack of any proper attempts by you to collect the underlying debts in the subsidiary companies shows a disgraceful breach of your fiduciary duties to the shareholders, and in my judgment you knew and/or should have known and/or are deemed to have known that the amounts shown on those accounts as recoverable from third parties was wholly misleading.

I enclose for your attention a copy of a letter dated September 10th 2004 from Trudeau Corporation, one of the alleged "debtors", as an example evidencing what I say amounts to gross negligence and dereliction of duty, leading to the production of deliberately false and misleading accounts that were intended to, and did, deceive the share and loan-note holders. Those accounts formed the basis of your sworn declaration of solvency, which stated on its face that all amounts would be realised within 12 months, i.e. by May 20th 2005.

So let me be quite clear, the company claims the amount of £2,951,755 from you in respect of the irrecoverable debts due from its subsidiary companies, and I reserve my rights in respect of claims for the company's own irrecoverable debtors upon completion of my investigations.

Please also be on notice that it is my present intention to convene a meeting of loan-note holders in order to present them with the facts and matters that have come to my attention, and to notify them that this company will be denying any and all liability for the notes as its assumption of the debt was based upon your knowingly false and fraudulent misrepresentations. My clear understanding of Insolvency Law is that the responsibility for payment of those notes will then fall upon you personally, and on a joint and several basis. The matter is made more complex because some of you are registered loan-note holders.

Please also be on notice that you may incur substantial other obligations when the present members voluntary liquidation of Newscreen Media Group plc automatically converts to an insolvent liquidation on May 21st 2005, and I would counsel you to take legal advice ahead of that date. It may pay you to consider contacting the liquidators of that company before the automatic conversion date.

You refer to the Discovery property and assert that the forged document did not cause a loss. You are well aware that the property (ies) were handed back to Discovery in an attempt to mitigate damage because Think could not perform its obligations even if the assignment had been valid (not least because Think could not recover its own receivables!). You even admit that you caused the company to spend money on the property, so your argument is lost before you even start. All that it remains for me to do is quantify the amounts, and I am awaiting schedules from Discovery as to their proposals.

Finally, Mr Calderbank asks, not unreasonably, whether "as a shareholder and creditor of Think I would ask, is not the Company's best interest served by pursuing its legal options under the warranties within the Four Point acquisition documents", well rest assured I am so acting. I have seized all Four Points assets, and am asserting a lien upon them and intend to sell them in due course to pay for the damages they have caused as well as settle the claims against that entity that, in law, ceased to exist in mid November 2004.

I remain ready and willing to enter into discussions to resolve matters without recourse to litigation, but you must appreciate that this company must protect its position, and in the absence of settlement, actual - not merely proposed or "under discussion", before the critical May 21st 2005 date, the company must commence the legal process to recoup monies claimed.

I draw your attention to the court's powers to impose sanctions for failure to comply with its practice directions.

For the avoidance of all doubt, be on notice that all correspondence in this matter has been, and will continue to be, copied to the companies advisors.

Yours faithfully

Mark Gregory Hardy
By power of attorney
For and on behalf of Think Entertainment plc

Subj: **Letter before Legal Action for professional negligence- Protocol 6**
Date: 16/03/2005
To: stephen.white@cobbetts.co.uk
CC: rachel.gee@cobbetts.co.uk

Stephen White Esq.
Senior Partner
Cobbetts
Ship Canal House, King Street, Manchester, M2 4WB.

March 16th 2005

Dear Mr. White

I thank you for your email of March 14th, the contents of which are noted, and which confirms to me that we are unlikely to resolve matters without recourse to the legal processes set out in the Civil Procedure Rules.

I crave your reasonable indulgence in the style and any omissions of content in this letter, but the company ("Think") is acting for itself without legal representation and I expect to appear in person in any subsequent court proceedings.

Accordingly I write as required by Pre-Action Protocol 6 to notify you and your firm that this company, Think Entertainment plc, now anticipates bringing a claim against your firm, Cobbetts, for damages suffered by the company as a result of Cobbetts professional negligence, and that you should regard this email as the Letter of Claim required by Section B2 of the Protocol.

If you have not already done so, you should immediately notify your professional indemnity insurers of this matter.

The protocol requires me to provide you with a brief outline of the company's grievance against your firm, which I set out in the following paragraphs which are highlighted in bold and italic print for ease of identification:

Cobbetts was instructed to act for Think in the matter of the proposed acquisition of the business and certain assets of Four Point Entertainment LLC ("Four Point"), which work resulted in a circular being sent to the more than 55,000 shareholders of Think on or about July 19th 2004 seeking their approval for the proposed acquisition.

On page 12 of the circular it is stated that "The Acquisition Agreement is conditional upon .....the satisfaction of certain legal conditions relating to the title and assignability of the assets to be purchased" and "The ....Board has the power to waive, in whole or in part, any of the conditions....".

On page 6 of the circular it is stated that "...the principal assets...." include " Secrets of Superstar Fitness 2 .....re-commissioned by Discovery Channel for broadcast .... this series is currently in production for delivery to the network for broadcast in August 2004" (hereinafter the "Discovery Property") and "during the

period 2004 to 2006 the majority of the revenue is expected to be generated by the production, licensing and distribution of the ....(Discovery Property)....."

The circular clearly shows that the Discovery Property was essential, indeed pivotal, to the entire transaction, and the documents I have seen show that the Board did not, and would in my opinion have been acting improperly acting if it did, waive the conditions attaching to verification that the Discovery Property was validly assigned to Think on or before completion.

In accordance with the written contract, your firm was engaged to ensure a successful completion. Those attendees at the completion meetings and EGM to whom I have spoken (including shareholders) have informed me that at no time was any mention made of any doubts as to the validity of the assignment.

In the documents produced by your firm, at divider 8 of the Conditions Precedent, there is a copy of the purported agreement from Discovery to the assignment of the Discovery Property to Think, and I have therefore not copied it to you as you already have it to hand. All parties agree that the document is a forgery in that it does not bear the signature of any person authorised to act for Discovery, and the forgery has been confirmed to me by Shukri Ghalayini in the presence of his attorney, and now publicly published by him on the ADVFN bulletin board (see attached Word document).

The face of the document shows that it is merely a fax sent directly from Four Point, not on any letter head, with the greeting in the name of a person other than the purported addressee, and could not be properly considered at even the most elemental due diligence level as an acceptable authentication of a critical third party affirmation of approval to assign an otherwise nonassignable property, even if it had not turned out to be a forgery. Accordingly I assert that your firm acted in a most and grossly negligent manner in confirming to the directors of Think that the document could be relied upon as a valid act by Discovery itself approving the assignment; indeed I believe that the negligence was so fundamental and elemental that should the matter proceed to litigation, it would be appropriate to claim exemplary damages in addition to seeking recompense for actual damage suffered. I also believe it would be appropriate to have your firm's quality control procedures independently reviewed by your regulatory body as a consequence of such a fundamental error in the most basic of due diligence procedures.

My investigations have confirmed that the document was provided to your firm by the solicitors acting for Four Point (who are not acting for, and have declined to advise, Think in this matter) who had told me that the documents were passed directly to your firm under an agreement that any documents provided were done so without any representations as to accuracy, veracity or fitness for purpose. I have seen the copy multi page fax from Four Point's in house counsel to Four Point's solicitors, and I have discussed the matter with him in person in Los Angeles, and am arranging to take his deposition along with other Los Angeles based Four Point staff who have met with me in person and deny that they knew about the forgery or had anything to do with it. The available evidence points to

the document having been forged by Mr. Ghalayini himself, albeit he presently denies it was he who forged it.

Whilst I appreciate that if the document had not turned out to be a forgery, little more would have been heard, I honestly believe that if I or any other person who has been admitted to the Institute of Chartered Accountants had been shown the document, the reaction would have been "you must be joking" to any attempt to accept the document as acceptable evidence even without the need to consider whether it was forged. It is such an elemental due diligence point that nobody ever accepts any third party confirmation in any manner other than direct receipt from the third party itself.

The fact, as I agree was only discovered subsequently, is that the document was forged, and the company has suffered significant damage for which it is entitled to, and hereby does, seek recompense.

I estimate that the direct losses to the company are:
1. Professional and other fees (including your firm's own pre and post transaction fees) of the transaction that would not have been completed unless the document was a valid agreement to assignment. SAY £500,000 (FIVE HUNDRED THOUSAND POUNDS)
2. Direct loss of income. SAY £2,000,000 (TWO MILLION POUNDS)
3. Loss of reputation. SAY £1,000,000 (ONE MILLION POUNDS)

In addition the company seeks exemplary damages for gross professional negligence. SAY £2,500,000 (TWO MILLION FIVE HUNDRED THOUSAND POUNDS)

The total value of the claim against your firm is therefore estimated at £6,000,000 (SIX MILLION POUNDS)

Please acknowledge receipt of this letter in accordance with the requirements of the Protocol.

I realise that the Protocol requires me to agree to any "reasonable request" that you may make to extend the three month period allowed for your investigation, but this case is, I submit, so simple and clear cut that your investigations can be completed in a matter of days, if you have not already completed them as your March 14th email would lead me to conclude. I would ask you to at all times remember that as a precursor to the Four Point acquisition, the more than 55,000 shareholders approved this company assuming the obligations under the S110 proposal relating to Newscreen Media plc, and a significant payment of principal on certain loan notes is due, if the debt was indeed validly assumed by Think (which is in doubt), on August 2nd 2005.

You should be aware that the company is, and other parties probably are, bringing legal proceedings against the directors of the company for fraud and other matters in relation to the swearing of a statutory declaration of solvency in the matter of Newscreen Media Limited. The directors swore the declaration with reckless disregard for the veracity of the statement, particularly

as regards the value ascribed to "debtors" which has proved to be, as they knew or should have known and any reasonable person would have known, hopelessly false. The company is seeking to recover more than £3,000,000 (THREE MILLION POUNDS).

I believe that your firm acted for the company in that matter, and now seeks to act for HD Clement, one of the directors jointly and severally liable for the monies claimed by Think, so I have copied this letter to your partner Rachel Gee so that she may fully consider the matter of your firm's representation of Mr. Clement, not least as he may consider he has a counter claim for indemnity by your firm. You should also be aware that this company owns a significant minority interest in Optical Imaging and will be seeking legal redress to enforce rights to its properties, and to compel the directors of that company to cease acting in a manner prejudicial to minority shareholders, and therefore your should consider whether or not you can act for that company.

I look forward to hearing from you at your earliest convenience, and for the avoidance of all doubt state that the company is willing to reach a resolution of its claims without recourse to the courts should you so desire.

Yours sincerely

Mark Gregory Hardy
By Power of Attorney made the 25th day of January 2005
for and on behalf of
THINK ENTERTAINMENT plc
Incorporated in England under number 05121390
with Registered Office at 3 THE COURT, LANWADES BUSINESS PARK, KENTFORD, CB8 7PN

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19 July 2004
Our Ref: LE0404003/CA 8

Dear Sirs,

Project Natalie

We refer to our previous letter of advice dated 14 April 2004, which has been tabled and discussed at meetings of the board (the "Board") of Newscreen Media Group Plc ("Newscreen") and of NSMG (2004) Plc ("NSMG (2004)"), attended by Messrs Brian Downs, John Procter and David Clement (together, the "Directors"). We also refer to the contents of the legal due diligence report prepared by Jasbir Uppal ("LDD"), the draft financial due diligence report issued on 7 April 2004 ("FDD") which was prepared by the Los Angeles office of Deloitte & Touche LLP, and the draft circular to NSMG (2004) shareholders dated 14 July 2004 ("Circular").

The purpose of this letter is to confirm key aspects of our financial advice in relation to the proposed acquisition (the "Transaction") by NSMG (2004) of the business and certain assets of Four Point Entertainment LLC ("Four Point"). The consideration for the Transaction is to be satisfied by the allotment to Four Point of an initial 25 per cent. interest in NSMG (2004) together with a deferred allotment of up to a further 35 per cent. interest in NSMG (2004) subject to the achievement of certain milestones, including the obtaining of a trading facility for NSMG (2004) shareholders on a recognised investment exchange ("RIE").

Background to the Transaction

Newscreen has endured a difficult period in recent years and incurred significant trading losses with the result that it went into administration in 2001 and its shares were delisted from trading on AIM. Newscreen entered into a corporate voluntary arrangement ("CVA") with its creditors in 2002. The NSMG (2004) Board comprises three non-executive Directors who have acted as "stewards" of Newscreen, since after the approval of the CVA in September 2002. It has been the strategy of the Board to restructure the operations of Newscreen, to seek a transaction which would bring additional revenues and experienced senior management into Newscreen, and to achieve a trading facility for Newscreen's shares on a RIE as soon as practicable ("Re-listing").

The first stage of this strategy was the reconstruction which was approved by Newscreen shareholders on 21 May 2004, Newscreen having come out of administration on 23 April 2004. The reconstruction involved the "cleaning up" of Newscreen and the formation of NSMG (2004) into which Newscreen Entertainment

Limited and Newscreen Licensing Limited were transferred. An interim step was the placing of Newscreen into members' voluntary liquidation, for which the Directors swore a Statutory Declaration of Solvency ("SDS") of Newscreen, which concluded that it had an estimated surplus of approximately £650,000.

The second stage of this strategy is the Transaction, which the Board expects to bring additional revenues and an experienced senior management to NSMG (2004), which the Board expects to assist in the re-listing. On completion of the Transaction, Shukri Ghalayini and Catherine Malatesta, both of whom have significant senior management experience in the media industry, will join the Board. You have previously explored other similar options (without our involvement) but these did not progress significantly or at least sufficiently such that an agreed deal could be put before shareholders.

The Transaction

The Board commissioned a financial and legal due diligence exercise of Four Point at the express invitation of Shukri Ghalayini and in accordance with best practice. At a board meeting on 15 April 2004, the Directors considered draft reports on the FDD and LDD, which set out a number of specific concerns regarding Four Point which may be summarised as:

- There were a number of fundamental uncertainties and inconsistencies surrounding a number of key aspects of the FDD and the LDD
- No reliance could be placed by the Board on Four Point's financial compilation reports for the years ended 31 December 2002 and 2003
- Four Point did not appear to maintain complete or adequate accounting records, and there appeared to be significant weaknesses in the internal controls and systems of Four Point
- The due diligence on the financial history of Four Point was frustrated as it was not been possible to obtain access to the firm of accountants that had prepared the compilation reports, Four Point did not have suitably qualified staff and Shukri was not been able to provide adequate responses to numerous financial due diligence inquiries
- The financial projections provided by Four Point in relation to the high level business plan were essentially aspirational and were not backed up by assumptions or linkage to underlying documentation
- There was a lack of reliable financial and legal information on which to confirm the commercial basis of the Transaction

In the light of this we tabled a letter of financial advice on 14 April 2004 which, in summary, recommended that:

- The basis of the Transaction be fundamentally revisited, and suggested it be structured as an earnout or other structure involving a significant proportioning contingent consideration for selected assets for which legal title can be proven. The intention has been to demonstrate to shareholders that there is an explicit and material linkage between performance of the assets being acquired and consideration paid. We proposed that only a 10 per cent equity interest be offered to Four Point initially but the Board has negotiated a higher percentage of 25 per cent
- The Four Point management team be employed on the basis of suitably tight employment contracts, embodying controls over their stewardship and on the basis of adherence to strict corporate governance principles consistent with normal public company status in the UK
- The implementation of a rigorous set of systems and internal control procedures be implemented concurrently with shareholder approval both for reasons of stewardship and in response to the significant deficiencies identified in due diligence; this must be addressed in the run up to the EGM

- A detailed action plan be drafted for the "60 day post transaction" to ensure that the acquisition is integrated effectively

Update on our advice in relation to the Transaction

The Directors, in conjunction with its advisers, proceeded to negotiate an "earnout" structure with Four Point. The agreed structure negotiated by the Board comprises a 25 per cent. initial equity interest in Newscreen on completion of the Transaction, with deferred allotments of a 5 per cent. equity interest on the achievement of "milestones" for each of Suzy Zoo and Merlin and library cash contribution for the year to 31 July 2005, to a maximum aggregate equity interest of 40 per cent. In addition there is a further 20 per cent. "milestone" on any re-listing (or transaction with similar effect).

The legal due diligence process has continued and has been assisted by the appointment by Four Point of Addleshaw Goddard to project manage the legal due diligence process from Four Point's perspective. No FDD has been performed since 7 April 2004, and the issues raised in the FDD report are still outstanding. Further, efforts to review completion balance sheets, cash cut-out positions and short term working capital forecasts have been unsuccessful due to lack of information and of willingness on the part of Four Point to assist with our enquiries. Four Point Entertainment has issued a high level summary of trading in the five month period ended 31 May 2004 together with a balance sheet as at 31 May 2004, which suggested some trading trends and balance sheet figures which appeared unusual. The Board has not raised any further questions with Four Point on this information. Four Point has indicated that the completion balance sheet will be "in the same range" as that of 31 May 2004.

Four Point issued a "high level" business plan although the financial projections are aspirational and are not supported by detailed assumptions. In addition, the historical compilation statements were included in the document but it has not been possible to verify these statements for the reasons set out above and we believe, therefore, that it would be potentially misleading to present them to NSMG (2004) shareholders in the Circular.

In the light of the lack of other credible options open to it with a near-term prospect of delivery and the current financial position of Newscreen, as demonstrated by the estimated surplus of assets over liabilities of only £650,000 as per the SDS, the Board has concluded that the Transaction, as structured, is in the interests of Newscreen/NSMG (2004) shareholders. The Board expects the Transaction to provide additional revenue a broader portfolio of intellectual properties and senior management with significant media experience to Newscreen/NSMG (2004) shareholders. The Board has also concluded that Four Point has an interest in a film and television library, a portfolio of properties in various stages of development and production for future exploitation worldwide. In view of the outputs of financial and legal due diligence, it is predominantly the commercial assessments of the Board that have resulted in these conclusions.

Confirmation of our advice in relation to the Four Point transaction

In the light of these developments we confirm the following financial advice:

- Four Point's accounting and management controls are not sufficiently evident or strong to support a conventional financial due diligence process or a UK statutory audit. The financial information presented by Four Point (both historical and prospective) cannot therefore form a reliable basis of any financial valuation or working capital adequacy exercise

- Our doubts about the business plan for Think Entertainment remain, as it has not been possible to review or test the underlying operating assumptions. Forecasts are aspirational and not capable of scrutiny in the normal way

- The Board has not been able to satisfy itself conclusively that NSMG (2004) has sufficient working capital for the next 12 months and so should form detailed contingency plans to manage its cost base in the event that the projections are not met, and to develop its systems to recognise the early warning signs of under-performance

- Shukri Ghalayini does not appear to have within Four Point Entertainment a business culture which has an adequately developed corporate governance structure by UK public company (or even UK private company) standards. This lack of apparent financial stewardship/management of his existing business, his lack of commitment to or empathy with the due diligence process that the Board has undertaken, and the manner in which he has conducted himself with, at times, the Board and its professional advisers are all concerns that need to be addressed in a public company context if Think Entertainment continues to have aspirations of a flotation, reverse take-over or similar public company transaction. His day-to-day management must be rigorously controlled by an effective internal control mechanism going forward

- The Board should develop a "30 day" and "60 day" plans for implementation following completion of the Transaction particularly in respect of the finance function which must now control a US and UK operating base; the systems, processes, controls and personnel must be determined as a matter of urgency

- A flotation or similar public company transaction of the enlarged Four Point/Newcreen business will be extremely challenging both technically and commercially due to the lack of historical financial record of the enlarged group and if the Four Point management (in their capacity as Think Entertainment Directors) adopt the same approach to such transaction as they have to this

- The Board must be mindful of flotation/reverse transaction negotiations going forward distracting executive management from its priorities of cash generation, product development and financial stewardship

- The Circular should clearly explain the Transaction to shareholders and must set out the relevant risk factors

- As Four Point shareholders constitute a concert party that will have the capability of having an interest in excess of 30 per cent and ultimately a controlling interest, a Rule 9 waiver under the City Code is required and the Transaction is, in effect, governed by the City Code. The Takeover Panel has confirmed our view that the level of financial disclosure in the circular is not adequate by City Code standards but has granted the Rule 9 waiver and permitted publication of the document

The deficiencies in the transaction process have been addressed by, inter alia:

- The emphasis given by the Board to the commercial assessments made regarding the relevant Four Point assets and regarding the quality and integrity of the relevant Four Point management

- The acquisition of selected assets and not of Four Point itself

- The earn-out structure and related milestones (though we note that the IPO milestone above of £12 million implied value that triggers pay out of the earn-out in full might intensify pre-occupation by executive management with flotation as an end in itself)

- Taking legal advice on appropriate representations and warranties together with other aspects of the sale and purchase agreement

- The documented control environment and service agreements that all directors must adhere to immediately after completion; the implementation of which is, however, critical

- Explaining to shareholders within the Circular where there have been unresolved issues deriving from legal and financial due diligence that represent significant downside risks to them, including the solvency of the Enlarged Group

The Board should, when deliberating over whether to proceed with the Transaction, consider the matters set out in this letter together with legal advice provided by Cobbetts, its commercial assessments of the management abilities of both Shukri Ghalayini and Cathy Malatesta, its commercial assessments of the

potential for the proposed combined NSMG (2004)/Four Point Enlarged Group and the limited other options available to the Board at this time.

We are of course happy to explain the matters arising in this letter, and again stress that this letter should not be disclosed to any other party without our express written consent.

Sincerely,

Roger Esler
Partner, Corporate Finance
Deloitte & Touche LLP