

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

*IN THE MATTER OF the Bankruptcy of Kraus Inc.
65 Northfield Drive West, Waterloo, ON N2J 4J4*

THE HONOURABLE MR.)	MONDAY, THE 11TH
)	
JUSTICE MORAWETZ)	DAY OF JUNE, 2012

(Court Seal)

**BANKRUPTCY ORDER
(Sections 43 and 44 of the Act)**

ON THE APPLICATION of Pinnacle Capital Resources Limited in its capacity as general partner of Red Ash Capital Partners II Limited Partnership, a creditor, of the City of London, in the United Kingdom, filed on May 24, 2012.

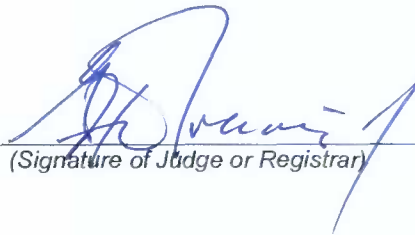
Having heard the submissions of the Applicant Creditor;

And it appearing to the Court that the following acts of bankruptcy have been committed:

Kraus Inc. has, within the six months preceding the application for a bankruptcy order, ceased to meet its obligations as they have become due,

1. **THE COURT HEREBY ORDERS** that Kraus Inc. be adjudged bankrupt by virtue of a bankruptcy order hereby made on this date.

2. **THE COURT FURTHER ORDERS** that PricewaterhouseCoopers Inc., of the City of Toronto, in the Province of Ontario, be appointed as Trustee of the estate of the bankrupt.
3. **THE COURT FURTHER ORDERS** that the Trustee give security in cash or by bond or suretyship without delay, in accordance with subsection 16(1) of the *Act*.
4. **THE COURT FURTHER ORDERS** that the costs of the Applicant Creditor be paid out of the estate of the bankrupt on taxation of the estate.
5. **THIS COURT FURTHER ORDERS** that this order shall only become effective immediately prior to the Effective Time, as defined in paragraph 3 of the order of Justice Morawetz dated June 11, 2012 in Ontario Superior Court of Justice (Commercial List) File No. CV-12-9731-00CL which appoints PricewaterhouseCoopers Inc. as receiver of Kraus Canada Inc., Kraus Inc., Strudex Fibres Limited, and 538626 B.C. Ltd. pursuant to section 243 of the *Bankruptcy and Insolvency Act*.



(Signature of Judge or Registrar)

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PROCEEDING COMMENCED AT
TORONTO

BANKRUPTCY ORDER

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