

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Blue Marlin Corp.		05/16/2007	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA	
Name:	Shahkam Industries Limited
Street Address:	77G Block
City:	Model Town, Lahore
State/Country:	PAKISTAN
Postal Code:	54700
Entity Type:	CORPORATION: PAKISTAN

PROPERTY NUMBERS Total: 8

Property Type	Number	Word Mark
Serial Number:	76370876	BLUE MARLIN
Serial Number:	78152681	BLUE MARLIN FIVE STAR VINTAGE
Serial Number:	76325790	BLUE MARLIN FIVE STAR VINTAGE
Serial Number:	76325789	FIVE STAR VINTAGE
Serial Number:	76370837	
Serial Number:	78418854	ROMA ATLETICA
Serial Number:	78725637	ROMA ATLETICA
Serial Number:	78409251	BRONX SUPPLY CORP. KING OF THE BRONX

CORRESPONDENCE DATA	
Fax Number:	(650)838-4350
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	650-838-4300
Email:	TaishaBrown@perkinscoie.com
Correspondent Name:	Edward Wes
Address Line 1:	101 Jefferson Drive

CH \$215.00 76370876

Address Line 4: Menlo Park, CALIFORNIA 94025

ATTORNEY DOCKET NUMBER:

59246-0001

DOMESTIC REPRESENTATIVE

Name:

Address Line 1:

Address Line 2:

Address Line 3:

Address Line 4:

NAME OF SUBMITTER:

Edward J. Wes

Signature:

/Edward J. Wes/

Date:

06/14/2007

Total Attachments: 15

source=Security Agreement#page1.tif
source=Security Agreement#page2.tif
source=Security Agreement#page3.tif
source=Security Agreement#page4.tif
source=Security Agreement#page5.tif
source=Security Agreement#page6.tif
source=Security Agreement#page7.tif
source=Security Agreement#page8.tif
source=Security Agreement#page9.tif
source=Security Agreement#page10.tif
source=Security Agreement#page11.tif
source=Security Agreement#page12.tif
source=Security Agreement#page13.tif
source=Security Agreement#page14.tif
source=Security Agreement#page15.tif

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of May 16, 2007, ("*Agreement*") among Blue Marlin Corp., a California corporation (the "*Grantor*") and Shahkam Industries (PVT) Limited ("*SI*").

WITNESSETH:

WHEREAS, in connection with a Settlement and Debt Restructuring Agreement of even date herewith (the "*Restructuring Agreement*") for an aggregate amount of One Million, Six hundred and Six Thousand and Thirty-nine US dollars and ten cents (US\$1,606,039.10), the Grantor has agreed to grant a second ranking lien, subordinate only to the prior lien of Capital Business Credit of Los Angeles, California, U.S.A., ("*CBC*") on the Collateral (as hereinafter defined) to secure all amounts owing to SI pursuant to the Restructuring Agreement; the "*Obligations*";

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINED TERMS.** The following terms shall have the following respective meanings:

"*Accounts*" means all of the Grantor's now owned or hereafter acquired or arising accounts, as defined in the UCC, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance, and all receivables.

"*Chattel Paper*" means all of the Grantor's now owned or hereafter acquired chattel paper, as defined in the UCC, including electronic chattel paper.

"*Documents*" means all documents, as defined in the UCC, including bills of lading, warehouse receipts or other documents of title, now owned or hereafter acquired by the Grantor.

"*Equipment*" means all of the Grantor's now owned and hereafter acquired machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (except Inventory), including embedded software, motor vehicles with respect to which a certificate of title has been issued, dies, tools, jigs, molds and office equipment, as well as all of such types of property leased by the Grantor and all of the Grantor's rights and interests with respect thereto under such leases (including, without limitation, options to purchase); together with all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto; wherever any of the foregoing is located, other than that personal property identified on Schedule 1 hereto.

"*Event of Default*" means one or more failure(s) by the Grantor with respect to payment to SI or performance of the Obligations which remain(s) uncorrected for a period of thirty (30) days, excluding payment which shall be fifteen (15) days, after receipt of written notice by the Grantor from SI.

“General Intangibles” means all of the Grantor’s now owned or hereafter acquired general intangibles, choses in action and causes of action and all other intangible personal property of the Grantor of every kind and nature (other than Accounts), including, without limitation, all contract rights, payment intangibles, Proprietary Rights, corporate or other business records, inventions, designs, blueprints, plans, specifications, patents, patent applications, trademarks, service marks, trade names, trade secrets, goodwill, copyrights, computer software, customer lists, registrations, licenses, franchises, tax refund claims, any funds which may become due to the Grantor in connection with the termination of any employee benefit plan or any rights thereto and any other amounts payable to the Grantor from any employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, property, casualty or any similar type of insurance and any proceeds thereof, proceeds of insurance covering the lives of key employees on which the Grantor is beneficiary, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged equity interests or Investment Property and any letter of credit, guarantee, claim, security interest or other security held by or granted to the Grantor.

“Instruments” means all instruments, as defined in the UCC, now owned or hereafter acquired by the Grantor.

“Inventory” means all of the Grantor’s now owned and hereafter acquired inventory, goods and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, work-in-process, finished goods (including embedded software), other materials and supplies of any kind, nature or description which are used or consumed in the Grantor’s business or used in connection with the packing, shipping, advertising, selling or finishing of such goods, merchandise, and all documents of title or other Documents representing them.

“Investment Property” means all of the Grantor’s right, title and interest in and to any and all: (a) securities whether certificated or uncertificated; (b) securities entitlements; (c) securities accounts; (d) commodity contracts; or (e) commodity accounts.

“Letter-of-Credit Rights” means all of the Grantor’s right, title and interest in and to any and all letter-of-credit rights, as defined in the UCC.

“Payment Account” means each bank account established pursuant to this Security Agreement, to which the proceeds of Accounts and other Collateral are deposited or credited, and which is maintained in the name of SI or a Grantor, as SI may determine, on terms acceptable to SI.

“Proprietary Rights” means all of the Grantor’s now owned and hereafter arising or acquired: licenses, franchises, permits, patents, patent rights, copyrights, works which are the subject matter of copyrights, trademarks [Schedule II], service marks, trade names, trade styles, patent, trademark and service mark applications, and all licenses and rights related to any of the foregoing, and all other rights under any of the foregoing, all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing, and all rights to sue for past, present and future infringement of any of the foregoing.

“Supporting Obligations” means all supporting obligations, as defined in the UCC.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of California or of any other state the laws of which are required as a result thereof to be applied in connection with the issue of perfection of security interests.

All other capitalized terms used but not otherwise defined herein have the meanings provided for by the UCC to the extent the same are used or defined therein.

2. GRANT OF LIEN.

(a) As security for all Obligations, the Grantor hereby grants to SI a second ranking lien, subordinate only to the prior lien of Capital Business Credit of Los Angeles, California, U.S.A., which lien shall be a continuing security interest in, lien on, assignment of and right of set-off against, all of the following property and assets of the Grantor, whether now owned or existing or hereafter acquired or arising, regardless of where located:

- (i) all Accounts;
- (ii) all Inventory;
- (iii) all contract rights, including Assigned Contracts;
- (iv) all Chattel Paper;
- (v) all Documents;
- (vi) all Instruments;
- (vii) all Supporting Obligations;
- (viii) all General Intangibles;
- (ix) all Equipment;
- (x) all Investment Property;
- (xi) all Letter-of-Credit Rights;
- (xii) all money, cash, cash equivalents, securities and other property of any kind of the Grantor;
- (xiii) all of the Grantor’s deposit accounts, payment accounts, credits, and balances;
- (xiv) all of Grantor's Proprietary Rights;
- (xv) all books, records and other property related to or referring to any of the foregoing, including books, records, account ledgers, data processing records, computer software and other property and General Intangibles at any time evidencing or relating to any of the foregoing; and

(xvi) all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing, including, but not limited to, proceeds of any insurance policies, claims against third parties, and condemnation or requisition payments with respect to all or any of the foregoing.

All of the foregoing and all other property of the Grantor in which SI may at any time be granted a security interest as collateral for the Obligations, are herein collectively referred to as the "*Collateral*".

(b) All of the Obligations shall be secured by all of the Collateral.

3. **PERFECTION AND PROTECTION OF SECURITY INTEREST**

(a) The Grantor shall, at its expense, perform all steps requested by SI at any time to perfect, maintain, protect, and enforce SI's security interest, including without limitation: (i) executing, delivering and/or filing financing or continuation statements, and amendments thereof, in form and substance reasonably satisfactory to SI; (ii) delivering to SI the originals of all Instruments, Documents, and Chattel Paper, and all other Collateral of which SI determines it should have physical possession in order to perfect and protect SI's security interest therein, duly pledged, endorsed or assigned to SI without restriction; (iii) delivering to SI warehouse receipts covering any portion of the Collateral located in warehouses and for which warehouse receipts are issued and certificates of title covering any portion of the collateral for which certificates of title have been issued; (iv) when any default in payment to SI under the Restructuring Agreement has occurred and is continuing, transferring Inventory to warehouses or other locations designated by SI; (v) placing notations on the Grantor's books of account to disclose SI's security interest; (vi) obtaining control agreements from financial institutions with respect to Accounts and from securities intermediaries with respect to financial assets in the possession of securities intermediaries; (vii) assigning and delivering to SI all Supporting Obligations, including letters of credit on which the Grantor is named beneficiary with the written consent of the issuer thereof; (viii) filing security agreements with the appropriate government authorities, to perfect SI's interest in Proprietary Rights; and (ix) taking such other steps as are deemed necessary or desirable by SI to maintain and protect SI's security interest. To the extent permitted by applicable law, SI may file, without the Grantor's signature, one or more financing statements disclosing SI security interest. The Grantor agrees that a carbon, photographic, photo static, or other reproduction of this Security Agreement or of a financing statement is sufficient as a financing statement.

(b) From time to time, the Grantor shall, upon SI's request, execute and deliver confirmatory written instruments pledging to SI the Collateral, but the Grantor's failure to do so shall not affect or limit any security interest or any other rights of SI in and to the Collateral with respect to the Grantor.

4. **LOCATION OF COLLATERAL**

The Grantor represents and warrants to SI that: Schedule I is a correct and complete list of the Grantor's chief executive office, the location of its books and records. The Grantor covenants and agrees that it will not (i) maintain any Collateral at any location other than those locations listed for the Grantor on Schedule I, (ii) otherwise change or add to any of such locations, (iii) change the location of its chief executive office from the location identified in

Schedule I, unless it gives SI at least three (3) days' prior written notice thereof and executes any and all financing statements and other documents that SI reasonably requests in connection therewith.

5. JURISDICTION OF ORGANIZATION

Grantor is a corporation duly incorporated, validly existing and in good standing in the State of California. The Grantor's name (as it appears in this Agreement) is its true and correct name as it appears in official filings in the State of California, Grantor's state of its incorporation. The Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated as of the date hereof without the prior written consent of SI.

6. TITLE TO, LIENS ON, AND SALE AND USE OF COLLATERAL

The Grantor represents and warrants to SI and agrees with SI that: (a) all of the Collateral is and will continue to be owned by the Grantor free and clear of all liens whatsoever, except for that certain prior lien in favor of Capital Business Credit of Los Angeles, California, U.S.A. (the "Permitted Lien"); (b) SI's security interest in the Collateral will not be subject to any prior lien except for the Permitted Lien; and (c) the Grantor will use, store, and maintain the Collateral with all reasonable care and will use such Collateral for lawful purposes only.

7. ACCESS AND EXAMINATION

SI may, if any default in payment to SI under the Agreement or any Event of Default shall have occurred and be continuing, at all reasonable times during regular business hours (and at any time when an Event of Default exists and is continuing) have access to, examine, audit, make extracts from or copies of and inspect any or all of a Grantor's records, files, and books of account and the Collateral, and discuss the Grantor's affairs with the Grantor's officers and management. The Grantor will deliver to SI any instrument necessary for SI to obtain records from any service bureau maintaining records for the Grantor. SI may at any time when an Event of Default to SI under the Agreement exists, and at Grantor's expense, make copies of all of the Grantor's books and records, or require the Grantor to deliver such copies to SI.

8. ACCOUNTS.

(a) The Grantor hereby represents and warrants to SI, with respect to the Grantor's Accounts, that: (i) each existing Account represents, and each future Account will represent, a bona fide sale or lease and delivery of goods by the Grantor, or rendition of services by the Grantor, in the ordinary course of the Grantor's business; (ii) each existing Account is, and each future Account will be, for a liquidated amount payable by the Account Debtor thereon on the terms set forth in the invoice therefor or in the schedule thereof delivered to SI, without any offset, deduction, defense, or counterclaim except those a) incurred as normal industry practice and b) known to the Grantor and disclosed to SI pursuant to this Security Agreement; (iii) no payment will be received with respect to any Account, and no credit, discount, or extension, or agreement therefor will be granted on any Account, except as those incurred as normal industry practice; (iv) each copy of an invoice delivered to SI by the Grantor will be a genuine copy of the original invoice sent to the Account Debtor named therein; and (v) all goods

described in any invoice representing a sale of goods will have been delivered to the Account Debtor and all services of the Grantor described in each invoice will have been performed.

(b) The Grantor shall not re-date any invoice or sale or make sales on extended dating beyond that customary in the Grantor's business or extend or modify any Account.

(c) The Grantor shall notify SI promptly of all disputes and claims with any Account Debtor, and agrees to settle, contest, or adjust such dispute or claim at no expense to SI.

9. COLLECTION OF ACCOUNTS; PAYMENTS.

(a) SI may, subject to the prior written agreement of the first lien holder, CBC, at any time after the occurrence of an Event of Default to SI under the Agreement, notify Account Debtors that the Accounts have been assigned to SI and of SI's security interest therein, and may collect them directly and charge the collection costs and expenses to the account of such defaulting Grantor. So long as such a default has occurred and is continuing, the Grantor, at SI's request, shall execute and deliver to SI such documents as SI shall require to grant SI access to any post office box in which collections of Accounts are received.

(b) All payments including immediately available funds received by SI at a bank account designated by it will be SI's sole property for its benefit and will be credited to the repayment of the Obligations to the extent of such funds received one (1) Business Day after SI's receipt of immediately available funds.

10. DOCUMENTS, INSTRUMENTS, AND CHATTEL PAPER

The Grantor represents and warrants to SI that (a) all Documents, Instruments, and Chattel Paper describing, evidencing, or constituting Collateral, and all signatures and endorsements thereon, are and will be complete, valid, and genuine, and (b) all goods evidenced by such Documents, Instruments, and Chattel Paper are and will be owned by the Grantor, free and clear of all liens other than Permitted Lien.

11. RIGHT TO CURE

SI may pay any amount or do any act in order to preserve, protect, maintain or enforce the Obligations, the Collateral or SI's security interest therein, and which the Grantor fails to pay or do, including payment of any judgment against the Grantor, any insurance premium, any warehouse charge, any finishing or processing charge, any landlord's or bailee's claim, and any other lien upon or with respect to the Collateral. All payments that SI makes under this Section 11 and all out-of-pocket costs and expenses that SI pays or incurs in connection with any action taken by it hereunder shall be charged to the Grantor's account and shall be deemed included in the Obligations. Any payment made or other action taken by SI under this Section 11 shall be without prejudice to any right to assert any default in payment to SI under the Agreement and to proceed thereafter as herein provided.

12. POWER OF ATTORNEY

The Grantor hereby appoints SI and SI's designee as the Grantor's attorney to file any financing statements by electronic means with or without a signature as authorized or required by applicable law or filing procedure and otherwise with power so long as any Event of Default has occurred and is continuing: (a) to endorse the Grantor's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into SI's possession; (b) to sign the Grantor's name on any invoice, bill of lading, warehouse receipt or other negotiable or non-negotiable Document constituting Collateral, on drafts against customers, on assignments of Accounts, on notices of assignment, financing statements and other public records; (c) to notify the post office authorities to change the address for delivery of the Grantor's mail to an address designated by SI and to receive, open and dispose of all mail addressed to the Grantor; (d) to send requests for verification of Accounts to customers or Account Debtors; (e) to complete in the Grantor's name or SI's name, any order, sale or transaction, obtain the necessary Documents in connection therewith, and collect the proceeds thereof; (f) to clear Inventory through customs in the Grantor's name, SI's name or the name of SI's designee, and to sign and deliver to customs officials powers of attorney in the Grantor's name for such purpose; and (g) to do all things necessary in the sole judgment of SI to carry out this Security Agreement. The Grantor ratifies and approves all acts of such attorney. Neither SI nor their attorneys will be liable for any acts or omissions or for any error of judgment or mistake of fact or law except for their willful misconduct. This power, being coupled with an interest, is irrevocable until this Security Agreement has been terminated and the Obligations have been fully satisfied.

13. SI'S RIGHTS, DUTIES AND LIABILITIES.

(a) The Grantor assumes all responsibility and liability arising from or relating to the use, sale or other disposition of the Collateral. The Obligations shall not be affected by any failure of SI to take any steps to perfect SI's security interest or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release the Grantor from any of the Obligations. Following the occurrence and during the continuation of a default in payment to SI under the Agreement, SI may (but shall not be required to) without notice to or consent from the Grantor, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of the Grantor for the Obligations or any other agreement now or hereafter existing between SI and the Grantor.

(b) It is expressly agreed by the Grantor that, anything herein to the contrary notwithstanding, the Grantor shall remain liable under each of its contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. SI shall not have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a security interest or the receipt by SI of any payment relating hereto. SI shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Grantor under or pursuant to any contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract or license, or to present or file any claims, or to take any action to collect or

enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) SI may at any time after an Event of Default shall have occurred and be continuing, without prior notice to the Grantor, notify Account Debtors, parties to the Contracts and obligors in respect of Instruments and Chattel Paper, that the Accounts and the right, title and interest of the Grantor in and under such Contracts, Instruments and Chattel Paper have been assigned to SI, and that payments shall be made directly to SI. If an Event of Default shall have occurred and be continuing, the Grantor, at its own expense, shall, if requested by SI, cause the independent certified public accountants then engaged by the Grantor to prepare and deliver to SI at any time and from time to time promptly upon SI's request the following reports with respect to the Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as SI may request.

14. INDEMNIFICATION

In any suit, proceeding or action brought by SI relating to any Account, Chattel Paper, Contract, Document, General Intangible or Instrument for any sum owing thereunder or to enforce any provision of any Account, Chattel Paper, Contract, Document, General Intangible or Instrument, the Grantor will save, indemnify and keep SI harmless from and against all expense (including, without limitation, reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of an Event or Default or out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from the Grantor, except in the case of SI, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of SI as finally determined by a court of competent jurisdiction. All such obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against SI.

15. LIMITATION ON LIENS ON COLLATERAL

The Grantor will create, permit or suffer to exist, and the Grantor will defend the Collateral against, and take such other action as is necessary to remove, any lien on the Collateral except Permitted Lien, and will defend the right, title and interest of SI in and to any of the Grantor's rights under the Collateral against the claims and demands of all persons whomsoever.

16. NOTICE REGARDING COLLATERAL

The Grantor will advise SI promptly, in reasonable detail, of any lien (other than Permitted Lien) or claim made or asserted against any of the Collateral.

17. REMEDIES; RIGHTS UPON DEFAULT.

(a) Upon an Event of Default, the Grantor shall (to the extent any elements of SI's security interest have not been previously perfected), promptly at the request of SI take all necessary or advisable actions to perfect SI's security interest on any Collateral.

(b) In addition to all other rights and remedies granted to it under this Security Agreement, and under any other instrument or agreement securing, evidencing or relating to any

of the Obligations, if an Event of Default shall have occurred and be continuing, SI may exercise all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, the Grantor expressly agrees that in any such event SI, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Grantor or any other person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith enter upon the premises of the Grantor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving the Grantor or any other Person notice and opportunity for a hearing on SI's claim or action and may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. Notwithstanding that Grantor has waived notice of a private sale of the Collateral, Grantor acknowledges that ten (10) days notice of a public or private sale would be reasonable notice of any such sale. SI shall have the right upon any such public sale or sales and, to the extent permitted by law, and upon any such private sale or sales, to purchase for the benefit of SI, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption the Grantor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. SI shall have the right to conduct such sales on the Grantor's premises or elsewhere and shall have the right to use the Grantor's premises without charge for such time or times as SI deems necessary or advisable.

(c) The Grantor further agrees, at SI's request, to assemble the Collateral and make it available to SI at places which SI shall select, whether at the Grantor's premises or elsewhere, and to assemble and deliver to SI all certificates of title covering all Equipment (including, without limitation, all motor vehicles and aircrafts, as may be requested by SI) owned by the Grantor. Until SI is able to effect a sale, lease, or other disposition of the Collateral, SI shall have the right to hold or use the Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving the Collateral or its value or for any other purpose deemed appropriate by SI. SI shall have no obligation to the Grantor to maintain or preserve the rights of the Grantor as against third parties with respect to the Collateral while the Collateral is in the possession of SI. SI may, if it so elects, seek the appointment of a receiver or keeper to take possession of the Collateral and to enforce any of SI's remedies (for the benefit of SI), with respect to such appointment without prior notice or hearing as to such appointment. SI shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Obligations as provided in the Restructuring Agreement, and only after so paying over such net proceeds, and after the payment by SI of any other amount required by any provision of law, need SI account for the surplus, if any, to the Grantor. To the maximum extent permitted by applicable law, the Grantor waives all claims, damages, and demands against SI arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of SI as finally determined by a court of competent jurisdiction. The Grantor agrees that ten (10) days prior notice by SI of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. The Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of

the Collateral are insufficient to pay all Obligations, including any attorneys' fees or other expenses incurred by SI to collect such deficiency.

(d) Except as otherwise specifically provided herein, the Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

18. LIMITATION ON SI'S DUTY IN RESPECT OF COLLATERAL

SI shall use reasonable care with respect to the collateral in its possession or under its control. SI shall not have any other duty as to any Collateral in its possession or control or in the possession or control of SI, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

19. MISCELLANEOUS.

(a) **Reinstatement.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Grantor for liquidation or reorganization, should the Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of the Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(b) **Notices.** Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Restructuring Agreement.

(c) **Severability.** Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

(d) **No Waiver; Cumulative Remedies.** SI shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by SI and then only to the extent therein set forth. A waiver by SI of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which SI would otherwise have had on any future occasion. No

failure to exercise nor any delay in exercising on the part of SI, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by SI and the Grantor.

(e) **Limitation by Law.** All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

(f) **Termination of this Security Agreement.** Subject to Section 19(a) hereof, this Security Agreement shall terminate upon the indefeasible payment and performance in full in immediately available funds of all Obligations.

(g) **Successors and Assigns.** This Security Agreement, and all obligations of the Grantor hereunder shall be binding upon the successors and assigns of the Grantor (including any debtor-in-possession on behalf of the Grantor) and shall, together with the rights and remedies of SI, for the benefit of SI, hereunder, inure to the benefit of SI, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the security interest granted to SI hereunder. Grantor may not assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Security Agreement.

(h) **Counterparts.** This Security Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one and the same agreement.

(i) **Governing Law; Waiver of Jury Trial.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA LOCATED IN THE CITY OF SAN FRANCISCO, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO THE GRANTOR AT ITS ADDRESS SET FORTH IN THE RESTRUCTURING AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH SI SHALL HAVE BEEN NOTIFIED PURSUANT THERETO;

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(v) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN THIS SECTION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES; AND

(vi) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

(j) **Section Titles.** The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

(k) **No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises under any provision of this Security Agreement, this Security Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

(l) **Advice of Counsel.** Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of Section 19(i), with its counsel.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

“Grantor”

BLUE MARLIN CORP.

By: 

Name: Erik Stuebe

Title: President & CEO

“SI”

**SHAHKAM INDUSTRIES (PVT)
LIMITED**

By: 

Name: Shahid Butt

Title: President & CEO

SCHEDULE I
to
SECURITY AGREEMENT

LOCATION OF CHIEF EXECUTIVE OFFICE AND BOOKS AND RECORDS

- A. Location of Chief Executive Office: 299 Kansas Street, San Francisco, California 94103, U.S.A.
- B. Location of Books and Records: 299 Kansas Street, San Francisco, California 94103, U.S.A.

SCHEDULE II
To
SECURITY AGREEMENT

TRADEMARKS

Serial #: 76/370876:



"BLUE MARLIN"

Serial #: 78/152681:



"BLUE MARLIN
FIVE STAR VINTAGE"

Serial #: 76/325790:

"BLUE MARLIN
FIVE STAR VINTAGE"

Serial #: 76/325789:



"FIVE STAR
VINTAGE"

Serial #: 76/370837:



Serial #: 78/680617

"BLUE MARLIN"

Serial # 78/418854 & 78/725637

"ROMA ATLETICA"

Serial # 78/409251

"BRONX SUPPLY CORP., KING OF THE BRONX"