

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made as of this 18th day of FEBRUARY, 2004, by and among COLONIAL INVESTMENT COMPANY, INC., a Guam corporation ("Buyer"), and Guam Radio Services, Inc., a Guam corporation ("Seller").

Recitals

A. Seller owns a tower, antennas, an FM transmitter, and various other personal assets used in the FM radio broadcasting business. Buyer wishes to purchase from Sellers those certain assets specified in Schedule A attached hereto (the "Assets") and to have Seller assign the Federal Communications Commission ("FCC") broadcast license for its FM radio station KOKU-FM (aka "Hit Radio 100") (the "Station").

B. Subject to the terms and conditions of this Agreement, Seller is willing to sell to Buyers, and Buyer is willing to buy from Seller, the Assets.

WITNESSETH

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

1. BASIC TRANSACTION.

- (a) Purchase and Sale of Assets. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell, transfer, convey, and deliver to Buyers, all of the Assets at the Closing for the consideration specified below in this Section 1.
- (b) Purchase Price. Buyer agrees to pay to Seller the sum of Three Hundred and Fifty Thousand Dollars (\$350,000.00) (the "Purchase Price"), payable as follows: (i) Fifty thousand dollars (\$50,000.00) in cash or by cashier's check on execution of this Agreement, and (ii) the balance Three Hundred Thousand Dollar (\$300,000.00) by wire transfer or delivery of other immediately available funds on the Closing Date.
- (c) The Closing. The closing of the transaction contemplated by this Agreement (the "Closing") shall take place at the offices of Seller, 508 West O'Brien Drive, Hagatna, Guam at 9:00 a.m. local time within ten (10) days after the FCC approves the transfer of the broadcast license, or on such other date as the Parties may mutually agree in writing (the "Closing Date").
- (d) Deliveries at the Closing.
 - (i) By Seller. At the Closing, Seller will deliver to Buyer: a Bill of Sale in the form attached hereto as Exhibit B and such other documents of transfer as may be required, such as, for example, ownership certificates for the vehicles included in the Assets, assignments of contracts, etc.; and certified copies of resolutions of the shareholders and directors of Seller

approving this Agreement and authorizing the sale of the Assets. Seller shall also deliver a duly executed surrender of any fictitious name used by Seller in connection with the operation of the Station, such as "Hit Radio 100."

(ii) By Buyer. Buyer will deliver to Seller the balance of the Purchase Price as specified in Section 1(b) above.

2. SELLER'S REPRESENTATIONS AND WARRANTIES

(a) Authorization of Transaction. Seller has full power and authority to execute and deliver this Agreement and to perform their obligations hereunder. The principal terms of this Agreement have been approved by Seller's board of directors and shareholders and this Agreement constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions.

(b) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will

(i) violate any law, judgment, order, or other restriction of any governmental agency, or court to which Seller is subject or

(ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Seller is a party or by which either is bound, except where such would not have a material adverse effect on the financial condition of Seller taken as a whole or on the ability of the Parties to consummate the transactions contemplated by this Agreement.

(c) Title to Assets. Seller has good title to the Assets.

(d) Litigation. There is now no litigation pending against Seller of which it or its officers are aware that will, might or could affect consummation of the sale described in this Agreement or transfer of title of any of the Assets to Buyer.

(e) Survival of Warranties. All warranties made by Seller in this Agreement shall survive the consummation of the sale and the Closing.

(f) Disclaimer of Other Representations and Warranties. Except as expressly set forth in this Section 2, Seller makes no representation or warranty, express or implied, at law or in equity, in respect of any of the Assets, including, without limitation, with respect to merchantability or fitness for any particular purpose, and any such other representations or warranties are hereby expressly disclaimed. Buyer hereby acknowledges and agrees that, except to the extent specifically set forth in this Section 2, Buyer is purchasing the Assets on an "as-is, where-is" basis. Without limiting the generality of the foregoing, Seller makes no representation or warranty regarding any of the Assets, and none shall be implied at law or in equity.

3. BUYER'S REPRESENTATIONS AND WARRANTIES

(a) Authorization of Transaction. Buyer has full power and authority to execute and deliver this Agreement and to perform their obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions.

(b) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will

(i) violate any law, judgment, order, or other restriction of any governmental agency, or court to which Buyer is subject or

(ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which either is bound, except where such would not have a material adverse effect on the financial condition of Buyer taken as a whole or on the ability of the Parties to consummate the transactions contemplated by this Agreement.

4. PRE-CLOSING COVENANTS

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing to use their reasonable best efforts to take all actions and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Section 5 below). Seller shall continue to operate its business until consummation of the sale of the Assets. Any and all risk of loss or damages to the Assets during that period from any and all causes except the fault or negligence of Buyer shall be assumed and borne by Seller. Should any of the Assets be damaged during the pre-consummation period by any cause not the fault of Buyer the Purchase Price shall be reduced accordingly.

5. CONDITIONS TO OBLIGATION TO CLOSE

(a) Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 2 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) Seller shall have performed and complied with all of Seller's covenants hereunder in all material respects through the Closing;

(iii) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement;

(iv) the relevant parties shall have entered into a lease and in form and substance as set forth in Exhibit C attached hereto and the same shall be in full force and effect; and,

(v) there has not been any material change in the condition of the Assets, or any of them, requiring more than \$25,000 to repair in the judgment of Buyer.

Buyer may waive any condition specified in this Section 5(a) if Buyer executes a writing so stating at or prior to the Closing.

(b) Conditions to Obligation of Seller. The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) Buyer shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement; and,

(iv) the relevant parties shall have entered into a lease in form and substance as set forth in Exhibit C attached hereto and the same shall be in full force and effect.

Seller may waive any condition specified in this Section 5(b) if it executes a writing so stating at or prior to the Closing.

6. TRANSFER TAXES AND FEES.

Seller shall bear one-half and Buyer shall bear one-half of all transfer, sales, recording and filing taxes or fees resulting from the transfer of the Purchased Assets. Seller and Buyer shall pay their own expenses incurred in connection with the preparation, execution, and performance of this Agreement, including without limitation all fees and expenses of counsel and accountants, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar person retained by or on behalf of such party.

7. NOTICES

All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, (ii) delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, (iii) deemed to have been given on the date of personal delivery, or the date set forth in the records of the delivery service or on the return receipt, and (iv) addressed as follows:

If to Seller

Lee M. Holmes
508 West O'Brien Drive
Agana, GU 96910
Telephone: (671) 646-1013/477-9287
Telecopy: (671) 646-1013

With a copy (which shall not constitute notice) to:
Mark S. Holmes, Esq.
Telecopy: (415)362-1114/(415)362-9181
Telephone (415)362-1234

If to Buyer

Kurt Moylan
Agana, Guam 96910
Telephone: (671) 477-7500
Telecopy: (671) 477-1837

With a copy to Bill Blair, Esq., (which shall not constitute notice) to:
Telecopy:

or to any such other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 7(b).

8. ASSIGNMENT

Neither party hereto may assign this Agreement without the prior written consent of the other party, provided however that Buyer may assign the contract to a company to be formed and named MOY COMMUNICATIONS, INC. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

9. CHOICE OF LAW

This Agreement shall be governed, construed and enforced in accordance with the laws of Guam.

10. ENTIRE AGREEMENT

This Agreement, all exhibits hereto, the Confidentiality Agreement between the Mr. Kurt Moylan and his associates of Feb.13, 2004 and Guam Radio Services, Inc, and all documents to be delivered by the parties pursuant hereto collectively represent the entire understanding and agreement between Buyers and Sellers with respect to the subject matter hereof. All exhibits attached to this Agreement shall be deemed part of this Agreement and are incorporated herein, where applicable, as if fully set forth herein. This Agreement supersedes all prior negotiations, letters of intent or other writings between Buyer and Seller with respect to the subject matter hereof.

11. CONSTRUCTION

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal or territorial statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

12. WAIVER OF PERFORMANCE

Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this 7(g).

13. BULK TRANSFER LAWS

Buyer acknowledges that Seller will not comply with the provisions of any bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

14. EMPLOYEES

Buyer shall be under no obligation to continue the employment status of any of the employees of Seller after the Closing Date; provided, however, that Seller shall, however, at Buyer's request, assign to Buyer any written employment contracts and, in such event, Buyer shall continue to honor any such contracts until they expire or are terminated in accordance with their terms.

15. SEVERABILITY

If any provision hereof or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

16. NO THIRD PARTY BENEFICIARIES.

There are no third-party beneficiaries of this Agreement or any of the terms or provisions hereof or any of the rights, privileges, duties, liabilities or obligations created hereby.

17. MODIFICATION

This Agreement and all agreements to be delivered by the parties pursuant hereto cannot be amended, supplemented or modified except by a written agreement which makes specific reference to this Agreement or such agreement delivered pursuant hereto, as the case may be, and which is signed by the party against which enforcement of any such amendment, supplement or modification is sought.

18. CAPTIONS

The captions at the headings of each Section of this Agreement are for convenience of reference only, and are in no way intended or to be used or applied to describe, interpret, construe, define or limit the scope, extent, intent or operation of this Agreement or of any term or provision hereof.

19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, and all of which counterparts together shall constitute one and the same fully executed instrument.

20. ATTORNEY'S FEES

If any litigation is commenced between the parties concerning this Agreement, the sale and purchase described in this Agreement, or the rights and duties of either in relation to this Agreement, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted, to a reasonable sum as and for its attorney's fees in that litigation which shall be determined by the court in that litigation or in a separate action brought for that purpose.

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IN WITNESS WHEREOF, this Agreement has been executed by Buyer and Seller as of the date first written above.

Buyer:

Seller:

COLONIAL INVESTMENT COMPANY, GUAM RADIO SERVICES, INC.



KURT MOYLAN, President



LEE M. HOLMES, President