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This instrument prepared by
TERRY McELHENY
2121 Highland Avenue
Birmingham, Alabama 35205

ARTICLES OF MERGER

OF

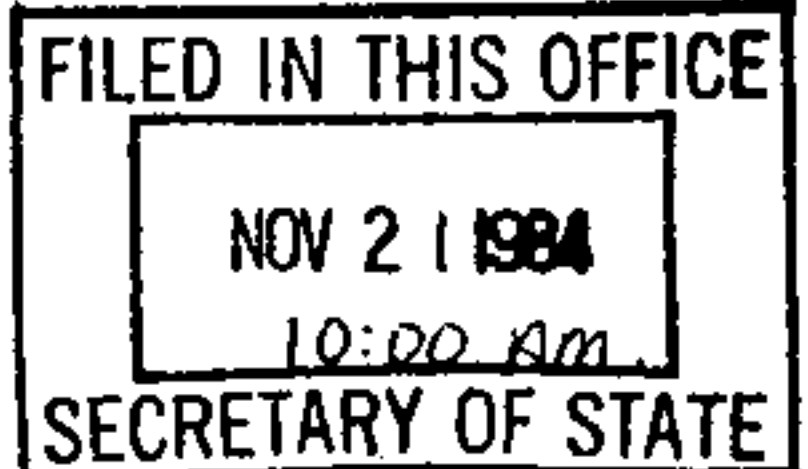
STERILE TECHNIQUE, INC.

(A corporation organized and existing under
the laws of the State of Alabama)

INTO

STERILE DESIGN ACQUISITION-ALABAMA, INC.

(A corporation organized and existing under
the laws of the State of Florida)



Pursuant to the provisions of Section 10-2A-143 of the Alabama Code of 1975 and Section 607.227 of the Florida General Corporation Act, the undersigned corporations have adopted the following Articles of Merger for the purpose of merging them into one such corporation.

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ARTICLE I

The Plan and Agreement of Merger, duly adopted by the directors and shareholders of each of the merging corporations, is attached hereto as Exhibit "A" and incorporated herein by reference.

ARTICLE II

Number of Outstanding Shares

As to each of the undersigned corporations, the number of shares outstanding and entitled to vote on such Plan are as set forth

Dominick, Fletcher,

below. None of the shares of the undersigned corporations is entitled to vote as a class.

<u>CORPORATION</u>	<u>SHARES OUTSTANDING</u>	<u>PAR VALUE</u>
Sterile Technique, Inc.	109	\$ 10.00
Sterile Design Acquisition- Alabama, Inc.	1,000	\$ 1.00

ARTICLE III

As to each of the undersigned corporations, the total number of shares voted for and against such Plan are as follows:

<u>CORPORATION</u>	<u>VOTES FOR</u>	<u>VOTES AGAINST</u>
Sterile Technique, Inc.	109	0
Sterile Design Acquisition- Alabama, Inc.	1,000	0

ARTICLE IV

Place of Incorporation

Sterile Technique, Inc. is incorporated under the laws of the State of Alabama, and its Articles of Incorporation are filed in Shelby County, Alabama. Sterile Design Acquisition-Alabama, Inc. is incorporated under the laws of the State of Florida and its Articles of Incorporation are filed in Pinellas County, Florida.

IN WITNESS WHEREOF, the parties hereto have caused these Articles of Merger to be executed on this the 9th day of October, 1984.

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STERILE TECHNIQUE, INC.

By:

J. H. H. H.
Its President

and

Boris E. Cappage
Its Secretary

STERILE DESIGN ACQUISITION-ALABAMA,
INC.

By:

B. E. H. H.
Its President

and

J. H. H. H.
Its Secretary

STATE OF ALABAMA)
COUNTY OF Teffum;

I, the undersigned, a notary public, do hereby certify that on
this 9th day of October, 1984, personally appeared before me
Dan Hedrick who, being by me first duly sworn
declared that he is the President of Sterile Technique, Inc., that he
signed the foregoing document as President thereof and that the state-
ments therein contained are true.

John Samuel McElhenny
Notary Public

STATE OF ALABAMA)
COUNTY OF Jefferson)
JEFFERSON

I, the undersigned, a notary public, do hereby certify that on this 9th day of October, 1984, personally appeared before me Richard T. Ise who, being by me first duly sworn declared that he is the President of Sterile Design Acquisition-Alabama, Inc., that he signed the foregoing document as President thereof and that the statements therein contained are true.

John Lowell McEl
Notary Public

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PLAN AND AGREEMENT OF MERGER

THIS PLAN AND AGREEMENT OF MERGER entered into by and among STERILE TECHNIQUE, INC., an Alabama corporation, hereinafter referred to as "Technique"; and DANIEL C. HEDRICK, JOHN DESROCHERS, and DORIS COPPAGE, the sole shareholders of Technique; STERILE DESIGN, INC., a Florida corporation, hereinafter referred to as "Design"; and STERILE DESIGN ACQUISITION-ALABAMA, INC., a Florida corporation, hereinafter referred to as "Acquisition".

W I T N E S S E T H:

WHEREAS, Technique is a corporation duly organized and existing under the laws of the State of Alabama; and

WHEREAS, Design is a corporation duly organized and existing under the laws of the State of Florida; and

WHEREAS, Acquisition is a wholly-owned Florida subsidiary of Design; and

WHEREAS, the Constituent Corporations (as hereinafter defined) desire to effect a triangular A-reorganization, whereby the shareholders of Technique, the acquired corporation, exchange their stock for stock of Design, the parent corporation; and

WHEREAS, Design and Technique have agreed that Technique shall merge into Acquisition upon the terms and conditions and in the manner set forth in this Agreement and in accordance with the applicable laws of the States of Alabama and Florida;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, provisions, grants, warranties and representations contained in this Agreement and in order to consummate the transactions described herein, Technique, Design and Acquisition agree as follows:

1. Plan of Merger. Technique and Acquisition agree that Technique shall be merged into Acquisition, as a single corporation, upon the terms and conditions of this Agreement, and that Acquisition shall continue under the laws of the State of Florida as the surviving corporation (the "Surviving Corporation"), and they further agree as follows:

a. The purposes, the registered agent, the address of the registered office, number of directors and the capital stock of the Surviving Corporation shall be as appear in the Articles of Incorporation of Acquisition as on file with the office of the Secretary of State of the State of Florida on the date of this Agreement. The terms and provisions of the Articles of Incorporation are incorporated in this Agreement. From and after the date on which the merger of Technique and Acquisition is effective (hereinafter referred to as the "effective date"), and until further amended, altered or restated as provided by law, the Articles of Incorporation of Acquisition separate and apart from this Agreement shall be and may be separately certified as the Articles of Incorporation of the Surviving Corporation.

b. The Articles of Incorporation of Acquisition on the effective date shall remain the same as they presently read.

c. The By-Laws of Acquisition in effect on the effective date shall be the By-Laws of the Surviving Corporation until they shall be altered, amended or repealed or until new By-Laws are adopted.

d. The persons who upon the effective date constitute the Board of Directors of Acquisition shall be the persons constituting the

Board of Directors of the Surviving Corporation on and after the effective date, and until their successors shall be elected and shall qualify. If on the effective date any vacancy exists on the Board of Directors of the Surviving Corporation, that vacancy may be filled in the manner provided in the By-Laws of the Surviving Corporation.

e. The persons who upon the effective date constitute the officers of Acquisition shall be the persons constituting the officers of the Surviving Corporation on and after the effective date, and until their successors shall be elected and shall qualify.

2. Submission to Shareholders. This Agreement shall be submitted to the shareholders of Technique and Acquisition (the "Constituent Corporations") for their consent and approval in accordance with Section 607.394 of the Florida General Corporation Act and Section 10-2A-142 of the Alabama Code of 1975. The fact that this Agreement has been adopted and approved as above provided shall thereupon be certified by the respective secretaries of Technique and Acquisition, and this Agreement and appropriate Articles of Merger shall be signed, acknowledged and filed pursuant to the laws of the States of Alabama and Florida. The merger of Technique and Acquisition shall become effective upon the filing of this Plan and Agreement of Merger and appropriate Articles of Merger with the Secretary of State of Florida and with the Secretary of State of Alabama.

3. Effect of Merger. When this Agreement shall have been approved, signed, acknowledged and filed, the separate existence of Technique shall cease and Technique shall be merged into the Surviving

Corporation in accordance with this Agreement, and the Surviving Corporation shall continue unaffected and unimpaired by the merger and shall possess all of the rights, privileges, powers, franchises, patents, trademarks, licenses and registrations, both of a public and private nature, and shall be subject to all the restrictions, disabilities and duties of each of the Constituent Corporations so merged; and all property, real, personal and mixed, and all debt due to either of the Constituent Corporations on whatever account, as well for stock subscriptions and all other things in action, belonging to each of the Constituent Corporations shall be vested in the Surviving Corporation; and all property, rights, privileges, powers, franchises, patents, trademarks, licenses and registrations and every other interest thereafter shall be as effectually the property of the Surviving Corporation as they were of the respective Constituent Corporations; and the title to any real estate, whether vested by deed or otherwise in either of the Constituent Corporations under the laws of the State of Florida, or any other state where real estate may be located, shall not revert or in any way be impaired by reason of the merger, provided that rights of creditors and all liens upon the property of either of the Constituent Corporations shall be preserved unimpaired; and all debts, liabilities and duties of the Constituent Corporations shall then attach to the Surviving Corporation and may be enforced against it to the same extent as if those debts, liabilities and duties had been incurred or contracted by it.

4. Conversion of Shares. The manner and basis of converting and exchanging the shares of Technique shall be as follows:

a. Dan Hedrick shall receive, in exchange for his 50 shares of Technique stock, 27,000 shares of Design stock, plus \$99,852.01 in cash. \$50,000.00 of said sum has previously been paid by Design to Hedrick as a deposit, and Hedrick's receipt thereof is hereby acknowledged. The balance of said sum, \$49,852.01, shall be paid by Design to Hedrick in accordance with the terms and conditions of a promissory note in the form attached hereto as Schedule 9.

John DesRochers shall receive, in exchange for his 50 shares of Technique stock, 23,500 shares of Design stock, plus \$99,852.01 in cash. \$50,000.00 of said sum has previously been paid by Design to DesRochers as a deposit, and DesRochers' receipt thereof is hereby acknowledged. The balance of said sum, \$49,852.01, shall be paid by Design to DesRochers in accordance with the terms and conditions of a promissory note in the form attached hereto as Schedule 10.

Doris Coppage shall receive, in exchange for her 9 shares of Technique stock, 3,500 shares of Design stock.

b. No fractional shares shall be issued in the merger, but shall be rounded upward or downward, as the case may be, to the nearest whole share.

c. Each issued and outstanding share of common stock, \$1.00 par value per share, of Acquisition shall continue as one share of common stock, par value \$1.00 per share of the Surviving Corporation.

d. If the outstanding shares of Technique stock or Design stock at any time between the date of this Agreement and the effective date shall be changed or exchanged by declaration of a stock dividend,

splitup, combination of shares, merger or consolidation, the number and kind of shares into which the Technique stock is to be converted shall be appropriately and equitably adjusted.

5. Delivery of Shares. As soon as practicable after the effective date, Design shall issue and deliver, in accordance with this paragraph, to the shareholders of Technique whose names are set forth in "Schedule 1" of this Agreement, certificates for the number of whole shares of Sterile Design, Inc. stock to which they shall have become entitled under this Agreement. After the effective date, each of those Technique shareholders who has not previously done so may surrender his certificate or certificates previously representing his shares of Technique stock to Sterile Design, Inc. and thereafter shall be entitled to receive in exchange therefor a certificate or certificates representing the number of shares of Design stock into which those shares of Technique stock previously represented by the certificate or certificates so surrendered shall have been converted as above stated. Until so surrendered, each outstanding certificate that, before the effective date, represented shares of Technique stock shall be deemed for all corporate purposes, other than payment of dividends, to evidence ownership of the respective shares of Sterile Design, Inc. stock into which they shall have been converted. Unless and until that outstanding certificate which, before the effective date, represented shares of Technique stock shall be surrendered, no dividends payable to the holders of record of Design stock as of any date subsequent to the effective date shall be paid to the holder of the outstanding certificate, but upon surrender of

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the outstanding certificate there shall be paid to the record holder of the certificate for shares of Design stock into which those shares shall have been converted the amount of dividends that previously were payable from the effective date with respect to those shares of Technique stock.

6. Appraisal Rights. All shares of Sterile Design, Inc. stock for and into which shares of Technique stock shall have been converted and exchanged pursuant to this Agreement shall be deemed to have been issued in full satisfaction of all rights pertaining to the converted, and exchanged shares, except for rights of appraisal, if any, that the holders may have as dissenting shareholders. Unless the merger is abandoned, the holders of certificates formerly representing shares of Technique stock outstanding immediately before the effective date shall cease on the effective date to be shareholders and shall have no rights with respect to the stock except the right to receive payment for it under the laws of the State of Florida, and their sole rights with respect to the Design stock for and into which their shares of Technique stock shall have been converted and exchanged by the merger, shall be to perfect the rights of appraisal, if any, that the holders may have as dissenting shareholders.

7. Compliance with State Law. Technique and Acquisition shall each take all appropriate corporate action to comply with the applicable laws of the State of Florida and the State of Alabama in connection with the contemplated merger.

8. Closing of Stock Books. Upon the effective date, the transfer books of Technique shall be closed and no transfer of shares of stock shall be made or consummated thereafter.

9. Agreement to Take Necessary Actions. Prior to and from and after the effective date, the Constituent Corporations shall take all action necessary or appropriate in order to effectuate the merger. In case at any time after the effective date the Surviving Corporation shall determine that any further conveyance, assignment or other document or any further action is necessary or desirable to vest in the Surviving Corporation full title to all properties, assets, rights, privileges and franchises of Technique, the officers and directors of the Constituent Corporations shall execute and deliver all instruments and take all actions the Surviving Corporation may determine to be necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of all properties, assets, privileges and franchises, and otherwise to carry out the purposes of this Agreement.

10. Representations of Technique. Technique represents and warrants to and agrees with Acquisition as follows:

a. Technique is a corporation duly organized, validly existing, and in good standing under the laws of the State of Alabama, and has full corporate power and authority to carry on its business as it is now being conducted and to own and lease property, and is duly qualified or authorized to do business and is in good standing in each jurisdiction in which it is doing business. Technique is not presently being

challenged as to its right to do business as presently conducted in any jurisdiction in which it is doing business. The copies of the Certificate of Incorporation, and the By-Laws of Technique previously delivered to Design are true, correct and complete copies as now in full force and effect. No provision of those instruments nor any other instrument to which Technique is subject, prohibits, limits or otherwise affects the right, power and authority of Technique to enter into this Agreement or to cause the consummation of the merger.

b. The authorized capitalization of Technique consists of 200 shares of common stock, par value \$10.00 per share, of which 109 shares are presently outstanding, all of which are validly issued, fully paid and nonassessable. There are no existing options, warrants, convertible securities or similar rights granted by Technique or any commitments or agreements of similar nature to which Technique is a party, relating to the authorized or issued stock of Technique.

c. Technique presently has no subsidiaries.

d. The execution, delivery and performance of this Agreement has been duly and effectively authorized by the Board of Directors of Technique and will be submitted to the shareholders of Technique for approval under Section 10-2A-142 of the Alabama Code of 1975.

e. The balance sheet of Technique as of October 31, 1983 (a copy of which is attached as "Schedule 2") has been prepared in accordance with generally accepted accounting principles consistently applied, is true and complete, and fairly presents the financial position of Technique on the date thereof. Technique and its shareholders agree to indemnify and hold Acquisition harmless from and against any liabilities, including attorneys' fees and costs, not disclosed on said October 31, 1983 balance sheet.

f. All tangible assets of Technique are in existence and in the possession of Technique at Suite K, 245 Riverchase Parkway East, Birmingham, Alabama 35244, except as noted on the Schedule of Asset Location attached hereto and made a part hereof as "Schedule 3".

g. Except as noted on the Schedule of Liens and Encumbrances attached hereto and made a part hereof as "Schedule 4", Technique has clear and unencumbered marketable title to all of its property and assets.

h. Technique has no outstanding leases, contracts or other obligations which are not cancellable or terminable by it without penalty on sixty (60) days' notice or less, or which involve financial obligations of Technique in excess of \$1,000.00 except those listed on the Schedule of Contracts attached hereto as "Schedule 5" and made a part hereof.

i. Technique is not a party to any labor or collective bargaining agreement except as set forth in or attached to the Schedule of Contracts attached hereto as "Schedule 5". Technique has no knowledge of any attempt by any of its employees to become subject to any labor or collective bargaining agreement other than those set out in or attached to the Schedule of Contracts. Technique is not a party to any employment contract with any of its employees which is not terminable by Technique on sixty (60) days' notice or less, or which involves compensation to any employee in excess of \$20,000.00 per year, except as disclosed on the Schedule of Contracts. Technique is not a party to any stock bonus, stock option, or stock purchase plan or any other bonus or

incentive plan, regardless of whether such be a contractual plan or a matter of custom and practice, which is not set forth in detail in or as an attachment to the Schedule of Contracts attached hereto.

j. All assets of Technique are, and will be on the effective date, in compliance with all applicable rules, regulations, zoning and building laws and ordinances of any governmental entity, body or agency having jurisdiction or claiming jurisdiction of the same.

k. Technique has taken all necessary corporate actions and has applied for and received all necessary licenses and permits as may be required by any federal, state or local law or ordinance to allow it to do business in its usual and customary manner; and it has no notice or knowledge of any claimed violation of any applicable federal, state or local law or ordinance.

l. All income taxes and other taxes, licenses or fees of Technique or applicable to its assets or operations have been paid or adequate reserves therefor have been established on its books. The federal income tax returns of Technique have not been audited for any years of the corporation's existence. To the extent that Design suffers any loss, expense, or is required to pay any tax deficiency, interest, and/or penalty for periods prior to the effective date, Technique and its shareholders agree to indemnify and hold Design harmless from such loss, expense or payment. To the extent Design receives any refund or other payment or credit, with respect to any overpayment of taxes by Technique for periods prior to the effective date, Design agrees to pay promptly such refunds or payments or an amount equal to the credit to

to the shareholders of Technique, to be distributed among them in accordance with their respective ownership interests in Technique immediately prior to this merger.

m. Technique is not a party to any litigation, governmental proceeding or investigation, nor, to the knowledge of Technique, are any such proceedings or investigations anticipated or threatened relating to any operations of Technique or to the stock transferred hereunder. Technique has no knowledge of any plans, threatened or pending, to change any zoning or building ordinances which would affect any of the property of Technique, whether owned or leased. Technique has no knowledge of any plans, threatened or pending, under any laws of eminent domain, which would affect any of the property of Technique.

n. Each share of stock of Technique as set forth in "Schedule 1" is free and clear of all encumbrances, liens, claims, equities and liabilities of every nature.

o. The business of Technique has been conducted and will be conducted in the usual and customary manner consistent with good business practices from October 31, 1983, through the date of closing. Except as disclosed in the Schedule of Transactions, attached hereto as "Schedule 6":

1. Technique has carried on its business substantially in the same manner as heretofore and has not made or instituted any unusual or novel methods of purchase, sale, management, accounting or operation, except to accelerate collection efforts on outstanding accounts receivable.

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2. Technique has not granted any general increase in the rates of pay of employees nor granted any general increase in fringe benefits, nor increased the compensation payable or to become payable to key salaried employees (in excess of 15% of principal compensation).

3. Technique has not entered into any contract or commitment or engaged in any transaction not in the usual and ordinary course of business and consistent with past business practices.

4. Technique has not sold or disposed of any capital assets having an aggregate book value in excess of \$5,000.00.

5. Technique has not created any indebtedness or increased any liability other than those incurred in the usual and ordinary course of business.

6. Technique has not declared or paid any dividend, or made distribution in respect of capital stock and has not directly or indirectly redeemed, purchased or otherwise acquired any of its own stock.

7. Technique has not amended its Certificate of Incorporation or By-Laws or made any changes in authorized or issued capital stock.

11. Representations and Warranties of Design and Acquisition.

Acquisition and Design represent and warrant to and agree with Technique as follows:

a. Acquisition and Design are corporations duly organized, validly existing, and in good standing under the laws of the State of

Florida, and have full corporate power to carry on their business as it is now being conducted.

b. Acquisition and Design are not, and by the execution and performance of this Agreement will not be, in breach of any term or provision of or in default under, and no event has occurred that the lapse of time or action by a third party could result in a default under any outstanding indenture, contract or agreement to which either of them is a party or to which either of them may be subject, or under any provision of their certificates of incorporation or by-laws, except for possible defaults that individually or in the aggregate would not have any material adverse effect on the business of Design or Acquisition or on the consummation of this merger.

c. The execution, delivery and performance of this Agreement have been duly and effectively authorized by the Board of Directors of Acquisition and Design and approved by the shareholders of Acquisition, in accordance with Section 607.394 of the Florida General Corporation Act. Acquisition and Design shall deliver to Technique, at or before the closing, copies of the resolutions adopted by their Directors and Shareholders, certified to be true and correct by the Secretaries of Acquisition and Design, respectively.

d. The shares of common stock to be issued and delivered pursuant to this Agreement have been duly authorized for issuance by the Board of Directors of Design and when so issued will be validly issued and outstanding, fully paid and nonassessable. Said shares will be contributed or otherwise transferred to Acquisition prior to the effective date hereof.

e. The authorized capitalization of Design consists of 5,000,000 shares of common stock, \$.001 par value per share, of which 1,220,000 shares are validly issued and outstanding, fully paid and nonassessable. The authorized capitalization of Acquisition consists of 7,000 shares of common stock, \$1.00 par value per share, of which 1,000 shares are validly issued and outstanding, fully paid and nonassessable.

f. The balance sheet of Design, as of June 30, 1984 (a copy of which is attached hereto as "Schedule 8") has been prepared in accordance with generally accepted accounting principles, consistently applied, is true and complete, is the most recent balance sheet of Design, and fairly presents the financial position of Design on the date thereof.

g. Since the dates of their last balance sheets, Acquisition and Design have carried on their business substantially in the same manner as heretofore conducted, and there have been no material, adverse changes in Acquisition's or Design's financial status since the dates thereof.

h. Acquisition and Design have taken all necessary corporate actions and have applied for and received all necessary licenses and permits as may be required by any federal, state or local law or ordinance to allow them to do business in their usual and customary manner, and neither of them has any notice or knowledge of any claimed violation of any applicable federal, state or local law or ordinance.

i. Acquisition and Design are not parties to any litigation, governmental proceeding or investigation, nor does either Acquisition or

Design have any notice or knowledge of any such potential litigation, governmental proceeding or investigation.

j. Immediately upon the effective date, Design will take all necessary steps to qualify to do business in the State of Alabama.

k. No representation or warranty made by Acquisition or Design herein or in any writing furnished or to be furnished pursuant hereto contains or will contain any untrue statement of a material fact or will omit to state any material fact required to make the statements herein or therein contained not misleading.

12. Indemnification. The parties hereto agree to indemnify and hold each other harmless against, and in respect of, any and all damages (including costs and reasonable attorneys' fees) resulting from a material breach by the other of any of their obligations and warranties pursuant to this Agreement.

13. Benefit. This Agreement is made pursuant to and shall be construed under the laws of the State of Florida. It shall inure to the benefit of and be binding upon Acquisition, Design and Technique, and their respective successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto or their successors and assigns, any rights or remedies under or by reason of this Agreement.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Employment Agreements. At the closing, Dan Hedrick and John

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DesRochers will execute Employment Agreements with Design, copies of which are attached hereto as "Schedule 9" and "Schedule 10".

16. Service of Process. The Surviving Corporation agrees, pursuant to Section 10-2A-146 of the Alabama Code of 1975, that it may be served with process in the State of Alabama in any proceeding for the enforcement of any obligation of Technique, and in any proceeding for the enforcement of the rights of a dissenting shareholder of Technique, against the Surviving Corporation, and it irrevocably appoints the Secretary of State of the State of Alabama as its agent to accept service of process in any such proceeding and specifies that a copy of such process shall be mailed by the Secretary of State to Sterile Design Acquisition-Alabama, Inc., 15 South Lincoln Street, Clearwater, Florida 33516. The Surviving Corporation further agrees that it will promptly pay to the dissenting shareholders of Technique the amount, if any, to which they shall be entitled under the provisions of the Alabama Business Corporation Act with respect to the rights of dissenting shareholders.

17. Termination of Merger. This merger may be terminated at any time prior to the effective date, by the Board of Directors of Technique, the Board of Directors of Design, or the Board of Directors of Acquisition, notwithstanding approval thereof by the shareholders of any or all of said corporations.

18. "Piggyback Rights". In connection with the merger, each of the shareholders of Technique shall be granted "piggyback" rights allowing them to participate in any secondary offering of Design securities up to that portion of their stock as is equal to the greatest

percentage of stock holdings offered by any Design shareholder participating in such secondary offering.

IN WITNESS WHEREOF, Technique, Design and Acquisition, acting through their duly authorized officers, have caused their names and seals to be signed and affixed to this Plan and Agreement of Merger, and Daniel C. Hedrick, John DesRochers and Doris Coppage have signed this Plan and Agreement of Merger and affixed their seals, this the 9th day of October, 1984.

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ATTEST:

STERILE TECHNIQUE, INC.,
a corporation

By: Doris E. Coppage
Its Secretary

By: [Signature]
Its President

BOOK

WITNESS:

ATTEST:

By: [Signature]
Its Secretary

STERILE DESIGN, INC.
a corporation

By: [Signature]
Its President

ATTEST:

By: [Signature]
Its Secretary

STERILE DESIGN ACQUISITION-ALABAMA,
INC., a corporation

By: [Signature]
Its President

[Signature] (SEAL)
Daniel C. Hedrick

[Signature] (SEAL)
John DesRochers

[Signature] (SEAL)
Doris Coppage

Schedule 1

Shareholders

The Shareholders of Sterile Technique, Inc., as of the date of the adoption of the Plan and Agreement of Merger are as follows:

1. Dan Hedrick	50 Shares
2. John DesRochers	50 Shares
3. Doris Coppage	<u>9 Shares</u>
	109 Shares

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STERILE TECHNIQUE, INC.
BALANCE SHEET
OCT. 31, 1983
ASSETS

SCHEDULE 2

CURRENT ASSETS:

CASH	\$ 33,403.56
* INVESTMENT	30,000.00
ACCOUNTS RECEIVABLE TRADE	342,563.85
COMMISSION ADVANCES	20,289.77
OTHER RECEIVABLES	5,069.82
INVENTORY	368,703.08

TOTAL CURRENT ASSETS \$ 800,030.08

FIXED ASSETS, AT COST:

TRUCKS	4,403.00
FURNITURE AND EQUIPMENT	18,547.35
LESS ACCUMULATED DEPRECIATION	(8,680.94)

NET FIXED ASSETS

14,269.41

OTHER ASSETS:

LOAN CHARGES	925.00
DEPOSITS	1,555.00

TOTAL ASSETS

\$ 816,779.49
=====

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	\$ 420,824.47
NOTES PAYABLE CREDIT LINE	134,890.88
CURRENT PORTION LONG TERM DBT	13,396.35
SALES AND PAYROLL TAXES PYBLE	9,725.44
ACCRUED EXPENSES	9,768.54

TOTAL CURRENT LIABILITIES \$ 588,605.68
LONG TERM DEBT 28,469.79

TOTAL LIABILITIES

617,075.47

STOCKHOLDERS' EQUITY:

COMMON STOCK	1,110.00
ADDITIONAL PAID-IN CAPITAL	63,040.00
RETAINED EARNINGS	51,644.39
CURRENT NET INCOME	83,909.63

TOTAL STOCKHOLDERS' EQUITY

199,704.02

TOTAL LIABILITIES AND EQUITY

\$ 816,779.49
=====

SEE ACCOUNTANTS' COMPILATION REPORT

* INVESTMENT consists of Sterile Design, Inc. Stock. Merger book value reduced by \$30,000 and individual shareholder keep 4000 shares of Sterile Design, Inc. Stock.

John Dea Ruchina
John Dea Ruchina
John Dea Ruchina

STERILE TECHNIQUE, INC.
STATEMENTS OF INCOME
FOR THE PERIODS ENDED OCT. 31, 1983

	1 MTH. ENDED OCT. 31, 1983 PERCENT		4 MTHS ENDED OCT. 31, 1983 PERCENT	
SALES	\$ 261,055.60	100.00	\$ 1,093,110.80	100.00
DISCOUNTS	(839.02)	(.32)	(1,962.16)	(.18)
TOTAL SALES	260,216.58	99.68	1,091,148.64	99.82
COST OF SALES:				
PURCHASES	198,183.99	75.92	810,601.95	74.16
FREIGHT	958.73	0.37	4,613.62	0.42
COST OF SALES	199,142.72	76.28	815,215.57	74.58
GROSS PROFIT	61,073.86	23.39	275,933.07	25.24
EXPENSES:				
SALARIES	20,986.62	8.04	63,575.76	5.82
COMMISSIONS	20,059.10	7.68	62,255.03	5.70
EMPLOYEE BENEFITS	650.46	0.25	4,470.10	0.41
ADVERTISING	611.45	0.23	1,562.57	0.14
TRUCK EXPENSE	2,169.14	0.83	6,145.00	0.56
DEPRECIATION	542.56	0.21	2,170.24	0.20
INSURANCE	1,396.10	0.53	3,210.51	0.29
TRAVEL AND ENTERTAINMEN	3,300.15	1.26	10,800.18	0.99
REPAIRS AND MAINTENANCE	0.00	0.00	452.92	0.04
TELEPHONE	1,136.59	0.44	4,606.16	0.42
UTILITIES	215.64	0.08	779.02	0.07
RENT OFFICE	1,560.00	0.60	6,240.00	0.57
OFFICE SUPPLIES	553.89	0.21	2,135.93	0.20
POSTAGE	120.00	0.05	329.35	0.03
SAMPLES	0.00	0.00	11,089.81	1.01
LEGAL AND ACCOUNTING	475.00	0.18	2,075.00	0.19
DUES AND PUBLICATIONS	0.00	0.00	167.00	0.02
TAXES AND LICENSES	446.40	0.17	446.40	0.04
MISCELLANEOUS	37.36	0.01	37.36	0.00
CONTRIBUTIONS	25.00	0.01	60.00	0.01
TOTAL EXPENSES	54,285.46	20.79	182,608.34	16.71
OPERATING INCOME	6,788.40	2.60	93,324.73	8.54
OTHER INCOME (EXPENSE):				
OTHER INCOME	153.16	0.06	764.21	0.07
INTEREST EXPENSE	(3,045.32)	(1.17)	(10,179.31)	(.93)
NET OTHER	(2,892.16)	(1.11)	(9,415.10)	(.86)
INCOME BEFORE TAX	3,896.24	1.49	83,909.63	7.68
NET INCOME	\$ 3,896.24	1.49	\$ 83,909.63	7.68

SEE ACCOUNTANTS' COMPILATION REPORT

Schedule 3

Schedule of Asset Location

All tangible assets of Sterile Technique, Inc. are in existence and are in the possession of Technique at Suite K, 245 Riverchase Parkway East, Birmingham, Alabama. No other tangible assets of Technique are located elsewhere.

BOOK 26 PAGE 845

Schedule 4

Schedule of Liens and Encumbrances

There are no liens and encumbrances with respect to any of the property or assets of Sterile Technique, Inc.

BOOK 26 PAGE 846

Schedule 5

Schedule of Contracts

Sterile Technique, Inc., has no outstanding leases, contracts, or other obligations which are not terminable or cancellable by it without penalty on sixty (60) days' notice or less, or which involve financial obligations of Technique in excess of \$1,000.00, except its lease for the premises located at Suite K, 245 Riverchase Parkway East in Birmingham, Alabama, which lease expires, according to its terms, on February 28, 1985. Technique is not a party to any labor or collective bargaining agreement. Technique is not a party to any employment contract with any of its employees which is not terminable by Technique on sixty (60) days' notice or less, or which involves compensation for any such employee in excess of \$20,000.00 per year, except that the following employees of Technique are paid in excess of \$20,000.00 per year: Don Hedrick, John DesRochers, and Nancy Musgrove. The following independent contractor sales representatives have agreements not terminable on 60 days' notice, or less: John Frazier, Bill Slack, Bob Blanchard. Technique is not a party to any stock bonus, stock option, or stock purchase plan or any other bonus or incentive plan.

Schedule 6

Schedule of Transactions

The Certificate of Amendment of Sterile Technique, Inc. has been amended on one occasion since October 31, 1983. That amendment increased the authorized stock of the corporation from 100 shares, par value \$10.00 per share, to 200 shares, par value \$10.00 per share. A copy of such Amendment to the Certificate of Incorporation of Sterile Technique, Inc. is attached to this Schedule as Exhibit "A."

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Schedule 7

There is no Schedule 7 to this agreement.

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STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 1984 and 1983

(With Auditors' Report Thereon)

BOOK 26 PAGE 850

Chapman D. Key
Bill Spitzer
J. H. H. H.
Doris Coppage
John DeRoche

Schedule "8"



Peat, Marwick, Mitchell & Co.
Certified Public Accountants
P.O. Box 1337
Tampa, Florida 33601

The Board of Directors
Sterile Design, Inc.:

We have examined the consolidated balance sheets of Sterile Design, Inc. and subsidiaries as of June 30, 1984 and 1983 and the related consolidated statements of operations, stockholders' equity and changes in financial position for each of the years in the three-year period ended June 30, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Sterile Design, Inc. and subsidiaries at June 30, 1984 and 1983 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended June 30, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

August 24, 1984 except as to
notes 5 and 9 which are as
of September 20, 1984

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BOOK

STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 1984 and 1983

<u>Assets</u>	<u>1984</u>	<u>1983</u>
Current assets:		
Cash	\$ 275,352	31,475
Restricted cash funds	107,486	-
Accounts receivable (notes 4 and 5)	4,225,100	2,059,104
Due from officers and employees	25,117	27,448
Inventories (notes 2, 4 and 5)	4,135,715	2,862,478
Prepaid expenses and other	98,951	30,629
Total current assets	8,867,721	5,011,134
Property, plant and equipment (notes 3, 4, 5 and 7)	5,641,442	2,611,900
Less accumulated depreciation and amortization	780,666	354,863
Net property, plant and equipment	4,860,776	2,257,037
Advances on distributor purchases (note 9)	409,868	-
Patents, net of accumulated amortization of \$84,000 in 1984 (note 9)	1,176,000	1,260,000
Distribution rights, net of accumulated amortization of \$43,268 in 1984 (note 9)	1,037,632	-
Other assets	35,732	22,180
	<u>\$ 16,387,729</u>	<u>8,550,351</u>

See accompanying notes to consolidated financial statements.

<u>Liabilities and Stockholders' Equity</u>	<u>1984</u>	<u>1983</u>
Current liabilities:		
Note payable to bank (notes 4 and 5)	\$ 4,906,375	2,974,125
Current installments of long-term debt (note 5)	358,463	532,165
12% note payable to shareholders	-	105,335
Accounts payable and accrued expenses	<u>2,104,331</u>	<u>1,814,140</u>
Total current liabilities	7,369,169	5,425,765
Long-term debt, less current installments (note 5)	<u>4,010,366</u>	<u>545,207</u>
Total liabilities	<u>11,379,535</u>	<u>5,970,972</u>
Stockholders' equity (notes 8 and 9):		
Common stock, \$.001 par value. Authorized 5,000,000 shares; issued 1,169,800 shares in 1984 and 1,006,050 shares in 1983	1,170	1,006
Additional paid-in capital	5,808,642	2,281,717
Retained earnings (accumulated deficit)	<u>(751,618)</u>	<u>296,656</u>
	5,058,194	2,579,379
Less note receivable from exercise of stock option	<u>(50,000)</u>	-
	5,008,194	2,579,379
Commitments and related party transactions (notes 7, and 9)		
	<u>\$ 16,387,729</u>	<u>8,550,351</u>

STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 1984, 1983 and 1982

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Net sales	\$ 15,160,109	9,794,050	4,661,419
Cost of sales	<u>11,732,972</u>	<u>7,556,127</u>	<u>3,105,944</u>
Gross profit	3,427,137	2,237,923	1,555,475
Selling, general and administrative expenses	<u>3,752,810</u>	<u>1,922,706</u>	<u>1,037,303</u>
Operating income (loss)	<u>(325,673)</u>	<u>315,217</u>	<u>518,172</u>
Other income (deductions):			
Interest expense (note 10)	(689,692)	(408,400)	(155,401)
Interest income	22,515	98,468	25,463
Loss on retirements of equipment	<u>(55,424)</u>	<u>-</u>	<u>-</u>
	<u>(722,601)</u>	<u>(309,932)</u>	<u>(129,938)</u>
Earnings (loss) before income taxes	(1,048,274)	5,285	388,234
Income tax expense (benefit) (note 6)	<u>-</u>	<u>(30,000)</u>	<u>47,000</u>
Net earnings (loss)	<u>\$ (1,048,274)</u>	<u>35,285</u>	<u>341,234</u>

See accompanying notes to consolidated financial statements.

STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended June 30, 1984, 1983 and 1982

	Common stock		Additional	Retained	Note receiv-	Net
	Shares	Amount	paid-in	earnings	able from	stock-
			capital	(accumulated	exercise of	holders'
				deficit)	stock option	equity
Balance at June 30, 1981	760,000	\$ 760	51,562	(79,863)	-	(27,541)
Sale of 98,500 shares at \$5 per share	98,500	99	492,402	-	-	492,501
Net earnings	-	-	-	341,234	-	341,234
Balance at June 30, 1982	858,500	859	543,964	261,371	-	806,194
Sale of 4,000 shares at \$7.50 per share	4,000	4	29,996	-	-	30,000
Sale of 38,550 shares at \$12 per share, less issue costs	38,550	38	447,862	-	-	447,900
Shares issued for purchase of Cardio Metrics, Inc. (note 9)	105,000	105	1,259,895	-	-	1,260,000
Net earnings	-	-	-	35,285	-	35,285
Balance at June 30, 1983	1,006,050	1,006	2,281,717	296,656	-	2,579,379
Sale of 124,900 shares at \$26 per share, less issue cost	124,900	125	3,226,839	-	-	3,226,964
Purchase and retirement of 10,000 shares of stock at \$26 per share (note 9)	(10,000)	(10)	(259,990)	-	-	(260,000)
Exercise of stock options at \$5 to \$16.50 per share	23,000	23	236,977	-	(50,000)	187,000
Shares issued for purchase of distributor (note 9)	25,850	26	323,099	-	-	323,125
Net loss	-	-	-	(1,048,274)	-	(1,048,274)
Balance at June 30, 1984	1,169,800	\$ 1,170	5,808,642	(751,618)	(50,000)	5,006,194

See accompanying notes to consolidated financial statements.

STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes
in Financial Position

Years ended June 30, 1984, 1983 and 1982

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Sources of working capital:			
Net earnings (loss)	\$ (1,048,274)	35,285	341,234
Items that did not use (provide) working capital:			
Depreciation and amortization	601,629	250,068	61,700
Deferred income taxes	-	(30,000)	32,700
Loss on retirements of equipment	<u>55,424</u>	<u>-</u>	<u>-</u>
Working capital (used) pro- vided by operations	<u>(391,221)</u>	<u>255,353</u>	<u>435,634</u>
Proceeds from long-term borrowings	4,503,104	358,240	885,694
Proceeds from issuance of stock	3,737,089	1,737,900	492,501
Other	55,732	-	4,108
Decrease in working capital	<u>-</u>	<u>1,157,277</u>	<u>-</u>
	<u>\$ 7,904,704</u>	<u>3,508,770</u>	<u>1,817,937</u>
Uses of working capital:			
Additions to property, plant and equipment	3,189,256	1,499,646	972,947
Advances on distributor purchases	409,868	-	-
Purchase of distributors	1,080,900	-	-
Purchase of patents	-	1,260,000	-
Reduction in long-term debt	1,037,945	555,387	260,981
Classification of notes payable to shareholders to current	-	183,217	-
Purchase and retirement of stock	260,000	-	-
Other	13,552	10,520	-
Increase in working capital	<u>1,913,183</u>	<u>-</u>	<u>584,009</u>
	<u>\$ 7,904,704</u>	<u>3,508,770</u>	<u>1,817,937</u>

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes
in Financial Position, Continued

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Changes in components of working capital:			
Increase (decrease) in current assets:			
Cash	\$ 243,877	(13,029)	18,583
Restricted cash	107,486	-	-
Receivables	2,163,665	1,143,436	672,509
Inventories	1,273,237	1,943,228	594,205
Prepaid expenses and other	68,322	(12,211)	24,033
	<u>3,856,587</u>	<u>3,061,424</u>	<u>1,309,330</u>
Increase (decrease) in current liabilities:			
Note payable to bank	1,932,250	2,318,612	505,513
Current installments of long-term debt	(173,702)	391,939	108,580
Notes payable to shareholders	(105,335)	105,335	-
Accounts payable and accrued expenses	290,191	1,402,815	111,228
	<u>1,943,404</u>	<u>4,218,701</u>	<u>725,321</u>
Increase (decrease) in working capital	<u>\$ 1,913,183</u>	<u>(1,157,277)</u>	<u>584,009</u>

See accompanying notes to consolidated financial statements.

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 1984, 1983 and 1982

(1) Summary of Significant Accounting Policies

(a) Background

Sterile Design, Inc. was incorporated July 16, 1979. The Company primarily assembles custom procedure trays for hospitals and other institutions in the health care industry. The Company's plants are located in Safety Harbor and Tampa, Florida; Sacramento, California; and Olathe, Kansas.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances have been eliminated in consolidation.

(b) Inventories

Inventories are stated at the lower of cost (first-in, first-out (FIFO) method) or market.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

(d) Amortization of Patents and Distributor Rights

Patents are being amortized on a straight-line basis over the remaining lives of the patents.

Distributor rights are being amortized on a straight-line basis over the remaining lives of the original distributor agreements.

(e) Income Taxes

Deferred income taxes are recognized for income and expense items that are reported for financial purposes in different years than for income tax purposes.

Investment tax credits are recorded as a reduction of the provision for Federal income taxes in the year utilized.

(f) Research and Development

Expenditures for research and development are expensed in the year incurred. Expense was \$530,283 for 1984 and \$393,527 for 1983.

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(2) Inventories

Inventories consist of the following:

	<u>1984</u>	<u>1983</u>
Raw materials	\$ 3,121,338	2,433,825
Work in process and finished goods	<u>1,014,377</u>	<u>428,653</u>
	<u>\$ 4,135,715</u>	<u>2,862,478</u>

(3) Property, Plant and Equipment

Property, plant and equipment consists of the following:

	<u>1984</u>	<u>1983</u>
Land	\$ 179,234	-
Building	891,900	-
Leasehold improvements	538,542	321,115
Machinery and equipment	2,649,781	1,541,954
Furniture, fixtures and office equipment	1,352,860	692,295
Transportation equipment	<u>29,125</u>	<u>56,536</u>
	<u>\$ 5,641,442</u>	<u>2,611,900</u>

(4) Note Payable to Bank

Note payable to bank at June 30, 1984 represents a prime plus .5% demand note with a maximum limit of \$5,000,000. See note 5 for information regarding covenants and pledged assets.

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(5) Long-term Debt

Long-term debt consists of the following:

	<u>1984</u>	<u>1983</u>
Prime plus 1% note payable to bank, due in monthly principal installments of \$23,810 plus interest, with a balloon payment of \$599,974 due February 1, 1989*	\$ 1,909,524	-
Prime plus 1.25% note payable to shareholders due July 5, 1985	1,500,000	-
Note payable with interest at 75% of prime, secured by land and building held by trustee under an industrial revenue bond indenture due in increasing quarterly installments of \$16,000 to \$36,000 plus interest through January, 1994	967,156	-
Prime plus 1% note payable to bank	-	394,058
Prime plus 1.5% note payable to bank	-	520,510
Other	31,746	162,804
	<u>4,408,426</u>	<u>1,077,372</u>
Less unamortized financing costs	39,597	-
Less current installments	<u>358,463</u>	<u>532,165</u>
	<u>\$ 4,010,366</u>	<u>545,207</u>

* Restrictive covenants for the installment note as well as the note payable to bank require, among other things, that the Company maintain certain ratios, working capital levels and net worth levels. The Company was in violation at June 30, 1984 of certain requirements. However, these requirements at June 30, 1984 were waived by the bank.

In September, 1984 an additional \$500,000 was loaned to the Company by certain shareholders.

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Substantially all assets are pledged to secure the note payable to bank and long-term debt.

Maturities of long-term debt are as follows:

1985	\$ 358,463
1986	1,862,422
1987	366,852
1988	371,372
1989	<u>859,759</u>

(6) Income Taxes

The Company recognized substantial losses in 1984 for financial and tax reporting purposes. The Company has available net operating loss carryforwards of approximately \$1,100,000 for Federal income tax purposes and approximately \$1,000,000 for financial reporting purposes which, if not utilized, expire on June 30, 1999.

The Company has carryforwards of investment tax credits of \$400,000, research and development credits of \$90,000 and job tax credits of \$20,000. If unused, these credits will expire from June 30, 1997 to June 30, 1999.

The actual tax expense (benefit) differs from the expected tax expense (computed by applying the U.S. Federal income tax rate of 46% to earnings (loss)) as follows:

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Computed "expected" tax expense (benefit)	\$ (482,000)	2,000	178,600
Surplus exemption	-	-	(19,500)
Investment tax credits	-	(156,000)	(73,500)
Research and development tax credits	-	(41,000)	(43,200)
Job tax credits	-	(11,000)	(6,000)
State income tax, net of Federal benefit	-	-	10,600
Limitation of benefit recognition to total of prior year taxes refunded and deferred tax credits	<u>482,000</u>	<u>176,000</u>	<u>-</u>
	<u>\$ -</u>	<u>(30,000)</u>	<u>47,000</u>

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The components of income tax expense (benefit) are as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
1983:			
Federal	\$ -	(30,000)	(30,000)
State	-	-	-
	<u>\$ -</u>	<u>(30,000)</u>	<u>(30,000)</u>
1982:			
Federal	-	28,000	28,000
State	<u>14,300</u>	<u>4,700</u>	<u>19,000</u>
	<u>\$ 14,300</u>	<u>32,700</u>	<u>47,000</u>

Deferred income taxes result from tax depreciation in excess of depreciation reported for financial purposes. Deferred tax credits will be restored in future years as tax credit carryforwards are utilized.

(7) Commitments and Related Party Transactions

On March 1, 1984, the Company purchased the Safety Harbor plant which it had previously leased from an investor group that includes certain of the Company's officers. The total purchase price was \$831,000. During 1983 and 1984, the Company also leased its corporate offices and Olathe plant from the investor group. In September 1984, the corporate offices were sold by the investor group to an outside party which will continue to lease the offices to the Company. The Tampa and Sacramento plants are leased from third parties. Facilities lease expense was \$603,000 in 1984, \$259,000 in 1983 and \$61,000 in 1982 to related parties and \$279,000 in 1984 and \$140,000 in 1983 to third parties. The minimum commitments under such leases for the next five years are as follows:

<u>Year ended</u> <u>June 30</u>	<u>Related</u> <u>parties</u>	<u>Third</u> <u>parties</u>	<u>Total</u>
1985	\$ 252,000	514,000	766,000
1986	252,000	440,000	692,000
1987	252,000	374,000	626,000
1988	252,000	373,000	625,000
1989	<u>252,000</u>	<u>286,000</u>	<u>538,000</u>

The Company has guaranteed \$1,200,000 of Industrial Revenue Bonds for the construction of the Olathe plant which is owned by the investor group.

(Continued)

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STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(8) Stock Options and Warrants

The Company has an Incentive Stock Option Plan (ISOP) whereby options to purchase an aggregate of 130,000 shares of common stock may be granted to employees of the Company. The option price shall be at a price determined by the Compensation Committee of the Board of Directors, but not less than the fair market price of the common stock on the date of grant of the option. Options are granted for periods of five to ten years. All options are subject to continued employment and may be exercised after one year of employment.

A summary of options outstanding at June 30, 1984 are as follows:

<u>Shares covered by granted options</u>	<u>Option price</u>	<u>Exercisable at June 30, 1984</u>	<u>Fiscal year of expiration</u>
40,000	\$ 5.00	40,000	1991 - 1992
5,000	12.00	5,000	1993
<u>17,500</u>	<u>26.00</u>	<u>-</u>	<u>1988 - 1994</u>
<u>62,500</u>			

In 1984, ISOP options to purchase 32,884 shares were issued, options to purchase 12,000 shares at \$5 per share and 1,000 shares at \$12 per share were exercised, and options to purchase 50,884 shares lapsed due to termination of employment. In addition, nonqualified options to purchase 10,000 shares at \$16.50 per share were exercised during 1984.

A summary of warrants outstanding at June 30, 1984 are as follows:

<u>Number of shares</u>	<u>Price per share</u>	<u>Fiscal year of expiration</u>
30,000	\$ 26.00	1989
<u>20,000</u>	<u>30.00</u>	<u>1993</u>
<u>50,000</u>		

(Continued)

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26 PAGE 863

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(9) Acquisitions

Fiscal 1983

Cardio Metrics, Inc.

In June, 1983 the Company exchanged 105,000 of its shares for all the outstanding stock of Cardio Metrics, Inc. (CMI). The only assets of CMI were patents. CMI had no liabilities. The exchange of stock was accounted for as a purchase. CMI's sole purpose was to hold patents and it had no other operations.

The value of the shares at the date of the exchange was \$1,260,000. This value was assigned to the patents at June 30, 1983 and will be amortized over 15 years, the remaining life of the patents.

Of the 105,000 shares, 52,500 are to be held in escrow until \$4,000,000 of sales of products related to the patents have been made during any consecutive six months prior to June 30, 1986. If the \$4,000,000 has not been reached by June 30, 1986, then a pro rata portion of the 52,500 shares based on the highest revenues obtained for any consecutive six months will be released. The total 105,000 shares have been registered in the names of and can be voted by the shareholders of CMI. Per the escrow agreement, the Company has also committed to provide \$1,000,000 for tooling, molds and development of products related to the patents. Failure of the Company to provide the funding would result in the release of all escrowed shares regardless of revenues generated.

The Company has signed an employment agreement with the past President and major shareholder of CMI.

Fiscal 1984

(a) Hospital Sterile Products, Inc.

In February, 1984 the Company purchased distributor rights it had previously granted to Hospital Sterile Products, Inc. (HSP), its distributor located in Atlanta, for \$625,000. The Company also purchased and retired 10,000 shares of its own stock for \$260,000. HSP exchanged approximately \$200,000 of inventory with the Company in settlement of its trade payable to the Company of a similar amount.

The distributor rights are being amortized over approximately seven years, the remaining life of the distributor agreement.

(Continued)

STERILE DESIGN, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Medi-Pac, Inc.

In May, 1984 the Company purchased the assets of Medi-Pac, Inc., its distributor located in Houston. The purchase price consisted of 25,850 shares of the Company's stock and approximately \$132,000 of trade payable due from MPI to the Company in excess of tangible assets purchased. Distributor rights were assigned a value of approximately \$455,000 and are being amortized over approximately seven years, the remaining life of the distributor agreement.

In connection with the purchase, the Company exercised an agreement with MPI whereby, in the case of a future stock offering of the Company of \$3,000,000 or more, MPI would have the option to put and the Company would have the option to call 10,000 shares of the Company's stock held by MPI for the greater of \$20 per share or 80% of the offering price.

Acquisitions to be Closed in Fiscal 1985

Subsequent to June 30, 1984, the Company signed agreements to purchase Masek and Associates, Inc. (Tampa), Sterile Technique, Inc. (Birmingham) and Custom Medical Products, Inc. (Orlando) and were negotiating a purchase of Hospital Associates (Pennsylvania) and Custom Hospital Products, Inc. (St. Louis). The total purchase price of these distributors is approximately \$930,000 cash and 180,000 shares of the Company's stock. Of the \$930,000, approximately \$410,000 had been advanced to the distributors at June 30, 1984 and is reflected as advances for distributor purchases. A substantial portion of the purchase prices will be assigned to the value of acquired distributor rights.

(10) Capitalization of Interest Costs

Interest costs are capitalized for qualifying assets during the asset's acquisition period. The components of interest cost are as follows:

	<u>1984</u>	<u>1983</u>
Total interest	\$ 711,603	460,129
Less interest capitalized	<u>21,911</u>	<u>51,729</u>
Interest expense	<u>\$ 689,692</u>	<u>408,400</u>

No interest cost was capitalized in 1982.

\$34,852.01

Birmingham, Alabama
October 9, 1984

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned STERILE DESIGN, INC., a corporation organized and existing under the laws of the State of Florida (hereinafter referred to as the "Maker"), hereby promises to pay to DANIEL C. HEDRICK, the sum of Thirty-Four Thousand, Eight Hundred Fifty-Two and 01/100 Dollars (\$34,852.01), at Suite K, 245 Riverchase Parkway East, Birmingham, Alabama, or at such other place in Jefferson County, Alabama, as any holder hereof may designate in writing.

Payment of principal shall be made in three monthly installments of Five Thousand and no/100 Dollars (\$5,000.00), the first of such installments to be due and payable on the 28th day of January, 1985, and one of such installments to be due and payable on the 28th day of each successive month thereafter. The remaining balance of Nineteen Thousand, Eight Hundred Fifty-Two and 01/100 Dollars (\$19,852.01) shall be paid on July 5, 1985.

Said installments shall bear no interest; provided, however, that if any installment is not paid when due, said installment shall bear interest at the rate of twelve percent (12%) per annum.

The Maker hereof, at its option, may pay, without penalty, all or any part of this Promissory Note at anytime before maturity.

This note is subject to the rights of indemnification set forth in the Plan and Agreement of Merger, dated the 9th day of October, 1984, by and among Sterile Technique, Inc., Daniel C. Hedrick, John DesRochers, Doris Coppage, Sterile Design, Inc. and Sterile Design Acquisition-Alabama, Inc.

If any installment is not paid within thirty (30) days after the same is due and payable, the entire balance of the principal and accrued interest shall, at the option of the holder, become immediately due and payable without notice.

Each Maker and endorser of this Promissory Note hereby agrees to pay all costs of collection of this Promissory Note, including reasonable attorneys' fees.

The granting to the Maker of this Promissory Note or any other person of any extension or extensions of time for payment of any sums due hereunder shall in no way release or affect the liability of Maker.

EXHIBIT

1

BOOK 26 PAGE 866

The undersigned hereby waives presentment, demand, protest, notice of protest and any defense by reason of extension of time for payment or other indulgence granted by any holder hereof, and hereby waives all rights of exemption under the Constitution and laws of the State of Alabama.

MAKER:

STERILE DESIGN, INC.

By:


Its President

[Corporate Seal]

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\$34,852.01

Birmingham, Alabama
October 9, 1984

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned STERILE DESIGN, INC., a corporation organized and existing under the laws of the State of Florida (hereinafter referred to as the "Maker"), hereby promises to pay to JOHN DESROCHERS, the sum of Thirty-Four Thousand, Eight Hundred Fifty-Two and 01/100 Dollars (\$34,852.01), at Suite K, 245 Riverchase Parkway East, Birmingham, Alabama, or at such other place in Jefferson County, Alabama, as any holder hereof may designate in writing.

Payment of principal shall be made in three monthly installments of Five Thousand and no/100 Dollars (\$5,000.00), the first of such installments to be due and payable on the 28th day of January, 1985, and one of such installments to be due and payable on the 28th day of each successive month thereafter. The remaining balance of Nineteen Thousand, Eight Hundred Fifty-Two and 01/100 Dollars (\$19,852.01) shall be paid on July 5, 1985.

Said installments shall bear no interest; provided, however, that if any installment is not paid when due, said installment shall bear interest at the rate of twelve percent (12%) per annum.

The Maker hereof, at its option, may pay, without penalty, all or any part of this Promissory Note at anytime before maturity.

This note is subject to the rights of indemnification set forth in the Plan and Agreement of Merger, dated the 9th day of October, 1984, by and among Sterile Technique, Inc., Daniel C. Hedrick, John DesRochers, Doris Coppage, Sterile Design, Inc. and Sterile Design Acquisition-Alabama, Inc.

If any installment is not paid within thirty (30) days after the same is due and payable, the entire balance of the principal and accrued interest shall, at the option of the holder, become immediately due and payable without notice.

Each Maker and endorser of this Promissory Note hereby agrees to pay all costs of collection of this Promissory Note, including reasonable attorneys' fees.

The granting to the Maker of this Promissory Note or any other person of any extension or extensions of time for payment of any sums due hereunder shall in no way release or affect the liability of Maker.

EXHIBIT 10

The undersigned hereby waives presentment, demand, protest, notice of protest and any defense by reason of extension of time for payment or other indulgence granted by any holder hereof, and hereby waives all rights of exemption under the Constitution and laws of the State of Alabama.

MAKER:

STERILE DESIGN, INC.

By:


Its President

[Corporate Seal]

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STATE OF ALABAMA

I, Don Siegelman, Secretary of State, of the State of Alabama, having custody of the Great and Principal Seal of said State, do hereby certify that duplicate originals of Articles

of Merger merging Sterile Technique, Inc., an Alabama corporation, into Sterile Design Acquisition-Alabama, Inc., a Florida corporation

duly signed and verified pursuant to the provisions of Section 10-2A-143, Code of Alabama, 1975, have been received in this office and are found to conform to law.

Accordingly the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Merger merging Sterile Technique, Inc. into Sterile Design Acquisition-Alabama, Inc.

and attaches hereto a duplicate original of the Articles of Merger.

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol, in the City of Montgomery, on this day.

November 21, 1984

Date

Handwritten signature of Don Siegelman in cursive.

Don Siegelman

Secretary of State



STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1984 NOV 27 AM 11:16

BOOK 26 PAGE 871



Secretary of State
State of Alabama

I hereby certify that this
is a true and complete copy of
the document filed in this office
on November 21, 1984

Dated 11/21/84

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1984 NOV 27 AM 11:16

Thomas A. Shanderson, Jr.
JUDGE OF PROBATE

Rec. 25.00
Fed 1.00
26.00
Secretary of State
Don Siegelman

Don Siegelman