

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO.: 500-11-
ESTATE NO.: 41-

SUPERIOR COURT
Commercial Division
"In Matters of Bankruptcy and Insolvency"

IN THE MATTER OF THE PROPOSAL OF Serico-Impro Inc., an insolvent corporation duly incorporated according to law, having its head office at 10550 Secant Street, in the City of Montréal, Province of Québec, H1J 1S3.

PROPOSAL

We, Serico-Impro Inc. (the "**Debtor**") hereby submit the following proposal under the *Bankruptcy and Insolvency Act*:

1. **Definitions:** For all purposes relating to the present proposal, the following terms shall have the following meanings:
 - 1.1 "**Act**": The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - 1.2 "**Approval Hearing**": the date of presentation of an application to the Court for the approval of the Proposal, being April 11, 2016;
 - 1.3 "**Cash Consideration**": means a total amount of \$125,000.00 to be paid to the Trustee by the Debtor and by Plastic Decorators Inc. 90 days following the approval of the Proposal by the Court. For greater certainty, there will be only one common Cash Consideration paid by the Debtor and by Plastic Decorators Inc. for both the Proposal and the Plastic Decorators Proposal;
 - 1.4 "**Court**": The Commercial Division of the Québec Superior Court for the District of Montréal;
 - 1.5 "**Creditors' Committee**": A committee of up to five individuals to be named by the creditors at the general meeting of creditors called to consider the Proposal;
 - 1.6 "**Crown Claims**": For all purposes herein, Crown Claims shall be limited to the claims of Her Majesty in right of Canada or of a province described in subsection 60(1.1) of the Act that were outstanding on the Date of the Proposal, and "**Crown Claim**" means any of them;
 - 1.7 "**Date of the Proposal**": For all purposes herein, the Date of the Proposal shall be deemed to be February 18, 2016;
 - 1.8 "**Employee Claims**": All amounts that employees or former employees would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Date of the Proposal, and "**Employee Claim**" means any of them;

- 1.9 **"Landlords"**: All persons of whom the Debtor was a commercial tenant under a lease of real property, as acknowledged by the Debtor, and **"Landlord"** means any of them;
- 1.10 **"Landlord Claims"**: The Ordinary Unsecured Claims of the Landlords for the actual losses resulting from the disclaimers of leases in accordance with section 65.2(4)b) of the Act, which claims shall be treated as Ordinary Unsecured Claims in accordance with section 65.2(5) of the Act, and **"Landlord Claim"** means any of them;
- 1.11 **"Ordinary Unsecured Claims"**: The claims other than Secured Claims, Employee Claims, Crown Claims and Preferred Claims. For greater certainty, but without limiting the generality of the foregoing, the Ordinary Unsecured Claims shall include claims of any kind whatsoever, whether due or not for payment as at the Date of the Proposal, including contingent and unliquidated claims (once quantified) arising out of any transaction entered into by the Debtor prior to the Date of the Proposal as well as any Restructuring Claim. Furthermore, the Ordinary Unsecured Claims shall include claims for a breach of an obligation contracted before the Date of the Proposal, regardless of the date of the breach, to the extent that such breach occurred prior to the Date of the Proposal, and **"Ordinary Unsecured Claim"** means any of them;
- 1.12 **"Ordinary Unsecured Creditors"**: All persons having an Ordinary Unsecured Claim including, for greater certainty but without limiting the generality of the foregoing, the Related Creditors, and **"Ordinary Unsecured Creditor"** means any of them;
- 1.13 **"Plastic Decorators Proposal"**: The proposal made by Plastic Decorators Inc. pursuant to the Act as well as any amendment thereto;
- 1.14 **"Preferred Claims"**: The claims described in paragraphs 136(1)(a) to 136(1)(j) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding the Employee Claims, and **"Preferred Claim"** means any of them;
- 1.15 **"Preferred Creditors"**: All persons having a Preferred Claim, and **"Preferred Creditor"** means any of them;
- 1.16 **"Professional Fees"**: The proper fees, expenses, liabilities and obligations of the Trustee and all legal fees, accounting fees and consulting fees pertaining to the Debtor incurred since the Date of the Proposal;
- 1.17 **"Proposal"**: This proposal made pursuant to the Act as well as any amendment thereto, which amendments may be made at any time prior to a vote by the creditors on the Proposal, or by the Court at the time of approval of the Proposal;
- 1.18 **"Proven Claim"**: Any claim for which a proof of claim is filed with the Trustee in accordance with section 124 of the Act and that is proven in accordance with section 135 of the Act;

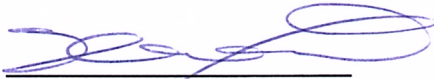
- 1.19 **“Related Creditors”**: Goren Holdings Inc. and Jamie Goren , and **“Related Creditor”** means any of them;
- 1.20 **“Restructuring Claim”**: Any right of any person against the Debtor in connection with any indebtedness, liability or obligation of any kind owed to such person arising out of the restructuring, the disclaimer or the termination of any contract, lease, employment agreement, collective agreement or any other agreement, whether written or oral, after the Date of the Proposal, including any right of any person who receives a notice of repudiation or termination from the Debtor. Without limiting the generality of the foregoing, a Restructuring Claim shall include the claim of a Landlord whose lease has been disclaimed or terminated, the claim of an employee whose employment has been terminated after the Date of the Proposal and the claim of any tax authority related directly or indirectly to the acceptance or the approval of the Proposal;
- 1.21 **“Secured Claims”**: The claims of the Secured Creditors, and **“Secured Claim”** means any of them;
- 1.22 **“Secured Creditors”**: As defined in section 2 of the Act, and **“Secured Creditor”** means any of them;
- 1.23 **“Trustee”**: Richter Advisory Group Inc., a licensed trustee, having a place of business at 1981, McGill College Avenue, 11th floor, in the City of Montréal, Province of Québec, H3A 0G6.
2. **Condition**: The Proposal is conditional upon the acceptance by its creditors of the Plastic Decorators Proposal and to the approval thereof by the Court by no later than the date of the Approval Hearing.
- In the event of the non-occurrence and/or unfulfillment of this condition, the Proposal shall become null, void and inoperative for all intents and purposes. This condition shall inure solely to the benefit of the Debtor and may be extended, varied or waived by the Debtor in its absolute discretion.
3. **Employee Claims**: Employee Claims, if any, will be paid in full, immediately after the approval of the Proposal by the Court.
4. **Crown Claims**: Crown Claims shall be paid in full, within six months of the approval of the Proposal by the Court, or as may otherwise be arranged with the Crown.
5. **Professional Fees**: All Professional Fees, to the extent not already paid by the Debtor in the normal course of business, shall be paid in priority to the Preferred Claims and Ordinary Unsecured Claims.
6. **Secured Claims**: Secured Creditors shall be paid in accordance with the terms of the existing contracts, or as may otherwise be arranged with the Secured Creditors. For greater certainty, the Proposal is not addressed to the Secured Creditors and they shall not be bound by the Proposal in respect of their Secured Claim.

7. **Subsequent Claims:** The claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Date of the Proposal, if any, shall be paid in full by the Debtor in the normal course of business, and on regular trade terms.
8. **Preferred Claims:** Preferred Claims, if any, shall be paid, without interest or penalty, in full, in priority to all claims of Ordinary Unsecured Creditors within 30 days from the approval of the Proposal by the Court or as may be otherwise arranged with the Preferred Creditors.
9. **Ordinary Unsecured Creditors:** The Cash Consideration received by the Trustee shall be distributed as follows:
 - 9.1 In payment of the amounts provided in paragraphs 3 and 8 above, if any;
 - 9.2 The excess in payment of:
 - i. Each of the Ordinary Unsecured Creditors having a Proven Claim of less than \$500 will be paid the full amount of its Ordinary Unsecured Claim without interest or penalty, within 30 days after the payment by the Debtor of the Cash Consideration;
 - ii. Each of the Ordinary Unsecured Creditors having a Proven Claim of at least \$500 shall receive a minimum payment of \$500. For the balance of its Proven Claim, after the distribution mentioned in paragraphs 9.1 and 9.2i) herein and within 30 days after the payment by the Debtor of the Cash Consideration, each of the Ordinary Unsecured Creditors shall also receive, in full and final payment of its Ordinary Unsecured Claim, without interest or penalty, its *pro rata* share of any amount remaining from the Cash Consideration.
10. **Related Creditors:** Conditional upon the acceptance by its creditors of the Proposal and to the approval thereof by the Court by no later than the date of the Approval Hearing, the Related Creditors waive and renounce (i) to any right to prove in whole or in part any Ordinary Unsecured Claims they may have and (ii) to any dividend that is or could be payable to them under the Proposal.
11. **Release:** Upon the payment described in section 9 herein and the payment of the Professional Fees, the Debtor shall be completely released and discharged of any and all claims from the Ordinary Unsecured Creditors.
12. **Claims against Directors:** In accordance with section 50(13) of the Act, the acceptance of the Proposal by the creditors shall definitively, without further payment release the directors in office as at the Date of the Proposal from any and all liability or obligation for which they may be liable by law in their capacity as directors, respecting any claim that arose before the Date of the Proposal as provided for by section 50(13) of the Act or otherwise. It is understood however, that nothing herein shall be interpreted as an acknowledgement of any liability or obligation whatsoever on the part of the directors in office as at the Date of the Proposal, any such liability or obligation being specifically denied.

13. **Creditors' Committee:** The powers of the Creditors' Committee contemplated herein shall be limited to the following:
 - 11.1 To advise the Trustee in connection with the actions under the Proposal, as the Trustee may from time to time request;
 - 11.2 To advise the Trustee concerning any dispute which may arise as to the validity of claims under the Proposal; and
 - 11.3 To authorize the deferment of any payment under the terms of paragraphs 8 and 9 herein, either in whole or in part, and entirely at its discretion, providing that any such deferment is deemed by the Creditors' Committee to be in the interest of the Ordinary Unsecured Creditors and the Debtor.
14. **Reviewable Transactions, Preferential Payments, etc.:** The provisions of section 95 to 101 of the Act and any provision of provincial legislation having a similar objective shall not apply to the Proposal.
15. **Headings:** The headings or titles herein are provided solely for the convenience of the reader. They do not form part of the Proposal and have no authoritative meaning in interpreting the Proposal.

DATED AT MONTRÉAL, this 18th day of February 2016.

SERICO-IMPRO INC.



Per : Jamie Goren