

DATED 7th January 1987

PHILATELISTS LIMITED (1)

PHILATELIC DISTRIBUTION CORPORATION
LIMITED (2)

- and -

LONDON & NEW YORK INTERNATIONAL
STAMP COMPANY LIMITED (3)

AGREEMENT

for the acquisition of the sole
right to reprint stamps

Watson, Farley & Williams
Navigation House,
One Aldgate,
London EC3N 1AA

Telephone: 01-481 1000
Telex: 8955707
Fax: 01-488 1586
Reference: WGF/238.5700/1801T

THIS AGREEMENT is made the 7th day of January 1987
BETWEEN:-

- (1) PHILATELISTS LIMITED (registered in England with number 1493607) whose registered office is at Lex House, 370.386 High Road, Wembley, Middlesex ("the Vendor")
- (2) RAPID 2178 LIMITED intended to be renamed PHILATELIC DISTRIBUTION CORPORATION (registered in England with number 2080543) whose registered office is at Wilec House, 82/84 City Road, London EC1 ("the Purchaser" which expression shall include its successors and permitted assigns) and
- (3) LONDON & NEW YORK INTERNATIONAL STAMP COMPANY LIMITED (registered in England with number 1292506) whose registered office is at St Margarets, Mount Park Road, Harrow on the Hill, Middlesex ("the Guarantor")

WHEREAS:-

(A) The Vendor has authority to offer for sale the sole right of reprint of the Stamps as defined below

(B) The Vendor wishes to sell to the Purchaser all necessary art work transparencies printing plates separations and all other materials (with the exception of artists originals) relating to the Stamps and to grant to the Purchaser the right to reprint the Stamps on the terms and conditions and for the consideration specified herein

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS

(A) In this Agreement unless the context otherwise requires the following expressions shall have the following meanings:-

Expression

Meaning

"the Stamps"

all the stamps serving normal postage use in respect of which

- (a) the Vendor has acquired from a licensing entity and retains at the date hereof the rights to produce and sell including but not by way of limitation the stamps copies whereof are shown on the sample sheets which

are annexed hereto and which have been initialled by the parties for identification; and

(b) any other stamps serving normal postal use in respect of which the Vendor hereafter acquires the same or similar rights

other than the Excluded Issues

"the Excluded Issues"

the issues of Stamps set out in Schedule 1 and any other issue of Stamps which is excluded from the sale hereunder pursuant to Clause 3.

"related philatelic material"

all philatelic material related to the Stamps including in particular but without prejudice to the generality of the foregoing progressive proofs de luxe sheets imperforate stamps souvenir sheets and booklets.

"Licensing entity"

an overseas government or other person granting rights now or in the future to the Vendor to produce and sell the Stamps

"the Materials"

all necessary artwork transparencies printing plates separations and all other material necessary for the reprinting of the Stamps and the related philatelic material excluding artists originals

"the Sample Sets"

up to 1000 complete sets where available of each of the Stamps including to the extent that such items are still available souvenir sheets de luxe sheets and booklets where these were issued or released prior to the date hereof

"the Term"

in relation to each series of the Stamps the period during which the Vendor retains the right from the Licensing entity to produce and sell such series

the Territory
Premium and
"the Promotion Rights"

(including stamps where such stamps represent a single report offer only)

"the Packet Rights"

"the Consideration"

"the Royalty"

"the Vendor's Solicitors"

"the Printers"

"the Access Letter"

the World

the sole and exclusive right and licence to reprint the Stamps (but without the two top value stamps in each set) for use whether as give-aways or otherwise in connection with the promotion or advertisement of any product ~~(other than stamps)~~ or service including (where permitted by the Vendor in its sole discretion and subject to any requirements of the Licensing entity) by means of incorporating the name of any company product or service on the Stamps

the sole and exclusive right and licence to reprint the Stamps (but without the two top value stamps in each set) for use in packets to be sold through wholesale and retail channels of distribution

the sum of £320,000 payable to the Vendor by the Purchaser in accordance with the terms of Clause 4

one half of any royalty receivable by the Purchaser on an assignment or sub-licence of the Promotion Rights and/or the Packet Rights under Clause 6(D)

Watson Farley & Williams of Navigation House One Aldgate London EC3N 1AA

Format International Limited or such other security printers as shall be nominated by the Vendor

the letter signed by the Vendor and the Printers substantially in the form set out in Schedule 2

(B) The expression "the Vendor" shall include where appropriate its ultimate holding company and the subsidiary companies of such ultimate holding company (as defined in S.736

Companies 1985) which the Vendor warrants comprises those companies listed in Schedule 3

(C) The expression "the Purchaser" shall include the Guarantor and its subsidiary companies (as defined in S.736 Companies Act 1985)

(D) References to Clauses, sub-clauses and Schedules are to Clauses and sub-clauses of and Schedules to this Agreement

2. GRANT OF RIGHTS TO THE PURCHASER

(A) The Vendor hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase:-

- referred to be*
- (i) all rights title and interest in the Materials and all existing and future copyright and other rights of any nature in the Materials which are now or may in the future be owned by the Vendor;
 - (ii) the Sample Sets; and
 - (iii) subject always to the rights and requirements of any relevant Licensing entity and to the rights reserved to the Vendor by provisions of Clause 6 the right to use the Materials and the Stamps transferred pursuant to paragraph (i) of this sub-clause (A) produced therefrom for any purpose

TO HOLD the same unto the Purchaser absolutely subject to:-

- (a) any restrictions imposed by any relevant licensing authority in relation to the Stamps the Materials or any series thereof and
- (b) the terms and provisions of this Agreement

3. EXCLUDED ISSUES

(A) The Excluded Issues and the related philatelic material, Materials and Sample Sets relating to or produced in connection therewith are excluded from the sale hereby effected and there shall be deemed to be included in the expression all future exclusive issues of Stamps printed and produced by or to the order of the Vendor

(B) For the purposes of sub-clause (A) of this Clause a future exclusive issue shall be an issue of Stamps printed and produced after the date hereof by or on the instructions of the Vendor for sale to a third party or parties on the basis that the Vendor retains no right itself to issue and sell the Stamps comprised in the future exclusive issue other than through its Philatelic Bureaux for normal postage use.

(C) The rights reserved under this Clause shall not permit the Vendor to issue a future exclusive issue featuring cars, trains, Royalty or any other subject which the Purchaser has established to the reasonable satisfaction of the Vendor that it proposes to feature in a continuity programme to be issued within 12 months thereafter by the Purchaser

4. CONSIDERATION FOR GRANT OF RIGHTS TO THE PURCHASER

(A) In consideration of the rights granted by the Vendor to the Purchaser under this Agreement the Purchaser shall pay to the Vendor:-

(1) £20,000 of the Consideration on completion of this Agreement and the balance as follows:

- (i) subject to paragraph (ii) of this sub-clause 24 monthly instalments of £12,500 to be paid at the end of each calendar month, the first of which shall be payable on the 31st January 1987
- (ii) in the event that the Purchaser shall be successful in sub-licensing the Promotion Rights and the Packet Rights pursuant to Clause 5(D) then on account of the balance of the consideration then due hereunder by the Purchaser to the Vendor the Purchaser shall pay by means of an accelerated payment the amount of any lump sum received for such sub-licensing and the future monthly instalments shall continue at the rate of £12,500 per month until the balance of the consideration is paid, with the last instalment being reduced if necessary
- (iii) in the event that any instalments shall be paid late, then interest at the rate of 2% above the base rate of Barclays Bank shall be added, calculated on a daily basis from the due date of payment to the actual date of payment except that in respect of any instalments which may fall due for payment after the 31st December 1987 interest will be added at the said rate calculated as from the 1st January 1988 to the date of actual payment

(2) the Royalty to be paid in pounds sterling 15 days after the receipt of the same by the Purchaser together with a statement showing the sum due

(B) The Vendor may at its own expense appoint an independent duly qualified accountant to audit and examine the books of the Purchaser relating to this Agreement not more than twice per annum during the Term on reasonable notice to ascertain the Royalty due to it hereunder

5. COMPLETION

Completion of this Agreement shall take place immediately following signature and exchange hereof when:-

(A) the Vendor Shall

- (i) deliver the Access Letter to the Purchaser; and
- (ii) (if requested by the Purchaser so to do and at the Purchasers' expense) deliver to the Purchaser duly executed assignments of such of the assets hereby agreed to be sold or assigned as are not transferable by delivery

(B) the Purchaser shall deliver to the Vendors solicitors for the account of the Vendor a bankers draft for £20,000 being that part of the Consideration payable on completion

(C) Within 10 days after Completion the Vendor shall deliver the Sample Sets to the Purchaser at such address in England as the Purchaser may direct

6. UNDERTAKINGS BY THE PURCHASER

The Purchaser hereby warrants represents and undertakes to and with the Vendor as follows:-

(A) The Vendor shall have the right and the Purchaser shall permit the Vendor to have access to the Materials on the terms of the Access Letter for the purposes only of printing Stamps or sets of the Stamps at the Vendor's expense for their normal trade and philatelic bureau businesses during the period of six months from the date of final release of such Stamps or sets of Stamps and thereafter may call upon the Purchaser to print such Stamp or sets of Stamps as are required by the Vendor at a price to be not more than half of the wholesale price established by the Vendor for such Stamps or sets of Stamps

(B) The Purchaser, in the name of the Purchaser, and at the expense of the Purchaser shall take all steps the Purchaser requires for the protection by registration or otherwise of all rights and copyright, registered designs, confidential information and trade marks (whether registered or unregistered) and all other such rights relating to the development, use and exploitation of the Stamps under this Agreement throughout the Territory

(C) The Purchaser shall take all steps which the Purchaser considers necessary to protect and defend the rights granted to the Purchaser by the Vendor under this Agreement. The cost of any such action and/or proceedings shall be for the account of the Purchaser and the Vendor agrees to co-operate fully with

the Purchaser in the conduct of such action and/or proceedings including without limitation agreeing to the use of its name insofar as may be necessary in connection therewith

(D) The Purchaser hereby appoints the Vendor as its sole and exclusive agent for a period of six months from the date hereof to negotiate with any third party a sub-licence of the worldwide rights to purchase from the Purchaser and distribute the Stamps or any of them for the purpose only of exploiting the Promotion Rights and the Packet Rights on the basis of the draft agreement annexed hereto with such amendments only as the Purchaser may agree in writing and a ~~minimum price~~ of £160,000 and ~~minimum~~ Royalty of ~~9 per cent~~ on the Net Sales (as therein defined) and the Purchaser hereby undertakes and agrees with the Vendor to enter into any agreement negotiated by the Vendor on its behalf in accordance with this sub-clause;

(E) The Purchaser will use its best efforts at all times to promote the sale of the Stamps produced under this Agreement and to protect their philatelic credibility and for this purpose shall appoint a representative of the Vendor to its Board of Directors as a non-executive director without authority to make binding commitments on behalf of the Purchaser and on such other terms as may be mutually agreed between the parties

(F) The Purchaser shall promptly fulfil or procure the fulfilment of all orders placed by the Vendor pursuant to sub-clause (A) of this Clause

(G) Unless otherwise agreed in writing between the parties the Purchaser will not sell, issue, distribute or otherwise dispose of the Stamps or any series or issue of them or exercise any of its rights acquired hereunder until such Stamps whether issued before or after the date hereof have been on sale for a period of six months from the date of their first release

7. UNDERTAKINGS BY THE VENDOR

The Vendor hereby warrants represents and undertakes to and with the Purchaser as follows:-

(A) The Vendor is the owner of the Materials ^{agreed to be} transferred to the Purchaser pursuant to Clause 2(A)(i) and has the full right and title to sell the same to the Purchaser on the terms of this Agreement

(B) Prior to the date hereof the Vendor is not in breach of any of its agreements with any Licensing entity save that not all monies due to every such entity by the Vendor have been paid and the Vendor knows of no reason in existence prior to the signature of this Agreement (other than such non-payment) why any such agreement should be terminated by the relevant Licensing entity

(C) Prior to the date hereof the Vendor either owned the copyright or had a legal right to reprint and all for its own benefit the Stamps and related philatelic material now in existence and has power to enter into this Agreement for the sale of the assets set out in Clause 2(A)

(D) The Vendor undertakes that the Materials are or shall be of merchantable quality and fit for their purpose

(E) The Vendor has not prior to the date of this Agreement and shall not knowingly hereafter sell the Stamps produced by it to third parties for use by such third parties for promotion and packet purposes neither will it grant the rights to reprint to any other third party and in the event of the Vendor becoming aware that any third party is using the Stamps for such purposes it shall immediately notify the Purchaser

(F) The Vendor shall promptly advise the Purchaser by notice in writing of any unauthorised representation or imitation of the Stamps or of any other improper or wrongful use or other infringement of any copyright, trademark or other rights connected with the Stamps including, but not limited to, the goodwill attached to the Stamps or any threat to do any of those things, which may come to its notice

(G) Prior to any sale by the Vendor of any of the artist's originals relating to the Stamps it will first offer the same by notice in writing to the Purchaser at a price specified by the Vendor. The Purchaser may accept such offer by tendering to the Vendor the specified purchase price within 7 days of the date of the said notice but failing this the Vendor shall be at liberty thereafter to sell such artist's original or originals to any person at any price not being less than the price specified in the notice to the Purchaser

8. FURTHER ASSURANCE

For further securing to the Purchaser the rights hereby assigned and granted the Vendor hereby undertakes to and with the Purchaser that it will subject always to the requirements of or any necessary consent by any relevant Licensing entity at the request and expense of the Purchaser do or execute all such further acts deeds documents and instruments from time to time necessary to vest the said rights in the Purchaser and for the protection and enforcement of the same

9. TERMINATION

(A) This Agreement shall be terminated with immediate effect in relation to any series or issue of the Stamps if the Licensing entity concerned withdraws or terminates the rights of the Vendor to produce and issue the series or issue such that the ability of the Vendor to assign and transfer the rights and Materials hereunder is prevented or ceases. Save as

aforesaid this Agreement shall continue for the full period of copyright and all renewals and extensions thereof and thereafter in perpetuity

(B) Upon the termination of this Agreement in relation to any series or issue of the Stamps the Purchaser will immediately cease producing such Stamps or the relevant series thereof and will hold to the order of the Vendor the Materials relating to such series or issue and will if so required by the Vendor deliver the same to it or as it may direct

10. NOTICES

(A) All notices to be served under this Agreement shall be delivered by hand or sent by telex or facsimile message, first class pre-paid registered post (air mail if overseas) to the addresses set out above or to such other address as the addressee may have notified the other party for the purpose of this Clause.

(B) A notice shall be deemed to have been served if delivered by hand on the date of delivery, if posted on the expiration of 48 hours or in the case of air mail seven days after posting and if sent by tested telex (with correct answerback) or facsimile message at the time of transmission.

11. LAW

The construction validity and performance of this Agreement shall be governed in all respects by English law. The parties submit to the non-exclusive jurisdiction of the High Court of England.

12. GENERAL

(A) This Agreement contains the entire agreement of the parties hereto and it is expressly declared that no variations of this Agreement shall be effective unless agreed in writing and signed by the duly authorised representatives of both parties.

(B) Nothing in this Agreement shall be deemed in any way to constitute a partnership, joint venture or agency between the parties to this Agreement.

(C) No waiver of any term, condition or breach of this Agreement shall be deemed a waiver of any other terms, conditions or later breaches of this Agreement.

(D) Should any term of this Agreement be considered void or voidable under any applicable law then such term shall be severed or amended in such a manner as to render the remainder of this Agreement valid or enforceable, unless the whole commercial object is thereby frustrated.

(E) This Agreement shall be binding upon and inure to the benefit of each party and its respective successors and assigns.

(F) All Clause headings included in this Agreement are for convenience only and are not a part of this Agreement and shall not be used to interpret any provision of this Agreement.

13. THE GUARANTOR'S OBLIGATIONS

(A) The Guarantor hereby unconditionally and irrevocably guarantees to the Vendor the due and punctual performance by the Purchaser of its obligations under this Agreement and undertakes to indemnify and keep indemnified the Vendor against all losses damages costs and expenses of whatsoever nature which may be suffered or incurred by it by reason of any default or delay on the part of the Purchaser in the performance of the said obligations

(B) This guarantee is a continuing guarantee and shall not be affected by any intermediate payments or settlement of account

(C) Prior to calling upon the Guarantor to perform hereunder the Vendor shall not be required to pursue, utilise or exhaust any other right remedy or security which it may have other than making demand on the Purchaser

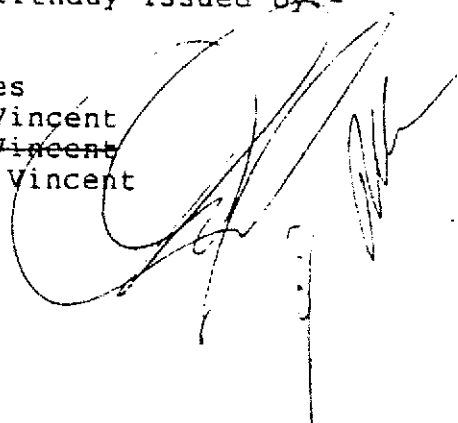
IN WITNESS whereof this Agreement has been entered into the day and year first above written

SCHEDULE 1

The Excluded Issues

Past Stamp Issues not subject
to the Right to Re-print

Item

- (1) Perforated de luxe Souvenir Sheets to commemorate
H.M. Queen Mothers 85th Birthday issued by:-
- St. Vincent
 - St. Vincent Grenadines
 - Union Island of St. Vincent
 - ~~Union Island of St. Vincent~~
 - Bequia Island of St. Vincent
 - Tuvalu
 - Tuvalu Islands of:
 - Nanumea
 - Nanumaga
 - Nui
 - Niutao
 - Vaitupu
 - Nukufetau
 - Funafuti
 - Nukulaelae
 - British Virgin Islands
 - Montserrat
 - Nevis
 - St. Lucia
- (2) Mint Stamps (perforated and imperforated) Souvenir Stamps
(perforated and imperforated) De Luxe Souvenir Sheets
(perforated and imperforated) and Progressive Proofs
commemorating Christopher Columbus issued by:-
- Nevis
 - St. Vincent
- (3) De Luxe Souvenir Sheets (perforated and imperforated) and
Progressive Proofs commemorating Boy Scouts Anniversary
issued by St. Vincent and St. Lucia
- (4) De Luxe Souvenir Sheets (perforated and imperforated) and
Progressive Proofs commemorating Rotary and Chess issued
by Tuvalu.
- (5) Souvenir Sheets (perforated and imperforated)
commemorating Halley's Comet issued by Montserrat
- (6) Souvenir Sheets (perforated and imperforated) featuring
Autos (reference 2038) issued by St. Vincent
- 

- (7) Souvenir Sheets (perforated and imperforated) featuring Locomotives (reference 3035) issued by St. Vincent Grenadines
- (8) Mint Stamps (perforated and imperforated) Souvenir Sheets (perforated and imperforated) De Luxe Souvenir Sheets (perforated and imperforated) and Progressive Proofs featuring Michael Jackson issued by British Virgin Islands
- (9) Limited Editions of Progressive Proofs as set-out below:-

PROGRESSIVES - LIMITED EDITIONS
ON ORIGINAL PRINTERS' CARDS

LEADING ARTISTS

Tuvalu	6001
Nanumea	6015
Nanumaga	6011
St. Vincent	6000
Grens of St Vincent	6003
Montserrat	6009
Nevis	6013
Bequia	6014
Saint Lucia	6002
Nevis	6006

QUEEN ELIZABETH II 60TH
BIRTHDAY

Saint Lucia	9043
Tuvalu	9044
Nanumaga	9045
Nanumea	9046
Niutao	9047
Nukufetau	9048
Nukulaelae	9049
Nui	9050
Vaitupu	9051
Funafuti	9052
Nevis	9053
St. Vincent	9054
Grens of St Vincent	9055
Bequia	9056
Union Island	9057
BVI	9058
Montserrat	9059

QUEEN MOTHER'S 85TH
BIRTHDAY

Tuvalu	9000
Montserrat	9002
Nevis	9004
Grens of St. Vincent	9006
St. Vincent	9008
Union Island	9010
Saint Lucia	9012
Bequia	9014
Funafuti	9016
Nukufetau	9018
Nui	9020
Nanumea	9022
Nanumaga	9024
Vaitupu	9026
Nukulaelae	9028
Niutao	9030
BVI	-

ROYAL WEDDING

BVI
Montserrat
Nevis
Saint Lucia
St. Vincent
Grens of St Vincent
Bequia
Union Island
Tuvalu
Funafuti
Nanumaga
Nanumea
Niutao
Nui
Nukufetau
Nukulaelae
Vaitupu

(10) limited editions of trains and cars a list thereof will be delivered to the Purchaser prior to completion

SCHEDULE 2

The Access Letter

From: Philatelists Limited
Philatelic School
Fritham House
Fritham near Lyndhurst
Hampshire SO4 7HH

To: Format International Limited
Park House Estate
Park House Street
London SE1

1987

Dear Sirs

We have entered into an agreement today with Rapid 2178 Limited shortly to be re-named Philatelic Distribution Corporation Limited ("Philatelic Distribution Corporation Limited") whereby we have sold all the materials relating to all our past, present and future stamps serving normal postage use (other than those specified in paragraphs 1(a) to (f) below) ("the Stamps") and all related philatelic materials comprising progressive proofs, de luxe sheets, imperforate stamps, souvenir sheets and booklets held by you to our order and have granted Philatelic Distribution Corporation Limited the right to reprint the Stamps and Philatelic Distribution Corporation Limited has granted to us the right of access to the materials to print and reprint the Stamps and the related philatelic materials for our normal trade and bureaux businesses during the period of six months from the date of first release of such Stamps.

We hereby authorise and direct you as follows:-

1. To retain and hold to the order of Philatelic Distribution Corporation Limited all artwork transparencies printing plates separations and other material held by you ("the Materials") with immediate effect or, if later, 180 days after first issue of Stamps created by you from the Materials whether before or after the date hereof relating to the Stamps other than the issues of Stamps as set out the Schedule hereto
2. Not to part with possession of any of the Materials except in accordance with the prior written instructions of Philatelic Distribution Corporation Limited

3. To accept orders for reprints from the Materials direct from Philatelic Distribution Corporation Limited
4. Not to allow any other person firm or company other than Philatelic Distribution Corporation and ourselves and both our servants agents and officers and you as Philatelic Distribution Corporation Limited's agent to have any access to any of the Materials except on the prior written instructions of both Philatelic Distribution Corporation and ourselves

You acknowledge and undertake and agree:-

1. That you have in your possession the Materials in relation to the Stamps shown on the sample sheets annexed
2. That commercially acceptable stamps can be reprinted from the Materials
3. You have not and will not impose any lien against any of the Materials except to the extent of any unpaid charges for any work done on Philatelic Distribution Corporation's instructions but you shall not have the right to impose any lien in respect of unpaid charges for any work done on our instructions
4. This Agreement is irrevocable and may not be altered or modified except with the prior written consent of Philatelic Distribution Corporation
5. You accept the terms and conditions of this letter and agree to be bound thereby

Yours faithfully
for and on behalf of
PHILATELISTS LIMITED

We agree and confirm the above
for and on behalf of FORMAT
INTERNATIONAL LIMITED

We agree and confirm the above
for and on behalf of
PHILATELIC DISTRIBUTION CORPORATION
LIMITED

THE SCHEDULE

[Schedule 1 to this Agreement to be
set out here]

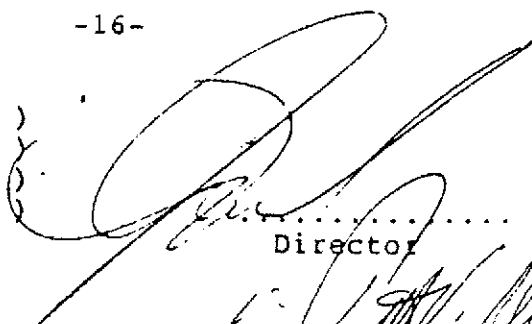
SCHEDULE 3

List of holding and subsidiary companies
of the Vendor

Philatelists (Holdings) Limited

Philatelists Caribbean Limited

SIGNED by
on behalf of PHILATELISTS
LIMITED in the presence
of:-


.....
Director

SIGNED by
on behalf of RAPID 2178
LIMITED in the presence
of:-

)
)
)
)
)
.....
Director

SIGNED by CLIVE HAROLD
FEIGENBAUM on behalf of
LONDON & NEW YORK
INTERNATIONAL STAMP
COMPANY LIMITED
in the presence of:-

)
)
)
)
)
)
.....
Director