

31-185768F

Court File Number: \_\_\_\_\_

31-185768F

Superior Court of Justice  
Commercial List

**FILE/DIRECTION/ORDER**

Next Wood Inc.

Plaintiff(s)

AND

Defendant(s)

Case Management  Yes  No by Judge: \_\_\_\_\_

| Counsel | Telephone No: | Facsimile No: |
|---------|---------------|---------------|
|         |               |               |
|         |               |               |

- Order     Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: \_\_\_\_\_
- Time Table approved (as follows):

Order to issue in the form signed by me this day.

July 7, 2014  
Date

[Signature]  
Judge's Signature

Additional Pages \_\_\_\_\_



Court File No. 31-1859688  
Estate File No. 31-1859688

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE  
*MR* JUSTICE *PENNY*

) WEDNESDAY, THE 2<sup>ND</sup> DAY  
)  
) OF JULY, 2014.

**IN THE MATTER OF THE PROPOSAL OF  
NEXT WOOD INC.  
OF THE CITY OF VAUGHAN  
IN THE PROVINCE OF ONTARIO  
Insolvent Person**

**RICHTER ADVISORY GROUP INC.  
Proposal Trustee**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Next Wood Inc. ("Next Wood" or the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between Next Wood and fluidconcept & Design Inc. (the "Purchaser") dated June 25, 2014 and appended as Schedule "A" to this Approval and Vesting Order, and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets") and ancillary relief, as set out in the Notice of Motion, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report of Richter Advisory Group Inc. (the "Proposal Trustee"), in its capacity as the Trustee acting *in re* the proposal of Next Wood, dated June 20, 2014, (the "First Report"), the Affidavit of Daryl Logan sworn June 26, 2014 (the "Logan Affidavit") and the Exhibits thereto, and on hearing the submissions of counsel for Next Wood, counsel for the Proposal Trustee, counsel for the Purchaser

and the Proposal Trustee, no one appearing for any other person on the service list, although properly served, as appears from the Affidavit of Magdalene Rossi, sworn June 27, 2014, filed.

#### SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion, dated June 26, 2014 and the Motion Record filed in support of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

#### APPROVAL OF TRANSACTION

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

#### VESTING OF THE PURCHASED ASSETS

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Proposal Trustee's Certificate to the Purchaser substantially in the form attached as Schedule B hereto (the "Proposal Trustee's Certificate"), all of the Debtor's right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether

or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system and, for greater certainty, this Court orders that all of the encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds, if any, from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets and that from and after the delivery of the Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
5. THIS COURT ORDERS AND DIRECTS the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof.
6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Debtor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Hired Employees (as defined in the Sale Agreement). The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

(a) The pendency of these proceedings;

(b) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) Any assignment in bankruptcy made in respect of the Debtor.

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute, oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

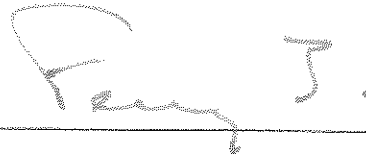
#### SEALING ORDER

9. THIS COURT ORDERS that the redaction of the sensitive commercial information in the Sale Agreement as set forth in Confidential Exhibits "D" and "E" of the Logan Affidavit (filed separately) is hereby approved *nunc pro tunc*, and that the unredacted Sale Agreement and summary of offers received by the Debtor as set forth in the Confidential Exhibits "D" and "E" of the Logan Affidavit

(filed separately), be and the same are hereby sealed until the filing with the Court of the Proposal Trustee's Certificate, or upon further Order of this Court.

#### AID AND RECOGNITION

10. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Debtor, the Proposal Trustee and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



A handwritten signature in cursive script, appearing to read "Perry J.", is written above a horizontal line.

**Schedule "A"**

Execution Copy:

June 25, 2014

---

ASSET PURCHASE AGREEMENT

Made as of the 25<sup>th</sup> day of June, 2014

Between

NEXT WOOD INC.  
(the "Vendor")

And

FLUID CONCEPT & DESIGN INC.  
(the "Purchaser")



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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made as of the 25th day of June, 2014

NEXT WOOD INC.

(the "Vendor")

and

FLUIDCONCEPT & DESIGN INC.

(the "Purchaser")

### RECITALS

A. The Vendor filed of a Notice of Intention to Make a Proposal ("NOI") on April 14, 2014, pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("BIA"), appointing Richter Advisory Group Inc. as proposal trustee (the "Proposal Trustee").

B. Subsequent to filing the NOI, the Vendor, in consultation with the Proposal Trustee, solicited asset purchase offers in respect of the Vendor's assets on a going concern or other basis (the "Sale Process").

C. On May 14, 2014, the Vendor filed with the Official Receiver a proposal pursuant to the BIA (the "Proposal") to settle or provide for the payment of its outstanding obligations to its creditors in order to facilitate a restructuring of its operations, through a sale of its business and/or Purchased Assets (as defined herein) (the "Transaction"), a copy of which was delivered to the Vendor's creditors by the Proposal Trustee on May 23, 2014.

D. On June 4, 2014, at the general meeting of the creditors held at the office of Thornton Grout Finnigan LLP the Vendor's Proposal was deemed accepted by its creditors.

E. The Vendor desires to sell and the Purchaser desires to purchase the Purchased Assets, as more particularly set out herein, subject to the terms and conditions hereof.

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

ARTICLE I - INTERPRETATION

1.01 Definitions

In this Agreement:

"Agreement" means this Asset Purchase Agreement and all schedules attached hereto;

"Approval and Vesting Order" has the meaning set out in Section 5.03;

"Assumed Contracts" means the agreements described in Schedule "B";

"BIA" has the meaning set out in Recital A;

"Business" means the business of the Vendor operated out of the Vendor's Premises, including the manufacturing of modular office furniture and casegoods;

"Business Day" means a day on which banks are open for business in the City of Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

"Closing" means the successful completion of the Transaction;

"Closing Date" means the Business Day [two (2)] days following the date on which the Approval and Vesting Order is granted or such other date as agreed upon between the parties in writing;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Deposit" has the meaning set out in Section 2.05;

"Employees" means all individuals employed or retained by the Vendor on a full-time, part-time or temporary basis in connection with Business;

"ETA" means the *Excise Tax Act* (Canada);

"HST" means all harmonized sales taxes payable under the ETA;

"Hired Employees" has the meaning set out in Section 3.01;

"NOI" has the meaning set out in Recital A;

"Official Receiver" shall have the meaning ascribed thereto in the BIA;

"Proposal Trustee" has the meaning set out in Recital A;

"Purchased Assets" include, and are limited to, all the right, title and interest of the Vendor in and to all the equipment of the Vendor including the equipment listed in Schedule "A", together with all fixtures, fittings, tools, computers and electronic

equipment; all inventory and raw materials; all designs, software and intellectual property; all business records, supply contract agreements and client information in the possession of the Vendor and the business names "Next Wood", "Inline Systems" and "Tricore Industries";

"Purchase Price" means the sum of ██████████ payable as set out in Section 2.05;

"Purchaser" means Fluid Concept and Design Inc.;

"Required Consents" means the consents listed in Schedule "C" to the extent required under the applicable Assumed Contract with respect to the assignment of such Assumed Contract by Vendor to the Purchaser;

"Sale Process" has the meaning set out in Recital B;

"Time of Closing" means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;

"Transaction" means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;

"Vendor" means Next Wood Inc.; and

"Vendor's Premises" means the premises leased by the Vendor located at 96 Planchet Road, Concord, Ontario, L4K 2C7.

#### 1.02 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

#### 1.03 Extended Meanings

Words importing the singular include the plural and *vice versa*, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

#### 1.04 Schedules

The following Schedules are incorporated in and form part of this Agreement:

|            |                                     |
|------------|-------------------------------------|
| Schedule A | Purchased Assets                    |
| Schedule B | Assumed Contracts                   |
| Schedule C | Required Consents                   |
| Schedule D | Form of Bill of Sale and Assignment |

## ARTICLE II- SALE AND PURCHASE AND ASSIGNMENT

### 2.01 Sale and Purchase of Purchased Assets

Subject to the terms and conditions hereof, in accordance with the Proposal, the Vendor shall sell to the Purchaser and the Purchaser shall purchase the Purchased Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Vendor other than the Purchased Assets.

### 2.02 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendor shall assign to the Purchaser at the Time of Closing all of the rights, benefits and interests of the Vendor in and to the Assumed Contracts and the Purchaser shall assume the obligations and liabilities of the Vendor under the Assumed Contracts on the Closing Date.

Provided that it is not otherwise permitted in the Approval and Vesting Order or any other order of a court with jurisdiction, this Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such contract.

### 2.03 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor or the Proposal Trustee concerning completeness or the accuracy of the description of the Purchased Assets contained in the Schedules hereto.

#### 2.04 Excluded Obligations

Other than the Assumed Contracts set forth in Schedule "B", the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of any nature which are related in any way to the Vendor.

#### 2.05 Payment of the Purchase Price

On or prior to the Time of Closing, the Purchaser shall pay the Purchase Price [REDACTED] as follows:

- (a) The sum of [REDACTED] shall be paid by the Purchaser to the Proposal Trustee upon execution of this Agreement as a deposit (the "Deposit") to be held by the Proposal Trustee, in trust, until the Time of Closing and credited towards the Purchase Price on Closing; and
- (b) The balance of the Purchase Price, after crediting the Deposit, shall be paid to the Vendor at the Time of Closing.

The Proposal Trustee agrees to cause the Deposit to be placed in an interest bearing account, with all interest earned or accrued thereon, if any, to be paid or credited to the Purchaser at the Time of Closing, unless the Purchaser forfeits the Deposit as provided below in which event the interest shall be paid to the Proposal Trustee. Unless otherwise agreed, all amounts payable either by way of Deposit or at the Time of Closing shall be paid by certified cheque or bank draft of a Schedule 1 Canadian chartered bank or wire transfer.

#### 2.06 Allocation of Purchase Price

The Vendor and the Purchaser agree to allocate the Purchase Price among the Purchased Assets no later than ten (10) Business Days after the Closing Date and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation.

#### 2.07 Taxes

The Purchaser shall pay upon Closing, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the purchase and sale of the Purchased Assets including, without limitation, HST. Alternatively, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates.

Alternatively, if applicable, the Purchaser and the Vendor shall jointly make the election provided for under subsection 167(1.1) of the ETA such that no HST will be payable in respect of the transactions contemplated by this Agreement. The Purchaser and the Vendor shall jointly complete the election form in respect of such election and the Purchaser hereby irrevocably appoints the Vendor (or its authorized representatives) as its agent to file the said election form no later than the due date for the Purchaser's HST returns for the first reporting period in which HST, as applicable, would, in the absence of such election, become payable in connection with the transactions contemplated by this Agreement.

The Purchaser agrees to indemnify and save the Vendor and the Proposal Trustee harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

#### ARTICLE III- EMPLOYEE MATTERS

##### 3.01 Offers to Employees'

Not later than one (1) Business Day prior to the Closing Date, the Purchaser shall offer employment, commencing on the Closing Date (or such later date on which those Employees who are on leave return to active service) to those Employees that the Purchaser, in its sole discretion, desires to hire. The Employees who accept the Purchaser's offer of employment are collectively referred to herein as the "Hired Employees".

##### 3.02 Employee Remuneration, Benefits and Deductions

The Purchaser shall not be responsible for any wages, statutory deductions, vacation pay, remittances, assessments, bonuses, notice of termination, termination pay, severance pay, sick leave or other remuneration, benefits or deductions in respect of the Employees prior to the Closing Date. Except as required by statute or common law, the Purchaser shall have no obligation to recognize the service of Hired Employees pursuant to Section 3.01.

##### 3.03 Termination of Employment

No later than one (1) Business Day prior to the Closing Date, the Vendor shall terminate the employment of all Employees, including those Employees who are Hired Employees, which termination shall be effective on the earlier of (a) one Business Day prior to the Closing Date, or (b) the date that the Vendor terminated the employment of such Employee.

#### ARTICLE IV- REPRESENTATIONS AND WARRANTIES

##### 4.01 Purchaser's Representations

The Purchaser represents and warrants to the Vendor and Proposal Trustee as follows:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Ontario;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery



by it of this Agreement or the performance by it of any of the terms contained herein;

- (d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any Court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;
- (e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (f) the Purchaser is a Canadian within the meaning of the *Investment Canada Act*; and
- (g) the Purchaser is either registered under or has applied for registration under Part IX of the ETA and will notify the Vendor and the Proposal Trustee of its registration number once obtained but in any event prior to the Closing Date.

#### 4.02 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order by the Court;
- (b) the Vendor has done no act to encumber the Purchased Assets since the filing of the NOI; and
- (c) the Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

### ARTICLE V- CONDITIONS

#### 5.01 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and on as of that date;
- (b) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) the Purchaser securing a term loan for the Purchase Price and a revolving line of credit sufficient to support the working capital requirements of the ongoing business on terms acceptable to the Purchaser.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

#### 5.02 Conditions - Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) the Vendor obtaining confirmation in writing from Adcit Holdings Limited (the "Landlord"), in a form satisfactory to the Vendor, confirming that the Lease dated July 8, 2011, entered into by the Vendor and the Landlord in connection with the Vendor's Premises has been assigned to the Purchaser effective as at the Closing Date and that the Vendor is forever released from any and all obligations and/or liabilities owing thereunder;
- (c) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (d) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (e) as at the Closing Date, no person shall have taken any action to redeem any of the Purchased Assets.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

### 5.03 Approval and Vesting Order

The obligations of the Vendor and the Purchaser are subject to the conditions that:

- (a) an order shall have been made by the Court on or before July 2, 2014, approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Vendor in the Purchased Assets free and clear of all liens, security interests and other encumbrances; (the "Approval and Vesting Order"); and
- (b) the Approval and Vesting Order shall not have been stayed, varied or vacated, and no order shall have been issued which restrains or prohibits the completion of the Transaction.

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

### 5.04 Non-Satisfaction of Conditions

If any condition set out in this Article V is not satisfied or performed prior to the time specified therefore, the party for whose benefit the condition is inserted may:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

## ARTICLE VI- CLOSING

### 6.01 Closing

The completion of the Transaction shall take place at the offices of Keyser Mason Ball, LLP, Four Robert Speck Parkway, Suite 1600 Mississauga, Ontario at the Time of Closing on the Closing Date or as otherwise determined by mutual agreement of the parties in writing.

### 6.02 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor and Proposal Trustee, acting reasonably:

- (a) payment of the Purchase Price in accordance with Section 2.06;
- (b) payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, as required by Section 2.08;

- (c) a bill of sale and assignment substantially in the form of Schedule "D";
- (d) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (e) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Section 5.01 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (f) such further and other documentation as is referred in this Agreement or as the Vendor or Proposal Trustee may reasonably require to give effect to this Agreement.

#### 6.03 Vendor's Deliveries on Closing

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale and assignment substantially in the form of Schedule "D";
- (b) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date; and
- (c) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Section 5.02 of this Agreement have been fulfilled, performed or waived as of the Closing Date.

#### 6.04 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, benefits and interests in and to the Purchased Assets as authorized by the Approval and Vesting Order. The Purchaser agrees to purchase and accept the rights, benefits and interests of the Vendor in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale and assignment and the Approval and Vesting Order.

#### 6.05 Possession of Purchased Assets

The Vendor shall remain in possession of the Purchased Assets until the Time of Closing. On Closing, the Purchaser shall take possession of the Purchased Assets wherever situate at the Time of Closing. The Purchaser acknowledges that the Vendor has no obligation to deliver physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in

the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 6.02.

#### 6.06 Access to Purchased Assets

The Purchaser may have reasonable access to the Purchased Assets located at the Vendor's Premises during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Proposal Trustee or the Vendor. The Purchaser agrees to indemnify and save the Vendor and the Proposal Trustee harmless from and against all claims, demands, losses, actions and costs incurred or arising from or in any way directly related to the inspection of the Purchased Assets or the attendance of the Purchaser, its employees or agents at the Vendor's Premises.

#### 6.07 Risk

The Purchased Assets shall be and remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing. If, prior to Closing, the Purchased Assets shall be damaged in any way or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transaction. Such option shall be exercised within 15 days after notification to the Purchaser by the Proposal Trustee and the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement shall be terminated automatically and the Purchaser shall be entitled only to a return of the Deposit paid under Section 2.06(a) but without any other compensation. If the Purchaser does not exercise such option, it shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction provided that such damage or destruction is insured or, otherwise, to an agreed abatement.

#### 6.08 Termination

If either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Section 5.04 or 6.07:

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end;
- (b) the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder to the Proposal Trustee returned with any interest earned thereon without deduction; and
- (c) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

6.09 Breach by Purchaser

If the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, the Deposit and any other payments made by the Purchaser shall be forfeited to the Proposal Trustee, in trust for the Vendor, on account of the Vendor's liquidated damages, and any Purchased Assets may be resold by the Vendor. In addition, the Purchaser shall pay to the Vendor on demand, the deficiency, if any, arising upon such resale (after deduction of the expenses of resale) together with interest and all other damages or charges occasioned by or resulting from the default of the Purchaser.

ARTICLE VII- GENERAL

7.01 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

7.02 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

Fluidconcept & Design Inc.  
c/o Mitchell Bardyn and Zalucky LLP  
3029 Bloor Street West  
Toronto, Ontario  
M8X 1A1

Attention: Walter G. Kuplowsky  
Email: [walter.kuplowsky@mbzlaw.com](mailto:walter.kuplowsky@mbzlaw.com)

And in the case of the Vendor, as follows:

Next Wood Inc.  
c/o Keyser Mason Ball, LLP  
Four Robert Speck Parkway,  
Suite 1600.  
Mississauga, Ontario L4Z 1S1

Attention: John Ball  
Fax No: 905-276-2298  
Email: [johnball@kmbllaw.com](mailto:johnball@kmbllaw.com)

with a copy to the Proposal Trustee, as follows:

Richter Advisory Group Inc.  
2345 Yonge Street,  
Suite 300,  
Toronto, ON M4P 2E5

Attention: Adam Sherman  
Fax No.: 416-488-3765  
Email: [ASherman@Richter.ca](mailto:ASherman@Richter.ca)

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

#### 7.03 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

#### 7.04 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

#### 7.05 Survival

The representations and warranties of the parties hereto contained in this Agreement shall survive Closing.

#### 7.06 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

#### 7.07 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

7.08 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

7.09 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

7.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

7.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

7.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

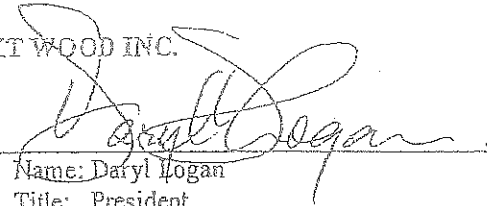
*[Signature page follows]*

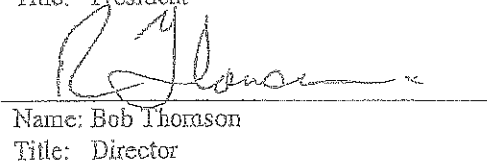


IN WITNESS WHEREOF THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES AS OF THE DATE FIRST ABOVE WRITTEN.

NEXT WOOD INC.

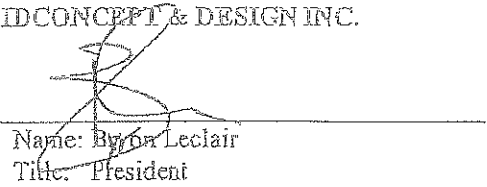
By:

  
Name: Daryl Logan  
Title: President

  
Name: Bob Thomson  
Title: Director

FLUID CONCEPT & DESIGN INC.

By:

  
Name: Byron Leclair  
Title: President

Schedule A -- List of Purchased Assets

MACHINERY & EQUIPMENT

|  | Model  | Serial#            |
|--|--|--------------------|
| INLINE SYSTEMS                         |  |                    |
| Machines                               |  |                    |
| 1                                      | Biesse Rover B7.40                             |                    |
| 1                                      | Selco Saw                                      | EB120              |
| 1                                      | Akron 245 Edge Bander                          |                    |
| 1                                      | Holzher Edge bander                            | 13135-5141RT       |
| 1                                      | Biesse Rover 346                               |                    |
| 1                                      | Biesse Rover 346 not operating                 |                    |
| 1                                      | ThermoWeb Laminator with hood / fan            |                    |
| 1                                      | Hendricks Vertical Panel Saw                   | SZII PRO-V-126     |
| 1                                      | Biesse Multi Spindle BM                        | Forecon 57         |
| 1                                      | Piranha Ironworker                             |                    |
| 1                                      | IMA Edgebander                                 |                    |
| 1                                      | Alexander Dodds Single Spindle mortiser        | MB-8649-618        |
| 1                                      | Komatsu 6,000 lb Fork Lift                     | FG30SHT-12 513909A |
| 1                                      | GM Savana Van (2011)                           |                    |
| 1                                      | LeRoi 25 hp Compressor                         |                    |
| 1                                      | CompAir Compressor                             | 6000E              |
| 1                                      | Air dryer/receiver set                         |                    |
| 1                                      | McDonald Steel Dust Collector                  | 70 HP              |
| 1                                      | Vecoplan 25 hp Wood Hogger                     | VAS120             |
| 1                                      | Black MacDonald Pinch Roller 52"               |                    |
| 1                                      | 5 HP Kraemer Portable Dust collector           |                    |
| 1                                      | Aerdon 4000lb Scissor Lift                     | SSL-10             |
| 1                                      | Rockwell Unisaw                                |                    |
| 1                                      | Normand Feeder                                 |                    |
| 1                                      | Arctic Window Strapper                         |                    |
| 1                                      | Sealed Air - Instapak Foam Machine             |                    |
| 3                                      | MIG Wirefeed Welder (Miller, Lincoln, Ackland) |                    |
| 1                                      | Lincoln welder                                 |                    |
| Various small tools and shop equipment |  |                    |
| 70                                     | Racking - Redirack 36 x 8 x 20                 |                    |
| 15                                     | Racking - Redirack 30 x 8 x 15                 |                    |
| 2                                      | Pallet Trucks                                  |                    |
| 1                                      | Pneumatic stapler                              |                    |

- 2 Manual Steel Strapper
- 1 Vacuum table
- 1 Samuels Strapping Machine S0669
- 13 Steel Assembly Tables
- 9 Portable Steel Carts
- 1 Signode Strapping Machine
- 3 King metal Cutting Bandsaw
- 5 Drill Press
- 1 Disk/drum sander
- 2 Welding tables with screens
- 2 T-mold Box Heaters
- 4 Porter Cable Bench Routers
- 1 Fabric Spray booth with guns etc and dust collector
- 1 Laminate spray booth with guns and heaters
- 1 Drum Dumper
- 1 Action Paper - Strapping Tool
- 1 Action Paper - Strapping Tool
- 1 Ackland Compound Mitre Saw
- 1 Electronic Scale
- 1 Platform Scale
- 10 Production tables

**MACHINERY & EQUIPMENT**

Model Serial#

**TRICORE INDUSTRIES**

Machines

|   |                                   |            |            |
|---|-----------------------------------|------------|------------|
| 1 | Selco Saw                         | WNT600     |            |
| 1 | Biesse Multi-Head Through Feed BM | Compact T8 | 254/81     |
| 1 | Biesse Multi Spindle BM           | Compact T8 | MOR01283   |
| 1 | Biesse Multi Head Through Feed BM | E7         |            |
| 1 | Biesse Multi-Head Through Feed BM | Compact T8 | 467/85     |
| 1 | Biesse Multi Spindle BM           | Forecon 51 | 184/83     |
| 1 | Homag Single Sided Edge Bander    | KL33D      | 33-03-0025 |
| 1 | Homag KL074 Edge Bander           |            |            |
| 1 | Stefani Single sided edge bander  | Mono L     | TC101299   |
| 1 | Stefani Single Sided Edge Bander  | Mono-L     | 5195       |
| 1 | Friulmac Tenoner                  | FN7        |            |
| 2 | Argeml Double End Tenoner         | Vipe 1003  |            |
| 1 | SCM Vertical Overhead Pin Router  | R0         | AA101184   |
| 1 | NHTD Slotting machine             |            |            |
| 1 | Gardner Denver Screw Compressor   | 40 hp      |            |

|   |                                |            |           |
|---|--------------------------------|------------|-----------|
| 1 | Komatsu 6,000 lb Fork Lift     | FG30SHT-12 | 513891A   |
| 1 | Crown Narrow Aisle Reach Truck | 35RRYT     | W-59102   |
| 1 | Horizontal Twin Spindle BM     |            |           |
| 1 | Pistorius Double Mitre Saw     |            | E-536     |
| 1 | Pistorius Frame Stapler        |            |           |
| 1 | SCM Rolling Table Saw          | S115WF     | AB-500783 |
| 1 | General Table Saw              | Model 50   |           |
| 1 | Tairy Radial Arm Saw           |            |           |
| 1 | 5 HP Compressor                |            |           |
| 1 | JLT Single Door Clamp          | 79G-6-DC   |           |
| 1 | ARCStretch Wrap Machine        | ARC 212-1  |           |
| 1 | Gluefast Label Gluer           |            |           |

Various tools and equipment

|    |                                |         |  |
|----|--------------------------------|---------|--|
| 33 | Racking - Redirack 36 x 8 x 20 |         |  |
| 15 | Racking - Redirack 30 x 8 x 15 |         |  |
| 20 | Wire Mesh Bins                 |         |  |
|    | Pallet Trucks                  |         |  |
| 3  | Work Benches                   |         |  |
| 25 | Pneumatic and Hand Tppls       |         |  |
| 8  | Storage Cabinets               |         |  |
| 1  | Power Max Drill Press          | PDP-16F |  |
| 1  | Fabco Drill Press              |         |  |
| 1  | Rockwell Drill Press           |         |  |
| 1  | General Band Saw               |         |  |
| 1  | Ultra Air Dryer c/w receiver   | UA200AC |  |
| 5  | Assembly Tables /Conveyor      |         |  |
| 1  | Active Scale Digital Scale     |         |  |
| 1  | Hambleton Label gluer          |         |  |
| 1  | General 8 Speed Feeder         |         |  |
| 1  | Active Scale counting scale    |         |  |
| 1  | Hebrock Hot Air Edgebander     |         |  |
| 1  | Comatic Power Feeder           |         |  |

OFFICE

|    |                       |
|----|-----------------------|
| 1  | Cannon Copier         |
| 1  | Zebra Printer         |
| 3  | HP Laser Printers     |
| 20 | Computers c/w monitor |
| 2  | Servers               |
| 2  | UPS                   |

Together with:

1. All raw materials work in progress and finished goods but excluding all receivables as of the Closing Date.
2. The name "Next Wood"
3. All Marketing, Office and Sales collateral material
4. All Remaining Office equipment owned by the Vendor
5. All other equipment and assets not listed above owned by the Vendor located at 96 Planchet Drive on the Closing Date.
6. All Intellectual property of Next Wood, Inline and Tricore businesses (including names, designs, trademarks, patents and copyrights)
7. All customer and supplier relationships and agreements
8. All Software and electronic assets of Next Wood, Tricore and Inline both housed on-site and off-site or Cloud based locations

#### Schedule B - Assumed Contracts

Purchaser will assume such existing contracts between Next Wood Inc. (and its operating divisions Inline Systems and Tricore Industries) and government agencies, contract sales representatives, dealers and end users as are considered by both parties to be transferable.

Purchaser will assume the lease of the Vendor's premises located at 96 Planchet Drive, Toronto, Ontario

Schedule C – Required Consents

Consent of the Assignment of the Lease of the premises located at 96 Planchet Drive, Toronto to the Purchaser

Schedule D – Form of Bill of Sale and Assignment

Bill of Sale and Assignment

THIS AGREEMENT is made as of July 2, 2014, between

NEXT WOOD INC.,  
(the "Vendor")

- and -

▶  
(the "Purchaser")

RECITALS

A. The Vendor filed of a Notice of Intention to Make a Proposal ("NOI") on April 14, 2014, pursuant to the *Bankruptcy and Insolvency Act (Canada)* ("BIA"), appointing Richter Advisory Group Inc. as proposal trustee (the "Proposal Trustee").

B. Subsequent to filing the NOI, the Vendor, in consultation with the Proposal Trustee, solicited asset purchase offers in respect of the Vendor's assets on a going concern or other basis (the "Sale Process").

C. On May 14, 2014, the Vendor filed with the Official Receiver a proposal pursuant to the BIA (the "Proposal") to settle or provide for the payment of its outstanding obligations to its creditors in order to facilitate a restructuring of its operations, through a sale of its business and/or Purchased Assets (as defined herein) (the "Transaction"), a copy of which was delivered to the Vendor's creditors by the Proposal Trustee on May 23, 2014.

D. On June 4, 2014, at the general meeting of the creditors held at the office of Thomson Grout Finnigan LLP, the Vendor's Proposal was deemed accepted by its creditors.

E. The Purchaser and the Vendor have entered into an Asset Purchase Agreement made as of June 2, 2014 (the "Agreement"), pursuant to which the Vendor has agreed to sell the Purchased Assets and assign the Assumed Contracts to the Purchaser and the Purchaser has agreed to purchase the rights, benefits and interests of the Vendor in and to the Purchased Assets and to assume the Assumed Obligations.

F. On July 2, 2014, the Honourable Justice ▶ of the Ontario Superior Court of Justice (Commercial List) granted the Approval and Vesting Order (as defined in the Agreement).

G. Capitalized terms used herein but not otherwise defined shall have the meanings set out in the Agreement.

FOR VALUE RECEIVED, the parties agree as follows:



SECTION 1 - SALE OF PURCHASED ASSETS

1.1 Sale of Purchased Assets. The Vendor hereby sells, transfers, conveys, assigns and sets over to the Purchaser, subject to the Approval and Vesting Order and pursuant to the terms of the Agreement, all of the rights, benefits and interests of the Vendor in and to the Purchased Assets.

SECTION 2 - MISCELLANEOUS

2.1 Benefit of Agreement. This Bill of Sale and all of its provisions shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

2.2 Governing Law. This Bill of Sale shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

2.3 Counterparts. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

The parties have executed this Bill of Sale.

NEXT WOOD INC.

By: \_\_\_\_\_

Name: ▶

Title: ▶

▶

By: \_\_\_\_\_

Name: ▶

Title: ▶

Schedule B – Form of Proposal Trustee’s Certificate

Court File No. 31-1859688  
Estate File No. 31-1859688

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF  
NEXT WOOD INC.  
OF THE CITY OF VAUGHAN  
IN THE PROVINCE OF ONTARIO  
Insolvent Person

RICHTER ADVISORY GROUP INC.  
Proposal Trustee

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

- A. On April 14, 2014, Next Wood Inc. (“**Next Wood**” or the “**Debtor**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and named Richter Advisory Group Inc. (the “**Proposal Trustee**”) as the Trustee acting *in re* the proposal of Next Wood.
- B. On May 14, 2014, the Debtor lodged a Proposal with the Proposal Trustee, which Proposal was filed with the Official Receiver.
- C. On June 4, 2014, the meeting of creditors was held and presided over by the Proposal Trustee, and the Proposal was accepted by Next Wood’s creditors.
- C. Pursuant to an Order of the Court dated July 2, 2014, the Court approved the asset purchase agreement made as of June 25, 2014 (the “**Sale Agreement**”) between the Debtor and Fluid Concept & Design Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article V of the Sale

Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE PROPOSAL TRUSTEE CERTIFIES** that it has been advised by the Purchaser and the Debtor of the following:

1. The Purchaser has paid and the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article V of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ [TIME] on July \_\_\_\_ 2014.

**RICHTER ADVISORY GROUP INC., solely in its capacity as the Trustee acting *in re* the proposal of Next Wood Inc., and not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title:

In the Matter of the Proposal of Next Wood Inc., of the City of Vaughan, in the Province of Ontario, Insolvent Person  
Richter Advisory Group Inc., Proposal Trustee

Court File No. 31-1859688  
Estate File No.: 31-1859688

**SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT TORONTO**

**APPROVAL AND VESTING ORDER**

**KEYSER MASON BALL, LLP**  
Barristers & Solicitors  
4 Robert Speck Parkway  
Suite 1600  
Mississauga, Ontario  
L4Z 1S1

Brian M. Jenkins  
Telephone No.: (905) 276-9111  
Fax No.: (905) 276-2298  
Email: Jenkins@kmblaw.com

Solicitors for Next Wood Inc.