

**SUPERIOR COURT OF JUSTICE
Commercial List
Bankruptcy and Insolvency Act**

Final Report of the Receiver
(Subsections 246(3) of the *Bankruptcy and Insolvency Act*)

**In the Matter of the Receivership of
Daco Manufacturing Ltd.
of the City of Vaughan
in the Province of Ontario**

The Receiver gives notice and declares that:

1. On July 17, 2015, pursuant to an Order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), Richter Advisory Group Inc. (“**Richter**”), was appointed receiver (the “**Receiver**”) in respect of all of the assets, undertakings and properties (the “**Property**”) of Daco Manufacturing Ltd. (“**Daco**” or the “**Company**”).
2. On July 17, 2015, the Receiver took possession of the Company’s Property, which primarily consisted of:

Assets	Net Book Value (\$000s)
Accounts Receivable	\$ 90
Inventory	4,625
Prepaid Expenses	36
Fixed Assets	32
Total	\$ 4,783

Note: The above amounts represent book values of the Company’s assets as detailed in the Company’s book and records and do not necessarily represent the sale or liquidation value of the Property.

3. Prior to the Receiver’s appointment, on May 19, 2015, Daco filed a Notice of Intention to Make a Proposal (“**NOI**”), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Ontario), and Richter was named as trustee under the NOI. The primary objective of the NOI was to identify one or more parties interested in investing in and/or purchasing the Company’s business or assets.
4. Unfortunately, the sales process undertaken by the Company as part of its NOI proceedings did not result in any offers that would support a distribution to the Company’s unsecured creditors. As there was no prospect that the Company could present a viable proposal to its unsecured creditors, Daco informed the proposal trustee that it would not seek an extension of the stay of proceedings triggered upon the filing of the NOI. As a result, and as there still remained a need for a process to both wind down the Company’s operations and realize on the Property, on July 17, 2015, the Company sought an Order of the Court that both deemed the Company bankrupt and appointed Richter as Receiver to realize on the Property for the benefit of the Company’s stakeholders. Richter was also appointed as trustee (the “**Trustee**”) of Daco’s bankrupt estate.



5. On September 24, 2015, the Court issued an order approving the sale of the majority of the Company's business and assets to 2380775 Ontario Ltd. (the "**Sale Transaction**"). The Sale Transaction closed on October 2, 2015. The Receiver has also taken steps to realize on the Property not included in the Sale Transaction.
6. On March 18, 2016, the Court issued an Order (the "**Discharge Order**") discharging the Receiver upon completion of certain remaining administrative matters, and authorizing the Receiver to distribute any residual amounts in its possession (after payment of the secured claims of both Meridian Credit Union Limited and Roynat Capital Inc.) to the Trustee, subject to the Receiver filing a certificate (the "**Certificate**") with the Court certifying that all remaining matters have been completed. A copy of the Discharge Order is attached hereto as Appendix "A".
7. The Receiver has completed its administration and the Certificate was filed with the Court on October 26, 2016.
8. Attached as Appendix "B" is the Receiver's Final Statement of Receipts and Disbursements for the period July 17, 2015 to October 24, 2016.
9. Creditors who wish to receive a copy of interim reports or this final report may request a copy by writing to the Receiver at the following address:

Richter Advisory Group Inc.
Court Appointed Receiver of
Daco Manufacturing Ltd.
181 Bay Street, Suite 3320
Toronto, ON M5J 2T3

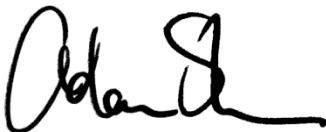
Attention: Pritesh Patel
Telephone: +1 416 642 9421
Facsimile: +1 416 488 3765

10. Further information regarding the receivership proceedings and materials relating to the Company's bankruptcy proceedings may be obtained from the Receiver's website at www.richter.ca/en/insolvency-cases/d/daco-manufacturing-ltd.

Dated at Toronto, Province of Ontario, on October 27, 2016.

Richter Advisory Group Inc.
in its capacity as Receiver of
Daco Manufacturing Ltd.

Per:



Adam Sherman, MBA, CIRP, LIT
Senior Vice President

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

FRIDAY, THE 18TH

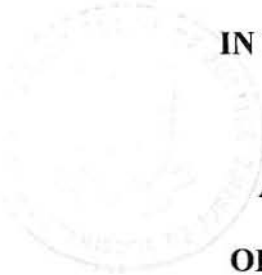
JUSTICE

NEUMANN

)

)

DAY OF MARCH, 2016



**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF
DACO MANUFACTURING LTD.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

DISCHARGE ORDER

THIS MOTION, made by Richter Advisory Group Inc. ("Richter") in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Daco Manufacturing Ltd. (the "Debtor"), for an order substantially in the form attached at Tab 1A to the Motion Record of the Receiver providing for the discharge of the Receiver and for related relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of the Receiver to the Court dated March 10, 2016 (the "Report") the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of Alma Cano sworn March 11, 2016, filed;

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Motion Record and the Report is hereby abridged and validated so that this Motion is properly returnable today, and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the activities of the Receiver, as set out in the Report, are hereby approved.

3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, including the Receiver's estimate of professional fees and disbursements required to complete the administration of these receivership proceedings (the "Remaining Fees and Distributions") are hereby approved.

4. THIS COURT ORDERS that the distributions of the proceeds from the sale of the Debtor's property to Meridian Credit Union Limited and Roynat Capital Inc. on account of their outstanding secured indebtedness are hereby approved.

5. THIS COURT ORDERS that the Receivers statement of receipts and disbursements from July 17, 2015 to March 7, 2016, are hereby approved.

6. THIS COURT ORDERS that the Receiver is authorized and directed to:

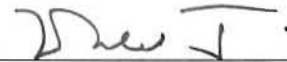
- (a) make a payment to the Receiver General in the amount of \$5,222.35 and take such steps as necessary to settle any claim by Canada Revenue Agency ("CRA") in respect of source deductions;
- (b) make a payment of any Accrued Obligations as described in the paragraph 25 of the Report; and
- (c) make payments to the Receiver and its counsel in respect of any Remaining Fees and Distributions.

7. THIS COURT ORDERS that, after payment of the amounts set out in paragraphs 5 the Receiver shall pay the monies remaining in its hands to Richter in its capacity as Trustee in Bankruptcy of the Debtor.

8. THIS COURT ORDERS that upon payment of the amounts set out in paragraph 5 and 6 hereof and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report (the "Certificate"), the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this

proceeding, including all approvals, protections and stays of proceedings in favour of Richter in its capacity as Receiver.

9. THIS COURT ORDERS AND DECLARES that upon the Receiver filing the Certificate Richter is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.



TOR_LAW\ 8890780\2

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



MAR 18 2016

Court File No.: 31-1995891
Estate No.: 31-1995891

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF DACO MANUFACTURING LTD. OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)**

DISCHARGE ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario, M5X 1G5

Clifton P. Prophet (LSUC No.: 34845K)
C. Haddon Murray (LSUC No. 61640P)
Telephone: (416) 862-3509/ 862-3604
Facsimile: (416) 862-7661

**Solicitors for Richter Advisory Group Inc., in its capacity
as Proposal Trustee of Daco Manufacturing Ltd.**

Appendix “B”

APPENDIX B

Daco Manufacturing Ltd.
Statement of receipts and disbursements
For the period July 17, 2015 to October 24, 2016

Receipts		Notes
Receiver's borrowings	\$ 50,000.00	
Proceeds from the Sale Transaction	825,003.00	
Asset realizations	370,068.01	1
Refunds re prepaids	38,791.72	
Accounts receivable collection	278.25	
HST collected	133,655.95	
Pre-filing HST refunds	28,529.17	
Post-filing HST refunds	13,378.33	
Other receipts	1,449.63	
Total Receipts	<u>\$ 1,461,154.06</u>	
Disbursements		
Repayment of Receiver's borrowings	\$ 50,410.96	
Professional fees (NOI proceedings)	70,149.25	2
Professional fees (Receivership proceedings)	195,233.00	3
Pre-filing wages and vacation pay	4,019.87	4
Deemed trust claim (pre-filing source deductions)	5,222.35	
Contract services	37,491.84	5
Operating expenses	27,898.36	
Property taxes	39,580.02	
HST remittances	111,829.61	
GST/QST/HST paid on disbursements	38,280.19	
Bank charges / other fees	626.72	
Total disbursements	<u>\$ 580,742.17</u>	
Excess Receipts over Disbursements	<u>\$ 880,411.89</u>	
Repayments to Meridian	698,623.47	
Repayments to Roynat	150,000.00	
Cash remaining after payment of Secured Claims	<u>\$ 31,788.42</u>	
Distribution to Trustee	<u>\$ 31,788.42</u>	6
Cash on hand	<u>\$ -</u>	

Notes:

- 1 Proceeds collected by the Receiver in connection with the sale of certain inventory and equipment.
- 2 Outstanding fees of the Proposal Trustee (\$54k), its counsel (\$6k) and counsel to the Company (\$10k) paid by the Receiver pursuant to paragraph 26 of the Appointment Order.
- 3 Fees of the Receiver (\$168k) and its counsel (\$27k) incurred during these proceedings.
- 4 Payment of outstanding wages and vacation pay owed to former Daco employees for pay period ending July 17, 2015.
- 5 The Receiver engaged certain former Daco employees as independent contractors to assist with the Receivership.
- 6 As per the Order issued by the Court on March 18, 2016 authorizing the Receiver to distribute any residual amounts in its possession to the Trustee.