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Date: September 22, 1993

Dear Mark

In reply to your message concerning the agreement. Sorry for the delay. I had hoped to get my solicitor to look through the agreement however there are several points which need to be made of a more general nature before I can do this.

The agreement, as you know, between us has been, and is for, the marketing and production of holographic stereograms produced with the DI-HO system. This does not include other types of holography, CW or Pulsed, or any form of technology transfer. Chris is very clear about this as we have discussed it many times. You will appreciate that the system, in it's present form, was designed and built by myself more than 18 months ago and in that time I have had many offers from companies such as Light Impressions, James River Research and Walter Clarke to distribute the system as well as 4-5 potential orders from individual companies.

In May I made a conscious decision to put on hold these negotiations until October to allow us to fully implement the stereogram production according to our verbal agreement. It will however be in my interest soon to resume these negotiations with a view to selling DI-HO systems. This week I had a visit from an Indian company to view the system and after my holiday a South American company is coming to London expressly to see the system, so interest continues to be high. I feel that when I resume my activity in selling DI-HO systems it need not interfere with our mutual business of producing holographic stereograms, indeed it could be a positive advantage as the process would accelerate the development of the technique and hence the quality of hologram production.

I therefore have the following points to make concerning the agreement:

Part 1.6 "Project" means the design, development and production of Holographic Stereogram Mastering made using the M.S.I DI-HO mastering system.

3. This clause is obviously ridiculous as it precludes either party from independently doing anything else holographic what-so-ever without prior consent from the other party. The clause should only apply to Holographic Stereogram Mastering using the M.S.I. DI-HO system.

4.1 Again not DI-HO mastering specific. This clause would require me to charge the most competitive rates based presumably on industry prices even though though it may not be financially possible for me to do so. Competitive is perhaps not the right word.

4.2 Change to "To provide Holographic Stereogram Mastering

exclusively .....party without the prior consent of IC

5.2 To use to Holographic Stereogram Mastering Services of M.S.I exclusively unless the parties agree that it is not possible or practical to do so.

5.5 IC to charge an agreed pricing structure for both "trade" and "non-trade" projects. Changes in pricing for the areas covered by the agreement should not be made without the prior agreement of M.S.I We need to settle on a pricing structure. This is to cover the situation where should you decide to charge very high prices this will obviously affect the chances of converting a commission and hence the benefit to myself from this agreement. We also need to agree on a trade price that does not cause my old contacts such as John Wolff, Laza, Dietmar Ohlmann, Kaveh Bazagan, Oxford Holographics etc. to feel that they are paying excessively more to go through IC for a job. I feel that in these instances IC should charge a reasonable amount for administration of the job, but to make any other profits on any design or imaging that may be necessary.

5.6 IC shall pay to M.S.I all monies owed within three months of date of invoice. This is not a declaration of terms of payment which will remain one month from date of invoice.

8.3. Determination of the agreement must be allowed after a fixed time period by either party. I suggest an one year period for the agreement, renewable by agreement of both parties.

If you feel that these additions/modifications are acceptable then I will be happy to sign the agreement otherwise we should discuss them in full at our next meeting - perhaps Friday evening.

Regards

THIS AGREEMENT is made the 1 day of FEBRUARY, 1994

B E T W E E N ROBERT MUNDAY trading as MUNDAY SPATIAL IMAGING of 39 Pycroft Road Chertsey Surrey KT16 9HT (hereinafter called "MSI") of the one part and IC HOLOGRAPHIC LIMITED whose registered office is at 3/4 Mallow Street London EC1Y 8RD (hereinafter called "IC") of the other part

W H E R E A S:

- (1) MSI specialises in the production and supply of holographic masters and other holographic products
- (2) IC specialises in the supply of holographic products and design services
- (3) The parties desire to increase the availability of products to the market and have agreed to enter into mutual commitments and to regulate their rights in relation to such joint venture upon the terms of this Agreement

IT IS HEREBY AGREED as follows:

1. In this Agreement unless the context otherwise requires:-

1.1 "Design" means the design and ancillary consultancy services relating to holographic products

1.2 "Gross Receipts" means 100% of all sums received by IC arising directly and identifiably from all sales made in connection with the Project taking into account all discounts allowances and adjustments made in connection therewith

1.3 "Expenses" means all costs and expenditure incurred by IC with sales made in connection with the Project including the costs of acquisitions of Mastering services from MSI

1.4 "Gross Profit" means Gross Receipts less Expenses

- 1.5 "Gross Profit Margin" means the proportion that Gross Profit bears to Expenses
- 1.6 "Intellectual Property Rights" means without limitation patents trademarks registered designs copyrights in any part of the world and the copyright in all drawings plans specifications and designs and all know-how and confidential information or any "work" as such term is defined in the Copyright Designs and Patents Act 1988 in which copyright or any right in the nature of copyright subsists
- 1.7 "Mastering" means the production of photoresist or any holographic recording for embossed or injection moulded reproduction and transfers thereof and such production or transfer shall be comprehended by all parts of speech or expression deriving meaning from the word "Master"
- 1.8 "Materials" means any notes calculations specifications reports designs drawings models prototypes holographic recordings or any information in a computer-readable form
- 1.9 "Project" means the design development and production of Masters in any part or parts of the world and the doing of such matters and things as may be considered necessary for or incidental to the furtherance of the Project
- 1.10 Any covenant by a party not to do an act or thing shall be deemed to include an obligation not to permit or suffer such act or thing to be done by another person
- 2.1 The parties will together control the management of the Project and determine policy to attain the objects of the

Project and will meet as often as necessary or desirable for the dispatch of business of the Project but in any event shall meet no less frequently than at quarterly intervals and full minutes will be kept of all meetings held

2.2 Each party will co-operate with each other and act in fairness and good faith to enable the objects of the Project to be attained and accordingly will respond promptly to requests properly made by the other for approvals information or assistance

2.3 Each party will appoint a representative to be the principal contact with the other party for the purposes of supervising the Project pursuant to the terms of this Agreement

2.4 Each party will provide the other with copies of such promotional and marketing materials as each party has available to it and which relate to matters dealt with in this Agreement

2.5 Each party will be responsible for all its own costs and expenses incurred pursuant to the terms hereof

3. MSI agrees with IC:-

3.1 To make all Mastering services available to IC at the most competitive costs available from time to time

3.2 To use and maintain all proper quality assurance and safety procedures and associated standards

3.3 To make available at all times sufficient resources to enable IC to provide a professional and responsive service

to customers or potential customers of the Project

3.4 To identify prospects and introduce the Project to potential customers

4. IC agrees with MSI:-

4.1 To devote such time and resources and use all reasonable endeavours to promote the Project

4.2 Whenever possible to use the Mastering services of MSI in connection with the Project

4.3 To administer all sales in connection with the Project

4.4 To loan to MSI free of charge the equipment detailed in Appendix I

4.5 In the event that the Gross Profit Margin exceeds 55% then to pay to MSI 25% of such excess within [28] days of such excess being ascertained

*3600 was agreed.*

5. MSI and IC mutually agree with each other:-

5.1 To make full disclosure of relevant information data and reports relating to the Project

5.2 Unless otherwise agreed in writing or required under the terms hereof to keep confidential from third parties all details of the Project

5.3 Do such other acts matters and things as may be necessary or desirable to promote the Project

5.4 To keep full and proper records and accounts of all items of income and expenditure received or incurred in connection with the Project and to make such records and accounts available for inspection by the other party or their auditors at all reasonable times

6. Subject to the provisions of clause 7 hereof either party may terminate this agreement:-

6.1 at any time within six months of the date hereof by giving not less than six months notice to terminate OR

6.2 at any time after six months from the date hereof by giving not less than twelve months notice to terminate

7. If:-

7.1 either party has not remedied in all material respects a substantial breach non-observance or non-performance of its obligations hereunder after written notice from the other party allowing it reasonable time to do so or

7.2 an event of insolvency occurs in relation to either party and for the purposes of this sub-clause "an event of insolvency" includes the inability of either party to pay its debts entry into liquidation either compulsory or voluntary (except for the purpose of amalgamation or reconstruction) the passing of a resolution for a creditors winding up the making of a proposal to either party and its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs the application to the court for an administration order and the appointment of a receiver or administrative receiver and in relation to the various events of insolvency they shall wherever appropriate be interpreted in accordance and in conjunction with the relevant provisions of the Insolvency Act 1986 then this agreement may be terminated by either party. Any such termination shall be without prejudice to the accrued

rights of the parties

8. Intellectual Property Rights

8.1 Each party shall be the owner of all existing Intellectual Property Rights in existence at the date of this agreement in any Material which it has created or the creation of which was undertaken by a third party which it commissioned to create that Material

8.2 Where any new Material is created for the purpose of the Project by either party then save to the extent that such Material embodies the Intellectual Property Rights of the other party all the Intellectual Property Rights in such new Material shall belong to the party which creates it

8.3 Each party hereby grants a licence to the other to use its Intellectual Property Rights in accordance with this agreement

8.4 Each party agrees not to use any of the Intellectual Property Rights belonging to the other party save for the purpose of this agreement

8.5 On termination of this agreement each party shall:

8.5.1 deliver up to the other party all Materials provided by the other party together with any copies of any of them which remain in its possession power or control

8.5.2 within 7 days destroy any Materials created for the purposes of this agreement which embody any of the Intellectual Property Rights of the other

party to this agreement

9. Notices and notifications
  - 9.1 Any notice or notification required to be given under the provisions of this Agreement shall be in writing
  - 9.2 Any notice required to be given shall be treated as properly given if compliance is made with the requirements of s 196 of the Law of Property Act 1925 (as amended by the Recorded Delivery Service Act 1962)
10. This Agreement relates only to the Project and shall neither constitute either party to it the agent of the other party nor shall it constitute a partnership between the parties
11. Each of the parties agree that each shall bear its own liability for taxation chargeable in respect of its participation in the Project and each undertakes to indemnify the other in respect of any taxation assessed on and paid by the other in respect of which the former is principally liable
- 12.1 This Agreement shall be binding on the parties to it and their respective successors and permitted assigns Provided that neither of such parties shall be entitled to assign this Agreement or any of its rights and obligations under this Agreement without the consent of the other (which consent either party may in its absolute discretion

withhold)

12.2 No exercise or failure to exercise or delay in exercising any right power or remedy vested in either party under or pursuant to this Agreement shall constitute a waiver by that party of that or any other right power or remedy

12.3 Each party shall bear its own costs of or in connection with the preparation and execution of this Agreement

12.4 This Agreement (together with all agreements and documents executed contemporaneously with it or referred to in it) constitutes the entire agreement between the parties in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to that subject matter and no variation of this Agreement shall be effective unless reduced to writing and signed by or on behalf of a duly authorized representative of each of the parties to this Agreement

12.5 In the event that any term condition or provision of this Agreement is held to be a violation of any applicable law statute or regulation the same shall be deemed to be deleted from this Agreement and shall be of no force and effect and this Agreement shall remain in full force and effect as if such term condition or provision had not originally been contained in this Agreement  
Notwithstanding the foregoing in the event of any such deletion the parties shall negotiate in good faith in order to agree the terms of a mutually acceptable and satisfactory alternative provision in place of the provision so deleted

13. In the event of any dispute between the parties such dispute shall be referred to an expert for determination and in such an event:

13.1 the expert shall be appointed by the parties jointly or if they cannot or do not agree on the appointment appointed by the President (or other acting senior officer for the time being) of the Institute of Chartered Accountants in England and Wales

13.2 Unless both parties agree to the contrary a person so appointed shall act as an expert and not as an arbitrator

13.3 the expert so appointed shall afford each party the opportunity to make representations to him and

13.4 the fees and expenses of the expert including the cost of his nomination shall be borne equally by the parties who (unless they otherwise agree) shall bear their own costs with respect to the determination of the issue by the expert

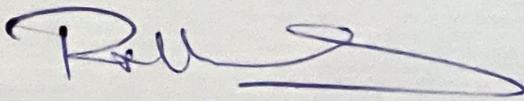
13.5 the expert shall give reasons for his determination

14. This Agreement shall be governed by and construed in all respects in accordance with English Law

I N W I T N E S S whereof the parties hereto have executed this Agreement the day and year first above written

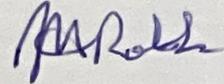
SIGNED by the said ROBERT MUNDAY )  
in the presence of: )

W Signature



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T Name

J. ROBB 

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E Address

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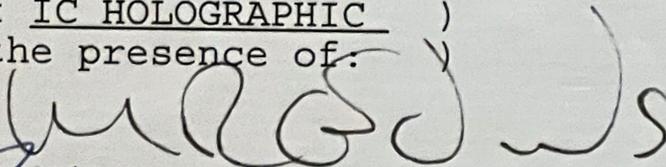
PUTNEY LONDON SW15 2LD

Occupation

HOLOGRAPHER.

SIGNED by MARC RAWLIN EDMUNDS )  
on behalf of IC HOLOGRAPHIC )  
LIMITED in the presence of: )

W Signature



I

T Name

~~SC THOMPSON~~  
SC THOMPSON

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E Address

77 THE VINEYARD

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ABINGDON, OX14 3PS

Occupation

OFFICE ITANVASEK.