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Court File No.31-1823/671

31-1823671

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

THE HONOURABLE REGIONAL SENIOR) MONDAY THE 6TH
)
JUSTICE MORAWETZ) DAY OF JANUARY, 2014

**IN THE MATTER OF THE PROPOSAL OF MPH GRAPHICS
INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE
PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF
MARKHAM, IN THE PROVINCE OF ONTARIO**

APPROVAL AND VESTING ORDER

THIS MOTION, made by MPH Graphics Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Stalking Horse Asset Purchase Agreement") between the Debtor and Thistle Printing Limited (the "Purchaser") ~~made as of January 2, 2014~~ and referenced in the First Report of Ira Smith, Trustee & Receiver Inc. in its capacity as the proposal trustee (the "Proposal Trustee") ~~dated January 2, 2014~~ (the "First Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Purchased Assets as defined in the Stalking Horse Asset Purchase Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Proposal Trustee, Thistle Printing Limited, RBC, Unifor Local 591G, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~sworn January 2, 2014~~ filed:

A

Anita Fila 22019, December 24, 2014

GO

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the First Report and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the Debtor is hereby authorized and directed, *nunc pro tunc*, to enter into the Stalking Horse Asset Purchase Agreement. The Stalking Horse Asset Purchase Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Stalking Horse Asset Purchase Agreement by the Debtor is hereby authorized and approved, and the Debtor and the Proposal Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of the certificate of the Proposal Trustee to the Purchaser substantially in the form attached as Schedule A hereto (the "Certificate of the Proposal Trustee"), all of the Debtor's right, title and interest in and to the Purchased Assets as defined in the Stalking Horse Asset Purchase Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Morawetz dated January 6, 2014; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA") or any other personal property registry system; and (iii) those Claims listed on Schedule B hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Certificate of the Proposal Trustee all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased

Assets immediately prior to the sale as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Proposal Trustee to file with the Court a copy of the Certificate of the Proposal Trustee, forthwith after delivery thereof.

6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of the Transferred Employees as defined by the Stalking Horse Asset Purchase Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

A handwritten signature in blue ink is written over a horizontal blue line. The signature is cursive and appears to read "A. H. [unclear] R.S.J.".

Schedule A – Form of Certificate of the Proposal Trustee

Court File No.: 31-1823867

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

**IN THE MATTER OF THE PROPOSAL OF MPH GRAPHICS
INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE
PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF
MARKHAM, IN THE PROVINCE OF ONTARIO**

CERTIFICATE OF THE PROPOSAL TRUSTEE

RECITALS

- A. Pursuant to an Order of the Honourable Justice ● of the Ontario Superior Court of Justice (the "Court") dated January ●, 2014, this court was advised that Ira Smith Trustee & Receiver Inc. was appointed as the Proposal Trustee (the "Proposal Trustee") of MPH Graphics Inc. (the "Debtor") pursuant to a Notice of Intention to make a proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) dated December 23, 2013.
- B. Pursuant to an Order of the Court dated January ●, 2014, the Court approved the agreement of purchase and sale made as of January ●, 2014 (the "Stalking Horse Asset Purchase Agreement") between the Debtor and Thistle Printing Limited. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing in favour of the Debtor as set out in the Stalking Horse Asset Purchase Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Stalking Horse Asset Purchase Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Stalking Horse Asset Purchase Agreement;
2. The conditions to Closing in favour of the Debtor as set out in the Stalking Horse Asset Purchase Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ on _____, 2014.

Ira Smith Trustee & Receiver Inc., in its capacity
as Proposal Trustee of MPH Graphics Inc., and
not in its personal capacity

Per: _____
Name:
Title:

Schedule B – Claims to be deleted and expunged

Registrations under the *PPSA*:

1. **20130828 1434 1530 3850** (3 years)
 (File No. 68983965)

Debtor: MPH Graphics Inc.
 35 Valleywood Drive, Unit 2, Markham, ON L3R 5L9

Secured: **1. Stephen Pugh Holdings Inc.**
 22 Mill Street, Tottenham, ON L0G 1W0

 2. Linda Pugh Holdings Inc.
 22 Mill Street, Tottenham, ON L0G 1W0

Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

General
Collateral
Description: Late renewal of registration number 20030328 1426 0043 4141

2. **20100812 1243 1862 9233** (5 years)
 (File No. 663649929)

Debtor: MPH Graphics Inc.
 35 Valleywood Drive, Markham, ON L3R 5L9

Secured: **1. Stephen Pugh**
 210 Davis Drive, Stouffville, ON L4A 7X4

 2. Linda Pugh
 210 David Drive, Stouffville, ON L4A 7X4

Collateral: Inventory, Equipment, Accounts, Other

3. **20100812 1243 1862 9234** (5 years)
 (File No. 663649938)

Debtor: MPH Graphics Inc.
 35 Valleywood Drive, Markham, ON L3R 5L9

Secured: **Landmarketing Corp.**
 35 Valleywood Drive, Markham, ON L3R 5L9

Collateral: Inventory, Equipment, Accounts, Other

4. **20091221 1157 2611 8404** (9 years)
(File No. 658322856)
- Debtors: 1. Stephen Pugh Holdings Inc.
207 Idema Road, Markham, ON L3R 1B1
2. Linda Pugh Holdings Inc.
207 Idema Road, Markham, ON L3R 1B1
- Secured: **Business Development Bank of Canada**
3130 Highway 7 East, Markham, ON L3R 5A1
- Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle Included
- Amended: 20091221 1159 2611 8405
- Reason: To add additional debtor
- Debtor: 3. Landmarketing Corp.
207 Idema Road, Markham, ON L3R 1B1
- Amended: 20091221 1200 2611 8406
- Reason: To add additional debtor
- Debtor: 4. MPH Graphics Inc.
207 Idema Road, Markham, ON L3R 1B1
5. **20090904 1448 6005 4636** (5 years)
(File No. 656082774)
- Debtor: MPH Graphics Inc.
207 Idema Road, Markham, ON L3R 1B1
- Secured: **Royal Bank of Canada 81126-16658**
180 Wellington Street West, 5th Floor, Toronto, ON M5J 1J1
- Collateral: Equipment, Accounts, Other, Motor Vehicle Included
- Motor Vehicle: 1988 Toyota lift truck model 5FGC25 VIN 10590
6. **20090826 1948 1531 5690** (5 years)
(File No. 655863138)
- Debtor: MPH Graphics Inc.
207 Idema Road, Markham, ON L3R 1B1
- Secured: **Royal Bank of Canada**
180 Wellington Street West, 3rd Floor, Toronto, ON M5J 1J1
- Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle Included

7. **20090805 1109 6005 4183** (10 years)
(File No. 655362675)

Debtor: MPH Graphics Inc.
207 Idema Road, Markham, ON L3R 1B1

Secured: **Royal Bank of Canada 81126-16658**
180 Wellington Street West, 5th Floor, Toronto, ON M5J 1J1

Collateral: Equipment, Accounts, Other

Schedule C – Permitted Encumbrances

(unaffected by the Vesting Order)

Registrations under the *PPSA*:

1. **20121002 1459 1793 1426** (5 years)
 (File No. 681862779)

Debtor: MPH Graphics Inc.
 2 – 35 Valleywood Drive, Markham, ON L3R 5L9

Secured: **Fujifilm Canada Inc.**
 600 Suffolk Court, Mississauga, ON L5R 4G4

Collateral: Equipment

Amount: \$37,426

General Customer no. 9210000253
Collateral POL 14569
Description: G/J Intrpltr 125HDX-TW IF-V8/9 S/N 94370-1054 \$35,449.06
 Accel 500SU 115/60 chiller S/N 111137033 \$1,976.59
 The equipment listed above includes all attachments, replacements,
 substitutions, parts, tools, supplies, accessories, accessions, support and
 additions thereto and therefor, together with all proceeds of the foregoing

2. **20110707 1412 1462 8227** (3 years)
 (File No. 671274693)

Debtor: MPH Graphics Inc.
 35 Valleywood Drive, Unit 2, Markham, ON L3R 5L9

Secured: **Fujifilm Canada Inc.**
 600 Suffolk Court, Mississauga, ON L5R 4G4

Collateral: Equipment

Amount: \$16,083

General Customer no. 53281
Collateral Contract no. C1640
Description: Annual UPG subscription S/N 08909 \$4,300
 Licence fee from ver. 9 or 10 \$1,000
 Parallel to USB hasp \$360.50
 Dual rip server for Ramp Win7 S/N 061110825 \$6,150
 Acer 22" blk widescreen monitor S/N 10303601585 \$223

Extremez IP 5.0 10-client file \$1,450
Installation 3c \$2,600
Taxes \$2,090.86
Total \$18,174.36

3. **20090202 1701 1462 5819** (6 years)
 (File No. 651324393)
Debtor: MPH Graphics Inc.
 207 Idema Road, Markham, ON L3R 1B1
Secured: **Xerox Canada Ltd.**
 33 Bloor Street East, 3rd Floor, Toronto, ON M4W 3H1
Collateral: Equipment, Other

4. **20081030 1402 1462 8412** (6 years)
 (File No. 649605636)
Debtor: MPH Graphics Inc.
 207 Idema Road, Markham, ON L3R 1B1
Secured: **Xerox Canada Ltd.**
 33 Bloor Street East, 3rd Floor, Toronto, ON M4W 3H1
Collateral: Equipment, Other

31-1823671

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IN THE MATTER OF THE PROPOSAL OF MPH GRAPHICS INC.

Court File No.: 31-1823671

**ONTARIO
SUPERIOR COURT OF JUSTICE
(In Bankruptcy and Insolvency)**

Proceeding commenced at Ottawa

APPROVAL AND VESTING ORDER

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Co-counsel for MPH Graphics Inc.