

Form PTO-1595 (Rev. 03-09)  
OMB No. 0651-0027 (exp. 03/31/2009)

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)

Industrial Equipment Manufacturing Ltd.

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

#### 2. Name and address of receiving party(ies)

Name: ACR Group Inc.

Internal Address: \_\_\_\_\_

Street Address: 12771 No. 5 Road

City: Richmond, B.C.

State: \_\_\_\_\_

Country: CANADA Zip: V7A 4E9

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

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

Execution Date(s) December 21, 2007

- 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)

B. Patent No.(s)

7,111,539

Additional numbers attached?  Yes  No

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

Name: Jon M. Dickinson

Internal Address: \_\_\_\_\_

Street Address: 8015 SE 31st Avenue

City: Portland

State: Oregon Zip: 97202

Phone Number: 503-504-2271

Fax Number: 503-232-3127

Email Address: jon@imline.com

#### 6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 40.00

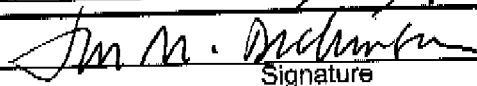
- Authorized to be charged to deposit account
- Enclosed
- None required (government interest not affecting title)

#### 8. Payment Information

Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

#### 9. Signature:

  
Signature

July 28, 2010  
Date

Jon M. Dickinson

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 25

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

OP \$40.00 7111539

**ASSET PURCHASE AGREEMENT**  
**BETWEEN**  
**ACR GROUP INC.**  
**AND**  
**INDUSTRIAL EQUIPMENT MANUFACTURING LTD.**  
**MADE AS OF**  
**December 21, 2007**

**McCarthy Tétrault LLP**

**ASSET PURCHASE AGREEMENT**

**THIS AGREEMENT** is made as of December 21, 2007

**BETWEEN**

**ACR GROUP INC.**, a corporation incorporated under the laws of the Province of Ontario (the "**Purchaser**"),

- and -

**INDUSTRIAL EQUIPMENT MANUFACTURING LTD.**, a corporation incorporated under the laws of the Province of British Columbia (the "**Vendor**").

**WHEREAS** the Vendor carries on the Purchased Business;

**AND WHEREAS** the Vendor desires to sell and the Purchaser desires to purchase assets of the Vendor pertaining to the Purchased Business upon and subject to the terms and conditions set out in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the parties agree as follows:

**ARTICLE 1 - INTERPRETATION****1.01        Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"**Affiliate**" means, with respect to any person, any other person that controls or is controlled by or is under common control with the referent person.

"**Agreement**" means this agreement, including its recitals and schedules, as amended from time to time.

"**Applicable Law**" means

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and
- (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

"**Assets**" means the assets and undertaking referred to or described in Section 2.01.

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**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

**"Claims"** means all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), claims and demands of whatever nature or kind including all reasonable legal fees and disbursements.

**"Closing Date"** means the December 31, 2007.

**"Environmental Law"** means any Applicable Law relating to the environment including those pertaining to

- (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and
- (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety.

**"Excluded Assets"** means the assets referred to in Schedule 2.01

**"Governmental Authority"** means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances.

**"Hazardous Substance"** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous wastes and subject wastes), petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law.

**"Intellectual Property"** means intellectual property of any nature and kind including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, Software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques and know-how.

**"Inventories"** means all inventories of the Purchased Business which are of merchantable quality and reasonably fit for the purpose intended including all finished goods, work in progress, raw materials and spare parts.

**"knowledge"** means, with respect to the Vendor, the actual knowledge of its chief executive officer, John Hards or its Vice-President, Joe Wurz.

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**"Material Adverse Effect"** means, when used in connection with the Purchased Business, any change, event, violation, inaccuracy, circumstance or effect that is or could reasonably be expected to be materially adverse to the business, assets, liabilities, financial condition, results of operations or prospects of the Purchased Business.

**"Permits"** means all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges, quotas and exemptions, or any item with a similar effect, issued or granted by any person.

**"Purchase Price"** has the meaning set out in Section 2.02.

**"Purchased Business"** means the business of the production and/or sale of urethane clipper rolls, skate wheels or other miscellaneous urethane products at the Vendor's plant (the "PM Plant") located at 17957 Kennedy Rd, Pitt Meadows, B.C. V37 1Z1.

**"Release"** means any release or discharge of any Hazardous Substance including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal.

**"Subsidiary"** means, with respect to any person, an entity which is controlled by such person.

**"Tax Act"** means the *Income Tax Act* (Canada).

**"Time of Closing"** means 11:59 p.m. (Vancouver Time).

#### 1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

#### 1.03 Extended Meanings

In this Agreement words importing the singular number include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term "including" means "including without limiting the generality of the foregoing" and the term "third party" means any person other than the Vendor and the Purchaser.

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**1.04 Currency**

All references to currency herein are to lawful money of Canada.

**1.05 Schedules**

The following are the Schedules to this Agreement:

- Schedule 1.01 - List of Clipper Roll cores and addresses of location of customers where rolls are located;
- Schedule 2.01 - Excluded Assets;
- Schedule 2.01A - List of Assets to be Purchased and Sold;
- Schedule 2.04 - Contracts and Commitments to be assumed by Purchaser
- Schedule 3.01(5)(c) - List of Employees, etc.
- Schedule 3.01(7)(d) - Sale of Clipper Roll Sales by Customers, etc.
- Schedule 5.01(j) - Opinion of Vendor's Counsel

**ARTICLE 2 - SALE AND PURCHASE****2.01 Assets to be Sold and Purchased**

Upon and subject to the terms and conditions hereof, the Vendor will sell to the Purchaser and the Purchaser will purchase from the Vendor as a going concern, as of and with effect from the opening of business on the Closing Date, all of the right, title, benefit and interest of the Vendor in and to the undertaking and all of the assets of the Purchased Business of every kind and description and wheresoever situate, save and except those assets listed in Schedule 2.01 attached hereto. Without limiting the generality of the foregoing, the assets to be sold and purchased under this Agreement include:

- (i) all of the contents of the leased building located at the PM Plant;
- (ii) Clipper Roll cores located at various customers;
- (iii) any Intellectual Property related to the Purchased Business, including that regarding the clipper sleeve project,

and includes the assets listed at Schedule 2.01A attached hereto.

**2.02 Purchase Price**

The purchase price payable to the Vendor for the Assets (the "Purchase Price") will be \$250,000, of which \$150,000 shall be allocated to equipment and other assets and \$100,000 to goodwill.

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**2.03 Elections**

The Vendor and the Purchaser will on or before the Time of Closing jointly execute an election, in the prescribed form and containing the prescribed information, to have subsection 167(1.1) of the *Excise Tax Act* (Canada) apply to the sale and purchase of the Assets hereunder so that no tax is payable in respect of such sale and purchase under Part IX of the *Excise Tax Act* (Canada). The Purchaser will file such election with the Minister of National Revenue within the time prescribed by the *Excise Tax Act* (Canada).

**2.04 Assumption of Post Closing Date Obligations and Liabilities**

The Purchaser will assume, fulfil and perform the obligations and liabilities of the Vendor accruing after the opening of business on the day after the Closing Date under the following contracts and other commitments of the Vendor relating to the Purchased Business:

- (a) contracts and other commitments specifically described in Schedule 2.04; and
- (b) all other contracts and commitments the benefits of which form a part of the Assets or which are to be assumed by the Purchaser pursuant to this Agreement.

**2.05 Obligations and Liabilities Not Assumed**

Except as provided in this Agreement, the Purchaser does not assume and will not be liable for any obligations or liabilities of the Vendor whatsoever including any taxes under the Tax Act or any other taxes whatsoever that may be or become payable by the Vendor including any income or corporation taxes resulting from or arising as a consequence of the sale by the Vendor to the Purchaser of the Assets hereunder.

**2.06 Payment of Purchase Price**

The Purchase Price will be payable by the delivery to the Vendor at the Time of Closing of a certified cheque or bank draft in the amount of \$250,000 payable at par in Vancouver to or to the order of the Vendor.

**ARTICLE 3 - REPRESENTATIONS AND WARRANTIES****3.01 Vendor's Representations and Warranties**

The Vendor represents and warrants to the Purchaser that:

- (1) *Corporate*
  - (a) The Vendor is a corporation duly incorporated, organized and subsisting under the laws of the Province of British Columbia with the corporate power to own its assets and to carry on its business and has made all necessary filings under all Applicable Laws.

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- (b) The Vendor has the power, authority and right to enter into and deliver this Agreement and to transfer the legal and beneficial title and ownership of the Assets to the Purchaser free and clear of all liens, charges, encumbrances and any other rights of others.
- (c) This Agreement constitutes a valid and legally binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (d) There is no contract, option or any other right of another binding upon or which at any time in the future may become binding upon the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Assets other than pursuant to the provisions of this Agreement or pursuant to purchase orders accepted by the Vendor in the usual and ordinary course of the Purchased Business.
- (e) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of:
  - (i) any of the provisions of the constating documents or by-laws of the Vendor;
  - (ii) any agreement or other instrument to which the Vendor is a party or by which the Vendor is bound; or
  - (iii) any Applicable Law in respect of which the Vendor must comply, except to the extent that such violation could not reasonably be expected to limit in any material manner the operations of the Purchased Business as they are presently conducted.
- (2) *Condition of Assets*
  - (a) The Vendor is the owner of the Assets with good and marketable title thereto, free and clear of all liens, charges, encumbrances and any other rights of others.
  - (b) All machinery and equipment owned or used by the Vendor in the Purchased Business have been properly maintained and are in good working order for the purposes of on-going operation, subject to ordinary wear and tear for machinery and equipment of comparable age.



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(3) *Intellectual Property*

- (a) The Vendor will remove the name "Merdeka" from the company it owns in the State of Washington and will not object to the incorporation of a new company in the State of Washington incorporating the name "Merdeka".
- (b) The patents (the "Patents") listed on Schedule 2.01A have been duly registered or applications to register the same have been filed in all appropriate offices and such registrations or applications are in good standing;
- (c) The Vendor is not aware of any claims made against the Vendor's use of the Patents.

(4) *Environmental*

- (a) To the information, belief and knowledge of the Vendor, the Purchased Business, as carried on by the Vendor, and the Assets are in compliance in all material respects with all Environmental Laws and there are no facts known after due inquiry by the Vendor that could give rise to a notice of non-compliance with any Environmental Law.

(5) *Taxes*

- (a) There are no liens for taxes upon the Assets, except for statutory liens for current taxes not yet due.
- (b) The Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 103648218.
- (c) The Vendor is not a non-resident of Canada or a partnership other than a Canadian Partnership within the meaning of section 116 of the Tax Act.

(6) *Employees*

- (a) Schedule 3.01(5)(c) sets out:
  - (i) the names of all employees of the Purchased Business;
  - (ii) their position or title;
  - (iii) their status (e.g., full time, part-time, temporary, etc.)
  - (iv) their total remuneration
  - (v) other terms and conditions of their employment.

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(7) *General*

- (a) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor):
- (i) pending or threatened against or affecting, or which could affect, the Purchased Business or the Assets that could have a Material Adverse Effect, or
  - (ii) before or by any Governmental Authority.
- (b) The Vendor is not conducting the Purchased Business in any jurisdiction other than the Province of British Columbia.
- (c) To the information, belief and knowledge of the Vendor, the Vendor is conducting the Purchased Business in compliance with all Applicable Laws of Canada and of the Province of British Columbia and all municipalities thereof in which the Purchased Business is carried on, is not in breach of any such Applicable Laws and is duly licensed, registered or qualified in the Province of British Columbia and all municipalities thereof in which the Vendor carries on the Purchased Business to enable the Purchased Business to be carried on as now conducted and its assets to be owned, leased and operated, and all such licences, registrations and qualifications are valid and subsisting and in good standing and none of the same contains any term, provision, condition or limitation that has or may have an adverse effect or that may be affected by the completion of the transactions contemplated hereby.
- (d) The number of clipper roll sales by customer since January 1, 2006 and their most recent selling prices are as set out in Schedule 3.01(7)(d).

3.02

**Purchaser's Representations and Warranties**

The Purchaser represents and warrants to the Vendor that:

- (a) The Purchaser is a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario.
- (b) The Purchaser has good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions to be completed by the Purchaser contemplated hereunder.
- (c) This Agreement constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact

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that specific performance is an equitable remedy available only in the discretion of the court.

- (d) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Purchaser will result in a violation of:
- (i) any of the provisions of the constating documents or by-laws of the Purchaser;
  - (ii) any agreement or other instrument to which the Purchaser is a party or by which the Purchaser is bound; or
  - (iii) any Applicable Law in respect of which the Purchaser must comply.
- (e) The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 879076768RT0001.

#### **ARTICLE 4 - COVENANTS**

##### **4.01 Covenants of the Vendor**

- (1) Except as otherwise contemplated by this Agreement or consented to in writing by the Purchaser, from the date of this Agreement until Closing, the Vendor will:
- (a) carry on the Purchased Business in the usual and ordinary course, consistent with past practice;
  - (b) use all reasonable commercial efforts to preserve intact the Purchased Business, organization and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others with whom the Purchased Business has business relationships;
  - (c) use all reasonable commercial efforts to cause its current insurance policies with respect to the Purchased Business not to be cancelled or terminated or any other coverage thereunder to lapse, unless simultaneously with such terminations, cancellation or lapse, replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies, and where possible, for substantially similar premiums, are in full force and effect;
  - (d) promptly advise the Purchaser in writing of the occurrence of any Material Adverse Effect in respect of the Purchased Business or of any facts that come to their attention which would cause any of the Vendor's representations and warranties herein contained to be untrue in any respect;

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- (e) maintain the books, records and accounts of the Purchased Business in the usual and ordinary course, consistent with past practice and record all transactions on a basis consistent with that practice;
  - (f) the Vendor will arrange for an extension of their lease at the PM Plant for the period from January 1, 2008 to April 30, 2008 at a rent of approximately \$7,000 per month and shall provide to the Purchaser at Closing the documentation relating to such extension and the landlord's consent to the Purchaser occupying such premises for such four month period provided that the Purchaser provides evidence of insurance in place satisfactory to the Vendor;
  - (g) the Vendor agrees to purchase all of their urethane product requirements from the Purchaser after Closing provided that the Purchaser is prepared to meet lower competitive prices; and
  - (h) neither the Vendor nor John Hards or Joe Wurz will engage in any activity in any manner that competes with the Purchased Business for a period of three years after the Closing Date.
- (2) The Vendor will ensure that the representations and warranties of the Vendor are true and correct at the Time of Closing and that the conditions of closing for the benefit of the Purchaser have been performed or complied with by the Time of Closing.

#### 4.02 Examination of Records and Assets

The Vendor will forthwith make available to the Purchaser and its authorized representatives all data bases recorded or stored by means of any device, including in electronic form, title documents, abstracts of title, deeds, surveys, leases, certificates of trade marks and copyrights, contracts and commitments in its possession or under its control relating to any of the Assets or the Purchased Business. The Vendor will forthwith make available to the Purchaser and its authorized representatives for examination all books of account and accounting records relating to the Purchased Business. The Vendor will, if reasonably requested, provide copies, at the cost of the Purchaser, of the following records maintained in connection with the Purchased Business: financial statements, records of past sales, customer lists, supplier lists, payroll records, inventory data, inventory master records and accounts receivable data. The Vendor will give the Purchaser and its authorized representatives every reasonable opportunity to have access to and to inspect the Assets. The exercise of any rights of access or inspection by or on behalf of the Purchaser under this Section 4.02 will not affect or mitigate the covenants, representations and warranties of the Vendor in this Agreement which will continue in full force and effect.

#### 4.03 Covenants of the Purchaser

(1) The Purchaser will ensure that the representations and warranties of the Purchaser are true and correct at the Time of Closing and that the conditions of closing for the benefit of the Vendor have been performed or complied with by the Time of Closing.

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(2) The Purchaser agrees to reimburse the Vendor for the rental costs for the PM Plant for the four month period from January 1, 2008 to April 30, 2008 together with any other reasonable occupancy or utility costs. The Purchaser will be responsible for maintaining the PM Plant during this period in the same condition as at Closing, reasonable wear and tear excepted, but is not responsible for any changes in the state of the building which occurred prior to Closing (in regard to which the Vendor shall remain fully responsible).

(3) The Purchaser agrees to purchase good quality raw material inventories for the production of clipper rolls or other miscellaneous products (but excluding skate wheels) at lower of cost or market provided the Purchaser can reasonably be expected to use such inventory by April 30, 2008.

#### 4.04 Employee Matters

Prior to the closing the Vendor will offer alternative employment to or terminate at Vendor's sole expense (and indemnify the Purchaser against any termination costs) the employees listed on Schedule 3.01(5)(c) except for Chris Young who prior to the closing will have agreed, effective on Closing, to be employed by the Purchaser and to remain in the employ of the Purchaser until at least June 30, 2008 and Brian Lewis to whom the Purchaser shall make an offer of employment.

#### 4.05 Cooperation on Tax Matters

The Vendor and the Purchaser will furnish or cause to be furnished to each other, each at its own expense, as promptly as practicable, such information and assistance, and provide additional information and explanations of any material provided, relating to the Assets as is reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to taxes.

### ARTICLE 5 - CONDITIONS AND TERMINATION

#### 5.01 Conditions for the Benefit of the Purchaser

The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Purchaser and which are to be performed or complied with at or prior to the Time of Closing:

- (a) the representations and warranties of the Vendor set forth in Section 3.01 will be true and correct at the Time of Closing with the same force and effect as if made at and as of such time;
- (b) the Vendor will have performed or complied with all of the obligations and covenants of this Agreement to be performed or complied with by the Vendor at or prior to the Time of Closing;

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- (c) the Purchaser will be furnished with such certificates or other instruments (including instruments of conveyance with respect to the Assets) of the Vendor or of officers of the Vendor as the Purchaser or the Purchaser's counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement have been performed or complied with by the Vendor at or prior to the Time of Closing have been performed or complied with and that the representations and warranties of the Vendor herein given are true and correct at the Time of Closing;
- (d) there will have been obtained from all appropriate Governmental Authorities such approvals or consents as are required to permit the change of ownership of the Assets contemplated hereby and to permit the Purchased Business to be carried on by the Purchaser as now conducted;
- (e) no action or proceeding in Canada will be pending or threatened by any person to enjoin, restrict or prohibit:
  - (i) the sale and purchase of the Assets contemplated hereby; or
  - (ii) the right of the Purchaser to conduct the Purchased Business;
- (f) no Material Adverse Effect will have occurred in relation to the Purchased Business from the date hereof to the Time of Closing;
- (g) all necessary steps and proceedings will have been taken to permit the Assets to be duly and regularly transferred to and registered in the name of the Purchaser including obtaining the consents to the assignments of the contracts or other commitments referred to in Schedule 5.01(g);
- (h) Chris Young shall have agreed to be employed by the Purchaser until at least June 30, 2008;
- (i) the Vendor will have delivered to the Purchaser a favourable opinion of the Vendor's counsel substantially in the form set out in Schedule 5.01(i);
- (j) the form and legality of all matters incidental to the sale by the Vendor and the purchase by the Purchaser of the Assets will be subject to the approval of the Purchaser's counsel, acting reasonably.

5.02 **Conditions for the Benefit of the Vendor**

The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Vendor and which are to be performed or complied with at or prior to the Time of Closing:

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- (a) the representations and warranties of the Purchaser set forth in Section 3.02 will be true and correct [in all material respects and for this purpose all materiality qualifications in such representations and warranties will be disregarded] at the Time of Closing with the same force and effect as if made at and as of such time;
- (b) the Purchaser will have performed or complied with all of the obligations and covenants of this Agreement to be performed or complied with by the Purchaser at or prior to the Time of Closing;
- (c) the Vendor will be furnished with such certificates or other instruments of the Purchaser or of officers of the Purchaser as the Vendor or the Vendor's counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement to have been performed or complied with by the Purchaser at or prior to the Time of Closing have been performed or complied with [in all material respects] and that the representations and warranties of the Purchaser herein given are true and correct at the Time of Closing;
- (d) the form and legality of all matters incidental to the sale by the Vendor and the purchase by the Purchaser of the Assets will be subject to the approval of the Vendor's counsel acting reasonably.

5.03 **Waiver of Condition**

The Purchaser, in the case of a condition set out in Section 5.01, and the Vendor, in the case of a condition set out in Section 5.02, will have the exclusive right to waive the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving party. Such waiving party will retain the right to complete the purchase and sale of the Assets herein contemplated and sue the other party in respect of any breach of the other party's covenants, obligations or any inaccuracy or misrepresentation in a representation or warranty of the other party which gave rise to the non-performance of or non-compliance with the condition so waived.

5.04 **Termination**

This Agreement may be terminated, by notice given prior to or at the completion of the sale and purchase of the Assets herein contemplated:

- (a) by the Vendor or the Purchaser if a breach of any representation, warranty, covenant, obligation or other provision of this Agreement has been committed by the other party and such breach has not been waived [or cured within 30 days following the date on which the non-breaching party notifies the other party of such breach];

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- (b) by the Purchaser if any condition in Section 5.01 has not been satisfied as of the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing Date;
- (c) by the Vendor if any condition in Section 5.02 has not been satisfied as of the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Vendor to comply with its obligations under this Agreement) and the Vendor has not waived such condition on or before the Closing Date; or
- (d) by written agreement of the Purchaser and the Vendor.

5.05 **Effect of Termination**

Each party's right of termination under Section 5.04 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 5.04, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 6.02(2) and 8.03 will survive; provided, however, that if this Agreement is terminated by a party because of a material breach of a representation or warranty, covenant, obligation or other provision of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies with respect to such breach will survive such termination unimpaired.

**ARTICLE 6 - CLOSING ARRANGEMENTS**

6.01 **Closing**

The sale and purchase of the Assets will be completed at the Time of Closing at the offices of Stewart and Winch.

6.02 **Deliveries and Confidentiality**

(1) At the Time of Closing the Vendor will deliver to the Purchaser all of the documents referred to in Section 4.02. The Purchaser will preserve the documents so delivered for a period of six years from the Closing Date, or for such other period as is required by any Applicable Law, and will permit the Vendor and its authorized representatives reasonable access thereto in connection with the affairs of the Vendor, but the Purchaser will not be responsible or liable to the Vendor for or as a result of any loss or destruction of or damage to any such documents.



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(2) Both prior to the Closing Date and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, thereafter the Purchaser will not disclose to anyone or use for its own or for any purpose other than the purpose contemplated by this Agreement any confidential information concerning the Vendor or the Purchased Business obtained by the Purchaser pursuant hereto, will hold all such information in the strictest confidence and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, will return all documents, records and all other information or data relating to the Vendor or to the Purchased Business which the Purchaser obtained pursuant to this Agreement.

(3) From and after the Closing Date the Vendor will not disclose to anyone or use for any purpose any confidential information concerning the Purchased Business purchased by the Purchaser pursuant to this Agreement and will hold all such information in the strictest confidence and provided further that the Vendor may disclose such information to its advisors on a need-to-know basis or otherwise as required by law.

6.03 **Risk of Loss**

(1) Until the Time of Closing the Assets will remain at the risk of the Vendor. If any destruction or damage occurs to the Assets on or before the Time of Closing or if any or all of the Assets are appropriated, expropriated or seized by governmental or other lawful authority on or before the Time of Closing, the Vendor will forthwith give notice thereof to the Purchaser and the Purchaser will have the option, exercisable by notice given within five Business Days of the Vendor giving the notice of such destruction, damage, appropriation, expropriation or seizure:

- (a) to reduce the Purchase Price by an amount equal to the cost of repair or, if destroyed or damaged beyond repair or if appropriated, expropriated or seized, by an amount equal to the replacement cost of the assets forming part of the Assets so damaged or destroyed or appropriated, expropriated or seized and to complete the purchase;
- (b) to complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for destruction or damage or appropriation, expropriation or seizure will be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid by the Closing Date will be assigned to the Purchaser; or
- (c) to terminate this Agreement and not complete the purchase if, in the opinion of the Purchaser, such destruction, damage, appropriation, expropriation or seizure is material and in such event the Vendor and the Purchaser will be released from all obligations hereunder.

(2) If the Vendor gives notice pursuant to Section 6.03(1) within five Business Days prior to Closing Date, the Closing Date will be postponed until five Business Days after the giving of such notice by the Vendor.

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**ARTICLE 7 - INDEMNIFICATION****7.01 Survival**

All covenants, representations and warranties of each party contained in this Agreement will survive the Closing and will continue in full force and effect, subject to the provisions of this Article 7.

**7.02 Indemnification by the Vendor**

(1) Subject to the provisions of this Article 7, the Vendor will indemnify and save harmless the Purchaser and the directors, officers, employees and agents of the Purchaser (collectively, the "**Purchaser Indemnitees**") from and against all Claims incurred by or asserted against any of them directly or indirectly arising out of or resulting from:

- (a) any inaccuracy or misrepresentation in any representation or warranty of the Vendor in this Agreement;
- (b) any breach of any covenant of the Vendor in this Agreement,

and provided further that the aforesaid indemnity is limited to 3 years from Closing and no claim can be made unless it is for an amount in excess of \$5,000.

**7.03 Indemnification by the Purchaser**

(1) Subject to the provisions of this Article 7, the Purchaser will indemnify and save harmless the Vendor and the directors, officers, employees and agents of the Vendor (collectively, the "**Vendor Indemnitees**") from and against all Claims incurred by or asserted against any of them directly or indirectly arising out of or resulting from:

- (a) any inaccuracy or misrepresentation in any representation or warranty of the Purchaser in this Agreement; and
- (b) any breach of any covenant of the Purchaser in this Agreement

and provided further the aforesaid indemnity is limited to 3 years from Closing and that no claim can be made unless it is for an amount in excess of \$5,000.

**ARTICLE 8 - GENERAL****8.01 Further Assurances**

Each of the Vendor and the Purchaser will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

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8.02 **Time of the Essence**

Time is of the essence of this Agreement.

8.03 **Fees and Commissions**

Each of the Vendor and the Purchaser will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any Claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.

8.04 **Public Announcements**

Except as required by law, no public announcement or press release concerning the sale and purchase of the Assets may be made by the Vendor or the Purchaser without the prior consent and joint approval of the Vendor and the Purchaser.

8.05 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

8.06 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

8.07 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

8.08 **Assignment**

This Agreement may not be assigned by the Vendor without the written consent of the Purchaser but may be assigned by the Purchaser without the consent of the Vendor to an

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Affiliate of the Purchaser provided that such Affiliate enters into a written agreement with the Vendor to be bound by the provisions of this Agreement in all respects and to the same extent as the Purchaser is bound and provided that the Purchaser will continue to be bound by all the obligations hereunder as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails to do so.

8.09            **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by or by electronic means of communication addressed to the recipient as follows:

To the Vendor:

Industrial Equipment Manufacturing Ltd. (a B.C. Corporation)  
109-19433 96th Avenue  
Surrey, B.C. V4N 4C4

Fax No.:        604-513-9905

**Attention:**    John Hards and Joe Wurz

To the Purchaser:

ACR Group Inc. (an Ontario corporation)  
c/o Starcan Corporation  
Suite 4550, P.O. Box 704  
161 Bay Street  
Toronto, Ontario M5J2S1

Fax No.:        416-361-1227

**Attention:**    L. Grant Burton

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery and if given by registered mail on the 3<sup>rd</sup> Business Day following the deposit thereof in the mail and if given by electronic communication will be conclusively deemed to have been given on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

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**8.10 Remedies Cumulative**

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

**8.11 No Third Party Beneficiaries**

This Agreement is solely for the benefit of:

- (a) the Vendor, and its heirs, executors, administrators, other legal representatives, successors and permitted assigns, with respect to the obligations of the Purchaser under this Agreement, and
- (b) the Purchaser, and its heirs, executors, administrators, other legal representatives, successors and permitted assigns, with respect to the obligations of the Vendor under this Agreement;

and this Agreement will not be deemed to confer upon or give to any other person any remedy, claim, liability, reimbursement, cause of action or other right. The Vendor appoints the Purchaser as the trustee for the Purchaser Indemnitees of the covenants of indemnification of the Vendor with respect to such Purchaser Indemnitees as specified in this Agreement and the Purchaser accepts such appointment. The Purchaser appoints the Vendor as the trustee for the Vendor Indemnitees of the covenants of indemnification of the Purchaser with respect to such Vendor Indemnitees specified in this Agreement and the Vendor accepts such appointment.

**8.12 Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**8.13 Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

**8.14 Electronic Execution**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

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IN WITNESS WHEREOF the parties have executed this Agreement.

ACR GROUP INC.

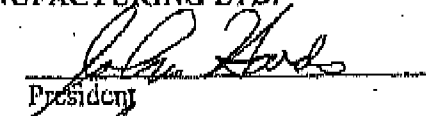
Per:



President

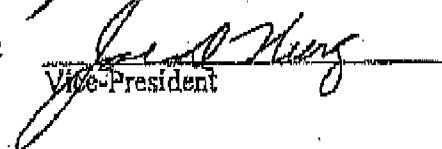
INDUSTRIAL EQUIPMENT  
MANUFACTURING LTD.

Per:



President

Per:



Vice-President

c/s

**SCHEDULE 1.01**

**List of Clipper Roll cores and  
Addresses and Locations where Rolls are located**

**8' clipper rolls**

- 3 in shop covered
- 4 in shop to be covered
- 2 out for exchange at TemLam
- 2 out for exchange at Alberta Plywood
- 2 being used for sleeve experiment - in shop

13 - Total 8'

**4' clipper rolls**

- 1 in shop covered
- 1 in shop not covered

2 Total 4'

**SCHEDULE 2.01**  
**EXCLUDED ASSETS**

Excluded Assets – any assets or Intellectual Property at the PM Plant related to the Compost, Guide Roll Mould & Pattern or Tube Mould for Belt Cleaner Spacer projects



**SCHEDULE 2.01A**

**List of Assets to be Purchased and Sold**

**List of Assets**

See attached.

**Patents**

Patents related to Clipper Anvil Rolls

US Patent No. 7,111,539 B2 – Sept 26, 2006  
Veneer Clipper Anvil Roll jacket and Related Methodology

Cdn Patent No. 2,460,038 June 12, 2007  
Veneer Clipper Anvil Roll jacket and Related Methodology

Patent Pending or Applied for US  
Veneer Clipper Roll Cover with Curtain Screen Armature  
US Patent and Trademark Publication No. US-2006-0266187-A1

JON M. DICKINSON, P.C.  
TELEPHONE (503) 788-6774  
FAX (503) 232-3127  
CELL (503) 504-2271

FACSIMILE TRANSMITTAL SHEET

TO: Assignment Recordation Services	FROM: Pamela Knight
COMPANY: USPTO	DATE: 7/28/2010
FAX NUMBER: (571) 273-0140	TOTAL NO. OF PAGES INCLUDING COVER: 26
PHONE NUMBER:	SENDER'S REFERENCE NUMBER: HRDS.1001
RE: U.S. Pat No. 7,111,359	YOUR REFERENCE NUMBER:

URGENT     FOR REVIEW     PLEASE COMMENT     PLEASE REPLY     PLEASE RECYCLE

NOTES/COMMENTS:

8015 SE 31<sup>ST</sup> AVENUE  
PORTLAND, OR 97202