

**In the Matter of the Receivership of
Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc.,
Thane International, Inc., West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.
Of the City of Mississauga
In the Province of Ontario**

Fifth Interim Report of Receiver
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

Introduction

1. This interim report, for the period ending April 23, 2018, is filed by Richter Advisory Group Inc. ("**Richter**") in its capacity as receiver ("**Receiver**") of 2657874, Inc. (formerly Thane International Inc.), 2804906, Inc. (formerly Thane Direct, Inc.), 3244585 Nova Scotia Company (formerly Thane Direct Company), 2194124 Ontario Inc. (formerly Thane Direct Marketing Inc.), West Coast Direct Marketing, Inc., 1262775 Ontario Inc. (formerly Thane Direct Canada Inc.) and TDG, Inc. (collectively, "**Thane**" or the "**Debtors**").

Background

2. On October 23, 2015, pursuant to an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), Richter, was appointed as Receiver to exercise specific powers and duties as set out in the Receivership Order, in respect of the assets, properties and undertakings (the "**Property**") of the Debtors.
3. The Receivership Order was granted pursuant to an application made by Bank of Montreal as agent, (the "**Agent**") for the syndicate of lenders including the Bank of Montreal ("**BMO**"), HSBC Bank Canada ("**HSBC**") and the National Bank of Canada ("**NBC**" and collectively with BMO and HSBC, the "**Lenders**"), pursuant to security held by the Lenders in the assets, property and undertaking of the Debtors, including a general security agreement, representing a charge over all assets of Thane.
4. Subsequent to the granting of the Receivership Order, the Canadian Court issued an order (the "**Approval, Vesting and Distribution Order**") approving the asset and share transaction (the "**Asset/Share Transaction**") contemplated by the offer to purchase (the "**Sale Agreement**") between 9472541 Canada Inc., 9472550 Canada Inc., 635427, Inc. and 652134 Limited (collectively, the "**Purchasers**"), and the Receiver, to purchase substantially all of the business of Thane and certain of its affiliates. Among other things, the Asset/Share Transaction was conditional upon the Receiver, as the duly appointed foreign representative of Thane, obtaining ancillary relief from the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") exercising its powers of recognition under Chapter 15 of the U.S. Bankruptcy Code with regard to the Property owned by the Debtors (the "**U.S. Proceedings**").
5. On October 25, 2015, the Receiver commenced the U.S. Proceedings by filing, among other things, petitions on behalf of Thane pursuant to sections 1504 and 1515 of the U.S. Bankruptcy Code seeking recognition by the U.S. Court of the Canadian proceeding as a foreign main proceeding. On October 27, 2015, the U.S. Court granted, among other things, an order staying any and all actions or proceedings against the Debtors and their assets in the United States, pending a final hearing in recognition of the orders entered by the U.S. Court.



6. Pursuant to the Receivership Order, the Debtors remained in possession and control of the Property and the Receiver was not to be or deemed to be in possession and control of the Property.
7. On December 1, 2015, the U.S. Court entered an order recognizing and enforcing the Approval, Vesting, and Distribution Order, and authorizing the Asset/Share Transaction. As contemplated by the Asset/Share Transaction, articles of amendment were filed by the Debtors changing the names of certain of the Thane entities as follows:
 - a) Thane International Inc. to 2657874, Inc.;
 - b) Thane Direct, Inc. to 2804906, Inc.;
 - c) Thane Direct Company to 3244585 Nova Scotia Company;
 - d) Thane Direct Marketing Inc. to 2194124 Ontario Inc.; and
 - e) Thane Direct Canada Inc. to 1262775 Ontario Inc.
8. Pursuant to the Sale Agreement, the Purchasers and the Lenders agreed to fund the outstanding and unpaid fees and expenses of various advisors (the "**Transaction Costs**"), including the fees of the Receiver and that of its counsel, Borden Ladner Gervais LLP and Womble Carlyle Sandridge & Rice LLP, incurred in connection with the Sale Agreement and closing of the Asset/Share Transaction.
9. On December 18, 2015 the Agent deposited approximately USD\$0.9 million and CAD\$2.9 million (collectively, the "**Professional Fees Fund**") with the Receiver, and the Receiver, the Agent and the Purchasers jointly entered into a direction regarding the payment of the Transaction Costs (the "**Transaction Costs Direction**").
10. Pursuant to the Transaction Costs Direction, on the discharge of the Receiver, any amounts held by the Receiver that were not necessary for the administration of the receivership would be paid by the Receiver as jointly directed by the Purchasers and the Agent.
11. The Asset/Share Transaction closed on December 18, 2015 ("**Closing**").
12. On April 3, 2017, the Canadian Court issued an order (the "**Distribution and Discharge Order**") that, among other things, (i) authorized and directed the Receiver to make a distribution to 9472550 Canada Inc., 635427, Inc. and 9472541 Canada Inc., or as each of them may direct, in connection with certain corporate tax refunds collected from the Canada Revenue Agency ("**CRA**") by the Receiver on behalf of the Debtors, and (ii) discharged the Receiver subject to the Receiver filing a certificate (the "**Certificate of Discharge**") with the Court certifying that any remaining matters have been completed.
13. On May 15, 2017, the U.S. Court granted an order (the "**U.S. Case Closing Order**") recognizing the Distribution and Discharge Order, discharging the Receiver as the foreign representative of the Debtors, and closing the Chapter 15 cases in the U.S.
14. On March 16, 2018, the Canadian Court issued an order (the "**Distribution Order**") that, among other things, (i) authorized and directed the Receiver to make a distribution to 9472550 Canada Inc., 635427, Inc. and 9472541 Canada Inc., or as each of them may direct, in connection with certain additional corporate tax refunds collected from the CRA by the Receiver on behalf of the Debtors, and (ii) declaring that the Receiver shall continue to benefit from the provisions of the Distribution and Discharge Order and the protections provided for therein in favour of the Receiver.

Statement of Receipts and Disbursements

15. In order to administer payments pursuant to the Transaction Costs Direction, the Receiver established Canadian Dollar and U.S. Dollar denominated bank accounts.

16. The Receiver's CAD and USD Statements of Receipts and Disbursements for the period from October 23, 2015 to April 23, 2018 are attached hereto as Appendices "A" and "B".

Status of Receivership Proceedings

17. Prior to granting of the U.S. Case Closing Order, the Receiver's U.S. counsel, Womble Bond Dickinson (US) LLP ("**Womble**"), advised the Receiver of a matter involving the Purchasers that was transferred to the U.S. Court on May 1, 2017. An action was commenced in the District Court of the Central District of California in August 2016 by Stanley Jacobs Productions, Ltd. (the "**Plaintiff**") against the Purchasers (the "**Adversary Proceeding**") seeking the payment of alleged outstanding royalties under a production agreement between the Debtors and the Plaintiff that, in the Plaintiff's view, was assigned and assumed by the Purchasers pursuant to the Asset/Share Transaction.
18. The U.S. Court retained jurisdiction over the Adversary Proceeding. While neither the Debtors nor the Receiver were parties to the Adversary Proceeding, counsel to the Plaintiff noted to the U.S. Court that the Receiver was the vendor under the Asset/Share Transaction and therefore indirectly involved in the Adversary Proceeding. As such, the Receiver instructed Womble to monitor the Adversary Proceeding.
19. On February 21, 2018, the U.S. Court issued an order (the "**Stanley Jacobs Order**") in connection with the Adversary Proceeding, ruling that the Purchasers were not liable for the alleged pre-filing royalties, which in the Receiver's view, closed this matter with respect to the U.S. Proceedings.
20. As at the date of this report, the Receiver has realized on all of the Debtors' Property and does not anticipate any substantial realizations going forward. In the Receiver's view, it has completed its statutory duties as well as those duties set out in any order of the Court.
21. The Receiver continues, however, to pursue the potential recovery of HST input tax credits resulting from the receivership proceedings. Once this and any remaining administrative or other matters associated with the receivership proceedings have been completed, the Receiver will file the Certificate of Discharge with the Court.
22. Further information regarding the receivership proceedings and materials relating to the proceedings may be obtained from the Receiver's website at : <http://www.richter.ca/en/folder/insolvency-cases/t/thane-direct-company-et-al>
23. Further interim reports regarding the status of its appointment will be prepared approximately once every 6 months pursuant to subsection 246(2) of the BIA. Creditors who wish to receive a copy of this interim report may request a copy by writing to the Receiver at the following address:

Richter Advisory Group Inc.
 Court Appointed Receiver of
 Thane Direct Company, Thane Direct Canada Inc.,
 Thane Direct Marketing Inc., Thane International, Inc.,
 West Coast Direct Marketing, Inc., TDG, Inc. and Thane Direct, Inc.
 181 Bay Street, Suite 3320
 Toronto, ON M5J 2T3

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

Dated at Toronto, Ontario, on May 8, 2018

Richter Advisory Group Inc.
in its capacity as Receiver of
2657874, Inc. (formerly Thane International Inc.), 2804906, Inc. (formerly Thane Direct, Inc.), 3244585
Nova Scotia Company (formerly Thane Direct Company), 2194124 Ontario Inc. (formerly Thane Direct
Marketing Inc.), West Coast Direct Marketing, Inc., 1262775 Ontario Inc. (formerly Thane Direct Canada
Inc.) and TDG, Inc.
and Thane Direct, Inc. and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read 'P. Patel', with a long horizontal flourish extending to the right.

Pritesh Patel, MBA, CFA, CIRP, LIT
Vice President

APPENDIX A

**Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc.,
West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.**

Statement of receipts and disbursements (CAD\$ Account)

For the period October 23, 2015 to April 23, 2018

Receipts		Notes
Direction re Transaction Costs	2,867,217	1
Income Tax Refunds	3,708,263	2
Post-Filing HST Refunds	325,342	
Transfer from USD\$ Account	140,944	
Miscellaneous	1,672	3
Interest	18,907	
Total Receipts	\$ 7,062,346	
Disbursements		
Professional fees		1
Receiver	400,855	
Receiver's Canadian Counsel	290,113	4
Receiver's U.S. Counsel	4,725	5
Other Professional Fees per Transaction Costs Direction	2,019,628	
Post-Filing HST Paid	329,584	
Bank Charges	527	
Payment to Purchasers	3,672,619	6
Total disbursements	\$ 6,718,050	
Excess Receipts over Disbursements	\$ 344,296	
Repayment to Agent	(114,100)	7
Repayment to Purchasers	(211,899)	7
Cash on Hand	\$ 18,297	

Notes:

1. On December 18, 2016, the Purchasers and Agent funded the Receiver with approximately CAD\$2.9 million and USD\$0.9 million to pay the fees of various professionals involved in the transaction, including the Receiver, its Canadian counsel and its U.S. counsel, pursuant to the terms of the Transaction Costs Direction. At the completion of its administration, any amounts remaining with the Receiver will be returned to the Purchasers and Agent pursuant to the terms of the Transaction Costs Direction.
2. Represents corporate tax refunds received for Thane Direct Company (\$1.0 million) and Thane Direct Marketing Inc. (\$2.4 million) for periods prior to the Date of Appointment.
3. Relates to WSIB refunds for the Debtors received for pre-filing period. Pursuant to the Asset/Share Transaction, these amounts were assets purchased by the Purchasers.
4. Excludes two BLG invoices dated July 6, 2015 and August 5, 2015 that were paid by the Debtors directly and not pursuant to the Transaction Costs Direction.
5. Relates to payments made to Womble after the closure of the USD bank account. Amount shown is in CAD after foreign exchange costs.
6. Represents payments made to the Purchasers relating to miscellaneous receipts and/or pursuant to the Distribution and Discharge Order issued by the Court on April 3, 2017 or the Distribution Order issued by the Court on March 21, 2018.
7. Pursuant to the Distribution and Discharge Order issued by the Court on April 3, 2017 and in accordance with the directions received from each of the Purchasers and the Agent.

APPENDIX B

**Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc.,
West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.**

Statement of receipts and disbursements (USD\$ Account)

For the period October 23, 2015 to April 23, 2018

Receipts		Notes
Direction re Transaction Costs	936,520	1
Interest	841	
Total Receipts	<u>\$ 937,361</u>	
Disbursements		
Professional fees		1
Receiver's U.S. Counsel	126,299	
Other Professional Fees per Transaction Costs Direction	659,136	
Transfers to CDN\$ Account	103,412	2
Bank Charges	117	
Total disbursements	<u>\$ 888,964</u>	
Excess Receipts over Disbursements	\$ 48,397	
Repayment to Purchasers	(31,458)	3
Repayment to Agent	(16,939)	3
Cash on Hand	<u><u>\$ 0</u></u>	

Notes:

1. On December 18, 2016, the Purchasers and Agent funded the Receiver with approximately CAD\$2.9 million and USD\$0.9 million to pay the fees of various professionals involved in the transaction, including the Receiver, its Canadian counsel and its U.S. counsel, pursuant to the terms of the Transaction Costs Direction. At the completion of its administration, any amounts remaining with the Receiver will be returned to the Purchasers and Agent pursuant to the terms of the Transaction Costs Direction.

2. The USD bank account was closed on or about August 31, 2017 and any residual funds were transferred to the CAD account.

3. Pursuant to the Distribution and Discharge Order issued by the Court on April 3, 2017 and in accordance with the directions received from each of the Purchasers and the Agent.