

CANADA
Province of Québec
District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-039827-106
Estate No.: 41-342660

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

Final Report and Statement of Accounts of the Receiver
(Subsection 246(3) and Rule 127 of the Bankruptcy and Insolvency Act)

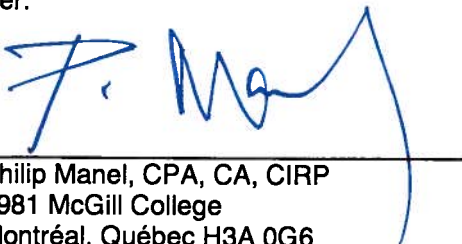
**In the Matter of the Receivership of
Patella Manufacturing Inc.
Of the City of LaSalle
In the Province of Quebec**

The receiver gives notice and declares that:

1. On November 3, 2010, we, Richter Advisory Group Inc. (formerly known as RSM Richter Inc.) ("Richter") were appointed the Receiver and took possession and control in respect of the property of Patella Manufacturing Inc., an insolvent person.
2. On November 10, 2010, Richter, in its quality as Receiver of Patella, caused Patella to file an assignment in Bankruptcy under section 49 of the Bankruptcy and Insolvency Act ("BIA") and Richter was duly appointed Trustee of the Bankrupt.
3. On November 12, 2010, the Receiver sent its Statement in accordance with s. 246(1) of the BIA and on May 24, 2011, November 22, 2011, May 28, 2012, and December 3, 2012, the Receiver filed its Interim Reports in accordance with s. 246(2) of the BIA.
4. The realization of assets is completed and failed to repay in full the secured creditors, HSBC Bank Canada and GE Capital.
5. The Receiver's Final Statement of Receipts and Disbursements dated July 4, 2013 is attached hereto.

Dated at Montréal, Province of Québec, on July 18, 2013.

Richter Advisory Group Inc. - Receiver
(Formerly RSM Richter Inc.)
Per:



Philip Manel, CPA, CA, CIRP
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IN THE MATTER OF THE RECEIVERSHIP OF PATELLA MANUFACTURING INC. (the "COMPANY"), a body politic and corporate, duly incorporated according to law and having its head office and principal place of business at 161 Stirling, LaSalle QC, H8R 3P3

RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (NOTE 1)

RECEIPTS

1. a) Collection of accounts receivable	\$ 1 956 823,46	
b) Sale of assets "en bloc" (Note 2)	690 000,50	
c) Sale of raw materials	72 500,00	\$ 2 719 323,96
2. Government refund (prior to receivership)		
a) GST	35 817,08	
b) QST	45 832,53	81 649,61
3. Other revenues		
a) Settlement with other Patella entities (Note 3)		1 557 157,30
4. Taxes		
a) GST recovery	43 125,00	
b) QST recovery	55 125,00	
c) GST reimbursement	18 627,83	
d) QST reimbursement	59 450,91	176 328,74
5. Miscellaneous receipts		
a) Miscellaneous receipts	28 908,90	
b) Interest allocation	20 977,34	
c) Petty cash	432,01	
d) Miscellaneous refunds/deposits/charges	22 653,45	72 971,70
TOTAL RECEIPTS		4 607 431,31

DISBURSEMENTS

6. Fees paid to registrar		70,00
7. Premium insurance		2 503,50
8. Operating and/or realization costs		
a) Wages	33 334,85	
b) DAS - federal	10 488,84	
c) DAS - provincial	10 492,81	
d) Employees expenses	768,24	
e) Occupation rent	66 000,00	
f) Utilities	66 982,55	
g) Repairs and maintenance	3 180,00	
h) Transport	1 363,53	
i) Alarm systems	456,34	
j) Telephone	2 989,90	
k) Other	1 403,74	197 460,80
9. Miscellaneous		
a) Bank charges	505,88	
b) Stenographer fees	1 680,20	
c) Courier	562,52	
d) Storage books and records	3 290,25	
e) Other professional fees	3 544,99	
f) Security and safeguard measures	72 844,59	
g) Other	3 554,71	85 983,14
10. Transfers to Trustee bank account		15 654,52
11. Trustee's remuneration		374 675,94
TOTAL DISBURSEMENTS BEFORE TAXES, PROFESSIONAL FEES AND DISTRIBUTION		676 347,90

**IN THE MATTER OF THE RECEIVERSHIP OF PATELLA MANUFACTURING INC.
RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS**

12. Taxes		
a) GST paid	51 443,33	
b) QST paid	88 197,14	
c) GST remittance	43 125,00	
d) QST remittance	<u>26 378,77</u>	209 144,24
13. Receiver's fees		<u>430 368,46</u>
TOTAL DISBURSEMENTS BEFORE DISTRIBUTION		1 315 860,60
14. Service Canada Claim (Note 4)		140 494,55
15. Payments to secured lenders		
a) Remittance to HSBC (Note 5)		3 059 946,34
b) Remittance to GE		89 000,00
c) Remittance to Alley Credit Canada		<u>2 129,82</u>
TOTAL DISBURSEMENTS		<u>4 607 431,31</u>
BALANCE AVAILABLE FOR UNSECURED CREDITORS		<u>-</u>

Note 1: On November 3, 2010, pursuant to a motion filed by HSBC Bank Canada ("HSBC"), the primary secured lender, the Quebec Superior Court appointed Richter Advisory Group Inc. (formerly doing business under the name RSM Richter Inc.) ("Richter") Receiver to the assets of Patella Manufacturing Inc. ("Patella"), which shares are owned 100% by 3476600 Canada Inc.

Subsequently, on November 10, 2010, Richter, in its quality as Receiver of Patella, caused Patella to file an assignment in Bankruptcy under Section 49 of the *Bankruptcy and Insolvency Act* ("BIA") and Richter was duly appointed Trustee of the Bankrupt.

Note 2: On December 15, 2010, HSBC filed a Motion Seeking the Authorization to Sell Property of the Debtor and the Issuance of a Vesting Order, in accordance with Section 243 of the *BIA*.

On December 16, 2010 a Court Order was granted authorizing the Receiver to sell the assets of the Debtor to Maynards Industries Inc.

Note 3: In order to obtain value for the US intercompany accounts receivable, the Receiver has entered into various settlements agreements with representatives of the Patella US subsidiaries.

Note 4: Secured claim under Section 81.4 of the *BIA* pursuant to the *Wage Earner Protection Program Act*.

Note 5: Distribution to HSBC in partial satisfaction of its secured advances to the Company.

July 4, 2013

Date

Richter Advisory Group Inc.
(Formerly RSM Richter Inc.)
Receiver

Philip Manel, CPA, CA, CIRP