UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from __________ to

Commission File Number 333-123365

TELECOMM SALES NETWORK, INC.

(Exact name of small business issuer as specified in its charter)

DELAWARE	**20-1602779**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

116 Morlake Drive, Suite 201 Mooresville, NC 28117
(Address of principal executive offices)

(704) 658-3350
(Issuer's telephone number)

516-D River Highway, PMB 297, Mooresville, NC 28117-6830, September 30
(Former name, former address and former fiscal year if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of the issuer's classes of common equity, as of the latest practicable date:

Class	**Outstanding at November 7, 2006**
Common Stock, $.0001 par value	16,000,000

Transitional Small Business Disclosure Form (Check one): Yes ☐ No ☒

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TELECOMM SALES NETWORK, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (unaudited)	March 31, 2006
ASSETS		
CURRENT ASSETS		
Cash	$ 2,003,689	$ 3,420,358
Accounts receivable, net	15,668	11,615
Prepaid expenses	34,802	45,947
Inventory	125,426	105,192
TOTAL CURRENT ASSETS	2,179,585	3,583,112
FIXED ASSETS		
Furniture & fixtures	91,009	135,660
Machinery & equipment	9,761	44,357
Capitalized software	135,052	131,843
Less accumulated depreciation	(164,743)	(240,476)
TOTAL FIXED ASSETS	71,079	71,384
OTHER ASSETS		
Trade secrets	1,400,000	1,400,000
Deposits	151,887	16,550
Assets to be disposed of by sale	3,522	-
TOTAL OTHER ASSETS	1,555,409	1,416,550
TOTAL ASSETS	$ 3,806,073	$ 5,071,046
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 240,988	$ 277,348
Reserve for product returns	47,694	270,000
TOTAL CURRENT LIABILITIES	288,682	547,348
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 16,000,000 shares issued and outstanding	1,600	1,600
Additional paid-in capital	22,647,297	22,631,853
Accumulated deficit	(19,131,506)	(18,109,755)
TOTAL STOCKHOLDERS' EQUITY	3,517,391	4,523,698
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,806,073	$ 5,071,046

See accompanying condensed notes to interim financial statements.

TELECOMM SALES NETWORK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2006 (unaudited)	2005 (unaudited)	2006 (unaudited)	2005 (unaudited)
REVENUES	$ 21,392	$ 116,186	$ 47,236	$ 221,251
COST OF SALES	26,866	111,157	81,273	211,593
Gross Profit (Loss)	(5,474)	5,029	(34,037)	9,658
EXPENSES				
Sales and marketing	50,519	36,795	127,207	77,175
Product development	106,781	24,760	199,120	47,180
Corporate	125,844	(261,930)	384,787	(93,082)
Finance and administrative	198,139	41,007	329,524	128,939
Total Expenses	481,283	(159,368)	1,040,638	160,212
LOSS FROM OPERATIONS	(486,757)	164,397	(1,074,675)	(150,554)
OTHER INCOME (EXPENSE)				
Interest income	29,241	176	53,724	426
Interest expense	-	(34,098)	-	(63,387)
Total Other Income (Expense)	29,241	(33,922)	53,724	(62,961)
LOSS BEFORE TAXES	(457,516)	130,475	(1,020,951)	(213,515)
INCOME TAX EXPENSE	-	(800)	(800)	(800)
NET LOSS	$ (457,516)	$ 129,675	$ (1,021,751)	$ (214,315)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.03)	$ 0.02	$ (0.06)	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	16,000,000	6,400,000	16,000,000	6,400,000

See accompanying condensed notes to interim financial statements.

TELECOMM SALES NETWORK, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	(Deficit)	Equity
Balance, March 31, 2005	6,400,000	$ 640	$ 14,246,142	$ (14,451,886)	$ (205,104)
Effect of reverse merger and recapitalization	5,350,000	535	33,148	-	33,683
Common stock issued at a price of $2.00 per share					
in private placement on January 10, 2006	4,250,000	425	6,950,659	-	6,951,084
Stock options and warrants issued	-	-	1,401,904	-	1,401,904
Net loss for the year ended March 31, 2006	-	-	-	(3,657,869)	(3,657,869)
Balance, March 31, 2006	16,000,000	1,600	22,631,853	(18,109,755)	4,523,698
Stock options and warrants issued	-	-	15,444	-	15,444
Net loss for the period ended September 30, 2006	-	-	-	(1,021,751)	(1,021,751)
Balance, September 30, 2006 (unaudited)	16,000,000	$ 1,600	$ 22,647,297	$ (19,131,506)	$ 3,517,391

See accompanying condensed notes to interim financial statements.

TELECOMM SALES NETWORK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30,	
	2006 (unaudited)	2005 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,021,751)	$ (214,315)
Depreciation and amortization	21,842	48,646
Stock options issued	15,444	-
Adjustments to reconcile net loss to net cash		
used by operations:		
Decrease (increase) in accounts receivable	(4,053)	28,309
Decrease (increase) in prepaid expenses	11,145	17,225
Decrease (increase) in inventory	(20,234)	49,623
Decrease (increase) in deposits	(135,337)	(8,318)
Increase (decrease) in accounts payable & accrued expenses	(36,360)	(294,510)
Increase (decrease) in recall reserve for product returns	(222,306)	-
Net cash used by operating activities	(1,391,610)	(373,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(25,059)	(1,786)
Net cash used in investing activities	(25,059)	(1,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to officers	-	(67,261)
Increase in notes payables	-	460,000
Net cash provided by financing activities	-	392,739
NET INCREASE (DECREASE) IN CASH	(1,416,669)	17,613
CASH - Beginning of period	3,420,358	32,985
CASH - End of period	$ 2,003,689	$ 50,598
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Interest expense paid	$ -	$ -
Income taxes paid	$ 800	$ -

See accompanying condensed notes to interim financial statements.

Telecomm Sales Network, Inc. (hereinafter "the Company") was incorporated in the State of Delaware on August 26, 2004. The principal business of the Company is a holding company. The Company's sole subsidiary is EnviroSystems, Inc. (hereinafter "ESI") The Company's headquarters is located in Mooresville, North Carolina. The Company's year end is March 31.

ESI provides infection control products on an international basis through both direct sales and channels of distribution. While ESI's current focus is on the health care market, products are also sold to transportation, military and industrial/institutional markets. ESI products are manufactured utilizing nano-emulsion technology, designed to make the products effective against a broad spectrum of harmful organisms while safe to people, equipment and habitat.

NOTE 1 – BASIS OF PRESENTATION

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Regulation S-B as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financials statements for the period ended March 31, 2006. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented. Operating results for the six-month period ending September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending March 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Derivative Instruments
The Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133", SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", which is effective for the Company as of its inception. These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes as of the six months ended September 30, 2006 and 2005.

Fair Value of Financial Instruments
The Company's financial instruments as defined by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," may include cash, receivables, and advances, accounts payable and accrued expenses. All such instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at September 30, 2006 and March 31, 2006.

Equipment is recorded at cost. Depreciation and amortization are provided using the straight-line method over the useful lives of the respective assets, typically 3-7 years. Major additions and betterments are capitalized. Upon retirement or disposal, the cost and related accumulated depreciation or amortization is removed from the accounts and any gain or loss is reflected in operations.

The following table summarizes the Company's fixed assets:

	September 30, 2006	March 31, 2006
Office Equipment	$ 48,847	$ 49,046
Furniture & Fixtures	11,100	46,350
Marketing/Trade Shows	2,659	2,659
Manufacturing Equipment	9,761	44,357
Laboratory Furniture	-	4,600
Laboratory Equipment	28,402	33,005
Capitalized Software	135,053	131,843
	235,822	311,860
Allowance for Depreciation	(164,743)	(240,476)
Fixed Assets, net	$ 71,079	$ 71,384

Depreciation expense for the six month periods ended September 30, 2006 and 2005 was $21,842 and $48,646, respectively.

Assets to be Disposed of in Sale
The Company has identified fixed assets to be disposed of by sale in October 2006. These assets are from the Company’s California office that was closed in September 2006. Assets to be disposed of amounted to $3,522 at September 30, 2006.

Going Concern
The accompanying financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the financial statements, the Company incurred a net loss for the six months ended September 30, 2006 and 2005, and has an accumulated deficit since the inception of the Company. These factors indicate that the Company may be unable to continue in existence. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue existence. The Company anticipates its projected business plan will require a minimum of $2,250,000 to continue operations in the next twelve months.

Impairment of Long Lived Assets
The Company assesses potential impairment of its long lived assets, which include its property and equipment and its identifiable intangibles such as its trade secrets under the guidance of Statement of Financial Standards No. 144, “Accounting for the Impairment or Disposal of Long Lived Assets.” On an annual basis, or as events and circumstances indicate that an asset may be impaired, the Company assesses potential impairment of its long lived assets. The Company determines impairment by measuring the undisclosed future cash flows generated by the assets, comparing the results to the assets' carrying value and adjusting the assets to the lower of the carrying value to fair value and charging current operations for any measured impairment.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. References herein to the Company include the Company and its subsidiaries, unless the context otherwise requires.

Recent Accounting Pronouncements
In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," (hereinafter "SFAS No. 157") which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. Where applicable, SFAS No. 157 simplifies and codifies related guidance within GAAP and does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier adoption is encouraged. The Company does not expect the adoption of SFAS No. 157 to have a significant immediate effect on its financial position or results of operation

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (hereinafter "FIN 48"), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material immediate impact on its financial reporting. The Company is currently evaluating the impact, if any, the adoption of FIN 48 will have on its disclosure requirements.

Reclassifications
Certain amounts have been reclassified from the prior financial statements for comparative purposes.

Revenue Recognition
Revenue is generally recognized and earned when all of the following criteria are satisfied: a) persuasive evidence of sales arrangements exists; b) delivery has occurred; c) the sales price is fixed or determinable; and d) collectibility is reasonably assured.

Persuasive evidence of an arrangement is demonstrated via a purchase order from our customers. Delivery occurs when title and all risks of ownership are transferred to the purchaser which generally occurs when the products are shipped to the customer. No right of return exists on sales of product except for defective or damaged products. The sales price to the customer is fixed upon acceptance of purchase order. To assure that collectibility is reasonably assured, credit evaluations are performed on all customers.

Stock Based Compensation
The Company measures compensation cost for its stock based compensation plans under the provisions of Statement of Financial Accounting Standards No. 123(R), "Accounting for Stock Based Compensations." This statement supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R), "Accounting for Stock-Based Compensation", requires companies to include expenses in net income (loss) and earnings (loss) for each issuance of options and warrants. The Company uses the Black-Scholes option valuation model to value its issuance of options and warrants.

Use of Estimates
The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Company places its cash and cash equivalents with what management believes to be high credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limit. The Company maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At September 30, 2006 and March 31, 2006, the Company's uninsured cash balances total was $1,965,282 and $3,201,749, respectively.

NOTE 4 - INVENTORIES

Inventories consist of the following:

	September 30, 2006	March 31, 2006
Raw material	$ 74,934	$ 134,710
Work-in-progress	-	-
Finished goods	50,492	30,482
Allowance for obsolescence	-	(60,000)
Inventory, net	$ 125,426	$ 105,192

NOTE 5 - RESERVE FOR PRODUCT RETURNS

During the period ending March 31, 2006, the Company in response to communications from the U.S. Environmental Protection Agency decided voluntarily to suspend sales, marketing and distribution of its EcoTru® disinfectant products and has initiated a retrieval program to recover existing stocks of EcoTru® that have been distributed since January 2005 and remain in customer inventories. At September 30, 2006 and March 31, 2006, the Company has accrued $47,694 and $270,000, respectively, which is its best estimate of its obligation regarding the EPA action and voluntary recall. This is presented under the caption “reserve for product returns” in the accompanying balance sheet.

NOTE 6 - COMMITMENT AND CONTINGENCIES

Operating Leases
The Company, has formal operating leases for all of its office and laboratory space. Rent expense relating to operating spaces leased was approximately $61,006 and $52,510 for the six months ended September 30, 2006 and 2005, respectively.

Executive Employment Contracts
The Company has entered into a three year employment contract with a key Company executive that provides for the continuation of salary to the executive if terminated for reasons other than cause, as defined in those agreements. At September 30, 2006, the future employment contract commitment for such key executive based on this termination clause was approximately $18,750 per month through January 9, 2009. The Company also issued 750,000 stock options to purchase 750,000 common stock shares at $2.50 per share. Of these, 250,000 were fully vested at March 31, 2006 with the balance vesting at a rate of 250,000 each at March 31, 2007 and 2008.

U.S. Environmental Protection Agency and Product Recall

The Company announced on February 7, 2006 that in response to communications from the U.S. Environmental Protection Agency ("EPA") that EnviroSystems, Inc., its wholly owned subsidiary had decided voluntarily to suspend sales, marketing and distribution of its EcoTru disinfectant products and has initiated a retrieval program to recover existing stocks of EcoTru that have been distributed since January 2005 and remain in customer inventories. The Company believes that it has retrieved all of the known product that was still in its distributors' inventory and has settled all known claims with distributors. The Company has settled with the EPA for a fine and administrative charges of $16,358. The Company has re-submitted to the EPA in June 2006 its EcoTru product for approval as a limited disinfectant and is continuing to test the product to be able to pass the EPA requirement as a hospital grade disinfectant.

NOTE 7 - PREFERRED STOCK AND COMMON STOCK

Preferred Stock

The Company is authorized to issue 5,000,000 shares of $0.0001 par value preferred stock, which may be issued in one or more series at the sole discretion of the Company's board of directors. The board of directors is also authorized to determine the rights, preferences, and privileges and restrictions granted to or imposed upon any series of preferred stock. As of June 30, 2006, no preferred stock has been issued by the Company.

Common Stock

The Company is authorized to issue 100,000,000 shares of $0.0001 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

Sale of Common Stock

Pursuant to a securities purchase agreement dated as of October 31, 2005 by and between Telecomm Sales Network and MV Nanotech Corp., a Texas corporation ("MV Nanotech"), the Company issued and sold to MV Nanotech 3,230,000 shares of the Company's restricted common stock, par value $0.0001 per share and a warrant to purchase up to an additional 4,000,000 shares of common stock. The warrant is exercisable for a period of 4 years commencing 90 days after the date of issuance and has an exercise price of $2.50 per share. Pursuant to the agreement, MV Nanotech paid Telecomm Sales Network $80,750 for the securities, of which $40,375 was paid in cash with the remainder in a non-interest bearing promissory note receivable, later paid on January 12, 2006.

The securities were issued to MV Nanotech in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended in reliance on Section 4(2) of the Act and the safe harbor private offering exemption provided by Rule 506 promulgated under the Act, without the payment of discounts or commissions to any person.

Merger and Recapitalization

Prior to the merger and recapitalization (described below), there were 7,350,000 outstanding shares of Telecomm common stock. This included 4,120,000 common stock shares issued for cash to Telecomm shareholders, officers and directors and the 3,230,000 shares issued to MV Nanotech. Telecomm purchased and retired 2,000,000 common stock shares from its former officers and directors immediately prior to the merger and private placement transactions, leaving 5,350,000 Telecomm common stock shares at the time of the merger and private placement transactions.

On January 10, 2006, the Company completed the acquisition of EnviroSystems, Inc. ("EnviroSystems") in a merger transaction. The Company issued 6,400,000 shares of common stock in exchange for all the outstanding shares, options and warrants of EnviroSystems, Inc. Pursuant to an agreement and plan of merger dated as of November 11, 2005 (the "Merger Agreement"), by and among Telecomm Sales Network, TSN Acquisition Corporation ("TAC"), a newly formed and wholly owned subsidiary of Telecomm Sales Network, and EnviroSystems, Inc. ("EnviroSystems"), TAC merged with and into

EnviroSystems, with EnviroSystems as the surviving corporation. On January 10, 2006, prior to the merger, Telecomm had $4,177 in cash, a note receivable of $40,375, and liabilities of $10,869 with net assets of $33,683 and 5,350,000 common stock shares issued and outstanding.

The transaction between Telecomm and EnviroSystems has been treated as a reverse merger and recapitalization of EnviroSystems for reporting purposes. The Company's filed financial statements reflect the restatement of EnviroSystems stockholders' equity for the periods ending March 31, 2006 and 2005. The net effect of the merger is that the prior EnviroSystems preferred shareholders received 40% or 6,400,000 shares of the outstanding stock of Telecomm in the transaction for their outstanding shares, warrants and options of EnviroSystems preferred stock.

All shares of Telecomm common stock to be issued to the EnviroSystems shareholders, option holders and warrant holders (6,400,000 shares) in the merger are subject to a lock-up and held in escrow for a period equal to the longer of (a) 12 months following the closing or (b) 9 months after the effective date of a registration statement covering the resale of the shares of Telecomm common stock sold in the offering, provided, that such lock-up period shall not exceed the date 15 months from the closing. The escrow shares will be used to secure indemnification obligations of EnviroSystems shareholders to the Company under the merger agreement.

Outstanding options and warrants to purchase EnviroSystems preferred stock were converted to options to purchase the Company's common stock at the merger date. In the merger, outstanding options to purchase common stock of EnviroSystems were converted into 982,362 common stock options of the Company. These options range in price from $3.40 to $5.00 per option and start to expire in approximately 4 years to 8 years.

Also in the merger, outstanding warrants to purchase preferred stock of EnviroSystems were converted into 613,869 common stock warrants of the Company. These warrants are priced at $5.00 per warrant and expire in a range from 3 months to 4 years.

Private Placement

On January 10, 2006, the Company also issued 4,250,000 shares of common stock in a private placement offering in exchange for $8,500,000 in gross proceeds on January 10, 2006. The Company received $6,951,084 after paying $1,548,916 in expenses associated with the private placement including legal, escrow and selling agents fees. The merger agreement called for minimum gross proceeds from the private placement of $8,500,000 and net offering proceeds of $7,200,000. The Company's net offering proceeds were $248,916 lower then the agreed upon amount due to increased expenses of the offering including legal and other expenses of the private placement. This is a violation of the merger agreement but had no effect on the merger transaction.

NOTE 8 - STOCK PURCHASE WARRANTS

Pursuant to a securities purchase agreement dated October 31, 2005, the Company issued and sold to MV Nanotech a warrant to purchase up to 4,000,000 shares of common stock. The warrant is exercisable for a period of 4 years commencing 90 days after the date of issuance and has an exercise price of $2.50 per share. See Note 9. Compensation was required to be recorded for warrants granted to the MV Nanotech using the Black-Scholes option-pricing model for the year ended March 31, 2006 in the amount of $220,033.

In connection with the private placement offering on January 10, 2006, the Company issued 637,500 common stock warrants to three selling agents of the private placement offering for purchase of the Company's common stock. The warrants are exercisable for a period of 4 years commencing April 10, 2006 and have an exercise price of $2.50 per share.

The following is a summary of all common stock warrant activity during the year ended March 31, 2006 and the six months ended September 30, 2006:

	Number of Shares Under Warrants	Exercise Price Per Share	Weighted Average Exercise Price
Warrants issued and exercisable at: March 31, 2005	613,869	$ 5.00	$ 5.00
Warrants granted	4,637,500	2.5	2.5
Warrants expired	-	-	-
Warrants exercised	-	-	-
Warrants issued and exercisable at: March 31, 2006	5,251,369	2.50-5.00	2.79
Warrants granted	-	-	-
Warrants expired	-	-	-
Warrants exercised	(34,252)	5.00	5.00
Warrants issued and exercisable at: September 30, 2006	5,217,117	$ 2.50-5.00	$ 2.78

The following represents additional information related to common stock warrants outstanding and exercisable at September 30, 2006:

	Outstanding and Exercisable		
Exercise Price	Number of Shares Under Warrants	Weighted Average Remaining Contract Life in Years	Weighted Average Exercise Price
$5.00	142,716	0.50	$ 5.00
$5.00	105,420	1.23	5.00
$5.00	242,045	2.31	5.00
$2.50	4,637,500	3.91	2.50
$5.00	89,436	3.64	5.00
	5,217,117	3.45	$ 2.78

The Company used the Black-Scholes option price calculation to value the warrants granted in the year ending March 31, 2006 using the following assumptions: risk-free rate of 4.50%; volatility of 63%; zero dividend yield; half the actual exercise term of the warrants granted and the exercise price of warrants granted.

NOTE 9 - EQUITY COMPENSATION PLAN

The Company has two stock option plans: (a) the 2006 Stock Incentive Plan which has been approved by the Board of Directors and is expected to be presented for shareholder approval at the next shareholders' meeting and (b) the 2004 Equity Compensation Plan which has been approved by both the Board of Directors and the shareholders. An aggregate amount of common stock that may be awarded and purchased under the Plans is 3,700,000 shares of the Company's common stock.

The exercise price for incentive stock options granted under the 2006 and 2004 Plans may not be less than the fair market value of the common stock on the date the option is granted, except for options granted to 10% stockholders which must have an exercise price of not less than 110% of the fair market value of the common stock on the date the option is granted. The exercise price for nonstatutory options is determined by the Compensation Committee of the Company’s Board of Directors. Incentive stock options granted under the plans have a maximum term of ten years, except for grants to 10% stockholders which are subject to a maximum term of five years. The term of nonstatutory stock options is determined by the Compensation Committee. Options granted under the plans are not transferable, except by will and the laws of descent and distribution.

Under the Plans during the six months ended September 30, 2006 and 2005, the Company granted no stock options to employees.

The Company also issues stock options to consultants to purchase restricted Rule 144 common stock which is not issued under the Plans. During the six months ended September 30, 2006 and 2005, the Company granted 13,690 and -0- options to consultants to purchase common stock with exercise prices of $1.70 to $2.25 per share which was equal to or higher than the market price at the date of the grant. Consulting expense was required to be recorded for options granted to the consultants using the Black-Scholes option-pricing model for the six months ended September 30, 2006 and 2005 in the amounts of $15,444 and $-0-, respectively.

The following is a summary of all common stock option activity during the year ended March 31, 2006 and the six months ended September 30, 2006:

	Shares Under Options Outstanding	Weighted Average Exercise Price
Options outstanding at March 31, 2005	2,662,908	$ 2.34
Options granted	1,156,720	2.32
Options expired	(1,680,546)	2.50
Options exercised	-	-
Options outstanding at March 31, 2006	2,139,082	2.87
Options granted	13,690	2.05
Options expired	-	-
Options exercised	-	-
Options outstanding at September 30, 2006	2,152,772	$ 2.86

	Options Exercisable	Weighted Average Exercise Price per Share
Options exercisable at March 31, 2006	1,230,217	$ 3.31
Options exercisable at September 30, 2006	1,248,437	$ 3.29

The following represents additional information related to common stock options outstanding and exercisable at September 30, 2006:

Range of Exercise Price	Number Outstanding at September 30, 2006	Weighted Average Remaining Contractual Life Years	Weighted Average Exercise Price (Total Shares)	Number Exercisable At September 30, 2006	Weighted Average Exercise Price (Exercisable Shares)
$3.40	913,383	8.09	$3.40	913,383	$3.40
$5.00	68,979	4.14	$5.00	68,979	$5.00
$1.61 - 2.95	20,410	9.26	$2.05	16,075	$2.01
$2.00 - 2.50	1,150,000	6.02	$2.33	250,000	$2.50
$1.61 - 5.00	2,152,772	6.87	$2.86	1,248,437	$3.29

Total compensation cost related to non-vested stock options as of September 30, 2006 was $798,349.

Weighted average period of non-vested stock options was 6.87 years as of September 30, 2006.

The Company used the Black-Scholes option price calculation to value the options granted in the six months ended September 30, 2006 using the following assumptions: risk-free rate of 4.5%; volatility of 63%; zero dividend yield; half the actual term and exercise price of warrants granted.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Company previously used office space provided at no charge by Skye Source, LLC, an entity owned by the Company's former director/officers. The value of this space is not considered materially significant for financial reporting purposes.

The Company owed a former officer of EnviroSystems, $68,389 in unpaid payroll from prior years. The Company paid this amount from the proceeds of the private placement in January 2006.

NOTE 11 – SUBSEQUENT EVENTS

Lease Agreements
The Company has entered into two lease agreements for office and laboratory facilities. The first agreement for laboratory facility requires payments of $10,800 yearly beginning in July 2006. The laboratory is located in Cleveland, OH. The office lease requires payments of $156,000 over a two year period beginning in August 2006. There are two one year options to extend this lease at a rate of $$62,400 per year. The office is located in Mooresville, NC.

U.S. Environmental Protection Agency and Product Recall

The Company announced on February 7, 2006 that in response to communications from the U.S. Environmental Protection Agency ("EPA") that EnviroSystems, Inc., its wholly owned subsidiary had decided voluntarily to suspend sales, marketing and distribution of its EcoTru disinfectant products and has initiated a retrieval program to recover existing stocks of EcoTru that have been distributed since January 2005 and remain in customer inventories. The Company has settled in July 2006 with the EPA for a fine and administrative charges of $16,358. The Company has re-submitted to the EPA in June 2006 its EcoTru product for approval as a limited disinfectant and is continuing to test the product to be able to pass the EPA requirement as a hospital grade disinfectant.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains certain financial information and statements regarding our operations and financial prospects of a forward-looking nature. Although these statements accurately reflect management's current understanding and beliefs, we caution you that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements which may be deemed to be made in this Prospectus. For this purpose, any statements contained in this Report which are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "intend", "expect", "believe", "anticipate", "could", "estimate", "plan", or "continue" or the negative variations of these words or comparable terminology are intended to identify forward-looking statements. There can be no assurance of any kind that such forward-looking information and statements in any way reflect our actual future operations and/or financial results, and any of such information and statements should not be relied upon either in whole or in part in any decision to invest in the shares. Many of the factors, which could cause actual results to differ from forward looking statements, are outside our control. These factors include, but are not limited to, the factors discussed under "Risk Factors" in our Transition Report on Form 10-KSB filed on June 29, 2006 and incorporated herein by reference.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Overview

From our inception in August 2004, until our acquisition of EnviroSystems in a merger transaction in January 2006, we had no material assets and/or business operations. As a result of the merger, EnviroSystems became our wholly owned subsidiary and our business became that of EnviroSystems. EnviroSystems was incorporated in the State of Nevada in 1996.

Shortly after we acquired EnviroSystems, our business activities were redirected after we received notice from the Environmental Protection Agency (EPA) Region 9 in January 2006 that the results of random tests of a single sample of our EcoTru® product taken from a distributor's inventory raised issues regarding EcoTru®'s labeling claims. In response, we suspended sales, marketing and distribution of EcoTru®. We also undertook a voluntary retrieval program to recover stocks of EcoTru® that were manufactured during 2005 that still remained in customers' inventories. Since January 2006, our business activities have been focused upon aggressively reviewing all aspects of our EcoTru® product line. In addition to efforts to establish new manufacturing facilities, independent testing is ongoing in conjunction with a program to review and enhance our archive of test data. Further, we are instituting a new quality assurance program. While we believe that these product reviews and quality initiatives will address issues raised by the EPA, these same programs are integral parts of our business plan and include steps we began taking prior to the EPA inquiry. A final settlement that resolved EPA's allegations recently was completed with EPA and provided for payment by EnviroSystems of a civil penalty of approximately $16,500. The Consent Agreement with EPA was completed and signed by both parties and filed by EPA during June 2006; the fine was paid in a timely manner during July. *See, Description of Business – Recent EPA Action and Product Retrieval Program*.

Our EcoTru® product is produced using a proprietary and we believe unique, emulsion biocide technology platform that we expect to reformulate for use as a hospital grade hard-surface disinfectant product. This product, which will be an update of our product that historically was known as EcoTru® is expected to demonstrate through testing that it will effectively kill numerous bacteria, fungi, and viruses, including Hepatitis B and C, HIV, herpes and influenza. In addition to being highly effective as a disinfectant, the updated EcoTru® is expected to occupy a unique position in the market place in that it will combine this microbial effectiveness in a disinfectant product which also will have a favorable profile for health and environmental effects.

EcoTru® is expected to become available again in 22 ounce spray containers, one gallon bottles, 5 gallon pails and 55 gallon drums. The Company also produces a cleaning wipes product and plans to develop and test a wipe with the intent to register the product as a disinfectant wipe with EPA. We intend to market a disinfecting wipe with similar claims as those authorized for EcoTru® once EPA registration has been granted. We intend to apply to register our wipe technology with the EPA as soon as possible.

Recent EPA Action and Product Retrieval Program

In January 2006, we received notice from the EPA Region 9 that it had conducted random tests of a single sample of our EcoTru® product taken from a distributor's inventory and that the results of such tests raised issues regarding EcoTru®'s labeling claims. In response, during January 2006, we: (1) voluntarily suspended sales, marketing and distribution of EcoTru®; (2) immediately initiated a retrieval program to recover stocks of EcoTru® manufactured during 2005 that were remaining in customer inventories; (3) promptly commenced a comprehensive review of our manufacturing procedures and quality standards; (4) began formulary exploration efforts; and (5) contracted independent testing to support updated and potential additional label claims. We believe that these new efforts, when combined with the previous data set which substantiated our prior labeling and marketing claims for the EcoTru® products, will support new submissions to EPA and the reintroduction of EcoTru®. We have commenced installation of a new manufacturing process for our broad spectrum disinfectant formulation (and new product introductions) with the intent to reintroduce the EcoTru® product upon reauthorization by EPA. We are exploring multiple process/quality improvements in advance of our anticipated return to the hospital grade disinfectant market.

The EPA commenced its nation-wide antimicrobial products efficacy program more than a decade ago in response to a study issued by the U.S. Government Accounting Office which found that the EPA lacked assurance that antimicrobial products registered by the EPA were efficacious. Accordingly, we understand that the EPA has committed itself to re-examining all EPA registered antimicrobial products that claim to control pathogenic organisms at specified levels in accordance with strict standards for performance established by the U.S. government. The EPA, through use of its own testing laboratory and certain state-run labs, has completed testing of sterilant products and currently is testing approximately 800 EPA-registered hospital-level disinfectants and 150 tuberculocides.

Although we believe that the data previously submitted to the EPA supports appropriate labeling and marketing claims for our EcoTru® products and we expect to generate new data that will be consistent with the numerous studies EnviroSystems generated over the years and which previously have been submitted to EPA in support of our claims, we cannot assure that the EPA will accept such data or that we will be able to resume sales, marketing and distribution of our EcoTru® products using identical claims under our prior EPA registration.

We recently filed an application for EPA registration of a new disinfectant product based on EnviroSystems' proprietary technology. It is anticipated that this product will include new label claims not previously made for EcoTru® products. We have also commenced analysis of a new manufacturing process for our products.

Change in Fiscal Year

On January 26, 2006, our Board of Directors approved a change in our fiscal year-end from September 30 to March 31 in order to have our fiscal year-end coincide with the fiscal year of our operating subsidiary, EnviroSystems, Inc. In the future, we will report on a March 31 year end basis, with our first three fiscal quarters ending on June 30, September 30, and December 31. Since Telecomm is a holding company, with no prior operations, and all current operations conducted through its subsidiary EnviroSystems.

Results of Operations

Six Months Ended September 30, 2005 compared to Six Months Ended September 30, 2006

Overview: Our current focus for the Company is to resubmit EcoTru® to the EPA or identify an equivalent product opportunity. We have added one additional research position to our laboratory facility in Mentor, OH. At September 30, 2006 we closed our Santa Clara, CA office and moved our operations to our Mooresville, NC office.

Revenues. Our revenues for the six months ended September 30, 2006 and 2005 were $47,236 and $221,251, respectively. This is a decrease of $174,015 or 78.7%. This decrease is directly attributive to the EPA action and the Company's voluntary recall and suspension of sales during the last quarter of our prior fiscal year. All of our revenues for the six months ended September 30, 2006 are from the sale of our wipes which were not effected by the EPA action.

Cost of Sales. Cost of sales for the six months ended September 30, 2006 and 2005 were $81,273 and $211,593, respectively, a decrease of 130,320 or 66.32%.

Operating Expenses. Total operating expenses for the six months ended September 30, 2006 and 2005 were $1,040,638 and $160,212, respectively, an increase of $880,426. Operating expenses for the six months ended September 30, 2005 included a credit of $443,528 in settlement of outstanding liabilities owed to Diana Hoffman, our former President and CEO. Before this one time credit, our operating expenses for the six months ended September 30, 2005 were $603,740. We hired additional personnel, including our Vice President of Sales and our Chief Science Officer in February 2006. We did not have these positions filled in the six months ended September 30, 2005. We also incurred additional cost in the six months ended September 30, 2006 for the EPA action and related cost.

Liquidity and Capital Resources

For the six months ended September 30, 2006, we used $1,391,610 in operating activities, compared with $373,340 used in operating activities for the six months ended September 30, 2005. The Company reduced its product recall reserve by $222,306 during the six months ended September 30, 2006.

At September 30, 2006 and March 31, 2006, we had cash and cash equivalents available in the amounts of $2,003,689 and $3,420,358, a decrease of $1,416,669.

Contractual Obligations

We have entered into two lease agreements for office and laboratory facilities. The first agreement for laboratory facility requires us to pay $10,800 yearly beginning in July 2006. The laboratory is located in Mentor, OH. The office lease requires us to pay $156,000 over a two year period beginning in August 2006. We have two one year options to extend this lease at a rate of $62,400 per year. The office is located in Mooresville, NC.

Effective August 1, 2006, EnviroSystems, Inc., the wholly owned subsidiary of Telecomm Sales Network, Inc. entered into a manufacturing agreement with Minntech Corporation, a Minnesota corporation pursuant to which Minntech has agreed to be the exclusive U.S. manufacturer of EnviroSystems' disinfectant product.

The Manufacturing Agreement provides the terms and conditions pursuant to which Minntech will manufacture and supply to ESI all of ESI's requirements for the Product. Manufacturing of the Product is expected to commence sometime in March 2007. The Manufacturing Agreement has a term of three years commencing after the first shipment of commercial quantities of the Product by Minntech to ESI, provides for automatic one year renewals if not terminated by one of the parties. The Manufacturing Agreement may be terminated by either party upon 90 days prior written notice.

Off Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements. These statements have been prepared in accordance with generally accepted accounting principles in the United States of America. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, based on historical experience, and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following critical accounting policies rely upon assumptions, judgments and estimates and were used in the preparation of our consolidated financial statements:

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within thirty days from the invoice date or as specified by the invoice and are stated at the amount billed to the customer. Customer account balances with invoices dated over ninety days or ninety days past the due date are considered delinquent.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that are considered delinquent and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. In addition, management periodically evaluates the adequacy of the allowance based on the Company's past experience.

Trade Secret

The trade secret of the formula/formulation of ESI's product, at the time acquired by the Company was based upon the valuation of an independent appraiser.

Impairment of Long Lived Assets

The Company assesses potential impairment of its long lived assets, which include its property and equipment and its identifiable intangibles such as its trade secrets under the guidance of Statement of Financial Standards No. 144 *Accounting for the Impairment or Disposal of Long Lived Assets.* Once annually, or as events and circumstances indicate that an asset may be impaired, the Company assesses potential impairment of its long lived assets. The Company determines impairment by measuring the undisclosed future cash flows generated by the assets, comparing the results to the assets' carrying value and adjusting the assets to the lower of the carrying value to fair value and charging currant operations for any measured impairment.

Revenue Recognition

Revenue is generally recognized and earned when all of the following criteria are satisfied: a) persuasive evidence of sales arrangements exists; b) delivery has occurred; c) the sales price is fixed or determinable, and d) collectibility is reasonably assured.

Persuasive evidence of an arrangement is demonstrated via a purchase order from our customers. Delivery occurs when title and all risks of ownership are transferred to the purchaser which generally occurs when the products are shipped to the customer. No right of return exists on sales of product except for defective or damaged products. The sales price to the customer is fixed upon acceptance of purchase order. To assure that collectibility is reasonably assured we perform ongoing credit evaluations of all of our customers.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes” (“SFAS No. 109”). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation

allowance is recorded against the deferred tax asset if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

Contingent Liability

In accordance with Statement of Financial Accounting Standards Interpretation No. 14, the Company may have certain contingent liabilities with respect to material existing or potential claims, lawsuits and other proceedings. The Company accrues liabilities when it is probable that future cost will be incurred and such cost can be measured.

ITEM 3. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (1) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure; and (2) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

During the most recent fiscal quarter, there has been no significant change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company announced on July 12, 2006 that it had reached an agreement with EPA which brings closure to a compliance action by the EPA which started in January 2006. The Company agreed to pay the EPA $16,358.00 to resolve the matter.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission to a Vote of Security Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit 10.1 – Manufacturing Agreement entered into as of August 1, 2006 by and between Minntech Corporation and EnviroSystems, Inc. and Modification Agreement, dated October 11, 2006*

Exhibit 10.2 – Consent Agreement and Final Order with United States Environmental Protection Agency

Exhibit 31.1 - Certification of the CEO Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 – Certificate of the CFO Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1 - Certification of the CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* A request for confidential treatment has been made for certain portions of such documents. Confidential portions have been omitted and filed separately with the SEC in accordance with Rule 24b-2 under the Securities Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Telecomm Sales Network, Inc.

November 14, 2006

By: /s/ J. Lloyd Breedlove
J. Lloyd Breedlove
President, Chief Executive Officer

EXHIBIT INDEX

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PORTIONS OF THIS AGREEMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

MANUFACTURING AGREEMENT

This Manufacturing Agreement (the "Manufacturing Agreement") is entered into as of August 1, 2006 ("Effective Date") by and between **Minntech Corporation**, a Minnesota corporation, having its principal place of business at 14605 28th Ave North, Minneapolis, MN 55447 ("Manufacturer") and **EnviroSystems, Inc.**, a Nevada corporation, having its principal place of business at 116 Morlake Drive, Suite 201, Mooresville, NC 28117 ("ESI").

RECITALS

A. ESI desires Manufacturer to manufacture and sell the Product (as defined below) to ESI and ESI's designees on the terms and subject to the conditions of this Manufacturing Agreement.

B. Subject to the terms and conditions of this Manufacturing Agreement, Manufacturer wishes to be the exclusive manufacturer of the Product.

AGREEMENT

NOW THEREFORE, in consideration of the respective covenants, conditions and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In this Manufacturing Agreement, the following words and expressions shall have the following meanings unless the context otherwise requires:

(a) "Affiliate" means any individual, corporation, firm, partnership or other entity, which directly or indirectly owns, is owned by, or is under common ownership with a party to this Manufacturing Agreement to the extent that at least fifty percent (50%) of the equity (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) having the power to vote on or direct the affairs of the entity and any person, firm, partnership, corporation or other entity actually controlled by, controlling or under common control with a party to this Manufacturing Agreement. Such other relationship as in fact results in actual control over the management, business and affairs of an entity shall also be deemed to constitute control.

(b) "Facility" means Manufacturer's production facility located in Minneapolis, Minnesota, U.S.A. or other production facility deemed appropriate by Manufacturer and ESI.

(c) "Intellectual Property Rights" means:

(i) any and all proprietary rights provided under, patent law, copyright law, trade-mark law, design patent or industrial design law, or trade secret law, which may provide a right in either ideas, formulae, algorithms, concepts, inventions or know-how generally, or the expression or use of such ideas, formulae, algorithms, concepts, inventions or know-how;

(ii) any and all applications, registrations, licenses, sub-licenses, agreements or any other evidence of a right in any of the foregoing; and

(iii) any goodwill associated with the foregoing; and

(d) "Manufacturing Agreement" means this Manufacturing Agreement.

(e) "Product" means ESI's proprietary disinfectant cleaner product, both the concentrate and ready-to-use forms, currently known as "EcoTru", whether under that name or any other product name that may be determined suitable by ESI.

(f) "Specifications" means the specifications set forth on Attachment A hereto as amended from time to time as set forth herein.

(g) "Territory" means the United States of America. In the event ESI determines, in its discretion, to grant manufacturing rights to Manufacturer in one or more other locations in the world as to any other manufacturing site that has been deemed acceptable by both the Manufacturer and ESI, it is the parties' intent that Manufacturer shall coordinate and provide regulatory and quality oversight to ensure the safety and efficacy and uniform quality of the final product.

2. Term. This Manufacturing Agreement shall commence on the Effective Date hereof and shall remain in effect until three (3) years after the date of the first shipment of commercial quantities of the Product by Manufacturer to ESI (the "Original Term") and shall, subject to the terms herein, be automatically renewed for additional consecutive one (1) year terms (the "Renewal Term or Terms") unless terminated as provided by either party giving notice to the other party of at least ninety (90) days prior to the end of the Original Term or a Renewal Term. Either party may terminate this Manufacturing Agreement by written notice to the other party pursuant to Section 17. The "Term" of this Manufacturing Agreement shall mean the Original Term, and if this Manufacturing Agreement is renewed, any Renewal Term or Terms.

3. Manufacture and Supply of Products.

(a) Manufacturer will manufacture and supply to ESI, and ESI will purchase from Manufacturer, all of ESI's requirements for the Products during the Term, subject to Section 5(b) (ii).

(b) Manufacturer will manufacture all Product at the Facility, which Manufacturer represents and warrants is licensed for the Territory, and in a good and workmanlike manner in compliance with the Specifications, the cGMPs (as defined below) and all applicable

federal, state, and local laws, ordinances and regulations applicable to the Product in the Territory. For the purpose of preventing contamination of the Product, the Manufacturer will perform the appropriate validations for each manufacturing line and process to ensure that there is no detectable carryover. Manufacturer shall package the Product in packaging material consistent with the Specifications and place the Product in a suitable shipping container (i) to insure safe arrival at ESI's stated destination, and (ii) to comply with any applicable requirements of common carriers.

(c) Manufacturer will perform the factory inspection and quality assurance tests on the Product as prescribed in the Specifications. Each delivery of Product hereunder shall be accompanied by a certificate of analysis signed by an authorized representative of Manufacturer certifying that the Product was manufactured in accordance with, and otherwise complies with, the Specifications, providing the results of tests of the inspection and quality assurance tests performed by Manufacturer and certifying that such test results are the actual results of such inspection and quality assurance tests (each a "Certificate of Analysis"). Manufacturer will include with each shipment copies of all applicable manufacturing, quality and testing records, which shall be in a form acceptable to meet state and federal government regulatory agency requirements. An employee or consultant, bound by confidentiality to ESI, may, from time-to-time, upon not less than ten (10) days' notice to Manufacturer, visit the Manufacturer's facility to witness the manufacturing and quality assurance and control procedures used by Manufacturer in manufacturing the Product. ESI shall provide to Manufacturer a form Certificate of Analysis for Manufacturer to use as set forth herein. Manufacturer will retain samples of each batch of the Product it manufactures, as required by applicable regulations, and will provide equivalent samples to ESI.

(d) If during the term of this Manufacturing Agreement, ESI desires changes to the Specifications, ESI will submit new Specifications embodying such amendments or changes to Manufacturer in writing. Manufacturer and ESI shall meet to discuss the proposed changes within thirty (30) days after the date of such notice. If following such discussions the parties agree to the new Specifications, then such new Specifications shall be deemed to be a new Attachment A for purposes of this Manufacturing Agreement from and after the date sixty (60) days after such notice (or such longer time as Manufacturer reasonably advises ESI in writing is necessary for the implementation of such changes). Manufacturer shall adjust the Price of the Product to reflect any change in its cost of manufacturing the Product as a result of the change in the Specification, as reasonably documented by Manufacturer. In the event Manufacturer does not agree to a proposed change in Specifications, the proposed change shall not take effect and ESI shall have the right to contract with a second source for production and supply of the Product in the Territory and/or terminate this Agreement upon notice to Manufacturer; provided, however, that Manufacturer shall not unreasonably withhold or delay its agreement to any such change proposed by ESI.

(e) Manufacturer shall not make any material change to a manufacturing procedure, source of ingredients or Facility where the manufacture or packaging is to take place without the prior written consent of the ESI, which consent shall not be unreasonably delayed or withheld.

(f) Manufacturer, at its sole cost and expense, shall make the leasehold improvements, and take such other "start-up" actions as are necessary for the manufacture of the

Products as detailed in Attachment C. ESI shall purchase the equipment necessary to manufacture the Products as identified in Attachment C and Manufacturer shall install said equipment. An estimate of the cost of such improvements and actions to be performed by the Manufacturer (the "Start-Up Costs") is set forth in such attachment. Within thirty (30) days following the execution of this Agreement ESI shall remit to Manufacturer, as a "deposit" to be rebated to ESI in accordance with the terms of this Section 3(f), an amount (the "ESI Rebate Deposit") equal to the total of the Facilities Improvement and the Dedicated Concentrate Production Equipment estimated Start-Up Costs. Additionally, those costs related to Start-UP and Process Validation Activities will be billed by Manufacturer on a monthly basis as incurred, with payment terms of net 30. Upon completion of all Start up Activities, the Manufacturer will give ESI written notice, together with appropriate supporting documentation, if the amount of the ESI Rebate Deposit is either less or more than the actual Start-Up Costs incurred by Manufacturer. Should the ESI rebate Deposit be less than the actual Start-Up Costs ESI shall remit to Manufacturer within thirty (30) days following receipt of such notice an amount equal to such difference, which shall be deemed added to the ESI Rebate Deposit. Should the ESI Rebate Deposit be more than the actual Start-Up Costs, Manufacturer shall remit to ESI within thirty (30) days following the receipt of such notice an amount equal to such difference, which shall be deemed subtracted from the ESI Rebate Deposit. Upon commencement of the manufacturing and customer shipments of the Product, the Manufacturer will institute a rebate program whereby it will pay to ESI (through a direct payment or a credit against invoices) within thirty (30) days following each calendar quarter an amount equal to 10% of ESI's net payments to Manufacturer for the Product during such calendar quarter. Such rebate program shall continue until such time as Manufacturer has paid to ESI (under the program) an amount equal to the ESI Rebate Deposit. Should the Manufacturing Agreement expire, without renewal, or be terminated for any reason by ESI prior to the full recoupment of the full ESI Rebate Deposit, the Manufacturer shall have no obligation to repay any remaining amount of the ESI Rebate Deposit. Should the Manufacturer terminate the Agreement for any reason, other than default by ESI in accordance with Section 17, the Manufacturer shall remit to ESI an amount equal to the book value of the facility improvements, such book value treated according to GAAP with a minimum 5 year life, straight line depreciation, but such amount not to exceed the remaining balance of the ESI Rebate Deposit. The ESI Rebate Deposit will not bear interest. At the expiration or termination of the Manufacturing Agreement, ESI has the sole option to remove the equipment, at its expense, or to sell to Manufacturer at the then current Fair Market Value.

4. Price.

(a) The purchase price to be paid to Manufacturer by ESI for the Products encompassed by this Manufacturing Agreement is presented in Attachment B (the "Price"). The Price includes all costs related to labeling and packaging the Products for delivery in accordance with the Specifications. The Price set forth in Attachment B is inclusive of all taxes, duties and other governmental charges, other than any Product sales taxes that are ESI's responsibility.

(b) Invoices for the Products will be issued to ESI when the product is shipped to ESI or its designee. Payment for these invoices shall be made in full within thirty (30) days from the date the Products are received by the ESI, unless ESI rejects the Products during such thirty (30) day period.

(c) All prices for domestic deliveries of the Product are FOB Manufacturer's Facility (Minneapolis, MN) Freight Collect. All prices for international deliveries of the Product are Ex Works Manufacturer's Plant (Minneapolis, MN) (Incoterms 2000).

(d) After the first year of this Agreement following the first shipment of Product hereunder, and no more often thereafter than once in any twelve (12)-month period during the Term, with at least thirty (30) days' prior written notice to ESI, Manufacturer shall adjust the Price to reflect increased or decreased costs due to changes in labor and landed raw material and purchased component prices. Manufacturer will provide for ESI copies of invoices for raw material and purchased components to substantiate component price changes and equivalent evidence of labor cost changes.

5. Orders.

(a) ESI shall place orders for Product in written form via a purchase order stating therein the quantity of Product and the date of delivery desired, and the destination of delivery. In the event that the terms of any purchase order are not consistent with this Manufacturing Agreement, the terms of this Manufacturing Agreement shall prevail.

(b) Subject to this Section 5(b), ESI agrees to purchase from Manufacturer, and Manufacturer agrees to manufacture and sell to ESI, all of ESI's requirements for the Product in the Territory. ESI shall order Product in writing and Manufacturer shall have a period of thirty (30) days to deliver the amount so ordered to ESI; provided, that, to the extent the amount so ordered would, itself or when combined with amounts previously delivered by Manufacturer to ESI in the same calendar year, exceed the amount of the then-current forecast for such calendar year, Manufacturer shall be entitled to refuse such portion of the order which exceeds the forecasted amount, and further provided, that if Manufacturer does not refuse the excess amount in such order then Manufacturer shall be bound to manufacturer and deliver such excess amount in accordance with the order. If Manufacturer does not manufacture and deliver the Product ordered by ESI in accordance with this Section 5(b) for any period in excess of forty-five (45) days and subject to the terms and conditions of this Manufacturing Agreement, then ESI may, at its option, without affecting its rights to any other remedies provided for herein, at law or in equity: (i) terminate this Manufacturing Agreement upon not less than fifteen (15) days' written notice to Manufacturer; or (ii) notwithstanding any other provision of this Manufacturing Agreement, contract with a second source for production and supply of the Product in the Territory, in which event Manufacturer will take the actions described in Section 8(c).

(c) ESI's non-binding estimate of requirements for Products for the first year beginning July 1 2006 is presented in Attachment B. This estimate shall be updated quarterly on the first day of each calendar quarter in writing by ESI and reported to Manufacturer for planning purposes.

6. Delivery, Warehousing, Inspection, Risk of Loss, Customer Service and Technical Service.

(a) Delivery of Product ordered by ESI shall be made to a common carrier FOB Freight Collect Minntech Corporation, Minneapolis, MN for delivery on or about the date specified on ESI's purchase order, or if that is not possible, then on such date that is at most thirty (30) days from the date on which Manufacturer receives the purchase order, provided that quantities of Product ordered by ESI do not exceed the non-binding estimate of requirements provided to Manufacturer under Section 5(c) of this Manufacturing Agreement. In the event ESI's orders for Product exceed ESI's non-binding estimate of requirements in Section 5(c), Manufacturer shall use commercially reasonable efforts to meet the delivery dates ESI requests. Manufacturer will notify ESI no less than seven (7) days prior to the delivery date when any delivery will be delayed. If Manufacturer fails to deliver a shipment of Product to ESI on the delivery date without such notification being given, ESI will have the right to require Manufacturer to arrange for shipment by expedited means, and Manufacturer shall do so and bear any incremental shipping costs associated therewith.

(b) Manufacturer shall ship Product to ESI or ESI's designee at a destination in the world designated by ESI via a common carrier agreed to between the parties. Manufacturer will prepare shipments in a manner comparable to current Good Manufacturing Practices (as defined by the U.S. Food and Drug Administration) ("cGMP") related to shipping. A Certificate of Analysis ("COA") signed by a quality control representative of Manufacturer, certifying that the Products conform to the Specifications, will be provided with each shipment. Upon the arrival of Product at the destination designated by ESI in the purchase order, ESI or its designated representative shall promptly inspect the shipment to determine only whether it is complete as to quantity and type of Product ordered and that the Products and containers are free from patent defects and are accompanied by an associated COA. If ESI determines in its reasonable discretion that there is an error, deficiency or patent defect regarding such shipment it shall give written notice to Manufacturer within thirty (30) days after Product arrival of its rejection of the shipment to the extent of such error, deficiency or patent defect. If ESI retains the Product in its possession after arrival at the destination designated in its purchase order without giving Manufacturer such notice within the thirty (30) day period described above, such failure to give timely notice shall constitute acceptance of the Product by ESI. ESI will communicate acceptance or rejection by marking the packing slip received with the shipment and faxing such marked copy back to the Manufacturer, with any rejection providing reasonable detail of the error, deficiency or patent defect. Acceptance shall in no way affect Manufacturer's warranty obligations under Section 9. Within ten (10) days of receipt by Manufacturer of a notice of rejection from ESI in accordance with this section (other than with respect to incorrect quantity or, if promptly curable, a missing COA) Manufacturer will issue a return authorization and ESI will return to Manufacturer at Manufacturer's expense the quantities of Product in question and Manufacturer will replace such quantities as soon as reasonably practicable, but not to exceed forty five (45) days after such rejection at its sole cost and expense. If the payment in respect of such quantities is outstanding, it will be postponed until such replacement quantities are received and accepted by ESI in accordance with this section. Within ten (10) days of receipt by Manufacturer of a notice of rejection from ESI in accordance with this section because of

insufficient quantities, Manufacturer will ship to ESI a quantity of the Product equal to the deficiency.

(c) Title to the Products and the risk of loss thereof shall pass to ESI when the Product is delivered to a common carrier for shipment.

(d) ESI may elect to engage the Manufacturer to perform all or certain of the customer service and distribution functions described on Attachment D and Attachment E. In the event that ESI elects such services, ESI will pay the Manufacturer monthly the fee of $[*] per processed customer order ("Order Processing Fee"). Notwithstanding, ESI will pay monthly a fee of $[*] per processed case order, $[*] per Drum order, in consideration for warehousing, picking, packing, shipping, and administrative fees associated with the warehousing and shipment of the Product. In addition to the above services, ESI shall incur a monthly inventory carrying charge, calculated on an average of the beginning and ending inventory, equivalent to $[*]/gallon for Ready to Use configurations and $[*]/gallon for Concentrate; provided, however, that Manufacturer agrees that it shall only manufacture Product to ESI's purchase order, but Manufacturer is not obligated to exceed ESI's quarterly estimate. The Manufacturer shall provide to ESI an inventory reconciliation report on a monthly basis. All EcoTru product in the Manufacturer's inventory, upon reaching a minimum period prior to the expiration date of the material, shall be billed to ESI and either destroyed or shipped to a location designated by ESI.

7. Additional Rights, Duties and Covenants of ESI.

(a) Each party will maintain a record of all non-medical and medical Product related complaints and will notify the other party of any complaint in sufficient time to allow the other party to comply with any regulatory requirements it may have with respect to such complaint. ESI shall respond to all complaints and inquiries concerning Product sold by ESI and ESI shall bear all expenses and costs incurred in connection with Product rejected or returned by customers of ESI, subject to Manufacturer's obligations with respect to complaints attributable to breach of its obligations, representations or warranties under this Manufacturing Agreement. Manufacturer shall reasonably assist ESI in the evaluation of complaints and inquiries concerning the Product, which assistance shall include, but not be limited to, technical testing and analysis of the cause of or basis for any claimed defect identified by ESI or any of its customers and providing information required for regulatory purposes. The identification of required technical tests and analyses shall be mutually agreed by both the Manufacturer and ESI.

(b) ESI may initiate any recall of Product it reasonably determines advisable, and shall conduct all other recalls which may be required by any applicable governmental authority. ESI shall bear the responsibility for all costs incurred in connection with any such recall, except to the extent the cause of the recall is due to Manufacturer's failure to comply with Manufacturer's obligations, representations or warranties under this Manufacturing Agreement, in which case Manufacturer shall bear such costs.

(c) With the reasonable assistance of Manufacturer, ESI shall be solely responsible as between Manufacturer and ESI for obtaining all necessary approvals, clearances, permits and authorizations required by foreign or domestic governmental authorities or third parties, other than those previously obtained by Manufacturer, in order to import, export, market, promote, sell, offer to sell, or distribute the Products to its customers. ESI shall bear all costs and expenses incurred in connection with all attempts to obtain approvals by any governmental authority, foreign or domestic, including all costs incurred in monitoring any clinical studies or hiring any consultants ESI deems advisable and necessary to obtain such approvals.

(d) ESI and Manufacturer shall not knowingly sell the Product in violation of any provision of the Fair Packaging and Labeling Act, or in a condition that is adulterated or misbranded within the meaning of laws, rules or regulations enforced by the Environmental Protection Agency.

(e) Upon reasonable notice and following execution of an appropriate confidentiality agreement with Manufacturer, a third party, proposed by ESI and accepted by Manufacturer, shall have reasonable access to Manufacturer's manufacturing facilities for the purposes of auditing such facilities and manufacturing processes for compliance with cGMPs and such other regulations and requirements imposed by the Environmental Protection Agency (the "EPA") or any other applicable government authority of any country, and Manufacturer shall provide at its expense such documentation, as ESI shall reasonably request, to such third party auditor regarding such facilities and manufacturing processes to permit ESI to comply with its obligations hereunder.

(f) All the costs of ESI's marketing and selling efforts shall be borne by ESI.

(g) ESI agrees to disclose to Manufacturer any and all disinfectant cleaners similar to or competitive with the Product that it develops during the term of this Agreement ("New Products") for distribution in the Territory prior to its promotion, manufacture, distribution, licensing or sale of the New Product. A product shall not be deemed to be a New Product unless the sale of such Product is likely to have the effect of reducing the quantity of Products supplied by Manufacturer to ESI. Promptly following such disclosure by ESI, ESI and Manufacturer shall negotiate in good faith in an attempt to reach agreement in respect of the terms and conditions under which Manufacturer would obtain the exclusive rights to manufacture the New Product in the Territory. In the event that ESI and Manufacturer are unable to agree on such terms and conditions within sixty (60) days following the commencement of negotiations in respect thereof, ESI may enter into negotiations with an unaffiliated third party covering the rights to manufacture the New Product in the Territory; provided, however, that ESI may not enter into any agreement with any such third party covering such rights unless and until (i) such third party makes a bona fide written offer ("Third Party Offer") to ESI regarding the manufacture of the New Product in the Territory, (ii) a copy or an accurate description of the Third Party Offer is submitted to Manufacturer; and (iii) Manufacturer has not, within thirty (30) days after the receipt of such copy or description, agreed to acquire the manufacturing rights to the New Product in the Territory on the terms and conditions (to the extent applicable) set forth in the Third Party Offer. If Manufacturer agrees to acquire such

manufacturing rights, then ESI and Manufacturer will enter into an agreement providing for the terms contained in the Third Party Offer and otherwise as near as may be to this Agreement.

(h) ESI agrees to disclose to Manufacturer if it desires to manufacture the Product or any New Product in a geographic area outside of the Territory (a "New Territory") for distribution in or around such New Territory, prior to its manufacture (directly or through a third party) of the Product or such New Product in such New Territory. Promptly following such disclosure by ESI, ESI and Manufacturer shall negotiate in good faith in an attempt to reach agreement in respect of the terms and conditions under which Manufacturer would obtain the exclusive rights to manufacture the Product or the New Product in the New Territory. In the event that ESI and Manufacturer are unable to agree on such terms and conditions within sixty (60) days following the commencement of negotiations in respect thereof, ESI may enter into negotiations with an unaffiliated third party covering the rights to manufacture the Product or New Product in the New Territory; provided, however, that ESI may not enter into any agreement with any such third party covering such rights unless and until (i) such third party makes a bona fide written offer ("Third Party Offer") to ESI regarding the manufacture of the Product or New Product in the New Territory, (ii) a copy or an accurate description of the Third Party Offer is submitted to Manufacturer; and (iii) Manufacturer has not, within thirty (30) days after the receipt of such copy or description, agreed to acquire the manufacturing rights to the Product or New Product in the New Territory on the terms and conditions (to the extent applicable) set forth in the Third Party Offer. If Manufacturer agrees to acquire such manufacturing rights, then ESI and Manufacturer will enter into an agreement providing for the terms contained in the Third Party Offer and otherwise as near as may be to this Agreement.

(i) ESI shall not have the right to use Manufacturer's name, common law or registered trademarks, or other indicators of Manufacturer's involvement on products or in advertising or marketing of ESI's products unless approved in writing by Manufacturer or except as and to the extent Manufacturer is required by applicable laws to be identified as the manufacturer of the Product.

8. Additional Covenants of Manufacturer.

(a) Manufacturer shall comply with all applicable laws, rules and regulations of the EPA, including without limitation, cGMPs, as well as all applicable laws, rules and regulations, now or hereafter in effect, of the United States, state, local, and foreign governments, pertaining to the manufacture, warehousing, testing or inspection of the Products and/or the sale of the Products to ESI hereunder by or on behalf of Manufacturer.

(b) Manufacturer shall pay for all costs incurred by ESI in connection with recalls to the extent that they are both reasonably necessary and due solely to Manufacturer's failure to comply with the terms and conditions of this Manufacturing Agreement.

(c) If ESI chooses to exercise its rights to terminate this Manufacturing Agreement under Section 3 (d), 5(b)(i), 17(a) or 17(b) or to contract with a second source for production and supply of the Product in the Territory under Section 3(d) or 5(b)(ii), then

Manufacturer shall disclose information and grant proprietary rights to one or more third party suppliers designated by ESI and reasonably acceptable to Manufacturer as is necessary to enable such third party supplier to supply Product to ESI. Manufacturer's disclosure of such information and grant of such rights to such third party supplier shall be pursuant to an agreement between Manufacturer and such third party that provides for confidentiality and non-use provisions that are at least as stringent as those set forth in Section 10 hereof as well as a license provision limited to use in connection with supply of the Product to ESI or its designees. ESI is solely responsible for the pricing negotiations and all other matters in connection with such third party supplier.

9. Limited Representations and Warranties of Manufacturer.

(a) Manufacturer hereby warrants that:

(i) the Products as delivered to ESI shall be free from defects in materials and workmanship and conform to the Specifications set forth in Attachment A hereto through the expiration date on the Product label.

(ii) the Products will be manufactured, stored and shipped strictly in accordance with current cGMPs and applicable laws and regulations; and

(iii) title to the Products will pass to ESI free and clear of all encumbrances, charges, pledges, hypothecations, security interests, liens, prior assignments, and claims of any kind (subject to ESI's payment in full for the Product on the terms set forth herein).

(b) **EXCEPT AS EXPRESSLY SET FORTH IN SECTION 9(A) AND SECTION 12, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.**

(c) If any Product proves to be in breach of the warranty set forth in Section 9(a), and if ESI notifies Manufacturer of such breach not later than the expiration date on the Product label, Manufacturer will, at ESI's election, either (i) replace such Product or (ii) accept the return of such Product and refund the purchase price therefore to ESI and pay all costs for the return thereof, in either case within thirty (30) days after notice from ESI at no cost.

(d) **THE REMEDY SET FORTH IN SECTION 9(C) IS THE EXCLUSIVE REMEDY FOR ANY BREACH OF WARRANTY IN SECTION 9(A)(I) BY MANUFACTURER**.

10. Confidentiality and Non-Use Obligations. The provisions of the Mutual Confidentiality/Non-Disclosure Agreement dated as of November 5, 2005 between the parties (the "NDA") are incorporated in this Manufacturing Agreement by this reference and will apply to the activities of the parties under this Manufacturing Agreement. Without limiting the foregoing, Manufacturer acknowledges and agrees that the formula, formulation and manufacturing processes for the Products is the confidential and valuable trade secret information of ESI and entitled to the

highest level of confidential treatment as such under the provisions of the NDA as incorporated herein.

11. Indemnification.

(a) Indemnity.

(i) ESI shall indemnify, defend and hold harmless Manufacturer and its employees, officers, directors and agents (each, a "Manufacturer Indemnified Party") from and against any and all liability, loss, damage, cost, and expense (including reasonable attorneys' fees) (collectively, a "Liability"), subject to the limitations in Section 13, which the Manufacturer Indemnified Party may incur, suffer or be required to pay in connection with any suit, demand or action to the extent resulting from or arising out of (A) any willful or negligent act or omission of an ESI Indemnified Party (as defined below) related to the marketing, distribution and sale of the Product, or (B) any breach of ESI's covenants, representations and warranties hereunder by a ESI Indemnified Party.

(ii) Manufacturer shall indemnify, defend and hold harmless ESI and its employees, officers, directors and agents (each, a "ESI Indemnified Party") from and against any Liability, subject to the limitations in Section 13, which the ESI Indemnified Party may incur, suffer or be required to pay in connection with any suit, demand or action to the extent resulting from or arising out of (A) the willful or negligent act or omission of a Manufacturer Indemnified Party or (B) the breach by any Manufacturer Indemnified Party of any of Manufacturer's covenants, representations and warranties hereunder.

(b) Conditions to Indemnification. The obligations of the indemnifying party under Sections 11(a)(i) and 11(a)(ii) are conditioned upon the delivery of written notice to the indemnifying party of any potential Liability promptly after the indemnified party becomes aware of such potential Liability; provided, however, that any delay on the part of a party to provide notice to the indemnifying party shall not relieve the indemnifying party of its obligation to indemnify unless the indemnifying party has been materially prejudiced by such delay. The indemnifying party shall have the right to assume the defense of any suit or claim related to the Liability if it has assumed responsibility for the suit or claim in writing; however, the indemnified party may participate in (but not control) the defense thereof at its sole cost and expense.

(c) Settlements. The indemnifying party may not settle a claim or action related to a Liability without the consent of the indemnified party, if such settlement would impose any monetary obligation on the indemnified party or require the indemnified party to submit to an injunction or otherwise limit the indemnified party's rights under this Manufacturing Agreement. Any payment made by an indemnifying party to settle any such claim or action shall be at its own cost and expense.

12. Corporate Warranties. Manufacturer represents to ESI and ESI represents to Manufacturer as follows:

(a) It is a legal entity in good standing under the laws of its jurisdiction of incorporation or organization, with all the necessary power and authority to execute, deliver and perform this Manufacturing Agreement.

(b) It is not a party to any written or oral agreement, understanding, arrangement or contract that conflicts with its obligations hereunder.

(c) This Manufacturing Agreement will be enforceable against it in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to the availability of particular remedies under general equity principles.

13. Limitation of Liability.

(a) Except as expressly provided in this Manufacturing Agreement, Manufacturer shall not be liable to ESI for any damages, whether direct, indirect, or consequential to the extent arising from Manufacturer's accurate compliance with any information, specification, data, formula, know-how, instruction or advice required by ESI to be complied with by Manufacturer in connection with the performance by Manufacturer under the terms of this Manufacturing Agreement, if such liability would have been avoided but for such compliance.

(b) Neither party shall be liable to the other party for any damages, fines, penalties or charges assessed as a result of the other party's failure to comply with applicable federal, state, municipal, local or foreign laws, rules or regulations, now or hereafter in effect, governing the other party's business, including its obligations under this Manufacturing Agreement, including, but not limited to, those laws, rules and regulations imposed by the EPA or any state or foreign equivalents of the EPA.

(c) EXCEPT FOR BREACHES OF SECTION 10 OR IN CONNECTION WITH A PARTY'S OBLIGATIONS UNDER SECTION 11, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, ARISING, DIRECTLY OR INDIRECTLY, FROM SUCH PARTY'S PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, WHETHER SUCH CLAIM IS BASED ON WARRANTY, CONTRACT, NEGLIGENCE OR STRICT LIABILITY. EXCEPT FOR BREACHES OF SECTION 10 OR IN CONNECTION WITH A PARTY'S OBLIGATIONS UNDER SECTION 11, UNDER NO CIRCUMSTANCES SHALL THE LIABILITY OF EITHER PARTY TO THE OTHER EXCEED THE AMOUNT PAID BY ESI TO MANUFACTURER FOR THE PRODUCTS DURING THE TWELVE (12)-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE THE CLAIM AROSE.

14. Insurance.

(a) Without in any way limiting the liability of either party to this Manufacturing Agreement, ESI and Manufacturer shall each have and maintain, during the term of this Manufacturing Agreement, General Liability and Product Liability insurance consistent with the following:

(i) Subject to change by written mutual agreement by both parties, limits of liability of not less than One Million Dollars ($1,000,000) per claim of occurrence and Two Million Dollars ($2,000,000) each annual aggregate.

(ii) Such insurance shall include the requirement that the insurers provide each party with thirty (30) days written notice prior to the effective date of any cancellation or material change in the insurance.

(b) The parties shall notify each other of any claim that is made which appears to be covered by such insurance as soon as practical, but in no event later than 15 days after either party becomes aware of such claim.

15. Intellectual Property Rights.

(a) Ownership of Product. ESI will have all right, title and interest in any and all Products, their formulas and formulations and the manufacturing processes specific to them, and all modifications, enhancements, and improvements thereto, whether developed by ESI or Manufacturer, including without limitation all trademarks and service marks associated with the Products, all packaging and industrial designs and delivery methods associated with the Products, and all Intellectual Property Rights in all of the foregoing (“ESI Property).

(b) Manufacturer will have all right, title and interest in any and all manufacturing processes developed solely by Manufacturer in the manufacture of the Products, other than the ESI Property, and all modifications, enhancements, and improvements by Manufacturer thereto, including all Intellectual Property Rights therein ("Manufacturer Property").

(c) Manufacturer hereby assigns and agrees to assign to ESI, without royalty or any other consideration, all worldwide right, title and interest Manufacturer may have or acquire in and to all ESI Property that Manufacturer may have in or with respect to any ESI Property (except for the right to Manufacture the Product under this Manufacturing Agreement). Manufacturer agrees, at no charge to ESI, but at ESI's sole expense, to sign and deliver to ESI such documents as ESI considers desirable to evidence the assignment of all such rights of Manufacturer, if any, described above to ESI and ESI's ownership of such rights and to do any lawful act and to sign and deliver to ESI any document necessary to apply for, register, prosecute or enforce any patent, copyright or other right or protection relating to any ESI Property in any country of the world. Manufacturer hereby irrevocably designates and appoints ESI Manufacturer's agent and attorney-in-fact, to act for and in Manufacturer's behalf and stead, for the limited purpose of executing the filing any such document and doing all other lawfully permitted acts to further the prosecution, issuance

and enforcement of patents, copyrights or other protections which employ or are based on ESI Property with the same force and effect as if executed and delivered by Manufacturer.

(d) Upon termination of this Agreement or in the event of ESI contracting with a second source for the Products in accordance with this Agreement, Manufacturer shall not assert against ESI, its contractors, licensees (and their sublicensees), agents, or others acting by authority of ESI any of the Manufacturer Property or other Intellectual Property Rights of Manufacturer to prevent or require the payment of a royalty on the manufacture of Products by such persons using the processes that were in use by ESI or its contractors on or before the date of entering into this Agreement or that constitute ESI Property.

(e) Neither party shall have the right to use the other party's name, common law or registered trademarks, or other product designators in advertising or marketing unless permission is granted in writing signed in ink by an authorized representative of the other party or except as and to the extent Manufacturer is required by applicable laws to be identified as the manufacturer of the Product.

16. Relationship of the Parties. The parties hereto are independent contractors and nothing contained in this Manufacturing Agreement shall be deemed or construed to constitute a relationship of partnerships or joint venture or principal or agent or any other association between the parties other than as vendor and customer. All rights, powers and privileges of each party hereto which are not expressly granted to the other party in this Manufacturing Agreement are reserved to the former party and each party hereby acknowledges that it does not have and neither party shall make any representation to any third party, either directly or indirectly, indicating that either party has authority to act for or on behalf of the other party or to obligate the other party in any way.

17. Termination of the Manufacturing Agreement.

(a) Either party may give the other party written notice of termination of this Manufacturing Agreement if the other party is in material breach of any of its obligations under this Manufacturing Agreement. Upon receipt of such notice, the notified party has thirty (30) days in which to inform the notifying party in writing that it has cured such alleged material breach (and the details of its efforts to effect such cure). Failure by the notified party to respond within such thirty (30) day period shall give the notifying party the right to terminate this Manufacturing Agreement. Any such termination shall be without prejudice to any other rights and remedies of the parties.

(b) Notwithstanding the foregoing, either party may immediately terminate this Manufacturing Agreement, in whole or in part, (i) upon filing of any petition in bankruptcy against the other party; (ii) if the other party becomes insolvent, or admits its inability to pay its debts generally as they become due; (iii) upon appointment of a receiver or custodian of all or a part of the other party's assets by any judicial or government procedure; (iv) upon admission of the other party to a plan and/or procedure and/or reorganization for the benefit of its creditors in settlement of its debts; or (v) upon seizure of all or a substantial part of the other party's assets by any judicial or government procedure.

(c) No termination of this Manufacturing Agreement as provided herein shall operate to discharge or relieve the other party of obligations or liabilities vested prior to the effective date of such termination.

(d) Upon termination of this Manufacturing Agreement, each party shall return to the other party or, with the authorization of the other party, destroy and certify the destruction of, all confidential or proprietary materials provided to it by the other party under this Manufacturing Agreement, including all physical and electronic copies thereof in its possession or under its control. The parties' obligations under Sections 1, 9-13, and 15-31 shall survive termination.

18. Force Majeure. Neither party shall be liable for damages for any failure or performance hereunder occasioned by an act of God, force of nature, casualty of war or warlike activity, acts of terrorism, insurrection, civil commotion, unforeseeable third party transportation delay, governmental action (whether or not with proper authority) or other causes beyond the control of such party. Any suspension of an obligation to perform by reasons thereof shall be limited to the period during which such cause exists. Either party, if excused from such compliance as aforesaid under this Section 18, agrees to give reasonable prompt notice to the other party of the relevant circumstances, to use its best efforts to overcome the obstacles of such compliance, and to resume compliance as soon as practicable.

19. Remedies.

(a) Equitable. Notwithstanding Sections 19(b) and (c), each party acknowledges that it would be difficult to fully compensate the other party for monetary damages resulting from any breach of Sections 10 and 15 of this Manufacturing Agreement. Accordingly, in those cases in the event of any actual or threatened breach thereof, each party shall, in addition to any other remedies it may have, be entitled to injunctive and other equitable relief to enforce such provisions, and such relief may be granted without the necessity of proving actual monetary damages.

(b) Negotiation. In the event that a dispute arises concerning either party's performance under this Manufacturing Agreement, the parties agree to resolve any dispute relating to this Manufacturing Agreement, including a claim by a party that the other party materially breached or that material breach has not cured, through the following step-wise dispute resolution procedure ("Dispute Resolution Procedure"):

(i) The party wishing to dispute performance shall initiate a meeting between the project leaders for the parties. The initiating party shall provide a written report to the other party describing in detail the nature of the dispute. The respective project leaders shall meet and make a good faith attempt to resolve the dispute, and shall document the same.

(ii) In the event that the dispute cannot be resolved within thirty (30) days by the project leaders, executives of each party shall meet and make a good faith attempt to resolve the dispute, and shall document the same.

(iii) In the event that the dispute cannot be resolved within an additional thirty (30) days by the executives, either party may move to submit the dispute to binding arbitration.

(c) Arbitration. Except for disputes arising under Sections 10 and 15 hereof , all disputes arising in connection with this Manufacturing Agreement shall be settled by final and binding arbitration in accordance with this Section. The arbitration shall be held in Hennepin County, Minnesota, if initiated by ESI and Mecklenburg County, North Carolina if initiated by Manufacturer and shall be conducted by a single arbitrator in accordance with the Rules of the American Arbitration Association (AAA). Judgment upon the award rendered may be entered in any court of competent jurisdiction and/or application may be made to such court for a judicial acceptance of the award and an order of enforcement. Each party shall bear its own expense of the arbitration, but the arbitrator's fees and costs shall be borne equally between the parties participating in the arbitration. The arbitrator shall be an attorney or retired judge with at least ten (10) years of experience in commercial legal matters. Such arbitrator shall be disqualified if there is a previous direct or indirect relationship with either party, or in the event of any other conflict of interest.

20. Notices. All notices, requests, demands, and other communications which are required or may be given under this Manufacturing Agreement shall be in writing and signed in ink by an authorized representative of the notifying party and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by fax, electronic or digital transmission method; the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to:

If to Manufacturer, addressed to:
Minntech Corporation
14605 28th Ave North
Minneapolis, MN 55447
Fax: 763-553-3398
Attention: Roy K. Malkin

With a copy to: Cantel Medical Corp.
Overlook at Great Notch
150 Clove Road - 9th Floor
Little Falls, New Jersey 07424
Fax: 973-890-7270
Attention: General Counsel

If to ESI, addressed to:
EnviroSystems, Inc.
116 Morlake Drive, Suite 201
Mooresville, NC 28117
Attention: J. Lloyd Breedlove

Or to such other place and with such other copies as either party may designate as to itself by written notice to the other.

21. Assignment. No party may transfer or assign this Manufacturing Agreement or any rights, privileges, or obligations herein to a third party without the other party's prior, written consent, except that no consent is required for an assignment of this Manufacturing Agreement in whole by ESI to a third party in connection with a merger, acquisition, sale, or divestiture of the ESI's business to which this Manufacturing Agreement pertains, provided that such third party agrees as a condition of such merger, acquisition, sale, or divestiture to be bound by terms of this Manufacturing Agreement. Subject to the foregoing, any permitted assignment shall inure to the benefit of the parties' respective successors and assigns. Any prohibited assignment is null and void.

22. Waivers. A party's failure to insist, in one or more instances, upon the performance of any term or terms of this Manufacturing Agreement shall not be construed as a waiver or relinquishment of such party's right to such performance or the future performance of such term or terms or to exercise any right or obtain any remedy available hereunder or allowed by applicable law. The other party's obligation with respect to such present or future performance shall continue in full force and effect. Either party's consent or approval of any act by the other party shall not be deemed to render unnecessary the obtaining of such consent to or approval of any subsequent act.

23. Payments. All payments required hereunder shall be made in the currency of the United States of America.

24. Choice of Law. This Manufacturing Agreement shall be construed, interpreted and the rights of parties determined in accordance with the laws of the State of Minnesota without application of its conflict of laws provisions.

25. Entire Agreement and Amendments. This Manufacturing Agreement, together with all exhibits and schedules hereto and thereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter of this Manufacturing Agreement. No amendment, supplement, modification or waiver of this Manufacturing Agreement shall be binding unless executed in writing in ink by an authorized representative of the party to be bound thereby.

26. Expenses. Except as otherwise specified in this Manufacturing Agreement, each party hereto shall pay its own legal, accounting, out-of-pocket and other expenses incident to this Manufacturing Agreement and to any action taken by such party in preparation for carrying this Manufacturing Agreement into effect.

27. Attorneys' Fees. If any party to this Manufacturing Agreement brings an action to enforce its rights under this Manufacturing Agreement, except as otherwise expressly provided regarding proceedings brought pursuant to Section 19 hereof, the prevailing party shall be entitled to

recover its costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with such action.

28. Invalidity, Severability. In the event that any one or more of the provisions contained in this Manufacturing Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Manufacturing Agreement or any other such instrument.

29. Cumulative Remedies. All rights and remedies of either party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

30. No License to Manufacturer Intellectual Property. The Parties agree that Manufacturer is not, by the terms of this Manufacturing Agreement, granting to ESI any license to use any patents or trademarks that belong to Manufacturer except as expressly set forth in this Manufacturing Agreement. It is also understood that Manufacturer is not by this Manufacturing Agreement granting any rights or licenses whatsoever, by implication, estoppel or otherwise, to ESI to utilize any of Manufacturer's technology, information, data, proprietary or patent rights, or trademarks which Manufacturer may have or may secure in the future in the manufacture, use, or sale of any products similar in use or function to the Products that are the subject of this Manufacturing Agreement without the express written consent of Manufacturer except as expressly set forth in this Manufacturing Agreement.

31. Incorporation. All Recitals, Definitions, and Schedules or Attachments, referred to herein are incorporated by reference and made a part of this Manufacturing Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Manufacturing Agreement to be duly executed on their respective behalf, by their respective officers thereunto duly authorized, all as of the day and year first above written.

MINNTECH CORPORATION

By: ____________________
Name: /s/ Roy K. Malkin
Title: President & CEO
Date: ____________________

ENVIROSYSTEMS INC.

By: /s/ J. Lloyd Breedlove
Name: J. Lloyd Breedlove
Title: President and CEO
Date: ____________________

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT A

Specifications for Product

Concentrate:

1. [*]
2. [*]
3. [*]
4. [*]
5. [*]
6. [*]

Use Dilution:

1. [*]
2. [*]
3. [*]
4. [*]
5. [*]

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT B

I. Non-Binding Estimate of Product Requirements

Ready-to-Use	Quarter 1 July-Sept 06	Quarter 2 Oct-Dec 06	Quarter 3 Jan-Mar 07	Quarter 4 Apr-June 07	TOTAL
22oz (cs)/12 per cs		[*]	[*]	[*]	[*]
1 gal (cs)/4 per cs		[*]	[*]	[*]	[*]
5 gal		[*]	[*]	[*]	[*]
55 gal		[*]	[*]	[*]	[*]
Concentrate					
55 gal	[*]	[*]	[*]	[*]	[*]

II. Price: Ready-to-Use (RTU)

[RTU]	[22oz Bottle (cs-12)]	[1 gal Bottle (cs-4)]	[5 gal Pail]	[55 gal Drum]
[Annual Volume]				
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]

[Concentrate]	[8 oz Bottle (cs)]	[22oz Bottle (cs)]	[1 gal Bottle (cs)]	[5 gal Pail]	[55 gal Drum]
[Annual Volume]					
[*]	X	X	X	X	[*]
[*]	X	X	X	X	[*]
[*]	X	X	X	X	[*]
[*]	X	X	X	X	[*]
[*]	X	X	X	X	[*]

Concentrate

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT C

Capital Equipment and Leasehold Improvements Detail Estimate

Equipment to be purchased by EnviroSystems

[*] $[*]

[*] $[*]

[*] $[*]

Total $[*]

[*]
[*]
[*]

[*]
[*]

Equipment to be purchased by Minntech (Not covered under ESI Rebate Deposit)

[*] $[*]

[*] $[*]

[*] $[*]

[*] $[*]

Total $[*]

[*]
[* .]

[*]

[*] $[*]

[*]

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT C
(Continued)

Start up and Validation Activities (Covered under ESI Rebate Deposit)

Manufacturing Process Start-up and Validation (Time and Material Costs Only)

[ ] $[*]

[ ] $[*]

[ ] $[*]

[ ] $[*]

Total $[*]

[*]
[*]
[*]

Quality Control Method Development/Validation

[ ] $[*]

[ ] $[*]

Total $[*]

[*]

[*]
[*]
[*]

Summary

[*] $[*]

[*] $[*]

[*] $[*]

ATTACHMENT D

Order Entry, Customer Service and Distribution

Minntech will perform the following activities:

Order Entry:

- Receipt of Customer orders generated from either ESI or Customers directly during business hours (8:00 AM to 5:00 PM)
- Review and verification all Customer orders for accuracy and required details
- Establish shipping logistics; including delivery date, preferred carrier, and customer delivery requirements

Inventory:

- Maintain appropriate Inventory levels as per ESI monthly forecast
- Provide ESI with ERP manufacturing forecast information based upon past demands.

Order Shipment:

- Ship orders received by 3:00 P.M. on the same day they are received, provided there is sufficient on hand inventory
- Automatically fill backorders once inventory is available
- Pick product according to lot number for tracking purposes
- Pack all orders in industry standard shipping containers to eliminate or reduce transportation damage
- Include an ESI packing slip with each shipment

Invoicing:

- If requested, generate one invoice per Customer order detailing shipment information and other customer specific details, such as PO, ESI account number, etc.
- Provide hard copy invoices to ESI along with copies of the Minntech picking slip and ESI order document within 2-3 business days of shipment
- Conversely, provide ESI with shipping documentation in order to invoice their Customers directly

ESI Support:

- Minntech will provide daily support to ESI and ESI's Customers with dedicated Customer Service personnel
- Inquiries related to backorders, shipments, invoices, returns, or credits will be addressed by this dedicated support person
- A quarterly conference call will be held to ensure support expectations are being met

ATTACHMENT E

Technical, Telephone Support

ESI may elect to have the Manufacturer provide on-going telephone support via a toll-free telephone number (during the Manufacturer's normal business hours of 7:00 a.m. to 7:00 p.m., Eastern time) to ESI and ESI's customers. Such customer technical telephone support shall respond to all reasonable requests for information or other technical support regarding Product use, storage, handling, shipping, claims, efficacy, regulatory clearance, and compatibility of the Products with the materials

Appropriate telephone support staffing levels will be maintained to achieve the following performance metrics:

1. Measure	Target Months 6-12	Target Months 13-24	Target Months 25-36
Call Abandonment Rate	8%	6%	4%
Average Speed to Answer	30 seconds	30 seconds	30 seconds
Service Level	85%	90%	95%

Call abandonment rate is defined as the percentage of calls in which the customer disengages after 20 seconds in queue.

Average speed to answer is defined as the average amount of time a caller waits in queue before connecting to an agent.

Service level is defined as the percentage of calls answered within 30 seconds.

In addition, the Manufacturer shall, provide at a mutually agreeable charge, to ESI's personnel, high-level technical telephone support, including but not limited to the following areas: trouble-shooting, storage, handling, shipping, claims, efficacy, regulatory clearance, compatibility of the Products with the equipment and devices, Product operation, infection control, microbiology, servicing, and personnel safety.

PORTIONS OF THIS AGREEMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

MODIFICATION AGREEMENT

The undersigned, Minntech Corporation ("Manufacturer") and EnviroSystems, Inc. ("ESI"), agree that the Manufacturing Agreement dated as of August 1, 2006 between Manufacturer and ESI (the "Agreement") is hereby modified by (i) deleting Section 3(f) of the Agreement and replacing it with the revised Section 3(f) set forth in Schedule A hereto and (ii) deleting Attachment C of the Agreement and replacing it with the revised Attachment C set forth in Schedule B hereto. Such modifications shall be deemed to be part of the Agreement as of the Effective Date set forth therein. Except for the foregoing modifications, the Agreement shall remain in full force and effect in accordance with its terms.

MINNTECH CORPORATION

By: /s/ Roy K. Malkin

Name: Roy K. Malkin
Title: President & CEO
Date: October __, 2006

ENVIROSYSTEMS INC.

By: /s/ J. Lloyd Breedlove

Name: J. Lloyd Breedlove
Title: President & CEO
Date: October 11, 2006

SCHEDULE A

SUBSTITUTION FOR SECTION 3(f) OF THE MANUFACTURING AGREEMENT DATED AS OF AUGUST 1, 2006 BETWEEN MINNTECH CORPORATION AND ENVIROSYSTEMS, INC.

(f) (i) ESI and Manufacturer shall each purchase, at its own cost and expense, the capital equipment designated to such party on Attachment C (the "Equipment"). All of the Equipment shall be installed by Manufacturer at its facility, but each party shall have full right, title and interest to the Equipment that it purchases hereunder. In addition, Manufacturer shall (A) make the "Leasehold Improvements" reflected on Attachment C, (B) undertake the "Start-up and Validation Activities" described on Attachment C, and (C) take such other start-up actions as are necessary for the manufacture of the Product ("Additional Actions"). An estimate of the cost of such Equipment, Leasehold Improvements, and Start-up and Validation Activities is set forth on Attachment C. The Leasehold Improvements and the Additional Actions shall be done at the sole cost and expense of Manufacturer. The Start-up and Validation Activities undertaken by Manufacturer will be billed to ESI on a monthly basis as incurred, with payment terms of net 30.

(ii) On or before October 15, 2006, ESI shall remit to Manufacturer, as a "deposit" to be rebated to ESI in accordance with and subject to the terms of this Section 3(f), the sum of $[*] (the "ESI Rebate Deposit"), which is the total estimated cost of the Leasehold Improvements ($[*]) and the Eco TruÒ Dedicated Concentrate Production Equipment ($[*]) (collectively, the "Rebate Items"). After Manufacturer completes the purchase and/or performance of the Rebate Items, it will give ESI written notice, together with appropriate supporting documentation, of the actual cost of the Rebate Items. If the amount of the ESI Rebate Deposit is more than the actual cost of the Rebate Items, then together with its delivery of the notice, Manufacturer shall refund to ESI an amount equal to such difference, which amount shall be deemed subtracted from the ESI Rebate Deposit. If the amount of the ESI Rebate Deposit is less than the actual cost of the Rebate Items, then ESI shall remit to Manufacturer an amount equal to such difference within thirty (30) days following its receipt of the notice, which amount will be deemed added to the ESI Rebate Deposit.

(iii) Upon commencement of the manufacturing and customer shipments of the Product, the Manufacturer will institute a rebate program whereby it will rebate to ESI from the ESI Rebate Deposit (through a direct payment or a credit against invoices) within thirty (30) days following each calendar quarter, an amount equal to 10% of ESI's net payments to Manufacturer for the Product during such calendar quarter. Such rebate program shall continue until such time as Manufacturer has rebated to ESI (under the program) an amount equal to the ESI Rebate Deposit. If the Manufacturing Agreement expires by its terms or is terminated for any reason by ESI prior to ESI's recoupment of the full ESI Rebate Deposit, then, except with respect to periods ending on or

---

prior to the expiration or termination date, Manufacturer will have no obligation to repay any remaining amount of the ESI Rebate Deposit, which remaining amount will automatically become the exclusive property of Manufacturer. If Manufacturer terminates the Agreement for any reason, other than in accordance with Section 17, Manufacturer shall remit to ESI, promptly following such termination, an amount equal to the book value of the Rebate Items, such book value determined by Manufacturer in accordance with GAAP with a minimum 5 year life, straight line depreciation, but such amount not to exceed the remaining balance of the ESI Rebate Deposit. The ESI Rebate Deposit will not bear interest. Within thirty (30) days following the expiration or termination of the Manufacturing Agreement, ESI will have the sole option, exercisable by written notice to Manufacturer, to either (A) remove from Manufacturer's facility, at ESI's sole cost and expense, the Equipment purchased and owned by ESI (as reflected on Attachment C), or (B) sell such Equipment to Manufacturer at its then current Fair Market Value.

SCHEDULE B

SUBSTITUTION FOR ATTACHMENT C OF THE MANUFACTURING AGREEMENT DATED AS OF AUGUST 1, 2006 BETWEEN MINNTECH CORPORATION AND ENVIROSYSTEMS, INC. (SET FORTH ON FOLLOWING 2 PAGES)

---

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT C

Capital Equipment and Leasehold Improvements Detail Estimate

Equipment to be purchased by EnviroSystems

[*] $[*]

[*] $[*]

Total $[*]

[*]
[*]

Equipment to be purchased by Minntech (Not covered under ESI Rebate Deposit)

[*] $[*]

[*] $[*]

[*] $[*]

[*] $[*]

Total $[*]

[*]
[*]

Additional Equipment to be purchased by Minntech (Covered under ESI Rebate Deposit)

[*] $[*]

[*]
[*]
[*]

Leasehold Improvements Estimate to be performed by Minntech (Covered under ESI Rebate Deposit)

[*] (Not to Exceed*) **$[*]**

Final facility construction costs are dependant on detailed facility design and code requirements.

* Additional leasehold improvements subject to ESI Rebate Deposit may be added provided they are required by and dedicated to services hereunder (and not to any other product or business of Manufacturer)

* OMITTED PURSUANT TO THE COMPANY'S REQUEST FOR CONFIDENTIAL TREATMENT

ATTACHMENT C
(Continued)

Start up and Validation Activities

A. Manufacturing Process Start-up and Validation (Time and Material Costs Only)

[*] [*] $[*] [*] $[*]

[*] $[*]

[*] [*] $[*]

$[*]

[*]
[*]
[*]
[*]

B. Quality Control Method Development/Validation

[*] $[*]

[*] $[*]

$[*]

[*]
[*]

[*]
[*]
[*]
[*]

Summary

1. [*] $[*]

2. [*]

[*] $[*]
[*] [*] $[*]

3. [*] $[*]

4. [*] $[*]

[*] $[*]

NANCY J. MARVEL
Regional Counsel

IVAN LIEBEN
Assistant Regional Counsel
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, CA 94105
(415) 972-3914

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION IX

In the matter of:	)	Docket No. FIFRA-9-2006-0011
	)	
	)	
EnviroSystems, Inc.,	)	CONSENT AGREEMENT
	)	AND FINAL ORDER
	)	pursuant to 40 C.F.R. §§ 22.13(b)
Respondent.	)	22.18(b)(2), and 22.18(b)(3)

I. CONSENT AGREEMENT

The United States Environmental Protection Agency, Region IX ("EPA"), and EnviroSystems, Inc. ("EnviroSystems" or the "Respondent") agree to settle this matter and consent to the entry of this Consent Agreement and Final Order ("CAFO").

A. AUTHORITY AND PARTIES

1. This civil administrative action is brought pursuant to Section 14(a) of the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. § 186l(a), for the assessment of a civil administrative penalty against Respondent for the sale and/or distribution of misbranded pesticides in violation of Section 12(a)(1)(E) of FIFRA, 7 U.S.C. § 136j(a)(1)(E).
2. Complainant is the Director of the Communities and Ecosystems Division in EPA, Region IX. The Administrator of EPA delegated to the Regional Administrator of Region IX the authority to bring this action under FIFRA by EPA Delegation Order Number 5-14, dated May

11, 1994. The Regional Administrator of Region IX further delegate the authority to bring this action under FIFRA to the Director of the Communities and Ecosystems Division by EPA Regional Order Number 1255.08 CHGI, dated June 9, 2005.

3. Respondent is EnviroSystems, a California-based corporation that owns, operates, or otherwise controls a facility located at 1900 Wyatt Drive, Suite 15, in Santa Clara, California.

B. STATUTORY AND REGULATORY BASIS

4. Section 12(a)(1)(E) of FIFRA, 7 U.S.C. § 136j(a)(1)(E), makes it unlawful for any person to distribute or sell to any person any pesticide that is adulterated or misbranded.

5. Section 2(q)(1)(A) of FIFRA, 7 U.S.C. § 136(q)(1)(A), provides that a pesticide is misbranded if its labeling bears any statement, design, or graphic representation relative thereto or to its ingredients which is false or misleading in any particular.

C. ALLEGED VIOLATIONS

6. Respondent is a corporation and therefore fits within the definition of “person” as that term is defined by Section 2(s) of FIFRA, 7 U.S.C. § 136(s).

7. EcoTru Professional Broad Spectrum Disinfectant Cleaner (EPA Reg. No. 70791-1), EcoTru 1453 (EPA Reg. No. 70791-1-71790), and Steri-Safe (EPA Reg. No. 70791-1-80494), are “pesticides” as the term is defined in Section 2(u) of FIFRA, 7 U.S.C. § 136(u) and 40 C.F.R. § 152.3.

8. EcoTru Professional Broad Spectrum Disinfectant Cleaner, EcuTru 1453 and Steri-Safe are a single like of registered pesticide products for distribution or sale by Respondent, and therefore contain identical formulas.

9. The label approved by EPA in connection with the registration for EcoTru Professional Board Spectrum Disinfectant Cleaner, EcoTru 1453 and Steri-Safe pesticides includes the statement that these pesticide products are effective against *Pseudomonas aeruginosa* and

Staphylococcus auerus when used with contact times of two minutes and ten minutes, respectively, at room temperature.

10. On September 2, 2005, EPA's Office of Prevention, Pesticides and Toxic Substances concluded via an efficacy review that EcoTru 1453 failed to be effective against *Pseudomonas aeruginosa* when tested by the AOAC Use-Dilution Test, at a contact time of two minutes at room temperature.

11. On September 28, 2005, EPA's Office of Prevention, Presticides and Toxic Substances concluded, via an efficacy review, that EcoTru 1453 failed to be effective against *Staphylococcus auerus* tested by the AOAC Use-Dilution Test, at a contact time of two minutes at room temperature.

12. Under 40 C.F.R. § 132, a registrant of a pesticide product is liable for any violations of FIFRA resulting from the distribution or sale of the registered pesticide product by a supplemental distributor of the pesticide.

<u>Counts I-VIII</u>

13. On or about October 5, 2004, October 11, 2004, October 25, 2004, November 1, 2004, November 22, 2004, November 29, 2004, November 30, 2004, and December 3, 2004, Andpak, Inc. ("Andpak"), "distributed or sold," as those terms are defined by Section 2(gg) of FIFRA, 7 U.S.C. § 136 (gg), the pesticide registered as EcoTru 1453 to Frontier Airlines, Inc.

14. Andpak is a supplemental distributor of EcoTru 1453 for Respondent.

15. The labeling accompanying the pesticide EcoTru 1453 that Andpak distributed or sold on or about October 5, 2004, October 11, 2004, October 25, 2004, November 1, 2004, November 22, 2004, November 29, 2004, November 30, 2004, and December 3, 2004, was "misbranded", as that term is defined at Section 2(q)(1)(A) of FIFRA, 7 U.S.C. § 136(q)(1)(A), in that it falsely claimed to be a ready-to-use disinfectant, effective against *Pseudomonas aeruginosa* when used

with a two minute contact time and *Staphylococcus auerus* when used with a ten minute contact time.

16. By Andpak distributing or selling the misbranded pesticide EcoTru 1453 on or about October 5, 2004, October 11, 2004, October 25, 2004, November 1, 2004, November 22, 2004, November 29, 2004, November 30, 2004, and December 3, 2004, Respondent violated Section 12(a)(l)(E) of FIFRA, 7 U.S.C. § 136j(a)(l)(E), since Andpak is a supplemental distributor of the pesticide for Respondent.

<u>Count IX</u>

17. On or about April 20, 2005, Respondent "distributed or sold," as those terms are defined by Section 2(gg) of FIFTA, 7 U.S.C. § 136(gg), a pesticide registered as Steri-Safe Disinfectant Cleaner to Stericycle, Inc.

18. The labeling accompanying the pesticide Steri-Safe Disinfectant Cleaner that Respondent distributed or sold on or about April 20, 2005, was "misbranded", as that term is defined at Section 2(q)(l)(A) of FIFRA, 7 U.S.C. § 136(q)(l)(A), in that it falsely claimed to be a ready-to-use disinfectant, effective against *Pseudomonas aeruginosa* when used with a two minute contact time and *Staphylococcus auerus* when used with a ten minute contact time in California.

19. By distributing or selling the misbranded pesticide Steri-Safe Disinfectant Cleaner on or about April 20, 2005, Respondent violated Section 12 (a)(l)(E) of FIFRA, 7 U.S.C. § 136j(a)(l)(E).

<u>Count X</u>

20. On or about January 6, 2006, Respondent "distributed or sold," as those terms are defined by Section 2(gg) of FIFRA, 7 U.S.C. § 136(gg), a pesticide registered as EcoTru Professional Broad Spectrum Disinfectant Cleaner to Crosstex International.

21. The labeling accompanying the pesticide EcoTru Professional Broad Spectrum Disinfectant Cleaner that Respondent distributed or sold on or about January 6, 2006, was "misbranded", as that term is defined at Section 2(q)(1)(A) of FIFRA, 7 U.S.C. § 136(q)(1)(A), in that it falsely claimed to be a ready-to-use disinfectant, effective against *Pseudomonas aeruginosa* when used with a two minute contact time and *Staphylococcus auerus* when used with a ten minute contact time in California.

22. By distributing or selling the misbranded pesticide EcoTru Professional Broad Spectrum Disinfectant Cleaner on or about January 6, 2006, Respondent violated Section 12(a)(l)(E) of FIFRA, 7 U.S.C. § 136j(a)(l)(E).

D. PENALTY AMOUNT

23. Section 14(a) of FIFA, 7 U.S.C. § 136l(a), and the Civil Monetary Penalty Inflation Adjustment Rule, 40 C.F.R. Part 19, provide that any registrant, commercial applicator, wholesaler, dealer, retailed or other distributor who violates any provision of FIFRA may be assessed a civil penalty by the EPA Administrator in an amount not to exceed $6,500 for each offense. Under the Enforcement Respondent Policy for FIFRA, dated July 2, 1990 ("ERP"), the violations cited above would merit a pre-adjustment civil penalty of $51,600 given the alleged violations' gravity level and the size of business.

E. RESPONDENT'S ADMISSIONS

24. In accordance with 40 C.F.R. § 22.18(b)(2) and for the purpose of this proceeding, Respondent: (i) admits that EPA has jurisdiction over the matter of this CAFO and over Respondent; (ii) neither admits nor denies the specific factual allegations contained in Section I.C of this CAFO; (iii) consents to any and all conditions specified in this CAFO and to the assessment of the civil administration penalty under Section 1.F of this CAFO; (iv) waives any

right to contest the allegations contained in this CAFO; and (v) waives the right to appeal the proposed Final Order contained in this CAFO.

F. CIVIL ADMINISTRATIVE PENALTY

25. In settlement of the violations specifically alleged in Section I.C of this CAFO, Respondent shall pay a civil administrative penalty of SIXTEEN THOUSAND THREE HUNDRED AND FIFTY-EIGHT DOLLARS ($16,358). Respondent shall pay this civil penalty within thirty (30) days of the effective date of this CAFO, shall make this payment by cashier's or certified check payable to the "Treasurer, United States of America," and shall send the check by certified mail, return receipt requested, to the following address:

U.S. Environmental Protection Agency, Region IX
P.O. Box 371099M
Pittsburgh, PA 15251

Respondent shall accompany its payment with a transmittal letter identifying the case name, the case docket number, and this CAFO. Concurrent with delivery of the payment of the penalty, Respondent shall send a copy of the check and transmittal letter to the following addresses:

Regional Hearing Clerk
Office of Regional Counsel (ORC-1)
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

Sharon Bowen
Communities and Ecosystems Division (CED-5)
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

Ivan Lieben
Office of Regional Counsel (ORC-2)
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

26. Respondent shall not use payment of any penalty under this CAFO as a tax deduction from Respondent's federal, state, or local taxes, nor shall Respondent allow any other person to use such payment as a tax deduction.

27. If Respondent fails to pay the assessed civil administrative penalty of SIXTEEN THOUSAND THREE HUNDRED AND FIFTY-EIGHT DOLLARS ($16,358), as identified in Paragraph 25, by the deadline specified in that Paragraph, then Respondent shall also pay a stipulated penalty to EPA. The amount of the stipulated penalty will be TWO THOUSAND DOLLARS ($2,000), and will be immediately due and payable on the day following the deadline specified in Paragraph 25, together with the initially assessed civil administrative penalty of SIXTEEN THOUSAND THREE HUNDRED AND FIFTY-EIGHT DOLLARS ($16,358), resulting in a total penalty due of EIGHTEEN THOUSAND THREE HUNDRED AND FIFTY-EIGHT DOLLARS ($18,358). Failure to pay the civil administrative penalty specified in

Paragraph 25 by the deadline specified in that Paragraph may lead to any or all of the following actions:

(1) EPA may refer that debt to a credit reporting agency, a collection agency, or to the Department of Justice for filing of a collection action in the appropriate United States District Court. 40 C.F.R. §§ 13.13, 13.14 AND 13.33. The validity, amount, and appropriateness of the assessed penalty or of this CAFO is not subject to review in any such collection proceeding.

(2) The U.S. Government may collect the debt by administrative offset (i.e., the withholding of money payable by the United States to, or held by the United States for, a person to satisfy the debt the person owes the U.S. Government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds. 40 C.F.R. §§ 13(C) and 13(H).

(3) Pursuant to 40 C.F.R. §§ 13.17, EPA may either: (i) suspend or revoke Respondent's licenses or other privileges, or (ii) suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds.

(4) Pursuant to 31 U.S.C. §§ 3701 et seq. and 40 C.F.R. Part 13, the U.S. Government may assess interest, administrative handling charges and nonpayment penalties against the outstanding amount that Respondent owes to EPA for Respondent's failure to pay the civil administrative penalty specified in Paragraph 25 by the deadline specified in that Paragraph.

(a) Interest. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. §13.11 (a)(1), any unpaid portion of the assessed penalty shall bear interest at the rate established according to 26 U.S.C. § 6621(a)(2) from the effective date of this CAFO, provided, however, that no interest shall be payable on any portion of the assessed penalty that is paid within thirty (30) days of the effective date of this CAFO.

(b) Administrative Handling Charges. Pursuant to 31 U.S.C. Section 3717(e)(1) and 40 C.F.R. § 13.11(b), Respondent shall pay a monthly handling charge, based on either actual or average cost incurred (including both direct and indirect costs), for every month in which any portion of the assessed penalty is more than thirty (30) days past due.

(c) Nonpayment Penalties. Pursuant to 31 U.S.C. § 3717(e)(2) and 40 C.F.R. § 13.11(c), a monthly penalty charge, not to exceed six percent (6%) annually, may be assessed on all debts more than ninety (90) days delinquent.

G. CERTIFICATION AND COMPLIANCE

28. In executing this CAFO, Respondent certifies that it is no longer selling or distributing any pesticide that is misbranded in violation of Section 12(a)(1)(E) of FIFRA, 7 U.S.C. § 136j(a)(1)(E).; and (2) it has complied with all other FIFRA requirements at all facilities that it owns or operates.

29. Within thirty (30) days of receipt of approval of the initial amendment or updated registration it receives following entry of the Final Order in this matter for the Eco Tru Professional Broad Spectrum Disinfectant Cleaner, Eco Tru 1453 and Steri-Safe pesticide products, EnviroSystems shall provide copies to EPA, Region IX of the approval letter received from EPA for the amended or updated registration. Respondent shall provide these documents to the following:

Sharon Bowen
Communities and Ecosystems Division (CED-5)
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

H. RETENTION OF RIGHTS

30. In accordance with 40 C.F.R. § 22.18(c), this CAFO only resolves Respondent's liabilities for federal civil penalties for the violations and facts specifically alleged in Section I.C of this CAFO. Nothing in this CAFO is intended to or shall be construed to resolve: (i) any civil liability for violations of any provision of any federal, state, or local law, statute, regulation, rule, ordinance, or permit not specifically alleged in Section I.C. of this CAFO; or (ii) any criminal liability. EPA specifically reserves any and all authorities, rights, and remedies available to it (including, but not limited to, injunctive or other equitable relief or criminal sanctions) to address any violation of this CAFO or any violation not specifically alleged in Section I.C of this CAFO.

31. This CAFO does not exempt, relieve, modify, or affect in any way Respondent's duties to comply with all applicable federal, state, and local laws, regulations, rules, ordinances, and permits.

I. ATTORNEYS' FEES AND COSTS

32. Each party shall bear its own attorneys' fees, costs, and disbursements, incurred in this proceeding.

J. EFFECTIVE DATE

33. In accordance with 40 C.F.R. §§ 22.18(b)(3) and 22.31(b), this CAFO shall be effective on the date that the Final Order contained in this CAFO, having been approved and issued by either the Regional Judicial Officer or Regional Administrator, is filed.

J. BINDING EFFECT

34. The undersigned representative of Complainant and the undersigned representative of Respondent each certifies that he or she is fully authorized to enter into the terms and conditions of this CAFO and to bind the party he or she represents to this CAFO.

35. The provisions of this CAFO shall apply to and be binding upon Respondent and its officers, directors, employees, agents, trustees, servants, authorized representatives, successors, and assigns.

FOR RESPONDENT ENVIROSYSTEMS, INC.

May 23, 2006 — / s /

DATE

J. Lloyd Breedlove
Chief Executive Officer
EnviroSystems, Inc.
1900 Wyatt Drive, Suite 15
Santa Clara, CA 95054

FOR COMPLAINANT EPA:

June 27, 2006 — / s /

DATE

ENRIQUE MANZANILLA
Director, Communities and Ecosystems Division
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, California 94105

II. FINAL ORDER

EPA and EnviroSystems, Inc. having entered into the foregoing Consent Agreement, IT IS HEREBY ORDERED that this CAFO (Docket No. FIFRA-9-2006-0011) be entered, and Respondent shall pay a civil administrative penalty in the amount of SIXTEEN THOUSAND THREE HUNDRED AND FIFTY-EIGHT DOLLARS ($16,358), and comply with the terms and conditions set forth in the Consent Agreement.

8/29/06
DATE

/ s /
JOANNA DELUCIA
Regional Judicial Officer
U.S. Environmental Protection Agency, Region IX

CERTIFICATION/CERTIFICATE OF SERVICE

I hereby certify that the original of the foregoing Consent Agreement and Final Order, Docket No FIFRA-9-2006- 0011 has been filed with the Region 9 Hearing Clerk and that a copy was sent certified mail (7005 3110 0002 8247 4774), return receipt requested, to:

Mr. Lloyd Breedlove
Envirosystems, Inc.
1900 Wyatt Drive, Suite 15
Santa Clara, CA 95054

6-29-06 / s /
DATE
Danielle Carr
Regional Hearing Clerk
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105

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Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, J. Lloyd Breedlove, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Telecomm Sales Network, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2006

By: /s/ J. Lloyd Breedlove
J. Lloyd Breedlove
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, Stephen Hoelscher, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Telecomm Sales Network, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2006

By: /s/ Stephen Hoelscher
Stephen Hoelscher
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Telecomm Sales Network, Inc. (the "Company") on Form 10-QSB for the period ended September 30, 2006 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned J. Lloyd Breedlove, Chief Executive Officer of the Company and Stephen Hoelscher, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 14, 2006	By: /s/ J. Lloyd Breedlove Name: J. Lloyd Breedlove Title: Chief Executive Officer (Principal Executive Officer)
Date: November 14, 2006	By: /s/ Stephen Hoelscher Name: Stephen Hoelscher Title: Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.