

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No.: 500-11-034815-080

SUPERIOR COURT  
(Commercial Division)  
*The Companies' Creditors Arrangement Act*

---

IN THE MATTER OF THE PLAN OF  
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION  
and  
KOMUNIK DATAMARK INC.  
and  
KOMUNIK INTRAMEDIA INC.

Petitioners

and  
RSM RICHTER INC.

Monitor

and  
FUJIFILM CANADA INC., a legal person duly  
incorporated under the laws of Canada, having its  
principal place of business at 600 Suffolk Court, in the  
city of Mississauga, Province of Ontario, L5R 4G4,  
and

LA COMPAGNIE D'ASSURANCES JEVCO, a legal  
person duly incorporated under the laws of Canada,  
having its principal place of business at 5250 Décarie,  
Suite 100, in the city and district of Montreal, Province of  
Québec, H3X 2H9,  
and

HSBC CAPITAL (CANADA) INC., a legal person duly  
incorporated under the laws of Canada, having its  
principal place of business at 70 York Street, 7th floor, in  
the city of Toronto, Province of Ontario, M5J 1S9,  
and

HSBC BANK CANADA., a legal person duly  
incorporated under the laws of Canada, having its  
principal place of business at 70 York Street, 7th floor, in  
the city of Toronto, Province of Ontario, M5J 1S9,

and

BUSINESS DEVELOPMENT BANK OF CANADA, a  
legal person duly incorporated under the laws of  
Canada, having its principal place of business at 5, Place  
Ville-Marie, Suite 400, in the city of Montreal, Province of  
Quebec, H3B 5E7,

Mises en cause

---

FOURTH PETITION FOR THE EXTENSION OF THE STAY ORDER AND MOTION FOR THE  
APPROVAL OF A TRANSACTION FOR THE SALE OF SUBSTANTIALLY ALL THE ASSETS OF  
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC. AND KOMUNIK INTRAMEDIA INC.  
(Section 11 of the *Companies' Creditors Arrangement Act* R.S.C. (1985), c. C-36, as amended ("CCAA"))

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE  
COMMERCIAL CHAMBER AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE  
PETITIONERS, KOMUNIK CORPORATION, KOMUNIK DATAMARK INC. AND  
KOMUNIK INTRAMEDIA INC., RESPECTFULLY SUBMIT THE FOLLOWING:

## **I. INTRODUCTION**

1. On November 18, 2008, the Honourable Justice William Fraiberg, J.S.C. issued an order (the "**Initial Order**") granting Komunik Corporation ("**Komunik**"), Komunik Datamark Inc. ("**Datamark**") and Komunik Intramedia Inc. ("**Intramedia**") (collectively, the "**Company**"), protection under the CCAA until December 18, 2008;
2. On December 15, 2008, the Honourable Justice Fraiberg issued an order (the "**First Extension Order**"), granting the Petitioners' Petition for the Extension of the Stay Period, the Approval of the Appointment of a Chief Restructuring Officer, the Approval of a Key Employees' Retention Plan and other conclusions;
3. Pursuant to the First Extension Order, the CCAA protection provided under the Initial Order was continued, and the Stay Period under the Initial Order was extended until January 30, 2009;
4. On January 28, 2009, the Honourable Justice Fraiberg issued an order (the "**Second Extension Order**"), granting the Petitioners' Petition for the Extension of the Stay Period and for the Approval of a Transaction for the Sale of the Konversation Division of Komunik Corporation;
5. By way of the Second Extension Order, the CCAA protection provided under the Initial Order was continued, and the Stay Period under the Initial Order was extended until February 25, 2009;
6. On February 25, 2009, the Honourable Justice Fraiberg issued an order (the "**Third Extension Order**"), granting the Petitioners' Petition for the Extension of the Stay Period;
7. By way of the Third Extension Order, the CCAA protection provided under the Initial Order was continued, and the stay period under the Initial Order was extended until March 31, 2009;

## **II. ORDERS SOUGHT**

8. The Company hereby respectfully seeks from this Court an Order for:
  - (i) the extension of the Initial Order to May 1, 2009;
  - (ii) the extension of the Stay Period and the Stay Termination Date (as defined in the Initial Order) to May 1, 2009;
  - (iii) the approval of a transaction between the Company and 4488385 Canada Inc. (the "**Purchaser**"), for the sale of substantially all of the assets of the Company (the "**Transaction**");

- (iv) the issuance of a vesting order relating to the assets being sold by way of the Transaction;
- (v) the issuance of an order authorizing the Monitor to distribute the proceeds of the Transaction;
- (vi) the approval of additional forbearance agreements entered into by Komunik and its lenders;

### **III. THE TRANSACTION**

- 9. On or about February 20, 2009, an agreement of purchase and sale was signed by the Company and the Purchaser (the "**Agreement**"), the whole as appears from a copy of the said Agreement attached herewith as **Exhibit P-1**;
- 10. The Agreement sets out the terms of the Transaction, and received the approval of the Board of Directors of the Company as well as the consent of the Company's principal secured creditors, HSBC Bank Canada ("**HSBC Bank**") and HSBC Capital;
- 11. As appears from the Agreement, Exhibit P-1, the Transaction involves substantially all of the assets of the Company;
- 12. As further appears from the Agreement, the Purchaser intends to retain the majority of the employees of the Company, except for a small number of salaried employees which it elects to exclude;
- 13. The Agreement contains various conditions that had to be either satisfied or waived by March 13, 2009;
- 14. On the said date, the Purchaser notified the Company and the Monitor that its final condition had been waived;
- 15. The Purchaser wishes to complete the Transaction as soon as possible, and on an urgent basis, in order to ensure the preservation of the Company's client base, as well as to minimize operating and professional costs;

### **IV. APPROVAL OF THE TRANSACTION**

- 16. As appears from the Monitor's Fifth Report, a copy of which is attached herewith as **Exhibit P-2**, the Monitor considers that the Transaction should be approved, on the basis of the following considerations:

- (a) the Sale Process was carried out by the Monitor in accordance with the terms of the Initial Order;
  - (b) the value of the Transaction exceeds the value of the other offers received;
  - (c) the value of the Transaction exceeds liquidation value without the risk inherent in the liquidation process;
  - (d) HSBC Bank and HSBC Capital, the only two creditors with an economic interest in the Transaction, consent to the Transaction;
  - (e) the Transaction provides the vast majority of the Company's employees with an opportunity for employment with the Purchaser; and
  - (f) the Company's suppliers will continue to have a customer. Disruption in supply for the Company's customers would therefore be minimized;
17. The Company and the Monitor seek this Court's immediate approval of the Transaction, in order to permit the closing of the Transaction to occur without further delay;

**V. THE REQUEST FOR A VESTING ORDER**

18. The Company hereby seeks a vesting order from this Honourable Court, vesting the assets sold by way of the Transaction, listed at Schedule 1.1(d) of the Agreement, free and clear of all encumbrances;
19. Such an order is required pursuant to the terms of the Agreement;
20. It is submitted that such an order is in the best interests of all stakeholders and is essential to the completion of the Transaction, and thus to the maximization of amounts available to the Company's creditors;

**VI. THE REQUEST FOR AN ORDER PERMITTING A DISTRIBUTION**

21. As set out in the Monitor's Fifth Report, the Company owed HSBC Bank approximately \$11.7 million, plus interest and costs, as of March 18, 2009;
22. As of the same date, the Company owed HSBC Capital approximately \$3.9 million, plus interest and costs;
23. As further appears from the Monitor's Fifth Report, the proceeds of the Transaction will be sufficient to fully reimburse the amounts owed to the HSBC Bank, as well as a portion of the amount due to HSBC Capital;



24. Both the HSBC Bank and HSBC Capital hold valid security over the assets of the Company, as appears from the Monitor's Fifth Report;
25. The Monitor proposes to make a distribution of the proceeds of the sale of the Company's assets to the Company's secured creditors, following the closing of the Transaction and agreement between the relevant parties of the calculation of the working capital adjustment as contemplated by the terms of the Agreement of Purchase and Sale (as well as satisfaction of the covenant set out at Section 4.2(b) of the Agreement);
26. As appears from the Monitor's Fifth Report, the Monitor has stated that all obligations that rank in priority to the HSBC Bank and/or HSBC Capital, or that may rank in priority to such parties, will have been paid or provided for as of the date of the proposed distribution, including:
  - (a) all present and future source deductions;
  - (b) all present and future wages and vacation pay, except vacation pay owing to employees to be hired by the Purchaser, which shall be assumed by the Purchaser;
  - (c) any and all amounts which may be required to satisfy the Company's obligations under its key employee retention plan;
  - (d) all present and future sales taxes; and
  - (e) all of the Company's post-filing obligations, including amounts owing to suppliers and professionals;
27. In light of the above, the Monitor seeks an order from this Court directing it, on the basis of the above, to distribute the proceeds of the Transaction as follows:
  - (a) firstly, to the HSBC Bank, up to the full amount owing by the Company as of the date of such distribution; and
  - (b) secondly, to HSBC Capital, up to the full amount owing by the Company as of the date of such distribution;
28. Such proposed distribution is contingent upon the filing with this Honourable Court, prior to the date of the said distribution, of a supplementary Monitor's report appending opinions on the validity and enforceability of the HSBC Bank's and HSBC Capital's security in the provinces of Manitoba, Alberta and British Columbia;

## **VII. THE FORBEARANCE AGREEMENTS**

29. On November 18, 2008, this Court approved the HSBC Bank Forbearance Agreement (as defined in the Initial Order) and the HSBC Capital

Forbearance Agreement (as defined in the Initial Order);

30. Such forbearance agreements expired on December 19, 2008;
31. In the context of the First Extension Order, this Court approved new forbearance agreements with the HSBC Bank and HSBC Capital, which agreements were executed on December 15, 2008 and expired on January 30, 2009;
32. In the context of the Second Extension Order, this Court approved the HSBC Bank Fourth Forbearance Agreement and the HSBC Capital Second Forbearance Agreement, which agreements were executed on January 27, 2009 and expire on February 25, 2009;
33. In the context of the Third Extension Order, this Court approved the HSBC Bank Fourth Forbearance Agreement and the HSBC Capital Second Forbearance Agreement, which agreements were executed on February 24, 2009 and expire on March 31, 2009;
34. HSBC Bank and HSBC Capital have given their conditional support to the filing of the present Petition and the Company' continued restructuring process;
35. As such, Komunik and:
  - (a) HSBC Bank agreed on the terms of a new forbearance agreement executed on March 25, 2009, a copy of which is filed in support hereof as **Exhibit P-3** (the "**HSBC Bank Sixth Forbearance Agreement**"), provided that the HSBC Bank Fifth Forbearance Agreement is approved by this Court and that no default occurs thereunder; and
  - (b) HSBC Capital agreed on the terms of a new forbearance agreement executed on March 25, 2009, a copy of which is filed in support hereof as **Exhibit P-4** (the "**HSBC Capital Fourth Forbearance Agreement**"), provided that the HSBC Capital Third Forbearance Agreement is approved by this Court and that no default occurs thereunder;

#### **VIII. THE COMPANY'S REQUEST FOR AN EXTENSION**

36. The current stay of proceedings expires on March 31, 2009;
37. The Company hereby seeks an extension of the stay of proceedings and renewal of the Initial Order to May 1, 2009;
38. Such additional extension intended to provide the Company and the Purchaser the time required to close the Transaction and attend to post-

closing matters;

39. The Company's cash flow projection for the extension period is filed in support hereof as **Exhibit P-5**;
40. Both the HSBC Bank and HSBC Capital consent to the extension requested;
41. Given that, as described in the present petition, the circumstances are such that an order should be rendered, and given that the Company has acted and is acting in good faith and with due diligence, the Company respectfully submits that the petition should be granted as per its conclusions;

**WHEREFORE, MAY IT PLEASE THIS COURT TO:**

**GRANT** the present "*Fourth Petition for the Extension of the Stay Order and Motion for the Approval of a Transaction for the Sale of Substantially All the Assets of Komunik Corporation, Komunik Datamark Inc. and Komunik Intramedia Inc.*" (the "**Petition**");

**EXEMPT** Komunik Corporation, Komunik Datamark Inc. and Komunik Intramedia Inc. (collectively, the "**Company**") from having to serve the Petition and from any notice of presentation;

**EXTEND** the Stay Period and the Stay Termination Date (as defined in the Order rendered on November 18, 2008 by the Honourable William Fraiberg, S.C.J., (the "**Initial Order**")), up to and including May 1, 2009;

**RENEW**, in full, subject to any necessary adaptations, the Initial Order until May 1, 2009;

**APPROVE** the contents of the Agreement of Purchase and Sale (Exhibit P-1) executed between the Company and 4488385 Canada Inc. (the "**Agreement**");

**APPROVE AND AUTHORIZE** the sale by the Company to 4488385 Canada Inc. of all assets described at Schedule 1.1(d) of the Agreement (the "**Purchased Assets**"), pursuant to and in accordance with the terms and conditions set out in the Agreement;

**AUTHORIZE** the Company to execute any and all other documents necessary in order to complete the sale of the Purchased Assets;

**ORDER AND DECLARE** that upon closing of the transaction set out in the Agreement, the Purchased Assets shall be vested absolutely and exclusively in and with 4488385 Canada Inc., free and clear of and from any and all rights, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct,

indirect, absolute or contingent), or other claims or encumbrances, whether or not they have been attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order issued on November 18, 2008 by Justice William Fraiberg, J.S.C., and/or any other CCAA order; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of any province in Canada and the *Civil Code of Québec* (all of which are collectively referred to as the "Encumbrances") and, for greater certainty, **ORDER** that all of the Encumbrances affecting or relating to the Purchased Assets be expunged and discharged as against the Purchased Assets as of such final execution, subject to the following paragraph;

**ORDER** that the Encumbrances listed in the attached Schedule A shall be expunged and discharged by virtue hereof;

**ORDER** that the Encumbrances be transferred to and conveyed upon, and thus charge, the proceeds from the sale of the Purchased Assets, subject to all defects, attributes and considerations affecting and/or relating to the Encumbrances in existence prior to the said transfer;

**ORDER** that notwithstanding:

- a) these proceedings under the CCAA;
- b) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") and any received order issued pursuant to any such petition; or
- c) the provisions of any federal or provincial statute;

the vesting of the Purchased Assets in 4488385 Canada Inc., as well as the execution of all agreements pursuant to this Order, shall be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression remedy;

**AUTHORIZE** the Monitor,

- a) subject to the completion of the working capital adjustment calculation contemplated at Section 2.10 of the Agreement of Purchase and Sale, as well as the satisfaction of the covenant at Section 4.2(b) of the Agreement of Purchase and Sale;
- b) contingent upon the filing with this Court of a supplementary Monitor's report appending opinions on the validity and enforceability of

the HSBC Bank's and HSBC Capital's security in the provinces of Manitoba, Alberta and British Columbia; and

c) provided that all prior ranking obligations have been paid in full or otherwise provided for [including all present and future source deductions, all present and future wages and vacation pay (except vacation pay owing to employees to be hired by the Purchaser), all amounts which may be required to satisfy the Company's obligations under its key employee retention plan, all present and future sales taxes and all of the Company's post-filing obligations, including amounts owing to suppliers and professionals],

to distribute the proceeds from the sale of the Purchased Assets as follows:

- (a) to HSBC Bank Canada, up to the full amount owing by the Company as of the date of such distribution; and
- (b) to HSBC Capital, up to the full amount owing by the Company as of the date of such distribution.

**APPROVE** and **ORDER** the implementation of the terms and conditions of the HSBC Bank Sixth Forbearance Agreement (Exhibit P-3 to this Petition);

**APPROVE** and **ORDER** the implementation of the terms and conditions of the HSBC Capital Fourth Forbearance Agreement (Exhibit P-4 to this Petition);

**APPROVE** the Monitor's activities, as described in the Monitor's Fifth Report (Exhibit P-2 to this Petition);

**AUTHORIZE** the Monitor, following the closing of the Transaction, to sign all documents and to do all acts, on behalf and in the name of the Company, that may be necessary or desirable in order to complete the administration of the estate;

**ORDER** the provisional execution of the order to be rendered herein notwithstanding any appeal;

**THE WHOLE**, without costs, save in case of contestation.

Montreal, this 25th day of March 2009



**STIKEMAN ELLIOTT LLP**  
Attorneys for Petitioners

**AFFIDAVIT**


I, the undersigned, **SÉBASTIEN DEMERS**, am the President and CEO of Komunik Corporation, doing business at 1500 St. Patrick Street, in the city and district of Montréal, Province of Québec, H3K 0A3, do solemnly declare as follows:

1. I am duly authorized by Komunik Corporation, Komunik Datamark Inc. and Komunik IntraMedia Inc. to sign the present affidavit;
2. All the facts contained in the *"Fourth Petition for the Extension of the Stay Order and Motion for the Approval of a Transaction for the Sale of Substantially all the Assets of Komunik Corporation, Komunik Datamark Inc. and Komunik Intramedia Inc."* dated March 25, 2009, are true.

**AND I HAVE SIGNED:**

  
**SÉBASTIEN DEMERS**

**SOLEMNLY DECLARED** before me, at  
Montreal, this 25th day of March 2009.

  
Commissioner of Oaths for all  
the judicial districts of Quebec.



**NOTICE OF PRESENTATION**

**TO:** Mr. Robert Kofman Fax: (514) 875-6246  
Mr. Shawn Travitsky Fax: (514) 934-3504  
**RSM RICHTER INC.**  
200 King Street West  
Suite 1100, P.O. Box 48  
Toronto, Ontario, M5H 3T4 and  
2, Place Alexis-Nihon  
Montreal, Quebec  
H3Z 3C2

**AND TO:** Mtre Denis Ferland Fax: (514) 841-6499  
**DAVIES WARD PHILLIPS &  
VINEBERG LLP**  
1501, McGill College Avenue, 26<sup>th</sup> Floor  
Montreal, Quebec  
H3A 3N9

**AND TO:** Mtre Julie Himó Fax: (514) 286-5474  
Mr. Tony Reyes Fax: (416) 340-6093  
**OGILVY RENAULT LLP**  
1981, McGill College Avenue, Suite 1100  
Montreal, Quebec  
H3A 3C1

**AND TO:** Mtre Philippe H. Bélanger Fax : (514) 875-6246  
**MCCARTHY TÉTRAULT LLP**  
1000 de la Gauchetière Street West, Suite 2500  
Montreal, Quebec  
H3B 0A2

**AND TO:** Mr. Andrew J. Hatnay Fax: 416-204-2872  
**KOSKIE MINSKY LLP**  
Barristers & Solicitors  
20 Queen Street West, Suite 900  
Toronto, Ontario  
M5H 3R3

**AND TO:** Mtre. Mara Greenstone Fax: (514) 283-5626  
**BANQUE DE DÉVELOPPEMENT  
DU CANADA/  
BUSINESS DEVELOPMENT BANK  
OF CANADA**  
5, Place Ville Marie, Suite 400  
Montréal, Québec  
H3B 5E7

**AND TO:** Mr. Aaron Welch Fax: (250) 387-0700  
**MINISTRY OF ATTORNEY  
GENERAL OF BRITISH COLUMBIA**

**AND TO:** **FUJIFILM CANADA INC.** Fax:  
600 Suffolk Court  
Mississauga, Ontario  
L5R 4G4

**AND TO:** **LA COMPAGNIE D'ASSURANCES JEVCO** Fax:  
5250 Décarie Blvd., Suite 100  
Montreal, Quebec  
H3X 2H9

**TAKE NOTICE** that the foregoing "*Motion for the Approval of a Transaction for the Sale of Substantially All the Assets of Komunik Corporation, Komunik Datamark Inc. and Komunik Intramedia Inc.*" shall be presented before one of the Honourable Judges of the Superior Court for the District of Montreal, on **March 26, 2009 at 9 AM**, in **room 15.04**, in the Montreal Courthouse, located at 1 Notre-Dame Street East, in the City of Montreal, Province of Quebec, or so soon thereafter as counsel may be heard.

**DO GOVERN YOURSELVES ACCORDINGLY.**

Montreal, this 25th day of March 2009

  
**STIKEMAN ELLIOTT LLP**  
Attorneys for Petitioners



CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No.: 500-11-034815-080

SUPERIOR COURT  
(Commercial Division)  
*The Companies' Creditors Arrangement Act*

---

IN THE MATTER OF THE PLAN OF  
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION  
and  
KOMUNIK DATAMARK INC.  
and  
KOMUNIK INTRAMEDIA INC.

Petitioners

and  
RSM RICHTER INC.

Monitor

and  
FUJIFILM CANADA INC., a legal person  
duly incorporated under the laws of Canada,  
having its principal place of business at 600  
Suffolk Court, in the city of Mississauga,  
Province of Ontario, L5R 4G4,

and  
LA COMPAGNIE D'ASSURANCES JEVCO,  
a legal person duly incorporated under the  
laws of Canada, having its principal place of  
business at 5250 Décarie, Suite 100, in the city  
and district of Montreal, Province of Québec,  
H3X 2H9,

and  
HSBC CAPITAL (CANADA) INC., a legal  
person duly incorporated under the laws of  
Canada, having its principal place of business  
at 70 York Street, 7th floor, in the city of  
Toronto, Province of Ontario, M5J 1S9,

and  
HSBC BANK CANADA., a legal person duly  
incorporated under the laws of Canada,  
having its principal place of business at 70  
York Street, 7th floor, in the city of Toronto,  
Province of Ontario, M5J 1S9,

Mises en cause

---

**LIST OF EXHIBITS**

- EXHIBIT P-1:** Agreement of Purchase and Sale between Komunik Corporation, Komunik Datamark Inc., Komunik Intramedia Inc. and 4488385 Canada Inc.
- EXHIBIT P-2:** Fifth Report of RSM Richter re. Komunik Corporation, Komunik Datamark Inc., Komunik Intramedia Inc.
- EXHIBIT P-3:** HSBC Bank Sixth Forbearance Agreement dated March 25, 2009
- EXHIBIT P-4:** HSBC Capital Fourth Forbearance Agreement dated March 25, 2009
- EXHIBIT P-5:** Cash flow projection for the period ending May 1, 2009

Montreal, this 25th day of March 2009

  
**STIKEMAN ELLIOTT LLP**  
Attorneys for Petitioners

---

**AGREEMENT OF PURCHASE AND SALE OF ASSETS**

Made as of the 19th day of February, 2009

Between

**4488385 CANADA INC.**

- and -

**KOMUNIK CORPORATION**

- and -

**KOMUNIK DATAMARK INC.**

- and -

**KOMUNIK INTRAMEDIA INC.**

---

## AGREEMENT OF PURCHASE AND SALE OF ASSETS

This Agreement is made as of the 19th day of February, 2009,

### BETWEEN:

**4488385 CANADA INC.**, a corporation existing under the laws of Canada  
(hereinafter referred to as "**Purchaser**")

- and -

**KOMUNIK CORPORATION**, a corporation existing under the laws of  
Canada

(hereinafter referred to as "**Komunik**")

- and -

**KOMUNIK DATAMARK INC.**, a corporation existing under the laws  
of Canada

(hereinafter referred to as "**Komunik Datamark**")

- and -

**KOMUNIK INTRAMEDIA INC.**, a corporation existing under the laws  
of Canada

(hereinafter referred to as "**Komunik Intramedia**", collectively with  
Komunik and Komunik Datamark, the "**Vendors**", and each a "**Vendor**")

### RECITALS

- A. By an Order of the Quebec Superior Court dated November 18, 2008 (the "**Initial Order**") in the file bearing number 500-11-034815-080, RSM Richter Inc. was appointed monitor ("**Monitor**") in respect of restructuring proceedings involving the Vendors;
- B. Pursuant to the Initial Order, the Monitor was authorized, *inter alia*, to conduct a sale process for the Assets; and
- C. In accordance with the Initial Order, the Vendors desire to sell the Assets and the Purchaser desires to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof;

**FOR VALUE RECEIVED**, the parties agree as follows:

## Section 1 – INTERPRETATION

### 1.1 Definitions

In this Agreement:

- (a) **"Agreement"** means this agreement of purchase and sale of assets;
- (b) **"Allocation of Purchase Price"** has the meaning set out in Section 2.12;
- (c) **"Approval and Vesting Orders"** has the meaning set out in Section 5.3(a);
- (d) **"Assets"** means the right, title and interest of the Vendors in and to the (i) assets described in Schedule 1.1(d); (ii) Contracts; and (iii) Intellectual Property; provided that the Assets shall not include any Excluded Assets;
- (e) **"Assumed Employees"** has the meaning set out in Section 2.5;
- (f) **"Assumed Obligations"** has the meaning set out in Section 2.6;
- (g) **"Books and Records"** means all books and records and the data contained therein, whether in paper or electronic form, in the possession of a Vendor relating to the Assets or the Assumed Obligations (other than accounting records and books and records required by applicable law to be retained by a Vendor, copies of which shall be provided to the Purchaser at the Purchaser's cost), including all policies, plans, audit reports, all personnel, employment, payroll and training records relating to the Assumed Employees, customer lists, sales records, price lists, and all other related files, records and information in the possession of the Vendors relating to the Assets or the Assumed Obligations, but, for certainty, not including (i) such books, records and data relating to any of the Excluded Assets or the Excluded Obligations or (ii) the corporate minute books of a Vendor;
- (h) **"Business"** means collectively the business, affairs and operations of the Vendors, which for greater certainty, excludes the "Konversation division" business previously owned by the Vendors;
- (i) **"Business Day"** means a day on which banks are open for business in the City of Montréal but does not include a Saturday, Sunday or statutory holiday in the Province of Quebec;
- (j) **"Closing"** means the successful completion of the Transaction;
- (k) **"Closing Date"** means the Business Day following the date on which the Approval and Vesting Orders are granted;
- (l) **"Contracts"** means the agreements as described in Schedule 1.1(l), as the same may be modified by the Purchaser from time to time pursuant to Section 2.8;

- (m) **"Court"** means the Quebec Superior Court (Commercial Division);
- (n) **"Deposit"** has the meaning set out in Section 2.11(a);
- (o) **"Email"** has the meaning set out in Section 7.2;
- (p) **"ETA"** means the *Excise Tax Act* (Canada);
- (q) **"Excluded Assets"** has the meaning ascribed thereto in Section 2.2;
- (r) **"Excluded Employees"** has the meaning ascribed thereto in Section 2.5;
- (s) **"Excluded Obligations"** has the meaning ascribed thereto in Section 2.7;
- (t) **"Initial Order"** has the meaning set out to in the Recitals;
- (u) **"Intellectual Property"** means the Vendors' intellectual property described in Schedule 1.1(v);
- (v) **"Interim Period"** means the period between the date of acceptance of this Agreement by the Vendors and the Closing Date;
- (w) **"Leased Premises"** means the premises leased and occupied by the Vendors at:
  - (i) 909 Upton St. – 9130 Salley St., LaSalle, Québec
  - (ii) 900-910 Upton St., LaSalle, Québec
  - (iii) 333D chemin du Tremblay, Boucherville, Québec
  - (iv) 1500 A. Nobel St., Boucherville, Québec
  - (v) 2800-2850 Francis-Hughes St., Laval, Québec
  - (vi) 1451 Hastings Crescent S.E., Calgary, Alberta
- (x) **"Material Adverse Change"** means the loss by the Vendors, during the Interim Period, of customers representing, in the aggregate in the past twelve (12) months, revenues of \$6,000,000 or more; for greater certainty, the Purchaser acknowledges that each of Destiny Research Group and TD Groupe Meloche Monex cancelled their contracts or arrangements with the Vendors prior to the date of this Agreement, and as such, the loss of revenues from these customers shall not be taken into account in calculating any Material Adverse Change;
- (y) **"Monitor"** has the meaning set out in the Recitals;
- (z) **"Objection Notice"** has the meaning set out in Section 2.10;
- (aa) **"Offer Date Inventory Value"** has the meaning set out in Section 2.10;
- (bb) **"Offer Date Receivable Value"** has the meaning set out in Section 2.10;

- (cc) **"Purchase Price"** has the meaning set out in Section 2.9;
- (dd) **"Purchased Inventories"** has the meaning set out in Section 2.10;
- (ee) **"Purchased Receivables"** has the meaning set out in Section 2.10;
- (ff) **"Purchased Working Capital"** has the meaning set out in Section 2.10;
- (gg) **"QSTA"** means an *Act respecting the Quebec Sales Tax*.
- (hh) **"Required Consents"** means the consents listed in Schedule 1.1(hh);
- (ii) **"Schedules"** means any and all schedules referred to in this Agreement and attached thereto;
- (jj) **"Taxes"** has the meaning set out in Section 2.13;
- (kk) **"Tax Return"** means a report, return or other information or form required to be supplied to a governmental entity with respect to any Taxes;
- (ll) **"Time of Closing"** means 2:00 p.m. (Montréal Time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (mm) **"Transaction"** means the transaction of purchase, sale, assignment and assumption contemplated by this Agreement; and
- (nn) **"Unionized Employees"** has the meaning set out in Section 2.5.

## 1.2 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.

## 1.3 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.

## 1.4 Schedules

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

Schedule 1.1(d)	Assets
Schedule 1.1(l)	Contracts

Schedule 1.1(v)	Intellectual Property
Schedule 1.1(hh)	Required Consents
Schedule 2.2	Excluded Assets
Schedule 2.6	Assumed Obligations
Schedule 2.10	Summaries of (i) Purchased Receivables together with the Offer Date Receivable Value and (ii) Purchased Inventories together with the Offer Date Inventory Value
Schedule 4.2	Confidentiality Agreement

## Section 2 – SALE AND PURCHASE AND ASSIGNMENT

### 2.1 Sale and Purchase of Assets

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

### 2.2 Excluded Assets

The Assets shall not include (i) any assets of the Vendors other than the Assets or (ii) those assets of the Vendors that are listed or described in Schedule 2.2 on the date hereof and those assets of the Vendors which are added to such Schedule by the Purchaser during the Interim Period (collectively, the "**Excluded Assets**"). If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and proceeds shall be held by the Purchaser in trust for the benefit of the applicable Vendor. Within ten (10) Business days from the date on which the Purchaser, or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the applicable Vendor and the Monitor in accordance with the provisions hereof, so advise the applicable Vendor and the Monitor, and (b) forthwith account and deliver over to the applicable Vendor any such assets or proceeds, less any cost incurred by the Purchaser in executing said obligations.

### 2.3 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendors shall assign to the Purchaser all of the Vendors' rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of the Vendors under the Contracts as of the Time of Closing.

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.



## 2.4 "As is, Where is"

The Purchaser acknowledges that the Vendors are selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendors do not guarantee title to the Assets and that the Purchaser has conducted such inspections of the condition of and title to the 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 Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied under applicable law related to the Assets do not apply hereto and have been waived by the Purchaser. The description of the 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 Vendors concerning completeness or the accuracy of such descriptions. The Assets are being purchased as they exist at execution hereof, and except as provided in Sections 2.10 and 2.17, no adjustment will be allowed to the Purchaser for any change in condition, value, or quality of the Assets.

## 2.5 Employees

The Vendors shall provide to the Purchaser within five (5) Business Days of the acceptance of this Agreement a list of the names of the individuals of each Vendor that are full-time, part-time or casual employees or individuals engaged on contract to provide services to a Vendor together with all recruitment agencies' employees actually working for the Vendors. The Purchaser agrees that it shall offer employment to (i) all the unionized employees employed by the Vendors at their plants at 909 Upton St. – 9130 Salley St. and 900-910 Upton St., LaSalle, Québec (the "**Unionized Employees**") and (ii) substantially all other employees of the Vendors other than those employees or individuals that the Purchaser has identified in writing to the Vendors (which, for greater certainty, shall not include any Unionized Employees) ("the "**Excluded Employees**") five (5) Business Days prior to the Closing Date (the Unionized Employees and such other employee or individual who accepts the Purchaser's offer, the "**Assumed Employees**"), effective as at the Time of Closing, on terms and conditions of employment as may be agreed between the Purchaser and the Assumed Employees (except in the case of the Unionized Employees whose employment terms shall be governed by the applicable collective bargaining agreement). Until the Closing Date, the Vendors shall be responsible for all wages, workers compensation contributions, and other remuneration and benefits as may be payable, or related, to the employees of the Vendors. After the Closing Date, the Vendors shall remain responsible for all such amounts payable, or related to, the Excluded Employees. Notwithstanding the foregoing, the parties agree that the Vendors shall not be responsible nor be obligated to pay any vacation pay in respect of the Assumed Employees, whether or not related to a period prior to the Closing Date, and the Purchaser hereby specifically agrees in favour of the Vendors to assume such obligation and pay it as same become due.

## 2.6 Assumed Obligations

In connection with the acquisition of the Assets, the following obligations and liabilities ("**Assumed Obligations**") shall be assumed by the Purchaser as of the Time of Closing:

- (a) all obligations related to the Assumed Employees for the period beginning immediately after the Time of Closing (but excluding any amount that may be due or become due in connection with the key employee retention plan approved by the Court on December 15, 2008, which shall remain the responsibility of the Vendors), with the exception of the obligation to pay vacation pay for the Assumed Employees, which shall be assumed and paid by the Purchaser whether or not it relates to a period prior to or following the Closing Date;
- (b) all obligations and liabilities of Vendors as of the Time of Closing under the Contracts;
- (c) all obligations and liabilities in connection with the Assets and related to the period after the Time of Closing;
- (d) such other liabilities as the Purchaser advises the Vendors prior to the Time of Closing that the Purchaser will assume;
- (e) those obligations listed on schedule 2.6 hereto.

The Purchaser shall indemnify and hold harmless the Vendors (which term for the purposes of this paragraph shall include the Vendors' respective directors, officers, employees and agents) with respect to any claim which may, from time to time, be asserted against the Vendors relating to the Assumed Obligations after the Time of Closing and from any and all costs (including all reasonable legal costs on a solicitor and its own client basis), actions, losses, claims, damages and liabilities whatsoever which the Vendors may suffer or incur by virtue of the failure of the Purchaser to pay, perform and discharge the Assumed Obligations.

## 2.7 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendors (the "**Excluded Obligations**").

## 2.8 Purchaser's Right to Exclude

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Assets from the Transaction prior to the Closing Date, whereupon such Assets shall be Excluded Assets, provided, however, that there shall be no corresponding reduction in the Purchase Price. For greater certainty, the Purchaser shall be entitled to exclude any of the Contracts described in Schedule 1.1(l) hereto (with the exception of the collective bargaining agreement relating to the Unionized Employees), provided, that, if such an exclusion occurs, the related Required Consent shall also become automatically excluded from Schedule 1.1 (hh).

## 2.9 Purchase Price

Subject to the adjustments described in Section 2.10 below, the purchase price for the Assets shall be seventeen million five hundred thousand dollars (\$17,500,000) plus the assumption of the Assumed Obligations (the "Purchase Price").

## 2.10 Adjustment

The Vendors and the Purchaser agree that the Purchase Price shall be adjusted as follows:

### Re: Accounts receivable:

The Purchase Price payable pursuant to this Agreement shall be adjusted downward or upward, as the case may be, on a dollar for dollar basis, in the event and to the extent that, on the Closing Date, the aggregate value of the Vendor's accounts receivable (the "**Purchased Receivables**") shall be lower or higher, as the case may be than eleven million seven hundred twenty thousand four hundred and fifty dollars (\$11,720,450) (the "**Offer Date Receivable Value**") as summarily described in Schedule 2.10 as of January 30, 2009.

### Re: Inventory:

The Purchase Price payable pursuant to this Agreement shall be adjusted downward or upward, as the case may be, on a dollar for dollar basis, in the event and to the extent that, on the Closing Date, the aggregate value of the inventories of raw materials, work-in-progress, finished goods and inventory in transit that has been purchased by the Vendors prior to the Closing Date but has not arrived at their facilities (the "**Purchased Inventories**", and collectively with the Purchased Receivables, the "**Purchased Working Capital**" ), shall be lower or higher, as the case may be, than ten million two hundred and ninety seven thousand six hundred and sixty four dollars (\$10,297,664) (the "**Offer Date Inventory Value**") as summarily described in Schedule 2.10 as of December 31, 2008.

On or before the fifth (5) Business Day after the Closing Date, the Vendors shall deliver to the Purchaser a statement setting forth a detailed calculation of the Purchased Working Capital as of the Closing Date and prepared by the Vendors in accordance with generally accepted accounting principles applied consistently with the Vendors' past practices.

The Purchased Receivables shall be valued at one hundred percent (100%) of the face value of such Purchased Receivables as detailed on the Vendors' records. The value of the Purchased Inventories shall be based on a physical inventory count and valued on a basis consistent with the Vendors' historical costing methodologies. The physical inventory count will be jointly supervised by the Vendors, the Purchaser and the Monitor.

The Purchaser may dispute the value of the Purchased Working Capital as presented by the Vendors by notice in writing (the "**Objection Notice**") given to the Vendors within ten (10) Business Days after the delivery of the Vendors' statement as to the

amount of the Purchased Working Capital. Such Objection Notice shall specify, in detail, the basis for the dispute and the Vendors' adjustments to the value of the Purchased Working Capital shown by the Vendors in their statement.

If the Purchaser and the Vendors cannot agree on the value of the Purchased Working Capital within five (5) Business Days after the delivery of the Objection Notice, then either the Purchaser or the Vendors may make a motion to the Court to resolve this dispute.

Forthwith after agreement as to the amount of the Purchased Working Capital or forthwith upon the decision of the Court as to the amount of the Purchased Working Capital, then, as the case may be, the Vendors shall refund to the Purchaser such portion of the Purchase Price which is equal to the amount by which the respective Purchased Working Capital values are less than the respective Offer Date Receivable Value and Offer Date Inventory Value, or alternatively, the Purchaser shall pay to the Vendors, by way of certified cheque or wire transfer, such additional amount which is equal to the amount by which the respective Purchased Working Capital values are higher than the respective Offer Date Receivable Value and Offer Date Inventory Value.

The Monitor and the Vendors agree that they shall not make a motion to the Court for distribution of any funds received by either of them under this Agreement, or otherwise distribute any such funds, unless the Purchase Price adjustments contained in this Section have been completed and the covenant contained in Section 4.2(b) has been fulfilled. However, in the event that the Purchase Price adjustments have not been settled by the date that is thirty (30) days following the Closing Date, the Monitor shall be entitled to bring a distribution motion on appropriate notice to the Purchaser and the Vendors and each of the Purchaser, the Vendors and the Monitor shall be entitled to make submissions to the Court in this regard. Furthermore, the Monitor agrees that it shall hold back from the proceeds of the Purchase Price an amount which is sufficient to discharge the Vendors' obligations in connection with the Vendors' key employee retention plan, until such time as such obligations are extinguished.

## **2.11 Method of Payment**

The Purchase Price shall be satisfied as follows:

- (a) a deposit in the sum of one million dollars (\$1,000,000) by certified cheque or wire transfer payable to the Monitor, in trust, upon acceptance of this Agreement by the Vendors, to be held in trust by the Monitor until the Time of Closing, and then credited towards the Purchase Price;
- (b) the amount of sixteen million five hundred thousand dollars (\$16,500,000) by certified cheque or wire transfer payable to the Monitor at the Time of Closing; and
- (c) by the assumption of the Assumed Obligations.

The Monitor agrees to cause the Deposit to be placed into an interest bearing account or certificate of deposit, with all interest earned or accrued thereon and subject to Section 6.6 to be paid or credited to the Purchaser at the Time of Closing.

## **2.12 Allocation of Purchase Price**

The Purchaser and the Vendors shall, acting reasonably, agree on the allocation of Purchase Price on or before the Closing Date, and they shall execute and file any Tax Returns required on the basis of such allocation.

## **2.13 Taxes**

The Purchaser shall be liable for and shall pay any and all federal, provincial and other sales, goods and services, value added, and other transfer taxes which are properly payable by the Purchaser in connection with the transfer of the Assets by the Vendors to the Purchaser, together with all duties, registration fees or other charges properly payable by the Purchaser upon or in connection with the conveyance or transfer of the Assets (collectively, the "**Taxes**") and shall indemnify the Vendors (which term for the purposes of this Section 2.13 shall include the Vendors' respective directors, officers, employees and agents) for any amounts (including penalties and interest) for which the Vendors may become liable as a result of any failure by the Purchaser to pay any of such Taxes.

## **2.14 Value Added Tax**

- (a) The Purchaser shall be liable for and shall pay any Taxes which may be exigible under Part IX of the ETA;
- (b) The Vendors hereby declare that they are duly registered under Subdivision (d) of Division V of Part IX of the ETA;
- (c) The Vendors hereby declare that they are duly registered under the QSTA;
- (d) Without limiting the Purchaser's indemnity obligations under Section 2.13, the Vendors and the Purchaser will on the Closing Date jointly execute and deliver to each other an election, in the prescribed form and containing the prescribed information, to have subsection 167(1) of the ETA and section 75 of the QSTA so that no tax is payable under any such laws in respect of the sale and purchase of the Assets hereunder, and the Purchaser shall file any joint election in accordance with the ETA and QSTA.

## **2.15 Provincial Sales Taxes**

- (a) The Purchaser shall be liable for and shall pay any Taxes which may be exigible under the *Retail Sales Tax Act* (Ontario) or any similar provincial laws in respect of the sale of the Assets hereunder, all in accordance with the provisions of those statutes, the regulations made thereunder.
- (b) The Purchaser shall provide to the Vendors such documentation as may be necessary to substantiate any provincial sales tax exemptions relied upon by the

Purchaser, including exemptions with respect to inventories of goods held for resale or for incorporation into goods to be held for sale.

## **2.16 Section 22 Election — Accounts Receivable**

The Purchaser and the Vendors agree to elect jointly in the prescribed form under Section 22 of the Income Tax Act (Canada) as to the sale of the accounts receivable and other applicable Assets described in Section 22 of the *Income Tax Act* (Canada) and the corresponding provision of the statute that is the provincial equivalent thereof and to designate in such election an amount equal to the portion of the Purchase Price allocated to such assets pursuant to Section 2.12 as the consideration paid by the Purchaser therefor.

## **2.17 Risk of Loss**

From the time of execution of this Agreement, up to the Time of Closing, the Assets shall be and remain at the risk of the Vendors. If, prior to the Closing Date, all or substantially all of the Assets or any plant operated by the Vendors is destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by any governmental entity or other lawful authority, the Purchaser shall have the option, at its absolute discretion, exercisable by notice in writing given within fifteen (15) Business Days after the Purchaser receives notice in writing from the Vendors of such destruction, damage, appropriation, expropriation or seizure:

- (a) In the event of damage or destruction, to complete the purchase subject to a reduction of the Purchase Price to be mutually agreed to by the parties;
- (b) In the event of appropriation or expropriation, to complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for appropriation, expropriation or seizure shall be payable to the Purchaser and all right and claim of the Vendors to any such amounts not paid on the Closing Date shall be assigned to the Purchaser; or
- (c) In either event, to terminate this Agreement, receive a refund of the Deposit and not complete the purchase, in which case all obligations of the Purchaser shall terminate forthwith upon the Purchaser giving notice as required herein.

## **Section 3 – REPRESENTATIONS AND WARRANTIES**

### **3.1 Purchaser's Representations**

The Purchaser represents and warrants to the Vendors that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (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 and 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) 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 constitutes 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;
- (e) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*;
- (f) the Purchaser is or will be prior to Closing Date registered under Part IX of the ETA and under the QSTA; and
- (g) the Purchaser has at the date hereof received preliminary offers to finance on substantially most of the terms summarized in Section 5.1(c); the Purchaser has and will have on the Closing Date cash availability to satisfy subsections (viii) and (ix) of Section 5.1(c); the Purchaser shall confirm, within fifteen (15) Business Days from the acceptance of this Agreement by the Vendors, that it will have at the Closing Date cash, cash equivalents and financing commitments together with available borrowing capacity under credit facilities in the aggregate to permit the Purchaser to satisfy all of its payment obligations under this Agreement, including satisfaction of the Purchase Price.

### **3.2 Representations and Warranties of the Vendors**

Each of the Vendors represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in completing this Agreement:

- (a) each Vendor is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (b) each Vendor 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;
- (c) each Vendor is not a party to, bound or affected by or subject to any 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) this Agreement and all other documents contemplated hereunder to which each Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by each Vendor; and

- (e) Each Vendor is a registrant for the purposes of Part IX of the ETA.

### **3.3 Survival of Representations and Warranties**

The representations and warranties of the Vendors shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Purchaser (which term for the purposes of this Section 3.3 shall include the Purchaser's directors and officers) for a period of nine (9) months from the Closing Date.

The representations and warranties of the Purchaser shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Vendors (which term for the purposes of this Section 3.3 shall include the Vendors' respective directors and officers) for a period of nine (9) months from the Closing Date.

## **Section 4 – RESPECTIVES COVENANTS OF THE PARTIES**

### **4.1 Covenants of the Purchaser**

- (a) The Purchaser agrees that from and after the Time of Closing, it shall preserve the Books and Records actually received from the Vendors at the Time of Closing, and at the reasonable request of any Vendor, the Monitor or another party acting in a court-appointed capacity (such as a receiver, interim receiver, receiver and manager or bankruptcy trustee, or any of their respective authorized representative (a "**Requestor**") from time to time, the Purchaser shall co-operate fully with the Requestor and make available to the Requestor in a reasonable timely fashion during normal business hours (i) such Books and Records, (ii) the premises of the Purchaser, and (iii) at the Requestor's expense, the personnel of the Purchaser, in each case to the extent the Requestor reasonably consider necessary (A) to permit the Requestor to prepare and file necessary Tax Returns and any other statutory documents relating to the operation by the Vendors of their business up to the Time of Closing, (B) to properly fulfil the Vendors' obligations in bankruptcy, (C) for the preparation by any Requestor or its agent or trustee in bankruptcy of any Tax Returns or in connection with any assessment, reassessment or other form of document assessing liability of the Vendor for taxes under applicable tax legislation in respect of any taxation year, (D) in connection with the restructuring proceedings, (E) for the defence or settlement of any litigation, or (F) to ensure compliance by a Vendor with applicable law;
- (b) The Purchaser agrees that from and after the Time of Closing, it shall permit the Requestor to make copies, at the Requestor's expense, of the Books and Records actually received by the Purchaser from the Vendors at the Time of Closing and shall provide reasonable assistance to the Requestor, at the Requestor's expense, to prepare T4 forms and records of employment for the employees of the Vendors who accept offers of employment from the Purchaser. In the case of the Books and Records actually received from the Vendors at the Time of Closing, the Purchaser agrees to preserve same for a minimum of 6 years from the Closing Date;



- (c) Until the Time of Closing, and in the event of the termination of this Agreement without consummation of the Transaction contemplated, the Purchaser shall keep confidential any information obtained from the Vendors in accordance with the confidentiality agreement bearing the date of November 20, 2008 but entered into by TRAMS Property Management Inc., a related party to the Purchaser, on December 15, 2008 and attached hereto as Schedule 4.2 as if the Purchaser was a party thereto, and the Purchaser hereby agrees in favour of the Vendors to be bound by the terms of such confidentiality agreement as if it were an original signatory thereto. If this Agreement is terminated without consummation of the Transaction contemplated, promptly after termination, all documents, work papers and other written material obtained in connection with this Agreement and not made public (including all copies), shall be returned to the Vendors; and
- (d) On or before fifteen (15) Business Days from the date of acceptance of this Agreement by the Vendors, the Purchaser shall provide the Vendors with either a committed financing term sheet in an amount sufficient for the Purchaser to satisfy its obligations hereunder or, such other satisfactory evidence of financing as shall be acceptable to the Vendors.

#### **4.2 Covenants of the Vendors**

- (a) The Vendors shall allow the Purchaser to have observers to the Vendors' management team, on a daily basis, and the Vendors' management team shall answer observers' questions about the operation of the Business, the management of the Business and the decisions to be taken by the Vendors' management team during the Interim Period;
- (b) The Vendors shall provide the Purchaser, within fifteen (15) Business Days following the Closing Date, confirmation that all wages for the Vendors' employees immediately before the Closing Date, have been paid up to and including the Closing Date;
- (c) The Vendors shall remit to the Purchaser, forthwith upon receipt, twenty-five percent (25%) of the net amount of any R & D or other income tax refund or reimbursement received by the Vendors;
- (d) The Vendors shall use their best efforts to obtain such releases as may be required by the Purchaser, acting reasonably, regarding the termination of management employees, a list of which shall be provided by the Purchaser no later than ten (10) Business Days prior to the Closing Date, it being specifically acknowledged by the Purchaser that in complying with this covenant, the Vendors shall be under no obligation to pay employees any amount in order to obtain such releases; and
- (e) The Vendors agree that during the Interim Period, they shall continue to conduct their Business in the ordinary course, subject to the limitations imposed by the Initial Order and their available financing.

## Section 5 – CONDITIONS

### 5.1 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 Vendors 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) no Material Adverse Change shall have occurred, as reasonably determined by the Purchaser;
- (c) the obtaining on or before the date which is fifteen (15) Business Days from acceptance of this Agreement by the Vendors of adequate financing, to the Purchaser's satisfaction, to complete this Transaction, with commercially reasonable conditions, under the following criteria:
  - (i) Operating line of credit ("OLC"): \$15,000,000
  - (ii) Interest rate: Maximum of 5.50% per annum
  - (iii) Term loan: \$3,000,000
  - (iv) Interest rate: Maximum of 8.3% per annum
  - (v) Collaterals: First rank on Assets for \$20,000,000
  - (vi) Availability of OLC: 75% of acceptable account receivables  
50% of inventory
  - (vii) Guarantee: Investissement Québec
  - (viii) Investment from the Purchaser (equity): \$4,000,000
  - (ix) Investment from the Purchaser (shareholder's loan): \$3,000,000
- (d) the obtaining on or before the date which is ten (10) Business Days from acceptance of this Agreement by the Vendors of all Required Consents;
- (e) each of the Vendors shall not be bankrupt as at the Time of Closing;
- (f) the obtaining of the Approval and Vesting Orders to the satisfaction of the Purchaser, acting reasonably;
- (g) the Vendors shall have performed their obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (h) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any such 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.

## **5.2 Conditions – Vendors**

The obligation of the Vendors 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 Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

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

## **5.3 Mutual Conditions**

The obligations of the Vendors on the one hand, and the Purchaser on the other hand are subject to the conditions that:

- (a) orders shall have been made by the Court on or before the twenty sixth (26<sup>th</sup>) Business Day from the acceptance of this Agreement by the Vendors (or such later date as the parties may agree to acting reasonably) approving this Agreement and the Transaction, authorizing the transfer of the Assets, vesting in the Purchaser all the right, title and interest of the Vendors in the Assets free and clear of all liens, charges and encumbrances, security interests and other encumbrances (the "**Approval and Vesting Orders**"); and
- (b) the Approval and Vesting Orders 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 Vendors and the Purchaser.

## **5.4 Actions to Satisfy Closing conditions**

Each of the parties agrees to diligently take all actions as are within its power to control, and to use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with the conditions set forth in sections 5.1, 5.2 and 5.3 and, generally, the conditions set forth in this Agreement.

## **5.5 Non-Satisfaction of Conditions**

If any condition set out in this Section 5 is not satisfied or performed on or prior the twenty sixth (26<sup>th</sup>) Business Day from the acceptance of this Agreement by the Vendors (or, if a time period is specified in Section 5.1, within the time period prescribed therein), then the Vendors and the Purchaser, depending 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.

## **Section 6 – CLOSING**

### **6.1 Closing**

The completion of the Transaction shall take place at the offices Lamarre Perron Lambert Vincent, g.p., 101, Roland-Therrien Blvd., suite 480, Longueuil, Quebec J4H 4B9, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

### **6.2 Purchaser's Deliveries on Closing**

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

- (a) payment of the portion of the Purchase Price payable at the Time of Closing;
- (b) payment or evidence of payment of applicable federal and provincial Taxes or alternatively, appropriate exemption certificates, as required by this Agreement;
- (c) general conveyance and assumption of liabilities agreement pursuant to Subsection 2.6 duly executed by the Purchaser, in form and substance mutually satisfactory to the Vendors and the Purchaser;
- (d) the Allocation of Purchase Price pursuant to Section 2.12;
- (e) an assignment of Intellectual Property agreement, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the Purchaser;
- (f) an assignment or assignments of Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendors, duly executed by the Purchaser;

- (g) an assignment or assignments of lease for the Leased Premises, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the Purchaser;
- (h) a certificate, dated 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;
- (i) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (j) such further and other documentation as is referred in this Agreement or as the Vendors may reasonably require to give effect to this Agreement including pursuant to Sections 2.2, 2.6 and 2.8.

### **6.3 Vendors' Deliveries on Closing**

At or before the Time of Closing, the Vendors 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 pursuant to which each Vendor shall assign, sell, transfer and convey all of its right, title and interest in and to its respective Assets, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendor;
- (b) an assignment of Intellectual Property agreement, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendors;
- (c) an assignment or assignments of lease for the Leased Premises, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendor;
- (d) an assignment or assignments of Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendors, duly executed by the relevant Vendor;
- (e) the Approval and Vesting Orders in form and substance satisfactory to the Purchaser;
- (f) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendors 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;
- (g) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and

- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement which shall be prepared by the Purchaser at its sole expense and in form and substance satisfactory to the Vendors.

#### **6.4 Possession of Assets**

The Vendors shall remain in possession of the Assets until the Time of Closing. On Closing, the Purchaser shall take possession of the Assets where situated at the Time of Closing and shall forthwith make arrangements, at its own costs, to remove such Assets which are not located at the Leased Premises. In no event shall the Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Orders have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 6.2.

#### **6.5 Access to Assets**

The Purchaser may have reasonable access to the Assets located at the Leased Premises or at any other leased premises presently occupied by the Vendors during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such inspections of the Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Vendors, if so required at the discretion of the Vendors. The Purchaser agrees to indemnify and save the Vendors 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 Assets or the attendance of the Purchaser, its employees or agents at the Leased Premises.

#### **6.6 Termination**

If either the Vendors on the one hand, or the Purchaser on the other hand, validly terminates this Agreement pursuant to the provisions of Sections 5.5, or 2.17,

- (a) all the obligations of the Vendors and Purchaser pursuant to this Agreement shall terminate;
- (b) the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder returned with any interest earned thereon but without deduction provided, however that, if this Agreement is terminated as a result of the Purchaser's failure to satisfy or waive the condition contained in Section 5.1(c), the Purchaser shall only be entitled to the return of \$500,000 out of the Deposit, and the Monitor shall be entitled to keep the balance and any interest accrued thereon; 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.

#### **6.7 Breach by Vendors**

As long as the Purchaser's covenant in Section 4.1(d) has not been fulfilled and condition 5.1(c) has not been satisfied or waived, and in the event that the Vendors receive an unsolicited

offer and only in these circumstances, the Vendors may elect not to proceed with this Transaction and, by sending a written notice to the Purchaser, terminate this Agreement to accept the other unsolicited offer. In that event, the Vendors covenant and agree that the Purchaser will be entitled to a break-up fee of five hundred thousand (\$500,000) dollars, such amount being payable with the termination notice. If the break-up fee is not paid with the termination notice, such termination notice shall be null and void.

## **6.8 Breach by Purchaser**

If the Purchaser fails to comply with the terms of this Agreement, the Vendors 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 Vendors, and the Assets may be resold by the Vendors. In addition, the Purchaser shall pay on demand to the Vendors all other damages or charges occasioned by or resulting from the default of the Purchaser, including any deficiency arising upon the resale of the Assets to another purchaser which, in the aggregate, is over the amount of the Deposit and any other payments made by the Purchaser to the Vendors hereunder. This Section 6.8 shall not limit any recourse for specific performance that may be instituted against the Purchaser pursuant to this Agreement. Notwithstanding the foregoing, if the Purchaser is in default of its covenant contained in Section 4.1 (d), the Purchaser shall be entitled to the return of \$500,000 of the Deposit.

## **Section 7 – GENERAL**

### **7.1 Further Assurances**

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, promptly 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.

### **7.2 Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax or electronic mail (“**Email**”), addressed in the case of the Purchaser, as follows:

4488385 CANADA INC.  
8600 Decarie Blvd. Suite 200  
Mont-Royal, Qc  
H4P 2N2

Attention:	Terry Pomerantz
Telephone No.:	514-341-8600
Fax No.:	514-340-1389
Email:	<a href="mailto:tpomerantz@trasmgmt.com">tpomerantz@trasmgmt.com</a>

and a copy to:

Lamarre Perron Lambert Vincent g.p.

101 Roland-Therrien Blvd. Suite 480  
Longueuil, Qc  
J4H 4B9

Attention: Jacques Vincent  
Telephone No.: 450-674-7574  
Fax No.: 450-674-0503  
Email: [j.vincent@lplv.com](mailto:j.vincent@lplv.com)

and in the case of the Vendors, as follows:

KOMUNIK  
1500 rue Saint-Patrick  
Montréal, Qc  
H3K 0A3

Attention: Sébastien Demers  
Telephone No.: (514) 904-0710  
Fax No.: (514) 904-0713  
Email: [sdemers@komunik.com](mailto:sdemers@komunik.com)

and a copy to:

Stikeman Elliott LLP  
1155 René-Lévesque Blvd. West  
40<sup>th</sup> Floor  
Montréal, Qc  
H3B 3V2

Attention: Sidney Horn  
Telephone No.: (514) 397-3342  
Fax No.: (514) 397-3222  
Email: [smhorn@stikeman.com](mailto:smhorn@stikeman.com)

and to:

RSM Richter Inc.  
200 King Street West  
Suite 1100  
Toronto, On  
M5H 3T4

Attention: Robert Kofman and Andrew Schaefer  
Telephone No.: (416) 932-8000  
Fax No.: (416) 932-6200



Email: [bkofman@rsmrichter.com](mailto:bkofman@rsmrichter.com)  
[aschaefer@rsmrichter.com](mailto:aschaefer@rsmrichter.com)

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 or Email before 5:00 p.m. (Montréal time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax or Email after 5:00 p.m. (Montréal time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

### **7.3 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 Vendors and the Purchaser or by their respective solicitors.

### **7.4 Currency**

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

### **7.5 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.

### **7.6 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.

### **7.7 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.

## **7.8 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.

## **7.9 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec 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 Quebec.

## **7.10 Commission**

The Purchaser agrees to indemnify the Vendors 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.

## **7.11 Assignment**

No party may assign this Agreement without the prior written consent of the other parties, which consent may not be unreasonably withheld or delayed. This Agreement enures to the benefit of and binds the parties and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns. Notwithstanding the foregoing, this Agreement shall be assignable by the Purchaser if the assignee is a "related entity" to the Purchaser within the meaning of that expression under the *Income Tax Act* (Canada).

## **7.12 Counterparts**

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by facsimile or by Email of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement by facsimile or by Email shall forthwith deliver an originally executed copy to the other party or parties.

## **7.13 Language**

The parties acknowledge that they have requested and are satisfied that the foregoing be drawn up in English. Les parties reconnaissent qu'elles ont exigé que ce qui précède soit rédigé en anglais et s'en déclarent satisfaites.

**Each of the Vendors shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:**

**LPLV**

**c/o: Mtre. Jacques Vincent**

**Fax: (450) 674-0503**

**Email: [j.vincent@lplv.com](mailto:j.vincent@lplv.com)**

**by no later than 4:00 pm, on February 20, 2009, after which time this Agreement shall be considered null and void as to the Purchaser.**

**[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]**

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on February 19, 2009.

**4488385 CANADA INC.**

By: 

Name: Terry Pomerantz

Title: President and CEO

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Vendors have duly executed this Agreement on February \_\_, 2009 at \_\_: \_\_ \_\_.

**KOMUNIK CORPORATION**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

**KOMUNIK DATAMARK INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

**KOMUNIK INTRAMEDIA INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on February 19, 2009.

4488385 CANADA INC.

By: 

Name: Terry Pomerantz

Title: President and CEO

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Vendors have duly executed this Agreement on February 20, 2009 at 8:35 AM.

KOMUNIK CORPORATION

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

KOMUNIK DATAMARK INC.

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

KOMUNIK INTRAMEDIA INC.

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

**INTERVENTION**

We have read the foregoing and agree with the terms thereof.

**RSM RICHTER INC., IN ITS CAPACITY  
AS COURT-APPOINTED MONITOR OF  
THE VENDORS, AND NOT IN ITS  
PERSONAL CAPACITY**

Per: 

Name: Robert Kefman

Title: V.P.

## **Schedule 1.1(d)**

### **Assets**

---

1. All assets, undertakings and properties of the Vendors of every nature and kind whatsoever, and wherever situated, including without limitation the following:
  - 1.1. All inventory, including but not limited to raw materials, work in progress and finished products;
  - 1.2. All goods other than goods listed in section 1.1 hereinabove that are held for sale, lease or rental (whether such goods are saleable, obsolete or damaged) in relation to the Business carried on by the Vendors including, materials and supplies;
  - 1.3. All trade accounts receivable, other accounts receivable and other claims of the Companies, including but not restrictively, claims towards related parties, but excluding R & D receivables, income tax receivables, any tax refunds, prepaid amounts, deposits and deposit letters;
  - 1.4. All machinery and equipment, including vehicles and automotive equipment
  - 1.5. All furniture and fixtures;
  - 1.6. All office equipment and furnishings;
  - 1.7. All computer equipment and equipment related;
  - 1.8. All Intellectual Property;
  - 1.9. All the corporate names used by the companies, including but not restrictively:
    - Corporation Komunik
    - Komunik Corporation
    - Komunik Datamark
    - Datamark Systèmes
    - Datamark Systems®
    - Datamark Systems Group
    - Groupe Datamark Systems
    - Lancaster Datamark
    - Info Maitre Communication
    - Infomaître Communication
    - Komunik Intramedia

- Les Impressions Intra-Média
- Programme d'automne pour les bovines
- Systèmes Datamark
- The Cattle Farm Incentive Program

- 1.10. All rights in equipment leases and other contracts, to the extent that the Purchaser wishes to avail itself thereof;
- 1.11. All Vendors' interest in the Leased Premises, to the extent that the Purchaser wishes to avail itself thereof;
- 1.12. All customer lists and lists of prospective customers and marketing and sales materials and databases;
- 1.13. All rights, title and interest in orders on hand and other contractual arrangements with the customers to the extent that they can be assigned and that the Purchaser wishes to avail itself thereof;
- 1.14. All the benefit of all unfulfilled orders received by and in favour of the Vendors;
- 1.15. All rights, title and interest in contractual arrangements with the suppliers to the extent that they can be assigned and that the Purchaser wishes to avail itself thereof;
- 1.16. All other tangible and intangible assets and property used in connection with the Business;
- 1.17. The goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on such business in continuation of and in succession to the Vendors;
- 1.18. An option to purchase rights, title and interest in the ownership of all shares issued and outstanding of Datamark and IntraMedia once the judgment to be rendered by the Superior Court of Quebec has vested all their debts for an aggregate amount of \$10.00;
- 1.19. All Books and Records related to the Business and all plans, sketches and other documents related to the operations of the Business; and
- 1.20. all other property, assets and rights, real or personal, tangible or intangible, owned by the Vendors or to which they are entitled that are not Excluded Assets.



## **Schedule 1.1(l)**

### **Contracts**

---

1. Subject to Section 2.3, the following Contracts shall form part of the Assets:
  - 1.1. All Leased Premises;
  - 1.2. The following leasing agreements:
    - 1.2.1. Offer to lease with HSBC Bank Canada dated March 1, 2004 re: Used Komori Lithrone Offset Press model L640, c/w accessories
    - 1.2.2. Convention de prêt et d'hypothèque pour équipement No. 150010638173 with GE Canada dated October 12, 2007 re : Label Banding Machine
    - 1.2.3. Convention de prêt et d'hypothèque pour équipement No. 150010632477 with GE Canada dated October 12, 2007 re : SMS
    - 1.2.4. Contrat de vente conditionelle No. 150010743074 with GE Canada dated December 17, 2007 re : SMSConvoyeur motorise Spicer
    - 1.2.5. Contrat de vente conditionelle No. 8380052001 with GE VFS Canada dated April 16, 2008 re : Graphic focus, workflow info
    - 1.2.6. Contract reference no 810-0297513-001 re: Nexpress
    - 1.2.7. Lease No. 8068 with LiftCapital Corporation dated January 22, 2008 No. 8068 re: Morgana
    - 1.2.8. Contrat de credit-bail No. 2414722 with Financière Globale dated April 24, 2008 re : Perforateur auto
    - 1.2.9. Agreement with Fujifilm Canada Inc. dated April 8, 2008 re: Imageuse, imprimante and système de couleurs
  - 1.3. The following computer leasing agreements:
    - 1.3.1. Contract reference No. 2313033
    - 1.3.2. Contract reference No. 115859-77133
    - 1.3.3. Contract No. 200-2140044-001

- 1.3.4. Contract No. 200-3225665-002
- 1.3.5. Contract No. 200-3225665-005
- 1.3.6. Contract No. 200-3225665-006
- 1.3.7. Contract No. 200-3225665-007
- 1.3.8. Contract No. 200-3225665-011
- 1.3.9. Contract No. 200-3225665-013
- 1.3.10. Contract No. 200-3225665-015
- 1.3.11. Contract No. 200-3225665-016
- 1.3.12. Contract No. 200-3225665-018
- 1.3.13. Contract No. 200-3225665-019
- 1.3.14. Contract No. 200-3225665-020
- 1.3.15. Contract No. 200-3225665-022
- 1.3.16. Contract No. 200-3225665-023
- 1.3.17. Contract No. 200-3225665-025
- 1.3.18. Contract No. 200-3225665-027

## **Schedule 1.1(u)**

### **Intellectual Property**

---

1. All the intellectual property that is owned and that is or was used by the Vendors for the Business, including without limitation the following:
  - 1.1. All patents, technology, trade secrets, know how, licences and other intangible assets or rights of any form required for the continuation of the Business, including, but not limited to the internet platform, the ERP systems platform, the accounting systems, and all electronic platforms required for the continuation of the Business; and
  - 1.2. Any and all goodwill and trademarks in whatever format, including without limitation, registered and unregistered trademarks, trade names, brand names, service marks, logos, copyrights, certification marks, drawings, permits, internet and electronic email addresses, URLs, telephone, telex and facsimile numbers, content of websites and domain names related to or connected with the business carried on by the Vendors, all related software and electronic code to the extent assignable and other similar intellectual property or intangibles of the Vendors.

## **Schedule 1.1(hh)**

### **Required Consents**

---

1. All landlords for the Leased Premises:
  - 1.1. 909 Upton St., LaSalle, Québec
  - 1.2. 900-910 Upton St., LaSalle, Québec
  - 1.3. 2800-2850 Francis-Hughes St., Laval, Québec
  - 1.4. 1500 A. Nobel St., Boucherville, Québec
  - 1.5. 333D chemin du Tremblay, Boucherville, Québec
  - 1.6. 1451 Hastings Crescent S.E., Calgary, Alberta
2. HSBC Bank Canada
3. GE Canada
4. GE Canada VFS
5. Fujifilm Canada Inc.
6. Any third party to the leasing agreements listed in Schedule 1.1(l), but only to the extent such equipment is required for or in connection with production equipment

## Schedule 2.2

### Excluded Assets

---

1. The Purchaser acknowledges and agrees that the following assets shall be considered excluded of the Transaction:

- 1.1. The accounts payable, except as otherwise provided in this Agreement;
- 1.2. The tax losses, except as otherwise provided in this Agreement;
- 1.3. All R & D receivables, income tax receivables, tax refunds, prepaid amounts, deposits and deposit letters;
- 1.4. The cash which shall be applied in reduction of the debt owed to HSBC Bank and HSBC Capital; and
- 1.5. The assets related to the Konversation business unit which are:

- The following 11 computers with the system software and/or freeware that come with those computers:

- |     |         |                     |
|-----|---------|---------------------|
| 1.  | 1Q0JFD1 | Precision 390       |
| 2.  | 6Q0JFD1 | Precision 390       |
| 3.  | 5XRZZD1 | Precision 390       |
| 4.  | 8XBT0G1 | Dell PrécisionT3400 |
| 5.  | 7V5V0F1 | Vostro 200          |
| 6.  | CT5V0F1 | Vostro 200          |
| 7.  | 76NHXC1 | Dimension E520      |
| 8.  | HPCZ191 | Inspiron 6000       |
| 9.  | B6G36C1 | OptiPlex 320        |
| 10. | 642CWD1 | XPS M1330           |
| 11. | GNQBWD1 | Latitude D531       |

- 22 screens
- 24 working tables, with square edges (60" x 48") with 22 chairs
- 3 working tables, with square edges (60" x 60")
- 18 – two-drawer brown filing cabinets – (24")
- 4 office lamps
- 1 – two-drawer steel filing cabinet (36")
- 1 – four-drawer steel filing cabinet (36")
- 4 plastic small benches

- 1 movable bulletin board
- 1 conference table (medium size)
- 1 – one single red armchair
- Office Furniture
- 1 president desk
- 1 credenza
- 1 conference table (medium size)
- 1 – two-seater armchair
- 4 chairs
- 1 president chair
- 1 table with round edges (60 x 60)
- 3 chairs
- 1 table (16 x 36)
- 1 table with round edges (60 x 60)
- 3 chairs
- 1 table (16 x 36)
- The following 27 computers/servers used for the Application of the Konversation and Maestro software:

1. Equalizer Linux
2. Switch Cisco Catalyst 2950 Cisco
3. Mail5 - PowerEdge 1650 Win 2k3 OEM
4. Maestro1-PowerEdge 1650 Win 2k3 OEM
5. MaestroMail-PowerEdge 1650 Win 2k3 OEM
6. MaestroMail-PowerEdge 1650 Win 2k3 OEM
7. Disnat-SuperServer 6013AT Win 2k3 OEM
8. CAA-SuperServer 6013AT Win 2k3 OEM
9. App03-PowerEdge 1750 Win 2k3 OEM
10. FTP-PowerEdge 350 Win 2k3 OEM
11. BD-Report01-SuperServer 6024H-8R Win 2k3 OEM
12. Prod-BD01-PowerEdge 2650 Win 2k3 OEM
13. Prod-BD02-PowerEdge 2650 Win 2k3 OEM
14. DiskArray-Power Vault 220S N/A
15. BD-Desjardins-SuperServer 6013AT Win 2k3 OEM
16. Maestro-Desj-SuperServer 6013AT Win 2k3 OEM
17. Maestro02A-SuperServer 6013AT Win 2k3 OEM
18. Mail4-SuperServer S6A14H8 Win 2k3 OEM
19. Maestro03A-SuperServer S6A14H8 Win 2k3 OEM
20. Sopexa-SuperServer S6A14H8 Win 2k3 OEM
21. KMMTA-SunFire X4100 Centos 4.2
22. App01-Supermicro Win 2k3 OEM
23. App4, trck1-Supermicro Win 2k3 OEM
24. Img01-Supermicro Win 2k3 OEM
25. Rpt01-Supermicro Win 2k3 OEM
26. Trk02-Supermicro Win 2k3 OEM
27. App02, App03-Supermicro Win 2k3 OEM

- Konversation software and source codes;
- Maestro software and source codes;
- all of the Vendor's right, title and interest in and to the following trade names:
  - "Komunik Konversation"
  - "Konversation"
  - "Maestro"
- The following IP Addresses:
  - 216.94.179.0/24
  - 64.254.230.64/27
  - 64.254.225.144/30
- all the documentation related to the Konversation and Maestro software required in order to carry on the Business;
- the goodwill of the Business including the list of current clients of the Business and all file or data related to such clients and the right for the Purchaser to represent itself as carrying on the Business in continuation and in succession to the Vendor.

#### **Leases relating to the Konversation business unit**

- Contract no: 200-3225665-026 regarding the workstation (computer) CXBTOG1 – model
- Dell PrécisionT3400;
- Contract no: 200-3225665-017 regarding the workstation (computer) 2V5V0F1 – model
- Vostro 200;
- Contract no: 200-3225665-008 regarding the workstation (computer) CY8Y6D1 – model
- Inspiron 9400;
- Contract no: 200-3225665-014 regarding the computer – model XPS M1330;
- Lease 200-3225665-004 regarding the server -- model DB02-PowerEdge 1900.

**Schedule 2.6**  
**Assumed Obligations**

---

1. The obligation of the Vendors under the Contracts as of the Time of Closing;
2. All accrued and unpaid vacation pay in respect of the Assumed Employees whether or not it relates to a period prior to or following the Closing Date;and
3. The obligations of the Vendor Komunik Datamark Inc. in connection with the collective bargaining agreement for the period ending April 30, 2009 between the Vendor Komunik Datamark Inc. and Section Locale 145 du Syndicat Canadien des Communication, de l'Énergie et du Papier (Section Locale 145-SCEP)



**Schedule 2.10**

**Summaries of (i) Purchased Receivables together with the Offer Date Receivable Value and  
(ii) Purchased Inventories together with the Offer Date Inventory Value**

---

*See 2 documents attached  
Total of two (2) pages*

Komunik Corp  
Trade Accounts Receivable

DATE - as at

30-Jan-09 (AR aging may be subject to change upon bank reconciliation)

Name of Company

KOMUNIK CORP

FX rate US\$  
Cdn\$

1.2265 close rate per Bank of Canada for the said date  
1.2818 close rate per Bank of Canada for the said date

AR Listing - In Cdn\$	Total	Current	30 days	60 days	90 days	120 days
KONV \$	301,728.91	\$ 130,222.98	\$ 51,692.23	\$ 56,738.97	\$ 33,486.00	\$ 29,588.73
KONV-US \$	17,091.28	\$ 8,567.10	\$ -	\$ -	\$ -	\$ 8,524.18
WIN \$	2,553,327.56	\$ 1,264,702.04	\$ 734,498.27	\$ 312,320.85	\$ 98,454.50	\$ 143,351.91
INTRA \$	2,928,714.82	\$ 1,293,331.34	\$ 965,869.03	\$ 487,320.85	\$ 96,943.63	\$ 85,249.97
INTRA-US \$	107,621.70	\$ 61,827.13	\$ 36,900.44	\$ -	\$ (771.37)	\$ 42,885.49
MTL \$	7,513,631.77	\$ 3,997,662.21	\$ 2,136,364.84	\$ 776,890.51	\$ 232,830.47	\$ 369,883.74
TO \$	1,194,781.96	\$ 256,603.70	\$ 233,987.00	\$ 298,078.00	\$ 310,307.60	\$ 95,805.66
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 14,616,898.00	\$ 7,012,966.50	\$ 4,126,041.81	\$ 1,931,349.18	\$ 771,250.83	\$ 775,289.67

Intercompany AR - In Cdn\$	Total	Current	30 days	60 days	90 days	120 days
Komunik Intra	\$ 966,652.82	\$ 430,964.32	\$ 222,735.88	\$ 208,227.55	\$ 60,445.89	\$ 44,279.18
Komunik Datamark	\$ 349,070.97	\$ 45,710.48	\$ 149,282.31	\$ 31,007.63	\$ 46,962.50	\$ 76,108.05
Komunik Konv	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Komunik TO	\$ 609,969.91	\$ 94,374.00	\$ 97,459.28	\$ 203,614.09	\$ 203,630.09	\$ 10,892.45
Komunik TO - DMK FM	\$ 24,546.62	\$ 17,307.68	\$ -	\$ 3,787.93	\$ 3,451.01	\$ -
Komunik Win	\$ 627,386.77	\$ 306,921.89	\$ 116,679.20	\$ 151,330.58	\$ 49,299.29	\$ 3,155.81
Total	\$ 2,577,627.09	\$ 895,278.37	\$ 586,156.67	\$ 597,967.78	\$ 363,788.78	\$ 134,435.49
TOTAL - NET	\$ 12,039,270.91	\$ 6,117,688.13	\$ 3,539,885.14	\$ 1,333,381.40	\$ 407,462.05	\$ 640,854.18

DATAMARK SYSTEMS GROUP INC.  
2008  
CONSOLIDATED INVENTORY

Schedule : 1

	<u>Dec Inventory</u>
<u>Montreal Operations</u>	
Raw Materials	1,322,502
Work in process	267,267
Finished Goods	<u>5,405,134</u>
Total	<u>6,994,903</u>
 <u>Toronto Operations</u>	
Raw Materials	117,195
Work in process	10,841
Finished Goods	<u>161,433</u>
Total	<u>289,470</u>
 <u>Winnipeg Operations</u>	
Raw Materials	223,353
Work in process	69,927
Finished Goods	<u>725,445</u>
Total	<u>1,018,725</u>
 <u>Calgary Operations</u>	
Raw Materials	457,236
Work in process	113,118
Finished Goods	<u>393,341</u>
Total	<u>963,695</u>
 <u>Intra-Media</u>	
Raw Materials	426,258
Work in process	498,543
Finished Goods	<u>106,071</u>
Total	<u>1,030,872</u>
 <u>Konversation Montreal</u>	
Raw Materials	-
Work in process	-
Finished Goods	<u>-</u>
Total	<u>-</u>
 Consolidated Inventory SUMMARY	
Raw Materials	2,546,544
Work in process	959,696
Finished Goods	<u>6,791,425</u>
	<u>10,297,664</u>

**Schedule 4.2**  
**Confidentiality Agreement**

---

*See document attached  
five (5) pages*

# RSM Richter

November 20, 2008

RSM Richter Inc.  
200 King St. W., P.O. Box 48  
Toronto, ON M5H 3T4  
Tel: 416.932.6000 Fax: 416.932.6200  
www.rsmrichter.com

To: Prospective Purchasers/Investors

Direct dial: 416.932.6244  
E-mail: [aschaefer@rsmrichter.com](mailto:aschaefer@rsmrichter.com)

Dear Sir/Madam:

**Re: Komunik Corporation, Komunik Datamark Inc. and Komunik IntraMédia Inc.  
(collectively the "Company")**

In connection with your possible interest in exploring a transaction (a "Transaction") involving the Company, you have requested certain oral and written information concerning the Company from the Company and from RSM Richter Inc. ("Richter"), in its capacity as court appointed monitor of the Company (the "Monitor"), as well as from the officers, directors, employees, representatives, solicitors, advisors and/or agents of the Company (collectively, the "Company Representatives"). References to the "Information Parties" herein shall mean the Company, the Monitor and the Company Representatives. All such information furnished to you or your Representatives (as defined below) by or on behalf of the Information Parties (irrespective of the form of communication and whether such information is so furnished before, on or after the date hereof), and all analyses, compilations, data, studies, notes, interpretations, memoranda or other documents prepared by you or your Representatives containing or based in whole or in part on any such furnished information are collectively referred to herein as the "Information." Information about identifiable individuals is referred to as "Personal Information." In consideration of furnishing you with the Information, the Information Parties request your agreement to, and you agree to and will cause your Representatives to comply with, the following:

1. The Information will be used solely for the purpose of evaluating a Transaction, and the Information will be kept strictly confidential and will not be disclosed by you or your Representatives, except that you may disclose the Information or portions thereof to those of your directors, officers and employees and representatives of your legal, accounting and financial advisors (the persons to whom such disclosure is permissible being collectively referred to herein as the "Representatives") who need to know such information for the purpose of evaluating such Transaction; provided that such Representatives are informed of the confidential and proprietary nature of the Information and agree to comply with the terms of this Agreement. You agree to be responsible for any breach of this Agreement by your Representatives (it being understood that such responsibility shall be in addition to and not by way of limitation of any right or remedy the Company and/or the Monitor may have against such Representatives with respect to any such breach).

2. Except with the prior written consent of the Monitor, neither you nor your Representatives will disclose to any person either the fact that any investigations, discussions or negotiations are taking place concerning a Transaction, or that you have received Information from any of the Information Parties, or any of the terms, conditions or other facts with respect to any such possible Transaction or involvement, including the status thereof. The term "person" as used in this Agreement will be interpreted broadly to include the media and any corporation, company, group, partnership, limited liability company, trust or other entity or individual.

RSM Richter is an independent member firm of RSM International,  
an affiliation of independent accounting and consulting firms.

3. If you or any of your Representatives become legally compelled (including by deposition, discovery, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the Information, you shall provide the Monitor and the Company with prompt prior written notice of such requirement so that the Monitor and/or the Company may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. If such protective order or other remedy is not obtained, or if the Monitor and the Company waive compliance with the provisions hereof, both you and your Representatives shall disclose only that portion of the Information which is legally required to be disclosed and to take all reasonable steps to attempt to preserve the confidentiality of the Information.

4. Other than with regard to "Personal Information" the term "Information" does not include any information which (i) at the time of disclosure is generally available to the public (other than as a result of a disclosure directly or indirectly by you or your Representatives) or (ii) was available to you on a non-confidential basis from a source other than any of the Information Parties or their respective advisors, provided that such source is not and was not known by you to be bound by a confidentiality obligation owed to the Monitor or the Company.

5. Notwithstanding anything to the contrary contained in this Agreement, the following additional restrictions shall apply to Personal Information: (a) Personal Information will be kept confidential at all times in accordance with the terms of this Agreement and will not be used or disclosed except in accordance with applicable law; (b) you shall store the Personal Information properly and securely and ensure that appropriate physical, technological and organisational measures are in place to protect the Personal Information against unauthorised or unintended access, use or disclosure; (c) you shall not retain, for any longer than necessary, any records pertaining to Personal Information; and (d) the confidentiality and non-use obligations in this Agreement pertaining to Personal Information shall survive any termination or expiration of this Agreement.

6. If you determine not to pursue a Transaction, you will promptly notify the Monitor and its counsel of your determination. At the time of such notice, or if, at any earlier time, the Monitor so directs (whether or not you determine to pursue a Transaction), you and your Representatives will promptly return to the Monitor, or destroy, all Information and all copies, extracts or other reproductions in whole or in part thereof. Notwithstanding the return of the Information, you and your Representatives will continue to be bound by this Agreement.

7. None of the Information Parties, or any of their officers, directors, employees, representatives or agents is making any representation or warranty, express or implied, as to the accuracy or completeness of the Information, and none of the Information Parties, or any of their officers, directors, employees, representatives or agents, will have any liability to you or any other person resulting from your use of the Information. Only those representations or warranties that are made to you in a definitive written agreement regarding a Transaction with the Company and/or the Monitor (a "Definitive Agreement") when, as, and if it is executed, and subject to such limitations and restrictions as may be specified in such Definitive Agreement, will have any legal effect.

8. Unless and until a Definitive Agreement between the Monitor and/or the Company and you with respect to a Transaction has been executed and delivered, none of the Monitor, the Company, or any of their stockholders or affiliates has any legal obligation of any kind whatsoever with respect to a Transaction by virtue of this Agreement or any other written or oral expression with respect to a Transaction except, in the case of this Agreement, for the matters specifically agreed to herein. You agree that (i) the Monitor may conduct any process for any Transaction between the Company and any person as the Monitor in its sole discretion shall determine (including negotiating with any of the prospective parties to such Transaction and entering into a Definitive Agreement without prior notice to you or any other person), (ii) any procedures relating to such Transaction may be changed at any time without notice to you or any other person, (iii) the Monitor reserves the rights to cease or amend this offering at any time and/or to reject any or all offers received, and (iv) the Monitor shall be free to provide Information to any person as it in its sole discretion shall determine.

9. Except with the prior written consent of the Monitor, you, your Representatives and your affiliates shall not have discussions with, or negotiate with, any persons other than the Monitor to (a) in any manner acquire, agree to acquire or make any proposal to acquire, directly or indirectly, any property of the Company (other than purchases of products in the ordinary course of business), (b) enter into, directly or indirectly, any merger, joint venture or business combination involving the Company, (c) control or influence the management, Board of Directors or policies of the Company, (d) acquire any debt of the Company, or seek to control or influence any creditors of the Company in their actions or relationships with respect to the Company, or (e) advise, assist or encourage any other persons in connection with any of the foregoing.

10. No provision in this Agreement can be waived or amended except by written consent of the Monitor, which consent shall specifically refer to this paragraph and explicitly make such waiver or amendment.

11. You agree that money damages would not be a sufficient remedy for any breach of this Agreement by you and that the Monitor and the Company shall be entitled to, and you shall not oppose the granting of, equitable relief, including injunction and specific performance, in the event of any such breach, in addition to all other remedies available to the Monitor and the Company at law or in equity or otherwise.

12. You agree that no failure or delay by the Monitor or the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof or an estoppel thereto, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

13. If any provision of this Agreement is found to violate any statute, regulation, rule, order or decree of any governmental authority, court, agency or exchange, such invalidity shall not be deemed to affect any other provision hereof or the validity of the remainder of this Agreement, and such invalid provision shall be deemed deleted herefrom to the minimum extent necessary to cure such violation.

14. All contacts by you or your Representatives with the Monitor, the Company or the Company's Representatives regarding the Information, a Transaction or otherwise shall be made through representatives of the Monitor or such other person as you are notified by the Monitor, in writing, to contact. You will not, for a period of 18 months from the date of this Agreement, (i) solicit or cause to be solicited or hire any employee of the Company without the prior written consent of the Company and the Monitor, (ii) contact any customer or vendor of the Company with regard to Company matters without the prior written consent of the Monitor and the Company, or (iii) to interfere with any person's business relationships with the Company. Provided, however, that nothing herein shall prevent you from any general solicitation or advertisement for

employees, not specifically directed at the Company's employees, or from hiring any persons responding to any such general solicitation or advertisement.

15. Any requirement for you to provide notice or other communication shall be in writing and may be delivered personally or transmitted by fax or email, addressed as follows:

(a) in the case of the Monitor, to:

RSM Richter Inc.  
200 King Street West, Suite 1100  
Toronto, Ontario M5H 3T4

Attention: Andrew Schaefer  
Fax: 416.932.6200  
Email: aschaefer@rsmrichter.com

with a copy to:

Ogilvy Renault LLP  
Suite 3800 Royal Bank Plaza, South Tower  
200 Bay Street  
Toronto, Ontario M5J 2Z4

Attention: Tony Reyes  
Fax: 416.216.3930  
Email: treyes@ogilvyrenault.com

(b) in the case of the Company, to:

Komunik Corporation  
1500 Saint-Patrick Street  
Montreal, Quebec H3K 0A3

Attention: Sebastian Demers  
Fax: 514.904.0713  
Email: sdemers@komunik.com

with a copy to:

Stikeman Elliot  
1155 René Lévesque Blvd. W.  
40<sup>th</sup> Floor  
Montreal, Quebec H3B 3V2

Attention: Jean Fontaine  
Fax: 514.397.3222  
Email: jfontaine@stikeman.com

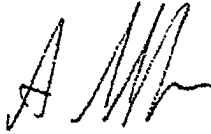
16. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to the conflicts of law principles thereof.



If you agree with the foregoing, please sign and return a copy of this letter, which will constitute our agreement with respect to the subject matter hereof.

Yours very truly,

RSM RICHTER INC.



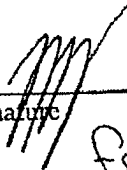
Per: Andrew Schaefer

AS:lc

CONFIRMED AND AGREED

Trans Property management.  
Company

Frank Gattiger  
Name (please print)

  
Signature

Frank@transmgmt.com  
Email address (to receive confidential information)

December 15, 2008  
Date

\\ODMA\PCDOCS\JDMTOR\207439\1

**RSM Richter**

**Fifth Report of  
RSM Richter Inc. Re:  
Komunik Corporation,  
Komunik Datamark Inc. and  
Komunik Intramedia Inc.**

**RSM Richter Inc.**  
Toronto, March 23, 2009

# Table of Contents

1.	INTRODUCTION.....	1
1.1	Purposes of this Report	2
1.2	Currency	2
1.3	Terms of Reference	3
2.	BACKGROUND .....	3
3.	SALE PROCESS .....	3
3.1	Overview	3
3.2	Sale Process Results	4
4.	TRANSACTION .....	5
4.1	Secured Creditors	5
4.2	Liquidation Analysis	7
4.3	Transaction Recommendation	7
4.4	Urgency	7
5.	DISTRIBUTION TO HSBC BANK AND HSBC CAPITAL.....	8
6.	CASH FLOW .....	9
7.	COMPANY'S REQUEST FOR AN EXTENSION .....	9
8.	OVERVIEW OF THE MONITOR'S ACTIVITIES .....	10
8.1	Court Matters	10
8.2	Cash Monitoring and Reporting	10
8.3	Sale Process	11
8.4	Administration	11
9.	CONCLUSION AND RECOMMENDATION .....	12

## **Index of Appendices**

Appendix "A"	Executed Agreement of Purchase and Sale of Assets
Appendix "B"	Security Opinions of Ogilvy Renault LLP dated February 12, 2009
Appendix "C"	Cash Flow Projection

**QUÉBEC  
SUPERIOR COURT  
- COMMERCIAL DIVISION -**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, C.C.-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.  
AND KOMUNIK INTRAMEDIA INC.**

**FIFTH REPORT OF RSM RICHTER INC.  
IN ITS CAPACITY AS MONITOR OF  
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.  
AND KOMUNIK INTRAMEDIA INC.**

**March 23, 2009**

**1. INTRODUCTION**

This report is filed by RSM Richter Inc. ("Richter") in its capacity as monitor ("Monitor") of Komunik Corporation ("Komunik"), Komunik Datamark Inc. ("Datamark") and Komunik Intramedia Inc. ("Intramedia") (collectively, the "Company").

Pursuant to an order (the "Initial Order") of the Québec Superior Court - District of Montréal (Commercial Division) (the "Court") made on November 18, 2008, the Company was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") and Richter was appointed as the Monitor in the CCAA proceedings (the "CCAA Proceedings").

The Company's stay of proceedings expires on March 31, 2009.

## **1.1 Purposes of this Report**

The purposes of this report ("Report") are to:

- a) Provide background information concerning the Company and the CCAA Proceedings;
- b) Summarize the results of the sale process ("Sale Process") for the Company's business and assets completed in accordance with the Initial Order;
- c) Summarize the terms of the Agreement of Purchase and Sale dated February 19, 2009 ("APS") pursuant to which 4488385 Canada Inc. (the "Purchaser") has agreed to acquire from the Company substantially all of its business and assets (the "Transaction"); and
- d) Recommend that this Honourable Court issue an order:
  - Granting the Company's request for an extension of its stay of proceedings from March 31, 2009, the date that the stay of proceedings expires, to May 1, 2009;
  - Approving the Transaction and the APS;
  - Directing the Company to execute the APS and all ancillary documents and agreements required to complete the Transaction;
  - Vesting clean title in the business and assets to the Purchaser;
  - Subject to the provisos noted in Section 5 below, authorizing the Monitor to distribute funds to the Company's secured creditors;
  - Approving the Monitor's activities from February 20, 2009 to March 20, 2009, as described in this Report; and
  - Approving this Report.

## **1.2 Currency**

Unless otherwise noted, all currency references in this Report are to Canadian dollars.

### **1.3 Terms of Reference**

In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

## **2. BACKGROUND**

The Company is a provider of integrated document management and printing services. The Company focuses on business forms, pressure sensitive labels, tags, short-to-medium run commercial printing and digital printing.

Background information concerning the Company and the CCAA Proceedings is provided in the Company's petition for the Initial Order dated November 18, 2008 and in the Monitor's earlier reports in these proceedings. Copies of these documents can be found on the Monitor's website at [www.rsmrichter.com](http://www.rsmrichter.com).

## **3. SALE PROCESS**

### **3.1 Overview**

The Sale Process was approved by the Court pursuant to the Initial Order. The Sale Process was carried out by the Monitor in accordance with the terms of the Initial Order. The Sale Process is summarized as follows:

- The Monitor prepared an interest solicitation letter that was circulated to approximately 180 acquisition "targets", including targets identified by the Company and those identified by Richter's corporate finance group. Attached to the solicitation letter was a confidentiality agreement ("CA") that interested parties were required to sign in order to obtain a copy of a confidential

information memorandum (“CIM”) that the Monitor prepared. Forty-seven (47) prospective purchasers executed the CA and received a CIM;

- The Monitor assembled information in an electronic data room. The data room contained financial, product, intellectual property and other relevant Company information. The Monitor facilitated due diligence by interested parties, including populating the data room with updated financial and other information;
- Interested parties were provided an opportunity to tour the Company’s facilities and attend meetings with management. These meetings were attended by members of the Company’s senior management team and representatives of the Monitor. The Monitor also facilitated due diligence requests by these and other potential purchasers, including responding to numerous information requests;
- The Monitor made available to potential purchasers the form of offer (in soft copy), being a draft agreement of purchase and sale, and recommended to these parties that offers be submitted in that format or substantially in that format;
- The original deadline for submitting offers was January 15, 2009; and
- A number of offers were received on January 15, 2009, all of which required further diligence to be performed so that offers could be submitted on a less conditional basis. In order to provide these parties with the additional time they required, the deadline for offers was extended to February 6, 2009.

### **3.2 Sale Process Results**

The Sale Process results are summarized below.

- The offering parties resubmitted offers on February 6, 2009. The Monitor reviewed the offers with the Company and discussed the terms of each offer with each bidder to clarify and improve their terms and conditions. Two of the offers (other than that of the Purchaser) were considered competitive. After reviewing the offers in detail and holding discussions with the offerors, it was concluded that the Purchaser’s offer was the superior offer.
- The Transaction was approved by the Company’s Board of Directors on February 19, 2009 and is supported by HSBC Bank Canada (“HSBC Bank”) and HSBC Capital (Canada) Inc. (“HSBC Capital”). The Company signed the APS on February 20, 2009.
- The Transaction was subject to certain conditions, each of which had to be satisfied by March 13, 2009. The Purchaser provided a notice on that date that it was waiving its final condition.



## **4. TRANSACTION**

A summary of the key terms of the Transaction is as follows:

- The purchase price is \$17.5 million, subject to a working capital adjustment;
- The Transaction is consistent with insolvency transactions, including that the Purchaser is buying the assets from the Company on an “as is, where is” basis;
- The APS excludes certain assets, including certain leased equipment;
- The Purchaser is to offer employment to the majority of the existing employees of the Company (including the Company’s Québec-based unionized employees);
- The Purchaser is to assume certain liabilities of the Company including, among other things, liabilities arising from certain of the Company’s contracts, the Company’s obligations under the collective bargaining agreement with the Communications, Energy and Paperworkers Union of Canada, Local 145, and the vacation pay obligation for the Company’s employees who accept offers of employment from the Purchaser; and
- The Transaction is to close forthwith, following this Honourable Court’s approval of same.

A copy of the APS is provided in Appendix “A”.

### **4.1 Secured Creditors**

#### **4.1.1 HSBC Bank**

HSBC Bank is the Company’s principal secured creditor. At the commencement of the CCAA Proceedings, the Company’s indebtedness to HSBC Bank totalled approximately \$16.4 million. The amount owing to HSBC Bank as at March 18, 2009 was approximately \$11.7 million, plus interest and costs which continue to accrue.

HSBC Bank has advised the Monitor that it consents to the Transaction.

The Monitor’s legal counsel, Ogilvy Renault LLP (“Ogilvy”), has provided the Monitor with an opinion on the validity and enforceability of HSBC Bank’s security in the provinces of

Ontario and Québec. A copy of the opinion rendered by Ogilvy is attached as Appendix “B”. The opinion provides that, subject to the qualifications contained therein, HSBC Bank holds validly perfected security interests in the Company’s assets in the provinces of Ontario and Québec.

#### **4.1.2 HSBC Capital**

HSBC Capital also has security over the Company’s assets. Its interest is subordinate to HSBC Bank’s interest. At the commencement of the CCAA Proceedings, the Company’s indebtedness to HSBC Capital totalled approximately \$4.3 million. HSBC Capital was owed approximately \$3.9 million as of March 18, 2009, plus interest and costs which continue to accrue. Based on the Monitor’s analysis of the value of the Transaction, funds will be available for distribution to HSBC Capital.

HSBC Capital has also advised the Monitor that it consents to the Transaction.

Ogilvy has also provided the Monitor with an opinion on the validity and enforceability of HSBC Capital’s security in the provinces of Ontario and Québec. A copy of the opinion rendered by Ogilvy is also included in Appendix “B”. The opinion provides that, subject to the qualifications contained therein, HSBC Capital holds validly perfected security interests in the Company’s assets in the provinces of Ontario and Québec.

The Monitor is in the course of engaging counsel in the provinces of Manitoba, Alberta and British Columbia in order to obtain opinions on the validity and enforceability of HSBC Bank’s and HSBC Capital’s security in those provinces. The Monitor intends to file a supplementary report with this Honourable Court once such opinions are received, and in any event before any distributions are made to the Company’s secured creditors.

## **4.2 Liquidation Analysis**

The Monitor has prepared an analysis of the liquidation value of the Company's assets. The analysis illustrates that the value of the Transaction significantly exceeds the liquidation value of the assets. The liquidation analysis is not appended to this Report, but is available to the Court, should it wish it to be filed.

## **4.3 Transaction Recommendation**

The Monitor recommends that this Honourable Court issue an order approving the Transaction and the APS (and any ancillary documents necessary to complete the Transaction) for the following reasons:

- The Sale Process was carried out in accordance with the terms of the Initial Order;
- The value of the Transaction exceeds the value of the other offers received;
- The value of the Transaction exceeds liquidation value;
- HSBC Bank and HSBC Capital, the only two creditors with an economic interest in the Transaction, consent to the Transaction;
- The Transaction provides employees with an opportunity for employment with the Purchaser; and
- The Company's suppliers will continue to have a customer. Disruption in supply for the Company's customers would be minimized and/or eliminated.

## **4.4 Urgency**

The Purchaser requires a timely completion of the Transaction in order to continue operations outside of the CCAA Proceedings, with the objective of preserving the Company's business, including its customer base, and focusing on filling customer orders. The Purchaser has advised that a timely completion of the Transaction will greatly assist its prospects for long term viability.

The Company also seeks a timely completion of the Transaction so that occupancy, operating and professional costs can be reduced and/or discontinued, thereby allowing value to be maximized.

## **5. DISTRIBUTION TO HSBC BANK AND HSBC CAPITAL**

The proceeds generated from the Transaction should be sufficient to repay in full the Company's indebtedness to HSBC Bank, as well as a portion of its indebtedness owing to HSBC Capital. The amount of HSBC Capital's deficiency cannot be determined at this time, as it is subject to many factors, including the Company's financial position as at the date of closing<sup>1</sup>, realizations on excluded assets and costs to complete these proceedings, including payment of amounts owing to post-filing suppliers and professionals.

The Monitor is of the view that subject to: (i) the completion of the purchase price adjustments under the APS, and (ii) the filing of a supplementary report with this Honourable Court appending opinions on the validity and enforceability of HSBC Bank's and HSBC Capital's security in the provinces of Manitoba, Alberta and British Columbia, it is appropriate that this Honourable Court direct the Monitor to make distributions to HSBC Bank and HSBC Capital up to the full amount owing to each of them. The Monitor notes that all obligations that rank in priority to these parties, or that may rank in priority to these parties, will have been paid or provided for, including as set out below.

- The Company has funded all source deductions in the normal course and future source deduction obligations will be funded from the sale proceeds;
- All wages and vacation pay have been paid in the normal course and any remaining amounts will be paid or, in the case of vacation pay owing to employees to be hired by the Purchaser, assumed by the Purchaser;

---

<sup>1</sup> Primarily due to the working capital adjustment mechanism contemplated by the APS.

- All amounts that were required to be paid in the respect of the Company's key employee retention plan have been paid, and provision will be made to repay further amounts owing in respect of such plan, if any;
- All sales taxes have been paid in the normal course or will be subject to a holdback pending resolution of any issues related to the Company's tax assets and obligations, if any; and
- Provision will be made to hold back and to pay in full from the sale proceeds the Company's post-filing obligations to suppliers and professionals.

## **6. CASH FLOW**

The Company's cash flow projection for the extension period is attached as Appendix "C".

The Company intends to fund any costs detailed in the cash flow from the sale proceeds or from miscellaneous recoveries. The Monitor believes that the cash flow is reasonable.

## **7. COMPANY'S REQUEST FOR AN EXTENSION**

The current stay of proceedings expires on March 31, 2009. The Company is seeking an extension of the stay of proceedings to May 1, 2009.

The Monitor supports the Company's request for an extension of the stay of proceedings for the following reasons:

- The Company is acting in good faith and with due diligence in its restructuring efforts;
- The granting of the extension should not prejudice any employee or creditor. Arrangements are in place to pay for post-filing services and supplies;
- HSBC Bank and HSBC Capital have advised that they support the requested extension; and
- It will provide the opportunity to close the Transaction and to substantially advance the completion of the administration of these proceedings.

## **8. OVERVIEW OF THE MONITOR'S ACTIVITIES**

The Monitor's activities from November 18, 2008 to February 20, 2009 were approved pursuant to previous orders of this Honourable Court. Since February 20, 2009, the Monitor's activities include:

### **8.1 Court Matters**

- Reviewing court materials in respect of, among other things, the Company's request for an extension of its stay of proceedings;
- Placing on its website copies of all Court materials filed in the CCAA Proceedings; and
- Drafting this Report.

### **8.2 Cash Monitoring and Reporting**

- Reviewing and commenting on the Company's financial projections, weekly margin position reports and other financial information;
- Monitoring receipts and disbursements in accordance with the provisions of the Initial Order;
- Reviewing on a daily basis receipts, disbursements, purchase orders and bank statements;
- Corresponding extensively with Company representatives regarding their reporting to the Monitor, particularly in respect of disbursements and accounts receivable collections;
- Corresponding with HSBC Bank and HSBC Capital and their financial advisor, PricewaterhouseCoopers LLP ("PWC"), including providing cash flow variance analyses and update memoranda;
- Assisting the Company, on a weekly basis, to prepare rolling weekly cash flow projections provided to HSBC Bank, HSBC Capital and PWC; and
- Corresponding regularly with PWC regarding weekly cash monitoring and reporting.

### **8.3 Sale Process**

- Corresponding with the Company regarding information required to address the information requests of the Purchaser;
- Scheduling meetings among the Purchaser, the Company's management and the Monitor;
- Attending at numerous meetings and conference calls with the Purchaser and its counsel;
- Assisting the Company to respond to numerous information requests made by the Purchaser;
- Negotiating the APS;
- Assisting the Company to assemble the schedules to the APS;
- Dealing with the Company, its legal counsel and the Monitor's legal counsel regarding the Sale Process, the Transaction and the APS; and
- Working to quantify the value of the excluded assets.

### **8.4 Administration**

- Periodically attending at the Company's premises in order to carry out its mandate in accordance with the Initial Order;
- Assisting the Company to deal with numerous post-filing issues, including those related to banking, suppliers, customers and employees;
- Attending at meetings with the Company's management;
- Corresponding with certain of the Company's lessors;
- Responding to numerous creditor inquiries; and
- Other matters pertaining to the administration of this mandate.

## 9. CONCLUSION AND RECOMMENDATION

Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 of this Report.

\* \* \*

All of which is respectfully submitted,

A handwritten signature in dark ink, appearing to read "RSM Richter Inc.", is written over the typed name.

**RSM RICHTER INC.  
IN ITS CAPACITY AS CCAA MONITOR OF  
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.  
AND KOMUNIK INTRAMEDIA INC.  
AND NOT IN ITS PERSONAL CAPACITY**



## **Appendix “A”**

---

**AGREEMENT OF PURCHASE AND SALE OF ASSETS**

Made as of the 19th day of February, 2009

Between

**4488385 CANADA INC.**

- and -

**KOMUNIK CORPORATION**

- and -

**KOMUNIK DATAMARK INC.**

- and -

**KOMUNIK INTRAMEDIA INC.**

---

## AGREEMENT OF PURCHASE AND SALE OF ASSETS

This Agreement is made as of the 19th day of February, 2009,

### BETWEEN:

**4488385 CANADA INC.**, a corporation existing under the laws of Canada  
(hereinafter referred to as "**Purchaser**")

- and -

**KOMUNIK CORPORATION**, a corporation existing under the laws of  
Canada

(hereinafter referred to as "**Komunik**")

- and -

**KOMUNIK DATAMARK INC.**, a corporation existing under the laws  
of Canada

(hereinafter referred to as "**Komunik Datamark**")

- and -

**KOMUNIK INTRAMEDIA INC.**, a corporation existing under the laws  
of Canada

(hereinafter referred to as "**Komunik Intramedia**", collectively with  
Komunik and Komunik Datamark, the "**Vendors**", and each a "**Vendor**" )

### RECITALS

- A. By an Order of the Quebec Superior Court dated November 18, 2008 (the "**Initial Order**") in the file bearing number 500-11-034815-080, RSM Richter Inc. was appointed monitor ("**Monitor**") in respect of restructuring proceedings involving the Vendors;
- B. Pursuant to the Initial Order, the Monitor was authorized, *inter alia*, to conduct a sale process for the Assets; and
- C. In accordance with the Initial Order, the Vendors desire to sell the Assets and the Purchaser desires to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof;

**FOR VALUE RECEIVED**, the parties agree as follows:

## Section 1 – INTERPRETATION

### 1.1 Definitions

In this Agreement:

- (a) **"Agreement"** means this agreement of purchase and sale of assets;
- (b) **"Allocation of Purchase Price"** has the meaning set out in Section 2.12;
- (c) **"Approval and Vesting Orders"** has the meaning set out in Section 5.3(a);
- (d) **"Assets"** means the right, title and interest of the Vendors in and to the (i) assets described in Schedule 1.1(d); (ii) Contracts; and (iii) Intellectual Property; provided that the Assets shall not include any Excluded Assets;
- (e) **"Assumed Employees"** has the meaning set out in Section 2.5;
- (f) **"Assumed Obligations"** has the meaning set out in Section 2.6;
- (g) **"Books and Records"** means all books and records and the data contained therein, whether in paper or electronic form, in the possession of a Vendor relating to the Assets or the Assumed Obligations (other than accounting records and books and records required by applicable law to be retained by a Vendor, copies of which shall be provided to the Purchaser at the Purchaser's cost), including all policies, plans, audit reports, all personnel, employment, payroll and training records relating to the Assumed Employees, customer lists, sales records, price lists, and all other related files, records and information in the possession of the Vendors relating to the Assets or the Assumed Obligations, but, for certainty, not including (i) such books, records and data relating to any of the Excluded Assets or the Excluded Obligations or (ii) the corporate minute books of a Vendor;
- (h) **"Business"** means collectively the business, affairs and operations of the Vendors, which for greater certainty, excludes the "Konversation division" business previously owned by the Vendors;
- (i) **"Business Day"** means a day on which banks are open for business in the City of Montréal but does not include a Saturday, Sunday or statutory holiday in the Province of Quebec;
- (j) **"Closing"** means the successful completion of the Transaction;
- (k) **"Closing Date"** means the Business Day following the date on which the Approval and Vesting Orders are granted;
- (l) **"Contracts"** means the agreements as described in Schedule 1.1(l), as the same may be modified by the Purchaser from time to time pursuant to Section 2.8;

- (m) **"Court"** means the Quebec Superior Court (Commercial Division);
- (n) **"Deposit"** has the meaning set out in Section 2.11(a);
- (o) **"Email"** has the meaning set out in Section 7.2;
- (p) **"ETA"** means the *Excise Tax Act* (Canada);
- (q) **"Excluded Assets"** has the meaning ascribed thereto in Section 2.2;
- (r) **"Excluded Employees"** has the meaning ascribed thereto in Section 2.5;
- (s) **"Excluded Obligations"** has the meaning ascribed thereto in Section 2.7;
- (t) **"Initial Order"** has the meaning set out to in the Recitals;
- (u) **"Intellectual Property"** means the Vendors' intellectual property described in Schedule 1.1(v);
- (v) **"Interim Period"** means the period between the date of acceptance of this Agreement by the Vendors and the Closing Date;
- (w) **"Leased Premises"** means the premises leased and occupied by the Vendors at:
  - (i) 909 Upton St. – 9130 Salley St., LaSalle, Québec
  - (ii) 900-910 Upton St., LaSalle, Québec
  - (iii) 333D chemin du Tremblay, Boucherville, Québec
  - (iv) 1500 A. Nobel St., Boucherville, Québec
  - (v) 2800-2850 Francis-Hughes St., Laval, Québec
  - (vi) 1451 Hastings Crescent S.E., Calgary, Alberta
- (x) **"Material Adverse Change"** means the loss by the Vendors, during the Interim Period, of customers representing, in the aggregate in the past twelve (12) months, revenues of \$6,000,000 or more; for greater certainty, the Purchaser acknowledges that each of Destiny Research Group and TD Groupe Meloche Monex cancelled their contracts or arrangements with the Vendors prior to the date of this Agreement, and as such, the loss of revenues from these customers shall not be taken into account in calculating any Material Adverse Change;
- (y) **"Monitor"** has the meaning set out in the Recitals;
- (z) **"Objection Notice"** has the meaning set out in Section 2.10;
- (aa) **"Offer Date Inventory Value"** has the meaning set out in Section 2.10;
- (bb) **"Offer Date Receivable Value"** has the meaning set out in Section 2.10;

- (cc) **"Purchase Price"** has the meaning set out in Section 2.9;
- (dd) **"Purchased Inventories"** has the meaning set out in Section 2.10;
- (ee) **"Purchased Receivables"** has the meaning set out in Section 2.10;
- (ff) **"Purchased Working Capital"** has the meaning set out in Section 2.10;
- (gg) **"QSTA"** means an *Act respecting the Quebec Sales Tax*.
- (hh) **"Required Consents"** means the consents listed in Schedule 1.1(hh);
- (ii) **"Schedules"** means any and all schedules referred to in this Agreement and attached thereto;
- (jj) **"Taxes"** has the meaning set out in Section 2.13;
- (kk) **"Tax Return"** means a report, return or other information or form required to be supplied to a governmental entity with respect to any Taxes;
- (ll) **"Time of Closing"** means 2:00 p.m. (Montréal Time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (mm) **"Transaction"** means the transaction of purchase, sale, assignment and assumption contemplated by this Agreement; and
- (nn) **"Unionized Employees"** has the meaning set out in Section 2.5.

## **1.2 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.

## **1.3 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.

## **1.4 Schedules**

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

- Schedule 1.1(d)      Assets
- Schedule 1.1(l)      Contracts

Schedule 1.1(v)	Intellectual Property
Schedule 1.1(hh)	Required Consents
Schedule 2.2	Excluded Assets
Schedule 2.6	Assumed Obligations
Schedule 2.10	Summaries of (i) Purchased Receivables together with the Offer Date Receivable Value and (ii) Purchased Inventories together with the Offer Date Inventory Value
Schedule 4.2	Confidentiality Agreement

## Section 2 – SALE AND PURCHASE AND ASSIGNMENT

### 2.1 Sale and Purchase of Assets

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

### 2.2 Excluded Assets

The Assets shall not include (i) any assets of the Vendors other than the Assets or (ii) those assets of the Vendors that are listed or described in Schedule 2.2 on the date hereof and those assets of the Vendors which are added to such Schedule by the Purchaser during the Interim Period (collectively, the "**Excluded Assets**"). If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and proceeds shall be held by the Purchaser in trust for the benefit of the applicable Vendor. Within ten (10) Business days from the date on which the Purchaser, or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the applicable Vendor and the Monitor in accordance with the provisions hereof, so advise the applicable Vendor and the Monitor, and (b) forthwith account and deliver over to the applicable Vendor any such assets or proceeds, less any cost incurred by the Purchaser in executing said obligations.

### 2.3 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendors shall assign to the Purchaser all of the Vendors' rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of the Vendors under the Contracts as of the Time of Closing.

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.

## 2.4 "As is, Where is"

The Purchaser acknowledges that the Vendors are selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendors do not guarantee title to the Assets and that the Purchaser has conducted such inspections of the condition of and title to the 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 Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied under applicable law related to the Assets do not apply hereto and have been waived by the Purchaser. The description of the 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 Vendors concerning completeness or the accuracy of such descriptions. The Assets are being purchased as they exist at execution hereof, and except as provided in Sections 2.10 and 2.17, no adjustment will be allowed to the Purchaser for any change in condition, value, or quality of the Assets.

## 2.5 Employees

The Vendors shall provide to the Purchaser within five (5) Business Days of the acceptance of this Agreement a list of the names of the individuals of each Vendor that are full-time, part-time or casual employees or individuals engaged on contract to provide services to a Vendor together with all recruitment agencies' employees actually working for the Vendors. The Purchaser agrees that it shall offer employment to (i) all the unionized employees employed by the Vendors at their plants at 909 Upton St. – 9130 Salley St. and 900-910 Upton St., LaSalle, Québec (the "**Unionized Employees**") and (ii) substantially all other employees of the Vendors other than those employees or individuals that the Purchaser has identified in writing to the Vendors (which, for greater certainty, shall not include any Unionized Employees) ("the "**Excluded Employees**") five (5) Business Days prior to the Closing Date (the Unionized Employees and such other employee or individual who accepts the Purchaser's offer, the "**Assumed Employees**"), effective as at the Time of Closing, on terms and conditions of employment as may be agreed between the Purchaser and the Assumed Employees (except in the case of the Unionized Employees whose employment terms shall be governed by the applicable collective bargaining agreement). Until the Closing Date, the Vendors shall be responsible for all wages, workers compensation contributions, and other remuneration and benefits as may be payable, or related, to the employees of the Vendors. After the Closing Date, the Vendors shall remain responsible for all such amounts payable, or related to, the Excluded Employees. Notwithstanding the foregoing, the parties agree that the Vendors shall not be responsible nor be obligated to pay any vacation pay in respect of the Assumed Employees, whether or not related to a period prior to the Closing Date, and the Purchaser hereby specifically agrees in favour of the Vendors to assume such obligation and pay it as same become due.



## **2.6 Assumed Obligations**

In connection with the acquisition of the Assets, the following obligations and liabilities ("**Assumed Obligations**") shall be assumed by the Purchaser as of the Time of Closing:

- (a) all obligations related to the Assumed Employees for the period beginning immediately after the Time of Closing (but excluding any amount that may be due or become due in connection with the key employee retention plan approved by the Court on December 15, 2008, which shall remain the responsibility of the Vendors), with the exception of the obligation to pay vacation pay for the Assumed Employees, which shall be assumed and paid by the Purchaser whether or not it relates to a period prior to or following the Closing Date;
- (b) all obligations and liabilities of Vendors as of the Time of Closing under the Contracts;
- (c) all obligations and liabilities in connection with the Assets and related to the period after the Time of Closing;
- (d) such other liabilities as the Purchaser advises the Vendors prior to the Time of Closing that the Purchaser will assume;
- (e) those obligations listed on schedule 2.6 hereto.

The Purchaser shall indemnify and hold harmless the Vendors (which term for the purposes of this paragraph shall include the Vendors' respective directors, officers, employees and agents) with respect to any claim which may, from time to time, be asserted against the Vendors relating to the Assumed Obligations after the Time of Closing and from any and all costs (including all reasonable legal costs on a solicitor and its own client basis), actions, losses, claims, damages and liabilities whatsoever which the Vendors may suffer or incur by virtue of the failure of the Purchaser to pay, perform and discharge the Assumed Obligations.

## **2.7 Excluded Obligations**

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendors (the "**Excluded Obligations**").

## **2.8 Purchaser's Right to Exclude**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Assets from the Transaction prior to the Closing Date, whereupon such Assets shall be Excluded Assets, provided, however, that there shall be no corresponding reduction in the Purchase Price. For greater certainty, the Purchaser shall be entitled to exclude any of the Contracts described in Schedule 1.1(l) hereto (with the exception of the collective bargaining agreement relating to the Unionized Employees), provided, that, if such an exclusion occurs, the related Required Consent shall also become automatically excluded from Schedule 1.1 (hh).

## 2.9 Purchase Price

Subject to the adjustments described in Section 2.10 below, the purchase price for the Assets shall be seventeen million five hundred thousand dollars (\$17,500,000) plus the assumption of the Assumed Obligations (the "Purchase Price").

## 2.10 Adjustment

The Vendors and the Purchaser agree that the Purchase Price shall be adjusted as follows:

### Re: Accounts receivable:

The Purchase Price payable pursuant to this Agreement shall be adjusted downward or upward, as the case may be, on a dollar for dollar basis, in the event and to the extent that, on the Closing Date, the aggregate value of the Vendor's accounts receivable (the "**Purchased Receivables**") shall be lower or higher, as the case may be than eleven million seven hundred twenty thousand four hundred and fifty dollars (\$11,720,450) (the "**Offer Date Receivable Value**") as summarily described in Schedule 2.10 as of January 30, 2009.

### Re: Inventory:

The Purchase Price payable pursuant to this Agreement shall be adjusted downward or upward, as the case may be, on a dollar for dollar basis, in the event and to the extent that, on the Closing Date, the aggregate value of the inventories of raw materials, work-in-progress, finished goods and inventory in transit that has been purchased by the Vendors prior to the Closing Date but has not arrived at their facilities (the "**Purchased Inventories**", and collectively with the Purchased Receivables, the "**Purchased Working Capital**" ), shall be lower or higher, as the case may be, than ten million two hundred and ninety seven thousand six hundred and sixty four dollars (\$10,297,664) (the "**Offer Date Inventory Value**") as summarily described in Schedule 2.10 as of December 31, 2008.

On or before the fifth (5) Business Day after the Closing Date, the Vendors shall deliver to the Purchaser a statement setting forth a detailed calculation of the Purchased Working Capital as of the Closing Date and prepared by the Vendors in accordance with generally accepted accounting principles applied consistently with the Vendors' past practices.

The Purchased Receivables shall be valued at one hundred percent (100%) of the face value of such Purchased Receivables as detailed on the Vendors' records. The value of the Purchased Inventories shall be based on a physical inventory count and valued on a basis consistent with the Vendors' historical costing methodologies. The physical inventory count will be jointly supervised by the Vendors, the Purchaser and the Monitor.

The Purchaser may dispute the value of the Purchased Working Capital as presented by the Vendors by notice in writing (the "**Objection Notice**") given to the Vendors within ten (10) Business Days after the delivery of the Vendors' statement as to the

amount of the Purchased Working Capital. Such Objection Notice shall specify, in detail, the basis for the dispute and the Vendors' adjustments to the value of the Purchased Working Capital shown by the Vendors in their statement.

If the Purchaser and the Vendors cannot agree on the value of the Purchased Working Capital within five (5) Business Days after the delivery of the Objection Notice, then either the Purchaser or the Vendors may make a motion to the Court to resolve this dispute.

Forthwith after agreement as to the amount of the Purchased Working Capital or forthwith upon the decision of the Court as to the amount of the Purchased Working Capital, then, as the case may be, the Vendors shall refund to the Purchaser such portion of the Purchase Price which is equal to the amount by which the respective Purchased Working Capital values are less than the respective Offer Date Receivable Value and Offer Date Inventory Value, or alternatively, the Purchaser shall pay to the Vendors, by way of certified cheque or wire transfer, such additional amount which is equal to the amount by which the respective Purchased Working Capital values are higher than the respective Offer Date Receivable Value and Offer Date Inventory Value.

The Monitor and the Vendors agree that they shall not make a motion to the Court for distribution of any funds received by either of them under this Agreement, or otherwise distribute any such funds, unless the Purchase Price adjustments contained in this Section have been completed and the covenant contained in Section 4.2(b) has been fulfilled. However, in the event that the Purchase Price adjustments have not been settled by the date that is thirty (30) days following the Closing Date, the Monitor shall be entitled to bring a distribution motion on appropriate notice to the Purchaser and the Vendors and each of the Purchaser, the Vendors and the Monitor shall be entitled to make submissions to the Court in this regard. Furthermore, the Monitor agrees that it shall hold back from the proceeds of the Purchase Price an amount which is sufficient to discharge the Vendors' obligations in connection with the Vendors' key employee retention plan, until such time as such obligations are extinguished.

## **2.11 Method of Payment**

The Purchase Price shall be satisfied as follows:

- (a) a deposit in the sum of one million dollars (\$1,000,000) by certified cheque or wire transfer payable to the Monitor, in trust, upon acceptance of this Agreement by the Vendors, to be held in trust by the Monitor until the Time of Closing, and then credited towards the Purchase Price;
- (b) the amount of sixteen million five hundred thousand dollars (\$16,500,000) by certified cheque or wire transfer payable to the Monitor at the Time of Closing; and
- (c) by the assumption of the Assumed Obligations.

The Monitor agrees to cause the Deposit to be placed into an interest bearing account or certificate of deposit, with all interest earned or accrued thereon and subject to Section 6.6 to be paid or credited to the Purchaser at the Time of Closing.

## **2.12 Allocation of Purchase Price**

The Purchaser and the Vendors shall, acting reasonably, agree on the allocation of Purchase Price on or before the Closing Date, and they shall execute and file any Tax Returns required on the basis of such allocation.

## **2.13 Taxes**

The Purchaser shall be liable for and shall pay any and all federal, provincial and other sales, goods and services, value added, and other transfer taxes which are properly payable by the Purchaser in connection with the transfer of the Assets by the Vendors to the Purchaser, together with all duties, registration fees or other charges properly payable by the Purchaser upon or in connection with the conveyance or transfer of the Assets (collectively, the "Taxes") and shall indemnify the Vendors (which term for the purposes of this Section 2.13 shall include the Vendors' respective directors, officers, employees and agents) for any amounts (including penalties and interest) for which the Vendors may become liable as a result of any failure by the Purchaser to pay any of such Taxes.

## **2.14 Value Added Tax**

- (a) The Purchaser shall be liable for and shall pay any Taxes which may be exigible under Part IX of the ETA;
- (b) The Vendors hereby declare that they are duly registered under Subdivision (d) of Division V of Part IX of the ETA;
- (c) The Vendors hereby declare that they are duly registered under the QSTA;
- (d) Without limiting the Purchaser's indemnity obligations under Section 2.13, the Vendors and the Purchaser will on the Closing Date jointly execute and deliver to each other an election, in the prescribed form and containing the prescribed information, to have subsection 167(1) of the ETA and section 75 of the QSTA so that no tax is payable under any such laws in respect of the sale and purchase of the Assets hereunder, and the Purchaser shall file any joint election in accordance with the ETA and QSTA.

## **2.15 Provincial Sales Taxes**

- (a) The Purchaser shall be liable for and shall pay any Taxes which may be exigible under the *Retail Sales Tax Act* (Ontario) or any similar provincial laws in respect of the sale of the Assets hereunder, all in accordance with the provisions of those statutes, the regulations made thereunder.
- (b) The Purchaser shall provide to the Vendors such documentation as may be necessary to substantiate any provincial sales tax exemptions relied upon by the

Purchaser, including exemptions with respect to inventories of goods held for resale or for incorporation into goods to be held for sale.

## **2.16 Section 22 Election — Accounts Receivable**

The Purchaser and the Vendors agree to elect jointly in the prescribed form under Section 22 of the Income Tax Act (Canada) as to the sale of the accounts receivable and other applicable Assets described in Section 22 of the *Income Tax Act* (Canada) and the corresponding provision of the statute that is the provincial equivalent thereof and to designate in such election an amount equal to the portion of the Purchase Price allocated to such assets pursuant to Section 2.12 as the consideration paid by the Purchaser therefor.

## **2.17 Risk of Loss**

From the time of execution of this Agreement, up to the Time of Closing, the Assets shall be and remain at the risk of the Vendors. If, prior to the Closing Date, all or substantially all of the Assets or any plant operated by the Vendors is destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by any governmental entity or other lawful authority, the Purchaser shall have the option, at its absolute discretion, exercisable by notice in writing given within fifteen (15) Business Days after the Purchaser receives notice in writing from the Vendors of such destruction, damage, appropriation, expropriation or seizure:

- (a) In the event of damage or destruction, to complete the purchase subject to a reduction of the Purchase Price to be mutually agreed to by the parties;
- (b) In the event of appropriation or expropriation, to complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for appropriation, expropriation or seizure shall be payable to the Purchaser and all right and claim of the Vendors to any such amounts not paid on the Closing Date shall be assigned to the Purchaser; or
- (c) In either event, to terminate this Agreement, receive a refund of the Deposit and not complete the purchase, in which case all obligations of the Purchaser shall terminate forthwith upon the Purchaser giving notice as required herein.

## **Section 3 – REPRESENTATIONS AND WARRANTIES**

### **3.1 Purchaser's Representations**

The Purchaser represents and warrants to the Vendors that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (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 and 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) 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 constitutes 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;
- (e) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*;
- (f) the Purchaser is or will be prior to Closing Date registered under Part IX of the ETA and under the QSTA; and
- (g) the Purchaser has at the date hereof received preliminary offers to finance on substantially most of the terms summarized in Section 5.1(c); the Purchaser has and will have on the Closing Date cash availability to satisfy subsections (viii) and (ix) of Section 5.1(c); the Purchaser shall confirm, within fifteen (15) Business Days from the acceptance of this Agreement by the Vendors, that it will have at the Closing Date cash, cash equivalents and financing commitments together with available borrowing capacity under credit facilities in the aggregate to permit the Purchaser to satisfy all of its payment obligations under this Agreement, including satisfaction of the Purchase Price.

### **3.2 Representations and Warranties of the Vendors**

Each of the Vendors represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in completing this Agreement:

- (a) each Vendor is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (b) each Vendor 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;
- (c) each Vendor is not a party to, bound or affected by or subject to any 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) this Agreement and all other documents contemplated hereunder to which each Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by each Vendor; and

- (e) Each Vendor is a registrant for the purposes of Part IX of the ETA.

### **3.3 Survival of Representations and Warranties**

The representations and warranties of the Vendors shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Purchaser (which term for the purposes of this Section 3.3 shall include the Purchaser's directors and officers) for a period of nine (9) months from the Closing Date.

The representations and warranties of the Purchaser shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Vendors (which term for the purposes of this Section 3.3 shall include the Vendors' respective directors and officers) for a period of nine (9) months from the Closing Date.

## **Section 4 – RESPECTIVES COVENANTS OF THE PARTIES**

### **4.1 Covenants of the Purchaser**

- (a) The Purchaser agrees that from and after the Time of Closing, it shall preserve the Books and Records actually received from the Vendors at the Time of Closing, and at the reasonable request of any Vendor, the Monitor or another party acting in a court-appointed capacity (such as a receiver, interim receiver, receiver and manager or bankruptcy trustee, or any of their respective authorized representative (a "**Requestor**") from time to time, the Purchaser shall co-operate fully with the Requestor and make available to the Requestor in a reasonable timely fashion during normal business hours (i) such Books and Records, (ii) the premises of the Purchaser, and (iii) at the Requestor's expense, the personnel of the Purchaser, in each case to the extent the Requestor reasonably consider necessary (A) to permit the Requestor to prepare and file necessary Tax Returns and any other statutory documents relating to the operation by the Vendors of their business up to the Time of Closing, (B) to properly fulfil the Vendors' obligations in bankruptcy, (C) for the preparation by any Requestor or its agent or trustee in bankruptcy of any Tax Returns or in connection with any assessment, reassessment or other form of document assessing liability of the Vendor for taxes under applicable tax legislation in respect of any taxation year, (D) in connection with the restructuring proceedings, (E) for the defence or settlement of any litigation, or (F) to ensure compliance by a Vendor with applicable law;
- (b) The Purchaser agrees that from and after the Time of Closing, it shall permit the Requestor to make copies, at the Requestor's expense, of the Books and Records actually received by the Purchaser from the Vendors at the Time of Closing and shall provide reasonable assistance to the Requestor, at the Requestor's expense, to prepare T4 forms and records of employment for the employees of the Vendors who accept offers of employment from the Purchaser. In the case of the Books and Records actually received from the Vendors at the Time of Closing, the Purchaser agrees to preserve same for a minimum of 6 years from the Closing Date;

- (c) Until the Time of Closing, and in the event of the termination of this Agreement without consummation of the Transaction contemplated, the Purchaser shall keep confidential any information obtained from the Vendors in accordance with the confidentiality agreement bearing the date of November 20, 2008 but entered into by TRAMS Property Management Inc., a related party to the Purchaser, on December 15, 2008 and attached hereto as Schedule 4.2 as if the Purchaser was a party thereto, and the Purchaser hereby agrees in favour of the Vendors to be bound by the terms of such confidentiality agreement as if it were an original signatory thereto. If this Agreement is terminated without consummation of the Transaction contemplated, promptly after termination, all documents, work papers and other written material obtained in connection with this Agreement and not made public (including all copies), shall be returned to the Vendors; and
- (d) On or before fifteen (15) Business Days from the date of acceptance of this Agreement by the Vendors, the Purchaser shall provide the Vendors with either a committed financing term sheet in an amount sufficient for the Purchaser to satisfy its obligations hereunder or, such other satisfactory evidence of financing as shall be acceptable to the Vendors.

#### **4.2 Covenants of the Vendors**

- (a) The Vendors shall allow the Purchaser to have observers to the Vendors' management team, on a daily basis, and the Vendors' management team shall answer observers' questions about the operation of the Business, the management of the Business and the decisions to be taken by the Vendors' management team during the Interim Period;
- (b) The Vendors shall provide the Purchaser, within fifteen (15) Business Days following the Closing Date, confirmation that all wages for the Vendors' employees immediately before the Closing Date, have been paid up to and including the Closing Date;
- (c) The Vendors shall remit to the Purchaser, forthwith upon receipt, twenty-five percent (25%) of the net amount of any R & D or other income tax refund or reimbursement received by the Vendors;
- (d) The Vendors shall use their best efforts to obtain such releases as may be required by the Purchaser, acting reasonably, regarding the termination of management employees, a list of which shall be provided by the Purchaser no later than ten (10) Business Days prior to the Closing Date, it being specifically acknowledged by the Purchaser that in complying with this covenant, the Vendors shall be under no obligation to pay employees any amount in order to obtain such releases; and
- (e) The Vendors agree that during the Interim Period, they shall continue to conduct their Business in the ordinary course, subject to the limitations imposed by the Initial Order and their available financing.



## Section 5 – CONDITIONS

### 5.1 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 Vendors 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) no Material Adverse Change shall have occurred, as reasonably determined by the Purchaser;
- (c) the obtaining on or before the date which is fifteen (15) Business Days from acceptance of this Agreement by the Vendors of adequate financing, to the Purchaser's satisfaction, to complete this Transaction, with commercially reasonable conditions, under the following criteria:
  - (i) Operating line of credit ("OLC"): \$15,000,000
  - (ii) Interest rate: Maximum of 5.50% per annum
  - (iii) Term loan: \$3,000,000
  - (iv) Interest rate: Maximum of 8.3% per annum
  - (v) Collaterals: First rank on Assets for \$20,000,000
  - (vi) Availability of OLC: 75% of acceptable account receivables  
50% of inventory
  - (vii) Guarantee: Investissement Québec
  - (viii) Investment from the Purchaser (equity): \$4,000,000
  - (ix) Investment from the Purchaser (shareholder's loan): \$3,000,000
- (d) the obtaining on or before the date which is ten (10) Business Days from acceptance of this Agreement by the Vendors of all Required Consents;
- (e) each of the Vendors shall not be bankrupt as at the Time of Closing;
- (f) the obtaining of the Approval and Vesting Orders to the satisfaction of the Purchaser, acting reasonably;
- (g) the Vendors shall have performed their obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (h) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any such 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.

## **5.2 Conditions – Vendors**

The obligation of the Vendors 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 Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

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

## **5.3 Mutual Conditions**

The obligations of the Vendors on the one hand, and the Purchaser on the other hand are subject to the conditions that:

- (a) orders shall have been made by the Court on or before the twenty sixth (26<sup>th</sup>) Business Day from the acceptance of this Agreement by the Vendors (or such later date as the parties may agree to acting reasonably) approving this Agreement and the Transaction, authorizing the transfer of the Assets, vesting in the Purchaser all the right, title and interest of the Vendors in the Assets free and clear of all liens, charges and encumbrances, security interests and other encumbrances (the "Approval and Vesting Orders"); and
- (b) the Approval and Vesting Orders 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 Vendors and the Purchaser.

## **5.4 Actions to Satisfy Closing conditions**

Each of the parties agrees to diligently take all actions as are within its power to control, and to use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with the conditions set forth in sections 5.1, 5.2 and 5.3 and, generally, the conditions set forth in this Agreement.

## **5.5 Non-Satisfaction of Conditions**

If any condition set out in this Section 5 is not satisfied or performed on or prior the twenty sixth (26<sup>th</sup>) Business Day from the acceptance of this Agreement by the Vendors (or, if a time period is specified in Section 5.1, within the time period prescribed therein), then the Vendors and the Purchaser, depending 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.

## **Section 6 – CLOSING**

### **6.1 Closing**

The completion of the Transaction shall take place at the offices Lamarre Perron Lambert Vincent, g.p., 101, Roland-Therrien Blvd., suite 480, Longueuil, Quebec J4H 4B9, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

### **6.2 Purchaser's Deliveries on Closing**

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

- (a) payment of the portion of the Purchase Price payable at the Time of Closing;
- (b) payment or evidence of payment of applicable federal and provincial Taxes or alternatively, appropriate exemption certificates, as required by this Agreement;
- (c) general conveyance and assumption of liabilities agreement pursuant to Subsection 2.6 duly executed by the Purchaser, in form and substance mutually satisfactory to the Vendors and the Purchaser;
- (d) the Allocation of Purchase Price pursuant to Section 2.12;
- (e) an assignment of Intellectual Property agreement, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the Purchaser;
- (f) an assignment or assignments of Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendors, duly executed by the Purchaser;

- (g) an assignment or assignments of lease for the Leased Premises, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the Purchaser;
- (h) a certificate, dated 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;
- (i) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (j) such further and other documentation as is referred in this Agreement or as the Vendors may reasonably require to give effect to this Agreement including pursuant to Sections 2.2, 2.6 and 2.8.

### **6.3 Vendors' Deliveries on Closing**

At or before the Time of Closing, the Vendors 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 pursuant to which each Vendor shall assign, sell, transfer and convey all of its right, title and interest in and to its respective Assets, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendor;
- (b) an assignment of Intellectual Property agreement, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendors;
- (c) an assignment or assignments of lease for the Leased Premises, in form and substance mutually satisfactory to the Vendors and the Purchaser, duly executed by the relevant Vendor;
- (d) an assignment or assignments of Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendors, duly executed by the relevant Vendor;
- (e) the Approval and Vesting Orders in form and substance satisfactory to the Purchaser;
- (f) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendors 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;
- (g) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and

- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement which shall be prepared by the Purchaser at its sole expense and in form and substance satisfactory to the Vendors.

#### **6.4 Possession of Assets**

The Vendors shall remain in possession of the Assets until the Time of Closing. On Closing, the Purchaser shall take possession of the Assets where situated at the Time of Closing and shall forthwith make arrangements, at its own costs, to remove such Assets which are not located at the Leased Premises. In no event shall the Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Orders have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 6.2.

#### **6.5 Access to Assets**

The Purchaser may have reasonable access to the Assets located at the Leased Premises or at any other leased premises presently occupied by the Vendors during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such inspections of the Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Vendors, if so required at the discretion of the Vendors. The Purchaser agrees to indemnify and save the Vendors 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 Assets or the attendance of the Purchaser, its employees or agents at the Leased Premises.

#### **6.6 Termination**

If either the Vendors on the one hand, or the Purchaser on the other hand, validly terminates this Agreement pursuant to the provisions of Sections 5.5, or 2.17,

- (a) all the obligations of the Vendors and Purchaser pursuant to this Agreement shall terminate;
- (b) the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder returned with any interest earned thereon but without deduction provided, however that, if this Agreement is terminated as a result of the Purchaser's failure to satisfy or waive the condition contained in Section 5.1(c), the Purchaser shall only be entitled to the return of \$500,000 out of the Deposit, and the Monitor shall be entitled to keep the balance and any interest accrued thereon; 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.

#### **6.7 Breach by Vendors**

As long as the Purchaser's covenant in Section 4.1(d) has not been fulfilled and condition 5.1(c) has not been satisfied or waived, and in the event that the Vendors receive an unsolicited

offer and only in these circumstances, the Vendors may elect not to proceed with this Transaction and, by sending a written notice to the Purchaser, terminate this Agreement to accept the other unsolicited offer. In that event, the Vendors covenant and agree that the Purchaser will be entitled to a break-up fee of five hundred thousand (\$500,000) dollars, such amount being payable with the termination notice. If the break-up fee is not paid with the termination notice, such termination notice shall be null and void.

## **6.8 Breach by Purchaser**

If the Purchaser fails to comply with the terms of this Agreement, the Vendors 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 Vendors, and the Assets may be resold by the Vendors. In addition, the Purchaser shall pay on demand to the Vendors all other damages or charges occasioned by or resulting from the default of the Purchaser, including any deficiency arising upon the resale of the Assets to another purchaser which, in the aggregate, is over the amount of the Deposit and any other payments made by the Purchaser to the Vendors hereunder. This Section 6.8 shall not limit any recourse for specific performance that may be instituted against the Purchaser pursuant to this Agreement. Notwithstanding the foregoing, if the Purchaser is in default of its covenant contained in Section 4.1 (d), the Purchaser shall be entitled to the return of \$500,000 of the Deposit.

## **Section 7 – GENERAL**

### **7.1 Further Assurances**

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, promptly 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.

### **7.2 Notice**

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

4488385 CANADA INC.  
8600 Decarie Blvd. Suite 200  
Mont-Royal, Qc  
H4P 2N2

Attention: Terry Pomerantz  
Telephone No.: 514-341-8600  
Fax No.: 514-340-1389  
Email: [tpomerantz@trasmgmt.com](mailto:tpomerantz@trasmgmt.com)

and a copy to:

Lamarre Perron Lambert Vincent g.p.

101 Roland-Therrien Blvd. Suite 480  
Longueuil, Qc  
J4H 4B9

Attention: Jacques Vincent  
Telephone No.: 450-674-7574  
Fax No.: 450-674-0503  
Email: [j.vincent@lplv.com](mailto:j.vincent@lplv.com)

and in the case of the Vendors, as follows:

KOMUNIK  
1500 rue Saint-Patrick  
Montréal, Qc  
H3K 0A3

Attention: Sébastien Demers  
Telephone No.: (514) 904-0710  
Fax No.: (514) 904-0713  
Email: [sdemers@komunik.com](mailto:sdemers@komunik.com)

and a copy to:

Stikeman Elliott LLP  
1155 René-Lévesque Blvd. West  
40<sup>th</sup> Floor  
Montréal, Qc  
H3B 3V2

Attention: Sidney Horn  
Telephone No.: (514) 397-3342  
Fax No.: (514) 397-3222  
Email: [smhorn@stikeman.com](mailto:smhorn@stikeman.com)

and to:

RSM Richter Inc.  
200 King Street West  
Suite 1100  
Toronto, On  
M5H 3T4

Attention: Robert Kofman and Andrew Schaefer  
Telephone No.: (416) 932-8000  
Fax No.: (416) 932-6200

Email: [bkofman@rsmrichter.com](mailto:bkofman@rsmrichter.com)  
[aschaefer@rsmrichter.com](mailto:aschaefer@rsmrichter.com)

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 or Email before 5:00 p.m. (Montréal time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax or Email after 5:00 p.m. (Montréal time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

### **7.3 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 Vendors and the Purchaser or by their respective solicitors.

### **7.4 Currency**

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

### **7.5 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.

### **7.6 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.

### **7.7 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.



## **7.8 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.

## **7.9 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec 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 Quebec.

## **7.10 Commission**

The Purchaser agrees to indemnify the Vendors 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.

## **7.11 Assignment**

No party may assign this Agreement without the prior written consent of the other parties, which consent may not be unreasonably withheld or delayed. This Agreement enures to the benefit of and binds the parties and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns. Notwithstanding the foregoing, this Agreement shall be assignable by the Purchaser if the assignee is a "related entity" to the Purchaser within the meaning of that expression under the *Income Tax Act* (Canada).

## **7.12 Counterparts**

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by facsimile or by Email of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement by facsimile or by Email shall forthwith deliver an originally executed copy to the other party or parties.

## **7.13 Language**

The parties acknowledge that they have requested and are satisfied that the foregoing be drawn up in English. Les parties reconnaissent qu'elles ont exigé que ce qui précède soit rédigé en anglais et s'en déclarent satisfaites.

Each of the Vendors shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:

**LPLV**

**c/o: Mtre. Jacques Vincent**

**Fax: (450) 674-0503**

**Email: j.vincent@lplv.com**

by no later than 4:00 pm, on February 20, 2009, after which time this Agreement shall be considered null and void as to the Purchaser.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on February 19, 2009.

**4488385 CANADA INC.**

By: 

Name: Terry Pomerantz

Title: President and CEO

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Vendors have duly executed this Agreement on February \_\_, 2009 at \_\_:\_\_.

**KOMUNIK CORPORATION**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

**KOMUNIK DATAMARK INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

**KOMUNIK INTRAMEDIA INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on February 19  
2009.

4488385 CANADA INC.

By: 

Name: Terry Pomerantz

Title: President and CEO

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Vendors have duly executed this Agreement on February 20  
2009 at 8:35 AM

KOMUNIK CORPORATION

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

KOMUNIK DATAMARK INC.

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

KOMUNIK INTRAMEDIA INC.

By: 

Name: ALAN PAQUIN

Title: CHAIRMAN OF THE BOARD

I have authority to bind the Corporation.

### INTERVENTION

We have read the foregoing and agree with the terms thereof.

**RSM RICHTER INC., IN ITS CAPACITY  
AS COURT-APPOINTED MONITOR OF  
THE VENDORS, AND NOT IN ITS  
PERSONAL CAPACITY**

Per: 

Name: *Robert Kefman*

Title: *V.P.*

## Schedule 1.1(d)

### Assets

---

1. All assets, undertakings and properties of the Vendors of every nature and kind whatsoever, and wherever situated, including without limitation the following:
  - 1.1. All inventory, including but not limited to raw materials, work in progress and finished products;
  - 1.2. All goods other than goods listed in section 1.1 hereinabove that are held for sale, lease or rental (whether such goods are saleable, obsolete or damaged) in relation to the Business carried on by the Vendors including, materials and supplies;
  - 1.3. All trade accounts receivable, other accounts receivable and other claims of the Companies, including but not restrictively, claims towards related parties, but excluding R & D receivables, income tax receivables, any tax refunds, prepaid amounts, deposits and deposit letters;
  - 1.4. All machinery and equipment, including vehicles and automotive equipment
  - 1.5. All furniture and fixtures;
  - 1.6. All office equipment and furnishings;
  - 1.7. All computer equipment and equipment related;
  - 1.8. All Intellectual Property;
  - 1.9. All the corporate names used by the companies, including but not restrictively:
    - Corporation Komunik
    - Komunik Corporation
    - Komunik Datamark
    - Datamark Systèmes
    - Datamark Systems®
    - Datamark Systems Group
    - Groupe Datamark Systems
    - Lancaster Datamark
    - Info Maitre Communication
    - Infomaître Communication
    - Komunik Intramedia

- Les Impressions Intra-Média
  - Programme d'automne pour les bovines
  - Systèmes Datamark
  - The Cattle Farm Incentive Program
- 1.10. All rights in equipment leases and other contracts, to the extent that the Purchaser wishes to avail itself thereof;
  - 1.11. All Vendors' interest in the Leased Premises, to the extent that the Purchaser wishes to avail itself thereof;
  - 1.12. All customer lists and lists of prospective customers and marketing and sales materials and databases;
  - 1.13. All rights, title and interest in orders on hand and other contractual arrangements with the customers to the extent that they can be assigned and that the Purchaser wishes to avail itself thereof;
  - 1.14. All the benefit of all unfulfilled orders received by and in favour of the Vendors;
  - 1.15. All rights, title and interest in contractual arrangements with the suppliers to the extent that they can be assigned and that the Purchaser wishes to avail itself thereof;
  - 1.16. All other tangible and intangible assets and property used in connection with the Business;
  - 1.17. The goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on such business in continuation of and in succession to the Vendors;
  - 1.18. An option to purchase rights, title and interest in the ownership of all shares issued and outstanding of Datamark and IntraMedia once the judgment to be rendered by the Superior Court of Quebec has vested all their debts for an aggregate amount of \$10.00;
  - 1.19. All Books and Records related to the Business and all plans, sketches and other documents related to the operations of the Business; and
  - 1.20. all other property, assets and rights, real or personal, tangible or intangible, owned by the Vendors or to which they are entitled that are not Excluded Assets.

## **Schedule 1.1(l)**

### **Contracts**

---

1. Subject to Section 2.3, the following Contracts shall form part of the Assets:
  - 1.1. All Leased Premises;
  - 1.2. The following leasing agreements:
    - 1.2.1. Offer to lease with HSBC Bank Canada dated March 1, 2004 re: Used Komori Lithrone Offset Press model L640, c/w accessories
    - 1.2.2. Convention de prêt et d'hypothèque pour équipement No. 150010638173 with GE Canada dated October 12, 2007 re : Label Banding Machine
    - 1.2.3. Convention de prêt et d'hypothèque pour équipement No. 150010632477 with GE Canada dated October 12, 2007 re : SMS
    - 1.2.4. Contrat de vente conditionnelle No. 150010743074 with GE Canada dated December 17, 2007 re : SMSConvoyeur motorise Spicer
    - 1.2.5. Contrat de vente conditionnelle No. 8380052001 with GE VFS Canada dated April 16, 2008 re : Graphic focus, workflow info
    - 1.2.6. Contract reference no 810-0297513-001 re: Nexpress
    - 1.2.7. Lease No. 8068 with LiftCapital Corporation dated January 22, 2008 No. 8068 re: Morgana
    - 1.2.8. Contrat de credit-bail No. 2414722 with Financière Globale dated April 24, 2008 re : Perforateur auto
    - 1.2.9. Agreement with Fujifilm Canada Inc. dated April 8, 2008 re: Imageuse, imprimante and système de couleurs
  - 1.3. The following computer leasing agreements:
    - 1.3.1. Contract reference No. 2313033
    - 1.3.2. Contract reference No. 115859-77133
    - 1.3.3. Contract No. 200-2140044-001



- 1.3.4. Contract No. 200-3225665-002
- 1.3.5. Contract No. 200-3225665-005
- 1.3.6. Contract No. 200-3225665-006
- 1.3.7. Contract No. 200-3225665-007
- 1.3.8. Contract No. 200-3225665-011
- 1.3.9. Contract No. 200-3225665-013
- 1.3.10. Contract No. 200-3225665-015
- 1.3.11. Contract No. 200-3225665-016
- 1.3.12. Contract No. 200-3225665-018
- 1.3.13. Contract No. 200-3225665-019
- 1.3.14. Contract No. 200-3225665-020
- 1.3.15. Contract No. 200-3225665-022
- 1.3.16. Contract No. 200-3225665-023
- 1.3.17. Contract No. 200-3225665-025
- 1.3.18. Contract No. 200-3225665-027

**Schedule 1.1(u)**  
**Intellectual Property**

---

1. All the intellectual property that is owned and that is or was used by the Vendors for the Business, including without limitation the following:
  - 1.1. All patents, technology, trade secrets, know how, licences and other intangible assets or rights of any form required for the continuation of the Business, including, but not limited to the internet platform, the ERP systems platform, the accounting systems, and all electronic platforms required for the continuation of the Business; and
  - 1.2. Any and all goodwill and trademarks in whatever format, including without limitation, registered and unregistered trademarks, trade names, brand names, service marks, logos, copyrights, certification marks, drawings, permits, internet and electronic email addresses, URLs, telephone, telex and facsimile numbers, content of websites and domain names related to or connected with the business carried on by the Vendors, all related software and electronic code to the extent assignable and other similar intellectual property or intangibles of the Vendors.

**Schedule 1.1(hh)**

**Required Consents**

---

1. All landlords for the Leased Premises:
  - 1.1. 909 Upton St., LaSalle, Québec
  - 1.2. 900-910 Upton St., LaSalle, Québec
  - 1.3. 2800-2850 Francis-Hughes St., Laval, Québec
  - 1.4. 1500 A. Nobel St., Boucherville, Québec
  - 1.5. 333D chemin du Tremblay, Boucherville, Québec
  - 1.6. 1451 Hastings Crescent S.E., Calgary, Alberta
2. HSBC Bank Canada
3. GE Canada
4. GE Canada VFS
5. Fujifilm Canada Inc.
6. Any third party to the leasing agreements listed in Schedule 1.1(l), but only to the extent such equipment is required for or in connection with production equipment

## Schedule 2.2

### Excluded Assets

---

1. The Purchaser acknowledges and agrees that the following assets shall be considered excluded of the Transaction:
  - 1.1. The accounts payable, except as otherwise provided in this Agreement;
  - 1.2. The tax losses, except as otherwise provided in this Agreement;
  - 1.3. All R & D receivables, income tax receivables, tax refunds, prepaid amounts, deposits and deposit letters;
  - 1.4. The cash which shall be applied in reduction of the debt owed to HSBC Bank and HSBC Capital; and
  - 1.5. The assets related to the Konversation business unit which are:
    - The following 11 computers with the system software and/or freeware that come with those computers:

1.	1Q0JFD1	Precision 390
2.	6Q0JFD1	Precision 390
3.	5XRZZD1	Precision 390
4.	8XBT0G1	Dell PrécisionT3400
5.	7V5V0F1	Vostro 200
6.	CT5V0F1	Vostro 200
7.	76NHXC1	Dimension E520
8.	HPCZ191	Inspiron 6000
9.	B6G36C1	OptiPlex 320
10.	642CWD1	XPS M1330
11.	GNQBWD1	Latitude D531
    - 22 screens
    - 24 working tables, with square edges (60" x 48") with 22 chairs
    - 3 working tables, with square edges (60" x 60")
    - 18 – two-drawer brown filing cabinets – (24")
    - 4 office lamps
    - 1 – two-drawer steel filing cabinet (36")
    - 1 – four-drawer steel filing cabinet (36")
    - 4 plastic small benches

- 1 movable bulletin board
- 1 conference table (medium size)
- 1 – one single red armchair
- Office Furniture
- 1 president desk
- 1 credenza
- 1 conference table (medium size)
- 1 – two-seater armchair
- 4 chairs
- 1 president chair
- 1 table with round edges (60 x 60)
- 3 chairs
- 1 table (16 x 36)
- 1 table with round edges (60 x 60)
- 3 chairs
- 1 table (16 x 36)
- The following 27 computers/servers used for the Application of the Konversation and Maestro software:

1. Equalizer Linux
2. Switch Cisco Catalyst 2950 Cisco
3. Mail5 - PowerEdge 1650 Win 2k3 OEM
4. Maestro1-PowerEdge 1650 Win 2k3 OEM
5. MaestroMail-PowerEdge 1650 Win 2k3 OEM
6. MaestroMail-PowerEdge 1650 Win 2k3 OEM
7. Disnat-SuperServer 6013AT Win 2k3 OEM
8. CAA-SuperServer 6013AT Win 2k3 OEM
9. App03-PowerEdge 1750 Win 2k3 OEM
10. FTP-PowerEdge 350 Win 2k3 OEM
11. BD-Report01-SuperServer 6024H-8R Win 2k3 OEM
12. Prod-BD01-PowerEdge 2650 Win 2k3 OEM
13. Prod-BD02-PowerEdge 2650 Win 2k3 OEM
14. DiskArray-Power Vault 220S N/A
15. BD-Desjardins-SuperServer 6013AT Win 2k3 OEM
16. Maestro-Desj-SuperServer 6013AT Win 2k3 OEM
17. Maestro02A-SuperServer 6013AT Win 2k3 OEM
18. Mail4-SuperServer S6A14H8 Win 2k3 OEM
19. Maestro03A-SuperServer S6A14H8 Win 2k3 OEM
20. Sopexa-SuperServer S6A14H8 Win 2k3 OEM
21. KMMTA-SunFire X4100 Centos 4.2
22. App01-Supermicro Win 2k3 OEM
23. App4, trck1-Supermicro Win 2k3 OEM
24. Img01-Supermicro Win 2k3 OEM
25. Rpt01-Supermicro Win 2k3 OEM
26. Trk02-Supermicro Win 2k3 OEM
27. App02, App03-Supermicro Win 2k3 OEM

- Konversation software and source codes;
- Maestro software and source codes;
- all of the Vendor's right, title and interest in and to the following trade names:
  - "Komunik Konversation"
  - "Konversation"
  - "Maestro"
- The following IP Addresses:
  - 216.94.179.0/24
  - 64.254.230.64/27
  - 64.254.225.144/30
- all the documentation related to the Konversation and Maestro software required in order to carry on the Business;
- the goodwill of the Business including the list of current clients of the Business and all file or data related to such clients and the right for the Purchaser to represent itself as carrying on the Business in continuation and in succession to the Vendor.

**Leases relating to the Konversation business unit**

- Contract no: 200-3225665-026 regarding the workstation (computer) CXBTOG1 – model
- Dell PrécisionT3400;
- Contract no: 200-3225665-017 regarding the workstation (computer) 2V5V0F1 – model
- Vostro 200;
- Contract no: 200-3225665-008 regarding the workstation (computer) CY8Y6D1 – model
- Inspiron 9400;
- Contract no: 200-3225665-014 regarding the computer – model XPS M1330;
- Lease 200-3225665-004 regarding the server -- model DB02-PowerEdge 1900.

## **Schedule 2.6**

### **Assumed Obligations**

---

1. The obligation of the Vendors under the Contracts as of the Time of Closing;
2. All accrued and unpaid vacation pay in respect of the Assumed Employees whether or not it relates to a period prior to or following the Closing Date;and
3. The obligations of the Vendor Komunik Datamark Inc. in connection with the collective bargaining agreement for the period ending April 30, 2009 between the Vendor Komunik Datamark Inc. and Section Locale 145 du Syndicat Canadien des Communication, de l'Énergie et du Papier (Section Locale 145-SCEP)

**Schedule 2.10**

**Summaries of (i) Purchased Receivables together with the Offer Date Receivable Value and  
(ii) Purchased Inventories together with the Offer Date Inventory Value**

---

*See 2 documents attached  
Total of two (2) pages*



**Komunik Corp**  
**Trade Accounts Receivable**

DATE - as at

30-Jan-09 (AR aging may be subject to change upon bank reconciliation)

Name of Company

KOMUNIK CORP

FX rate US\$/  
 Cdn\$

1.2283 close rate per Bank of Canada for the said date  
 1.2818 close rate per Bank of Canada for the said date

AR Listing - In Cdn\$	Total	Current	30 days	60 days	90 days	120 days
KONV \$	301,728.91	\$ 130,222.98	\$ 51,692.23	\$ 56,738.97	\$ 33,486.00	\$ 29,588.73
KONV-US \$	17,091.28	\$ 8,567.10	\$ -	\$ -	\$ -	\$ 8,524.18
WIN \$	2,553,327.56	\$ 1,264,702.04	\$ 734,498.27	\$ 312,320.85	\$ 98,454.30	\$ 143,351.91
INTRA \$	2,928,714.82	\$ 1,293,331.34	\$ 965,869.03	\$ 487,320.85	\$ 96,943.63	\$ 85,249.97
INTRA-US \$	107,621.70	\$ 61,877.13	\$ 3,690.44	\$ -	\$ (771.37)	\$ 42,885.49
MTL \$	7,513,631.77	\$ 3,997,662.21	\$ 2,136,364.84	\$ 776,890.51	\$ 232,830.47	\$ 369,883.74
TO \$	1,194,781.96	\$ 256,603.70	\$ 233,987.00	\$ 298,078.00	\$ 310,307.60	\$ 95,805.66
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 14,616,898.00	\$ 7,012,966.50	\$ 4,126,041.81	\$ 1,931,349.18	\$ 771,250.83	\$ 775,289.67

Intercompany AR - In Cdn\$	Total	Current	30 days	60 days	90 days	120 days
Komunik Intra	\$ 966,652.82	\$ 430,964.32	\$ 222,735.88	\$ 208,227.55	\$ 60,445.89	\$ 44,279.18
Komunik Datamark	\$ 349,070.97	\$ 45,710.48	\$ 149,282.31	\$ 31,007.63	\$ 46,962.50	\$ 76,108.05
Komunik Konv	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Komunik TO	\$ 609,969.91	\$ 94,374.00	\$ 97,459.28	\$ 203,614.09	\$ 203,630.09	\$ 10,892.45
Komunik TO - DMK FM	\$ 24,546.62	\$ 17,307.68	\$ -	\$ 3,787.93	\$ 3,451.01	\$ -
Komunik Win	\$ 627,386.77	\$ 306,921.89	\$ 116,679.20	\$ 151,330.58	\$ 49,299.29	\$ 3,155.81
Total	\$ 2,577,627.09	\$ 895,278.37	\$ 586,156.67	\$ 597,967.78	\$ 363,788.78	\$ 134,435.49
TOTAL - NET	\$ 12,039,270.91	\$ 6,117,688.13	\$ 3,539,885.14	\$ 1,333,381.40	\$ 407,462.05	\$ 640,854.18

DATAMARK SYSTEMS GROUP INC.  
2008  
CONSOLIDATED INVENTORY

Schedule : 1

	<u>Dec Inventory</u>
<u>Montreal Operations</u>	
Raw Materials	1,322,502
Work in process	267,267
Finished Goods	5,405,134
Total	<u>6,994,903</u>
<u>Toronto Operations</u>	
Raw Materials	117,195
Work in process	10,841
Finished Goods	161,433
Total	<u>289,470</u>
<u>Winnipeg Operations</u>	
Raw Materials	223,353
Work in process	69,927
Finished Goods	725,445
Total	<u>1,018,725</u>
<u>Calgary Operations</u>	
Raw Materials	457,236
Work in process	113,118
Finished Goods	393,341
Total	<u>963,695</u>
<u>Intra-Media</u>	
Raw Materials	426,258
Work in process	498,543
Finished Goods	106,071
Total	<u>1,030,872</u>
<u>Konversation Montreal</u>	
Raw Materials	-
Work in process	-
Finished Goods	-
Total	<u>-</u>
<u>Consolidated Inventory</u>	
SUMMARY	
Raw Materials	2,546,544
Work in process	959,696
Finished Goods	6,791,425
Total	<u>10,297,664</u>

**Schedule 4.2**  
**Confidentiality Agreement**

---

*See document attached  
five (5) pages*

## RSM Richter

November 20, 2008

RSM Richter Inc.  
200 King St. W., P.O. Box 48  
Toronto, ON M5H 3T4  
Tel: 416.932.8000 Fax: 416.932.6200  
www.rsmrichter.com

To: Prospective Purchasers/Investors

Direct dial: 416.932.6244  
E-mail: [ar.chaefer@rsmrichter.com](mailto:ar.chaefer@rsmrichter.com)

Dear Sir/Madam:

**Re: Komunik Corporation, Komunik Datamark Inc. and Komunik IntraMédia Inc.  
(collectively the "Company")**

In connection with your possible interest in exploring a transaction (a "Transaction") involving the Company, you have requested certain oral and written information concerning the Company from the Company and from RSM Richter Inc. ("Richter"), in its capacity as court appointed monitor of the Company (the "Monitor"), as well as from the officers, directors, employees, representatives, solicitors, advisors and/or agents of the Company (collectively, the "Company Representatives"). References to the "Information Parties" herein shall mean the Company, the Monitor and the Company Representatives. All such information furnished to you or your Representatives (as defined below) by or on behalf of the Information Parties (irrespective of the form of communication and whether such information is so furnished before, on or after the date hereof), and all analyses, compilations, data, studies, notes, interpretations, memoranda or other documents prepared by you or your Representatives containing or based in whole or in part on any such furnished information are collectively referred to herein as the "Information." Information about identifiable individuals is referred to as "Personal Information." In consideration of furnishing you with the Information, the Information Parties request your agreement to, and you agree to and will cause your Representatives to comply with, the following:

1. The Information will be used solely for the purpose of evaluating a Transaction, and the Information will be kept strictly confidential and will not be disclosed by you or your Representatives, except that you may disclose the Information or portions thereof to those of your directors, officers and employees and representatives of your legal, accounting and financial advisors (the persons to whom such disclosure is permissible being collectively referred to herein as the "Representatives") who need to know such information for the purpose of evaluating such Transaction; provided that such Representatives are informed of the confidential and proprietary nature of the Information and agree to comply with the terms of this Agreement. You agree to be responsible for any breach of this Agreement by your Representatives (it being understood that such responsibility shall be in addition to and not by way of limitation of any right or remedy the Company and/or the Monitor may have against such Representatives with respect to any such breach).

2. Except with the prior written consent of the Monitor, neither you nor your Representatives will disclose to any person either the fact that any investigations, discussions or negotiations are taking place concerning a Transaction, or that you have received Information from any of the Information Parties, or any of the terms, conditions or other facts with respect to any such possible Transaction or involvement, including the status thereof. The term "person" as used in this Agreement will be interpreted broadly to include the media and any corporation, company, group, partnership, limited liability company, trust or other entity or individual.

3. If you or any of your Representatives become legally compelled (including by deposition, discovery, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the Information, you shall provide the Monitor and the Company with prompt prior written notice of such requirement so that the Monitor and/or the Company may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. If such protective order or other remedy is not obtained, or if the Monitor and the Company waive compliance with the provisions hereof, both you and your Representatives shall disclose only that portion of the Information which is legally required to be disclosed and to take all reasonable steps to attempt to preserve the confidentiality of the Information.

4. Other than with regard to "Personal Information" the term "Information" does not include any information which (i) at the time of disclosure is generally available to the public (other than as a result of a disclosure directly or indirectly by you or your Representatives) or (ii) was available to you on a non-confidential basis from a source other than any of the Information Parties or their respective advisors, provided that such source is not and was not known by you to be bound by a confidentiality obligation owed to the Monitor or the Company.

5. Notwithstanding anything to the contrary contained in this Agreement, the following additional restrictions shall apply to Personal Information: (a) Personal Information will be kept confidential at all times in accordance with the terms of this Agreement and will not be used or disclosed except in accordance with applicable law; (b) you shall store the Personal Information properly and securely and ensure that appropriate physical, technological and organisational measures are in place to protect the Personal Information against unauthorised or unintended access, use or disclosure; (c) you shall not retain, for any longer than necessary, any records pertaining to Personal Information; and (d) the confidentiality and non-use obligations in this Agreement pertaining to Personal Information shall survive any termination or expiration of this Agreement.

6. If you determine not to pursue a Transaction, you will promptly notify the Monitor and its counsel of your determination. At the time of such notice, or if, at any earlier time, the Monitor so directs (whether or not you determine to pursue a Transaction), you and your Representatives will promptly return to the Monitor, or destroy, all Information and all copies, extracts or other reproductions in whole or in part thereof. Notwithstanding the return of the Information, you and your Representatives will continue to be bound by this Agreement.

7. None of the Information Parties, or any of their officers, directors, employees, representatives or agents is making any representation or warranty, express or implied, as to the accuracy or completeness of the Information, and none of the Information Parties, or any of their officers, directors, employees, representatives or agents, will have any liability to you or any other person resulting from your use of the Information. Only those representations or warranties that are made to you in a definitive written agreement regarding a Transaction with the Company and/or the Monitor (a "Definitive Agreement") when, as, and if it is executed, and subject to such limitations and restrictions as may be specified in such Definitive Agreement, will have any legal effect.

8. Unless and until a Definitive Agreement between the Monitor and/or the Company and you with respect to a Transaction has been executed and delivered, none of the Monitor, the Company, or any of their stockholders or affiliates has any legal obligation of any kind whatsoever with respect to a Transaction by virtue of this Agreement or any other written or oral expression with respect to a Transaction except, in the case of this Agreement, for the matters specifically agreed to herein. You agree that (i) the Monitor may conduct any process for any Transaction between the Company and any person as the Monitor in its sole discretion shall determine (including negotiating with any of the prospective parties to such Transaction and entering into a Definitive Agreement without prior notice to you or any other person), (ii) any procedures relating to such Transaction may be changed at any time without notice to you or any other person, (iii) the Monitor reserves the rights to cease or amend this offering at any time and/or to reject any or all offers received, and (iv) the Monitor shall be free to provide Information to any person as it in its sole discretion shall determine.

9. Except with the prior written consent of the Monitor, you, your Representatives and your affiliates shall not have discussions with, or negotiate with, any persons other than the Monitor to (a) in any manner acquire, agree to acquire or make any proposal to acquire, directly or indirectly, any property of the Company (other than purchases of products in the ordinary course of business), (b) enter into, directly or indirectly, any merger, joint venture or business combination involving the Company, (c) control or influence the management, Board of Directors or policies of the Company, (d) acquire any debt of the Company, or seek to control or influence any creditors of the Company in their actions or relationships with respect to the Company, or (e) advise, assist or encourage any other persons in connection with any of the foregoing.

10. No provision in this Agreement can be waived or amended except by written consent of the Monitor, which consent shall specifically refer to this paragraph and explicitly make such waiver or amendment.

11. You agree that money damages would not be a sufficient remedy for any breach of this Agreement by you and that the Monitor and the Company shall be entitled to, and you shall not oppose the granting of, equitable relief, including injunction and specific performance, in the event of any such breach, in addition to all other remedies available to the Monitor and the Company at law or in equity or otherwise.

12. You agree that no failure or delay by the Monitor or the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof or an estoppel thereto, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

13. If any provision of this Agreement is found to violate any statute, regulation, rule, order or decree of any governmental authority, court, agency or exchange, such invalidity shall not be deemed to affect any other provision hereof or the validity of the remainder of this Agreement, and such invalid provision shall be deemed deleted herefrom to the minimum extent necessary to cure such violation.

14. All contacts by you or your Representatives with the Monitor, the Company or the Company's Representatives regarding the Information, a Transaction or otherwise shall be made through representatives of the Monitor or such other person as you are notified by the Monitor, in writing, to contact. You will not, for a period of 18 months from the date of this Agreement, (i) solicit or cause to be solicited or hire any employee of the Company without the prior written consent of the Company and the Monitor, (ii) contact any customer or vendor of the Company with regard to Company matters without the prior written consent of the Monitor and the Company, or (iii) to interfere with any person's business relationships with the Company. Provided, however, that nothing herein shall prevent you from any general solicitation or advertisement for

employees, not specifically directed at the Company's employees, or from hiring any persons responding to any such general solicitation or advertisement.

15. Any requirement for you to provide notice or other communication shall be in writing and may be delivered personally or transmitted by fax or email, addressed as follows:

(a) in the case of the Monitor, to:

RSM Richter Inc.  
200 King Street West, Suite 1100  
Toronto, Ontario M5H 3T4

Attention: Andrew Schaefer  
Fax: 416.932.6200  
Email: aschaefer@rsmrichter.com

with a copy to:

Ogilvy Renault LLP  
Suite 3800 Royal Bank Plaza, South Tower  
200 Bay Street  
Toronto, Ontario M5J 2Z4

Attention: Tony Reyes  
Fax: 416.216.3930  
Email: treyes@ogilvyrenault.com

(b) in the case of the Company, to:

Komunik Corporation  
1500 Saint-Patrick Street  
Montreal, Quebec H3K 0A3

Attention: Sebastian Demers  
Fax: 514.904.0713  
Email: sdemers@komunik.com

with a copy to:

Stikeman Elliot  
1155 René Lévesque Blvd. W.  
40<sup>th</sup> Floor  
Montreal, Quebec H3B 3V2


Attention: Jean Fontaine  
Fax: 514.397.3222  
Email: jfontaine@stikeman.com

16. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to the conflicts of law principles thereof.

If you agree with the foregoing, please sign and return a copy of this letter, which will constitute our agreement with respect to the subject matter hereof.

Yours very truly,

RSM RICHTER INC.



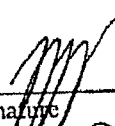
Per: Andrew Schaefer

AS:lc

CONFIRMED AND AGREED

Trans Property management.  
Company

Frank Gattiger  
Name (please print)

  
Signature

frank@transmgmt.com  
Email address (to receive confidential information)

December 15, 2008  
Date



## **Appendix “B”**

OGILVY  
RENAULT

DELIVERED

February 12, 2009

RSM Richter Inc.  
200 King Street West  
Suite 1100  
Toronto, Ontario M5H 3T4

Attention: Robert Kofman

Dear Sir:

**RE: Komunik Corporation - Corporation Komunik (the "Borrower"):  
Security granted to HSBC Capital (Canada) Inc. ("HSBC Capital") and HSBC Bank  
Canada ("HSBC Bank")**

---

In accordance with your instructions, we have reviewed photocopies of the following documents:

**Financing with HSBC Capital**

1. a credit agreement dated as of June 12, 2007, between the Borrower and HSBC Capital (the "HSBC Capital Credit Agreement");
2. a hypothec on moveable property dated June 8, 2007 given by the Borrower in favour of HSBC Capital (the "HSBC Capital Hypothec");
3. a general security agreement dated as of June 12, 2007, given by the Borrower in favour of HSBC Capital (the "HSBC Capital GSA");
4. a guarantee agreement dated June 12, 2007, given by Datamark Systems Inc./Datamark Systemes Inc.<sup>1</sup> ("Datamark") in favour of HSBC Capital (the "Datamark Guarantee");
5. a continuing, absolute and unconditional guaranty agreement dated June 12, 2007, given by Systems Business Forms Inc. ("Systems") in favour of HSBC Capital (the "Systems Guarantee");

---

<sup>1</sup> Pursuant to an amalgamation, Datamark is now known as Komunik Datamark Inc.

6. a guarantee agreement dated June 12, 2007, given by Les Impressions Intra-Media Inc.<sup>2</sup> (**"Intramedia"**) in favour of HSBC Capital (the **"Intramedia Guarantee"**);
7. a general security agreement dated as of June 12, 2007, given by Datamark in favour of HSBC Capital (the **"Datamark GSA"**);
8. a general security agreement dated June 12, 2007, given by Systems in favour of HSBC Capital (the **"Systems GSA"**);
9. a hypothec on moveable property dated June 8, 2007 given by Datamark in favour of HSBC Capital (the **"Datamark Hypothec"**);
10. a hypothec on moveable property dated June 8, 2007 given by Systems in favour of HSBC Capital (the **"Systems Hypothec"**); and
11. a hypothec on moveable property dated June 8, 2007 given by Intramedia in favour of HSBC Capital (the **"Intramedia Hypothec"**).

#### Financing with HSBC Bank

12. a line of credit by way of current account overdraft agreement, dated June 12, 2007, between the Borrower and HSBC Bank (the **"HSBC Bank Credit Agreement"**);
13. a hypothec on moveable property dated June 8, 2007 given by the Borrower in favour of HSBC Bank (the **"HSBC Bank Hypothec"**);
14. a general security agreement dated as of June 12, 2007, given by the Borrower in favour of HSBC Bank (the **"HSBC Bank GSA"**);
15. a share pledge agreement dated as of June 12, 2007 given by the Borrower in favour of HSBC Bank (the **"Share Pledge Agreement"**);
16. a guarantee agreement dated June 12, 2007, given by Datamark in favour of HSBC Bank (the **"Datamark/HSBC Bank Guarantee"**);
17. a continuing, absolute and unconditional guaranty agreement dated June 12, 2007, given by Systems in favour of HSBC Bank (the **"Systems/HSBC Bank Guarantee"**);
18. a guarantee agreement dated June 12, 2007, given by Intramedia in favour of HSBC Bank (the **"Intramedia /HSBC Bank Guarantee"**);

---

<sup>2</sup> Pursuant to an amalgamation, Intra-Media is now known as Komunik Intramedia Inc.

19. a general security agreement dated June 12, 2007, given by Datamark in favour of HSBC Bank (the “**Datamark/HSBC Bank GSA**”);
20. a general security agreement dated June 12, 2007, given by Systems in favour of HSBC Bank (the “**System/HSBC Bank GSA**”);
21. a hypothec on moveable property dated June 8, 2007 given by Datamark in favour of HSBC Bank (the “**Datamark/HSBC Bank Hypothec**”);
22. a hypothec on moveable property dated June 8, 2007 given by Systems in favour of HSBC Bank (the “**Systems/HSBC Bank Hypothec**”); and
23. a hypothec on moveable property dated June 8, 2007 given by Intramedia in favour of HSBC Bank (the “**Intramedia /HSBC Bank Hypothec**”).

**Agreement between HSBC Capital and HSBC Bank**

24. a postponement and subordination agreement dated June 12, 2007 given by HSBC Capital, as subordinate creditor in favour of HSBC Bank, as senior creditor (the “**Postponement Agreement**”).

For the purposes of this opinion, items 2-4, 6-11, 13-16, 18-23 above shall be referred to collectively as the “**Security Documents**”.

For the purposes of this opinion, items 2, 9-11, 13, and 21-23 above shall be referred to collectively as the “**Hypothechs**”.

For the purposes of this opinion, items 8, 10, 20 and 22 above shall be referred to collectively as the “**Systems Security**”.

For the purposes of this opinion, items 6, 11, 18, and 23 above shall be referred to collectively as the “**Intramedia Security**”.

For the purposes of this opinion, items 1-23 above shall be referred to collectively as the “**Documents**”.

For the purposes of this opinion, the Borrower, Datamark, Systems and Intramedia shall be collectively referred to as the “**Companies**”.

***Assumptions as to Authenticity of Documents, etc.***

For the purposes of the opinions expressed herein, we have assumed the following with respect to the Documents:

1. the genuineness of all signatures and the conformity of photocopies to authentic original documents;
2. that the Companies were duly amalgamated or incorporated, as the case may be, and validly existing at the time of the creation of the Documents and have continued to be duly amalgamated or incorporated, as the case may be, and validly existing since that time;
3. that at the time of the creation of the Documents, the Companies had full corporate power to execute, deliver and perform the terms of the Documents, that the Documents were properly authorized, executed and delivered by the Companies, and that there was no provision in the documents by which the Companies were amalgamated or incorporated, as the case may be, or in their by-laws, which was violated by the execution, delivery and performance of the Documents;
4. that there are no other agreements or extraneous facts not disclosed in the Documents that would or might affect the validity or enforceability of the Documents;
5. that the Documents were issued for valuable consideration and that all of the conditions precedent contained in the Documents were satisfied or waived;
6. that attachment of the security interests constituted by the Security Documents have occurred within the meaning of the *Personal Property Security Act* (Ontario) (the "**Ontario PPSA**");
7. that the collateral described in the Security Documents which comprises personal (movable) property is situate in the Province of Ontario and/or the Province of Quebec, and has been since the Companies acquired rights in that collateral<sup>3</sup>; and
8. that financing statements were properly executed by or on behalf of HSBC Capital and HSBC Bank.

---

<sup>3</sup> We note that the HSBC Capital GSA, the Datamark GSA, the HSBC Bank GSA and the Datamark/HSBC Bank GSA (collectively, the "GSAs") refer to collateral that was, at the time of granting the GSAs, located in Alberta, Saskatchewan and Manitoba. We note that we have not ordered security searches against the Companies in those jurisdictions. Please let us know whether you would like us to order such searches. Similarly, no searches have been ordered in respect of Systems in the United States; we would be pleased to order such searches, if you require them.

*Searches Conducted by Us*

**Corporate Searches**

We have conducted corporate searches current to January 23, 2009, in respect of the Borrower. The results of the corporate searches conducted by us reveal that the Borrower was formed on June 12, 2007, by way of articles of amalgamation as "Komunik Corporation - Corporation Komunik" (Canada Corp. Number 4435788) under the laws of Canada, by the amalgamation of:

1. "Datamark Systems Group Inc./Groupe Datamark Systems Inc." (Canada Corp. Number 2784246), formed, on January 1, 1992, by way of articles of amalgamation as "Datamark Inc." by the amalgamation of "Datamark Business Forms (1989) Inc." (Canada Corp. Number 2477343) and "Datamark Inc." (Canada Corp. Number 2784238) under the laws of Canada. This corporation changed its name on July 2, 1999 to "Datamark Systems Group Inc./Groupe Datamark Systems Inc."; and
2. "Corporation Komunik/Komunik Corporation" (Canada Corp. Number 3790975), formed, on July 25, 2000, by way of articles of incorporation as "Communications Internet Segment of One Inc./Segment of One Internet Communications Inc." under the laws of Canada. Our search revealed that this corporation changed its name on October 1, 2001 to "Corporation Komunik/Komunik Corporation".

We also conducted corporate searches current to January 23, 2009, in respect of "Komunik Datamark Inc." (Canada Corp. Number 3574831) which revealed that it was formed on December 31, 1998 by way of articles of amalgamation as "Datamark Systems Inc./Datamark Systèmes Inc.", under the laws of Canada by the amalgamation of "Lancaster Datamark Inc."<sup>4</sup> (Canada Corp. Number 0283380) and "Systems Business Forms Limited/Formulaires D'Affaires Systems Limitée"<sup>5</sup> (Canada Corp. Number 2766744). Our search revealed that this corporation changed its name on September 19, 2007 to "Komunik Datamark Inc."

---

<sup>4</sup> Itself formed, on March 8, 1978, by way of articles of incorporation as "Lancaster Business Forms Canada Ltd.", under the laws of Canada. The corporation changed its name on October 27, 1992 to "Lancaster Datamark Inc."

<sup>5</sup> Itself formed, on November 1, 1991, by way of articles of amalgamation as "Systems Business Forms Limited/Formulaires D'Affaires Systems Limitee" by the amalgamation of "Systems Business Forms Limited" (Canada Corp. Number 2394162) and "2729407 Canada Ltd." (Canada Corp. Number 2729407).

Finally, we conducted corporate searches current to January 23, 2009, in respect of "Komunik Intramedia Inc. Komunik Intramédia Inc." (Canada Corp. Number 3545695) which revealed that it was formed on October 31, 1998 by way of articles of amalgamation as "Les Impressions Intra-Média Inc.", under the laws of Canada by the amalgamation of "Composition PDL Inc."<sup>6</sup> (Canada Corp. Number 1878867), "Les Impressions Intra-Média Inc."<sup>7</sup> (Canada Corp. Number 3303039) and Groupe Intra-Média Inc.<sup>8</sup> (Canada Corp. Number 3368564). Our search revealed that this corporation changed its name on September 19, 2007 to "Komunik Intramedia Inc. Komunik Intramédia Inc."

### **PPSA / RDPRM Searches**

We reviewed copies of searches (and copies of online searches, in the case of the RDPRM (as defined below)) (collectively, the "Searches") in the personal property registry ("PPR") in the Province of Ontario and in the Registre des Droits Personnels et Réels Mobiliers ("RDPRM") in the Province of Quebec against the names listed on Schedule "A" hereto.

The results of our Searches indicate that HSBC Capital and HSBC Bank have made registrations against each of the Borrower and Datamark in Ontario and Quebec, and against Systems and Intramedia in Quebec, each as outlined on Schedule "B" hereto.

**No financing statements were filed in Ontario by either HSBC Capital or HSBC Bank against either of Systems and Intramedia.**

Other than the registrations made by HSBC Capital and HSBC Bank, as listed on Schedule "B" hereto, and those registrations listed on Schedule "C" hereto, the Searches did not reveal any PPR or RDPRM registrations made against the Companies.

### ***The Documents***

#### ***A. The HSBC Capital Financing Documents***

##### **The HSBC Capital Credit Agreement**

Capitalized terms used in this section, but not otherwise defined, shall have the meanings ascribed to them in the HSBC Capital Credit Agreement.

---

<sup>6</sup> Itself formed, on March 28, 1985, by way of articles of incorporation under the laws of Canada.

<sup>7</sup> Itself formed, on October 8, 1996, by way of articles of incorporation under the laws of Canada.

<sup>8</sup> Itself formed, on April 28, 1997, by way of articles of incorporation under the laws of Canada as "3368564 Canada Inc.". The corporation changed its name on January 16, 1998 to "Groupe Intra-Media Inc."

Pursuant to the HSBC Capital Credit Agreement, HSBC Capital established a non-revolving, reducing 66 months term credit facility of up to a maximum of CDN\$5,250,000 in favour of the Borrower (the “**Facility**”). The Facility was to be used by the Borrower to finance the acquisition by the Borrower of all of the issued and outstanding shares of Datamark Systems Group Inc. and its successors and assigns (including, without limitation, further to any amalgamation), and to repay the existing credit facilities made to a member or members of the Borrower, and all of its Subsidiaries, by Bank of Montreal, Business Development Bank of Canada, La Caisse Populaire Place Desjardins, National Bank of Canada, Roynat Inc. and HSBC Bank Canada.

It should be noted that the HSBC Capital Credit Agreement does not specifically grant a hypothec or security interest.

The HSBC Capital Credit Agreement is governed by the laws of the Province of Quebec.

#### **The HSBC Capital Hypothec**

Pursuant to the HSBC Capital Hypothec, HSBC Capital was granted a conventional hypothec in the principal amount of CDN\$6,300,000, plus an additionnal hypothec of 20% of the principal amount. The HSBC Capital Hypothec is granted on the universality of all of the movable property, rights and assets of the Borrower.

It is granted to secure the payment of all indebtedness and the fulfillment of all other obligations of the Borrower to HSBC Capital arising from the HSBC Capital Hypothec and from the credit facility totalling CDN\$5,250,000 granted on or about June 12, 2007 and of all other present or future, direct or indirect obligations of the Borrower to HSBC Capital.

The HSBC Capital Hypothec is govered by the laws of the Province of Quebec.

#### **The HSBC Capital GSA**

Pursuant to the HSBC Capital GSA, as security for the repayment and discharge of all indebtedness, obligations and liabilities of the Borrower owing to HSBC Capital, the Borrower granted to HSBC Capital, by way of mortgage, charge, assignment and transfer, a security interest in the undertaking of the Borrower and in all personal property of the Borrower.

The HSBC Capital GSA is governed by the laws of the Province of Ontario.

#### **The Datamark Guarantee**

Pursuant to the Datamark Guarantee, Datamark guaranteed payment of all of the obligations of the Borrower to HSBC Capital (the “**Obligations**”). Section 7 of the Datamark Guarantee states that the payment of all claims of Datamark against the Borrower are postponed to the payment in



full of the Obligations, and that all such claims are hypothecated and assigned to HSBC Capital as security for the payment of the Obligations up to a maximum amount of CDN\$6,300,000.

The Datamark Guarantee is governed by the laws of the Province of Quebec.

#### **The Systems Guarantee**

Pursuant to the Systems Guarantee, Systems guaranteed payment and performance, when due, of all of the Obligations.

*It should be noted that the Systems Guarantee is governed by the laws of the State of New York.*

#### **The Intramedia Guarantee**

Pursuant to the Intramedia Guarantee, Intramedia guaranteed payment of all of the Obligations. Section 7 of the Intramedia Guarantee states that the payment of all claims of Intramedia against the Borrower are postponed to the payment in full of the Obligations, and that all such claims are hypothecated and assigned to HSBC Capital as security for the payment of the Obligations up to a maximum amount of CDN\$6,300,000.

The Intramedia Guarantee is governed by the laws of the Province of Quebec.

#### **The Datamark GSA**

Pursuant to the Datamark GSA, as security for the repayment and discharge of all indebtedness, obligations and liabilities of Datamark owing to HSBC Capital, Datamark granted, by way of mortgage, charge, assignment and transfer, to HSBC Capital a security interest in the undertaking of Datamark and in all personal property of Datamark.

The Datamark GSA is governed by the laws of the Province of Ontario.

#### **The Systems GSA**

Pursuant to the Systems GSA, to secure the payment and other performance of the obligations of Systems to HSBC Capital, Systems granted to HSBC Capital a security interest in and assigned, pledged and hypothecated to HSBC Capital the Collateral (as such term is defined on Schedule "D" hereto)

*It should be noted that the Systems GSA is governed by the laws of the State of New York.*

### **The Datamark Hypothec**

Pursuant to the Datamark Hypothec, HSBC Capital was granted a conventional hypothec in the principal amount of CDN\$6,300,000, plus an additional hypothec of 20% of the principal amount. The Datamark Hypothec is granted on the universality of all of the movable property, rights and assets of Datamark. It is granted to secure the payment of all indebtedness and the fulfillment of all other obligations of Datamark to HSBC Capital arising from the Datamark Hypothec and from the Datamark Guarantee.

The Datamark Hypothec is governed by the laws of the Province of Quebec.

### **The Systems Hypothec**

Pursuant to the Systems Hypothec, HSBC Capital was granted a conventional hypothec in the principal amount of CDN\$6,300,000, plus an additional hypothec of 20% of the principal amount. The Systems Hypothec is granted on the universality of all of the movable property, rights and assets of Systems. It is granted to secure the payment of all indebtedness and the fulfillment of all other obligations of Systems to HSBC Capital arising from the Systems Hypothec and from the Systems Guarantee.

The Systems Hypothec is governed by the laws of the Province of Quebec.

### **The Intramedia Hypothec**

Pursuant to the Intramedia Hypothec, HSBC Capital was granted a conventional hypothec in the principal amount of CDN\$6,300,000, plus an additional hypothec of 20% of the principal amount. The Intramedia Hypothec is granted on the universality of all of the movable property, rights and assets of Intramedia. It is granted to secure the payment of all indebtedness and the fulfillment of all other obligations of Intramedia to HSBC Capital arising from the Intramedia Hypothec and from the Intramedia Guarantee.

The Intramedia Hypothec is governed by the laws of the Province of Quebec.

## ***B. The HSBC Bank Financing Documents***

### **The HSBC Bank Credit Agreement**

Pursuant to the HSBC Bank Credit Agreement, HSBC Bank established a line of credit by way of current account overdraft, in the amount of \$12,000,000, plus interest, in favour of the Borrower, solely for business purposes.

It should be noted that the HSBC Bank Credit Agreement does not specifically grant a hypothec or security interest.

The HSBC Bank Credit Agreement is governed by the laws of the Province of Quebec.

#### **The HSBC Bank Hypothec**

Pursuant to the HSBC Bank Hypothec, HSBC Bank was granted a conventional hypothec in the principal amount of CDN\$35,000,000, plus an additional hypothec of 20% of the principal amount. The HSBC Bank Hypothec is granted on the universality of all of the movable property, rights and assets of the Borrower. It is granted to secure the payment of all of the Borrower's indebtedness and the fulfillment of all other obligations arising from the HSBC Bank Hypothec and from a facility letter dated February 1, 2007, as amended thereafter.

The HSBC Bank Hypothec is governed by the laws of the Province of Quebec.

#### **The HSBC Bank GSA**

Pursuant to the HSBC Bank GSA, as security for the repayment and discharge of all indebtedness, obligations and liabilities of the Borrower owing to HSBC Bank, the Borrower granted, by way of mortgage, charge, assignment and transfer, to HSBC Bank, a security interest in the undertaking of the Borrower and in all personal property of the Borrower.

The HSBC Bank GSA is governed by the laws of the Province of Ontario.

#### **The Share Pledge Agreement**

Pursuant to the Share Pledge Agreement, as a general and continuing collateral security for the full payment and performance of all obligations owing by the Borrower to HSBC Bank pursuant to the Facility Letter (as defined in the Share Pledge Agreement), the Borrower hypothecated and pledged to HSBC Bank the following securities (the "**Pledged Securities**"), together with all certificates and instruments evidencing or representing such securities, all dividends in respect of the Pledged Securities and all proceeds:

Certificate No.	Number and Class of Shares	Issuer
A2	600 Class A	Datamark Systems Inc./Datamark Systèmes Inc.
4AA	1,820,000 Class AA	Les Impressions Intra-Media Inc.
9A	780,000 Class A	Les Impressions Intra-Media

Certificate No.	Number and Class of Shares	Issuer
		Inc.

The hypothec created by the Share Pledge Agreement in respect of the Pledged Securities is for the sum of \$35,000,000 with interest thereon at the rate of 25% per annum.

The Share Pledge Agreement is governed by the laws of the Province of Quebec.

**The Datamark/HSBC Bank Guarantee**

Pursuant to the Datamark/HSBC Bank Guarantee, Datamark guaranteed payment of all of the obligations of the Borrower to HSBC Bank (the “**HSBC Bank Obligations**”). Section 7 of the Datamark/HSBC Bank Guarantee states that the payment of all claims of Datamark against the Borrower are postponed to the payment in full of the HSBC Bank Obligations, and that all such claims are hypothecated and assigned to HSBC Bank as security for the payment of the HSBC Bank Obligations up to a maximum amount of CDN\$35,000,000.

The Datamark/HSBC Bank Guarantee is governed by the laws of the Province of Quebec.

**The Systems/HSBC Bank Guarantee**

Pursuant to the Systems/HSBC Bank Guarantee, Systems guaranteed payment and performance, when due, of all of the HSBC Bank Obligations.

*It should be noted that the Systems/HSBC Bank Guarantee is governed by the laws of the State of New York.*

**The Intramedia /HSBC Bank Guarantee**

Pursuant to the Intramedia/HSBC Bank Guarantee, Intramedia guaranteed payment of all of the HSBC Bank Obligations. Section 7 of the Intramedia /HSBC Bank Guarantee states that the payment of all claims of Intramedia against the Borrower are postponed to the payment in full of the HSBC Bank Obligations, and that all such claims are hypothecated and assigned to HSBC Bank as security for the payment of the HSBC Bank Obligations up to a maximum amount of CDN\$35,000,000.

The Intramedia /HSBC Bank Guarantee is governed by the laws of the Province of Quebec.

**The Datamark/HSBC Bank GSA**

Pursuant to the Datamark/HSBC Bank GSA, as security for the repayment and discharge of all indebtedness, obligations and liabilities of Datamark owing to HSBC Bank, Datamark granted, by way of mortgage, charge, assignment and transfer, to HSBC Bank a security interest in the undertaking of Datamark and in all personal property of Datamark.

The Datamark/HSBC Bank GSA is governed by the laws of the Province of Ontario.

**The Systems/HSBC Bank GSA**

Pursuant to the System/HSBC Bank GSA, to secure the payment and other performance of the obligations of Systems to HSBC Bank, Systems granted to HSBC Bank a security interest in and assigns, pledges and hypothecates to HSBC Bank the Collateral (as such term is defined on Schedule "E" hereto).

*It should be noted that the System/HSBC Bank GSA is governed by the laws of the State of New York.*

**The Datamark/HSBC Bank Hypothec**

Pursuant to the Datamark Hypothec, HSBC Bank was granted a conventional hypothec in the principal amount of CDN\$35,000,000, plus an additional hypothec of 20% of the principal amount. The Datamark Hypothec is granted on the universality of all of the movable property, rights and assets of Datamark. It is granted to secure the payment of all of Datamark's indebtedness and the fulfillment of all other obligations arising from the Datamark Hypothec and from a facility letter dated February 1, 2007, as amended thereafter.

The Datamark Hypothec is governed by the laws of the Province of Quebec.

**The Systems/HSBC Bank Hypothec**

Pursuant to the Systems Hypothec, HSBC Bank was granted a conventional hypothec in the principal amount of CDN\$35,000,000 plus an additional hypothec of 20% of the principal amount. The Systems Hypothec is granted on the universality of all of the movable property, rights and assets of Systems. It is granted to secure the payment of all of Systems' indebtedness and the fulfillment of all other obligations arising from the Systems Hypothec and from a facility letter dated February 1, 2007, as amended thereafter.

The Systems Hypothec is governed by the laws of the Province of Quebec.

### **The Intramedia /HSBC Bank Hypothec**

Pursuant to the Intramedia Hypothec, HSBC Bank was granted a conventional hypothec in the principal amount of CDN\$35,000,000, plus an additional hypothec of 20% of the principal amount. The Intramedia Hypothec is granted on the universality of all of the movable property, rights and assets of Intramedia. It is granted to secure the payment of all of Intramedia's indebtedness and the fulfillment of all other obligations arising from the Intramedia Hypothec and from a facility letter dated February 1, 2007, as amended thereafter.

The Intramedia Hypothec is governed by the laws of the Province of Quebec.

### **The Postponement Agreement**

For the purposes of this section, the Borrower shall mean the Borrower and its successors and assigns, including any successor by reason of amalgamation.

Pursuant to the Postponement Agreement, any and all present and future indebtedness and liability owing by the Borrower to HSBC Capital (the "**HSBC Capital Indebtedness**") is postponed and subordinated to all present and future indebtedness and liability owing by the Borrower to HSBC Bank in the maximum aggregate amount of \$20,550,000 (the "**HSBC Bank Indebtedness**"). Until the HSBC Bank Indebtedness has been paid in full and any obligation of HSBC Bank to extend credit to the Borrower has been irrevocably terminated, HSBC Capital shall not, without prior written consent of HSBC Bank, receive from the Borrower or any other source, payment of any HSBC Capital Indebtedness, except the specific payments contemplated by the Postponement Agreement.

Furthermore, any and all security now or in the future held by HSBC Capital as security for the HSBC Capital Indebtedness is postponed and subordinated to all security now or in the future held by HSBC Bank as security for the HSBC Bank Indebtedness.

The Postponement Agreement is governed by the laws of the Province of Quebec.

### ***Opinions, Discussion and Qualifications***

We are solicitors qualified in the Provinces of Ontario and Quebec, Canada, and accordingly, no opinion is expressed herein as to the laws of any jurisdiction other than Ontario, Quebec and the federal laws of Canada applicable therein. As solicitors in the Provinces of Ontario and Quebec, we are qualified to give opinions on matters of Ontario, Quebec and the federal laws of Canada applicable therein.

Accordingly, we cannot provide an opinion as to the proper registration or perfection of the Security Documents in jurisdictions other than Ontario nor can we provide an opinion as to the proper publication and opposability of the Security Documents in jurisdictions other than

Quebec. To the extent that this opinion addresses matters related to the laws of any other jurisdiction, the same is included for informational purposes only and should not be considered to be an opinion of law. Please advise whether you would like us to obtain an agent in the State of New York to opine on matters related to that jurisdiction. We also note that the GSAs refer to collateral that was, at the time of granting the GSAs, located in Alberta, Saskatchewan and Manitoba. We note that we have not ordered security searches against the Companies in those jurisdictions. Please let us know whether you would like us to order such searches.

### **Opinions**

Subject to the assumptions and qualifications contained herein, we are of the opinion that (i) there are no material defects in the manner of completion or execution of the Security Documents; (ii) the Security Documents created valid security interests in favour of HSBC Capital or HSBC Bank, as the case may be, in the personal property described therein and such security interests (with the exception of the security interests created by the Systems Security and the Intramedia Security) have been perfected by registration under the provisions of the Ontario PPSA and are, as of the date hereof, valid and enforceable against a trustee in bankruptcy of the Borrower and Datamark, and (iii) the Hypothecs created a valid hypothec (up to the amount thereof) on the corporeal movable property (other than property ordinarily used in more than one jurisdiction) and incorporeal movable property established by a title in bearer form, in each case, situate in the Province of Quebec, and such hypothec has been set-up against third parties by publication under the RDPRM in accordance with the Civil Code of Quebec (the “Civil Code”) and are, as of the date hereof, valid and enforceable against a trustee in bankruptcy of the Companies.

### **Qualifications**

The foregoing opinions are subject to the following qualifications:

1. the enforceability of the Security Documents are subject to bankruptcy, insolvency and other laws of general application affecting the enforcement of creditors' rights generally;
2. the enforceability of the Security Documents are subject to general equitable principles, including the fact that the availability of equitable remedies is in the discretion of a court;
3. the enforceability of the Security Documents are subject to equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments;
4. we express no opinion as to whether registration under the Ontario PPSA or publication under the Civil Code is effective to perfect a security interest or set-up a hypothec in collateral in respect of which the federal laws of Canada require that notices, filings or registrations be made, that other steps or actions be taken in order to perfect the security

interest or set-up a hypothec in such collateral, or where such federal laws otherwise prohibit or prevent the granting of such security interest;

5. the Ontario PPSA does not apply to certain types of collateral enumerated in section 4 of that Act, and we therefore express no opinion as to whether registration under the Ontario PPSA is effective to perfect a security interest in such collateral;
6. the Civil Code provides that certain property is not susceptible of alienation (including assignment) and is not exempt from seizure, and we therefore express no opinion as to whether the Hypothecs are properly set-up on any such property;
7. we express no opinion as to the creation of any security interest or hypothec in property consisting of a receivable, licence, approval, privilege, franchise, permit, lease or agreement (collectively, "**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibit the assignment or require, as a condition of assignability, a consent, approval or other authorization or registration which has not been made or given;
8. we express no opinion as to the enforcement of any security interest or hypothec in federal Crown debts to which the *Financial Administration Act* (Canada) applies;
9. no opinion is expressed herein as to title to any property or asset of the Companies purported to be charged pursuant to the Security Documents, nor as to the ranking of the charges purported to be created pursuant to the Security Documents; furthermore, the opinions expressed herein as to the validity of any charge and security created under the Security Documents are based on the assumption that the Companies have or will have good and valid title to their properties, rights and assets intended to be charged thereunder;
10. pursuant to Article 2959 of the Civil Code, the publication of the Hypothecs, preserves the same rank for interest due for the current year and the three preceding years as for the capital;
11. the preservation of the Hypothecs are registered under the name of the Companies on movable property that is not alienated in the ordinary course of business is subject to the filing of a notice of preservation of hypothec in the RDPRM within 15 days after the creditors have been informed in writing of the transfer of the property and the name of the purchaser, or after the creditors have consented in writing to the transfer, all as provided for in Article 2700 of the Civil Code;
12. the security interests or hypothecs created pursuant to the Hypothecs on property alienated in the ordinary course of business will cease to apply to such property but will extend to the property of the same nature which replaces the property so alienated; if no



property replaces the alienated property, the hypothec shall subsist nonetheless but extend only to the proceeds of the alienation, provided such proceeds may be identified, the whole in accordance with Article 2674 of the Civil Code;

13. the enforceability of the Security Documents against the account debtors of the Companies are subject to the said account debtors acquiescing in or receiving evidence or being notified of the Security Documents prior to the debt or account owed by such account debtor being paid or otherwise discharged, all as required by Articles 2710 and 1641 of the Civil Code and Section 40 of the Ontario PPSA;
14. to withdraw at any time the authority given to the Companies pursuant to the Hypothecs to collect the amounts due under claims hypothecated thereby, HSBC Capital and HSBC Bank must serve notice to such grantor and the debtors of the hypothecated claims and the withdrawal of such authority must be registered, all as provided for in Article 2745 of the Civil Code;
15. the security interests or hypothecs created by the Hypothecs on claims held by the Companies against third parties must, where the claims are themselves secured by a registered hypothec, be published by registration and a copy of a certified statement of registration of the hypothecated claim must be remitted to the debtor of such hypothecated claim, all as provided for in Article 2712 of the Civil Code;
16. the security interests or hypothecs created by the Hypothecs on movables that are subsequently transformed, mixed or combined to form new movables belonging to third parties should be renewed against such new movables so as to preserve their enforceability and ranking as provided for in Article 2953 of the Civil Code;
17. the enforceability against third parties of the Hypothecs on movable properties subsequently incorporated into immovable property is subject to the registration of an immovable hypothec in the applicable land register as set forth in Articles 2796 and 2951 of the Civil Code;
18. No opinion is expressed herein as to the enforceability of the Security Documents in respect of, or the creation of security interests or hypothecs under the Security Documents, the Systems Security and the Intramedia Security on, immovable property of the Companies.
19. to the extent the Hypothecs are registered under the name of the Companies and are subsequently assumed by a purchaser of any movable property charged thereunder, it should be published to maintain their enforceability in light of Article 2701 of the Civil Code;

20. the enforceability of the Hypothecs on rights resulting from insurance contracts is subject to the insurers receiving notice thereof as required by Articles 2461 and 2497 of the Civil Code;
21. to the extent that the claims hypothecated by the Security Documents include at any time rentals generated by immovable properties, further registrations will be required against such immovable properties failing which such rentals shall not be effectively hypothecated;
22. the enforceability of certain provisions of the Hypothecs relating to enforcement and realization proceedings and remedies as regards the Hypothecs are limited by the provisions of the Civil Code. Accordingly, no opinion is expressed herein as to the legality, validity or enforceability of the Hypothecs as regards remedies exercisable under the Hypothecs, other than those specifically provided in Book Six, Title Three, Chapter V of the Civil Code;
23. the exercise of hypothecary rights pursuant to the Hypothecs are subject to the filing of a prior notice at the registry office together with evidence of said notice having being served on the grantor of such Hypothecs, as the case may be, and on any other person against whom the beneficiaries of the hypothec intend to exercise their rights, all as provided for in Article 2757 *et seq.* of the Civil Code;
24. to the extent that the rights or properties subject to the Security Documents include patents, trade-marks or copyrights, registration thereof may not be effective to fully preserve, perfect or protect the security constituted thereby;
25. the security interests or hypothecs created pursuant to the Security Documents on future movable properties rank from the time of their registration but after the vendor's hypothec, if any, created in the grantor's act of acquisition (provided such vendor's hypothec is published within 15 days after the sale);
26. the security interests or hypothecs created pursuant to the Security Documents on future immovable properties rank from the time of their registration but after the vendor's hypothec, if any, created in the grantor's act of acquisition;
27. the enforceability of the security interests or hypothecs created by the Hypothecs on immovable properties acquired after the execution of the Hypothecs are subject to the registration of a notice if the Hypothecs have already been published at the office of the registration division in which the immovable acquired subsequently is located or if the Hypothecs have not already been published therein of a summary of the Hypothecs, the whole as set forth in Article 2949 of the Civil Code;

28. the provisions of any agreement which entitle HSBC Capital or HSBC Bank to accelerate the indebtedness of the Companies following the occurrence of an event of default may be limited by the provisions of Article 2761 of the Civil Code and Section 66 of the Ontario PPSA which permit the debtor or other interested persons to defeat the exercise of a creditor's hypothecary or PPSA rights by remedying the omission or breach set forth in the prior notice relating to the exercise of such creditor's hypothecary rights or by tendering fulfilment of all obligations secured by the collateral together with a sum equal to the reasonable expenses incurred by the secured party;
29. we express no opinion with respect to any provisions of the Hypothecs which purport to enable HSBC Capital or HSBC Bank to recover from a party any costs in excess of the legal tariff or any fines, penalties or costs levied against or imposed upon such other party by applicable law or by order of court. Pursuant to Articles 2667 and 2762 of the Civil Code, notwithstanding any stipulation to the contrary, the costs secured by the Hypothecs exclude extra-judicial professional fees payable by HSBC Capital or HSBC Bank or any other person for services required by HSBC Capital or HSBC Bank in order to recover the capital and interests secured by the Hypothecs or to conserve the charged property mentioned therein; and we express no opinion with respect to any provisions of the Hypothecs which purport to waive the rights of any party under any legislation;
30. no opinion is expressed herein as to the validity or enforceability of any provision of the Security Documents providing for the creation of an irrevocable mandate;
31. taking into consideration Section 347 of the *Criminal Code* (Canada) and the definition given to "interest payments" therein, any interest payment in virtue of the Security Documents exceeding 60% per annum would result in a criminal infraction rendering the recipient of the payments subject to the penalties provided for in said Section 347;
32. enforcement of claims may become barred under applicable statutes of limitation or as a result of extinctive prescription and may be subject to counter claims or set-offs;
33. no opinion is expressed herein as to the enforceability of any provision of the Security Documents to the effect that monies or assets received shall be received or held "in trust" or as "trustee";
34. no opinion is expressed herein regarding the validity of the Security Documents with respect to (a) any amount owing by Her Majesty in right of Quebec in respect of a fiscal law as a refund or (b) debts, claims, demands, shares of the capital stock of a corporation, permits, licenses and other rights, which by their terms or by law are not assignable or which may not be hypothecated or which require the consent of a third party to be assigned or hypothecated where such consent has not been obtained;

35. with respect to both movable or personal and immovable or real property, if any, of the Companies located outside the Provinces of Quebec and Ontario at the time of creation of the Security Documents or thereafter, we express no opinion herein as to the validity of the charges created thereon under the Security Documents or as to the enforceability of the Security Documents against such property;
36. in the event that litigation should ensue outside Quebec, the Companies may be subject to Section 2 of the *Business Concerns Records Act* (Quebec) which provides that "Subject to section 3, no person shall, pursuant to or under any requirement issued by any legislative, judicial or administrative authority outside Quebec, remove or cause to be removed, or send or cause to be sent, from any place in Quebec to a place outside Quebec, any document or résumé or digest of any document relating to any concern"; for the purposes of the *Business Concerns Records Act* (Quebec), "document" means any account, balance sheet, statement of receipts and expenditure, profit and loss statement, statement of assets and liabilities, inventory, report and any other writing or material forming part of the records or archives of a business concern; and
37. to the extent that any undefined terms are used or contained in the Security Documents, or to the extent the application of terms are improperly defined in the Security Documents or are ordinarily otherwise defined or understood under the laws of the Province of Quebec, an uncertainty may arise as to the intent of the parties and hence upon the enforceability of the concerned provisions;
38. the obligations of the parties under the Hypothecs and the enforceability thereof are subject to all qualifications which, by equity, usage or law, are incidental thereto by their nature, including without limitation:
  - (i) in accordance with Articles 6 and 1375 of the Civil Code, good faith which the parties must have exercised and must continue to exercise in the negotiation, implementation and enforcement of the Hypothecs;
  - (ii) any realization upon the security forming part of the Hypothecs should be made upon commercially reasonable terms in the circumstances;
  - (iii) court decisions which may limit the rights of secured creditors to forcibly realize on their security without appropriate judicial proceedings;
  - (iv) limitations which may be imposed by law on the effectiveness of terms exculpating a party from a liability resulting from gross negligence or wilful misconduct;
  - (v) the discretion that a court may reserve to itself to impose restrictions on the rights of creditors to enforce immediate payment of amounts stated to be payable on

demand and to decline to be bound by determinations of fact stated to be conclusive by the contracting parties;

- (vi) the provisions of the said documents that certain calculations or certificates will be conclusive and binding will not be effective if such calculations or certificates are fraudulent or erroneous on their face and will not necessarily prevent judicial enquiry into the merits of any claim by an aggrieved party;
- (vii) equitable remedies such as specific performance and injunctive relief which may be ordered by a court in its discretion and accordingly may not be available as a remedy in an action brought to enforce the said documents;
- (viii) the powers of the courts to stay proceedings before them and to stay the execution of judgments;
- (ix) the discretion that a court may reserve to itself to decline to hear an action if it is contrary to public policy for it to do so or if it is not the proper forum to hear such action;
- (x) in accordance with Article 1693 of the Civil Code, the obligations of the parties to the Hypothecs may be affected by a case of superior force;
- (xi) limitations upon the right of a party to the Hypothecs to enforce such documents on the basis of a default of minor importance or of a purely technical default, such as a failure to timely produce a document; and
- (xii) in accordance with Article 2332 of the Civil Code, the possibility of cancellation or reduction by a court of the obligations arising from the Hypothecs or, the revision by a court of the terms and conditions of the performance of these obligations to the extent that if it finds that, having regard to the risk and to all the surrounding circumstances, one of the parties has suffered lesion;

39. the opinions expressed herein are provided to and are for the sole purpose of RSM Richter Inc. and may not be relied upon by another person.

We trust the foregoing is satisfactory. Please call should you have any questions or comments.

Yours very truly,

*Ogilvy Renault LLP*

### **SCHEDULE "A" - THE SEARCHED NAMES**

1. Komunik Corporation
2. Corporation Komunik
3. Corporation Komunik/Komunik Corporation
4. Komunik Corporation/Corporation Komunik
5. Datamark Systems Group Inc.
6. Groupe Datamark Systems Inc.
7. Groupe Datamark Systems Inc./Datamark Systems Group Inc.
8. Datamark Systems Group Inc./Groupe Datamark Systems Inc.
9. Datamark Inc.
10. Communications Internet Segment Of One Inc.
11. Segment Of One Internet Communications Inc.
12. Segment Of One Internet Communications Inc./Communications Internet Segment Of One Inc.
13. Communications Internet Segment Of One Inc./Segment of One Internet Communications Inc.
14. Komunik Datamark Inc. Datamark Systems Inc.
15. Datamark Systemes Inc.
16. Datamark Systemes Inc./Datamark Systems Inc.
17. Datamark Systems Inc./Datamark Systemes Inc.
18. Lancaster Datamark Inc.
19. Systems Business Forms Limited

20. Formulaires D'Affaires Systems Limitee
21. Formulaires D'Affaires Systems Limitee/Systems Business Forms Limited
22. Systems Business Forms Limited/Formulaires D'Affaires Systems Limitee
23. Komunik Intramedia Inc.
24. Les Impressions Intramedia Inc.
25. Composition PDL Inc.
26. Groupe Intramedia Inc.
27. 3368564 Canada Inc.
28. Systems Business Forms Inc.

**SCHEDULE "B" – REGISTRATIONS IN FAVOUR  
OF HSBC CAPITAL AND HSBC BANK**

**THE BORROWER**

**HSBC Capital Registrations:**

**Ontario**

1. On June 8, 2007 for a period of 9 years, bearing registration number 20070608 1041 1590 6380 (reference file number 636135093) in respect of "Inventory", "Equipment", "Accounts", "Other" and "Motor Vehicle Included" against "**Komunik Corporation/Corporation Komunik**", "**Corporation Komunik/Komunik Corporation**", "**Komunik Corporation**", and "**Corporation Komunik**", as amended on June 18, 2007 by registration number 20070618 1516 1590 6860 to add "**Komunik Corporation - Corporation Komunik**" as an additional debtor; and

**Quebec**

2. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327587-0002, in respect of the following property of **Komunik Corporation / Corporation Komunik**, namely "The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.", up to an amount of \$6,300,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum.

**HSBC Bank Registrations:**

**Ontario**

1. On June 8, 2007 for a period of 9 years, bearing registration number 20070608 1040 1590 6378 (reference file number 636135075) in respect of "Inventory", "Equipment", "Accounts", "Other" and "Motor Vehicle Included" against "**Komunik Corporation/Corporation Komunik**", "**Corporation Komunik/Komunik Corporation**", "**Komunik Corporation**", "**Corporation Komunik**", as amended on June 18, 2007 by registration number 20070618 1516 1590 6861 to add "**Komunik Corporation - Corporation Komunik**" as an additional debtor;



**Quebec**

2. Registration of a conventional hypothec without delivery registered under the RDPRM, on May 11, 2004 for a period of 10 years (expiring on May 11, 2014), bearing registration number 04-0272611-0005, in respect of the following property of **Datamark Systems Group Inc./Groupe Datamark Systems Inc.**, namely "The universality of the Grantor's present and future movable property.", up to an amount of \$36,000,000 with interest at the rate of twenty-five percent per annum;
3. Registration of a conventional hypothec without delivery registered under the RDPRM, on July 23, 2004 for a period of 10 years (expiring on July 22, 2014), bearing registration number 04-0436870-0003, in respect of the following property of **Datamark Systems Group Inc./Groupe Datamark Systems Inc.**, namely "All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.", up to an amount of \$20,000,000 with interest at the rate of twenty-five percent per annum;
4. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 31, 2006 for a period of 9 years (expiring on August 3, 2015), bearing registration number 06-0170413-0005, in respect of the following property of **Datamark Systems Group Inc.**, namely "All terms deposits and amounts deposited in Datamark Systems Group Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143611. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account bearing number 001-143611.", up to an amount of \$12,000,000 with interest at the rate of twenty percent per annum;
5. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327581-0001, in respect of the following property of **Komunik Corporation / Corporation Komunik**, namely "The term deposits in the name of the Grantor in the books of Banque HSBC Canada / HSBC Bank Canada from time to time, the principal and interest thereon and any renewals or replacements thereof, substitutions thereof and accretions thereto; All present and future credit balances opened in the name of the Grantor at Banque HSBC Canada / HSBC Bank Canada, and any account replacing same.", up to an amount of \$35,000,000, with interest at the rate of twenty-five percent per annum.
6. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327581-0002, in respect of the following property of **Komunik**

**Corporation / Corporation Komunik**, namely “The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.”, up to an amount of \$35,000,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum.

7. Registration of a conventional hypothec with delivery registered under the RDPRM, on June 26, 2007 for a period of 10 years (expiring on June 26, 2017), bearing registration number 07-0363714-0001, in respect of the following property of **Komunik Corporation / Corporation Komunik**, namely “The Pledged Securities and all certificates and instruments evidencing or representing such securities. Pledged Securities means: 600 Class A Shares issued by Datamark Systems Inc./ Datamark Systèmes Inc. bearing certificate number A 2; 1,820,000 Class AA Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 4AA; 780,000 Class A Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 9A.”, up to an amount of \$35,000,000 with interest at the rate of twenty percent per annum; and
8. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 11, 2008 for a period of 9 years (expiring on November 30, 2017), bearing registration number 08-0127771-0001, in respect of the following property of **Komunik Corporation / Corporation Komunik**, namely “As a universality, all monies, cash, foreign currencies and credits in which the Grantor now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the Grantor's accounts with any branch of the Bank as they appear in the books of the Bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the Grantor's accounts at any branch of the Bank that have been opened in the Grantor's name.”, up to an amount of \$35,000,000.

## **DATAMARK**

### **HSBC Capital Registrations**

#### **Ontario**

1. On June 8, 2007 for a period of 9 years, bearing registration number 20070608 1042 1590 6381 (reference file number 636135102) in respect of “Inventory”, “Equipment”, “Accounts”, “Other” and “Motor Vehicle Included” against “**Komunik Datamark Inc.**”, as amended on February 15, 2008 by registration number 20080215 1455 1590 7647 to amend the debtor's name;

**Quebec**

2. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327581-0003, in respect of the following property of **Komunik Datamark Inc.**, namely “The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.”, up to an amount of \$35,000,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum (as rectified by a change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.); and
3. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327587-0003, in respect of the following property of **Komunik Datamark Inc.**, namely “The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated”, up to an amount of \$6,300,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum (as rectified by a change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.)

**HSBC Bank Registrations:**

**Ontario**

1. On June 8, 2007 for a period of 9 years, bearing registration number 20070608 1040 1590 6379 (reference file number 636135084) in respect of “Inventory”, “Equipment”, “Accounts”, “Other” and “Motor Vehicle Included” against “**Komunik Datamark Inc.**”, as amended on February 15, 2008 by registration number 20080215 1452 1590 7646 to amend the debtor’s name; and

**Quebec**

2. Registration of a conventional hypothec without delivery registered under the RDPRM, on May 11, 2004 for a period of 10 years (expiring on May 11, 2014), bearing registration number 04-0272611-0001, in respect of the following property of **Datamark Systems Inc. / Datamark Systèmes Inc.**, namely “The universality of the Grantor's present and future movable property.”, up to an amount of \$36,000,000 with interest at the rate of twenty-five percent per annum;

3. Registration of a conventional hypothec without delivery registered under the RDPRM, on July 23, 2004 for a period of 10 years (expiring on July 22, 2014), bearing registration number 04-0436870-0001, in respect of the following property of **Datamark Systems Inc. / Datamark Systèmes Inc.**, namely "All sums payable under the insurance policy number 250 45 98 issued by AIG, American International group together with all renewals or replacements thereof", up to an amount of \$20,000,000 with interest at the rate of twenty-five percent per annum;
4. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 31, 2006 for a period of 9 years (expiring on August 3, 2015), bearing registration number 06-0170413-0001, in respect of the following property of **Datamark Systems Inc.**, namely "All term deposits and amounts deposited in Datamark Systems Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143638. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account replacing the account bearing number 001-143638.", up to an amount of \$12,000,000 with interest at the rate of twenty percent per annum; and
5. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 11, 2008 for a period of 9 years (expiring on November 30, 2017), bearing registration number 08-0127771-0003, in respect of the following property of **Komunik Datamark Inc.**, namely "As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name", up to an amount of \$35,000,000.

## **SYSTEMS**

### **HSBC Capital Registrations:**

#### **Ontario**

Nil

#### **Quebec**

1. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327587-0005, in respect of the following property of **Systems Business**

**Forms Inc.**, namely “The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.”, up to an amount of \$6,300,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum.

**HSBC Bank Registrations:**

**Ontario**

Nil

**Quebec**

1. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327581-0005, in respect of the following property of **Systems Business Forms Inc.**, namely “The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.”, up to an amount of \$35,000,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum.

**INTRAMEDIA**

**HSBC Capital Registrations:**

**Ontario**

Nil

**Quebec**

1. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327587-0004, in respect of the following property of **Komunik Intramedia Inc. / Komunik Intramédia Inc.**, namely “The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated”, up to an amount of \$6,300,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum (as rectified by a change of name registered on February 19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc. / Komunik Intramédia Inc.).

**HSBC Bank Registrations:**

**Ontario**

Nil

**Quebec**

1. Registration of a conventional hypothec without delivery registered under the RDPRM, on May 11, 2004 for a period of 10 years (expiring on May 11, 2014), bearing registration number 04-0272611-0009, in respect of the following property of **Les Impressions Intra-Media Inc.**, namely "The universality of the Grantor's present and future movable property.", up to an amount of \$36,000,000 with interest at the rate of twenty-five percent per annum;
2. Registration of a conventional hypothec without delivery registered under the RDPRM, on July 23, 2004 for a period of 10 years (expiring on July 22, 2014), bearing registration number 04-0436870-0002, in respect of the following property of **Les Impressions Intra-Media Inc.**, namely "All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.", up to an amount of \$20,000,000 with interest at the rate of twenty-five percent per annum;
3. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 31, 2006 for a period of 9 years (expiring on August 3, 2015), bearing registration number 06-0170413-0007, in respect of the following property of **Les Impressions Intra-Media Inc.**, namely "All term deposits and amounts deposited in Les Impressions Intra-Media Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143646. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account replacing the account bearing number 001-143646", up to an amount of \$2,000,000 with interest at the rate of twenty percent per annum;
4. Registration of a conventional hypothec without delivery registered under the RDPRM, on June 8, 2007 for a period of 10 years (expiring on June 8, 2017), bearing registration number 07-0327581-0004, in respect of the following property of **Komunik Intramedia Inc. / Komunik Intramédia Inc.**, namely "The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated", up to an amount of \$35,000,000 (*plus an additional hypothec of 20%*) with interest at the rate of twenty-five percent per annum (as rectified by Change of name registered on February

19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc. / Komunik Intramédia Inc.); and

5. Registration of a conventional hypothec without delivery registered under the RDPRM, on March 11, 2008 for a period of 9 years (expiring on November 30, 2017), bearing registration number 08-0127771-0005, in respect of the following property of **Komunik Intramedia Inc. / Komunik Intramédia Inc.**, namely "As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name.", up to an amount of \$35,000,000.

---

**SCHEDULE "C" – OTHER REGISTRATIONS**

**See attached.**



**KOMUNIK CORPORATION**

**Personal Property Security Searches**

**A. *Personal Property Security Act (Ontario)***

File current to January 22, 2009.

**1. *Komunik Corporation***

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
1	National Leasing Group Inc L#2389726	Komunik Inc	638366778 20070821 1717 6005 4675 (5 years)	Equipment	All floor scrubbers of every nature or kind described in lease number 2389726 between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories and substitutions.	

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
2	HSBC Capital (Canada) Inc.	Komunik Corporation/Corporation Komunik Corporation Komunik Corporation Corporation Komunik Komunik Corporation - Corporation Komunik	636135093 20070608 1041 1590 6380 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6860			Amended to add an additional debtor
3	HSBC Bank Canada	Komunik Corporation/Corporation Komunik Corporation Komunik Corporation Corporation Komunik Komunik Corporation - Corporation Komunik	636135075 20070608 1040 1590 6378 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6861			Amended to add an additional debtor

B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

REGISTRATION NAME	ADDRESS	DATE	EXPIRATION DATE	NUMBER	BANK
Komunik Corporation/Corporation Komunik	133 De La Commune Street West, 4 <sup>th</sup> Floor, Montreal, PQ, H2Y 2C7	2007/06/08 01:04PM PDT	2012/12/31	01213137	0016 – HSBC Bank Canada 10251 Rene Levesque Ouest, 500 Rene Levesque Ouest, Montreal, QC, H2Z 1W7

C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009.

**1. Corporation Komunik**

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
1	National Leasing Group Inc L#2389726	Komunik Inc	638366778 20070821 1717 6005 4675 (5 years)	Equipment	All floor scrubbers of every nature or kind described in lease number 2389726 between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories and substitutions.	
2	HSBC Capital (Canada) Inc.	Komunik Corporation/Corporation Komunik  Corporation Komunik/ Komunik Corporation  Komunik Corporation  Corporation Komunik  Komunik Corporation - Corporation Komunik	636135093 20070608 1041 1590 6380 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		

			As amended by: 20070618 1516 1590 6860			Amended to add an additional debtor
3	HSBC Bank Canada	Komunik Corporation/Corporation Komunik  Corporation Komunik/ Komunik Corporation  Komunik Corporation  Corporation Komunik  Komunik Corporation - Corporation Komunik	636135075 20070608 1040 1590 6378 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6861			Amended to add an additional debtor

B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

*Nil*

C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009

**1. Corporation Komunik/Komunik Corporation**

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
	HSBC Capital (Canada) Inc.	Komunik Corporation/Corporation Komunik  Corporation Komunik/ Komunik Corporation  Komunik Corporation  Corporation Komunik  Komunik Corporation - Corporation Komunik	636135093 20070608 1041 1590 6380 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6860			Amended to add an additional debtor

	HSBC Bank Canada	Komunik Corporation/Corporation Komunik  Corporation Komunik/ Komunik Corporation  Komunik Corporation  Corporation Komunik  Komunik Corporation - Corporation Komunik	636135075 20070608 1040 1590 6378 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6861			Amended to add an additional debtor

B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

*Nil*

C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009.

**1. Komunik Corporation/Corporation Komunik**

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
	HSBC Capital (Canada) Inc.	Komunik Corporation/Corporation Komunik  Corporation Komunik/ Komunik Corporation  Komunik Corporation  Corporation Komunik  Komunik Corporation - Corporation Komunik	636135093 20070608 1041 1590 6380 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6860			Amended to add an additional debtor



	HSBC Bank Canada	Komunik Corporation/Corporation Komunik Corporation Komunik Corporation Komunik Corporation Komunik Corporation - Corporation Komunik	636135075 20070608 1040 1590 6378 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20070618 1516 1590 6861			Amended to add an additional debtor

B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

REGISTRATION NAME	ADDRESS	DATE	EXPIRATION DATE	NUMBER	BANK
Komunik Corporation/Corporation Komunik	133 De La Commune Street West, 4 <sup>th</sup> Floor, Montreal, PQ, H2Y 2C7	2007/06/08 01:04PM PDT	2012/12/31	01213137	0016 – HSBC Bank Canada 10251 Rene Levesque Ouest, 500 Rene Levesque Ouest, Montreal, QC, H2Z 1W7

C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009.

**1. Groupe Datamark Systems Inc.**

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
1	Ikon Office Solutions	Groupe Datamark Systems Inc	889923087 20021210 1415 1462 0729 (7 years)	Equipment Amount: \$8,740 Date of Maturity: 01DEC2009	Ricoh Aficio 220 SN H2400501772	

**B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):**

*Nil*

**C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):**

*Nil*

**D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):**

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009

1. **Komunik Datamark Inc.**
2. **Datamark Systems Inc.**
3. **Datamark Systemes Inc.**
4. **Datamark Systemes Inc./Datamark Systems Inc.**
5. **Datamark Systems Inc./Datamark Systemes Inc.**

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
1	HSBC Bank Canada	Komunik Datamark Inc. Komunik Datamark Inc. Komunik Datamark Inc. Komunik Datamark Inc.	636135084 20070608 1040 1590 6379 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20080215 1452 1590 7646			Amended to change debtor name from Datamark Systems Inc./Datamark Systemes Inc., Datamark Systemes Inc./Datamark Systems Inc., Datamark Systemes Inc. , Datamark Systems Inc. to Komunik Datamark Inc.

	Secured Party(ies)	Debtor(s)	Reference File No. & Registration Number(s)	Collateral Classification	General Collateral Description	Comments
2	HSBC Capital (Canada) Inc.	Komunik Datamark Inc. Komunik Datamark Inc. Komunik Datamark Inc. Komunik Datamark Inc.	636135102 20070608 1042 1590 6381 (9 years)	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		
			As amended by: 20080215 1455 1590 7647			Amended to change debtor name from Datamark Systems Inc./Datamark Systemes Inc., Datamark Systemes Inc./Datamark Systemes Inc., Datamark Systemes Inc. , Datamark Systemes Inc. to Komunik Datamark Inc.

B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

*Nil*

C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**A. Personal Property Security Act (Ontario)**

File current to January 22, 2009.

1. **Datamark Systems Group Inc.**
2. **Groupe Datamark Systems Inc./Datamark Systems Group Inc.**
3. **Datamark Systems Group Inc./Groupe Datamark Systems Inc.**
4. **Datamark Inc.**
5. **Communications Internet Segment Of One Inc.**
6. **Segment Of One Internet Communications Inc.**
7. **Segment Of One Internet Communications Inc./Communications Internet Segment Of One Inc.**
8. **Communications Internet Segment Of One Inc./Segment Of One Internet Communications Inc.**
9. **Lancaster Datamark Inc.**
10. **Systems Business Forms Limited**
11. **Formulaires D'Affaires Systems Limitee**
12. **Formulaires D'Affaires Systems Limitee/Systems Business Forms Limited**
13. **3368564 Canada Inc.**
14. **Groupe Intra-Media Inc.**
15. **Composition PDL Inc.**
16. **Les Impressions Intra-Media Inc.**

- 17. **Komunik Intramedia Inc.**
- 18. **Systems Business Forms Limited/Formulaires D'Affaires Systems Limitee**
- 19. **Systems Business Forms Inc.**

*No registrations have been reported.*

- B. Notice of Intention to Give Security Under The Bank Act (Ontario) (current to January 23, 2009):

*Nil*

- C. Bankruptcy search at the office of the Registrar in Bankruptcy of the Bankruptcy/Commercial Courts (Toronto Office) (current to January 22, 2009):

*Nil*

- D. Insolvency search in the public record of the Superintendent of Bankruptcy (current to January 20, 2009):

*Nil*

**SCHEDULE "A"**

**REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS (THE "REGISTER")**

From January 1, 1994 (the date on which the Register became operational) to January 23, 2009 at 2:00 p.m.:

**NAMES AGAINST WHICH SEARCHES WERE CONDUCTED:**

- KOMUNIK DATAMARK INC.
  - DATAMARK SYSTEMS INC.
  - DATAMARK SYSTEMES INC.
  - LANCASTER DATAMARK INC.
  - SYSTEMS BUSINESS FORMS LIMITED
  - FORMULAIRES D'AFFAIRES SYSTEMS LIMITEE
  - KOMUNIK INTRAMEDIA INC.
  - LES IMPRESSIONS INTRA-MEDIA INC.
  - COMPOSITION PDL INC.
  - GROUPE INTRA-MEDIA INC.
  - 3368564 CANADA INC.
  - KOMUNIK CORPORATION
  - CORPORATION KOMUNIK
  - DATAMARK SYSTEMS GROUP INC.
  - GROUPE DATAMARK SYSTEMS INC.
  - DATAMARK INC.
  - COMMUNICATIONS INTERNET SEGMENT OF ONE INC.
  - SEGMENT OF ONE INTERNET COMMUNICATIONS INC.
-



## MOVABLE HYPOTHECS ONLY

## WITH RESPECT TO KOMUNIK DATAMARK INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
1) -	Conventional hypothec without delivery  08-0127771-0003 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Datamark Inc.	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name.	

WITH RESPECT TO DATAMARK SYSTEMS INC. / DATAMARK SYSTEMES INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
2) -	Conventional hypothec without delivery  04-0272611-0001 May 11, 2004  Deed executed under private signature on May 11, 2004	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
3) -	Conventional hypothec without delivery  04-0436870-0001 July 23, 2004  Deed executed under private signature on July 7, 2004	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International group together with all renewals or replacements thereof.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
4) -	Conventional hypothec without delivery  06-0170413-0001 March 31, 2006  Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Datamark Systems Inc.	\$12,000,000  20% per annum	All term deposits and amounts deposited in Datamark Systems Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001- 143638. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account replacing the account bearing number 001- 143638.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
5) -	Conventional hypothec without delivery  07-0327581-0003 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.</li> </ul>				
6) -	Conventional hypothec without delivery  07-0327587-0003 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.</li> </ul>				

**WITH RESPECT TO LANCASTER DATAMARK INC. :**

Nil.

**WITH RESPECT TO SYSTEMS BUSINESS FORMS LIMITED / FORMULAIRES D'AFFAIRES SYSTEMS LIMITEE :**

Nil.

Our searches also revealed the existence of the following registrations made against the similar name "SYSTEMS BUSINESS FORMS INC.". Please note that no independent searches have been conducted under such names.

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
7) -	Conventional hypothec without delivery  07-0327581-0005 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada  <b>Grantor :</b> Systems Business Forms Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
8) -	Conventional hypothec without delivery  07-0327587-0005 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société de Capital HSBC (Canada) Inc.  <b>Grantor :</b> Systems Business Forms Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	

**WITH RESPECT TO KOMUNIK INTRAMEDIA INC. :**

	<b>SECURITY / REGISTRATION NO. &amp; DATE / ORIGIN</b>	<b>EXTREME DATE OF EFFECT</b>	<b>PARTIES</b>	<b>AMOUNT / INTEREST</b>	<b>DESCRIPTION OF COLLATERAL (SUMMARY):</b>	<b>OTHER MENTIONS / NOTES</b>
9) -	Conventional hypothec without delivery  08-0067195-0004 February 7, 2008  Deed executed under private signature on January 18, 2008	February 7, 2018	<b>Holder:</b> La Compagnie D'assurances Jevco  <b>Grantor:</b> Komunik Intramédia Inc.	\$5,000,000  National Bank of Canada Prime rate + 2% per annum	The universality of claims held by the Grantor against third parties. All rights resulting from insurance contracts relating directly or indirectly to the guaranteed contracts. All of the equipment, tools, materials, work in progress, licenses, royalties, trademarks, software, computers, disks, diskettes and files of the Grantor required in the opinion of the Holder for the execution of the guaranteed contracts	
10) -	Conventional hypothec without delivery  08-0127771-0005 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Intramedia Inc. / Komunik Intramédia Inc.	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
					renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name.	
11) -	Conventional hypothec without delivery  08-0367005-0001 June 23, 2008  Deed executed under private signature	June 23, 2013	<b>Holder:</b> Fujifilm Canada Inc.  <b>Grantor:</b> Komunik Intramédia Inc.	\$15,100.00	The equipment specifically described in the search transcript of the present registration.	
12) -	Conventional hypothec without delivery  08-0650792-0006 November 12, 2008  Deed executed under private signature	November 11, 2013	<b>Holder:</b> Fujifilm Canada Inc.  <b>Grantor:</b> Komunik Intramédia Inc.	\$33,413.82	The equipment specifically described in the search transcript of the present registration.	

**WITH RESPECT TO LES IMPRESSIONS INTRA-MEDIA INC. :**

	<b>SECURITY / REGISTRATION NO. &amp; DATE / ORIGIN</b>	<b>EXTREME DATE OF EFFECT</b>	<b>PARTIES</b>	<b>AMOUNT / INTEREST</b>	<b>DESCRIPTION OF COLLATERAL (SUMMARY):</b>	<b>OTHER MENTIONS / NOTES</b>
13) -	Conventional hypothec without delivery  04-0272611-0009 May 11, 2004  Deed executed under private signature on May 11, 2004	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs</i> 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001).</li> </ul>				
14) -	Conventional hypothec without delivery  04-0436870-0002 July 23, 2004  Deed executed under private signature on July 7, 2004	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs</i> 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001).</li> </ul>				



	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
15) -	Conventional hypothec without delivery  06-0170413-0007 March 31, 2006  Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$2,000,000  20% per annum	All term deposits and amounts deposited in Les Impressions Intra-Media Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143646. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account replacing the account bearing number 001- 143646.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001).</li> </ul>				

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
16) -	Conventional hypothec without delivery  07-0327581-0004 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATIONS:</b>	<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc. / Komunik Intramédia Inc.;</li> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>				
17) -	Conventional hypothec without delivery  07-0327587-0004 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	ANCILLARY REGISTRATIONS:	<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc. / Komunik Intramédia Inc.;</li> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001).</li> </ul>				
18) -	Conventional hypothec without delivery  07-0588803-0001 October 15, 2007  Deed executed under private signature on October 12, 2007	October 12, 2017	<b>Holder:</b> Financement d'équipement GE Canada S.E.N.C.  <b>Grantor:</b> Les Impressions Intra-Média Inc.	\$480,000  <i>(including an additional hypothec of 20%)</i>  24% per annum	The equipment specifically described in the search transcript of the present registration and all parts and rights relating thereto.	
	ANCILLARY REGISTRATION:	<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001).</li> </ul>				

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
19) -	Conventional hypothec without delivery  07-0588804-0001 October 15, 2007  Deed executed under private signature on	October 12, 2017	<b>Holder:</b> Financement d'équipement GE Canada S.E.N.C.  <b>Grantor:</b> <del>Les Impressions</del> Intra-Média Inc.* Komunik Intramédia Inc. / Komunik Intramedia Inc.	\$131,682  <i>(including an additional hypothec of 20%)</i>  24% per annum	The equipment specifically described in the search transcript of the present registration and all parts and rights relating thereto.	
	<b>ANCILLARY REGISTRATIONS:</b>	<ul style="list-style-type: none"> <li>• Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (<i>Re: hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>);</li> <li>• *Rectification registered on February 6, 2008 under number 08-0062092-0001 correcting the name of the Grantor from Les Impressions Intra-Média Inc. to Kommunik Intramédia Inc. / Kommunik Intramedia Inc.</li> </ul>				

**WITH RESPECT TO COMPOSITION PDL INC.:**

Nil.

**WITH RESPECT TO GROUPE INTRA-MEDIA INC.:**

Nil.

**WITH RESPECT TO 3368564 CANADA INC.:**

Nil.

**WITH RESPECT TO KOMUNIK CORPORATION / CORPORATION KOMUNIK :**

	<b>SECURITY / REGISTRATION NO. &amp; DATE / ORIGIN</b>	<b>EXTREME DATE OF EFFECT</b>	<b>PARTIES</b>	<b>AMOUNT / INTEREST</b>	<b>DESCRIPTION OF COLLATERAL (SUMMARY):</b>	<b>OTHER MENTIONS / NOTES</b>
20) -	Conventional hypothec without delivery  03-0234949-0002 May 13, 2003  Deed executed before François Forget, Notary, on May 12, 2003	May 12, 2013	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor :</b> Komunik Corporation / Corporation Komunik	\$120,000  <i>(including an additional hypothec of \$20,000)</i>  25% per annum	The universality of all of the movable property of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. <i>(re: hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</i></li> </ul>				
21) -	Conventional hypothec without delivery  04-0639743-0001 November 4, 2004  Deed executed before David Dolan, Notary, on November 2, 2004	November 2, 2014	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor:</b> DDM Technologies Inc.  <b>Purchaser :</b> Komunik Corp.	\$162,000  <i>(including an additional hypothec of 20%)</i>  25% per annum	The universality of the production equipment, machineries, tools, vehicles, patents of DDM Technologies Inc., present and future, wheresoever situated.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	ANCILLARY REGISTRATIONS:		<ul style="list-style-type: none"> <li>Assumption of a movable hypothec registered on September 7, 2005 under number 05-0514261-0001 by Komunik Corp., purchaser of the property above described.</li> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>			
22) -	Conventional hypothec without delivery  05-0036582-0002 January 25, 2005  Deed executed before François Forget, Notary, on January 25, 2005	November 22, 2014	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor :</b> Komunik Corporation / Corporation Komunik	\$120,000  <i>(including an additional hypothec of \$20,000)</i>  25% per annum	All equipment, machineries, computing equipment, the furniture and the software now owned by the Grantor and all movable to be acquired in virtue of the present project.	
	ANCILLARY REGISTRATION:		<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>			

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
23) -	Conventional hypothec without delivery  07-0327581-0001 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> Banque HSBC Canada / HSBC Bank Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000  25% per annum	The term deposits in the name of the Grantor in the books of Banque HSBC Canada / HSBC Bank Canada from time to time, the principal and interest thereon and any renewals or replacements thereof, substitutions thereof and accretions thereto;  All present and future credit balances opened in the name of the Grantor at Banque HSBC Canada / HSBC Bank Canada, and any account replacing same.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Kommunik Corporation / Corporation Kommunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs</i> 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>				

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
24) -	Conventional hypothec without delivery  07-0327581-0002 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> Banque HSBC Canada / HSBC Bank Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs</i> 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>				
25) -	Conventional hypothec without delivery  07-0327587-0002 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société de Capital HSBC (Canada) Inc.  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	



	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>				
26) -	<p>Conventional hypothec with delivery</p> <p>07-0363714-0001 June 26, 2007</p> <p>Deed executed under private signature on June 12, 2007</p>	June 26, 2017	<p><b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada</p> <p><b>Grantor:</b> Komunik Corporation / Corporation Komunik</p>	<p>\$35,000,000</p> <p>20% per annum</p>	<p>The Pledged Securities and all certificates and instruments evidencing or representing such securities.</p> <p>Pledged Securities means:</p> <ul style="list-style-type: none"> <li>600 Class A Shares issued by Datamark Systems Inc./ Datamark Systèmes Inc. bearing certificate number A 2;</li> <li>1,820,000 Class AA Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 4AA;</li> <li>780,000 Class A Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 9A.</li> </ul>	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
27) -	Conventional hypothec without delivery  08-0067195-0003 February 7, 2008  Deed executed under private signature on January 18, 2008	February 7, 2018	<b>Holder:</b> La Compagnie d'Assurance Jevco  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$5,000,000  National Bank of Canada Prime rate + 2% per annum	The universality of claims held by the Grantor against third parties. All rights resulting from insurance contracts relating directly or indirectly to the guaranteed contracts. All of the equipment, tools, materials, work in progress, licenses, royalties, trademarks, software, computers, disks, diskettes and files of the Grantor required in the opinion of the Holder for the execution of the guaranteed contracts.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
28) -	Conventional hypothec without delivery  08-0127771-0001 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the Grantor now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the Grantor's accounts with any branch of the Bank as they appear in the books of the Bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the Grantor's accounts at any branch of the Bank that have been opened in the Grantor's name.	

WITH RESPECT TO DATAMARK SYSTEMS GROUP INC. / GROUPE DATAMARK SYSTEMS INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
29) -	Conventional hypothec without delivery  04-0272611-0005 May 11, 2004  Deed executed under private signature on May 11, 2004	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Group Inc./Groupe Datamark Systems Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
30) -	Conventional hypothec without delivery  04-0436870-0003 July 23, 2004  Deed executed under private signature on July 7, 2004	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Group Inc./Groupe Datamark Systems Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
31) -	Conventional hypothec without delivery  06-0170413-0005 March 31, 2006  Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Datamark Systems Group Inc.	\$12,000,000  20% per annum	All terms deposits and amounts deposited in Datamark Systems Group Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143611. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account bearing number 001-143611.	

**WITH RESPECT TO DATAMARK INC.:**

Nil.

**WITH RESPECT TO COMMUNICATIONS INTERNET SEGMENT OF ONE INC. / SEGMENT OF ONE INTERNET COMMUNICATIONS INC. :**

Nil.

The whole as more fully described in the search transcripts of such registrations.

<b>BANK OF CANADA, DIVISION OF QUEBEC</b>
---

The search certificates issued by the Corporate Research and Analysis Centre Ltd. for and on behalf of Bank of Canada, Division of Quebec, for notices of intention to give security under Section 427 of the Bank Act, Canada, revealed that, as of January 23, 2009 at 1:30 p.m. (Pacific time) the records indicate the following registrations in relation to the above mentioned names:

- Notice of intention granted by Les Impressions Intra-Média Inc. in favour of HSBC Bank Canada on April 29, 2004 under number 01157278.  
**Expiry Date: December 31, 2009**
- Notice of intention granted by Komunik Corporation / Corporation Komunik in favour of HSBC Bank Canada on June 7, 2007 under number 01213028.  
**Expiry Date: December 31, 2012**
- Notice of intention granted by Datamark Systems Group Inc. / Groupe Datamark Systems Inc. in favour of HSBC Bank Canada on April 29, 2004 under number 01157277.  
**Expiry Date: December 31, 2009**

\* \* \* \* \*

## SCHEDULE "B"

On January 1, 1994, the *Civil Code of Quebec* (the "**New Code**") came into force repealing in its entirety the *Civil Code of Lower Canada* (the "**Old Code**"). Among the changes effected by the new legislation, all forms of security against movable (personal) property were replaced by a new system. Consequently, as of January 1, 1994, all security registers and indexes then existing were closed and a new security register created, namely the Register of Personal and Movable Real Rights.

### **I) SECURITY ON MOVABLES AFTER THE COMING INTO FORCE OF THE CODE**

As mentioned above, as of January 1, 1994, a security register for security against movable (personal) property called the Register of Personal and Movable Real Rights was established. Pursuant to An Act respecting the implementation of the reform of the Civil Code (the "**Transitional Law**"), movable real security created and registered in accordance with the former legislation had to be renewed by registration in the Register, subject to certain delays and subject generally to the provisions of said Transitional Law.

As of January 1, 1994, the principal form of conventional security on movable property is the movable hypothec. Searches in relation thereto and to other registerable rights are conducted at the Register of Personal and Movable Real Rights, centrally kept at the Registration Division of Montreal for the Province of Quebec.

### **II) QUALIFICATIONS**

It is important to note that with respect to searches which may be carried out in Quebec, it is impossible to determine whether a company's property or individual's property is entirely free and clear of all security since the searches we are able to conduct will not disclose information on certain types of security for which no registration procedure is available.

In addition to the charges disclosed, as the case may be, in **Schedule "A"**, the movable property of the companies against which searches were conducted may be subject to:

- (i) prior claims designated as such under the New Code which are preferred over other creditors, including hypothecary creditors;
- (ii) certain legal privileges, priorities and hypothecs established by the statutes of Canada and of the Province of Quebec in favour of the Crown or agencies of the Crown;
- (iii) rights which are not required to be registered such as rights in respect of taxes or hypothecs with delivery (pledges);
- (iv) hypothecs on properties represented by bills of lading or other negotiable instruments or on claims (provided such hypothecs have been registered or the title thereof is remitted to the creditor of any such hypothec, in each case within ten (10) days of the creditor of any such hypothec having given value to the grantor thereof);
- (v) vendors' hypothecs on properties acquired by a person (provided the vendors of such properties have registered them within fifteen (15) days after the sale);
- (vi) rights which may have been registered but have not yet been indexed;

- (vii) reservations of ownership arising from instalment sales, rights under leases for a term of more than one year, rights under sales with right of redemption and rights of ownership of the lessor (provided that the rights are registered by the holder thereof within fifteen (15) days of the creation of said rights);
- (viii) inchoate employees', landlords' or other like liens;
- (ix) rights registered or filed under the names of parties and date of birth, in the case of an individual, other than those against which the searches were conducted;
- (x) rights inscribed in the Land Register due to the fact that Registrars, prior to the coming into force of the New Code, were not obliged to enter into the Index of Names (an alphabetical index under the Old Code), deeds or documents which contain the description of a lot, as such deeds were noted against the Land Register of the said lot (this would have been the case, for instance, of a Trust Deed of Hypothec, Mortgage and Pledge containing a specific charge on immovable (real) property in addition to a charge on all assets; as we have not carried out searches against any immovable property, we are unable to trace registrations which may have been inscribed against a lot only); and
- (xi) rights resulting from agreements, as the case may be, registered in the indexes operational prior to the coming into force of the New Code, which indexes, have not been searched; such agreements could include, as the case may be (a) rights which were not subject to a renewal of registration requirement pursuant to the Transitional Law, including and by way of example, sales and assignments of debts or claims and (b) rights arising, more particularly, from security the registration of which was subject to a renewal of registration requirement pursuant to the Transitional Law within the prescribed thereunder deadlines for such rights to remain enforceable against other creditors or subsequent purchasers in good faith whose claims have been regularly registered; in this connection, it is noteworthy that the Court of Appeal of Quebec has confirmed that the holder of a right the registration of which was not renewed where such right was subject to a renewal of registration requirement under the Transitional Law remains enforceable against a trustee in bankruptcy.

Please also note that the registry systems and indexes where we conducted the searches referred to in **Schedule "A"** should normally contain a reference to all the instruments, deeds, notices and documents registered against the parties searched; for all purposes hereof, we have assumed that such registry systems and indexes have been kept current by the Registrar and that all certificates and transcripts issued by the Registrar are complete and accurate.

\* \* \* \* \*



## **SCHEDULE "D" – DEFINITION OF "COLLATERAL" IN THE SYSTEMS GSA**

Capitalized terms used in this section, but not otherwise defined, shall have the meanings ascribed to them in the Systems GSA.

The "Collateral" means collectively all right, title and interest of Systems in and to, wherever located, whether now owned or hereafter acquired or now existing or hereafter arising or accruing and whether or not subject to Article 9 of the Uniform Commercial Code or described in any schedule heretofore or hereafter delivered to HSBC Capital by Systems, (i) Accounts (including, but not limited to, Health-Care Insurance Receivables), Chattel Paper, Deposit Accounts, Documents, General Intangibles (including, but not limited to, Intellectual Property, Payment Intangibles, Software, licenses, franchises and customer information), Goods (including, but not limited to, Equipment, Farm Products, Fixtures and Inventory), Instruments (including, but not limited to, Promissory Notes), Investment Property, Letter-of-Credit Rights (whether or not the related letter of credit is in writing), letters of credit (whether or not in writing) money and other personal property regardless of kind or nature (including, but not limited to, agreements, instruments and other Records not constituting Chattel Paper or a Document, General Intangible or Instrument, tort claims not constituting a Commercial Tort Claim, contract rights not constituting an Account or General Intangible, rights to payment of any money not constituting or evidenced by an Account, Commercial Tort Claim, Deposit Account, General Intangible, Investment Property, Letter-of-Credit Right, letter of credit, Chattel Paper or Instrument and insurance policies, claims and proceeds not constituting a Health-Care-Insurance Receivable or Proceeds) and (ii) to the extent not referred to in clause (i) of this sentence, (A) Supporting Obligations and Incidental Property Rights incident to, arising or accruing pursuant to or otherwise relating to any of the things referred to in clause (i) of this sentence, whether arising or accruing from any action taken by Systems or HSBC Capital or otherwise, (B) Proceeds, other proceeds and Products of any of the things referred to in clauses (i) and (ii)(A) of this sentence and (C) Records relating to any of the things referred to in clauses (i) and (ii)(A) and (B) of this sentence.

**SCHEDULE "E" – DEFINITION OF "COLLATERAL"**  
**IN THE SYSTEMS/HSBC BANK GSA**

Capitalized terms used in this section, but not otherwise defined, shall have the meanings ascribed to them in the Systems/HSBC Bank GSA.

The "Collateral" means collectively all right, title and interest of Systems in and to, wherever located, whether now owned or hereafter acquired or now existing or hereafter arising or accruing and whether or not subject to Article 9 of the Uniform Commercial Code or described in any schedule heretofore or hereafter delivered to HSBC Bank by Systems, (i) Accounts (including, but not limited to, Health-Care Insurance Receivables), Chattel Paper, Deposit Accounts, Documents, General Intangibles (including, but not limited to, Intellectual Property, Payment Intangibles, Software, licenses, franchises and customer information), Goods (including, but not limited to, Equipment, Farm Products, Fixtures and Inventory), Instruments (including, but not limited to, Promissory Notes), Investment Property, Letter-of-Credit Rights (whether or not the related letter of credit is in writing), letters of credit (whether or not in writing) money and other personal property regardless of kind or nature (including, but not limited to, agreements, instruments and other Records not constituting Chattel Paper or a Document, General Intangible or Instrument, tort claims not constituting a Commercial Tort Claim, contract rights not constituting an Account or General Intangible, rights to payment of any money not constituting or evidenced by an Account, Commercial Tort Claim, Deposit Account, General Intangible, Investment Property, Letter-of-Credit Right, letter of credit, Chattel Paper or Instrument and insurance policies, claims and proceeds not constituting a Health-Care-Insurance Receivable or Proceeds) and (ii) to the extent not referred to in clause (i) of this sentence, (A) Supporting Obligations and Incidental Property Rights incident to, arising or accruing pursuant to or otherwise relating to any of the things referred to in clause (i) of this sentence, whether arising or accruing from any action taken by Systems or HSBC Bank or otherwise, (B) Proceeds, other proceeds and Products of any of the things referred to in clauses (i) and (ii)(A) of this sentence and (C) Records relating to any of the things referred to in clauses (i) and (ii)(A) and (B) of this sentence.

## **Appendix “C”**

Komunik Corporation

**Cash Flow Forecast**

For the period April 1, 2009 to May 1, 2009

(C\$, 000's)

	<u>Total</u>
<u>Cash Receipts</u>	
Proceeds from Sale of Komunik (note 1)	17,500
Total Cash Receipts	<u>17,500</u>
<u>Cash Disbursements</u>	
Direct Material and Labour	1,000
Selling	250
Administration	500
Total Operating Disbursements	<u>1,750</u>
Net Cash Flow Before the Undernoted Items	15,750
Vacation Pay	250
Restructuring Costs	900
Net Cash Flow	<u><u>14,600</u></u>

Note:

1. Prior to a working capital adjustment.

## SIXTH AMENDMENT TO THE FORBEARANCE AGREEMENT

This Sixth Amendment to the Forbearance Agreement (this “**Agreement**”) is entered into as of March 25, 2009 amongst Komunik Corporation (the “**Borrower**”) and HSBC Bank Canada (the “**Bank**”).

### RECITALS

**WHEREAS** the Borrower is a corporation resulting from the statutory arrangement under the provisions of section 192 of the *Canada Business Corporations Act* which effected the acquisition by Komunik Corporation (the “**Predecessor**”) of all of the issued and outstanding common shares of Datamark Systems Group Inc. (“**Group**”) and the amalgamation (the “**Amalgamation**”) of the Predecessor and Group.

**WHEREAS** the Bank and the Predecessor entered into a facility letter dated February 1, 2007 as amended by letters dated March 22, 2007 and May 1, 2007 (collectively, the “**Facility Letter**”) with respect to certain credit facilities.

**WHEREAS** by guarantees granted on June 12, 2007 by each of Komunik Datamark Inc. (formerly Datamark Systems Inc./Datamark Systèmes Inc. and hereinafter referred to as “**DSI**”) and Komunik Intermedia Inc. (formerly Les Impressions Intra-Media Inc. and hereinafter referred to as “**Intra-Media**”), DSI and Intra-Media agreed to guarantee the payment of all obligations of the Predecessor to the Bank (collectively, the “**Guarantees**”).

**WHEREAS** the obligations of DSI and Intra-Media in favour of the Bank, including without limitation the obligations of the Predecessor to the Bank payable by each of DSI and Intra-Media under the Guarantees, were secured by the security and hypothecs described in Schedule A hereto (collectively, the “**Schedule A Security**”).

**WHEREAS** the Bank has expressed to the Borrower its dissatisfaction in relation to the Borrower’s account and the operating losses being incurred and failure of the Borrower to comply with several of its financial covenants under the Facility Letter.

**WHEREAS** the Borrower has incurred losses of approximately \$6.2 million as at April 30, 2008 and \$3.8 million for the seven (7) month period ended November 30, 2008.

**WHEREAS** the Borrower is insolvent and cannot meet its obligations as they generally become due.

**WHEREAS** such defaults and operating losses of the Borrower (“**Existing Defaults**”) are continuing and have not been cured.

**WHEREAS** the Bank has advised the Borrower that it wishes to discontinue financing.

**WHEREAS**, the Bank has engaged the services of PricewaterhouseCoopers LLP (“**PWC**” or the “**Consultant**”) to review elements of the Borrower’s business without any intervention thereto or partaking in any managerial decisions of the Borrower.

**WHEREAS** the Borrower has engaged the services of RSM Richter Inc. (“**Richter**”) to advise it in the restructuring.

**WHEREAS** the Bank has issued a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* and the Borrower has waived any delay in relation to such notice.

**WHEREAS** the Borrower has sought an order (the “**Initial Order**”) pursuant to the *Companies Creditors Arrangement Act* (“**CCAA**”).

**WHEREAS** the Initial Order was rendered on November 18, 2008 and Richter was appointed as Monitor.

**WHEREAS** the parties have entered into a Forbearance Agreement dated July 30, 2008 (the “**Original Agreement**”).

**WHEREAS** the parties have entered into a First Amendment to the Forbearance Agreement dated October 15, 2008 (the “**First Amendment**”).

**WHEREAS** the parties have entered into a Second Amendment and Restated Forbearance Agreement dated November 17, 2008 (the “**Second Amendment**”).

**WHEREAS** the parties have entered into a Third Amendment to the Forbearance Agreement dated December 15, 2008 (the “**Third Amendment**”).

**WHEREAS** the parties have entered into a Fourth Amendment to the Forbearance Agreement dated January 27, 2009 (the “**Fourth Amendment**”).

**WHEREAS** the parties have entered into a Fifth Amendment to the Forbearance Agreement dated February 24, 2009 (the “**Fifth Amendment**”).

**WHEREAS** the parties wish to further amend the Original Agreement, (the Original Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and this Agreement are together referred to as the “**Forbearance Agreement**”) in the manner set forth herein.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **SECTION 1** **INTERPRETATION**

- 1.1 The introductory paragraph and recitals hereof and all schedules attached hereto form an integral part of this Agreement.

- 1.2 All capitalized terms used herein (including in the introductory paragraph and recitals set forth above) and not otherwise defined herein shall have the meanings assigned to such terms in the Facility Letter and in the Original Agreement.

## **SECTION 2**

### **CONFIRMATION OF OBLIGATIONS**

- 2.1 The Borrower acknowledges and agrees that as of the date hereof:
- (a) the Borrower is without right of compensation, offset, defence, or counterclaim with respect to any of the Obligations;
  - (b) it is in default by virtue of the Existing Defaults;
  - (c) the amount of outstanding loans and advances as at February 24, 2009 due to the Bank is \$16,095,195.61.

The aforesaid sums are subject to adjustment for items in circulation, fees, costs and accessories.

## **SECTION 3**

### **ACNOWLEDGEMENTS AND AMENDMENTS**

- 3.1 The reference to "5:00 p.m. Montreal time on March 31, 2009" in item (a) of the definition of "Termination Date", set forth in Section 1 of the Forbearance Agreement is hereby extended to 5:00 p.m. Montreal time on May 1, 2009;
- 3.2 Except as specifically provided herein, all other terms and conditions of the Forbearance Agreement shall remain in full force and effect;

## **SECTION 4**

### **REPRESENTATIONS AND WARRANTIES**

In consideration of the limited agreement of the Bank to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby represents and warrants to the Bank, as at the date hereof as follows:

- 4.1 The Borrower has made full disclosure to the Bank of all existing defaults and all other disclosures as is required under the Facility Letter, the Security Documents and the Original Agreement;
- 4.2 The execution, delivery and performance of this Agreement by the Borrower is within such person's power and have been duly authorized by all necessary action.
- 4.3 This Agreement constitutes a valid and legally binding agreement enforceable against the Borrower, in accordance with its terms subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.

- 4.4 The Facility Letter, the Security Documents and the Forbearance Agreement constitute valid and legally binding obligations of the Borrower enforceable in accordance with the terms thereof subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.

## **SECTION 5**

### **COVENANTS OF THE BORROWER**

In order to induce the Bank to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby covenants and agrees with the Bank as follows:

- 5.1 Except as for Existing Defaults, the Borrower shall continue to perform and observe all terms and conditions contained in the Facility Letter, the Security Documents and the Forbearance Agreement and particularly but without restriction to the generality of that which precedes there shall be no default of the margin requirements contained in the Facility Letter.
- 5.2 The Borrower shall deliver to the Bank in a timely fashion each of the following items in form and substance acceptable to the Bank:
- (a) upon the Bank's request, forecasts, reports and financial information, as may be specified by the Bank from time to time;
  - (b) by no later than the end of business day on Friday of each week, the updated Weekly Cash Flow Projections for a thirteen (13) week period, beginning on the previous Monday;
  - (c) by no later than the end of business day, on each day, the daily borrowing base position for the previous business day.
- 5.3 The Borrower and Richter shall fully collaborate with PWC for the Monitoring and PWC shall have unrestricted access to the information required, the personnel of the Borrower and of Richter and to the reports prepared or being prepared by Richter. The Borrower and Richter will co-operate with PWC and allow PWC to continue ongoing monitoring of borrowing base and the Borrower's financial progress measured against the first Weekly Cash Flow Projection with periodic reports to the Bank as requested by the Bank.
- 5.4 On each Thursday (based on the close of business of the preceding Friday) an aged list of the Borrower's accounts receivable (including the name and address of each debtor and the amount owing by such debtor) and estimate of the inventory and the margining base calculation.
- 5.5 The Borrower shall reimburse the Bank for all costs and expenses incurred by the Bank in connection with the negotiation, preparation and enforcement of this Agreement, in connection with the management of the Borrower's account (including, without limitation, the Bank's fees and expenses, the Bank's attorneys' and Consultant's reasonable fees and expenses), as well as the enforcement and protection of its rights pursuant to the Facility Letter, the Security Documents, the Forbearance Agreement or



otherwise and the Bank is hereby authorized to debit the Borrower's account to pay all said fees and expenses.

- 5.6 The Borrower undertakes to operate its business in a manner that will allow it to cure the Defaults (including any Existing Default). However, such tolerance by the Bank is subject to the condition that the charges created by the Security Documents do legally and factually charge all the assets described therein in order to guarantee the repayment of all Obligations of the Borrower to the Bank.
- 5.7 The Borrower unconditionally undertakes not to have any Margin Deficit, at any time. In addition, the Borrower undertakes to meet the margin projections shown in the cash-flow attached.
- 5.8 Should there be a Margin Deficit, in addition to being a Forbearance Default, the Bank may refuse to honour any cheque drawn on the accounts or any payment request of any nature whatsoever.
- 5.9 The Borrower, with the assistance of the Monitor, shall complete the transaction described in this Agreement of Purchase and Sale dated as of the 19<sup>th</sup> day of February 2009 with 4488385 Canada Inc. (the "**Transaction**"), accepted by the Borrower on February 20<sup>th</sup>, 2009. In particular, the Borrower shall meet and respect each and every of the delays set forth for the Transaction. Again, the process and documentation have to be agreed upon by the Bank.
- 5.10 If any of the delays set forth in paragraph 5.9 hereinabove are not met to the satisfaction of the Bank, or if it appears that the purchase price will not be sufficient to repay in full the Obligations of the Borrower to the Bank, then the Forbearance Agreement shall immediately terminate without any further notice or delay.
- 5.11 The Borrower acknowledges that no transaction can be completed without the prior written consent of the Bank.
- 5.12 In addition, Richter, as Court-appointed Monitor pursuant to the Initial Order, shall monitor and review the receipts and disbursements of the Borrower, on a daily basis and shall report to the Bank and PWC.
- 5.13 Subject to the Administration Charge and the Director's Charge, the Bank shall continue to be an unaffected and an excluded creditor for all intent and purposes and for any and all of the indebtedness and Obligations of the Borrower to the Bank;
- 5.14 The Borrower reaffirms that the Bank will be at liberty to discuss this account and exchange information regarding the Borrower with HSBC Capital (Canada) Inc.

## **SECTION 6**

### **COURT APPROVALS**

It is understood and agreed that this Agreement is strictly subject to and conditional on the occurrence of all of the following, by no later than March 27, 2009:

- (a) the issuance of an Order by the Superior Court of Quebec, Commercial Division, District of Montreal, pursuant to the *Companies Creditors' Arrangement Act*, in the form of the draft order attached hereto as Schedule "A";
- (b) the approval of this Agreement by the Superior Court of Quebec, Commercial Division, District of Montreal;

The Bank expressly reserves its rights to seek any Court Order it may deem required or appropriate during the Initial Order. In the event that any one or all of the foregoing do not occur then the Bank at its option, may cancel this Agreement upon simple written notice to such effect to be given to the Borrowers.

## **SECTION 7**

### **MISCELLANEOUS**

- 7.1 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 7.2 Governing Law and Language. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein. The parties hereto have expressly required that this Agreement be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention soit rédigée en anglais.*
- 7.3 Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- 7.4 Continued Effectiveness. Except as expressly set forth in this Agreement, the terms of the Facility Letter, the Security Documents and the Original Agreement remain unchanged, and all such documents shall remain in full force and effect and are hereby confirmed and ratified.
- 7.5 No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Facility Letter or of any of the Security Documents or, except as expressly provided herein, a waiver by the Bank of any of its rights and remedies under the Facility Letter or the Security Documents, or at law or in equity.
- 7.6 Article 1594 C.C.Q. The Borrower shall be "*en demeure*" by the mere lapse of time for performing its obligations hereunder, as contemplated in Article 1594 of the *Civil Code of Quebec*.
- 7.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties hereto pertaining to the subject matter hereof.

- 7.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 7.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to the Bank, prior to 6:00 p.m. Montreal time on March 25, 2009, this Agreement shall be deemed to be null and void, and the Bank shall not be bound by this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement as of the date first set forth above.

**KOMUNIK CORPORATION**

per:

Name:

Duly authorized pursuant to a  
resolution of the Board of Directors  
dated

**HSBC BANK CANADA**

per:

Name:

Duly authorized

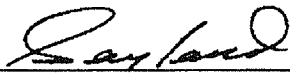
- 7.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 7.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to the Bank, prior to 6:00 p.m. Montreal time on March 25, 2009, this Agreement shall be deemed to be null and void, and the Bank shall not be bound by this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first set forth above.

KOMUNIK CORPORATION

HSBC BANK CANADA

per: \_\_\_\_\_  
Name:  
Duly authorized pursuant to a  
resolution of the Board of Directors  
dated

per:   
Name: \_\_\_\_\_  
Duly authorized **STEPHEN G. WAYLAND**  
ASSISTANT VICE PRESIDENT

**Schedule A**

1. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$35,000,000 granted by DSI in favour of the Bank and registered at the Register of Personal and Movable Real Rights (the “**RPMRR**”) under number 07-0327581-0003;
2. the general security agreement dated June 12, 2007 granted by DSI in favour of the Bank;  
and
3. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$35,000,000 granted by Intra-Media in favour of the Bank and registered at the RPMRR under number 07-0327581-0004.

## FOURTH AMENDMENT TO THE FORBEARANCE AGREEMENT

This Fourth Amendment to the Forbearance Agreement (this “**Agreement**”) is entered into as of March 25, 2009 amongst Komunik Corporation (the “**Borrower**”) and HSBC Capital (Canada) Inc. (“**Capital**”).

### RECITALS

**WHEREAS** the Borrower is a corporation resulting from the statutory arrangement under the provisions of section 192 of the *Canada Business Corporations Act* which effected the acquisition by Komunik Corporation (the “**Predecessor**”) of all of the issued and outstanding common shares of Datamark Systems Group Inc. (“**Group**”) and the amalgamation (the “**Amalgamation**”) of the Predecessor and Group.

**WHEREAS** Capital and the Predecessor entered into a Credit Agreement dated as of June 12, 2007 (“**Credit Agreement**”) with respect to certain credit facilities.

**WHEREAS** by guarantees granted on June 12, 2007 by each of Komunik Datamark Inc. (formerly Datamark Systems Inc./Datamark Systèmes Inc. and hereinafter referred to as “**DSI**”) and Komunik Intermedia Inc. (formerly Les Impressions Intra-Media Inc. and hereinafter referred to as “**Intra-Media**”), DSI and Intra-Media agreed to guarantee the payment of all obligations of the Predecessor to Capital (collectively, the “**Guarantees**”).

**WHEREAS** the obligations of DSI and Intra-Media in favour of Capital, including without limitation the obligations of the Predecessor to Capital payable by each of DSI and Intra-Media under the Guarantees, were secured by the security and hypothecs described in Schedule A hereto (collectively, the “**Schedule A Security**”).

**WHEREAS** Capital has expressed to the Borrower its dissatisfaction in relation to the Borrower’s account and the operating losses being incurred and failure of the Borrower to comply with several of its financial covenants under the Credit Agreement was communicated.

**WHEREAS** the Borrower has incurred losses of approximately \$6.2 million as at April 30, 2008 and \$3.8 million for the seven (7) month period ended November 30, 2008.

**WHEREAS** the Borrower is insolvent and cannot meet its obligations as they generally become due.

**WHEREAS** such defaults and operating losses of the Borrower (“**Existing Defaults**”) are continuing and have not been cured.

**WHEREAS** Capital has advised the Borrower that it wishes to discontinue financing.

**WHEREAS**, Capital has now engaged the services of PricewaterhouseCoopers LLP (“**PWC**” or the “**Consultant**”) to review elements of the Borrower’s business without any intervention thereto or partaking in any managerial decisions of the Borrower.

**WHEREAS** the Borrower has now engaged the services of RSM Richter Inc. ("**Richter**") to advise it in the restructuring.

**WHEREAS** Capital has issued a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* and the Borrower has waived any delay in relation to such notice.

**WHEREAS** the Borrower has sought an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**").

**WHEREAS** the Initial Order was rendered on November 18, 2008 and Richter was appointed as Monitor.

**WHEREAS** the parties have entered into a Forbearance Agreement dated November 17, 2008 (the "**Original Agreement**").

**WHEREAS** the parties have entered into a First Amendment to the Forbearance Agreement dated December 15, 2008 (the "**First Amendment**").

**WHEREAS** the parties have entered into a Second Amendment to the Forbearance Agreement dated January 27, 2009 (the "**Second Amendment**").

**WHEREAS** the parties have entered into a Third Amendment to the Forbearance Agreement dated February 24, 2009 (the "**Third Amendment**").

**WHEREAS** the parties wish to amend the Original Agreement (the Original Agreement, the First Amendment, the Second Amendment, the Third Amendment and this Agreement are together referred to as the "**Forbearance Agreement**") in the manner set forth herein.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **SECTION 1** **INTERPRETATION**

The introductory paragraph and recitals hereof and all schedules attached hereto form an integral part of this Agreement.

All capitalized terms used herein (including in the introductory paragraph and recitals set forth above) and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

## **SECTION 2** **CONFIRMATION OF OBLIGATIONS**

The Borrower acknowledges and agrees that as of the date hereof:

- (a) the Borrower is without right of compensation, offset, defence, or counterclaim with respect to any of the Obligations;

- (b) it is in default by virtue of the Existing Defaults;
- (c) the amount of outstanding loans and advances as at February 24, 2009 due to Capital are as follows:

i	Principal	-	\$3,750,000
ii	Deferred Interest	-	\$321,519.46
iii	Current Interest		<u>\$26,701.41</u>
TOTAL:			\$4,098,220.87

The aforesaid sums are subject to adjustment for items in circulation, fees, costs and accessories.

### **SECTION 3**

#### **ACNOWLEDGEMENTS AND AMENDMENTS**

- 3.1 The reference to "5:00 p.m. Montreal time on March 31, 2009" in item (a) of the definition of "Termination Date", set forth in Section 1 of the Forbearance Agreement to the Forbearance Agreement is hereby extended to 5:00 p.m. Montreal time on May 1, 2009.
- 3.2 Except as specifically provided herein, all other terms and conditions of the Forbearance Agreement shall remain in full force and effect;

### **SECTION 4**

#### **REPRESENTATIONS AND WARRANTIES**

In consideration of the limited agreement of Capital to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby represents and warrants to Capital, as at the date hereof as follows:

- 4.1 The Borrower has made full disclosure to Capital of all existing defaults and all other disclosures as is required under the Credit Agreement, the Security Documents and the Original Agreement;
- 4.2 The execution, delivery and performance of this Agreement by the Borrower is within such person's power and have been duly authorized by all necessary action.
- 4.3 This Agreement constitutes a valid and legally binding agreement enforceable against the Borrower, in accordance with its terms subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.
- 4.4 The Credit Agreement, the Security Documents and this Agreement constitute valid and legally binding obligations of the Borrower enforceable in accordance with the terms



thereof subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.

**SECTION 5**  
**COVENANTS OF THE BORROWER**

In order to induce Capital to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby covenants and agrees with Capital as follows:

- 5.1 Except as for Existing Defaults, the Borrower shall continue to perform and observe all terms and conditions contained in the Credit Agreement, the Security Documents and this Agreement and particularly but without restriction to the generality of that which precedes there shall be no default of the margin requirements contained in the Credit Agreement.
- 5.2 The Borrower shall deliver to Capital in a timely fashion each of the following items in form and substance acceptable to Capital:
  - (a) upon Capital's request, forecasts, reports and financial information, as may be specified by Capital from time to time;
  - (b) by no later than the end of business day on Friday of each week, the updated Weekly Cash Flow Projections for a thirteen (13) week period, beginning on the previous Monday;
- 5.3 The Borrower and Richter shall fully collaborate with PWC for the Monitoring and PWC shall have unrestricted access to the information required, the personnel of the Borrower and of Richter and to the reports prepared or being prepared by Richter. Likely, The Borrower and Richter will co-operate with PWC and allow PWC to continue ongoing monitoring of borrowing base and the Borrower's financial progress measured against the first Weekly Cash Flow Projection with periodic reports to Capital as requested by Capital.
- 5.4 On each Thursday (based on the close of business of the preceding Friday) an aged list of the Borrower's accounts receivable (including the name and address of each debtor and the amount owing by such debtor) and estimate of the inventory and the margining base calculation.
- 5.6 The Borrower shall reimburse Capital for all costs and expenses incurred by Capital in connection with the negotiation, preparation and enforcement of this Agreement, in connection with the management of the Borrower's account (including, without limitation, Capital's fees and expenses, Capital's attorneys' and Consultant's reasonable fees and expenses), as well as the enforcement and protection of its rights pursuant to the Credit Agreement, the Security Documents, this Agreement or otherwise and Capital is hereby authorized to debit the Borrower's account to pay all said fees and expenses.
- 5.7 The Borrower undertakes to operate its business in a manner that will allow it to cure the Defaults (including any Existing Default). However, such tolerance by Capital is subject

to the condition that the charges created by the Security Documents do legally and factually charge all the assets described therein in order to guarantee the repayment of all Obligations of the Borrower to Capital.

- 5.8 The Borrower undertakes to meet the margin projections shown in the cash-flow attached.
- 5.9 The Borrower, with the assistance of the Monitor, shall complete the transaction described in this Agreement of Purchase and Sale dated as of the 19<sup>th</sup> day of February 2009 with 4488385 Canada Inc. (the “**Transaction**”), accepted by the Borrower on February 20<sup>th</sup>, 2009. In particular, the Borrower shall meet and respect each and every of the delays set forth for the Transaction. Again, the process and documentation have to be agreed upon by the Bank.
- 5.10 If any of the delays set forth in paragraph 5.9 hereinabove are not met to the satisfaction of Capital, or if it appears that the purchase price will not be sufficient to repay in full the Obligations of the Borrower to Capital, then Capital may choose to terminate the Forbearance Agreement without any further notice or delay.
- 5.11 The Borrower acknowledges that no transaction can be completed without the prior written consent of Capital.
- 5.13 In addition, Richter, as Court-appointed Monitor pursuant to the Initial Order, shall monitor and review the receipts and disbursements of the Borrower, on a daily basis and shall report to Capital and PWC.
- 5.14 Subject to the Administration Charge and the Director’s Charge, Capital shall continue to be an unaffected and an excluded creditor for all intent and purposes and for any and all of the indebtedness and Obligations of the Borrower to the Bank;
- 5.15 The Borrower reaffirms that Capital will be at liberty to discuss this account and exchange information regarding the Borrower with HSBC Bank Canada.

## **SECTION 6** **COURT APPROVALS**

It is understood and agreed that this Agreement is strictly subject to and conditional on the occurrence of all of the following, by no later than March 27, 2009:

- (a) the issuance of an Initial Order by the Superior Court of Quebec, Commercial Division, District of Montreal, pursuant to the *Companies Creditors’ Arrangement Act*, in the form of the draft order attached hereto as Schedule “A”;

- (b) the approval of this Agreement by the Superior Court of Quebec, Commercial Division, District of Montreal;

Capital expressly reserves its rights to seek any Court Order it may deem required or appropriate during the Initial Order. In the event that any one or all of the foregoing do not occur then Capital at its option, may cancel this Agreement upon simple written notice to such effect to be given to the Borrowers.

## SECTION 7 MISCELLANEOUS

- 8.1 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 8.2 Governing Law and Language. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein. The parties hereto have expressly required that this Agreement be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention soit rédigée en anglais.*
- 8.3 Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- 8.4 Continued Effectiveness. Except as expressly set forth in this Agreement, the terms of the Credit Agreement, the Security Documents and the Original Agreement remain unchanged, and all such documents shall remain in full force and effect and are hereby confirmed and ratified.
- 8.5 No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Credit Agreement or of any of the Security Documents or, except as expressly provided herein, a waiver by Capital of any of its rights and remedies under the Credit Agreement or the Security Documents, or at law or in equity.

- 8.6 Article 1594 C.C.Q. The Borrower shall be “*en demeure*” by the mere lapse of time for performing its obligations hereunder, as contemplated in Article 1594 of the *Civil Code of Quebec*.
- 8.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties hereto pertaining to the subject matter hereof.
- 8.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 8.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to Capital, prior to 6:00 p.m. Montreal time on March 25, 2009, this Agreement shall be deemed to be null and void, and Capital shall not be bound by this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first set forth above.

KOMUNIK CORPORATION

per:

Name:

Duly authorized pursuant to a  
resolution of the Board of Directors  
dated

HSBC CAPITAL (CANADA) INC.

per:

Name:

Duly authorized

per:

Name:

Duly authorized

- 8.6 Article 1594 C.C.Q. The Borrower shall be "*en demeure*" by the mere lapse of time for performing its obligations hereunder, as contemplated in Article 1594 of the *Civil Code of Quebec*.
- 8.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties hereto pertaining to the subject matter hereof.
- 8.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 8.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to Capital, prior to 6:00 p.m. Montreal time on March 25, 2009, this Agreement shall be deemed to be null and void, and Capital shall not be bound by this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement as of the date first set forth above.

**KOMUNIK CORPORATION**

per: \_\_\_\_\_

Name:  
Duly authorized pursuant to a  
resolution of the Board of Directors  
dated

**HSBC CAPITAL (CANADA) INC.**

per: \_\_\_\_\_

Name:  
Duly authorized

per: \_\_\_\_\_

Name: *L. Wilson*  
Duly authorized

Komunik Corporation

**Cash Flow Forecast**

For the period April 1, 2009 to May 1, 2009

(C\$, 000's)

	Total
<u>Cash Receipts</u>	
Proceeds from Sale of Komunik (note 1)	17,500
Total Cash Receipts	<u>17,500</u>
<u>Cash Disbursements</u>	
Direct Material and Labour	1,000
Selling	250
Administration	500
Total Operating Disbursements	<u>1,750</u>
Net Cash Flow Before the Undernoted Items	15,750
 Vacation Pay	 250
Restructuring Costs	900
Net Cash Flow	<u><u>14,600</u></u>

Note:

1. Prior to a working capital adjustment.

SCHEDULE "A"

**REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS (THE "REGISTER")**

From January 1, 1994 (the date on which the Register became operational) to January 23, 2009 at 2:00 p.m.:

NAMES AGAINST WHICH SEARCHES WERE CONDUCTED:

- KOMUNIK DATAMARK INC.
- DATAMARK SYSTEMS INC.
- DATAMARK SYSTEMES INC.
- LANCASTER DATAMARK INC.
- SYSTEMS BUSINESS FORMS LIMITED
- FORMULAIRES D'AFFAIRES SYSTEMS LIMITEE
- KOMUNIK INTRAMEDIA INC.
- LES IMPRESSIONS INTRA-MEDIA INC.
- COMPOSITION PDL INC.
- GROUPE INTRA-MEDIA INC.
- 3368564 CANADA INC.
- KOMUNIK CORPORATION
- CORPORATION KOMUNIK
- DATAMARK SYSTEMS GROUP INC.
- GROUPE DATAMARK SYSTEMS INC.
- DATAMARK INC.
- COMMUNICATIONS INTERNET SEGMENT OF ONE INC.
- SEGMENT OF ONE INTERNET COMMUNICATIONS INC.

## MOVABLE HYPOTHECS ONLY

WITH RESPECT TO KOMUNIK DATAMARK INC.:

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
1) -	Conventional hypothec without delivery  08-0127771-0003 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Datamark Inc.	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name.	



WITH RESPECT TO DATAMARK SYSTEMS INC. / DATAMARK SYSTEMES INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
2) -	Conventional hypothec without delivery 04-0272611-0001 May 11, 2004 Deed executed under private signature on May 11, 2004	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
3) -	Conventional hypothec without delivery 04-0436870-0001 July 23, 2004 Deed executed under private signature on July 7, 2004	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International group together with all renewals or replacements thereof.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
4) -	Conventional hypothec without delivery  06-0170413-0001 March 31, 2006  Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Datamark Systems Inc.	\$12,000,000  20% per annum	All term deposits and amounts deposited in Datamark Systems Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001 - 143638. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions therefore and accretions thereto as well as all amounts which may be held in any account replacing the account bearing number 001 - 143638.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
5) -	Conventional hypothec without delivery 07-0327581-0003 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATION:</b>		• Change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.			
6) -	Conventional hypothec without delivery 07-0327587-0003 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Datamark Systems Inc. / Datamark Systèmes Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Datamark Systems Inc. / Datamark Systèmes Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATION:</b>		• Change of name registered on February 19, 2008 under number 08-0087896-0001 from Datamark Systems Inc. / Datamark Systèmes Inc to Komunik Datamark Inc.			

WITH RESPECT TO LANCASTER DATAMARK INC. :

Nil.

WITH RESPECT TO SYSTEMS BUSINESS FORMS LIMITED / FORMULAIRES D'AFFAIRES SYSTEMS LIMITEE :

Nil.

Our searches also revealed the existence of the following registrations made against the similar name "SYSTEMS BUSINESS FORMS INC.". Please note that no independent searches have been conducted under such names.

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
7) -	Conventional hypothec without delivery 07-0327581-0005 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada  <b>Grantor :</b> Systems Business Forms Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
8) -	Conventional hypothec without delivery 07-0327587-0005 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société de Capital HSBC (Canada) Inc.  <b>Grantor :</b> Systems Business Forms Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Systems Business Forms Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	

WITH RESPECT TO KOMUNIK INTRAMEDIA INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
9) -	Conventional hypothec without delivery 08-0067195-0004 February 7, 2008  Deed executed under private signature on January 18, 2008	February 7, 2018	<b>Holder:</b> La Compagnie D'assurances Jevco  <b>Grantor:</b> Komunik Intramédia Inc.	\$5,000,000  National Bank of Canada Prime rate + 2% per annum	The universality of claims held by the Grantor against third parties. All rights resulting from insurance contracts relating directly or indirectly to the guaranteed contracts. All of the equipment, tools, materials, work in progress, licenses, royalties, trademarks, software, computers, disks, diskettes and files of the Grantor required in the opinion of the Holder for the execution of the guaranteed contracts	
10) -	Conventional hypothec without delivery 08-0127771-0005 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Intramédia Inc. / Komunik Intramédia Inc.	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the customer now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the customer's accounts with any branch of the bank as they appear in the books of the bank; the principal and interest thereon and any	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
					renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the customer's accounts at any branch of the bank that have been opened in the customer's name.	
11) -	Conventional hypothec without delivery 08-0367005-0001 June 23, 2008 Deed executed under private signature	June 23, 2013	<b>Holder:</b> Fujifilm Canada Inc.  <b>Grantor:</b> Komunik Intramédia Inc.	\$15,100.00	The equipment specifically described in the search transcript of the present registration.	
12) -	Conventional hypothec without delivery 08-0650792-0006 November 12, 2008 Deed executed under private signature	November 11, 2013	<b>Holder:</b> Fujifilm Canada Inc.  <b>Grantor:</b> Komunik Intramédia Inc.	\$33,413.82	The equipment specifically described in the search transcript of the present registration.	

WITH RESPECT TO LES IMPRESSIONS INTRA-MEDIA INC.:

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
13) -	Conventional hypothec without delivery  04-0272611-0009 May 11, 2004  Deed executed under private signature on May 11, 2004  <b>ANCILLARY REGISTRATION:</b>	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
			<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>			
14) -	Conventional hypothec without delivery  04-0436870-0002 July 23, 2004  Deed executed under private signature on July 7, 2004  <b>ANCILLARY REGISTRATION:</b>	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.	
			<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>			

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
15) -	Conventional hypothec without delivery 06-0170413-0007 March 31, 2006 Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$2,000,000  20% per annum	All term deposits and amounts deposited in Les Impressions Intra-Media Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143646. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions thereto and all amounts which may be held in any account replacing the account bearing number 001- 143646.	
	<b>ANCILLARY REGISTRATION:</b>	<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>				



	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
16) -	Conventional hypothec without delivery 07-0327581-0004 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
	<b>ANCILLARY REGISTRATIONS:</b>					
			<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc.;</li> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0727611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>			
17) -	Conventional hypothec without delivery 07-0327587-0004 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc.  <b>Grantor:</b> Les Impressions Intra-Media Inc.	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Les Impressions Intra-Media Inc., present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	ANCILLARY REGISTRATIONS:					
		<ul style="list-style-type: none"> <li>Change of name registered on February 19, 2008 under number 08-0087896-0002 from Les Impressions Intra-Media Inc. to Komunik Intramedia Inc.;</li> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>				
18) -	Conventional hypothec without delivery 07-0588803-0001 October 15, 2007  Deed executed under private signature on October 12, 2007	October 12, 2017	<b>Holder:</b> Financement d'équipement GE Canada S.E.N.C.  <b>Grantor:</b> Les Impressions Intra-Média Inc.	\$480,000  <i>(including an additional hypothec of 20%)</i>  24% per annum	The equipment specifically described in the search transcript of the present registration and all parts and rights relating thereto.	
	ANCILLARY REGISTRATION:					
		<ul style="list-style-type: none"> <li>Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>).</li> </ul>				

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
19) -	Conventional hypothec without delivery 07-0588804-0001 October 15, 2007  Deed executed under private signature on	October 12, 2017	<b>Holder:</b> Financement d'équipement GE Canada S.E.N.C.  <b>Grantor:</b> Les Impressions Intra-Média Inc.* Komunik Intramédia Inc. / Komunik Intramédia Inc.	\$131,682  <i>(including an additional hypothec of 20%)</i>  24% per annum	The equipment specifically described in the search transcript of the present registration and all parts and rights relating thereto.	
	<b>ANCILLARY REGISTRATIONS:</b>		<ul style="list-style-type: none"> <li>• Cession of rank registered on December 17, 2008 under number 08-0716634-0001 by HSBC Bank Canada / Banque HSBC Canada and HSBC Capital (Canada) Inc. / Société De Capital HSBC (Canada) Inc. in favour of Financement d'Équipement GE Canada S.E.N.C. (Re: <i>hypothecs 04-0272611-0009, 04-0436870-0002, 06-0170413-0007, 07-0327581-0004, 07-0327587-0004, 07-0588803-0001 and 07-0588804-0001</i>);</li> <li>• *Rectification registered on February 6, 2008 under number 08-0062092-0001 correcting the name of the Grantor from Les Impressions Intra-Média Inc. to Komunik Intramédia Inc. / Komunik Intramédia Inc.</li> </ul>			

WITH RESPECT TO COMPOSITION PDL INC.:

Nil.

WITH RESPECT TO GROUPE INTRA-MEDIA INC.:

Nil.

WITH RESPECT TO 3368564 CANADA INC.:

Nil.

WITH RESPECT TO KOMUNIK CORPORATION / CORPORATION KOMUNIK :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
20) -	Conventional hypothec without delivery 03-0234949-0002 May 13, 2003  Deed executed before François Forget, Notary, on May 12, 2003	May 12, 2013	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor :</b> Komunik Corporation / Corporation Komunik	\$120,000  <i>(including an additional hypothec of \$20,000)</i>  25% per annum	The universality of all of the movable property of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal.	
	<b>ANCILLARY REGISTRATION:</b>		<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002</i>).</li> </ul>			
21) -	Conventional hypothec without delivery 04-0639743-0001 November 4, 2004  Deed executed before David Dolan, Notary, on November 2, 2004	November 2, 2014	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor:</b> DDM Technologies Inc.  <b>Purchaser :</b> Komunik Corp.	\$162,000  <i>(including an additional hypothec of 20%)</i>  25% per annum	The universality of the production equipment, machineries, tools, vehicles, patents of DDM Technologies Inc., present and future, wheresoever situated.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	ANCILLARY REGISTRATIONS:	<ul style="list-style-type: none"> <li>Assumption of a movable hypothec registered on September 7, 2005 under number 05-0514261-0001 by Komunik Corp., purchaser of the property above described.</li> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002</i>).</li> </ul>				
22) -	Conventional hypothec without delivery  05-0036582-0002 January 25, 2005  Deed executed before François Forget, Notary, on January 25, 2005	November 22, 2014	<b>Holder:</b> Banque de Développement du Canada  <b>Grantor :</b> Komunik Corporation / Corporation Komunik	\$120,000  <i>(including an additional hypothec of \$20,000)</i>  25% per annum	All equipment, machineries, computing equipment, the furniture and the software now owned by the Grantor and all movable to be acquired in virtue of the present project.	
	ANCILLARY REGISTRATION:	<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002</i>).</li> </ul>				

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
23) -	Conventional hypothec without delivery  07-0327581-0001 June 8, 2007  Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> Banque HSBC Canada / HSBC Bank Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000  25% per annum	The term deposits in the name of the Grantor in the books of Banque HSBC Canada / HSBC Bank Canada from time to time, the principal and interest thereon and any renewals or replacements thereof, substitutions thereof and accretions thereto;  All present and future credit balances opened in the name of the Grantor at Banque HSBC Canada / HSBC Bank Canada, and any account replacing same.	
	<b>ANCILLARY REGISTRATION:</b>		<ul style="list-style-type: none"><li>• Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Kommunik Corporation / Corporation Kommunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecks 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002</i>).</li></ul>			

SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
24) - Conventional hypothec without delivery 07-0327581-0002 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> Banque HSBC Canada / HSBC Bank Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	
<b>ANCILLARY REGISTRATION:</b>		<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypothecs 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002</i>).</li> </ul>			
25) - Conventional hypothec without delivery 07-0327587-0002 June 8, 2007 Deed executed under private signature on June 8, 2007	June 8, 2017	<b>Holder:</b> HSBC Capital (Canada) Inc. / Société de Capital HSBC (Canada) Inc.  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$6,300,000  <i>(plus an additional hypothec of 20%)</i>  25% per annum	The universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
	ANCILLARY REGISTRATION:					
						<ul style="list-style-type: none"> <li>Cession of rank registered on June 12, 2007 under number 07-0333966-0001 by Banque de Développement du Canada in favour of Banque HSBC Canada / HSBC Bank Canada and Société de Capital HSBC (Canada) inc. / HSBC Capital (Canada) Inc. with respect to the universality of all of the movable property, rights and assets of Komunik Corporation / Corporation Komunik except the following equipment: Mallstar 500-C8 (Insert) and Strapping Machine 4020165. (re: <i>hypotheques</i> 03-0234949-0002, 04-0639743-0001, 05-0036582-0002, 07-0327581-0001, 07-0327581-0002 and 07-0327587-0002).</li> </ul>
26) -	Conventional hypothec with delivery 07-0363714-0001 June 26, 2007  Deed executed under private signature on June 12, 2007	June 26, 2017	<b>Holder:</b> HSBC Bank Canada / Banque HSBC Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000  20% per annum	The Pledged Securities and all certificates and instruments evidencing or representing such securities.  Pledged Securities means: <ul style="list-style-type: none"> <li>600 Class A Shares issued by Datamark Systems Inc./ Datamark Systèmes Inc. bearing certificate number A 2;</li> <li>1,820,000 Class AA Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 4AA;</li> <li>780,000 Class A Shares issued by Les Impressions Intra-Média Inc. bearing certificate number 9A.</li> </ul>	



	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
27) -	Conventional hypothec without delivery  08-0067195-0003 February 7, 2008  Deed executed under private signature on January 18, 2008	February 7, 2018	<b>Holder:</b> La Compagnie d'Assurance Jevco  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$5,000,000  National Bank of Canada Prime rate + 2% per annum	The universality of claims held by the Grantor against third parties. All rights resulting from insurance contracts relating directly or indirectly to the guaranteed contracts. All of the equipment, tools, materials, work in progress, licenses, royalties, trademarks, software, computers, disks, diskettes and files of the Grantor required in the opinion of the Holder for the execution of the guaranteed contracts.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
28) -	Conventional hypothec without delivery  08-0127771-0001 March 11, 2008  Deed executed under private signature on November 30, 2007	November 30, 2017	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Komunik Corporation / Corporation Komunik	\$35,000,000	As a universality, all monies, cash, foreign currencies and credits in which the Grantor now or hereafter has an interest; and (a) the term deposits in the amounts and with the maturities held in the Grantor's accounts with any branch of the Bank as they appear in the books of the Bank; the principal and interest thereon and any renewals or replacements thereof, substitutions therefore and accretions thereto; (b) the Grantor's accounts at any branch of the Bank that have been opened in the Grantor's name.	

WITH RESPECT TO DATAMARK SYSTEMS GROUP INC. / GROUPE DATAMARK SYSTEMS INC. :

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
29) -	Conventional hypothec without delivery  04-0272611-0005 May 11, 2004  Deed executed under private signature on May 11, 2004	May 11, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Group Inc./Groupe Datamark Systems Inc.	\$36,000,000  <i>(including an additional hypothec of \$6,000,000)</i>  25% per annum	The universality of the Grantor's present and future movable property.	
30) -	Conventional hypothec without delivery  04-0436870-0003 July 23, 2004  Deed executed under private signature on July 7, 2004	July 22, 2014	<b>Holder:</b> HSBC Bank Canada  <b>Grantor:</b> Datamark Systems Group Inc./Groupe Datamark Systems Inc.	\$20,000,000  25% per annum	All sums payable under the insurance policy number 250 45 98 issued by AIG, American International Group together with all renewals or replacements thereof.	

	SECURITY / REGISTRATION NO. & DATE / ORIGIN	EXTREME DATE OF EFFECT	PARTIES	AMOUNT / INTEREST	DESCRIPTION OF COLLATERAL (SUMMARY):	OTHER MENTIONS / NOTES
31) -	Conventional hypothec without delivery  06-0170413-0005 March 31, 2006  Deed executed under private signature on August 3, 2005	August 3, 2015	<b>Holder:</b> Banque HSBC Canada  <b>Grantor:</b> Datamark Systems Group Inc.	\$12,000,000  20% per annum	All terms deposits and amounts deposited in Datamark Systems Group Inc.'s account held at the branch of the bank situated at 2001 McGill College, Montreal, Quebec, said account bearing number 001-143611. The hypothec charges any such deposits in principal and interest and any renewals or replacements thereof, substitutions thereto and accretions thereto as well as all amounts which may be held in any account bearing number 001-143611.	

WITH RESPECT TO DATAMARK INC.:

Nil.

WITH RESPECT TO COMMUNICATIONS INTERNET SEGMENT OF ONE INC. / SEGMENT OF ONE INTERNET COMMUNICATIONS INC.:

Nil.

The whole as more fully described in the search transcripts of such registrations.

**BANK OF CANADA, DIVISION OF QUEBEC**

The search certificates issued by the Corporate Research and Analysis Centre Ltd. for and on behalf of Bank of Canada, Division of Quebec, for notices of intention to give security under Section 427 of the Bank Act, Canada, revealed that, as of January 23, 2009 at 1:30 p.m. (Pacific time) the records indicate the following registrations in relation to the above mentioned names:

- Notice of intention granted by Les Impressions Intra-Média Inc. in favour of HSBC Bank Canada on April 29, 2004 under number 01157278.  
**Expiry Date: December 31, 2009**
- Notice of intention granted by Komunik Corporation / Corporation Komunik in favour of HSBC Bank Canada on June 7, 2007 under number 01213028.  
**Expiry Date: December 31, 2012**
- Notice of intention granted by Datamark Systems Group Inc. / Groupe Datamark Systems Inc. in favour of HSBC Bank Canada on April 29, 2004 under number 01157277.  
**Expiry Date: December 31, 2009**

\* \* \* \* \*