

2/24/04

03-03-2004

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

102682967

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Cinram International Inc.

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other Corporation - Ontario

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 17/12/03

2. Name and address of receiving party(ies)

Name: 2034506 Ontario Limited

Internal Address: Unit 32

Street Address: 1200 Aerowood Dr.

City: Mississauga State: ON Zip: L4W 2S7

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other Corporation - Ontario

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

FEB 24 2004

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1494920, 1494919, 1522179, 1513145, 1513144

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Eugene J.A. Gierczak

Internal Address: Suite 2500

Street Address: 20 Queen Street West

City: Toronto State: ON Zip: L5H 3S1

6. Total number of applications and registrations involved:

5

7. Total fee (37 CFR 3.41) \$ 140.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Eugene J.A. Gierczak

Name of Person Signing

Signature

Signature

Feb. 23, 2004

Date

Total number of pages including cover sheet, attachments, and document: 1

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

03/02/2004 MGETACHE 00000124 1494920

01 00:5521 02 00:16592

40.00 OP 100.00 OP

TRADEMARK REEL: 002920 FRAME: 0549

## ASSIGNMENT OF TRADEMARKS

REFERENCE is made to an asset purchase agreement made as of the 2nd day of December, 2003 (the "Asset Purchase Agreement") between 2034506 Ontario Limited (hereinafter referred to as the "Assignee") and Cinram International Inc. (hereinafter referred to as the "Assignor").

KNOW ALL MEN BY THESE PRESENTS that the Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in furtherance of the completion of the transactions provided for in the Asset Purchase Agreement, does hereby sell, assign, convey and transfer unto the Assignee all of the Assignor's right, title and interest in and to the following trademarks and service marks and also in and to each and all of the registrations thereof (or applications therefor, as the case may be), as described below, including the goodwill associated therewith, such trademarks and service marks being the following:

### CANADIAN APPLICATIONS AND REGISTRATIONS:

1. Trademark: *JUST DVD*  
Application No.: 1134281                      Filing Date: *March 14, 2002*
2. Trademark: *FRESH BEANS GOURMET COFFEE*  
Application No.: 0878966                      Filing Date: *May 25, 1998*
3. Trademark: *THE AMAZING MUSIC MACHINE & DESIGN*  
Registration No.: TMA387714                      Registration Date: *August 16, 1991*
4. Trademark: *AMAZING VIDEO*  
Registration No.: TMA384089                      Registration Date: *May 10, 1991*
5. Trademark: *THE AMAZING VIDEO NETWORK & DESIGN*  
Registration No.: TMA379100                      Registration Date: *February 1, 1991*
6. Trademark: *THE AMAZING MUSIC NETWORK*  
Registration No.: TMA374203                      Registration Date: *October 12, 1990*
7. Trademark: *THE AMAZING MUSIC MACHINE*  
Registration No.: TMA373339                      Registration Date: *September 14, 1990*
8. Trademark: *THE AVM ADVANTAGE*  
Registration No.: TMA369299                      Registration Date: *June 8, 1990*
9. Trademark: *AVN*  
Registration No.: TMA365983                      Registration Date: *February 23, 1990*
10. Trademark: *THE AMAZING VIDEO NETWORK*  
Registration No.: TMA352959                      Registration Date: *March 10, 1989*

11. Trademark: *AVM*  
Registration No.: *TMA349452* Registration Date: *December 23, 1988*
12. Trademark: *THE AMAZING VIDEO MACHINE*  
Registration No.: *TMA349253* Registration Date: *December 16, 1988*
13. Trademark: *THE AMAZING VIDEO MACHINE & DESIGN*  
Registration No.: *TMA340619* Registration Date: *May 20, 1988*


**UNITED STATES REGISTRATIONS:**

1. Trademark: *THE AMAZING VIDEO MACHINE*  
Serial No.: *73687741* Regn. No.: *1494920* Regn. Date: *July 5, 1988*
2. Trademark: *THE AMAZING VIDEO MACHINE*  
Serial No.: *73687740* Regn. No.: *1494919* Regn. Date: *July 5, 1988*
3. Service Mark: *AVM*  
Serial No.: *73685978* Regn. No.: *1522179* Regn. Date: *Jan. 24, 1989*
4. Service Mark: *THE AMAZING VIDEO MACHINE*  
Serial No.: *73685977* Regn. No.: *1513145* Regn. Date: *Nov. 15, 1988*
5. Service Mark: *THE AMAZING VIDEO MACHINE*  
Serial No.: *73685976* Regn. No.: *1513144* Regn. Date: *Nov. 15, 1988*

The Assignor hereby agrees that it shall with reasonable diligence provide and execute such further documents and instruments as may be reasonably required by the Assignee in order to effect or to evidence the transfer of the trade-marks and registrations referred to above. The Assignor hereby acknowledges and agrees that the Assignee is entitled to the assignment herein provided for subject to, and with the full benefit of, all of the representations, warranties and covenants contained in the Asset Purchase Agreement (and, for greater certainty, nothing herein shall be construed or interpreted as in any way limiting or derogating from such representations, warranties and covenants or from the benefit thereof).

EXECUTED at Toronto, Ontario, this 17th day of December, 2003.

**CINRAM INTERNATIONAL INC.**

Per.  c/s  
Cyril MacLean  
C.F.O., Canadian Operations

**Certificate  
of Amendment**

**Canada Business  
Corporations Act**

**Certificat  
de modification**

**Loi canadienne sur  
les sociétés par actions**

**Cinram International Inc.**

**294169-4**

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended

Je certifie que les statuts de la société susmentionnée ont été modifiés :

(a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;

a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

(b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;

b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;

c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

(d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization.

d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes.

Director - Directeur

June 12, 1997/le 12 juin 1997

Date of Amendment - Date de modification

1 - Name of Corporation - Dénomination de la société  
CINRAM LTD.

2 - Corporation No. - No. de la société  
~~234263X~~ 294169-4

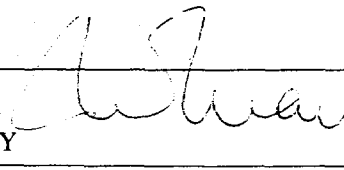
3 - The articles of the above-named corporation are amended as follows:

Les statuts de la société mentionnée ci-dessus sont modifiés de la  
façon suivante:

The name of the Corporation is changed to "Cinram International Inc."

Date  
June 12, 1997

Signature  
NORMAN MAY



Title - Titre  
Director

CCA 1387 (02-89) 46

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Filed - Déposée

JUN 13 1997



**Certificate  
of Amendment**

**Canada Business  
Corporations Act**

**Certificat  
de modification**

**Loi canadienne sur  
les sociétés par actions**

**Cinram International Inc.**

**294169-4**

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Director - Directeur

June 12, 1997/le 12 juin 1997  
Date of Amendment - Date de modification

1 - Name of Corporation - Dénomination de la société  
CINRAM LTD.

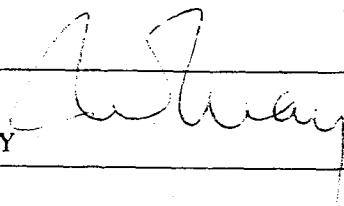
2 - Corporation No. - No. de la société  
~~2342639~~ 294169-4

3 - The articles of the above-named corporation are amended as follows: Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

The name of the Corporation is changed to "Cinram International Inc."

Date  
June 12, 1997

Signature  
NORMAN MAY



Title - Titre  
Director

CCA 1387 (02-89) 46

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Filed - Déposée

JUN 13 1997

CITICORP NORTH AMERICA, INC.  
388 Greenwich Street, 21st Floor  
New York, New York, 10013

December 9, 2003

**CINRAM INTERNATIONAL INC.**  
2255 Markham Road  
Toronto, Ontario  
M1B 2W3

- and -

**2034506 ONTARIO LIMITED**  
c/o Daigle & Hancock LLP  
Barristers and Solicitors  
51 Village Centre Place  
Mississauga, Ontario, L4Z 1V9

Attn: Cyril MacLean

Attn: Douglas H. Hancock

Dear Sirs:

**RE: Cinram International Inc. ("Cinram") - Sale of Assets of Cinram's "The Amazing Video Network" division to 2034506 Ontario Limited (the "Purchaser")**

Reference is made to the following security registrations under the *Personal Property Security Act* (Ontario) pursuant to which Cinram is the "debtor" and the undersigned is the "secured party" (in its capacity as administrative agent):

File No.: 600409485

Financing Statement Regn. No.: 20031022 1028 1590 2912

File No.: 600409512

Financing Statement Regn. No.: 20031022 1029 1590 2915 (as amended)

The undersigned hereby confirms the advice of Cinram that Cinram will be selling all of the assets of its "The Amazing Video Network" division to the Purchaser pursuant to an Asset Purchase Agreement made as of the 2nd day of December, 2003 between Cinram and the Purchaser, which sale is scheduled to be completed on or about the 12th day of December, 2003 (and which assets are herein collectively referred to as the "Purchased Assets").

The undersigned hereby releases each and all of the Purchased Assets from each and all of the security interests created by the above-referenced security registrations and hereby confirms that the Purchaser's ownership of the Purchased Assets upon its completion of the transaction provided for in the above-referenced Asset Purchase Agreement shall be free and clear of each and all of the security interests created by the above-referenced security registrations.


Yours very truly,

**CITICORP NORTH AMERICA, INC.**

Per:

Name:

Title:

  
JOHN D. JUDGE  
VICE PRESIDENT





United States Patent and Trademark Office

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Assignments on the Web &gt; Trademark Query

## Trademark Assignment Abstract of Title

## Total Assignments: 4

Serial #: 73685978

Filing Dt: 09/24/1987

Reg #: 1522179

Reg. Dt: 01/24/1989

Registrant: NELSON VENDING TECHNOLOGY LIMITED

Mark: AVM

## Assignment: 1

Reel/Frame: 0802/0842

Received:

Recorded: 07/22/1991

Pages: 28

Conveyance: SECURITY INTEREST

Assignors: NELSON ENTERTAINMENT GROUP INC.NELSON ENTERTAINMENT INC.EMBASSY HOME ENTERTAINMENTNELSON ENTERTAINMENT INTERNATIONAL LIMITEDNELSON FILMS INC.NHI NELSON HOLDINGS INTERNATIONAL LTD.NELSON ENTERTAINMENT HOLDINGS U.K. LIMITEDNELSON ENTERTAINMENT HOLDINGS INC.NELSON 1991 GROUP INC.NELSON 1991 INC.Assignee: GREDIT LYONNAIS BANK NEDERLAND, N.V.Correspondent: THOMSON & THOMSON  
500 E STREET, S.W. SUITE 970  
WASHINGTON, DC 20024-2710

Assignment: 2

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: UNITED KINGDOM

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Exec Dt: 05/30/1991

Entity Type: A FEDERAL CANADIAN  
HOLDING CORP.

Citizenship: NONE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: UNITED KINGDOM

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Entity Type: A BANK ESTABLISHED IN  
THE NETHERLANDS

Citizenship: NONE

**Reel/Frame:** 1214/0050      **Received:**      **Recorded:** 09/19/1994      **Pages:** 15

**Conveyance:** RELEASE BY SECURED PARTY

**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Exec Dt:** 11/25/1991

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Assignee:** CINRAM LTD.

2255 MARKHAM ROAD  
SCARBOROUGH, ONTARIO M1B2W3

**Correspondent:** RALPH E. JOCKE

231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 3**

**Reel/Frame:** 1214/0065      **Received:**      **Recorded:** 09/19/1994      **Pages:** 9

**Conveyance:** AMALGAMATION

**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Exec Dt:** 07/31/1993

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Assignee:** CINRAM LTD.

2255 MARKHAM ROAD  
SCARBOROUGH, ONTARIO M1B 2W3

**Correspondent:** RALPH E. JOCKE

231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 4**

**Reel/Frame:** 2736/0553      **Received:** 10/24/2003      **Recorded:** 10/24/2003      **Pages:** 14

**Conveyance:** SECURITY AGREEMENT

**Assignors:** CINRAM INTERNATIONAL INC.

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** LIMITED

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** LIMITED LIABILITY COMPANY

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** LIMITED LIABILITY COMPANY

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** PARTNERSHIP

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** LIMITED LIABILITY COMPANY

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

CINRAM CANADIAN HOLDINGS LTD.

CINRAM (U.S.) HOLDING'S INC.

CINRAM, INC.

CINRAM LLC

CINRAM DISTRIBUTION LLC

CINRAM FINANCE

CINRAM FINANCE LLC

CINRAM MANUFACTURING INC.

GIANT MERCHANDISING

IVY HILL CORPORATION

GIANT MERCHANDISING INC.

**Assignee:** CITICORP NORTH AMERICA, INC.  
DELAWARE

**Correspondent:** SHEARMAN & STERLING LLP  
TAMARA L. HRIVNAK  
599 LEXINGTON AVENUE  
INTELLECTUAL PROPERTY DOCKETING  
NEW YORK, NY 10022

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** PARTNERSHIP

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Entity Type:** CORPORATION

**Citizenship:** NONE

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Assignments on the Web &gt; Trademark Query

## Trademark Assignment Abstract of Title

## Total Assignments: 4

Serial #: 73687740

Filing Dt: 10/02/1987

Reg #: 1494919

Reg. Dt: 07/05/1988

Registrant: NELSON VENDING TECHNOLOGY LIMITED

Mark: THE AMAZING VIDEO MACHINE

## Assignment: 1

Reel/Frame: 0802/0842

Received:

Recorded: 07/22/1991

Pages: 28

Conveyance: SECURITY INTEREST

Assignors: NELSON ENTERTAINMENT GROUP INC.NELSON ENTERTAINMENT INC.EMBASSY HOME ENTERTAINMENTNELSON ENTERTAINMENT INTERNATIONAL LIMITEDNELSON FILMS INC.NHI NELSON HOLDINGS INTERNATIONAL LTD.NELSON ENTERTAINMENT HOLDINGS U.K. LIMITEDNELSON ENTERTAINMENT HOLDINGS INC.NELSON 1991 GROUP INC.NELSON 1991 INC.Assignee: GREDIT LYONNAIS BANK NEDERLAND, N.V.Correspondent: THOMSON & THOMSON  
500 E STREET, S.W. SUITE 970  
WASHINGTON, DC 20024-2710

Assignment: 2

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
Citizenship: DELAWARE

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
Citizenship: DELAWARE

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
Citizenship: CALIFORNIA

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
Citizenship: UNITED KINGDOM

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
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Exec Dt: 05/30/1991  
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HOLDING CORP.  
Citizenship: NONE

Exec Dt: 05/30/1991  
Entity Type: CORPORATION  
Citizenship: UNITED KINGDOM

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Exec Dt: 05/30/1991  
Entity Type: A BANK ESTABLISHED IN  
THE NETHERLANDS  
Citizenship: NONE

**Reel/Frame:** 1214/0050      **Received:**      **Recorded:** 09/19/1994      **Pages:** 15  
**Conveyance:** RELEASE BY SECURED PARTY  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Assignee:** CINRAM LTD.  
2255 MARKHAM ROAD  
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**Citizenship:** CANADA  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA

**Correspondent:** RALPH E. JOCKE  
231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 3**

**Reel/Frame:** 1177/0111      **Received:**      **Recorded:** 06/27/1994      **Pages:** 8  
**Conveyance:** AMALGAMATION  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Assignee:** CINRAM LTD.  
2255 MARKHAM ROAD SCARBOROOUGH, ONTARIO M1B2W3

**Exec Dt:** 07/31/1993  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA

**Correspondent:** RALPH E. JOCKE  
231 SOUTH BROADWAY  
MEDINA, OHIO 44256

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**Reel/Frame:** 2736/0553      **Received:** 10/24/2003      **Recorded:** 10/24/2003      **Pages:** 14  
**Conveyance:** SECURITY AGREEMENT  
**Assignors:** CINRAM INTERNATIONAL INC.

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CINRAM FINANCE

CINRAM FINANCE LLC

CINRAM MANUFACTURING INC.

**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** LIMITED  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION  
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**Exec Dt:** 10/24/2003  
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**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
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**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** PARTNERSHIP  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** LIMITED LIABILITY COMPANY  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
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**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

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**Entity Type:** CORPORATION

**Citizenship:** NONE

**Entity Type:** CORPORATION

**Citizenship:** NONE

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500 E STREET, S.W. SUITE 970  
WASHINGTON, DC 20024-2710**Assignment: 2**

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**Citizenship:** DELAWARE

**Exec Dt:** 05/30/1991  
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**Citizenship:** DELAWARE

**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
**Citizenship:** CALIFORNIA

**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
**Citizenship:** UNITED KINGDOM

**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
**Citizenship:** CALIFORNIA

**Exec Dt:** 05/30/1991  
**Entity Type:** A FEDERAL CANADIAN  
HOLDING CORP.  
**Citizenship:** NONE

**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
**Citizenship:** UNITED KINGDOM

**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
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**Exec Dt:** 05/30/1991  
**Entity Type:** CORPORATION  
**Citizenship:** CALIFORNIA

**Exec Dt:** 05/30/1991  
**Entity Type:** A BANK ESTABLISHED IN  
THE NETHERLANDS  
**Citizenship:** NONE

**Reel/Frame:** 1214/0050      **Received:**      **Recorded:** 09/19/1994      **Pages:** 15  
**Conveyance:** RELEASE BY SECURED PARTY  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Exec Dt:** 11/25/1991  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA

**Assignee:** CINRAM LTD.  
2255 MARKHAM ROAD  
SCARBOROUGH, ONTARIO M1B2W3

**Correspondent:** RALPH E. JOCKE  
231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 3**

**Reel/Frame:** 1214/0065      **Received:**      **Recorded:** 09/19/1994      **Pages:** 9  
**Conveyance:** AMALGAMATION  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Exec Dt:** 07/31/1993  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA

**Assignee:** CINRAM LTD.  
2255 MARKHAM ROAD  
SCARBOROUGH, ONTARIO M1B 2W3

**Correspondent:** RALPH E. JOCKE  
231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 4**

**Reel/Frame:** 2736/0553      **Received:** 10/24/2003      **Recorded:** 10/24/2003      **Pages:** 14  
**Conveyance:** SECURITY AGREEMENT  
**Assignors:** CINRAM INTERNATIONAL INC.

**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** LIMITED  
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**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION  
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**Exec Dt:** 10/24/2003  
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**Citizenship:** NONE  
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**Entity Type:** LIMITED LIABILITY COMPANY  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
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**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** LIMITED LIABILITY COMPANY  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003

CINRAM CANADIAN HOLDINGS LTD.

CINRAM (U.S.) HOLDING'S INC.

CINRAM, INC.

CINRAM LLC

CINRAM DISTRIBUTION LLC

CINRAM FINANCE

CINRAM FINANCE LLC

CINRAM MANUFACTURING INC.



GIANT MERCHANDISING

IVY HILL CORPORATION

GIANT MERCHANDISING INC.

**Assignee:** CITICORP NORTH AMERICA, INC.  
DELAWARE

**Correspondent:** SHEARMAN & STERLING LLP  
TAMARA L. HRIVNAK  
599 LEXINGTON AVENUE  
INTELLECTUAL PROPERTY DOCKETING  
NEW YORK, NY 10022

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** PARTNERSHIP

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Entity Type:** CORPORATION

**Citizenship:** NONE

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## Trademark Assignment Abstract of Title

## Total Assignments: 4

Serial #: 73685976

Filing Dt: 09/24/1987

Reg #: 1513144

Reg. Dt: 11/15/1988

Registrant: NELSON VENDING TECHNOLOGY LIMITED

Mark: THE AMAZING VIDEO MACHINE

## Assignment: 1

Reel/Frame: 0802/0842

Received:

Recorded: 07/22/1991

Pages: 28

Conveyance: SECURITY INTEREST

Assignors: NELSON ENTERTAINMENT GROUP INC.NELSON ENTERTAINMENT INC.EMBASSY HOME ENTERTAINMENTNELSON ENTERTAINMENT INTERNATIONAL LIMITEDNELSON FILMS INC.NHI NELSON HOLDINGS INTERNATIONAL LTD.NELSON ENTERTAINMENT HOLDINGS U.K. LIMITEDNELSON ENTERTAINMENT HOLDINGS INC.NELSON 1991 GROUP INC.NELSON 1991 INC.Assignee: GREDIT LYONNAIS BANK NEDERLAND, N.V.Correspondent: THOMSON & THOMSON  
500 E STREET, S.W. SUITE 970  
WASHINGTON, DC 20024-2710

Assignment: 2

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: DELAWARE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Exec Dt: 05/30/1991

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Citizenship: UNITED KINGDOM

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Exec Dt: 05/30/1991

Entity Type: A FEDERAL CANADIAN  
HOLDING CORP.

Citizenship: NONE

Exec Dt: 05/30/1991

Entity Type: CORPORATION

Citizenship: UNITED KINGDOM

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Citizenship: CALIFORNIA

Entity Type: A BANK ESTABLISHED IN  
THE NETHERLANDS

Citizenship: NONE

**Reel/Frame:** 1214/0050      **Received:**      **Recorded:** 09/19/1994      **Pages:** 15

**Conveyance:** RELEASE BY SECURED PARTY

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**Exec Dt:** 11/25/1991

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Entity Type:** CORPORATION

**Citizenship:** CANADA

**Assignee:** CINRAM LTD.

2255 MARKHAM ROAD  
SCARBOROUGH, ONTARIO M1B2W3

**Correspondent:** RALPH E. JOCKE

231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 3**

**Reel/Frame:** 1214/0065      **Received:**      **Recorded:** 09/19/1994      **Pages:** 9

**Conveyance:** AMALGAMATION

**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

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**Citizenship:** CANADA

**Entity Type:** CORPORATION

**Citizenship:** CANADA

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**Correspondent:** RALPH E. JOCKE

231 SOUTH BROADWAY  
MEDINA, OH 44256

**Assignment: 4**

**Reel/Frame:** 2736/0553      **Received:** 10/24/2003      **Recorded:** 10/24/2003      **Pages:** 14

**Conveyance:** SECURITY AGREEMENT

**Assignors:** CINRAM INTERNATIONAL INC.

**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

**Entity Type:** LIMITED

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

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**Entity Type:** PARTNERSHIP

**Citizenship:** NONE

**Exec Dt:** 10/24/2003

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**Citizenship:** NONE

**Exec Dt:** 10/24/2003

CINRAM CANADIAN HOLDINGS LTD.

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CINRAM, INC.

CINRAM LLC

CINRAM DISTRIBUTION LLC

CINRAM FINANCE

CINRAM FINANCE LLC

CINRAM MANUFACTURING INC.

GIANT MERCHANDISING

IVY HILL CORPORATION

GIANT MERCHANDISING INC.

**Assignee:** CITICORP NORTH AMERICA, INC.  
DELAWARE

**Correspondent:** SHEARMAN & STERLING LLP  
TAMARA L. HRIVNAK  
599 LEXINGTON AVENUE  
INTELLECTUAL PROPERTY DOCKETING  
NEW YORK, NY 10022

**Entity Type:** CORPORATION  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
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Trademark Assignment Abstract of Title

Total Assignments: 4

Serial #: 73687741

Filing Dt: 10/02/1987

Reg #: 1494920

Reg. Dt: 07/05/1988

Registrant: NELSON VENDING TECHNOLOGY LIMITED

Mark: THE AMAZING VIDEO MACHINE

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NELSON ENTERTAINMENT HOLDINGS U.K. LIMITED

NELSON ENTERTAINMENT HOLDINGS INC.

NELSON 1991 GROUP INC.

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Assignee: GREDIT LYONNAIS BANK NEDERLAND, N.V.

Correspondent: THOMSON & THOMSON  
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HOLDING CORP.  
Citizenship: NONE  
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**Conveyance:** RELEASE BY SECURED PARTY  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Assignee:** CINRAM LTD.  
 2255 MARKHAM ROAD  
 SCARBOROUGH, ONTARIO M1B2W3

**Exec Dt:** 11/25/1991  
**Entity Type:** CORPORATION  
**Citizenship:** CANADA  
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**Citizenship:** CANADA

**Correspondent:** RALPH E. JOCKE  
 231 SOUTH BROADWAY  
 MEDINA, OH 44256

**Assignment: 3**

**Reel/Frame:** 1177/0111      **Received:**      **Recorded:** 06/27/1994      **Pages:** 8  
**Conveyance:** AMALGAMATION  
**Assignor:** NELSON VENDING TECHNOLOGY LIMITED

**Assignee:** CINRAM LTD.  
 2255 MARKHAM ROAD SCARBOROUGH, ONTARIO M1B2W3

**Exec Dt:** 07/31/1993  
**Entity Type:** CORPORATION  
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**Correspondent:** RALPH E. JOCKE  
 231 SOUTH BROADWAY  
 MEDINA, OHIO 44256

**Assignment: 4**

**Reel/Frame:** 2736/0553      **Received:** 10/24/2003      **Recorded:** 10/24/2003      **Pages:** 14  
**Conveyance:** SECURITY AGREEMENT  
**Assignors:** CINRAM INTERNATIONAL INC.

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CINRAM, INC.

CINRAM LLC

CINRAM DISTRIBUTION LLC

CINRAM FINANCE

CINRAM FINANCE LLC

CINRAM MANUFACTURING INC.

**Exec Dt:** 10/24/2003  
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**Entity Type:** LIMITED LIABILITY COMPANY  
**Citizenship:** NONE  
**Exec Dt:** 10/24/2003  
**Entity Type:** CORPORATION

GIANT MERCHANDISING

IVY HILL CORPORATION

GIANT MERCHANDISING INC.

**Assignee:** CITICORP NORTH AMERICA, INC.  
DELAWARE

**Correspondent:** SHEARMAN & STERLING LLP  
TAMARA L. HRIVNAK  
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**Exec Dt:** 10/24/2003

**Entity Type:** PARTNERSHIP

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**Exec Dt:** 10/24/2003

**Entity Type:** CORPORATION

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**Citizenship:** NONE

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**GENERAL SECURITY AGREEMENT**

TO:

**NATIONAL BANK OF CANADA**

1 West Pearce Street, Suite 201, Richmond Hill, Ontario, L4B 3K3  
(BRANCH ADDRESS)

hereinafter called the "BANK",

GRANTED BY

2034506 Ontario Limited  
(FULL NAME)  
1200 Aerowood Drive, Unit 32, Mississauga, Ontario, L4W 2S7  
(ADDRESS)

hereinafter called the "DEBTOR".

**1. GRANT OF SECURITY INTEREST**

As a general and continuing security for the payment of all obligations, indebtedness and liabilities of the Debtor to the Bank whether incurred prior to, at the time of or subsequent to the execution hereof, including extensions or renewals, and all other present and future liabilities of the Debtor to the Bank, direct or indirect, whosoever and howsoever incurred and any ultimate unpaid balance thereof, including, without restricting the generality of the foregoing, advances to the Debtor under fixed or revolving credits established from time to time; letters of credit, whether or not drawn upon, issued by the Bank with respect to the Debtor; and the obligation and liability of the Debtor under any contract of guarantee now or hereafter in existence whereby the Debtor guarantees payment of the debts, liabilities and obligations of a third party to the Bank; (herein called "Obligations") the Debtor hereby grants to the Bank a continuing security interest in, and mortgages, charges and assigns to the Bank as and by way of a fixed and specific mortgage and charge all of the Debtor's present and after-acquired property, assets, and undertaking described in paragraph 2 hereof (hereinafter collectively called the "Collateral").

**2. DESCRIPTION OF COLLATERAL**

- (i) **Accounts Receivable or Accounts**  
All debts, Accounts, claims, moneys and choses in action which now are or which may at any time hereafter be due or owing to or owned by the Debtor and also all securities, mortgages, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by or on behalf of the Debtor in respect of the said debts, Accounts, claims, moneys and choses in action, or any part thereof, and also all books, documents and papers recording, evidencing or relating to the said debts, Accounts, claims, moneys and choses in action, or any part thereof. All of which are hereinafter called "Accounts Receivable" or "Accounts".
- (ii) **Goods**  
All Goods (including all parts, accessories, attachments, additions and accessions thereto) now owned or hereafter owned or acquired by the Debtor including, without limitation, all equipment, inventory, machinery, tools, apparatus, plant, furniture, fixtures, and Serial Numbered Goods now owned or hereafter acquired by the Debtor. All of which are hereinafter called "Goods".
- (iii) **Intangibles**  
All Intangibles now owned or hereafter acquired by the Debtor and which are not included in sub-paragraph (a) above, including, without limitation, all contractual rights, goodwill, patents, trade marks, trade names, copyrights, permits and quotas, and other industrial property now owned or hereafter acquired by the Debtor and the undertaking of the Debtor. All of which are hereinafter called "Intangibles".
- (iv) **Other Personal Property**  
All Securities (including without limitation shares, stocks, warrants, bonds and debentures), Instruments (including without limitation cheques, notes, bills of exchange, letters of credit and advices of credit), Chattel Paper (including without limitation chattel mortgages, conditional sale contracts, lease-option agreements and leases), Documents of Title (including without limitation warehouse receipts and bills of lading) and Money now owned or hereafter acquired by the Debtor. All of which are hereinafter respectively called "Securities", "Instruments", "Chattel Paper", "Documents of Title" and "Money".
- (v) **Leaseholds, Real and Immovable Property**  
All real and immovable property, both freehold and leasehold and any interests therein, now owned or hereafter acquired by the Debtor, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith and including the property set forth and described in Schedule "A" which forms part hereof, including any lease, verbal or written, or any agreement therefor, provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor, is excepted out of the property charged by this security agreement, but the Debtor shall stand possessed of any such reversion upon trust to assign and dispose thereof as the Bank may direct.
- (vi) **Proceeds**  
All personal property derived directly or indirectly from any dealing with the Collateral of the Debtor or its proceeds, including the right to an insurance payment or any other payment as indemnity or compensation for loss of or damage to the Collateral or proceeds of the Collateral. All of which are hereinafter called "Proceeds".

Unless otherwise limited herein, the terms "Goods", "Accounts", "Chattel Paper", "Documents of Title", "Instruments", "Money", "Securities", "Proceeds" and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act*, as amended or replaced from time to time, which Act including a amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "PPSA". Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof, PROVIDED THAT the Collateral will not include any "Consumer Goods" of the Debtor as that term is defined in the PPSA. "Serial Numbered Goods" means motor vehicles, trailers, mobile homes, aircraft, boats and outboard motors.

**Time of Attachment** - The Debtor acknowledges that value has been given and that the parties have not agreed to postpone the time for attachment of the mortgages, charges, assignments and security interests provided for in this security agreement.

**3. SECURITIES**

If the Collateral at any time includes Securities, the Debtor authorizes the Bank to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Bank or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Bank shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Bank or its nominee(s) as such registered owner and agrees that no proxy issued by the Bank to the Debtor or its order as aforesaid shall thereafter be effective.

**4. SERIAL NUMBERED GOODS**

The Debtor confirms and warrants that all Serial Numbered Goods owned by the Debtor and used as equipment are fully and accurately described in Schedule "A", and the Debtor covenants to advise the Bank promptly, in writing, of the acquisition by the Debtor of any further Serial Numbered Goods that are not inventory or the commencement by the Debtor to use any Serial Numbered Goods in its inventory for non-inventory purposes and to provide the Bank with full and complete descriptions of such Serial Numbered Goods, setting forth each make, model, year of manufacture and serial number.

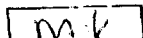
**5. GENERAL WARRANTIES AND COVENANTS OF THE DEBTOR**

- The Debtor hereby warrants and covenants with the Bank that it:
- (i) owns the Collateral free of all security interests or other encumbrances except for the permitted encumbrances described in paragraph 30 hereof or hereafter approved in writing by the Bank prior to their creation or assumption and that none of the Goods which are subject to the security interest hereof have been affixed to real property or to other Goods except as has been disclosed to the Bank in writing;
  - (ii) shall pay all costs and expenses (including legal fees on a solicitor and his own client basis) of the Bank incurred with respect to the preparation, execution and filing of or in respect of this security agreement and the taking, recovering or possessing of the Collateral and in any other proceedings taken for the purpose of enforcing the remedies provided herein, or otherwise in relation to the Collateral, including the Bank's costs of complying with any provision of the PPSA or by reason of non-payment of the Obligations hereby secured;
  - (iii) shall keep the Collateral in good order, condition and repair, and shall not use the Collateral in violation of the provisions of this security agreement and shall prevent the Collateral from being or becoming affixed to real property without the prior written consent of the Bank;
  - (iv) shall pay all rents, taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same shall become due and payable;
  - (v) shall notify the Bank promptly of:
    - (i) any change in the information contained herein or in the Schedule hereto relating to Debtor, Debtor's business or Collateral;
    - (ii) the details of any significant acquisition of Collateral;
    - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
    - (iv) any loss of or damage to Collateral;
    - (v) any default by any Account Debtor (as defined in the PPSA) in payment or other performance of his obligations with respect to the Collateral; and
    - (vi) the return to or repossession by Debtor of Collateral;
  - (vi) shall observe and perform all its obligations under all leases, licenses and other agreements to which it is a party in order to preserve and protect the Collateral and shall comply with all of its other covenants and agreements with the Bank (e.g. those set forth in a commitment letter);
  - (vii) shall permit a representative of the Bank at any time to inspect its plant, machinery, equipment, inventory, stock-in-trade and operations and for that purpose to enter the Debtor's premises and any other location where the Collateral may be situated and shall pay the expenses of the Bank incurred thereby including, without limitation, the reasonable remuneration and expenses of any person engaged by the Bank for such purpose;
  - (viii) shall keep proper books of account and records covering all its business and affairs on a current basis; shall permit a representative of the Bank at any time to inspect the Debtor's books of account, records and documents, to make copies and summaries thereof and to make enquiries and tests for the purpose of verification thereof, and shall pay the expenses of the Bank incurred thereby including, without limitation, the reasonable remuneration and expenses of any person engaged by the Bank for such purposes; and
  - (ix) shall deliver to the Bank from time to time promptly upon request:
    - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
    - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
    - (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
    - (iv) all policies and certificates of insurance relating to Collateral; and
    - (v) such information concerning Collateral, the Debtor, and Debtor's business and affairs as the Bank may reasonably request.

**6. CONTINUING SECURITY**

This security agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Bank, and is intended to be a continuing security agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the abovementioned branch of the Bank shall actually receive written notice of its discontinuance, and, notwithstanding such notice, shall remain in full force and effect thereafter until all Obligations contracted for or created before the receipt of such notice by the Bank, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid and satisfied in full. It is contemplated that balances owing from time to time by the Debtor may be reduced or paid in full and that further advances may be made to the Debtor on the basis of this security agreement.

10164-002 (1999-08-03) (PPSA)

 INITIAL



## RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

- (c) Except as hereinafter provided, the Debtor shall not, without the written consent of the Bank:
- sell, lease or otherwise dispose of the Collateral or any part thereof;
  - release, surrender or abandon possession of the Collateral or any part thereof; or
  - move or transfer the Collateral or any part thereof from its present location.
- (b) Until the Debtor receives notice from the Bank to the contrary, the Debtor may:
- dispose of Inventory and collect Accounts by any method of disposition or collection that is in the ordinary course of the Debtor's business and for the purpose of carrying on the same; and
  - at any time, apply for the prior written consent of the Bank, before selling or otherwise disposing of such part of its equipment which is not necessary to or useful in connection with its business and undertaking or which has become worn out or damaged or otherwise unsuitable for its purposes PROVIDED THAT the Bank shall have an unfettered discretion in approving or disapproving of such applications and, as a matter of principle, will not approve of any application unless the Debtor substitutes for the equipment being disposed of, and subjects to the charge of this security agreement, free from liens or charges, equipment of at least equal value so that the security of the Bank hereunder shall not thereby be in any way reduced or impaired. The Debtor shall provide the Bank from time to time with such further assurances and written evidence of the extension of the charges of this security agreement to all such substitute equipment as the Bank may reasonably require.
- (c) The Bank may, at its discretion, at any time release from the charge contained herein any part or parts of the Collateral, or any other security or surety for the Obligations either with or without sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Collateral or any person from this security agreement or from any of the covenants herein contained. Every part of the Collateral into which the Collateral is or may hereafter be divided does and shall stand charged with payment of the Obligations and no person shall have the right to require the Obligations to be apportioned. The Bank shall not be accountable to the Debtor for the value of any property or security released except for any moneys actually received by the Bank.

## 8. NEGATIVE COVENANTS

The Debtor shall not, without the prior written consent of the Bank:

- create, permit, assume, have outstanding or suffer to exist, any security interest in or any charge or encumbrance on the Collateral, or any part thereof, ranking or purporting to rank prior to or *pari passu* with the security interest created by this security agreement, other than permitted encumbrances as described in paragraph 30 hereof, and Purchase-Money Security Interests permitted under paragraph 8(d);
- permit any subsidiary to mortgage, charge or otherwise encumber any of its property or assets or issue any bonds, debentures, shares or other securities except to the Debtor or the Bank;
- issue any trust deeds or similar instruments which would permit the Debtor to file for protection under the Companies' Creditors Arrangement Act;
- create any Purchase-Money Security Interest ("PMSI") in favour of any person; provided however, that the Debtor may create a PMSI in favour of any vendor of equipment, up to 75 % of the purchase price; nor
- amend or terminate, or accept any prepayment in respect of, any Account, Intangible, Instrument or Chattel Paper except in good faith in the ordinary course of business.

## 9. FAILURE TO PERFORM COVENANTS

If the Debtor shall fail to perform any covenant on its part herein contained, the Bank may, in its absolute discretion, but without being bound to do so, perform any such covenant capable of being performed by it. If any such covenant requires the payment of money or if the Collateral shall become subject to any lien or charge ranking in whole or in part in priority to the charge created by this security agreement, the Bank may make such payment or pay or discharge the said lien or charge, but shall be under no obligation to do so. All sums so paid by the Bank shall immediately be payable by the Debtor to the Bank, shall bear interest at the highest rate borne by any of the Obligations until paid, and shall be secured by this security agreement. No such performance or payment shall relieve the Debtor from any default under this security agreement or any consequences of such default.

## 10. INSURANCE

- The Debtor shall insure and keep insured the Collateral against loss or damage by fire and such other risks, as the Bank may reasonably require, in the amount of not less than the full insurable value of the Collateral in lawful money of Canada with insurance companies authorized to do business in Canada.
- The Debtor shall insure itself against public liability for a reasonable amount considering the nature of the business carried on by the Debtor.
- The loss under all policies of insurance, other than public liability, shall be payable to the Bank and the Debtor shall arrange to have the entitlement of the Bank to the loss payable recorded on each policy of insurance. In any event, the production of this security agreement shall be sufficient authority for, and the insurer is hereby directed thereupon, to pay the loss to the Bank. All policies of insurance, including renewals, shall be lodged with the Bank and the Debtor shall pay all premiums as the same become payable in respect of such insurance.
- In the event of loss, the Bank, at its option, may apply the insurance proceeds against the balance owing by the Debtor, release the said proceeds to the Debtor, or arrange for the said proceeds, or any part thereof, to be used to repair, replace or rebuild the damaged property, or any combination of such applications. Where the insurance proceeds are released to the Debtor, or used for the purpose of repairing, replacing, or rebuilding the damaged property, the receipt of the insurance proceeds shall not operate as payment or novation or in any way affect the security herein or any other security for the Obligations.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder and thereupon the security hereby constituted shall become enforceable:

- The non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Obligations or the failure of the Debtor to perform any term, condition, obligation, or covenant in favour of the Bank, whether or not contained herein, including default in making any payment referred to herein, or if any of the warranties contained herein are, or shall become, materially untrue;
- The Debtor, if an individual, dies or is declared incompetent by a Court of competent jurisdiction or the Debtor, if a partnership, is dissolved or wound up, or the Debtor, if a corporation, enters into any reconstruction, reorganization, amalgamation, merger or any other similar arrangement;
- If any order shall be made or a resolution passed for the winding-up of the Debtor (if the Debtor is a corporation) or if a petition shall be filed under the *Bankruptcy and Insolvency Act* by or against the Debtor or an authorized assignment made by it or a receiver or agent appointed under the *Bankruptcy and Insolvency Act* or by or on behalf of a secured creditor of the Debtor or an application made under the *Companies' Creditors Arrangement Act* (if the Debtor is a corporation) or any other relief is sought under any similar legislation in any jurisdiction or a proposal is made by the Debtor to its creditors under the *Bankruptcy and Insolvency Act* or the Debtor files a Notice of Intention to file such a proposal;
- The institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding-up of affairs of the Debtor;
- If an encumbrancer whether permitted or otherwise, shall take possession of any part of the Collateral, or if any process of a Court, execution, or distress becomes enforceable or is enforced against any of the Collateral;
- If the Debtor ceases or threatens to cease to carry on business, makes or agrees to make a bulk sale of assets without complying with applicable law or commits an act of bankruptcy, or otherwise acknowledges its insolvency;
- If any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the Collateral or any part thereof;
- If any certificate, statement, representation warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this security agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this security agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Bank at or prior to the time of such execution;
- If the Bank in good faith believes, and has commercially reasonable grounds for believing, that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy;
- If the Debtor or any guarantor or affiliate defaults under any agreement with respect to any indebtedness or other obligation to any person other than the Bank if such default has resulted in, or may result, with notice or lapse of time or both, in the acceleration of any such indebtedness or obligation or the right of such person to realize upon any Collateral; or
- If any of the property of the Debtor, or any guarantor, is seized by or on behalf of a creditor pursuant to security or otherwise.

## 12. REMEDIES UPON DEFAULT

At any time after the happening of any default, the Bank may declare any or all of the Obligations not payable on demand to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the security hereby constituted, the Bank may exercise any one or more of the following rights and powers:

- to enter upon any premises of the Debtor and to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and servants therefrom;
- to preserve and maintain the Collateral and make such replacements thereof and additions thereto as it shall deem advisable;
- to enjoy and exercise all powers necessary to the performance of all functions provided for in this security agreement, including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in its own name and to advance its own money to the Debtor at such rates of interest as it may deem reasonable;
- to sell, lease or otherwise dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise in such manner and on such terms (including as to deferred payment) as to it may seem commercially reasonable provided always that it shall not be incumbent on the Bank to sell, lease or dispose of the Collateral but that it shall be lawful for the Bank peaceably and quietly to take, hold, use, occupy, possess and enjoy the Collateral in the manner and to the extent it shall deem advisable without molestation, eviction, hindrance, or interruption of the Debtor, or any other person or persons whomsoever, and to convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral sold; and
- to appoint by instrument in writing a receiver, receiver-manager, or receiver and manager (herein called the "Receiver") of the Collateral, with or without bond, and may from time to time remove the Receiver and appoint another in his stead.

## 13. RECEIVER

A Receiver appointed by the Bank as aforesaid will be deemed to be the agent of the Debtor and not of the Bank, and the Debtor shall be solely responsible for the Receiver's acts or defaults and the Bank shall not be in any way responsible therefor, and the Bank shall not be liable to the Receiver for his remuneration, costs, charges or expenses. It is further specifically understood and agreed that the Receiver appointed pursuant to the provisions of this security agreement by the Bank shall have, subject to any limitations in the instrument in writing or any order of a court of competent jurisdiction appointing him, all of the rights and powers of the Bank hereunder and the following additional rights and powers:

- to carry on or concur in carrying on all or any part of the business of the Debtor; and
- to borrow money, upon the security of the whole or any part of the Collateral, for the purpose of carrying on all or any part of the business of the Debtor and for the preservation and realization of the Collateral, or to maintain the whole or any part of the Collateral in a manner that will be sufficient to obtain the amounts from time to time required in the opinion of the Receiver, and in so doing the Receiver may issue certificates (each herein called a "Receiver's Certificate") that may be payable as the Receiver considers expedient and bear interest as stated therein, and the amounts from time to time payable under any Receiver's Certificate shall charge the

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Collateral in priority to this security agreement and the Debtor hereby charges the Collateral with debts, if any, owing from time to time under any Receiver's Certificate.

In exercising his powers hereunder, any Receiver will be free to deal with the Collateral and any assets of the Debtor related thereto in such order or manner as he may be directed by the Bank, any rule of law or equity to the contrary notwithstanding, including, without limitation, the equitable principle or doctrine of marshalling.

#### 1. ADDITIONAL POWERS UPON DEFAULT

In addition to the foregoing rights and powers, the Bank, any authorized agent of the Bank, and the Receiver shall each have all the rights and remedies of a secured party or mortgagee under the PPSA, or otherwise at law or in equity, and for greater certainty, shall each have the following rights and powers if the security hereby constituted becomes enforceable:

- (a) dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (b) sell, lease or otherwise dispose of any part of the Collateral without giving any notice whatever except as may be required by applicable statute law;
- (c) at its option, provided notice is given to the Debtor in the manner required by the PPSA, the Bank may elect to retain all or any part of the Collateral in satisfaction of the Obligations to it of the Debtor;
- (d) the Bank may terminate any outstanding credit facilities granted to the Debtor, immediately or without any prior notice and in addition, without limitation, may dishonour cheques and apply the Debtor's credit balances against the Obligations;
- (e) the Bank may demand, sue for and receive any Accounts Receivable, Chattel Paper, Instruments or Securities, give effectual receipts and discharges therefor, compromise any such Collateral which may seem bad or doubtful to the Bank and give time for payment thereof with or without security;
- (f) pay any or all debts and liabilities in connection with the Collateral;
- (g) make any arrangements or compromises which the Receiver considers expedient; and
- (h) institute and prosecute all suits, proceedings and actions which it considers necessary or advisable for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of any part of the Collateral, and defend all suits, proceedings and actions against the Debtor, the Bank or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted, and appeal any suit, proceeding or action.

The Bank, any authorized agent of the Bank, and the Receiver may realize on various securities and any part thereof in any order that the Bank may consider advisable and any realization, whether by foreclosure or sale, on any security or securities shall not bar realization on any other security or securities. Each remedy of the Bank, any authorized agent of the Bank, and the Receiver may be enforced before or concurrently with or subsequent to any other remedy or remedies of the Bank, its agent or the Receiver.

#### 5. APPLICATION OF PROCEEDS OF DISPOSITION OF COLLATERAL

The net revenue received from the Collateral and the net proceeds of sale of the Collateral or any part thereof shall be applied by the Receiver, subject to the claims of creditors, if any, ranking in priority to this security agreement, as follows:

- (a) firstly in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable to him;
- (b) secondly, in payment to the Bank of all costs and charges owing hereunder and interest and arrears of interest remaining unpaid hereunder;
- (c) thirdly, in payment to the Bank of the Obligations owing hereunder; and
- (d) fourthly, subject to the rights of any other creditors, any surplus shall be paid to the Debtor;

PROVIDED THAT in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

#### 6. APPOINTMENT OF CONSULTANT

The Debtor hereby agrees that at all times the Bank shall be entitled to appoint a Consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records at the Debtor's expense, to review the Debtor's business plans and projections, to assess the viability of the Debtor's business, to monitor the conduct of the Debtor's affairs, to prepare written reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct.

The Debtor acknowledges that the Consultant is an agent for the Bank and owes no duty to the Debtor. The Consultant is to have no managerial or advisory capacity and shall have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the Consultant. All fees in connection with the engagement of a Consultant are for the account of the Debtor and are payable on demand by the Bank.

#### 7. PROCEEDS HELD IN TRUST; APPLICATION OF MONIES

All proceeds collected or received by the Debtor from the disposition of Collateral or otherwise shall be received in trust for the Bank and shall upon request be forthwith paid to the Bank. Subject to applicable law, any and all payments made in respect of the Obligations from time to time and monies realized from any security held therefor (including monies collected) in accordance with or realized on any enforcement of this security agreement, may be applied to such parts of the Obligations as the Bank may from time to time see fit or, at the option of the Bank, such payments and monies may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or to the rights of the Bank hereunder. The Bank may also hold as additional security any increases or profits (including dividends) in respect of Collateral.

#### 8. WAIVER BY THE BANK

Any breach by the Debtor of any of the provisions contained in this security agreement and any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Bank in writing, provided that no such waiver by the Bank shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

#### 9. BANK NOT RESPONSIBLE

The Bank shall not be liable or accountable for any failure to seize, collect, realize, sell or obtain payment of the Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of seizing, collecting, realizing or obtaining possession or payment of the same or for the purpose of preserving any rights of the Bank, the Debtor or any other party in respect of the same.

The Bank may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties, and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Bank may see fit without prejudice to the Obligations or the Bank's right to hold and realize the Collateral.

The Bank will not be responsible for any debts contracted by it, for damages to persons or property, or for salaries or non-fulfillment of contracts, during any period when the Bank manages Collateral upon entry, as herein provided; nor will the Bank be responsible for any misconduct, negligence or non-feasance on the part of any Receiver or the agents or employees thereof; nor will the Bank or any Receiver be liable to account as a mortgagee in possession or for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; nor will the Bank be obligated to keep Collateral identifiable; nor will the Bank be obligated to take necessary steps to preserve rights against third persons with respect to Securities, Instruments or Chattel Paper included in the Collateral; nor will the Bank be obligated to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Bank by making a demand upon the Bank for such information and materials, and the Bank will be entitled to comply with any such demand, and will not be liable for having so complied, notwithstanding that such person may in fact not be entitled to make such demand.

#### 10. RESTRICTION ON DEBTOR

Upon the Debtor receiving notice from the Bank of the Bank taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor and of each officer, director, servant, and agent of the Debtor with respect to the Collateral, shall be suspended unless specifically continued by the written consent of the Bank.

#### 11. BANK APPOINTED ATTORNEY

The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Bank and any Receiver appointed.

#### 12. COSTS; EFFICIENCY

The Debtor shall pay to the Bank on demand any and all costs, charges and expenses, including without limitation legal costs on a solicitor and his own client basis, incurred or paid by the Bank in protecting or enforcing its rights upon or under Collateral. After the payment of the expenses of retaking and disposing of the Collateral, the Debtor shall remain liable to the Bank for any deficiency remaining to be paid on moneys owing under this security agreement after the application of the proceeds of disposition of the Collateral.

#### 13. NO OBLIGATION TO ADVANCE

Neither execution nor delivery of this security agreement shall obligate the Bank to advance any moneys to the Debtor. None of the preparation, execution, perfection or registration of this security agreement nor the making of any advance will bind the Bank to grant, continue, extend time for payment of, or accept anything, which constitutes or would constitute an Obligation.

#### 14. GOVERNING LAW; SEVERABILITY

This security agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the Collateral is situated and/or where the Debtor carries on business and where the Bank has the branch, as the same may from time to time be in effect, including, where applicable, the Personal Property Security Act, as amended or replaced from time to time. Any provision hereof prohibited by such law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

#### 15. NOTICE

Any demand or notice to the Debtor in connection with this security agreement shall be deemed to be made or given if either:

- (a) mailed by prepaid post addressed to the Debtor at its last known address, in which case it shall be conclusively deemed to have been received by the Debtor on the third (3rd) business day following the date of such mailing; or
- (b) personally served upon, or dispatched by facsimile transmission to, the Debtor, or any director, officer, servant, employee or partner of the Debtor, in which case it shall be deemed to have been made and given to the Debtor at the time of such service or dispatch.

#### 16. WAIVER BY DEBTOR

Where any provision or remedy contained or referred to in this security agreement is prohibited, modified or altered by the laws of any Province or Territory of Canada which governs that aspect of the security agreement and the provision or remedies may be waived or excluded by the Debtor in whole or in part, the Debtor hereby waives and/or excludes such provision to the extent permissible by law. Without limiting the generality of the foregoing, the Debtor agrees to waive those provisions of the PPSA which are contrary to any provision of this security agreement and which may be waived under the PPSA.

**17. NON-APPLICABLE LAW**

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Debtor (if a corporation) agrees that the Limitation of Civil Rights Act of the Province of Saskatchewan shall not apply to this security agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

**18. FURTHER ASSURANCES**

The Debtor shall from time to time forthwith on the Bank's request do, make and execute all such Financing Statements, Financing Change Statements, further assignments, documents, acts, matters and things as may be required by the Bank of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents.

**19. BINDING EFFECT**

This security agreement and all its provisions shall enure to the benefit of the Bank, its successors and assigns, and shall be binding upon the Debtor, its heirs, executors, administrators, successors and assigns.

**20. DESCRIPTION OF PERMITTED ENCUMBRANCES**

For the purposes of this security agreement, "Permitted Encumbrances" means any of the following:

- (a) liens for taxes, assessments, governmental charges or levies which are not overdue;
- (b) rights reserved to or vested in any municipality or government or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or periodic payments as a condition to the continuance thereof;
- (c) any lien or encumbrance, the validity of which is contested by the Debtor in good faith, in respect of which there shall have been deposited with the Bank cash in an amount sufficient to satisfy the same, or the Bank shall otherwise be satisfied that its interests are not prejudiced thereby; or
- (d) any security given by the Debtor to the Bank.

**21. HAZARDOUS MATERIALS**

The Debtor's operations and places of business are and will be kept in compliance with all Hazardous Materials Laws (as defined below). No Hazardous Materials (as defined below) have at any time been transported to or from the Debtor's places of business, or used, generated, manufactured or disposed of on, under or about the Debtor's places of business, and the Debtor will not permit any such activity except in compliance with all Hazardous Materials Laws. For the purposes of this paragraph: "Hazardous Materials" means any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, asbestos which is or could become friable, ureaformaldehyde foam insulation, toxic wastes or substances or other wastes, materials or pollutants which pose a hazard to the Debtor's operations or places of business or which cause the same to be in violation of any Hazardous Materials Laws; and "Hazardous Materials Laws" means any federal, provincial or local laws, bylaws, rules, ordinances, regulations, notices, approvals, orders, standards, guidelines or policies relating to the environment, health, safety, or any "Hazardous Materials".

**22. CURRENCY**

All sums of money payable under this security agreement shall be paid in Canadian dollars. If for the purposes of obtaining or enforcing judgement in any Court in any jurisdiction, it becomes necessary to convert into the currency of the country giving such judgement (the "Judgement Currency") an amount due hereunder in Canadian dollars (the "Agreed Currency"), then the date on which the rate of exchange for conversion is selected by that Court is referred to herein as the "Conversion Date". If there is a change in the rate of exchange between the Judgement Currency and the Agreed Currency between the Conversion Date and the actual receipt by the Bank of the amount due hereunder or under such judgement, the Debtor will, notwithstanding such judgement, pay all such additional amounts as may be necessary to ensure that the amount received by the Bank in the Judgement Currency, when converted at the rate of exchange prevailing on the date of receipt, will produce the amount due in the Agreed Currency. The Debtor's liability hereunder constitutes a separate and independent liability which shall not merge with any judgement or any partial payment or enforcement of payment of sums due herein. The term "rate of exchange", as used herein, includes any premiums or costs payable in connection with the currency conversion then being effected.

**23. ENTIRE AGREEMENT IN WRITING**

This security agreement and all schedules hereto represent the entire agreement between the parties with respect to the granting of the security interest herein contained and all prior negotiations relating to it are suspended. There are no collateral understandings between the parties relating to this security agreement and the rights of the parties hereunder. This agreement may only be amended by a document signed by the party against whom enforcement of the amendment is sought.

**24. DISCHARGE**

The Debtor will be entitled to a discharge of this agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations, or the securing of the Obligations to the satisfaction of the Bank. No discharge will be effective unless in writing and executed by the Bank.

**25. JOINT AND SEVERAL**

If more than one person executes this agreement as the Debtor, all representations and agreements of the Debtor will be joint and several, the Obligations will include those of all such persons or any one or more of them, and the Collateral will include Collateral of all such persons or any one or more of them.

**26. INCLUDED WORDS**

Where the context requires, the singular will be read as if the plural were expressed and vice versa, and the provisions hereof will be read with all necessary grammatical changes dependent upon the person referred to being a male, female or artificial body.

**27. HEADING**

All headings have been inserted for convenience of reference only and are not to affect the interpretation of the agreement.

**28. RECEIPT OF COPY OF SECURITY AGREEMENT**

The Debtor hereby acknowledges having received a copy of this security agreement and waives all rights to receive from the Bank a copy of any Financing Statement, Financing Change Statement, or Verification Statement, filed or issued at any time in respect of this security agreement.

**29. NAME ETC. OF DEBTOR**

The Debtor agrees that the Debtor will not have any other form of name without giving fifteen (15) days' prior written notice to the Bank and that the full, true and correct legal name and address of the Debtor and, where applicable, birth date and sex of the Debtor is hereby declared by the Debtor to be as follows:

**INDIVIDUAL DEBTOR**

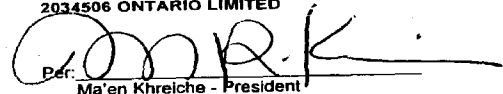
Surname (Last Name)	First Name	Second Name	Birth Date Y M D	Sex M F
Address		City	Province	Postal Code
Surname (Last Name)	First Name	Second Name	Birth Date Y M D	Sex M F
Address		City	Province	Postal Code

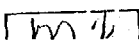
**BUSINESS DEBTOR**

Name	2034506 Ontario Limited		
Address	City	Province	Postal Code
1200 Aerowood Drive, Unit 32	Mississauga	Ontario	L4W 2S7
Name			
Address	City	Province	Postal Code

IN WITNESS WHEREOF the undersigned Debtor has executed this security agreement at Mississauga, Province of Ontario this 11<sup>th</sup> day of December, 2003.

2034506 ONTARIO LIMITED

Per:   
Ma'en Khreicha - President

 INITIAL

SCHEDULE "A"

1) LOCATIONS OF COLLATERAL AND RECORDS RELATING TO COLLATERAL:

802 Cochran Drive, Unit 1 1200 Aerwood Drive, Units 5, 21, 22, 32 and 33 (Street)	Markham Mississauga (Town/City)	Ontario Ontario (Province)	(or a description of the land concerned)
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2) DESCRIPTION OF SERIAL NUMBERED GOODS

QUANTITY	DESCRIPTION	SERIAL NUMBER
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CORPORATE AUTHORIZING RESOLUTION

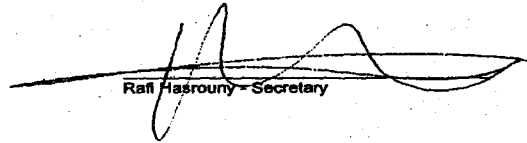
"WHEREAS it is in the interests of the Corporation to enter into a General Security Agreement with National Bank of Canada (the "Bank") as security for the Corporation's present and future obligations to the Bank and therein to mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future property and assets;

NOW THEREFORE BE IT RESOLVED THAT:

- The Corporation mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future undertaking, property and assets as security for its present and future obligations to the Bank, all as provided in the General Security Agreement.
- Any officer or director be and is hereby authorized for and on behalf of the Corporation to execute and deliver to the Bank a General Security Agreement substantially in the form of the General Security Agreement presented to the directors with such alterations, amendments, deletions or additions as may be approved by the persons executing the same, and execution accordingly shall be conclusive evidence of such approval and the General Security Agreement so executed is the General Security Agreement authorized by this resolution.
- Any officer or director be and is hereby authorized to execute and deliver on behalf of the Corporation all such other documents and writings and to do such other acts and things as may be necessary or desirable for fulfilling the Corporation's obligations under the General Security Agreement."

The undersigned Secretary of 2034506 ONTARIO LIMITED DOES HEREBY CERTIFY THAT:

- the foregoing is a true copy of a resolution duly and properly passed or consented to by the board of directors of the Corporation on the 11<sup>th</sup> day of December, 2003; and
- the attached General Security Agreement is the General Security Agreement referred to in the resolution and has been duly and properly executed by the proper officers of the Corporation.



Rafi Hasrouny - Secretary