

09-14-2005



103081309

9-12-05 RECD

To the Director of the U.S. Patent and Trade

...s or the new address(es) below.

1. Name of conveying party(ies)
Drip Tape Manufacturers & Engineers, Inc.

2. Name and address of receiving party(ies)

Name: Valplastic USA LLC

Internal Address: _____

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) November 4, 2000

- Assignment Merger
- Security Agreement Change of Name
- Joint Research Agreement
- Government Interest Assignment
- Executive Order 9424, Confirmatory License
- Other Asset Purchase Agreement

Street Address: 820 S. Rockefeller Avenue

Suite D

City: Ontario

State: California

Country: United States Zip: 91761-8109

Additional name(s) & address(es) attached? Yes No

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No.(s)
09/522,451 and 60/237,939

B. Patent No.(s)
5,620,143; 5,695,127; 5,252,162; 5,785,785; and 6,090,233

Additional numbers attached? Yes No

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

Name: Kit M. Stetina, Esq.

Internal Address: STETINA BRUNDA GARRED & BRUCKER
75 Enterprise, Suite 250, Aliso Viejo CA 92656

Street Address: same as above

City: _____

State: _____ Zip: _____

Phone Number: (949) 855-1246

Fax Number: (949) 855-6371

Email Address: kstetina@stetinalaw.com

6. Total number of applications and patents involved: 7

7. Total fee (37 CFR 1.21(h) & 3.41) \$prev paid

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed
- None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number 19-4330

Authorized User Name Stetina Brunda et al.

9. Signature:

Signature

9/9/05
Date

Kit M. Stetina

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents:

21

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "Agreement") is made as of November 4, 2000 but effective as provided in Section 1.13, by and among VALPLASTIC USA LLC, PURCHASER CORPORATION, a Delaware corporation ("Purchaser"), having registered office in 30 Old Rudeick Lane, Ste 100, Dover, Delaware State, represented by Mr Stefano Marani, American subsidiary of Valducci s.p.a., having registered office in Bertinoro-Forli (Italy), via Emilia n.992, herein represented by Mr. Walter Sacchetti, DRIP TAPE MANUFACTURERS & ENGINEERS INC. SELLER CORPORATION, a California corporation ("Seller"), having registered office in Huntington Beach, California 92649, 15661 Computer Lane, represented by Mr Daniel Dalmer.

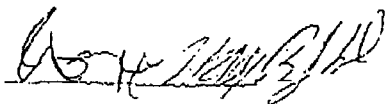
RECITALS

The Purchaser desires to purchase substantially all of the assets, as hereinafter set forth, of the Seller used by the Seller or useful in the manufacture and sale of drip tapes (the "Products") at the Seller's facilities located in Huntington Beach, California 92649, 15661 Computer Lane, which constitutes the business conducted by the Seller (the "Purchased Business"), and the Seller desires to sell all such assets to the Purchaser on the terms and conditions hereinafter set forth.

In consideration of the premises and of the respective covenants and agreements contained herein, the parties hereto hereby agree as follows:



Initials



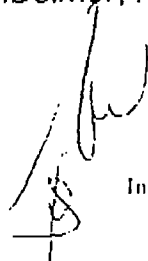
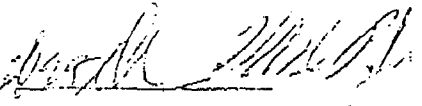
ARTICLE I. PURCHASE AND SALE OF ACQUIRED ASSETS; CLOSING

1.1. Purchase and Sale. Upon and subject to the terms and conditions hereof, the Seller will sell, convey, transfer, assign and deliver to the Purchaser and the Purchaser will purchase from the Seller, as a going concern, as of and with effect from the opening of business on the "Closing Date" as hereof defined, exclusively the assets and properties, as successively identifiable by this Section, letters (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), owned, directly or indirectly, beneficially or of record, by the Seller or to which the Seller is entitled and belonging to or used in the Purchased Business of every kind and description, whether tangible or intangible, real, personal or mixed, and wheresoever situate (the "Acquired Assets"). This sale excludes every other asset, right, title and agreement of the Seller, other than the Acquired Assets, including but not limited to:

(i) the Seller's debts, cash and accounts receivable inherent to business operativity, including those stated in the Seller's financial statement. The Seller, at the Purchaser's request and expenses, shall provide compliance with California Bulk sale notice and escrow to protect the Purchaser from any passed through liability;

(ii) the agreements with the Seller's employees, executives, managers and generally the Seller's personnel;

(iii) any special covenants and/or agreements between the Seller and its present shareholders Messrs. William A. Delmer, Daniel W.C. Delmer, Robert J. Delmer, and Mrs. Jane E. Delmer.

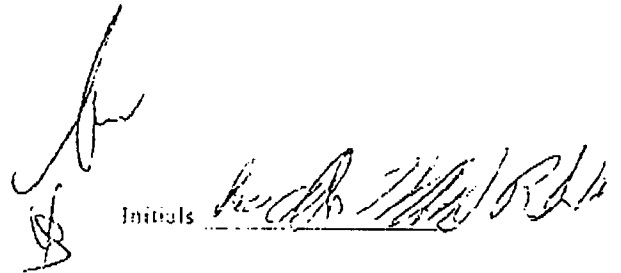
2

Initials 

The Acquired Assets to be sold and purchased by the Purchaser hereunder include exclusively the following:

- (a) all office and reception area furnishings, production machinery, splicing equipment, application for spliced tape or product, machine shop, trademarks, projects, know-how as described in Schedule 1; such Schedule has been prepared by the Seller and shall be verified by the Buyer to confirm their existence of conformity to the warranties given by Seller prior to the Closing Date upon the basis of an inspection and audit (the "Verification") made by a representative nominated and entirely paid by the Purchaser. The Verification shall be examined and discussed jointly by the Purchaser's counsel and the Seller's counsel prior to the Closing Date;
- (b) all other machinery and equipment and all vehicles, tools, spare parts, handling equipment, furniture, furnishings, supplies and accessories owned by the Seller and used in connection with the Purchased Business, and listed on Schedule 1;
- (c) the full benefit of all leases of machinery, equipment, plant, buildings, structures (as described in Schedule 2), in which the Seller is lessee relating to the Purchased Business;
- (d) all inventories of raw materials, work-in-process and finished manufactured goods and spare parts, which shall be purchased by the Purchaser pursuant to Section 1.10;

3

Initials

Handwritten signature and initials in black ink. The signature is written above the word "Initials" and consists of several cursive letters. Below "Initials" are several sets of handwritten initials, including "SB", "MB", "BR", and "BR".

(e) the full benefit of all licenses, registrations, permits and quotas required to carry on the Purchased Business in its usual and ordinary course including, without limiting the generality of the foregoing, the licenses, registrations, permits and quotas listed or described on any Schedule hereto;

(f) all the right, title, benefit and interest of the Seller in and to all intellectual, industrial and proprietary rights including without limitation (i) inventions, (ii) all granted patents for invention, (iii) copyrights, whether registered or unregistered, (iv) designs and industrial designs and all registrations and applications for registration therefor, (v) trademarks, tradenames and any word, symbol, iconor, logo adopted or used in connection with any product made or service provided in the Purchased Business;

(g) trade secrets, confidential information and know-how, (i) all applications and registrations for all of the foregoing, (ii) all licenses, including sub-licenses to use intellectual, industrial or proprietary rights of third parties, and (iii) all licenses, including sub-licenses granted to third parties to use any of the foregoing;

(h) the goodwill of the Purchased Business including, without limiting the generality of the foregoing, the exclusive right to the Purchaser to represent itself as carrying on the Purchased Business in continuation of and in succession to the Seller and the right to use any words indicating that the Purchased Business is so carried on; and all records of sales customer lists and supplier lists of or used in connection with the Purchased Business; provided that Seller is not making any promise or

Initials 

warranty that the Purchaser will achieve any amount or level of sales or profit from the Purchased Business;

(i) all personnel records, inspection records and other records, books documents and data bases relating to the Purchased Business, the Acquired Assets and those employees who are, pursuant to the provisions of this Agreement, to be employed, after the Seller's liquidation, by the Purchaser as are in the possession or under the control of the Seller;

(j) the insurance agreements as listed in Schedule 5, if permitted by the Insurer to be assigned to Purchaser;

(k) all warranties and guaranties running to the benefit of the Seller.

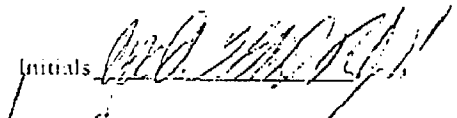
The Acquired Assets shall be transferred to the Purchaser at Closing Date free and clear of all liens.

1.2. Purchase Price: Allocation

(a) The purchase price for the Acquired Assets (the "Purchase Price") shall be \$2,000,000 (two million USD) plus the value of the Inventory (the "Price"), which shall be paid by the Purchaser to the Seller in observance of the following terms:

(i) \$ 300,000 (three hundred thousand USD) as security deposit delivered to Seller's account on or before Nov. 14, 2000, otherwise this Agreement shall be automatically cancelled and void;

5

Initials 

(ii) \$ 1,200,000 (one million two hundred thousand USD); part of this sum shall be used before the Closing Date, to have the Seller released from the debts and security interest on the Acquired Assets towards Sanwa Bank California and Ro-Plast Industries Inc.;

(iii) \$ 500,000 (five hundred thousand USD) on December 31st, 2001; the payment of such sum shall be secured by the Purchaser through an irrevocable standby letter of credit or similar irrevocable guaranty to be delivered to the Seller at the Closing Date and having expiration date January 15, 2002, on acceptable terms to the Seller, and a promissory note on terms acceptable to the Purchaser;

(b) The Purchaser shall pay to the Seller, within the term of March 30, 2002, an additional sum of \$ 250,000 (two hundred-fifty thousand USD) on the terms to be specified by the parties in a separate schedule ___ and agreed to prior to the receipt of the security deposit;

(c) The Parties agree to allocate the Purchase Price as follows: \$300,000 USD to tangible property and the non-compete clause, and the balance to goodwill and patents and other assets. The Purchase Price may be more specifically allocated among the Acquired Assets pursuant to tax law applicable in the State of California. The Parties, in filing their respective income and other tax returns, shall use the allocation of the Purchase Price, and each party agrees to notify the other if any taxing authority proposes a different allocation.

Initials 

1.3. Purchase Price Adjustment Based on the findings of the Verification.

The Purchase Price allocated to the machinery and equipment only may be reduced pursuant to a specific agreement among the Parties only in case that the value of the such machinery and equipment turns out to be considerably decreased in the light of the findings of the Verification in relation to the Seller's warranties given as to those items only, and provided the parties can agree upon such reduction.

1.4. Excluded Liabilities

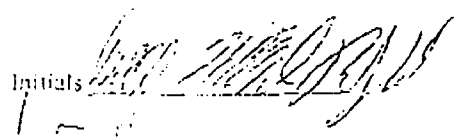
(a) The Purchaser shall not assume, pay, perform or discharge any of the following Excluded Liabilities, all of which shall be paid by the Seller:

(i) any liability or obligation of the Seller for fees, costs and expenses of the Seller's attorneys, independent public accountants or other outside representatives incurred in connection with the negotiation, preparation or consummation of this Agreement or the transactions contemplated hereby;

(ii) liabilities or obligations of the Seller to its shareholders as such or in connection with or arising out of the issuance or redemption of any shares;

(iii) any claims, liabilities or obligations relating to sales or other transactions of the Seller prior to the Closing Date, including (but not limited to) warranty claims for products produced and sold prior to the Closing Date;

Initials



(iv) liabilities of the Seller arising out of any claim, demand or proceeding based on any state of facts or events occurring prior to the Closing Date, including, without limitation, Environmental Matters;

(v) liabilities arising out of or based on any contract or commitment entered into prior to the Closing Date and which is required to be, but is not, disclosed herein or in any Schedule hereto or any document to be delivered hereunder;

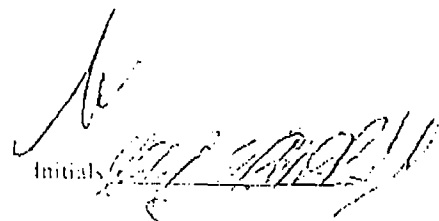
(vi) liabilities or obligations of the Seller for any Taxes imposed by federal, state, municipal or any other governmental authority (including, without limitation, income taxes and workers' compensation liabilities), or for fees or other expenses of the Seller incurred in connection with or related to the transfer of the Acquired Assets pursuant hereto or with respect to any period prior to the Closing Date. Any sales taxes due will be included as one of the Seller's obligation, provided Seller is not obligated to pay any sales tax at the time of closing, but shall remain liable to pay such sales tax in the event of a determination by California that sales tax is owing from the transfer of any property to Purchaser;

(vii) liabilities or obligations of the Seller which constitute indebtedness owing by Seller to any bank, shareholder or other lender;

(viii) any liabilities or obligations of the Seller with respect to any transaction entered into after the Closing Date; or

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A handwritten signature in cursive script is written over a horizontal line. Below the line, the word "Initials" is printed. The signature appears to be "Stetina Brunda".

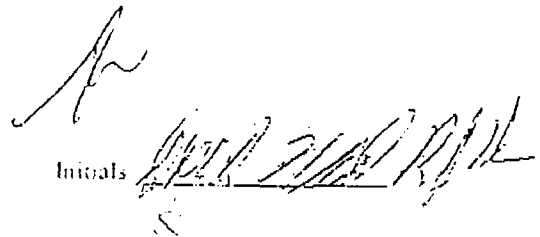
- (c) Each assignment, transfer, bill of sale, agreement and other instrument or document required in connection with the sale of the Acquired Assets by the Seller to the Purchaser shall be satisfactory in form and substance to the Purchaser and its counsel.

1.6 Irrevocability of the Security Deposit. Notwithstanding anything to the contrary herein, the \$300,000 Security Deposit is irrevocable and will be forfeited by the Purchaser if he fails to timely close for any reason; whether or not a condition imposed on the Seller or the Purchaser, other than the following exceptions only:

- (i) At the time of the Verification, the equipment and machines are not in the same working condition as observed by Purchaser prior to signing this Agreement;
- (ii) The list of asset set forth in Schedule 9 does not exist or is not in the same working condition as observed by the Purchaser prior to signing this Agreement, provided that only a "substantial and material failure" shall be a violation as to the non-production line equipment;
- (iii) the patents to be transferred by Seller do not conform to the warranty given by Seller; or
- (iv) Seller fails to cause the debt owing to Sanwa Bank and Ro-Plast to be satisfied, and their security interests to be released as of Closing and as required herein.

10

Initials

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1.7. Undertaking not to compete. (a) The Seller shall and shall cause its shareholders, as named by Section 1.1(iii), not to exercise, after the Closing Date, under any form and also through other individual and/or legal entity, a business activity similar to the Purchased business ;such non-compete clause does not include the manufacturing and the sale by the Seller of the corrugated drainpipe;

(b) In case of non compliance of the above no-competing obligation, the Seller and / or its shareholders shall pay actual damages to the Purchaser and may be enjoined from noncompliance.

1.8 Inventory. (a) The Purchaser shall buy the inventory for the price corresponding to the value as estimated by the Parties as of one day during the period December 27, 2000 / December 30, 2000, on condition that such inventory is in good standing and saleable, and in compliance with the following criteria:

(i) Finished products ("Tiger Tape"): at industrial cost (\$70 USD per finished roll);

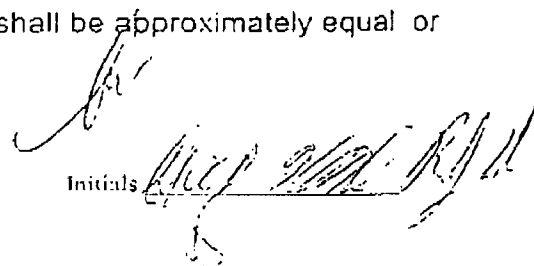
(ii) Raw materials: at invoice price.

b) The title on such inventory shall be transferred to the Purchaser at the date of the relative payment which shall be made by the Purchaser to the Seller on or before January 18, 2001.

c) The value of the inventory at the Closing Date shall be approximately equal or

11


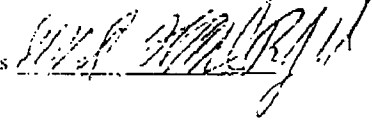
Initials

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expropriated or otherwise taken by any governmental authority, body or other person and/or legal entity with or without payment of compensation therefor, nor, to the Seller's knowledge, has any such condemnation, expropriation or taking been proposed.

2.7. Patents, Trademarks, Trade Names and other distinctive signs

Attached hereto as Schedule 3 is a correct list of all patents, patent applications, trademarks, service marks and any applications for registrations therefor, copyrights, trade names, brand names, logos and the like, and any registrations therefor, and all licenses, sublicenses or other rights entered into with respect thereto, both U.S. and foreign, presently held, owned or used by the Seller. All of the Intellectual Property presently held, owned or used by the Seller (the "Intellectual Property") is held of record in the Seller's name or if not held in the Seller's name, in the name of the applicable Seller as set forth on Schedule 3, is valid and in good standing and none of which infringes the Intellectual Property rights of others. Except as noted on Schedule , no Person has made any claim or demand that challenges the rights of the Seller with respect to any of the Seller Intellectual Property or that claims that any of the Seller Intellectual Property infringes the Intellectual Property rights of others. Otherwise, the Seller has not received any notice that the operation of the business of the Seller did not and does not infringe (nor has any claim been made that any such operation infringes) the Intellectual Property rights of others. For purposes of this Agreement, the term

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"Intellectual Property" shall mean all patents, patent applications, trademarks, service marks and any applications for registrations therefor, copyrights, trade names, brand names, logos and the like, and any registrations therefor, and all licenses, sublicenses or other rights entered into with respect thereto, both U.S. and foreign, trade secrets, know-how or other proprietary information, which is used or useful in such Person's business.

2.8. Environmental Matters

The Seller has not been notified by any governmental authority or agency that the Purchased Business is not in substantial compliance with any Environmental Laws. "Environmental Laws" means any currently applicable federal, state, local or foreign statutory or common law, and any rule, regulation, code, plan, ordinance, order, decree, judgment, permit, grant, franchise, concession, restriction, agreement, requirement or injunction issued, entered, promulgated or approved thereunder, relating to the environment, human health or safety or relating to occupational, safety, health or environmental matters, including, without limitation, any law relating to emissions, discharges, disseminations, releases or threatened releases of Regulated Substances into the environment (including, without limitation, air, surface water, groundwater and land surface or subsurface), or relating to the presence, manufacture, generation, processing, distribution, use, sale, treatment, recycling, receipt, storage, disposal, transport, arranging for transportation, treatment of disposal, or handling of Regulated Substances. There is not pending

19

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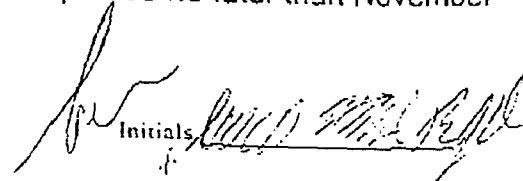
SCHEDULES

1. General description of all the Acquired assets prepared by the Seller.
2. List of all lease-agreements.
3. List of the Seller's patents, trademarks, trade names and licensing agreements.
4. Enviromental permits.
5. List of insurance agreements.
6. List of all licenses, permits and other governmental authorizations.
7. List of clients.
8. List of officers and employees to be employed by the Purchaser after the Closing Date as agreed among the Parties.
9. Description of the technical performances of the machinery and products as witnessed by the Seller and the Purchaser.
10. Drawing of Tiger Tape 2.

The schedules shall be finalized and accepted by the parties no later than November 10, 2000.

57

Initials

Handwritten signature and initials in cursive script, appearing to be 'S. Stetina' and 'M. Brunda'.

Form PTO-1595 (Rev. 03/05)
OMB No. 0651-0027 (exp. 6/30/2005)

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

RECORDATION FORM COVER SHEET PATENTS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)
Drip Tape Manufacturers & Engineers, Inc.

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

2. Name and address of receiving party(ies)
Name: Valplastic USA LLC
Internal Address: _____

Street Address: 820 S. Rockefeller Avenue
Suite D
City: _____ Ontario
State: _____ California
Country: United States Zip: 91761-8109

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance/Execution Date(s):
Execution Date(s) _____
 Assignment Merger
 Security Agreement Change of Name
 Joint Research Agreement
 Government Interest Assignment
 Executive Order 9424, Confirmatory License
 Other Asset Purchase Agreement

4. Application or patent number(s): This document is being filed together with a new application.
A. Patent Application No.(s)
09/522,451 and 60/237,939
B. Patent No.(s)
5,620,143; 5,695,127; 5,252,162; 5,785,785; and 6,090,233

Additional numbers attached? Yes No

5. Name and address to whom correspondence concerning document should be mailed:
Name: Kit M. Stetina, Esq.
Internal Address: STETINA BRUNDA GARRED & BRUCKER
75 Enterprise, Suite 250, Aliso Viejo CA 92656
Street Address: same as above
City: _____
State: _____ Zip: _____
Phone Number: (949) 855-1246
Fax Number: (949) 855-6371
Email Address: kstetina@stetinalaw.com

6. Total number of applications and patents involved: 7
7. Total fee (37 CFR 1.21(h) & 3.41) \$280.00
 Authorized to be charged by credit card
 Authorized to be charged to deposit account
 Enclosed
 None required (government interest not affecting title)

8. Payment Information
a. Credit Card Last 4 Numbers _____
Expiration Date _____
b. Deposit Account Number 19-4330
Authorized User Name Stetina Brunda et al.

9. Signature: [Signature]
Signature

Kit M. Stetina
Name of Person Signing

06/21/05
Date

Total number of pages including cover sheet, attachments, and documents: **18**

Documents to be recorded (including cover sheet) should be faxed to (703) 306-8996, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1460, Alexandria, V.A. 22313-1460

**SCHEDULE 3
(SEE ATTACHED)**