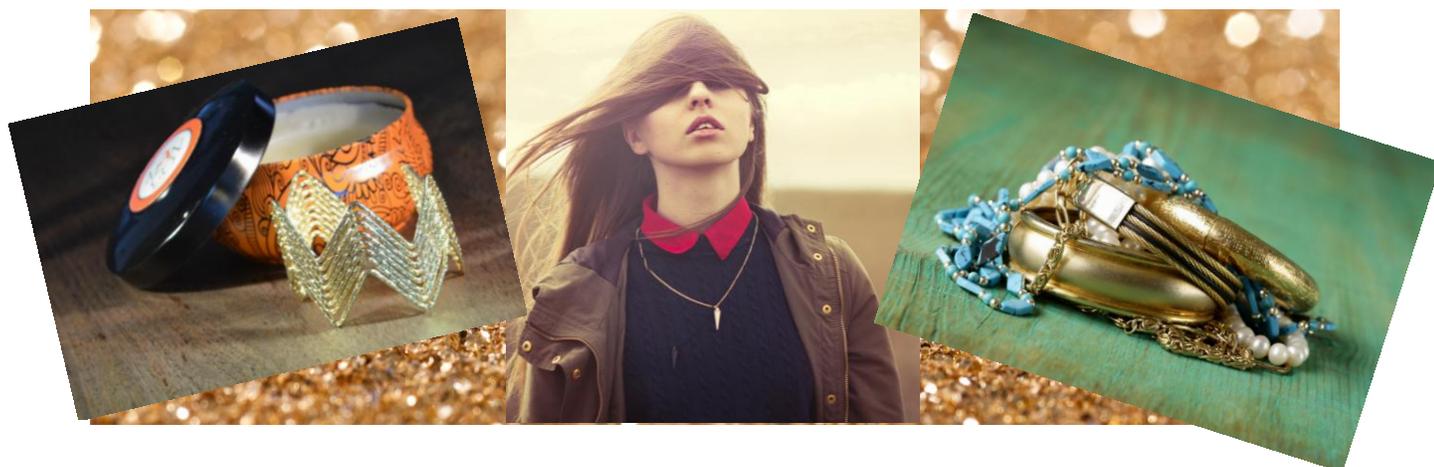


## TRANSACTION OPPORTUNITY: ESTABLISHED FINE AND FASHION JEWELRY WHOLESALER

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### Background

On May 19, 2015, Daco Manufacturing Ltd. (“Daco” or the “Company”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* (“BIA”) and Richter Advisory Group Inc. was named as the trustee under the NOI (the “Trustee”).

The Company is seeking interested parties to acquire the business and/or its assets under a court-supervised sales process (the “Bid Process”). The Trustee has overall supervision of the Bid Process and is assisting the Company with contacting potential interested parties to discuss this transaction opportunity.

### Company Overview

With roots dating back to the 1940s, Daco is a designer and wholesaler of moderately-priced fashion and precious metal jewelry including chains, pendants, earrings, charms, bracelets and various accessories. The Company operates from a 27,000 square foot facility in Woodbridge, Ontario, a suburb just north of Toronto and approximately 15 minutes from Toronto Pearson airport.

Daco has the expertise and proven track record in designing and developing customizable product lines and programs for its customers’ private labels, including displays and tailored packaging. The Company markets its products to a customer base that includes department and specialty retailers in North America. The majority of Daco’s precious metal jewelry is sourced in North America, South Africa and India, whereas its fashion lines are largely from China through the Company’s representative office. Additionally, Daco is also engaged in light manufacturing activities at its Woodbridge location.

Through collaboration with its customers, and monitoring fashion trends, Daco’s products are designed for maximum appeal and sell-through.

### Investment Highlights

The Company offers potential investors an attractive opportunity due to the following positive attributes:

#### Continuous Product Innovation

The Company’s primary focus on refreshing its collections has fueled the Company’s growth while maintaining a competitive advantage. Collaborating with its key customers has enabled Daco to maintain a strong market position.

#### Superior Inventory and Supply Chain Management

High customer satisfaction regarding on time and complete order fulfillment. Rigorous monitoring procedures enable Daco and its customers to maximize sales while carrying optimal levels of inventory.

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## Expertise in Product Sourcing

The Company has developed strategic business relationships and alliances with vendors throughout Canada and abroad.

Daco maintains an international representative office in China. This allows the Company to outsource production of its goods directly from factories in China, bypassing intermediary agents, leading to lower costs. The Company offers significant advantages to retailers in sourcing, quality assurance and order fulfillment. All of Daco's products are manufactured in InterTech compliant factories with SGS Lab compliance for Lead, Cadmium & Nickel free products.

## Long-Standing Customer Relationships

Daco is an established player in this space and has a long history with many major North American retailers. Under its customer agreements, Daco maintains rights to market its products under the retailer's own private label brand names.

## Large Selection of Finished Goods Inventory

The Company currently has a significant selection of finished goods inventory, including items related to current programs with Daco's customers. This could allow a potential investor the opportunity to continue supplying key customers on a going concern basis.

## Financial Summary

The following chart summarizes the Company's historical financial performance:

(\$ in thousands)	Fiscal Years Ending June 30			9 Months Ending
	2012	2013	2014	March 31
Total Revenue	\$8,137	\$8,688	\$6,245	\$4,106
Gross Margin	3,069	2,579	2,140	1,236
% of Revenue	38%	30%	34%	30%
<b>EBITDA</b>	<b>484</b>	<b>(87)</b>	<b>(28)</b>	<b>(263)</b>

## Solicitation Process

The Bid Process contemplates the following general steps to conclude a transaction:

- Interested parties shall be required to execute a non-disclosure agreement ("NDA") and return it to the Trustee in order to gain access to confidential information maintained in a data room.
- Upon execution of the NDA, parties that wish to view and inspect the Company's inventory and other assets will be required to schedule an appointment with the Trustee and/or Company.
- **Parties will be required to submit binding offers to the Trustee by 12pm EST on July 9, 2015.**
- A template asset purchase agreement shall be made available in the data room and will form the basis of all offers to be submitted.
- If an offer is acceptable to both the Company, its secured lenders and the Trustee, such offer will then be submitted to Court for approval, with the closing to occur as soon as possible thereafter.

If you would like to execute an NDA or discuss any specific questions regarding this opportunity, please direct all enquiries to:

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