



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

Labelad Ltd.
of the City of Markham, in the Province of Ontario

The Receiver gives notice and declares that:

1. On July 18, 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 Labelad Ltd. (“**Labelad**” or the “**Company**”) and Marnlen Management Ltd., (“**Marnlen**” and collectively with Labelad, the “**Companies**”) acquired for, or used in relation to a 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 and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”) as amended.
2. The Receivership Order was granted pursuant to an application made by the Royal Bank of Canada (“**RBC**”), pursuant to its security agreements with the Companies, including a General Security Agreement dated July 14, 2011.
3. On July 18, 2012, the Receiver took possession of the Company’s Property, which primarily consisted of:

	Estimated Book Value as at July 18, 2012
Assets	
Cash in Bank (CDN)	48,428
Accounts Receivable	1,166,607
Due from Related Party	17,655
Inventory	999,892
Prepays	106,641
Fixed Assets	3,382,789
TOTAL	\$ 5,722,012

Notes:

- (1) These amounts represent the book values of the Company’s assets pursuant to the Company’s books and records and do not necessarily represent the sale or liquidation value of the Company’s assets.

PricewaterhouseCoopers Inc.

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

T: +1 416 687-8504, Direct F: +1 416 814 3219, www.pwc.com/ca



4. The following information relates to the receivership:

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

400 Cochrane Drive
Markham ON L3R 8E3

(b) Principal line of business:

Designs and manufactures stickers, labels, radio frequency identification labels and tags.

(c) Location of business:

400 Cochrane Drive
Markham ON L3R 8E3

(d) Amounts owed as of July 18, 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:

Royal Bank of Canada	\$ 2,700,000
Shareholder - Estimate	\$ 21,380,000
Due to Nanlark Holdings Limited	\$ 1,089,192
CIT Financial Ltd.	\$ 169,217
Wells Fargo Financial Corporation Canada	\$ 41,665
Employees outstanding S81 amounts – Estimate	\$ 110,000

(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	\$ 3,592,945
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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 realize on the Property of the Company that is subject to the Receivership Order.



(g) Contact person for Receiver:

PricewaterhouseCoopers Inc.
Receiver of Labelad Ltd.
PwC Tower
18 York Street
Suite 2600
Toronto ON M5J 0B2

Attention: Sara de Verneuil
Telephone: (416) 687-8504
Facsimile: (416) 814-3219

5. 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-labelad.

DATED at Toronto, this 27th day of July, 2012.

**PricewaterhouseCoopers Inc.
in its capacity as Receiver of Labelad Ltd.
and not in its personal capacity**

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

Tracey Weaver
Vice President