

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Axios Logistics Solutions Inc., et al.,<sup>1</sup>

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 17-10438 (BLS)

Jointly Administered

**Obj. Deadline: June 5, 2018 at 4:00 p.m. (ET)**

**FINAL REPORT OF RECEIVER AS REQUIRED UNDER FED. BANKR. P. 5009(c)**

Pursuant to 28 U.S.C. § 1746, I, Peter Crawley, in my capacity as a Managing Director of A. Farber & Partners Inc. (the “Receiver”), the court-appointed receiver and duly authorized foreign representative for Axios Logistics Solutions Inc., Axios Mobile Assets Inc., Axios Mobile Assets, Inc., and Axios Mobile Assets Corp. (collectively “Axios” or the “Debtors”) in the Canadian insolvency proceedings in Toronto, Ontario, Canada (the “Canadian Proceeding”)<sup>2</sup> respectfully submit this Final Report of the Receiver as Required Under Fed. R. Bankr. P. 5009 (c), and state as follows:

1. The Debtors operated a supply chain logistics business that offered technologically advanced shipping pallets primarily to the perishable food industry. Specifically, the Debtors produced and supplied to producers in the perishable food industry an “environmentally friendly” structural and trackable technology enabled mobile asset platform (or pallet) made from composite material as an alternative to traditional shipping options, such as

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<sup>1</sup> The last four digits of the Employer Identification Number for each debtor follow in parentheses: Axios Logistics Solutions Inc. (0963); Axios Mobile Assets Corp. (n/a); Axios Mobile Assets Inc. (n/a), and Axios Mobile Assets, Inc. (2778). The Debtors’ headquarters are located at 30 Topflight Drive, Unit 7, Mississauga, Ontario, L5S 0A8, Canada.

<sup>2</sup> The Canadian Proceeding includes proceedings under both Canadian federal and provincial law. A. Farber & Partners Inc. was appointed as receiver pursuant to section 243(1) of the Bankruptcy and Insolvency Act (Canada) (the “BIA”) and as receiver pursuant to section 101 of the Ontario’s Courts of Justice Act (the “CJA”) with respect to Axios Mobile Assets Inc. and as receiver pursuant to section 101 of the CJA with respect to the remaining above-captioned Debtors.

wooden pallets. The Axios pallets were equipped with advanced radio frequency identification tags, barcodes, and additional sensor capabilities, making them readily trackable at any point in time. The pallets are manufactured using a proprietary compound through a proprietary manufacturing process, and the intellectual property in connection therewith was owned by Debtor Axios Mobile Assets Corp.

2. The Debtors' business was in the early stages of development at the time leading up to the commencement of the Canadian Proceeding. Accordingly, its revenue was derived from and dependent on a limited number of customers. Axios required a substantial capital investment in the pallet pool to achieve the size necessary to become profitable. Despite growth in sales and revenue, the Debtors were not profitable and Axios began experiencing significant financial difficulties. Efforts to raise additional capital during 2016 and early 2017 were unsuccessful.

3. On February 23, 2017, Export Development Canada ("EDC"), Axios' primary secured creditor, made an application under the Bankruptcy and Insolvency Act (Canada) and the Ontario Courts of Justice Act commencing the Canadian Proceeding on an expedited basis. The commencement of such proceeding was prompted by EDC's concerns that pallets owned by the Debtors, and located at various third party retail centers throughout the United States, were at risk of being disposed of by the owners of the retail centers, if not promptly retrieved.

4. On February 24, 2017, the Canadian Court granted the Receivership Order, which, among other things, (i) appointed A. Farber & Partners Inc. as the Receiver and (ii) granted a stay of proceedings against the Debtors.

5. On February 28, 2017 (the “Petition Date”), the Receiver, on behalf of each of the Debtors, filed voluntary petitions under chapter 15 of the Bankruptcy Code (the “Chapter 15 Cases”) for each of the respective Debtors and the Motion for Provisional and Final Orders Granting Recognition of Foreign Main Proceeding and Certain Related Relief (Docket No. 6) (the “Petition for Recognition”) pursuant to Bankruptcy Code section 1515 seeking (i) entry of an Order recognizing the Canadian Proceeding as a foreign main proceeding pursuant to Bankruptcy Code section 1517 and (ii) relief under Bankruptcy Code sections 1520 and 1521.

6. On March 28, 2017, the Court entered an order approving the Petition for Recognition on a final basis (Docket No. 27) (the “Final Order”).

7. On August 11, 2017, the Receiver filed a motion in the Canadian Court to obtain two Orders, namely the Approval and Vesting Order and the Ancillary Administration Order (the “Administration Order”), that collectively: (i) approved the Receiver’s entry into an asset purchase agreement dated July 12, 2017 (the “APA”) for the sale of substantially all of the Debtors’ assets to Leonite Holdings Inc. (the “Purchaser”); (ii) vested in the Purchaser all of the Debtors’ right, title, and interest, if any, in the Purchased Assets (as defined in the APA), free and clear of any encumbrances; (iii) approved the Receiver’s distribution of the net proceeds to EDC; (iv) approved the professional fees of the Receiver and its legal counsel; (v) approved the Receiver’s First Report and the Receiver’s activities as outlined therein; and (vi) provided the Receiver with its discharge from the Canadian Proceeding upon completion of certain remaining tasks.

8. Also on August 11, 2017, the Receiver filed a motion in this Court pursuant to Bankruptcy Code sections 105(a), 363, 1501, 1507 and 1521, and Bankruptcy Rules 2002, 6004, and 9014 for entry of an order (I) recognizing and enforcing the Approval and

Vesting Order; (II) authorizing the sale of substantially all of the Debtors' assets free and clear of any and all liens, claims, encumbrances, and other interests; (III) recognizing and enforcing the Ancillary Administration Order; and (IV) granting related relief (the "Sale Motion").

9. The Canadian Court entered the Approval and Vesting Order and the Ancillary Administration Order on August 24, 2017. On August 28, 2017, the Court entered an order approving the Sale Motion (Docket No. 64) (the "Sale Order"), that, among other things, recognized, enforced and gave full effect to each of the Approval and Vesting Order and Ancillary Administration Order.

10. In accordance with the Approval and Vesting Order, the sale of substantially all of the Debtors' assets to the Purchaser closed on September 5, 2017.

11. In accordance with the Ancillary Administration Order, the Receiver filed its Receiver's Discharge Certificate with the Canadian Court on April 10, 2018 (the "Discharge Certificate"). Upon the filing of the Discharge Certificate, the Receiver and its legal counsel received a release of all claims as set forth in the Administration Order.

12. In connection with the discharge of the Receiver in the Canadian Proceeding, the Receiver has herewith filed a Notice pursuant to section 1518 of the Bankruptcy Code of Change of Status of Foreign Main Proceeding.

I declare under penalty of perjury that the foregoing statements are true and correct to the best of my information and belief.

Dated: May 8, 2018  
Toronto, Ontario  
Canada

/s/ Peter Crawley  
Peter Crawley, MBA, CPA, CA, CIRP, LIT  
Managing Director - Insolvency of A. Farber & Partners  
Inc., receiver and foreign representative of the Debtors