

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

WEDNESDAY, THE 6th DAY

JUSTICE ~~BROWN~~ MORAWETZ

)

OF APRIL, 2011

BETWEEN:

COMERICA BANK

Applicant

- and -

**PRIDAMOR TORONTO INC., D.D.D. LABEL TECH (WEST) INC.,
INTERCOAT CANADA LTD., ENVIRO-COTE, INC., MEDIA PLUS WEST INC.,
LES SOLUTIONS CODE-X INC., 1170886 ONTARIO INC., ALLIED UNION INC.,
1207072 ONTARIO INC., ALLIED VISION INC., A.I.T. CANADA INC.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS MOTION, made by A. Farber & Partners Inc. (“AFP”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of Pridamor Toronto Inc. (“PTI”), D.D.D. Label Tech (West) Inc. (“LTW”), Intercoat Canada Ltd. (“**Intercoat**”) and Les Solutions Code-X Inc. (“**Code-X**” and, together with PTI, LTW and Intercoat, the “**Debtors**”) for an order, *inter alia*, approving the sale transaction (the “**Danbury Transaction**”) contemplated by the Auction & Liquidation Proposal

(the “**Danbury Liquidation Proposal**”) submitted to the Receiver on March 30, 2011 by 1416088 Ontario Limited o/a Danbury Industrial (“**Danbury**”) and appended to the First Report of the Receiver dated April 1, 2011 (the “**First Report**”), and permitting Danbury to sell the assets described in the Danbury Liquidation Proposal (the “**Danbury Assets**”) free and clear of any claims and encumbrances, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report, and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Eunice Baltkois sworn April 1, 2011, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report be and is hereby approved and the actions of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that Confidential Appendix “A”, “B” and “C” to the First Report be and are hereby sealed until the completion of the Danbury Transaction, or until further order of this Honourable Court.
4. **THIS COURT ORDERS** that the Receiver’s Charge upon the scientific research and developmental expenditure claims (the “**SR&ED Claims**”) of PTI, LTW and Intercoat granted pursuant to the Order of the Honourable Madam Justice Mesbur dated February 23, 2011 be and the same is hereby subordinated to the claims of TVM Inc. and Allied Hercules Inc. under the SR&ED Security (as defined in paragraph 12 of the First Report) to the extent of the total indebtedness outstanding under the SR&ED Security as of the date of this Order, and the

Receiver shall not be obligated to incur any expense or any take any action in respect of such assets. Notwithstanding the foregoing, PTI, LTW and Intercoat shall provide the Receiver with a full and contemporaneous accounting of all assets collected with respect to the SR&ED Claims.

5. **THIS COURT ORDERS AND DECLARES** that the Danbury Transaction is hereby approved, and the execution of the Danbury Liquidation Proposal by the Receiver is hereby authorized and approved with such minor amendments as the Receiver may deem necessary. The Receiver is 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 Danbury Transaction.


6. **THIS COURT ORDERS** that Danbury is hereby permitted to sell the Danbury Assets described in the Danbury Liquidation Proposal 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 Madam Justice Mesbur dated February 23, 2011; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”).

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Danbury Assets shall stand in the place and stead of the Danbury Assets, and that all Claims and Encumbrances shall attach to the net proceeds from

the sale of the Danbury Assets with the same priority as they had with respect to the Danbury Assets immediately prior to the sale, as if the Danbury 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.

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

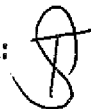
9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR - 6 2011

PER/PAR:



COMERICA BANK

- and -

PRIDAMOR TORONTO INC. et al.

Applicant

Respondents

Court File No. CV-11-9099-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

AIRD & BERLIS LLP

Barristers and Solicitors

Brookfield Place

Suite 1800, Box 754

181 Bay Street

Toronto, ON M5J 2T9

D. Robb English (LSUC # 19862F1B)

Tel: (416) 863-4748

Fax: (416) 863-1515

E-mail: renglish@airdberlis.com

Ian E. Aversa (LSUC # 55449N)

Tel: (416) 865-3082

Fax: (416) 863-1515

E-mail: iaversa@airdberlis.com

Lawyers for A. Farber & Partners Inc.