



## NOTICE AND STATEMENT OF THE RECEIVER

(Pursuant to subsection 245(1) and 246(1)  
of the *Bankruptcy and Insolvency Act*)

### IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

**798862 Ontario Limited (formerly known as Strudex Fibres Limited)**  
of the City of Waterloo, in the Province of Ontario

The Receiver gives notice and declares that:

1. On June 11, 2012, pursuant to an order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties (the “**Property**”) of Strudex Fibres Limited (“**Strudex**” or the “**Company**”), Kraus Canada Inc. (“**KCI**”), Kraus Inc. (“**Kraus**”) and 538626 B.C. Ltd. (“**Kraus BC**” and collectively with Kraus, KCI and Strudex the “**Companies**”) acquired for, or used in relation to the business carried on by the Companies, pursuant to section 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), as amended.
2. The Receivership Order was granted pursuant to an application made by Pinnacle Capital Resources Limited, in its capacity as general partner of Red Ash Capital Partners II Limited Partnership (“**Red Ash**”), pursuant to its security agreements with the Company, including an assignment dated May 7, 2012 of various security agreements.
3. Prior to the Receiver’s appointment, on May 28, 2012, PwC was appointed as interim receiver (the “**Interim Receiver**”) in respect of Kraus, KCI and Strudex (collectively referred to as the “**Operating Companies**”), pursuant to an order of the Court, on the application for bankruptcy orders made by Red Ash against each of the Operating Companies. Details of the Interim Receiver’s activities during the interim receivership period can be obtained from PwC’s website at [www.pwc.com/car-krauscarpets](http://www.pwc.com/car-krauscarpets).
4. On June 11, 2012, bankruptcy orders were made against each of the Operating Companies and PwC was named as trustee in bankruptcy (the “**Trustee**”) of Strudex, subject to affirmation by the creditors at the first meeting of creditors or substitution of another trustee by the creditors.
5. Subsequent to the granting of the Receivership Order, the Court issued an order (the “**Sale Order**”) approving the asset purchase agreement (the “**APA**”) between the Receiver and Kraus Brands LP, for the sale of substantially all of the Property of the Companies (the “**Transaction**”).

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*PricewaterhouseCoopers Inc.*

*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*

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6. The Transaction closed on June 11, 2012. The gross consideration of the Transaction has not yet been allocated by the Purchaser amongst the individual Companies but is estimated to be in excess of \$83 million, consisting of:
- (i) the assumption of certain portions of the Operating Companies' secured debt owed to Red Ash, in the amount of approximately \$80.2 million (the "**Assumed Secured Debt**");
  - (ii) payment of certain priority claims ranking in priority to the Assumed Secured Debt, pursuant to sections 81.3, 81.4, 81.5 and 81.6 of the BIA, estimated at approximately \$24,500; and
  - (iii) the assumption of certain Assumed Liabilities, as defined in the APA, estimated to be approximately \$2.8 million, to include certain trade credit advanced by suppliers in respect of goods and services ordered and delivered after May 28, 2012 unless reduced for goods returned or offered for return to the applicable supplier, and assumed outstanding wages and vacation pay of certain transferred employees.
7. On June 11, 2012, the Receiver took possession of the Company's Property, only to the extent necessary to complete the Transaction, as follows:

<b>Assets</b>	<b>Estimated Book Value as at May 31, 2012</b>
Cash	\$ 876,972
Accounts Receivable	3,948,483
Inventory	5,268,412
Prepaid Deposits	33,386
Land & Building	3,409,364
Machinery & Equipment	7,998,719
Furniture	101,644
Other Investments	35,680,705
<b>TOTAL</b>	<b>\$ 57,317,683</b>

Notes:

- (1) Amounts represent book values of the Company's assets pursuant to the Company's books and records and do not represent the sale or liquidation value of the Company's assets.
- (2) The above amounts include intercompany balances owed by related entities.

8. As contemplated by the APA, on June 13, 2012, articles of amendment were filed changing the name of Strudex to 798862 Ontario Limited ("**798862**").



10. Further information regarding the receivership proceedings and materials relating to the proceedings may be obtained from the Receiver's website at [www.pwc.com/car-krauscarpets](http://www.pwc.com/car-krauscarpets).

DATED at Toronto, this 20<sup>th</sup> day of June, 2012.

**PricewaterhouseCoopers Inc.  
in its capacity as Receiver of 798862 Ontario Limited  
(formerly Strudex Fibres Limited)  
and not in its personal capacity**

A handwritten signature in black ink, appearing to read 'T. Weaver'.

Tracey Weaver  
Vice President



9. The following information relates to the receivership:

- (a) Address of the head office of the Company:

65 Northfield Drive West  
Waterloo ON N2L 0A8

- (b) Principal line of business:

Manufacturer of yarn.

- (c) Location of business:

65 Northfield Drive West  
Waterloo ON N2L 0A8

- (d) Amounts owed as of June 11, 2012, by the Company to each creditor who holds security on the Property described above, pursuant to the Company's books and records, is as follows:

Red Ash Capital Partners II Limited Partnership	\$128,622,000
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- (e) The list of other creditors of the Company and the amount owed to each creditor is set out in Schedule "A", which totals:

Unsecured Creditors	\$3,446,116
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- (f) The intended plan of action of the Receiver during the receivership proceedings, to the extent that such a plan has been determined, is to complete all outstanding matters relating to the Transaction and to take such further action as determined by the Court.

- (g) Contact person for Receiver:

PricewaterhouseCoopers Inc.  
Receiver of 798862 Ontario Limited  
PwC Tower  
18 York Street  
Suite 2600  
Toronto ON M5J 0B2

Attention: Sara de Verneuil  
Telephone: (416) 863-1133 x14374  
Facsimile: (416) 814-3219

IN THE MATTER OF THE BANKRUPTCY OF  
798862 Ontario Limited  
*Creditor List*

NAME	Balance (CDN)
1163243 ONTARIO INC.	14,238.00
A-1 FLAGS INC.	411.16
ABLE-ONE SYSTEMS INC	1,237.35
ALLIED ELECTRONICS (	205.10
AMERICAN SUPERBA INC	4,103.69
APPLE LABEL CONVERTO	388.83
AQUAFIL USA	20,003.51
ARCTIC PACKAGING	1,965.60
ARJUNE ENGINEERING &	6,049.54
ASB HEATING ELEMENTS	532.14
ATLANTIC PACKAGING P	23,008.69
BASF CANADA INC.	590,620.11
BLUE WAVE ULTRASONIC	820.28
BRANSON ULTRASONICS	158.18
BRENNTAG CANADA INC.	1,909.21
C & H FIRE SUPPRESSI	590.99
CALEDON PROPANE INC.	1,567.30
CANON CANADA INC.	690.36
CARAUSTAR INDUSTRIAL	46,941.59
CARTER TRAVELER COMP	581.01
CAXTON MARK INC.	574.94
CIRCUIT SCALE	870.10
CITY OF WATERLOO	11,801.08
CONTROL TECHNIQUES A	903.14
DORDAN MECHANICAL IN	9,652.25
DSM ENGINEERING PLAS	123,442.87
DUKE ELECTRIC (1977)	10,440.95
DYNAMIC MECHANICAL	1,988.41
E.D.I. CONTROLS	544.34
E.G. GRAY TRANSPORTA	6,327.20
ELECTRO SONIC INC.	178.21
EPIC ENTERPRISES, IN	417.49
EQUISTAR CHEMICALS,	571,214.40
ERNST & YOUNG INC.	161,891.87
FORM & BUILD SUPPLY	442.40
G&A LOCK SERVICE LTD	25.23
G4S SECURE SOLUTIONS	157.57
GEO H. YOUNG & CO. L	2,970.56
GILBOS OF AMERICA, I	630.31
GRAYBAR ELECTRIC (ON	1,708.10
INVISTA (CANADA) COM	49,767.72
KNAPP FASTENERS INC.	848.90
KPMG LLP, T4348	89,270.00
KRAUS INC.	132,137.70

IN THE MATTER OF THE BANKRUPTCY OF  
798862 Ontario Limited  
*Creditor List*

KWIK KOPY PRINTING	540.14
LINDE CANADA LIMITED	275.38
LIVINGSTON INTERNATI	4,159.60
MANUFACTURERS AUTOMA	1,406.85
MINISTER OF FINANCE	6,959.70
MONSTER POLYMERS INC	478,943.29
MOORE CANADA	787.68
MOTION CANADA / LOU'	1,916.09
NATIONAL COMPRESSED	7,469.17
NETCHEM INC.	24,882.60
NYLENE CANADA INC.	293,014.13
OERLIKON TEXTILE INC	2,668.33
ONDRIVE INC.	1,723.25
ORKIN CANADA	208.50
PHARR YARNS LLC.	107,820.27
PINNACLE POLYMERS	37,500.12
PNE CORPORATION	478.40
POLY-PLAS FEED SCREW	2,519.90
PRICEWATERHOUSECOOPE	71,937.68
PROVIDENCE MACHINERY	527.80
PUROLATOR ADVANCED F	3,508.26
QA COURIER	13.38
RIETER CORPORATION	2,154.38
ROGERS WIRELESS INC.	9.61
ROSEDALE TRANSPORT	3,950.71
RUBBERLINE PRODUCTS	670.71
SAFETY-KLEEN CANADA	881.40
SCANTECH	696.73
SCHILL & SEILACHER G	49,707.31
SCHINDLER ELEVATOR C	2,903.54
STANDRIDGE COLOR COR	13,612.40
STUMPF FIRE PROTECTI	1,209.10
SWISSTEX AMERICA, IN	1,019.46
SYNTEC INDUSTRIES IN	9,903.57
TECHMER P.M.,LLC	77,124.07
TECHNICAL STANDARDS	724.15
TOTAL PETROCHEMICALS	198,249.53
TRI-TEX CO. INC.	54,457.53
UNION GAS LIMITED	88.45
UNIQUE COFFEE SERVIC	1,439.63
UNITED PARCEL SERVIC	694.41
WAJAX INDUSTRIES LIM	18,960.58
WARWICK MARKING PROD	104.53
WASTE MANAGEMENT	948.07
WATERLOO NORTH HYDRO	52,271.65

IN THE MATTER OF THE BANKRUPTCY OF  
798862 Ontario Limited  
*Creditor List*

WEBER SUPPLY COMPANY	164.42
WESCO	397.70
WIKA INSTRUMENTS LTD	617.84
WINDSOR FACTORY SUPP	1,206.46
WORKPLACE SAFETY & I	8,458.71
<b>TOTAL</b>	<b>3,446,115.55</b>

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF  
798862 ONTARIO LIMITED  
*Employee List*

<b>Name</b>	<b>Amount Owed</b>
Bedi, Prithipaul Singh	Unknown
Bedi, Tarlochan	Unknown
Brenner, Cornelia	Unknown
Bueno, Manuel	Unknown
Chirilenco, Daniel	Unknown
Cybulskie, Donna	Unknown
Denomme, Vanessa	Unknown
Dhaliwal, Prem	Unknown
Freire, Tony	Unknown
Garland, Steven	Unknown
Garovat, Aurelian	Unknown
Gora, Miroslaw	Unknown
Horvat, Ana	Unknown
Iovanovici, Joe	Unknown
Joshi, Sham-Lal	Unknown
Nguyen, Minh	Unknown
Nguyen, Pham	Unknown
Nguyen, Vui Van	Unknown
Njagu, Nick	Unknown
Parasram, Elsie	Unknown
Pertea, George	Unknown
Pham, Chinh	Unknown
Pike, Geraldine	Unknown
Radulovic, Ranko	Unknown
Sharma, Ashok	Unknown
Sirbu, Constantin	Unknown
Smith, Jacqueline J.	Unknown
Sokarda, Justin	Unknown
Sunara, Maria	Unknown
Vaisochr, Anna	Unknown
Walker-Campbell, Sonia	Unknown



IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF  
798862 Ontario Limited  
*Secured Creditor Listing*

<b>Secured Creditor</b>	<b>Amount Owed</b>
Red Ash Partners II Limited Partnership	128,622,000.00
<b>Total</b>	<u><u>128,622,000.00</u></u>

