
PORTER CAPITAL CORPORATION

\$3,000,000 Credit Facility

To

CURA PHARMACEUTICAL COMPANY, INC.

November 18, 2004

Prepared by Broudy & Associates, P.C., 230 Park Avenue, Suite 2400, New York, New York 10169

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THE SUMMARY OF THE TRANSACTION AND THE DESCRIPTION OF THE DOCUMENTS SET FORTH ABOVE DOES NOT PURPORT TO BE COMPLETE. REFERENCE SHOULD BE MADE TO THE DOCUMENTS THEMSELVES FOR THE EXACT TERMS AND CONDITIONS THEREOF.

SUMMARY OF THE TRANSACTION

As of November 18, 2004, Cura Pharmaceutical Company, Inc. (the "Company") and Porter Capital Corporation ("Porter Capital") entered into a Commercial Financing Agreement (the "Agreement") whereby Porter Capital established a \$3,000,000 credit facility (the "Facility") to purchase accounts receivable from the Company during an initial term commencing on the date of the Agreement and continuing for six (6) months. The Facility will be automatically renewed for succeeding six (6) month periods after the initial term. However, after the initial term, the Company has the right to cancel the Agreement in accordance with the terms thereof.

To secure the obligations of the Company under the Agreement, the Company granted to Porter Capital a security interest in all of its assets pursuant to the terms of a certain Security Agreement between the Company and Porter Capital. Additionally, a UCC-1 Financing Statement was filed with the Secretary of State of the State of New Jersey, which perfected Porter Capital's security interest in the Company's assets.

Fabio Lanzieri and his wife Maria Lanzieri (the "Lanzieri's"), and Alastair Young and Zulfikar Masters (all of the foregoing hereinafter collectively referred to as the "Guarantors"), each guaranteed the obligations of the Company pursuant to the terms of a Performance Covenant and Waiver in favor of Porter Capital (the "Guaranty"). In order to secure the obligations of the Guarantors under the Guaranty, the Lanzieri's granted to Porter Capital a second mortgage (the "Mortgage") on the property owned by Maria Lanzieri and located at 7 Riverside Lane, Holmdal, New Jersey (the "Property"). A first mortgage dated November 15, 2002 and recorded on February 14, 2003 in the original principal amount of \$360,000 was previously granted by the Lanzieri's on the Property in favor of Penn Federal Savings Bank and remains of record as of November 18, 2004. Liability of the Lanzieri's under the Guaranty is limited to the value of the Property.

COMMERCIAL FINANCING AGREEMENT

This Commercial Financing Agreement (the "Agreement") made this 18th day of November, 2004, by and between **CURA PHARMACEUTICAL COMPANY, INC.**, a New Jersey corporation with an office for the transaction of business at 542 Industrial Way West, Eatontown, New Jersey 07724 (the "Company"), and **PORTER CAPITAL CORPORATION**, an Alabama corporation with an office for the transaction of business located at 38-A Grove Street, Suite 201, Ridgefield, Connecticut 06877 ("Porter Capital"). The Company and Porter Capital agree and shall be legally bound as follows:

1. **Purpose of Agreement.** The Company desires to obtain short-term financing by selling, transferring, setting over, and assigning to Porter Capital certain accounts receivable and invoices held by the Company at a discount below their face value.

2. **Definitions.**

2.1. **"Account Receivable"** shall mean any right to payment for goods sold, or leased, and delivered, or services rendered, which is not evidenced by an instrument or chattel paper.

2.2. **"Acceptable Account"** shall mean an account conforming to the warranties and terms set forth herein. 2.3. **Reserved.**

2.4. **"Collateral"** shall mean the intangible or tangible property given as security for the obligations of the Company under this Agreement.

2.5. **"Collateral Monitoring Fee"** for each Purchased Receivable shall mean the net amount of the difference between the face amount of each invoice representing such Purchased Receivable and the Purchase Price, after any rebates due the Company on such Purchased Receivable.

2.6. **Reserved.**

2.7. **"Credit Problem"** shall mean a Customer unable to pay its debts because a receiver or trustee for all or a substantial portion of its assets has been appointed, it has filed a general assignment for the benefit of creditors, or had filed against it an involuntary or voluntary bankruptcy proceeding.

2.8. **"Customer"** shall mean the Company's customer or account debtor.

2.9. **"Customer Dispute"** shall mean a claim or disagreement by Customer against the Company at any time, of any kind whatsoever, whether valid or invalid that reduces the amount collectible from a Customer by Porter Capital.

2.10. **"Default"** shall have the meaning set forth throughout this Agreement and in Section 24 hereof.

2.11. **"Lockbox Account"** shall mean the account established and maintained by Porter Capital for the purpose of receiving collections on account of any Accounts Receivable.

2.12. **"Purchased Receivable"** and **"Purchased Receivables"** shall have the meanings set forth in Section 5.1 hereof.

2.13. **"Misdirected Payment"** shall mean any payment received by the Company instead of Porter Capital on any Account Receivable.

2.14. **"Obligations"** shall have the meaning set forth in Section 15 hereof.

2.15. **"Term Base Purchase Amount"** is the Base Purchase Amount multiplied by six.

2.16. **"Total Fees"** shall include the aggregate amount of the Over-Advance fee and the Collateral Monitoring Fee paid by the Company to Porter Capital during each the Initial Term or the then current six-month renewal term.

2.17. **"Transaction Documents"** shall have the meaning set forth in Section 7 hereof.

3. **Tender of Accounts Receivable; Invoices.**

3.1. The Company will tender to Porter Capital for purchase pursuant to this Agreement all of the Accounts Receivable from its Customers with respect to goods sold and delivered to, or services performed for, such Customers by the Company by delivering to Porter Capital all invoices to such Customers promptly after the creation thereof. Porter Capital will forward said invoices to the Company's Customers, in accordance with Porter Capital's standard procedures, together with a notice by the Company to its Customers, in the form prescribed

by Porter Capital, of the assignment of payment of said invoices to Porter Capital. The Company will not send to the Customer any invoice, amended invoice, statement, or any other document related to an Account Receivable without the prior written consent of Porter Capital.

3.2. In each instance where the Company delivers its Accounts Receivable to Porter Capital, the Company must simultaneously deliver to Porter Capital an original invoice, a copy of such invoice, and satisfactory proof of delivery of goods or services to which the Accounts Receivable relate. Porter Capital acknowledges that in some instances the Accounts Receivable may represent the percentage completed on a job for which payment is due and owing from the Customer.

3.3. Porter Capital will conduct such examination, verification, and credit investigation of the invoices and the Customers as it considers necessary, and will notify the Company as to which of the individual Accounts Receivable tendered by the Company, if any, Porter Capital elects to purchase from the Company. Porter Capital shall have the absolute right, in its sole discretion, to reject any or all of the Accounts Receivable tendered to it by the Company. From time to time Porter Capital's underwriting department may ask the Customer to sign an invoice verification notice in a form substantially the same as attached herein as Exhibit "C".

4. **Assignment.** Those Accounts Receivable which Porter Capital elects to purchase from the Company shall be listed in a "Schedule of Accounts", substantially in the form of Exhibit "A" annexed hereto (such form, together with any schedules and attachments thereto is hereinafter referred to as an "Invoice Schedule"), executed by the Company and accepted by Porter Capital from time to time throughout the term of this Agreement. Upon acceptance by Porter Capital of an Invoice Schedule, the Company shall have been deemed to have sold, assigned, transferred, conveyed, and delivered to Porter Capital, and Porter Capital shall be deemed to have purchased and received from the Company, all right, title, and interest of the Company in and to the Accounts Receivable listed on the Invoice Schedule. Upon the assignment of an Account Receivable, Porter Capital shall have all of the rights of an unpaid seller of any goods, the sale of which gives rise to each receivable, including the right of stoppage in transit, reclamation, and replevin. Notwithstanding the foregoing, if the Company or Porter Capital fails to include in any Invoice Schedule a particular Account Receivable tendered by the Company to Porter Capital, but Porter Capital nonetheless pays to the Company the "Purchase Price" (as hereinafter defined) for such Account Receivable, then Porter Capital shall be presumed conclusively to have purchased, and the Company shall be presumed conclusively to have sold, such Account Receivable pursuant to this Agreement, and such Account Receivable shall be governed by the terms and conditions (including, without limitation, the Company's representations and warranties to Porter Capital) of this Agreement. It is understood and agreed that Porter Capital is not assuming any of the responsibilities or obligations of the Company under such Purchased Receivable but that it is simply taking an assignment of the right to be paid on such Purchased Receivable, which the Company has fulfilled in the ordinary course of its business operations. It is also understood and agreed that Porter Capital will have no obligation whatsoever to buy any Accounts Receivable from the Company at any time.

5. **Purchase Price, Reserve Account.**

5.1. **Purchase Price.** Porter Capital agrees to buy the Accounts Receivable set forth on the Invoice Schedule (each a "Purchased Receivable" and collectively, the "Purchased Receivables") from the Company at the Purchase Price Percentage, as set forth on Exhibit "B" attached, of the face value of each such acceptable invoice (the "Purchase Price"). The Purchase Price for each Purchased Receivable, less the Reserve Amount set forth on Exhibit "B", shall be paid to the Company in immediately available funds at the time of purchase.

5.2. **Reserve Account.** Porter Capital shall establish and maintain a Reserve Account (see Exhibit "B") for the Company and withhold from each Purchased Receivable an amount equal to the Purchase Price in paragraph 5.1 above, less the amount advanced to the Company (the

"Advance Amount"). Porter Capital may increase the Reserve Amount taken on each Purchased Receivable in its sole discretion. The Reserve Account may be held and applied by Porter Capital in its sole discretion against charge backs or any Obligations of the Company to Porter Capital.

5.3. **Rebates.** As an inducement to secure full and prompt payment of the Purchased Receivables upon which Porter Capital agrees to purchase from the Company, a rebate on each Purchased Receivable shall be paid in full in accordance with the rebate schedule set forth on Exhibit "B". Porter Capital shall deliver a Monthly Reserve Statement and pay any reserves and rebate due on or before the seventh business day of each month for the prior month. Notwithstanding the previous sentence, Porter Capital may, in its sole discretion, withhold from time to time any rebate sums due the Company as further security for the repayment of any and all Obligations of the Company.

6. **Administration of Accounts Receivable.** Commencing on the date of this Agreement, Porter Capital shall administer the collection of all Accounts Receivable originated by the Company and shall forward an aged Accounts Receivable schedule to the Company weekly. Porter Capital shall have no liability to the Company for any mistake in the application of any payment received by it with respect to any Account Receivable, so long as it acts in good faith and without gross negligence.
7. **Cross-Collateralization.** If a Default shall have occurred and be continuing, Porter Capital shall have the right, which may be exercised in its sole and absolute discretion at any time and from time to time during the continuance of such Default, to apply all amounts collected with respect to Accounts Receivable in any order Porter Capital deems appropriate in its sole and absolute discretion, including, without limitation, before any payment from such collections shall be made to the Company: (i) against the un-reimbursed balance of the Purchase Price paid by Porter Capital to the Company with respect to Purchased Receivables; (ii) to the payment of all fees accrued with respect to the Purchased Receivables whether or not such fees have become due and payable pursuant to the terms of this Agreement; and (iii) to the payment of any and all other liabilities and obligations of the Company to Porter Capital pursuant to this Agreement, the Security Agreement dated as of the date hereof between the Company and Porter Capital ("Security Agreement"), the Performance Covenant and Waiver dated as of the date hereof given by the Company in favor of Porter Capital, and any other agreement entered into between Porter Capital and the Company concurrently herewith (collectively, the "Transaction Documents"). For purposes of this paragraph, "Company" shall mean and include each person named as the Company in the preamble of this Agreement and any shareholder, parent, subsidiary, controlling person, or other affiliate acting as a co-obligor of the Company or who executed any of the Transaction Documents individually.
8. **Over-Advances.** While it is anticipated that the Reserve Account will carry a positive balance most if not all the time, Porter Capital may, as part of this Agreement and to ease the Company's short-term cash-flow problems, permit the Company to carry an Over-Advance balance on its Reserve Account. An Over-Advance is defined as a negative balance in the Reserve Account. Upon the establishment of each such Over-Advance amount, Porter Capital, in its sole judgment, shall have the right to charge the Company a one-time processing and administrative fee of up to three percent of each such amount so established as an Over-Advance. Porter Capital may withhold from the Accounts Receivable or the sums it normally advances such sums as it deems necessary to satisfy any Over-Advance or negative balance in the Reserve Account. Notwithstanding anything contained herein to the contrary, Porter Capital may terminate the Over-Advance facility at any time without notice to the Company as it deems fit. Interest shall accrue on the outstanding Over-Advance balance at the rate of one-and-one-half percent per month.
9. **Collection of Accounts Receivable, Misdirected Payments.**
 - 9.1. The Company will instruct all of its Customers obligated with respect to its Accounts Receivable to mail or deliver payments on such Accounts Receivable directly to Porter

Capital's lockbox account at Post Office Box 12105, Birmingham, AL 35202 (the "Lockbox Account") or to such other address that Porter Capital may specify in a written notice to the Company. Each invoice of the Company shall bear the following instructions prominently displayed in large bold type:

"This invoice has been assigned to Porter Capital Corporation for the account of Cura Pharmaceutical Company, Inc., and must be paid to Porter Capital Corporation, P.O. Box 12105, Birmingham, AL 35202."

Such instructions shall not be rescinded or modified without Porter Capital's prior written consent.

9.2 If, despite such instructions, the Company shall receive any payments or remittances with respect to the Accounts Receivable purchased by Porter Capital, it shall receive such payments or remittances in trust as a fiduciary for the benefit of Porter Capital, shall segregate such payments or remittances from its other funds, and shall deliver or cause to be delivered to Porter Capital, in the same form as received with all necessary endorsements, all such payments or remittances received as soon as practicable, but in no event later than two (2) business days after the receipt thereof by the Company. In the event any goods shall be returned to, reclaimed, or repossessed by the Company, such goods shall be held by the Company in trust as a fiduciary for Porter Capital, separate and apart from the Company's own property and subject to Porter Capital's direction and control.

9.3. If the Company fails to turn over to Porter Capital any checks or other form of payment received by it, or in the event the Company deposits any such checks or payments into its own account, the Company must deliver to Porter Capital either the payment in the identical form received or the cash equivalent of the amount of the Misdirected Payment within two (2) business days or the same shall constitute a Default hereunder. In the event the Company fails to deliver said value, and because the damage to Porter Capital cannot be quantified, the Company shall be held liable to Porter Capital as liquidated damages for three times the amount of such converted payment or five thousand dollars whichever is the larger amount (the "Misdirected Payment Fee"). If the Company shall present any invoice to Porter Capital for an advance against which services have not been rendered (an "Invalid Invoice"), the same shall be deemed a Default hereunder.

9.4 Porter Capital shall have the full power and authority to collect each Account Receivable, through legal action or otherwise, and may, in its sole discretion, settle, compromise, or assign (in whole or in part) the claim for any of the Accounts Receivable, or otherwise exercise any other right now existing or hereafter arising with respect to any of the Accounts Receivable, if such action will facilitate collection. The amount of any reduction resulting from any such settlement, compromise, assignment or other collection action shall reduce the balance otherwise due to the Company hereunder. The Company acknowledges and agrees that Porter Capital shall have the sole and exclusive right to commence legal action to collect any Account Receivable. To allow an interval for checks to clear the federal banking system, Porter Capital shall have the right to extend constructive receipt of payments that Porter Capital receives on behalf of the Company by three business days for in-state checks received and by five business days for out-of-state checks received.

10. **Payment of Expenses and Taxes; Indemnification.** The Company will (a) pay or reimburse Porter Capital for all of Porter Capital's out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of, and any amendment, supplement, or modification to the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to Porter Capital; (b) pay or reimburse Porter Capital for all its costs and expenses incurred due to the enforcement or preservation of any rights under the Transaction Documents, and the verification of the Accounts Receivable and the credit

worthiness of the Customers, including without limitation, fees and disbursements of counsel to Porter Capital; (c) pay, indemnify, and hold Porter Capital harmless from any and all recording and filing fees and any and all liabilities with respect to, or resulting from, any delay in paying any stamp, excise, and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement, or modification of, or any waiver or consent under or in respect of, the Transaction Documents; (d) pay for monthly statements at \$0.73 cents each plus all postage expended by Porter Capital to mail invoices and otherwise collect the Accounts Receivable; (e) pay a processing and administration fee of zero percent of the value of each invoice; (f) pay for field examinations at the rate of eight hundred and fifty dollars per man-day plus expenses; (g) pay, indemnify, and hold Porter Capital harmless from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever, whether threatened, pending or determined (including attorney's fees and court costs now or hereafter arising from this Agreement or any activities of the Company) (referred to as the "Indemnified Liabilities"); provided that the Company shall have no obligation hereunder to Porter Capital with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of Porter Capital. Porter Capital acknowledges receipt from the Company of a due diligence deposit in the amount of \$3,500.00 which the Company agrees shall either be (i) credited to the Company's Obligations to Porter Capital provided the transaction contemplated hereby is funded, or (ii) retained by Porter Capital to reimburse it for fees and expenses incurred in the event the transaction fails to close. The covenants of this paragraph shall survive the termination of this Agreement.

11. **Term.**

11.1. This Agreement shall be effective for a period commencing on the date hereof and continuing until the close of business on the six-month anniversary of the date hereof (the "Initial Term"). This Agreement shall be deemed to be automatically renewed for an additional term of six months at the expiration of the Initial Term, and thereafter to be automatically renewed for succeeding six month terms at the end of the first and each succeeding renewal term, unless the Company shall deliver written notice of cancellation to Porter Capital not earlier than ninety days and not later than sixty (60) days prior to the expiration date of the Initial Term or any succeeding renewal term. No such termination of this Agreement shall terminate or otherwise affect the Company's obligations hereunder incurred or accrued prior to such termination and Porter Capital shall continue to collect all Accounts Receivable until the Obligations to Porter Capital are fully satisfied.

11.2. The representations, warranties, and covenants of the Company and the remedies of Porter Capital for a breach of such representations, warranties, and/or covenants, shall survive the termination of this Agreement, and such termination shall not affect the rights of Porter Capital to enforce its remedies under the Transaction Documents against the Company or against any collateral after a default by the Company. Upon termination, the Company shall remain fully responsible to Porter Capital for all Purchased Receivables. Additionally, Porter Capital shall maintain its security interest in the Property (as defined in the Security Agreement) of the Company until all of its Obligations (as hereinafter defined) to Porter Capital have been paid in full. In recognition of Porter Capital's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by the Company, Porter Capital shall not be required to record any terminations or satisfactions of any of its liens on the Collateral unless and until the Company has executed and delivered to Porter Capital a General Release in a form reasonably satisfactory to Porter Capital. **The Company understands that this provision constitutes a waiver of its rights under 9-513 of the UCC.** Further, final payment of any amount from the Reserve Account shall be paid only upon presentation of such a General

Release. It will be the Company's responsibility to request any lien releases that it may require.

12. **Fees.**

12.1. The rebates set forth in the rebate schedule attached hereto have been established after negotiations between the Company and Porter Capital on the assumption that the Company will tender to Porter Capital for purchase hereunder acceptable Accounts Receivable averaging at least five hundred thousand dollars per month (the "Base Purchase Amount") during the Initial Term and each renewal term.

12.2. In further consideration of Porter Capital's undertakings in this Agreement, the Company shall pay to Porter Capital a fee in an amount equal to three percent of the Term Base Purchase Amount during the Initial Term and each renewal term, but the amount thereof shall be reduced by the Total Fees paid by the Company to Porter Capital in each term; and such fee shall be considered an obligation under this Agreement

12.3. The underwriting fee shall equal one half of one percent of the Maximum Facility Amount (the "Underwriting Fee") and shall be due and payable on the date hereof out of the monies advanced hereunder to the Company by Porter Capital.

13. **Disputed Accounts Receivable, Re-Purchase, etc.**

13.1. **Non-Recourse.** Porter Capital shall not have any recourse against the Company for unpaid Accounts Receivable, if the reason for non-payment is related to a Customer's Credit Problem, except under the following circumstances, where Porter Capital will have immediate recourse against the Company:

13.1.1. if the Company mails invoices on Accounts Receivable directly to a Customer;

13.1.2. if the Company breaches any warranties, representations, or covenants in this Agreement;

13.1.3. if the Company has contributed to or aggravated Customer's credit problem;

13.1.4. if the Company and Customer are involved in a Customer Dispute of any kind, regardless of its validity; or

13.1.5. if Customer asserts a claim of loss or offset of any kind against the Company.

13.2. **Notice of Dispute.** The Company agrees to immediately notify Porter Capital of any Customer Dispute between the Company and any of its Customers.

13.3. **Re-payment of Disputed Purchased Receivable.** The Company shall immediately pay to Porter Capital the Advance Amount of any Purchased Receivable subject to a Customer Dispute of any kind, whether or not the same is valid or with merit. If the Company fails to fully settle any Customer Dispute with thirty (30) days, Porter Capital may, in addition to any other remedy it may have under this Agreement, charge or sell back the Purchased Receivable to the Company. Invoices unpaid after ninety (90) days from any Customer without a Credit Problem shall be deemed to be the subject of a Customer Dispute. Porter Capital may, at its sole discretion, require the Company to repurchase an account deemed the subject of a Customer Dispute. The repurchase of an Acceptable Account shall not constitute a reassignment of such Account Receivable, and the security interest therein shall remain in Porter Capital until expressly released. If after the Company repurchases Purchased Receivables, whether subject to a Customer Dispute or unpaid after ninety (90) days, and payments for the Purchased Receivables are received by the Company, the Company shall immediately deliver the payments to the Lockbox Account.

14. **Warranties By The Company.** As an inducement to and as a condition of Porter Capital's willingness to enter into this Agreement, and with full knowledge that the truth and accuracy of the warranties in this Agreement are being relied upon by Porter Capital, the Company warrants as follows:

14.1. By its execution of each Invoice Schedule with respect to each Account Receivable or acceptance of the Purchase Price with respect to a Purchased Receivable that:

14.1.1. The Company is the sole owner of such Purchased Receivable and such Purchased Receivable has not been previously assigned or encumbered in any manner; the Company has the full power and authority to sell such Purchased Receivable and its sale to Porter Capital has been duly authorized;

14.1.2. The goods or services listed or referred to in the Purchased Receivable have been shipped or rendered to the Customer, and the prices and terms of shipment set forth therein conform in all material respects to the terms of any related purchase order or agreement with the Customer;

14.1.3. The invoice representing the Purchased Receivable correctly sets forth the full purchase price of the goods and services covered thereby, and such amount, less only the applicable trade discounts and allowances stated therein, if any, is due and owing from the Customer, subject to no set-offs, deductions, disputes, contingencies or counterclaims against the Company or the invoice, and payment thereof is not contingent upon fulfillment of any obligation other than delivery of the goods or services referred to in such invoice; and the Company represents that its invoices do not represent a delivery of merchandise or services upon consignment, guaranteed sale, pay on scan or similar term.

14.2. The Company is validly existing and in good standing under the laws of the state in which it is incorporated and is properly licensed and authorized to operate the business it conducts under its corporate name or any trade name and is authorized to do business in every jurisdiction in which it conducts business. By reason of this Agreement the Company is conducting business in the State of Connecticut.

14.3. Each Customer's business is solvent to best of the Company's information and knowledge.

14.4. The Company is, or will be at the time of the purchase by Porter Capital, the lawful owner of and has good and undisputed title to the Purchased Receivables.

14.5. The Company does not own, control, or exercise dominion over, in any way whatsoever, the business of any account-debtor/Customer whose Accounts Receivable are to be purchased by Porter Capital and shall not change or modify the terms of any Account Receivable with any Customer unless Porter Capital first consents to such change in writing. By way of example only, the Company shall not extend a Customer's credit beyond thirty (30) days without Porter Capital's prior written consent.

14.6. All financial records, statements, books, or other documents of the Company furnished to Porter Capital for review at any time, either before or after the signing of this Agreement, are true and accurate. The Company has no outstanding state, federal, or local tax liabilities, and has filed all tax returns or other documents as required by law.

14.7. The Company will not, under any circumstances or in any manner whatsoever, interfere with any of Porter Capital's rights under this Agreement or misdirect any payment as set forth in Section 9.3.

14.8. The Company shall not factor, finance, give a security interest, or sell any of its Accounts Receivable, or any of its property, machinery and equipment, fixtures, or inventory to any person or entity other than Porter Capital during the term of this Agreement, nor shall any Accounts Receivable to be purchased under this Agreement be previously sold, pledged, or encumbered by Company or any other person or entity in any manner whatsoever.

14.9. The Company shall not permit the placement of any lien, security interest, or encumbrance on its machinery and equipment, fixtures, inventory, or other personal property and chattels except with the prior written consent of Porter Capital and shall maintain its property, inventory, and fixtures in good order and in an operating state, condition, and repair.

Upon the breach of any of the warranties above beyond all applicable cure or grace period, if any, the Company, at the request of Porter Capital, will immediately pay to Porter Capital the entire unpaid balance of the Purchased Receivables purchased pursuant to this Agreement and all other Obligations of the Company to Porter Capital.

15. **Security Interest.** To secure the payment of any sums which have or may become due by the Company to Porter Capital under this Agreement and also to secure any other indebtedness or liability of the Company to Porter Capital, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all future advances or loans which may be made at the option of Porter Capital to the Company (hereinafter referred to as "Obligations"), the Company hereby grants, conveys, and mortgages to Porter Capital the Property (as defined in the Security Agreement). Notwithstanding the creation of the above security interest, the parties agree that the relationship of the parties is and shall be that of purchaser and seller of Accounts, and not that of lender and borrower. Further, the Company agrees that Porter Capital is not and shall not be deemed a fiduciary of or to the Company.
16. **Financing Statements and Transaction Documents.** The Company and/or its principals shall execute the Transaction Documents and such other documents as Porter Capital may reasonably request to perfect the security interest granted hereunder, including but not limited to the Security Agreement, (a true copy of which is annexed hereto, made a part hereof and is marked Exhibit "D"), Corporate Resolutions (a true copy of which is annexed hereto, made a part hereof and is marked Exhibit "E"); the Performance Covenant and Waiver (a true copy of which is annexed hereto, made a part hereof and is marked Exhibit "F"); and the Misdirected Payment Agreement (a true copy of which is annexed hereto, made a part hereof and is marked Exhibit "G"). The Company hereby authorizes Porter Capital or its agents or assigns to execute and file on its behalf, any and all necessary forms, including UCC-1 Financing Statements, to perfect the security interest granted hereunder and the Company authorizes Porter Capital to obtain, at the sole cost and expense of the Company, an Eagle 9 UCC Insurance Policy (or similar policy or policies) insuring Porter Capital's security interest in connection with the Security Agreement ("UCC Insurance"). The Company hereby authorizes Porter Capital or its agents or assigns to sign and execute on its behalf, any and all necessary forms, including UCC-1 Financing Statements, to perfect the security interest granted hereunder. Further, the Company consents to Porter Capital publishing a tombstone announcement or other brief announcement of their financing.
17. **Financial Records.** During the term of this Agreement, the Company agrees to provide Porter Capital with monthly and quarterly financial statements certified by an officer of the Company within thirty days following the end of the respective month and quarter, annual financial statements prepared by a certified public accountant reasonably acceptable to Porter Capital within sixty days following the end of the respective year, records, and such other information as may be reasonably requested by Porter Capital from time to time, and each quarter shall furnish an updated customer list with customer names, contact names, addresses, and phone numbers, as well as a complete and current payables-aging report. From time to time as requested by Porter Capital, at the sole expense of the Company, Porter Capital, or its designee shall have access, during reasonable business hours if prior to a Default and at any time if on or after a Default, to all premises where Collateral is located for the purposes of inspecting (and removing, if after the occurrence of a Default) any of the Collateral, including the Company's books and records, and the Company shall permit Porter Capital or its designee to make copies of such books and records or extracts therefrom as Porter Capital may request. Without expense to Porter Capital, Porter Capital may use any of the Company's personnel, equipment, including computer equipment, programs, printed output, computer readable media, supplies, and premises for the collection of Accounts and realization on other Collateral as Porter Capital, in its sole discretion, deems appropriate. The Company hereby irrevocably authorizes all accountants and third parties to disclose and deliver to Porter Capital

- at the Company's expense all financial information, books, records, work papers, management reports, and other information in their possession relating to the Company.
18. **Notice of Levy.** The Company shall promptly notify Porter Capital of any attachment or any other legal process levied against the Company or any of the Company's Customers. The Company's failure to do so shall be a Default hereunder.
 19. **No Pledge.** The Company shall not, at any time during the term of this Agreement, pledge the credit of Porter Capital to any person or business for any purpose whatsoever.
 20. **Book Entry.** The Company shall, immediately upon the sale of an Account Receivable to Porter Capital, make proper entries on its books and records disclosing the absolute sale and assignment of such Account Receivable to Porter Capital.
 21. Intentionally omitted.
 22. **Attorneys' Fees.** The Company agrees to reimburse Porter Capital on demand for the following:
 - 22.1 the actual amount of all fees, costs, and expenses, including but not limited to attorneys' fees, which Porter Capital may incur in any action to enforce this Agreement or any related transaction, or in connection with any federal or state bankruptcy or insolvency proceeding commenced by or against the Company, including, but not limited to, any complaint to determine non-dischargeability of any guarantor of the Company's debt and in defending any action to recover any preference payment by any Customer and the Company's obligations set forth in this subsection 22.1 shall be included as an Obligation; and
 - 22.2 the actual fees, expenses, and costs, including but not limited to photocopying (which, if performed by Porter Capital's employees, shall be at the rate of \$.25/page), travel, expert witness fees, attorneys' fees, and all other fees, costs, and expenses incurred in complying with any subpoena or other legal process attendant to any litigation in which the Company is a party.
 23. **Power of Attorney.** The Company irrevocably appoints Porter Capital, or any person designated by Porter Capital, its special attorney-in-fact, or agent, which Power-of-Attorney is coupled with an interest, with power to (i) strike out the Company's address on all invoices or statements of account mailed to Customers and substitute Porter Capital's address; (ii) receive and open all mail addressed to the Company or to the Company's trade name via the Lockbox Account or any other address of Porter Capital; (iii) endorse the name of the Company or the Company's trade name on any checks or other evidences of payment, invoices, or other documents that may come into the possession of Porter Capital on Accounts Receivable or on which Porter Capital holds a security interest; (iv) in the Company's name, or otherwise, demand, sue for, collect, and subject to the Company's prior written approval, compromise, prosecute, or defend any action, claim, or proceedings and give releases for any and all moneys due or to become due; (v) do any and all things reasonably necessary and proper to carry out the purpose intended by this Agreement. The authority granted Porter Capital shall remain in full force and effect until all Accounts Receivable sold and/or assigned to Porter Capital have been paid in full.
 24. **Default.** Any one or more of the following shall constitute a default hereunder (a "Default"):
 - 24.1. The Company's failure to pay or perform any Obligations to Porter Capital when due;
 - 24.2. The Company's breach of any term, provision, warranty, or representation under this Agreement, or under any other agreement or contract between the Company and Porter Capital, or Obligation of the Company to Porter Capital;
 - 24.3. If the Company shall fail to tender all of its Accounts Receivable to Porter Capital for purchase; or the Company shall fail to tender Accounts Receivable aggregating at least twenty percent of the Term Base Purchase Amount during any calendar quarter; or the Company shall fail to tender Accounts Receivable to Porter Capital for purchase for a period of fifteen or more consecutive business days;
 - 24.4. The Company shall instruct any Customer to mail or deliver payment on Accounts Receivable to the Company or to any person other than Porter Capital;

- 24.5. The appointment of any receiver or trustee for all or a substantial portion of the assets of the Company, the filing of a general assignment for the benefit of creditors by the Company or a voluntary or involuntary filing under any bankruptcy or similar law, which is not dismissed with prejudice within sixty (60) days;
- 24.6. The issuance of any levies of attachment, execution, tax assessments, or similar process against the Accounts Receivable which is not released within ten (10) days;
- 24.7. If any financial statements, profits-and-loss statements, borrowing certificates or schedules, or other statements furnished by the Company to Porter Capital prove false or incorrect in any material respect;
- 24.8. Failure of the Company to pay all taxes to every government agency in a timely manner;
- 24.9. The failure of the Company to timely deliver to Porter Capital any Misdirected Payment remittance received by the Company on a Purchased Receivable or by reason of an Invalid Invoice;
- 24.10. The insolvency, bankruptcy, or dissolution of the Company or the death, insolvency, bankruptcy, or dissolution of a guarantor of any of the Transaction Documents;
- 24.11. If Porter Capital, for any reason, deems itself insecure with respect to the prospect of repayment or performance of the Obligations or of the complete validity, observance, keeping, or performance of any warranty, covenant, agreement, or condition under and in accordance with this Agreement.
- 24.12. The Company's failure to maintain its covenants set forth in Exhibit "B".
- 24.13. If the Company makes any payment to its shareholders regardless of how such payment is classified (e.g. dividend, loan payment, etc.) without the prior written consent of Porter Capital, which consent may be withheld in its sole and absolute discretion.
25. **Remedies Upon Default.** In the event of any Default Porter Capital shall have the following cumulative rights and remedies:
- 25.1. Declare any Obligations (including any sums still due and owing under any Purchased Receivable) immediately due and payable;
- 25.2. Enforce the security interest given hereunder;
- 25.3. Require the Company to assemble any Collateral secured hereunder and the records pertaining thereto and make them available to Porter Capital at a place designated by Porter Capital;
- 25.4. Enter the premises of the Company and take possession of any Collateral not then in its possession and of the records pertaining thereto and any other collateral;
- 25.5. Grant extensions, compromise claims, and settle Accounts Receivable for less than face value, all without prior notice to the Company;
- 25.6. Use, in connection with any assembly or disposition of the Collateral, any trademark, trade name, trade style, copyright, patent right, or technical process used or utilized by the Company;
- 25.7. Return any surplus realized and hold the Company liable for any deficiency; and
- 25.8. Interest shall accrue on any outstanding Obligation (including unpaid legal fees and expenses) at the rate of two percent per month.
- 25.9. The Company shall pay to Porter Capital as liquidated damages, an amount of ten percent of the outstanding balance, including unpaid interest, on any outstanding Obligations; and
- 25.10 Any and all other remedies allowed at law or under the Connecticut Uniform Commercial Code.
26. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of both the Company and Porter Capital.
27. **Cumulative Rights.** All rights, remedies, and powers granted to Porter Capital in this Agreement, or in any note or other Agreement given by the Company to Porter Capital, are cumulative and may be exercised singularly or concurrently with such other rights as Porter

- Capital may have. These rights may be exercised from time to time as to all or any part of the pledged collateral as Porter Capital in its discretion may determine.
28. **Written Waiver.** Porter Capital shall not be deemed to have waived any right or remedy it may have hereunder unless such waiver is in writing and signed by Porter Capital. A waiver by Porter Capital of a right or remedy under this Agreement on one occasion shall not be deemed a waiver of a right or remedy on any subsequent occasion.
29. **Governing Law and Jurisdiction.**
- (a) This Agreement is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of Connecticut and shall be in all respects governed, construed, applied, and enforced in accordance with the laws of the State of Connecticut. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereon unless such defense is also given or allowed by the laws of the State of Connecticut. The parties agree that Connecticut bears a reasonable relationship to this transaction.
- (b) The parties hereto agree to submit to personal jurisdiction and acknowledge they are doing business in the State of Connecticut in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, they hereby agree and consent that without limiting other methods of obtaining jurisdiction, that personal jurisdiction in any such action or proceeding may be obtained within or without the jurisdiction of any court located in Connecticut and that any process or notice or motion or other application to any such court in connection with any such action or proceeding may be served by registered or certified mail, return receipt requested, to or by personal service at their last known address whether such address be within or without the jurisdiction of any such court. In the event of litigation between Porter Capital and the Company, the Company agrees that any requirement for a bond, be it for any order or other action in court, shall not exceed two hundred and fifty dollars.
30. **Invalid Provisions.** If any provision of this Agreement shall be declared illegal or contrary to law, it is agreed that such provision shall be disregarded and this Agreement shall continue in force as though such provisions had not been incorporated herein. If a law, which applies to this Agreement and which sets maximum loan charges, is finally interpreted so that the fees and commissions charged by Porter Capital to the Company or other charges collected or to be collected in connection with this Agreement exceed the permitted limits under any applicable law or statute, then (i) any such fee or commission shall be reduced by the amount necessary to reduce the charges to the permitted limit; and (ii) any sums already collected from the Company which exceed permitted limits will be applied and shall be deemed to have been payments in reduction of the obligations hereunder.
31. **Further Instruments.** The Company agrees that, upon request from time to time of Porter Capital, it will, at its expense, execute, acknowledge, and deliver all such additional instruments and further assurances and will do or cause to be done all such further acts and things as may be reasonably necessary to fully establish, confirm, or perfect from time to time the security interest of Porter Capital in the Collateral (including, without limitation, the procurement of UCC Insurance) and to fully establish, confirm, or perfect from time to time the intention of this Agreement.
32. **NO JURY TRIAL.** THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, AND PORTER CAPITAL BY ITS ACCEPTANCE OF THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF, OR OTHERWISE RELATING TO THIS AGREEMENT.
33. **Entire Agreement.** This instrument contains the entire Agreement between the parties. Any addendum or modification hereto must be signed by both parties in order to have any force or effect.

34. **Notices.** All notices, demands, or requests (collectively, "Notice") made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party or parties to whom or to which such Notice is being sent, by certified or registered mail, return receipt requested, reputable overnight courier, or delivered by hand with receipt acknowledged in writing to the addresses first hereinabove set forth. All Notices shall (a) be deemed given when received in accordance herewith and (b) may be given either by a party or such party's attorneys.
35. **Effective Date.** This Agreement shall be effective only upon the due execution by Porter Capital.
36. **Duplicate Originals.** This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.
37. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.
38. **Headings, Etc.** The headings, titles, and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

[The remainder of this page is left intentionally blank. Signature page to follow.]

EXHIBIT "A"

SCHEDULE OF ACCOUNTS

Schedule Number _____

This is to certify that the parties named below are indebted to the undersigned in the sums set opposite their respective names, for merchandise sold and delivered or for work and labor done and accepted.

	Invoice Date	Office Use Only	Customer Number	Debtor's Name	Invoice Number	Customer P.O. #	Invoice Amount
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

Schedule Total

Amount Funded

For valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby sells, assigns, sets over, and transfers to PORTER CAPITAL CORPORATION, its successors or assigns, all its right, title, and interest in and to the accounts above named, including all moneys due or to become due thereon, all in accordance with and pursuant to that certain **Commercial Financing Agreement** now existing by and between the undersigned and PORTER CAPITAL CORP., the conditions, representations, warranties, and agreements of which are made part of this sale and assignment and incorporated herein by reference.

A Corporate Officer Must Sign in Blue Ink

Date:

Seller:

By:

EXHIBIT "B"

Rebate Schedule

The Purchased Receivables shall be bought at ninety-four percent (94.00%) of their face amount. A rebate for prompt payment will be paid to the Company by Porter Capital as follows:

If the invoice is paid by the Customer between:	The amount rebated to the Company will be:	The net charge to the Company will be:
1-30 days	4.00%	2.00%
31-45 days	3.00%	3.00%
46-60 days	2.00%	4.00%
61-75 days	1.00%	5.00%
76-90 days	0.00%	6.00%

Advances and Reserves

The Advance Amount shall be up to seventy-five (75%) percent of each invoice, with concentration limited to 20% of eligible accounts receivable, and the Reserve Amount shall be nineteen percent (19.00%) of each invoice and shall be held by Porter Capital in the Reserve Account. If Porter Capital exercises its right under Section 13.3 of the Agreement to charge back or cause customer to repurchase an account deemed subject to a Credit Dispute, Porter Capital shall nevertheless continue to collect the account. Porter Capital will continue to list the account on the aged receivables list and will charge an administrative fee of one percent of the amount of said invoice per thirty (30) days to continue its collection efforts. If payment on the account is made to the Company on an account deemed subject to a Credit Dispute, the proceeds will be immediately deposited in a Lockbox Account. Failure by the Company to deliver the proceeds of an account deemed subject to a Credit Dispute to Porter Capital shall be deemed a Misdirected Payment. The Company shall pay Porter Capital on the average monthly outstanding balance on all advances interest, at the greater of (i) 8.5% and (ii) the Prime Rate (as published in the Wall Street Journal) plus 4.0%, on an annualized basis, charged daily, collected at the end of each month until all advances are paid in full and all Obligations satisfied.

Maximum Facility Amount

The maximum amount available to the Company is \$3,000,000.00 (the "Maximum Facility Amount"). The Company shall pay to Porter Capital a facility fee in an amount equal to one percent of the Maximum Facility Amount ("Facility Fee") which fee shall be due and payable on the date

hereof and each six-month anniversary of the date hereof for the Initial Term and each succeeding renewal term.

Lockbox Account

Collections shall be made to the Lockbox Account located in Birmingham, Alabama. The monthly fee for the Lockbox Account will be \$125.00.

Tax Lien Searches

Porter Capital may, every forty-five days during the Initial Term and each renewal term, perform or cause to be performed a tax lien search against the Company and any guarantors of any of the Transaction Documents at a cost to the Company of \$45.00 per search.

Miscellaneous Covenants

During the term of this Agreement, the net worth of the Company shall be no less than a negative \$3,500,000.00. In the event that the net worth of the Company falls below a negative \$3,500,000.00, the same shall be considered a Default under this Agreement.

EXHIBIT "C"

PORTER CAPITAL CORPORATION
Working Capital Overnight

38-A Grove Street, Suite 201, Ridgefield, CT 06877
Telephone: 203-431-6000 □ Fax: 203-431-6112
Offices in Birmingham & Manhattan

[Date]

[Name and address of account debtor]

Re: Invoice Acknowledgment Agreement

Ladies and Gentlemen:

Cura Pharmaceutical Company, Inc. ("Vendor"), has requested that we accept an assignment of the invoice(s) listed below (the "Invoices"). Accordingly, payment of the Invoices must be made directly to us at Porter Capital Corporation, Post Office Box 12105, Birmingham, AL 35202.

To induce us to accept and rely upon this assignment, please confirm that the Invoices will be paid to us without setoff, defense, counterclaim or recoupment. For our mutual benefit, should litigation arise between us relating to our relationship with the Vendor, the prevailing party shall be entitled to recover all costs, expenses, and actual attorneys' fees. The signor below is duly authorized to sign this Agreement. The Invoices are:

Date	Invoice Number	Amount

Please feel free to contact us should you have any questions regarding this letter Agreement.

Very truly yours,

PORTER CAPITAL CORP.

CONFIRMED:

[Name of Borrower]

By: _____

Title: _____

ACCEPTED AND AGREED TO:

[Name of Account Debtor]

By: _____

Title: _____

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") made this 18th day of November, 2004, by and among **CURA PHARMACEUTICAL COMPANY, INC.**, a New Jersey corporation with an office for the transaction of business at 542 Industrial Way West, Eatontown, New Jersey 07724 (the "Company"), and **PORTER CAPITAL CORPORATION**, an Alabama corporation with offices for the transaction of business located at 38-A Grove Street, Suite 201, Ridgefield, CT 06877 ("Porter Capital").

WITNESSETH

WHEREAS, Porter Capital and the Company have this day entered into a commercial financing agreement and other related documents wherein Porter Capital has agreed to purchase, at a discount, certain accounts receivable and/or invoices of the Company under certain terms and conditions contained therein (collectively the "Commercial Financing Agreement"); and

WHEREAS, in order to secure payment by the Company of any sums which may become due under the Commercial Financing Agreement, the Company is granting Porter Capital a security interest in all of its personal property and assets of any nature, including but not limited to its inventory, machinery, equipment, trade fixtures, good will, and accounts receivables all as more particularly set forth below;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound, the parties agree as follows:

1. **Granting of Security Interest.** To secure the payment of any sums which have or may become due by the Company to Porter Capital pursuant to the Commercial Financing Agreement and also to secure any other indebtedness or liability of the Company to Porter Capital, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all future advances or loans which may be made at the option of Porter Capital to the Company (hereinafter referred to as "Obligations"), the Company hereby grants to Porter Capital a security interest in, and pledges and assigns to Porter Capital all of its assets, including the following properties, assets and rights of the Company, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Property"): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, software, copyrights, trademarks and all general intangibles (including all payment intangibles). Porter Capital acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Company's compliance with Section 2. The Company and Porter Capital agree that at the termination of this Agreement both parties shall exchange mutual releases of all claims, each against the other, and that no liens against the Company's assets shall be lifted until such releases are signed by both parties.

2. **Commercial Tort Claims.** If the Company shall at any time hold or acquire a commercial tort claim, the Company shall immediately notify Porter Capital in a writing signed by the Company of the details thereof and grant to Porter Capital in such writing a security interest therein and in the

proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Porter Capital.

3. **Representations and Warranties.** The Company represents and warrants to Porter Capital as follows:

(a) To pay and perform all of the Obligations secured by this Agreement in accordance with their respective terms;

(b) To defend title to the Property against all persons and against all claims and demands whatsoever, which Property, except for the security interest granted hereby, is lawfully owned by the Company and is now free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes, and assessments except as may be set forth specifically herein;

(c) On demand of Porter Capital to do the following: (i) furnish further assurances of title; (ii) execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement; and (iii) execute any instrument or statement required by law or otherwise in order to perfect, continue, or terminate the security interest of Porter Capital in the Property and pay all costs of filing in connection therewith;

(d) To retain possession of the Property during the existence of this Agreement and not to sell, exchange, assign, loan, deliver, lease, mortgage, or otherwise dispose of same, other than in the ordinary course of business, without the prior written consent of Porter Capital. Although proceeds of the Property are covered herein, Porter Capital in no way has authorized sale of the Property by the Company;

(e) To keep the Property at the principal office of the Company and not to remove the same, except in the ordinary course of business, without the prior written consent of Porter Capital;

(f) To keep the Property free and clear of all liens, charges, encumbrances, taxes, and assessments;

(g) To pay, when due, all taxes, assessments, and license fees relating to the Property.

(h) To keep the Property, at the Company's own cost and expense, in good repair and condition and not to misuse, abuse, waste, or allow to deteriorate except for normal wear and tear and to make the same available for inspection by Porter Capital at all reasonable times;

(i) To keep the Property insured against loss by fire (including extended coverage), theft, and other hazards as Porter Capital may require and to obtain collision insurance if applicable. Policies shall be in such form and amounts and with such companies as Porter Capital may designate. Policies shall be obtained from responsible insurers authorized to do business in the state in which the Property is located. Certificates of insurance or policies, payable to the respective parties as their interest may appear, shall be deposited with Porter Capital who is authorized, but under no duty, to obtain such insurance upon the failure of the Company to do so. The Company shall give immediate written notice to Porter Capital and to insurers of loss or damage to the Property and shall promptly file proofs of loss with insurers. The Company hereby appoints Porter Capital its attorney-in-fact in obtaining, adjusting, and canceling any such insurance and endorsing settlement drafts and hereby assigns to Porter Capital all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the Obligations;

(j) To immediately notify Porter Capital in writing of any change in or discontinuance of the Company's place or places of business and/or residence.

4. **Events of Default.** If any of the following occur ("Event of Default"), Porter Capital may, but shall not be required to, without presentment or demand, declare the immediate payment of the Obligations, with all accrued interest, if any, and all applicable charges due thereunder:

(a) Upon the non-payment by the Company of any amount when due or any other default under the Commercial Financing Agreement or any other agreement between Porter Capital and the Company;

- (b) The failure by the Company to comply with or perform any provision of this Agreement;
- (c) Any false or misleading representations or warranties made or given by the Company in connection with this Agreement;
- (d) Upon the non-payment by the Company of any charges of rent under any premises or equipment leases used by the Company to operate its business, or the failure to comply with any terms of any such lease, which is not cured within the time and in the manner provided for in the lease;
- (e) Upon the further surrender, transfer, pledging, assignment, or granting of a security interest by the Company in the Property without the prior written consent of Porter Capital;
- (f) Upon the attachment of any further lien on the Property;
- (g) The appointment of any receiver or trustee for all or a substantial portion of the assets of the Company;
- (h) A general assignment for the benefit of creditors by the Company or a voluntary or involuntary filing under any bankruptcy or similar law which is not dismissed with prejudice within sixty (60) days; or
- (i) The failure of the Company to file all tax returns and to pay all taxes to every government agency in a timely manner.

5. **Acceleration.** In the event the Company shall have failed to cure an Event of Default within the specified time period and Porter Capital has declared the Obligations due, interest on the Obligations and any other amounts due under the Commercial Financing Agreement or this Agreement shall accrue at the rate of two percent per month or the highest legal interest rate, whichever is lesser. This shall not constitute an extension of time for the payment of any Obligations or other sums due to Porter Capital.

6. **Remedies.** If any Event of Default shall occur, which remains uncured, Porter Capital, in addition to any other rights and remedies it may have at law, including those set forth below, and shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the UCC or such other measures as Porter Capital deems necessary to preserve its security interest in the Property.

(a) If an Event of Default shall occur and the Company elects to declare the Obligations due and payable in accordance with this Agreement, and the Company fails to cure its default or pay the Obligations, Porter Capital may, but shall not be obligated to, sell, assign, and deliver the Property at public or private sale, for cash, upon credit or for future delivery with or without advertisement of the time, place, or terms of sale except that if the sale be a private sale, ten (10) days' notice in writing from Porter Capital of the time and place of sale and the terms of sale shall be given to the Company. In case of any sale on credit or for future delivery, the Property sold shall be retained by Porter Capital until the sale price is paid, but Porter Capital shall incur no liability if the purchaser fails to take up and pay for the Property sold, in which event the Property may again be sold. At any sale, Porter Capital may purchase the Property sold, free from all right of redemption of the Company which is hereby waived and released.

(b) In case of any sale, Porter Capital may first deduct all expenses of collection, sale, and delivery of the Property sold and any expenses incidental thereto, including, but not limited to reasonable attorneys' fees, brokerage commissions, and transfer taxes, and may then apply the residue to any liability of the Company under the Obligations, and shall return the surplus, if any, to the Company. Any sale conducted upon the foregoing terms shall be deemed commercially reasonable.

(c) The Company agrees that Porter Capital shall have the right to continue to retain the Property until such time that Porter Capital in its reasonable judgment believes that an advantageous price can be secured for the Property; Porter Capital shall not be liable to the Company for any loss in the value of the Property by reason of any such retention of the Property by Porter Capital. If Porter Capital shall not commence to dispose of the Property within ninety

(90) days after the right to dispose of the Property shall have accrued, then the Company shall have the right, at any time thereafter, and prior to the time that Porter Capital shall commence to dispose of the Property to request of Porter Capital that it dispose of the Property or the Company itself at its own cost and expense, have the right to dispose of the Property provided, however, that in the case of the former, Porter Capital shall not be obligated to dispose of the Property unless the net proceeds to be received therefrom shall be sufficient to satisfy in full the then Obligations of the Company to Porter Capital, and that in the case of the latter, any disposition of the Property by the Company must be upon terms and conditions consented to by Porter Capital, and Porter Capital shall be obligated to give such consent if the net proceeds to be received from such disposition shall be sufficient to satisfy in full the then Obligations of the Company to Porter Capital.

(d) Porter Capital shall not be liable to the Company for any agents' or brokers' fees incurred in connection with the sale of the Property.

7. **Uniform Commercial Code.** The UCC of the State of New Jersey shall govern the rights, duties, and remedies of the parties and any provisions herein declared invalid under any law shall not invalidate any other provisions of this Agreement. The Company hereby authorized Porter Capital or its agents or assigns to file any and all necessary UCC Financing Statement forms to perfect the Security Agreement interest herein above granted to Porter Capital.

8. **No Offsets.** The Company covenants and warrants that it is now the owner of the Property and that there are no defenses or offsets to this Agreement or to the Commercial Financing Agreement, which it secures.

9. **Attorney-in-Fact.** The Company hereby irrevocably appoints Porter Capital, which Power-of-Attorney is coupled with an interest, as its attorney-in-fact in connection with the Property and to execute and file on its behalf any financing statements, or other statements in connection therewith the appropriate public office.

10. **Joint and Several Liability.** In the event this Agreement is executed by more than one person, firm, or corporation, the liability of the "Company" hereunder shall be joint and several.

11. **Reimbursement.** The Company agrees that, with or without notice or demand, it will reimburse Porter Capital for all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Porter Capital in connection with the collection of the Obligations or any portion thereof or in any action or proceeding brought by Porter Capital to enforce the obligations of the Company under this Agreement. Porter Capital shall have the right but not the obligation to examine the Company's books and records at any time during reasonable business hours once per quarter, the expense of such field examination to be charged against the Company. If an Event of Default shall occur under this Agreement, Porter Capital shall have the right to examine the Company's books once a month and the Company shall pay for this expense.

12. **Application of Payments.** All monies available to Porter Capital for application in payment or reduction of the Obligations may be applied by Porter Capital in such manner and in such amounts and at such time or times and in such order, priority, and proportions as Porter Capital may see fit to the payment or reduction of such portion of the Obligations as Porter Capital may elect.

13. **Successors and Assigns.** Each reference herein to Porter Capital shall be deemed to include its successors and assigns, in whose favor the provisions of this Agreement shall also inure. Each reference herein to the Company shall be deemed to include the heirs, executors, administrators, legal representatives, successors, and assigns of the Company, all of whom shall be bound by the provisions of this Agreement, provided, however, that the Company shall in no event or under any circumstance have the right, without obtaining the prior written consent of Porter Capital, to assign

or transfer the Company's obligations and liabilities under this Agreement, in whole or in part, to any other person, party, or entity.

14. **Non-Waiver.** No delay on the part of Porter Capital in exercising any right or remedy under this Agreement or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on the Company shall be deemed to be a waiver of the obligation of the Company or the right of Porter Capital to take further action without notice or demand as provided in this Agreement.

15. **Further Modification.** This Agreement may only be modified, amended, changed, or terminated by an agreement in writing signed by Porter Capital and the Company. No waiver of any term, covenant, or provision of this Agreement shall be effective unless given in writing by Porter Capital and if so given by Porter Capital shall only be effective in the specific instance in which given.

16. **Unconditional Agreement.** The Company acknowledges that this Agreement and the Company's obligations under this Agreement are and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Agreement and the Obligations of the Company under this Agreement or the Obligations of any other person or party relating to this Agreement or the Obligations of the Company thereunder or otherwise with respect to the Obligations. This Agreement sets forth the entire agreement and understanding of Porter Capital and the Company, and the Company absolutely, unconditionally, and irrevocably waives any and all rights to assert any defense, set-off, counterclaim, or cross claim of any nature whatsoever with respect to this Agreement or the obligations of any other person or party (including, without limitation, the Company) relating to this Agreement or the obligations of the Company hereunder or otherwise with respect to the Obligations in any action or proceeding brought by Porter Capital to collect the Obligations, or any portion thereof, or to enforce the obligations of the Company under this Agreement. The Company acknowledges that no oral or other agreements, understandings, representations, or warranties exist with respect to the obligations of the Company under this Agreement, except those specifically set forth in this Agreement.

17. **NO JURY TRIAL.** THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, AND PORTER CAPITAL BY ITS ACCEPTANCE OF THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF, OR OTHERWISE RELATING TO THIS AGREEMENT.

18. **No Subrogation.** Notwithstanding any payments made by the Company pursuant to the provisions of this Agreement, the Company shall have no right of subrogation in and to the Commercial Financing Agreement or any other security held by or available to Porter Capital for the Obligations or the payment thereof until the Obligations have been paid in full to Porter Capital.

19. **Actions and Proceedings.** Porter Capital may, but shall not be obligated to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of the Company, which Porter Capital, in its discretion, believes should be brought to protect its interest in the Property.

20. **Further Instruments.** The Company agrees that, upon request from time to time of Porter Capital, it will, at its expense, execute, acknowledge, and deliver all such additional instruments and further assurances and will do or cause to be done all such further acts and things as may be

reasonably necessary to fully establish, confirm, or perfect from time to time the security interest of Porter Capital in the Property.

21. **Governing Law.** This Agreement is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of Connecticut and shall be in all respects governed, construed, applied, and enforced in accordance with the laws of the State of Connecticut. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereon unless such defense is also given or allowed by the laws of the State of Connecticut. The parties agree that Connecticut bears a reasonable relationship to this transaction.

22. **Jurisdiction.** All of the parties hereto agree to submit to personal jurisdiction and acknowledge they are doing business in the State of Connecticut for any action or proceeding arising out of this Agreement and, in furtherance of such agreement, they hereby agree and consent that without limiting other methods of obtaining jurisdiction, that personal jurisdiction in any such action or proceeding may be obtained within or without the jurisdiction of any court located in Connecticut and that any process or notice or motion or other application to any such court in connection with any such action or proceeding may be served by registered or certified mail, return receipt requested, to or by personal service at their last known address whether such address be within or without the jurisdiction of any such court.

23. **Notices.** All notices, demands, or requests (collectively, "Notice") made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party or parties to whom or to which such Notice is being sent, by certified or registered mail, return receipt requested, reputable overnight courier, or delivered by hand with receipt acknowledged in writing to the addresses first hereinabove set forth. All notices (a) shall be deemed given when received in accordance herein and (b) may be given either by a party or such party's attorneys.

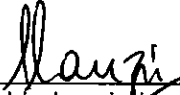
24. **Duplicate Originals.** This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument

25. **Headings.** The headings, titles, and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.


[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

CURA PHARMACEUTICAL COMPANY, INC.

By: 
Name: Fabio Lanzieri
Title: President
a duly authorized officer

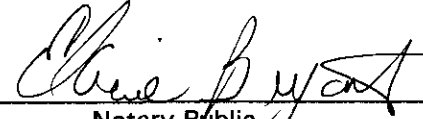
PORTER CAPITAL CORPORATION

By: 
Donald Porter, CEO
a duly authorized officer

Acknowledgment

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 2nd day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Fabio Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.


Notary Public

ELAINE BRYANT
Notary Public, State of New York
No. 31-4647672
Qualified in New York County
Commission Expires Feb. 28, 2006

[SECURITY AGREEMENT]

EXHIBIT "E"

CERTIFIED COPY OF RESOLUTIONS

The undersigned, being the Secretary of Cura Pharmaceutical Company, Inc. (the "Corporation"), does hereby certify that the following resolutions of the Corporation were duly adopted by a Unanimous Written Consent of the Board of Directors dated November 18, 2004:

WHEREAS, Porter Capital Corporation ("Porter") has agreed to provide short-term financing to the Corporation by purchasing certain accounts receivable and invoices held by the Corporation pursuant to the terms and conditions of that certain Commercial Financing Agreement among Porter and the Corporation (the "Commercial Financing Agreement");

WHEREAS, pursuant to the Commercial Financing Agreement the obligations of the Corporation are secured by that certain Security Agreement among Porter and the Corporation (the "Security Agreement");

WHEREAS, pursuant to the Commercial Financing Agreement the Corporation agreed to execute a Misdirected Payment Agreement dated the date hereof between Porter and the Corporation (the "Misdirected Payment Agreement");

WHEREAS, the Commercial Financing Agreement, the Security Agreement, the Misdirected Payment Agreement, and all other agreements and documents connected therewith are collectively hereinafter referred to as the "Transaction Documents"; and

WHEREAS, copies of the Transaction Documents were previously presented to all of the members of the Board.

NOW, THEREFORE BE IT

RESOLVED, that the Transaction Documents be, and they hereby are, in all respects approved, adopted, authorized and accepted on behalf of and by the Corporation on substantially the terms and conditions as set forth therein; and further

RESOLVED, that Fabio Lanzieri, as President of the Corporation be, and he hereby is, authorized, empowered and directed in the name and on behalf of the Corporation to execute and deliver the Transaction Documents with such changes, modifications and amendments as he may in his business judgment determine to be in the best interests of the Corporation, his execution thereof to be conclusive evidence of his approval; and further

RESOLVED, that Fabio Lanzieri, as President of the Corporation be, and he hereby is, authorized, empowered and directed in the name and on behalf of the Corporation to take such other actions as he may deem necessary, advisable, convenient or proper to carry out the intent of the foregoing resolutions and to fully perform the provisions of the Transaction Documents and any and all other instruments executed on behalf of the Corporation pursuant to the foregoing resolutions.

The undersigned further certifies that:

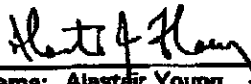
The following is a true and correct list of the present officers of the Corporation:

<u>Name</u>	<u>Title</u>
Fabio Lanzieri	President
Zulfikar Masters	<u>DIRECTOR</u>
Alastair Young	Secretary

; There are 100 shares of Common Stock and no other equity securities of the corporation (including, without limitation, options, warrants, etc.) issued and outstanding and the following is a true and correct list of the present shareholders of the corporation, the number of shares held by each and the percentage of their ownership interest in the corporation:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage Ownership</u>
Fabio Lanzieri	30	30%
Alastair Young	40	40%
Zulfikar Masters	30	30%

Dated: November 16, 2004



 Name: Alastair Young
 Title: Secretary

PERFORMANCE COVENANT AND WAIVER

WHEREAS, CURA PHARMACEUTICAL COMPANY, INC., a New Jersey corporation with an office for the transaction of business at 542 Industrial Way West, Eatontown, New Jersey 07724 (the "Company"), entered into a commercial financing agreement and other related documents dated as of the date hereof (the "Commercial Financing Agreement") with **PORTER CAPITAL CORPORATION**, an Alabama corporation with an office for the transaction of business at 38-A Grove Street, Suite 201, Ridgefield, CT 06877 ("Porter Capital"), wherein Porter Capital has agreed to purchase, at a discount, certain accounts receivable and/or invoices of the Company (each an "Account Receivable" and collectively, the "Accounts Receivable") under certain terms and conditions;

WHEREAS, Fabio Lanzieri ("Fabio"), Maria Lanzieri ("Maria" and together with Fabio, collectively, the "Lanzieri's"), Alastair Young ("Young"), and Zulfikar Masters ("Masters"), shall hereinafter collectively be referred to as the "Undersigned";

WHEREAS, Maria is the wife of Fabio and Fabio, Young and Masters are shareholders, officers and/or directors of the Company, and the Undersigned will derive a substantial benefit from the transactions contemplated by the Commercial Financing Agreement; and

WHEREAS, Porter Capital is willing to purchase the Accounts Receivable and/or invoices from the Company only if the Undersigned execute and deliver this Performance Covenant and Waiver (also referred to herein as the "Guaranty") guaranteeing payment to Porter Capital of all of the Obligations of the Company which may become due and payable in the manner hereinafter provided.

NOW THEREFORE, in consideration of Ten (\$10.00) Dollars, and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce Porter Capital to enter into the Commercial Financing Agreement, the Undersigned covenant and agree with Porter Capital as follows:

1. **Guaranty of Obligations.** The Undersigned, unconditionally guaranty to Porter Capital full payment and prompt and faithful performance by the Company of all of its present and future indebtedness and obligations to Porter Capital. The words "indebtedness" and "obligations" are used herein in their most comprehensive sense and include any and all advances, debts, obligations, and liabilities of the Company heretofore including without limitation attorneys' fees, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the Company may be liable individually or jointly with others, or whether recovery may be or hereafter become barred by any statute of limitations or otherwise become unenforceable. Said indebtedness and obligations guaranteed hereunder shall be collectively referred to herein as "Obligations."

2. **Default.** Any one or more of the following shall be a default hereunder:

(a) any default in the payment or performance of any instrument (including without limitation the Commercial Financing Agreement), or of the Obligations hereby guaranteed; or

(b) any warranty, representation, statement, or report made or delivered to Porter Capital by or on behalf of the Company, or the Undersigned, is or was incorrect, false, untrue, or misleading when given in any material respect whatever; or

(c) a dissolution of the Company or the transfer, hypothecation, or liquidation of all or substantially all of the Company's assets; or

(d) the sale, transfer, conveyance, hypothecation, or alienation of any shareholder's interest in the Company.

In the event of any of the foregoing, the Obligations hereby guaranteed shall become, for the purpose of this Guaranty, due and payable by the Undersigned forthwith without demand or notice.

3. **Presumption of Default.** In the event that Porter Capital shall have purchased an Account Receivable from the Company which Account Receivable shall not have been paid in full when due, and at the time the Customer was billed for such Account Receivable the Customer had not (1) become unable to pay its debts because of financial problems or insolvency or both, (2) had the appointment of any receiver or trustee for all or a substantial portion of its assets, (3) filed a general assignment for the benefit of creditors, or (4) had filed against it an involuntary or voluntary bankruptcy proceeding, then the failure of the Customer to pay such Account Receivable shall be presumed to be the result of the Company's breach of a representation, warranty, covenant, or obligation in the Commercial Financing Agreement with respect to the Account Receivable to which it relates.

4. **Authority of Officers.** Porter Capital shall not be required to inquire into the powers of the Company or the officers, directors, agents, acting or purporting to act on its behalf, and any Obligations made or created in reliance upon the professed exercise of such powers shall be deemed to be guaranteed hereunder.

5. **Repurchase of Invoices.** Porter Capital agrees that it generally will refrain from making credit inquiries of the Company's customers prior to its purchase of Accounts Receivable. Porter Capital shall rely on the Company to determine a customer's credit-worthiness when presenting an Account Receivable of the Company for purchase and sale. Furthermore, Porter Capital agrees to generally refrain from contacting the customers of the Company from whom it is buying Accounts Receivable, unless there is a breach or default under this Guaranty or the Commercial Financing Agreement. It is acknowledged by the Undersigned that as a result of Porter Capital's refraining from making credit inquiries, Porter Capital may be purchasing Accounts Receivable of the Company that fail to meet Porter Capital's normal underwriting requirements. As such, the Undersigned agrees to purchase and Porter Capital agrees to sell any Account Receivable purchased by Porter Capital from the Company which has not been paid in full within ninety (90) days from the date an invoice is mailed by Porter Capital to the account debtor/customer of the Company and which cannot be charged back to the Company under the provisions of the Commercial Financing Agreement. The purchase price for any Account Receivable sold by Porter Capital to the Undersigned shall be the amount advanced by Porter Capital plus the discount fee charged by Porter Capital on such Account Receivable. The Undersigned shall pay such purchase price for any sold Accounts Receivable to Porter Capital within three (3) days after oral or written demand by Porter Capital that an Account Receivable has been sold to the Undersigned under the terms of the Commercial Financing Agreement and that payment is due thereon.

6. **Rights are Independent.** The Obligations of the Undersigned are independent of the obligations of the Company under the Commercial Financing Agreement, and a separate action or separate actions may be brought and prosecuted by Porter Capital against the Undersigned whether or not the Company is joined in any such action or actions.

7. **Partnership or Association.** If the Company is a partnership or other association, this Guaranty shall be extended to include, in addition to the Undersigned, any person or persons for the time being and from time to time carrying on the business now conducted by the Company, notwithstanding any change or changes in the name, structure, and/or membership of the Company.

8. **Financial Condition of the Company.** The Undersigned represent to Porter Capital that they are now and will be completely familiar with the business, operation, and overall economic condition of the Company and they hereby waive and relinquish any duty on the part of Porter

Capital to disclose any matter, fact, or thing relating to the business, operation, or financial condition of the Company now known or hereafter known by Porter Capital.

9. **Guarantor's Direct Benefit.** The Undersigned hereby represent and warrant that it is in its direct economic interest to assist the Company because of the Undersigneds' ownership of and/or economic relationship with the Company.

10. **Joint and Several Liability.** All of the obligations of the Undersigned (if more than one) hereunder shall be joint and several.

11. **Application of Payments.** All monies available to Porter Capital for application in payment or reduction of the Obligations may be applied by Porter Capital in such manner and in such amounts and at such time or times and in such order, priority, and proportions as Porter Capital may see fit to the payment or reduction of such portion of the Obligations as Porter Capital may elect.

12. **Modifications and Extensions.** The Undersigned hereby consent that from time to time, before or after any default by the Company, with notice to or assent from the Undersigned, any security at any time held by or available to Porter Capital for any obligation of the Company for all or any portion of the Obligations, may be exchanged, surrendered, or released and any obligation of the Company, may be changed, altered, renewed, extended, continued, surrendered, compromised, waived, or released in whole or in part, or any default with respect thereto waived, and may extend further credit in any manner whatsoever to the Company, and generally deal with the Company or any such security as Porter Capital may see fit; and the Undersigned shall remain bound under this Guaranty notwithstanding any such exchange, surrender, release, change, alteration, renewal, extension, continuance, compromise, waiver, inaction, extension of further credit or other dealings.

13. **Waiver of Notice.** The Undersigned hereby waive (a) notice of acceptance of this Guaranty and notice of the making of any advance by Porter Capital to the Company under the Commercial Financing Agreement; (b) presentment and demand for payment of the Obligations or any portion thereof; (c) protest and notice of dishonor or default to the Undersigned or to any other person or party with respect to the Obligations or any portion thereof; (d) all notices to which the Undersigned might otherwise be entitled provided notice is given to the Company if required pursuant to the terms of the Commercial Financing Agreement and; (e) any demand for payment under this Guaranty.

14. **Guaranty of Payment.** This is a guaranty of payment and not of collection and the Undersigned further waive any right to require that any action be brought against the Company or any other person or party or to require that resort be had to any security.

16. **Successors and Assigns.** Each reference herein to Porter Capital shall be deemed to include its successors and assigns, in whose favor the provisions of its Guaranty shall also inure. Each reference herein to the Undersigned shall be deemed to include the heirs, executors, administrators, legal representatives, successors, and assigns of the Undersigned, all of whom shall be bound by the provisions of this Guaranty, provided, however, that the Undersigned shall in no event or under any circumstance have the right, without obtaining the prior written consent of Porter Capital, to assign or transfer the Undersigneds' obligations and liabilities under this Guaranty, in whole or in part, to any other person, party, or entity.

17. **Non-Waiver.** No delay on the part of Porter Capital in exercising any right or remedy under this Guaranty or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on the Undersigned shall be deemed to be a waiver

of the obligation of the Undersigned or the right of Porter Capital to take further action without notice or demand as provided in this Guaranty.

18. **Further Modification.** This Guaranty may only be modified, amended, changed, or terminated by an agreement in writing signed by Porter Capital and the Undersigned. No waiver of any term, covenant, or provision of this Guaranty shall be effective unless given in writing by Porter Capital and if so given by Porter Capital shall only be effective in the specific instance in which given.

19. **Unconditional Guaranty.** The Undersigned acknowledge that this Guaranty and the Undersigned's obligations under this Guaranty are and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of the Undersigned under this Guaranty or the obligations of any other person or party (including, without limitation, the Company) relating to this Guaranty or the obligations of the Undersigned thereunder or otherwise with respect to the Obligations. This Guaranty sets forth the entire agreement and understanding of Porter Capital and the Undersigned, and the Undersigned absolutely, unconditionally, and irrevocably waive any and all rights to assert any defense, set-off, counterclaim, or cross claim of any nature whatsoever with respect to this Guaranty or the obligations of any other person or party (including, without limitation, the Company) relating to this Guaranty or the obligations of the Undersigned hereunder or otherwise with respect to the Obligations in any action or proceeding brought by Porter Capital to collect the Obligations, or any portion thereof, or to enforce the obligations of the Undersigned under this Guaranty. The Undersigned acknowledge that no oral or other agreements, understandings, representations, or warranties exist with respect to the obligations of the Undersigned under this Guaranty, except those specially set forth in this Guaranty.

20. **Security For Guaranty; Limitation of Liability.** As security for the Undersigned's obligations under this Guaranty, the Lanzieri's have agreed to grant a mortgage to Porter Capital on the property owned by Maria Lanzieri and located at 7 Riverside Lane, Holmdal, New Jersey (the "Property") pursuant to the terms of that certain Mortgage dated the date hereof given by the Lanzieri's in favor of Porter Capital. Notwithstanding anything to the contrary contained herein, the liability of the Lanzieri's under this Guaranty shall be limited recourse to the Property only.

21. **NO JURY TRIAL.** THE UNDERSIGNED HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, AND PORTER CAPITAL BY ITS ACCEPTANCE OF THIS GUARANTY IRREVOCABLY AND UNCONDITIONALLY WAIVE, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF, OR OTHERWISE RELATING TO THIS GUARANTY.

22. **No Subrogation.** Notwithstanding any payments made by the Undersigned pursuant to the provisions of this Guaranty, the Undersigned shall have no right of subrogation in and to the Commercial Financing Agreement or any other security held by or available to Porter Capital for the Obligations or the payment thereof until the Obligations have been paid in full to Porter Capital.

23. **Governing Law.** This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of Connecticut and shall be in all respects governed, construed, applied, and enforced in accordance with the laws of the State of Connecticut. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereon unless such defense is also given or allowed by the laws of the State of Connecticut. If a law, which applies to this Guaranty and which sets maximum loan charges, is finally interpreted so that the fees charged by Porter Capital to the Undersigned or other charges collected or to be collected in connection with this Guaranty or the Commercial Financing Agreement exceed the permitted limits under any applicable law or statute, then: (i) any such

charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from the Undersigned which exceeded permitted limits will be applied and shall be deemed to have been payments in reduction of any sum owed by the Company.

24. **Jurisdiction.** All of the parties hereto agree to submit to personal jurisdiction and acknowledge they are doing business in the State of Connecticut in any action or proceeding arising out of this Guaranty and, in furtherance of such agreement, they hereby agree and consent that without limiting other methods of obtaining jurisdiction, that personal jurisdiction in any such action or proceeding may be obtained within or without the jurisdiction of any court located in Connecticut and that any process or notice or motion or other application to any such court in connection with any such action or proceeding may be served by registered or certified mail, return receipt requested, to or by personal service at their last known address whether such address be within or without the jurisdiction of any such court. The parties agree that Connecticut bears a reasonable relationship to this transaction.

25. **Notices.** All notices, demands, or requests (collectively, "Notice") made pursuant to, under or by virtue of this Guaranty must be in writing and sent to the party or parties to whom or to which such Notice is being sent, by certified or registered mail, return receipt requested, reputable overnight courier, or delivered by hand with receipt acknowledged in writing to the addresses first hereinabove set forth. All notices (a) shall be deemed given when received in accordance herewith and (b) may be given either by a party or such party's attorneys.

26. **Severability.** In case any right of Porter Capital herein shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, and/or unenforceability shall not affect any other right granted hereby. When such interpretation is appropriate, any word denoting gender used herein shall include all persons, natural or artificial, and words used in the singular shall include the plural. The Undersigned agree that upon request from Porter Capital, they will, at their own expense, execute, acknowledge, and deliver all such additional instruments and further assurances and will do or cause to be done all such further acts and things as may be reasonably necessary to fully establish and confirm the intentions of this Guaranty.

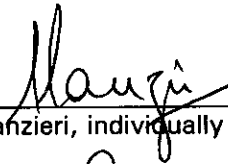
27. **Duplicate Originals.** This Guaranty may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

28. **Counterparts.** This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

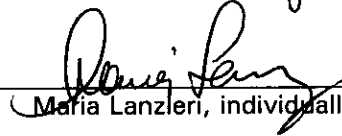
29. **Headings, Etc.** The headings, titles, and captions of various paragraphs of this Guaranty are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Undersigned have duly executed this Guaranty as of the ^{18th} 17th day of November 2004.



Fabio Lanzieri, individually



Maria Lanzieri, individually


Alastair Young, individually

Zulfikar Masters, individually

Acknowledgment

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)


On the 18th day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Fabio Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.



Notary Public
ELAINE BRYANT
Notary Public, State of New York
No. 31-4647672
Qualified in New York County
Commission Expires Feb. 28, 2006

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 18th day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Maria Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.



Notary Public
ELAINE BRYANT
Notary Public, State of New York
No. 31-4647672
Qualified in New York County
Commission Expires Feb. 28, 2006

[PERFORMANCE COVENANT]

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of the 18th day of November 2004.

Fabio Lanzieri, individually

Maria Lanzieri, individually

Alastair Young

Alastair Young, individually

Zulfikar Masters, individually

Acknowledgment

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Fabio Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Maria Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

18th

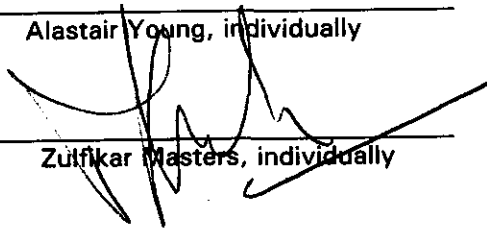
IN WITNESS WHEREOF, the Undersigned have duly executed this Guaranty as of the 17th day of November 2004.

Fabio Lanzieri, individually

Maria Lanzieri, individually

Alastair Young, individually

Zulfikar Masters, individually



Acknowledgment

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Fabio Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Maria Lanzieri, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

Nov 29 04 10:02a
15-NOV-2004 RKL 13:40
Nov 18 04 03:45p

Cura Pharmaceutical
Orphan Australia
Cura Pharmaceutical

7329828308
FAX NO. 61391695944
7329828308

P. 01/01 P. 1
P. 34

VICTORIA
STATE OF NEW YORK)
AUSTRIA) ss.:
COUNTY OF NEW YORK)

NOTARY PUBLIC REG No. 1556
JUSTICE OF THE PEACE FOR VICTORIA
REG No. 8942
DALE CHRISTINE WHITE
19A WILSON ST. BERWICK VIC. 3805

On the 17 day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Alastar Young, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Justice of Peace

D. White

Notary Public

JUSTICE OF PEACE 8942

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Zulfikar Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

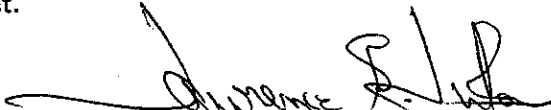
STATE OF)
) ss.:
COUNTY OF)

On the ___ day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Alastair Young, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

Notary Public

STATE OF Florida)
) ss.:
COUNTY OF BROWARD)

On the 15th day of November in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared, Zulfikar Masters, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.



Notary Public



Lawrence George Lukon
Commission # DD042305
Expires Aug. 31, 2005
Bonded Through
Atlantic Bonding Co., Inc.

MISDIRECTED PAYMENT AGREEMENT

The undersigned ("CLIENT") agree to the following: Pursuant to the Commercial Factoring Agreement of this date, CLIENT agrees that even though Porter Capital Corporation ("Porter") and CLIENT shall use their joint best efforts to notify all customers/account debtors of CLIENT of the assignment by CLIENT to Porter of certain accounts receivable, some payments may be sent directly to CLIENT which are the sole and exclusive property of Porter (i.e., payment on invoices financed by Porter). In such circumstances, CLIENT promises not to negotiate said check or other forms of payment, but to hold them in trust and safekeeping for the benefit of Porter and to turn over to Porter the exact form of payment received. That is, CLIENT agrees to turn over to Porter, immediately and in kind, any such check or other form of payment(s), which is the property of Porter. Further with respect thereto:

1. CLIENT acknowledges that it has been notified by Porter of the potential civil or criminal liability or both for failure to fully comply herewith, that even the cashing, depositing, and/or negotiation of any payment which is the property of Porter could result in civil and criminal liability or both and the penalties attendant thereto. Even if some employee of CLIENT negotiates such a check payment without CLIENT's direct knowledge, CLIENT will be held liable for the acts of CLIENT's employees, agents, and servants.

2. CLIENT further acknowledges that it has been notified by Porter that an indebtedness by CLIENT to Porter arising under circumstances as described herein above can constitute a debt which cannot be discharged in a Court of Bankruptcy, and that the conversion of check payments can be deemed an intentional act even though CLIENT did not specifically intend to take or convert said payments or damage Porter or both.

Executed this 15th day of November, 2004.

CURA PHARMACEUTICAL COMPANY, INC.

By: _____


Name: Fabio Lanzieri
Title: President