

District of Ontario
Division No.: Toronto
Estate No.: 31-458698, 31-458700, 31-458701, 31-458702

In the matter of the receivership of Best Made Toys International, ULC including its affiliates Best Made Toys LLC, Best Made Toys Global Enterprises Limited, Best Made Toys Holding LLC (together, the “Debtor”)

REPORT OF THE RECEIVER
(Pursuant to S.246 (2) and Rule 126 of the Bankruptcy & Insolvency Act)

- a) By Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 25, 2019 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the business carried on by the Debtor (the “**Property**”). A copy of the Appointment Order is attached hereto as **Exhibit “A”**
- b) Attached hereto as **Exhibit “B”** is a copy of the Receiver’s Statement of Receipts and Disbursements for the period April 25, 2019 to October 25, 2019.
- c) The Receiver began exercising its powers in respect to its appointment on April 25, 2019 and took possession of the Property located at its head office at 120 St. Regis Crescent North, North York, Ontario, M3J 1Z3 and other leased premises. As of November 1, 2019, the Receiver has vacated the head office.
- d) On June 27, 2019, an Asset Purchase Agreement (“**APA**”) was signed between the Receiver and KellyToy Worldwide Inc. for various fixed assets and inventory. Attached hereto as **Exhibit “C”** is a copy of the APA.
- e) Deloitte engaged Platinum Assets Services Inc. to sell various remaining fixed assets (excluded in the APA).
- f) The receivership is anticipated to be completed in due course as limited activities remain outstanding for the Receiver to complete.

Dated at Toronto this 12th day of November, 2019

DELOITTE RESTRUCTURING INC.,
in its capacity as Receiver of
Best Made Toys International, ULC, Best Made Toys LLC, Best
Made Toys Global Enterprises Limited, Best Made Toys
Holding LLC and not in its personal capacity



Jorden Sleeth, CPA, CA, CIRP, LIT
Senior Vice President

Exhibit "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE
JUSTICE

HAWKEY

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THURSDAY, THE 25TH
DAY OF APRIL, 2019

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

**BEST MADE TOYS INTERNATIONAL, ULC, BEST MADE TOYS LLC,
BEST MADE TOYS GLOBAL ENTERPRISES LIMITED and BEST MADE TOYS
HOLDING LLC**

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION
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
(Appointing Receiver)**

THIS APPLICATION made by Bank of Montreal ("BMO") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Deloitte Restructuring Inc. as receiver and manager (the "Receiver") without security, of all of the property, assets and undertaking of Best Made Toys International, ULC, Best Made Toys LLC, Best Made Toys Global Enterprises Limited and Best Made Toys Holding LLC (collectively the "Debtors" or "BMT") acquired for, or used in relation to the business

carried on by the Debtors, wherever situate, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Robert Kiefer sworn April 23, 2019 and the Exhibits thereto, (the "**Kiefer Affidavit**") and the Pre-Filing Report of Deloitte Restructuring Inc. dated April 23, 2019 (the "**Pre-Filing Report**") in its capacity as proposed Receiver, and on hearing the submissions of counsel for BMO, the Debtors and the proposed Receiver, no one appearing for any other party although duly served as appears from the affidavits of service of Mariela Adriana Gasparini sworn April 23, 2019 and on reading the consent of Deloitte Restructuring Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte Restructuring Inc. is hereby appointed Receiver, without security, of all of the property, assets and undertaking of the Debtors of every nature and kind whatsoever and wherever situate, acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and to carry on the business of the Debtors, including the power to enter in to any agreements, incur any obligations in the ordinary course of business, to cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to, or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter

instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and otherwise engaging in, or continuing the Sale and Investor Solicitation Process (the "SISP") as described in the Kiefer Affidavit and the Pre-Filing Report, and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$1,000,000 provided that the aggregate consideration for all such transactions does not exceed \$3,500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights, or powers which the Debtors may have;
- (r) to execute an assignment into bankruptcy, assigning the Debtors into bankruptcy, or to consent to an application for the making of a bankruptcy order against the Debtors; and,
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, partnerships, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant

immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled

to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, suspend, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract,

agreement, licence or permit in favour of, for the benefit of, or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related

liabilities, or compensation, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, or otherwise, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3) (c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall be permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable

Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver at law, by section 14.06 of the BIA or by any other applicable legislation.

RETENTION OF COUNSEL

18. **THIS COURT ORDERS** that the Receiver may retain solicitors to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties including, without limitation, those conferred by this Order. Such solicitors may include Borden Ladner Gervais LLP, solicitors for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent solicitors in respect of any legal advice or services where a conflict exists, or may arise.

RECEIVER'S ACCOUNTS

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, (including statutory, deemed and constructive trusts), liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$2,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

25. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following '<http://www.insolvencies.deloitte.ca>'.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

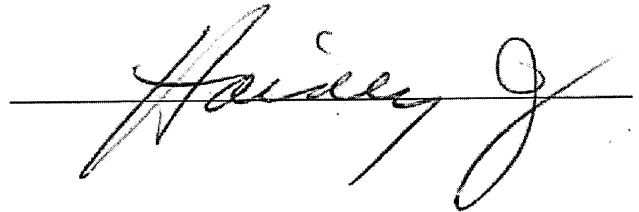
29. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Hong Kong, or in the People's Republic of China 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.

31. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

33. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than two (2) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in cursive script, appearing to read "Audrey J.", is written over a horizontal line. The signature is fluid and extends slightly above and below the line.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver and manager (the "**Receiver**") of the property, assets and undertaking of Best Made Toys International, ULC, Best Made Toys LLC, Best Made Toys Global Enterprises Limited and Best Made Toys Holdings LLC (collectively the "**Debtors**") or acquired for, or used in relation to the business carried on by the Debtors, wherever situate, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 25th day of April , 2019 (the "**Order**") made in an application having Court file number __-CL-_____, and has received as the Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself and its counsel out of such Property in respect of their remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in its capacity as receiver and manager of Best Made Toys International, ULC, Best Made Toys LLC, Best Made Toys Global Enterprises Limited and Best Made Toys Holdings LLC and not in its personal or corporate capacity

Per: _____

Name:

Title:

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 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

BANK OF MONTREAL

Applicant

- and -

BEST MADE TOYS INTERNATIONAL, ULC et al.

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDINGS COMMENCED AT TORONTO**

**ORDER
(Appointing Receiver)**

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Lawyers for the Applicant

Exhibit "B"

In the Matter of the Receivership of Best Made Toys International, ULC and its affiliates
Receiver's Interim Statement of Receipts and Disbursements
For the period April 25, 2019 to October 25, 2019
All balances in CAD \$
USD balances converted using the Bank of Canada spot rate as at October 25, 2019 (1.3064)

Receipts

Accounts receivable collections	4,888,859	
Sale of assets	959,376	
Income tax refund	799,893	
Reimbursement from Kelly Toys	328,562	
HST collected	154,299	
Other		
<i>Other receipts</i>	3,938	
<i>Miscellaneous refunds</i>	291	
<i>Interest</i>	157	4,385
Total Receipts	\$ 7,135,374	

Disbursements

Operating disbursements		
<i>Operating expenses</i>	387,835	
<i>Wages/Employee expenses</i>	255,278	
<i>Occupation rent</i>	254,686	
<i>Source deductions</i>	224,505	
<i>Insurance</i>	79,062	
<i>Utilities on operations</i>	18,571	
<i>Storage</i>	10,424	
<i>Repairs and maintenance</i>	7,933	
<i>Computer services</i>	3,460	
<i>Auctioneer commissions</i>	1,966	
<i>Security</i>	1,160	
<i>Bank charges</i>	650	
<i>Redirection of mail</i>	327	1,245,856
Taxes paid on operating disbursements		
<i>HST paid</i>	86,827	
<i>GST paid</i>	286	
<i>PST paid</i>	5,150	92,262
Receiver's fees and costs		
<i>Fees</i>	274,937	
<i>HST on receiver's fees and costs</i>	35,705	310,643
Legal fees/disbursements		
<i>Fees</i>	73,584	
<i>HST on legal fees</i>	9,566	83,150
Total Disbursements	\$ 1,731,911	
Excess of receipts over disbursements	\$ 5,403,463	

Exhibit "C"

ASSET PURCHASE AGREEMENT

BETWEEN

**DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER AND MANAGER OF BEST MADE TOYS INTERNATIONAL, ULC
as Seller**

- And -

**KELLYTOY WORLDWIDE, INC.
as Buyer**

JUNE 27, 2019

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is dated June 27, 2019.

B E T W E E N :

DELOITTE RESTRUCTURING INC., solely in its capacity as Court-appointed Receiver and Manager of **BEST MADE TOYS INTERNATIONAL, ULC**, and not in its personal capacity

(the "Seller")

- and -

KELLYTOY WORLDWIDE, INC.

a corporation existing under the laws of **California**

(the "Buyer")

RECITALS:

The Seller and the Buyer entered into a binding term sheet on June 4, 2019 pursuant to which the Parties agreed to enter into this Agreement to set forth the terms upon which the Seller would sell to the Buyer, and the Buyer would purchase from the Seller, the Assets (as defined below).

THEREFORE, in consideration of the covenants and agreements set out herein, and on and subject to the terms and conditions set out herein, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the following meanings:

- 1.1.1 "Agreement" means this asset purchase agreement which, following the full execution and delivery hereof will become a fully enforceable agreement, including all Schedules, as it may be supplemented, amended, restated or replaced from time to time by written agreement between the Parties.
- 1.1.2 "Appointment Order" means the Order of the Court dated April 25, 2019 appointing the Seller as the Court-appointed receiver and manager of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to, the former business of the Debtor, including all proceeds thereof.

- 1.1.3 "Assets" means the Inventory and the Fixed Assets.
- 1.1.4 "Bakersfield Premises" means the property leased by the Seller, on behalf of the Debtor, located at 53 Bakersfield Street, North York, Ontario M3J 1Z4.
- 1.1.5 "Business Day" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario or a U.S. federal holiday, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.
- 1.1.6 "Buyer" means Kellytoy Worldwide, Inc.
- 1.1.7 "Closing" means the closing of the Transaction.
- 1.1.8 "Closing Date" shall mean the date that this Agreement is executed and delivered or such other date as the Parties may agree in writing.
- 1.1.9 "Communication" means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- 1.1.10 "Court" means the Ontario Superior Court of Justice (Commercial List).
- 1.1.11 "Debtor" means Best Made Toys International, ULC.
- 1.1.12 "Deposit" means an amount equal to \$200,000 that was delivered by the Buyer to the Seller prior to the date hereof.
- 1.1.13 "Escrow Amount" means \$55,000, being an amount equal to 10% of the Purchase Price allocated to the Inventory.
- 1.1.14 "Escrow Termination Date" means August 30, 2019¹. *JS*
- 1.1.15 "Exported Assets" means those assets [, as specified in Schedule 1.1.5 hereto as exported assets] that will be exported directly by the Buyer to the United States and/or any other country outside of Canada.
- 1.1.16 "ETA" means the *Excise Tax Act* (Canada).
- 1.1.17 "Final Damaged Goods Value" means (i) if the Parties agree on a value for, or the Court makes a final determination as to the final value of the Damaged Goods Value, such agreed to or finally determined amount, or (ii) if the Seller does not dispute the Damaged Goods Value as set forth in the Escrow Certificate, the Damaged Goods Value shall be deemed to be the Final Damaged Goods Value.

¹ NTD: to be 90th day after date of Agreement

- 1.1.18 “**Fixed Assets**” means all of the right, title and interest of the Debtor in the fixed assets set out under the heading “Fixed Assets” in Schedule 1.1.5 hereto, all of which will be Exported Assets.
- 1.1.19 “**Inventory**” means all of the right, title and interest of the Debtor in the inventory set out under the heading “inventory” in Schedule 1.1.5 hereto.
- 1.1.20 “**ITA**” means the *Income Tax Act* (Canada).
- 1.1.21 “**Leased Premises**” means either the St. Regis Premises or the Bakersfield Premises.
- 1.1.22 “**Parties**” means the Seller and the Buyer, and “**Party**” means either one of them.
- 1.1.23 “**Purchase Price**” means \$670,000.
- 1.1.24 “**Remaining Assets**” means those assets [, as specified in Schedule 1.1.5 hereto as remaining assets] that will not be exported by the Buyer to the United States and/or any other country outside of Canada.
- 1.1.25 “**St. Regis Premises**” means the property leased by the Seller, on behalf of the Debtor, located at 120 St Regis Crescent North, North York, Ontario M3J 1Z3.
- 1.1.26 “**Storage Facilities**” means the storage facilities currently rented on behalf of the Debtor located at 501 Franklin Blvd Cambridge, ON N1R 8G9 and 1771 Aimco Blvd, Mississauga, ON L4W 1H7.
- 1.1.27 “**Time of Closing**” means [10]a.m. (EST) on the Closing Date or such other time on the Closing Date as the Parties may mutually agree in writing.
- 1.1.28 “**Transaction**” means the transaction of purchase and sale contemplated by this Agreement.

1.2 Certain Rules of Interpretation

- 1.2.1 Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars.
- 1.2.2 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”.
- 1.2.3 The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

- 1.2.4 References in this Agreement to an Article, Section or Schedule are to be construed as references to an Article, Section or Schedule of or to this Agreement unless the Context requires otherwise.
- 1.2.5 Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- 1.2.6 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations made under or in connection with that statute, and is to be construed as a reference to that statute as amended, supplemented or replaced.
- 1.2.7 Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, Province of Ontario.
- 1.2.8 Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

1.3 Entire Agreement

This Agreement, any other agreement or agreements and other documents to be delivered under this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement or in any of the other agreements and documents delivered under this Agreement.

1.4 Schedules

The following schedules form an integral part of this Agreement.

- Schedule 1.15 Assets
- Schedule 2.7 Purchase Price Allocation
- Schedule 4.4.3 Form of Drop Shipment Certificate

ARTICLE 2
SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions of this Agreement, the Seller will sell and transfer to the Buyer, and the Buyer will purchase and assume from the Seller, the Assets on the Closing Date. The Buyer acknowledges that it is not purchasing any other property or assets of the Debtor other than the Assets.

2.2 "As is, Where is"

The Buyer acknowledges that the Seller is selling the Assets on an "as is, where is" and "without recourse" basis as they exist on the Closing Date, and that following Closing, the Seller will have no further liability to the Buyer. The Buyer acknowledges that it has entered into this Agreement on the basis that the Seller does not guarantee title to the Assets and that the Buyer has conducted any inspections of the condition of and title to the Assets that it deemed appropriate, and has satisfied itself with regard to these matters. No representation, warranty or condition of any nature or kind whatsoever is expressed or can be implied as to title, description, condition, encumbrances, regulatory approval, fitness for purpose, present or future use, lawful use, merchantability, quantity or quality, assignability or in respect of any other matter or thing concerning the Assets or the right of the Seller to sell them, save as expressly represented or warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply to the Transaction and have been waived by the Buyer. The description of the Assets contained in the Schedules is for the purpose of identification only; no representation, warranty or condition has or will be given by the Seller concerning the completeness or accuracy of those descriptions. For greater certainty, and without limiting the generality of the foregoing, there shall be no adjustments in favour of the Buyer or the Seller for changes in the condition or quantity of the Assets being purchased between the date of this Agreement and the Closing Date, subject to the provisions of Section 2.6 relating to the Escrow Amount.

2.3 Buyer's Acknowledgement

The Buyer acknowledges that the Seller is selling the right, title and interest of the Debtor in the Assets pursuant to the Seller's powers as authorized by the Appointment Order. The Buyer agrees to purchase and accept the right, title and interest of the Debtor in and to the Assets pursuant to and in accordance with the terms of this Agreement.

2.4 Deposit

Prior to the execution and delivery of this Agreement, the Buyer has delivered to the Seller the Deposit which is to be applied to the Purchase Price as set out in 2.7. The delivery of the Deposit is a condition precedent to this Agreement. The Buyer agrees and acknowledges that the Deposit is non-refundable and released to the Seller following execution and delivery of this Agreement.

2.5 Payment of the Purchase Price

The Buyer will pay the Purchase Price to the Seller, or as the Seller otherwise directs, as follows:

- 2.5.1 the Deposit will be credited by the Seller on account of partial payment of the Purchase Price; and
- 2.5.2 a sum of \$470,000 plus any taxes owing pursuant to section 2.8 below will be paid by the Buyer to the Seller in installments of \$200,000 on July 31, 2019 and \$270,000 on the earlier of: (i) August 30, 2019 and (ii) the date that the aggregate value of the Assets that are located at the Leased Premises and the Storage Facilities is less than \$270,000, or such other date as the Parties may agree in writing, provided that such funds will include the Escrow Amount which will be held and disbursed by the Seller in accordance Section 2.6.

2.6 Escrow Amount

The Escrow Amount shall be held by the Seller and released as follows:

- 2.6.1 On or before the Escrow Termination Date, the Buyer shall deliver to the Seller a certificate (the "**Escrow Certificate**") setting out details of any Inventory that the Buyer has determined, in good faith, was damaged goods prior to commencement of removal from the Premises by the Buyer. The Escrow Certificate shall include a list of the Inventory that was damaged, evidence and a description of the damaged goods and the value of the Inventory that was damaged, calculated in a manner proportionate to the Inventory (the "**Damaged Goods Value**"). For the sake of completeness, the Damaged Goods Value is to be calculated using the pro-rata factory cost of the Inventory that was damaged.
- 2.6.2 The Seller shall have until 10 Business Days following the delivery of the Escrow Certificate to provide the Buyer with written notice disputing any of the matters set out in the Escrow Certificate, including the Damaged Goods Value. If the Seller does not provide written notice to the Buyer within such 10 Business Day period disputing the Escrow Certificate, the Seller shall be deemed to have accepted the information in the Escrow Certificate, including the value of the Damaged Goods Value.
- 2.6.3 If the Seller disputes any matter set out in the Escrow Certificate on or before 10 Business Days following the delivery of the Escrow Certificate, the Parties shall work together in good faith to agree on the Damaged Goods Value within 10 Business Days following the Seller having delivered its notice of dispute. If the Parties cannot agree on the Damaged Goods Value within such 10 Business Day period, the Parties shall apply to the Court to make such determination and the decision of such Court (with the Parties agreeing not to appeal such decision) shall be final and binding on the Parties.
- 2.6.4 No later than 15 Business Days following (i) the Escrow Termination Date in the case where there is no dispute of the Escrow Certificate, or (ii) the date that the Final

Damaged Goods Value is determined pursuant to section 2.6.3, in the case were there is a dispute to the Escrow Certificate, the Escrow Amount (including any interest earned on such funds) shall be disbursed by the Seller as follows: (i) an amount, if any, equal to the Final Damaged Goods Value shall be delivered to, or as directed in writing by, the Buyer, and (ii) any remaining Escrow Amount shall be released to the Seller. For greater certainty, if the Buyer does not deliver an Escrow Certificate on or before the Escrow Termination Date, the Final Damaged Goods Value shall be nil and the Seller shall be entitled to retain the full Escrow Amount.

2.7 Allocation of Purchase Price

The Purchase Price payable by the Buyer will be allocated among the Assets in accordance with Schedule 2.7.

2.8 Taxes

2.8.1 The Buyer will not be required to pay any federal or provincial taxes in connection with the purchase and sale of the Assets, including harmonized sales tax, provided that the Buyer complies with its covenants, including providing any required certificates, set out in sections 4.3 and 4.4 hereof.

2.8.2 The Buyer agrees to indemnify and save the Seller harmless from and against any and all claims, demands for payment, costs, expenses, liabilities and damages incurred or suffered by the Seller as a result of the Buyer electing not to pay any taxes, duties, fees and like charges in connection with this Agreement and the Transaction, including penalties and interest.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 The Buyer's Representations

The Buyer represents and warrants to the Seller that:

- 3.1.1 it is a corporation duly incorporated, organized and subsisting under the laws of the jurisdiction of its formation;
- 3.1.2 it has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and the execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Buyer;
- 3.1.3 it is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained in this Agreement;

- 3.1.4 to the best of the Buyer's knowledge, no actions or proceedings are pending or have been threatened to restrain or prohibit the completion of the Transaction;
- 3.1.5 it has sufficient funds, readily available, to satisfy the balance of the Purchase Price owing after the date hereof;
- 3.1.6 it is a non-resident of Canada under the Canadian *Income Tax Act* and is not registered, nor required to be registered, for GST or HST in Canada under the ETA; and
- 3.1.7 this Agreement and each of the other documents contemplated under this Agreement to which the Buyer is or will be a party have been duly and validly executed and delivered by the Buyer and constitutes legal, valid and binding obligations of the Buyer, enforceable in accordance with its terms.

3.2 The Seller's Representations

The Seller represents and warrants to the Buyer that:

- 3.2.1 it has the right to enter into this Agreement and to complete the Transaction; and
- 3.2.2 to the best of the Seller's knowledge, no actions or proceedings are pending and none have been threatened to restrain or prohibit the completion of the Transaction.

ARTICLE 4 RETRIEVAL OF ASSETS AND PRODUCTION AT ST. REGIS PREMISES

4.1 Retrieval of Assets

- 4.1.1 Subject to clause 4.5, the Buyer will take legal possession of the Assets wherever situate at the Time of Closing. The Buyer agrees, at the Buyer's sole cost and expense, to remove all of the Assets located at the Leased Premises on or before July 31, 2019. The Buyer will provide the Seller with written notice at least three Business Days prior to coming to retrieve any of the Assets from either of the Leased Premises or Storage Facilities. The Buyer shall be permitted, on such three Business Day's notice (or shorter if agreed to by the Seller) to remove some or all of the Assets from either of the Leased Premises or Storage Facilities during normal business hours (or such other times as the Seller may agree in writing). The Buyer shall remove or deliver the Exported Assets and the Remaining Assets in the manner set out in Sections 4.3 and 4.4 below.
- 4.1.2 The Buyer agrees to indemnify and save the Seller harmless from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way directly related to the removal of the Assets from the Leased Premises or the Storage Facilities. For the sake of completeness, this indemnity will include payment

of rent, and any other amounts that come due under the relevant agreements for the Leased Premises and the Storage Facilities.

4.2 Lease and Storage Costs

In the event that the Buyer has not removed all of the Assets from the Leased Premises on or before July 31, 2019, the Buyer shall indemnify the Seller for any lease costs or payments that the Seller is required to make at such Leased Premise after July 31, 2019. In addition, if the Buyer has not removed all of the Assets from the Storage Facilities on or before August 31, 2019, the Buyer shall indemnify the Seller for any storage costs incurred by the Seller for storing the Assets at either of the Storage Facilities after such date.

4.3 Exported Assets

The Buyer agrees to the following with respect to all Exported Assets:

- 4.3.1 Buyer will immediately export the Exported Assets as soon after such Assets are delivered to the Buyer as is reasonable having regard to the circumstances surrounding the exportation and, where applicable, to the normal business practice of the Buyer,
- 4.3.2 The Buyer represents, warrants and covenants to the Seller that the Exported Assets are not being acquired by the Buyer for consumption, use or supply in Canada before exportation of such Assets to the United States,
- 4.3.3 Prior to delivery of the Exported Assets to the Buyer and before the Buyers exports such Assets, the Exported Assets will not be further processed, transformed or altered in Canada except to the extent reasonably necessary or incidental to its transportation, and
- 4.3.4 The Buyer provides the Seller with evidence, satisfactory to the Seller in the Seller's discretion, of the exportation of the Exported Assets, which evidence shall include the following:
 - (i) Standard documentation evidencing the sale or delivery of the Assets out of Canada, including a copy of the U.S. Entry Summary (Form 7501 or any replacement form), U.S. Customs entry and a U.S. Certificate of Disposition of Imported Merchandise (Form 3227), and
 - (ii) Evidence of shipments by truck, including invoices for transportation charges from the carrier hired by the Buyer, destination receiving reports and Form E15 validated by an authorized officer of the CBSA.

4.4 Remaining Assets

The Buyer agrees to the following with respect to all Remaining Assets:

- 4.4.1 The Remaining Assets are being sold to the Buyer as manufactured goods as the Seller will “stuff”, at the written direction of the Buyer, the applicable skins prior to selling such Assets,
- 4.4.2 The Seller will deliver physical possession of the Remaining Assets to such Canadian buyer’s as the Buyer directs in writing provided that such buyers are GST/HST-registered customers under the ETA,
- 4.4.3 The ultimate buyers provide the Seller with a drop shipment certificate in a form acceptable to the Seller and which form is substantially in the form included as Schedule 4.4.3 to this Agreement,
- 4.4.4 The Buyer agrees and covenants to the Seller that it will not make a claim under Section 2.6 hereof that any Remaining Assets are damaged goods if it has directed the Seller to stuff any of such Assets, and
- 4.4.5 The Buyer shall be responsible for, or shall reimburse the Seller for, all costs associated with stuffing and delivering the Remaining Assets.

4.5 Failure to Pay Purchase Price or Other Breach

If either (i) any part of the Purchase Price has not been paid on or before the date that it is due, or (ii) the Buyer is otherwise in breach of this Agreement, and until such time as the full Purchase Price that is owing is paid or the breach is cured to the satisfaction of the Seller, as applicable,

- (i) the Seller may terminate this Agreement in its sole discretion, following which the Parties obligations under this Agreement shall cease except that the Buyer’s indemnification obligations hereunder shall continue as will Sections 5.4 and 5.9 hereof,
- (ii) the Buyer shall not be permitted to remove any of the Assets from either of the Leased Premises or the Storage Facilities, and
- (iii) the Seller shall be permitted, but not obligated, to sell the Assets to any other person and the Buyer shall be responsible for any losses incurred by the Seller in selling the Assets to such person, which losses shall include, but not be limited to, any costs incurred by the Seller to sell such Assets and the amount, if any, by which the price of the Assets sold to such person was less than the Purchase Price for such Assets.

4.6 Debtor Employees

The Seller agrees that it shall make available, at the Seller’s cost, one or more electricians to uninstall certain machinery as well as warehouse employees to assist with Inventory and loading Inventory onto trucks at the Leased Premises and Storage Facilities during the removal of the Assets, provided that the maximum costs of such employees, in the aggregate, shall not exceed \$5,000.

4.7 Risk of Assets

Following the Closing, the Assets will be at the risk of the Buyer regardless of whether the Assets have been removed from the Leased Premises or the Storage Facilities.

4.8 Production at St. Regis Premises

- 4.8.1 The Seller agrees to complete the Remaining Assets at the St. Regis Premises, during the months of July and August to complete production.
- 4.8.2 The Buyer shall be responsible and liable for all costs associated with the production cycle, including labour, planning, equipment and shipping costs.
- 4.8.3 The Buyer will reimburse the Seller for any occupancy costs incurred by the Seller at the St. Regis Premises relating to the production by the Seller other than the cost of rent under the current lease at the St. Regis Premises for the months of June and July 2019.
- 4.8.4 The Buyer shall be responsible for, or shall reimburse the Seller for, any costs of employees or other staff relating to production at the St. Regis Premises. In addition, to the extent that the Seller maintains health & safety, worker's compensation or similar insurance in relation to employees involved in production at the St. Regis Premises, the Buyer shall be responsible for, or shall reimburse the Seller for, such costs.
- 4.8.5 The Buyer agrees to indemnify and hold harmless the Seller against any liability or damages it may incur as a result of the Buyer conducting the production at the St. Regis Premises.

**ARTICLE 5
GENERAL**

5.1 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Seller in connection with this Transaction or this Agreement, the provisions of this Agreement will prevail to the extent of that conflict or inconsistency.

5.2 Seller's Capacity

The Buyer acknowledges that the Seller, together with its authorized representatives and signatories, in signing this Agreement and any and all documents contemplated by or relating to the Transaction, are acting solely in the Seller's capacity as Court-appointed receiver and manager of the Debtor, are signing solely in that capacity, and shall have no personal or corporate liability of any kind, whether in contract, in tort or otherwise.

5.3 Commission

The Buyer acknowledges that there are no agent or broker fees or other commissions payable by the Seller on the Purchase Price or otherwise in connection with the Transaction, and the Buyer agrees to indemnify the Seller against any claim for compensation or commission by any third Party or agent retained by the Buyer in connection with, or in contemplation of, the Transaction.

5.4 Confidentiality

The Buyer acknowledges that the Seller has a statutory requirement to report to the Court in respect of this Transaction. Except as is required by the Court, the Parties will not, and will not allow any of their representatives or advisors to collect, disclose, or use, any Confidential Information (as defined below) at any time or in any manner, except for the purpose of consummating the Transaction. For the purposes of this Agreement, "**Confidential Information**" means any information relating to the Transaction or the Business, including information relating to identifiable individuals ("**Personal Information**"), whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, but excluding information, other than Personal Information, which:

- (i) was available to or known by the public before the date of this Agreement;
- (ii) was or is obtained from a source other than the Parties or any person bound by a duty of confidentiality to the Parties; or
- (iii) is or becomes available to or known by the public other than as a result of improper disclosure by the Parties or any of their representatives, advisors or lenders.

5.5 Survival

The Parties agree that any representations, warranties or covenants made in this Agreement shall survive the execution and delivery of this Agreement and the Closing, and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by the Parties.

5.6 Time of Essence

Time is of the essence in all respects of this Agreement.

5.7 Notices

5.7.1 Any Communication must be in writing and either

- (i) personally delivered;
- (ii) sent by prepaid registered mail; or

- (iii) sent by email or functionally equivalent electronic means of communication, charges (if any) prepaid.

5.7.2 Any Communication must be sent to the intended recipient at its address as follows:

to the Seller at:

Deloitte Restructuring Inc.
8 Adelaide Street West
Toronto, Ontario
M5H 0A9

Attention:	Andrew Whittingham	/	Jorden Sleeth
Tel No.:	416.601.6421	/	416.775.8858
E-mail:	andwhittingham@deloitte.ca	/	jsleeth@deloitte.ca

with a copy (which will not constitute notice) to:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide St. W.
Toronto, Ontario M5H 4E3

Attention:	Alex MacFarlane	/	Jason Saltzman
Tel No.:	416.367.6305	/	416.367.6196
E-mail:	amacfarlane@blg.com	/	jsaltzman@blg.com

to the Buyers at:

Kellytoy Worldwide, Inc.
4811 S Alameda Street
Los Angeles, CA 90058

Attention:	Jonathan Kelly	/	Ed Flaherty
Tel No.:	800.346.0312	/	720.224.6090
E-mail:	jonathan@kellytoy.com	/	erflaherty79@gmail.com

with a copy (which will not constitute notice) to:

[ntd: insert details if any]

or at any other address that any Party may from time to time advise the other by Communication given in accordance with this Section 5.7. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given and received on the next Business Day. Any Communication transmitted by any form of electronic communication will be deemed to have been given and received on the day on which it was transmitted (but if the Communication is transmitted on a

day which is not a Business Day or after 3:00 p.m. (local time of the recipient), the Communication will be deemed to have been received on the next Business Day).

5.8 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (i) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (ii) the legality, validity or enforceability of that provision in any other jurisdiction.

5.9 Governing Law and Submission to Jurisdiction

5.9.1 This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

5.9.2 Without prejudice to the ability of any Party to enforce this Agreement in any other proper jurisdiction, each of the Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by applicable law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province or that the subject matter of this Agreement may not be enforced in the courts and irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 5.9, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

5.10 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

5.11 Further Assurances

Each Party will, at the requesting Party's cost, execute and deliver all further agreements and documents and provide all further assurances as may be reasonably required by the other Party to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide all assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies.

5.12 Assignment and Enurement

Neither this Agreement nor any right or obligation under this Agreement may be assigned by the Buyer without the prior written consent of the Seller, which consent may be unreasonably or arbitrarily withheld. This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

5.13 Counterparts and Execution

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument. To evidence the fact that a Party has executed this Agreement, such Party may send a copy of its executed counterpart to the other Party by Electronic Transmission and, if sent by email, in Portable Document File (PDF) format. That Party will be deemed to have executed this Agreement on the date it sent such Electronic Transmission.

5.14 Costs and Expenses

Except as otherwise specified in this Agreement, each Party shall bear its own costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this Agreement and the completion of the Transaction.

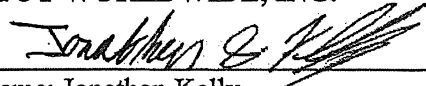
5.15 No *Contra Proferentem*

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, that provision should not be interpreted in favour of either one of them.

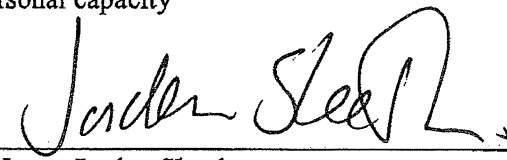
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above

KELLYTOY WORLDWIDE, INC.

Per 
Name: Jonathan Kelly
Title: CEO

DELOITTE RESTRUCTURING INC., solely in its capacity as receiver and manager of **BEST MADE TOYS INTERNATIONAL, ULC**, and not in its personal capacity

Per 
Name: Jorden Sleeth
Title: Senior Vice President,
Deloitte Restructuring Inc.

**SCHEDULE 1.5
DESCRIPTION OF ASSETS**

[Insert list]

In the Matter of the Court's appointed liquidation of Best Trade Toys International, LLC and its affiliates

Item	Description	Type	Initial Container	Quantity by location (units)				ST Bags	Total	Factory Cost	Smilez	Coverz	Bakeryz	ST Bags	Total
				450 Factory Cost	Smilez	Coverz	Bakeryz								
D-174-03W-20 (DOLLAR GENERAL)	BIG HEAD GRAY AND UNICORN	Shit	Dollar General	210	1,344			1,554	\$ 2,122					\$ 2,122	
D-172-15W-21 (DOLLAR GENERAL)	21" SITTING BEAR	Skin	Dollar General	200	640			840	\$ 1,850					\$ 1,850	
C170767-14 (Target)	16oz 2 seat baby toys with rattle with beaker card	Finished	Target	128		5,700		5,828	\$ 6,000					\$ 6,000	
C170767-30 (Target)	16oz 2 seat animals in blanket with rattle with beaker card	Finished	Target	143		6,800		6,943	\$ 7,296					\$ 7,296	
C170767-16 (Target)	16oz 2 seat rattle with beaker card Embroidery eyes	Finished	Target	109		100,108		100,217	\$ 9,857					\$ 9,857	
F181966-30 (Target)	25oz floppy body animals Dina, Elephant, Unicorn, Bear, Dog	Finished	Target	185		5,760		5,945	\$ 10,205					\$ 10,205	
PRK W/PURPLE UNICORN	UNICORN	Finished	Dollar General	629		1,100		1,729	\$ 18,640					\$ 18,640	
BEIGE BEAR	BEIGE BEAR	Finished	Dollar General	610		1,004		1,614	\$ 1,100					\$ 1,100	
GRY/BL (Target)	14" FLUSH BUNNY	Finished	Dollar General	248				248	\$ 1,008					\$ 1,008	
GRY/BL (Target)	14" FLUSH BEAR	Finished	Target	248				248	\$ 1,008					\$ 1,008	
D-174-14W-31 (WH US WASH)	21" Assorted animals assortment	Finished	Target	248		2,408		2,656	\$ 3,772					\$ 3,772	
SEIP	21.5" Assorted Standing Plush	Finished	WHCA	200				200	\$ 5,932					\$ 5,932	
GMAT TIGET-Y513010KT	Jumbo Rt	Finished	Chas Tiger	1176				1,176	\$ 1,242					\$ 1,242	
AMAZON-UNICORN	Jumbo Unicorn	Finished	Amazon	641				641	\$ 400					\$ 400	
AMAZON-HORNEY	Jumbo Honey	Finished	Amazon	545				545	\$ 400					\$ 400	
AMAZON-DOG	Jumbo Dog	Finished	Amazon	585				585	\$ 374					\$ 374	
AMAZON-TIGER	Jumbo Tiger	Finished	Amazon	575				575	\$ 18					\$ 18	
AMAZON-BEAR	Jumbo Bear	Finished	Amazon	635				635	\$ 104					\$ 104	
AMAZON-ELEPHANT	Jumbo Elephant	Finished	Amazon	585				585	\$ 145					\$ 145	
TIGER-DUSTER	Jumbo Easter	Finished	Target	430				430	\$ 81					\$ 81	
18-011W17-24-SK (ROUNDOS)	22" PUSHER STOLDS IN PALLET BEIGE BEAR STOLDS X 5 BROWN DOG STOLDS X 4 ELEPHANT STOLDS X 4 PANDA STOLDS X 4 HORSEY STOLDS X 4	Skin	Fred Meyer/Kroger	303	1,175			1,478	\$ 3,560					\$ 3,560	
ROUNDOS-18-011W17-24-SK	22" PUSHER STOLDS OPEN STOCK	Skin	Fred Meyer/Kroger	303				303	\$ 375					\$ 375	
18-011W17-24-SK OPEN STOCK (KROGER)	22" PUSHER STOLDS IN PALLET	Skin	Fred Meyer/Kroger	303	20,612			20,915	\$ 31,244					\$ 31,244	
251-03W16-12-SK (TARGET P)	125CH LAYING DOGS- BEHRESE AND GOLDEN	Skin	Target	445				445	\$ 62,414					\$ 62,414	
BU-152016-SK (BIG LOTS)	Jumbo white cotton with yellow trim x 6 Jumbo bear with red trim x 6 Jumbo tiger x 6 Jumbo unicorn x 6 Jumbo elephant x 6 ASSORTED BALL ANIMALS AND SITTING BOUNCERS	Skin	Big Lots	620	17,964			18,584	\$ 24,778					\$ 24,778	
D-172-15W-26-SK (KITE AID)	21" SITTING BEAR SHOTS	Skin	Family Dollar	210	3,160			3,370	\$ 11,402					\$ 11,402	
D-172-15W-26-SK (KITE AID)	21" SITTING BEAR SHOTS	Skin	Rite Aid	430	15,600			16,030	\$ 6,510					\$ 6,510	
D-172-15W-26-SK (KITE AID)	21" BEAR WITH HEART 2 COLORS	Skin	Family Dollar	210	37,200			37,410	\$ 62,400					\$ 62,400	
D-172-15W-26-SK (KITE AID)	6PCH SITTING REDNECK AND 100CH STANDING SANTA	Skin	Quik Trip	710	128			838	\$ 115,320					\$ 115,320	
D-1510131A-SK (CAMADIAN TIRE)	JUNDO BEAR & UNICORN SOCH	Skin	Canadian Tire	615	1,184			1,800	\$ 909					\$ 909	
D-1517058K-SK (CAMADIAN TIRE)	125CH SUPER JUNDO BEAR	Skin	Canadian Tire	10,520				10,520	\$ 7,282					\$ 7,282	
HE-3JUNDO-2-SK	Bigle bear x 4 Corilla x 3 Standing giraffe w/ sleepy eyes x 3 Standing giraffe w/ sleepy eyes x 3 Jumbo unicorn x 2 Black bear x 2 Bear bear x 2	Skin	Huggies	630	207			837	\$ 2,174					\$ 2,174	
Y5130114W-24-SK (Amazon)	125CH SITTING HOMOYR SICH	Skin	Mejzer	620	7,200			7,820	\$ 9,972					\$ 9,972	
Y5170141U-24-SK (Amazon)	125CH LAYING PINK WITH PINK UNICORN	Skin	Amazon	630	14,400			15,030	\$ 46,940					\$ 46,940	
Y5170154-SK (Amazon)	125CH STANDING BEIGE BEAR	Skin	Amazon	641	2,886			3,527	\$ 9,678					\$ 9,678	
Y5170160-SK (Amazon)	125CH STANDING BROWN WITH BK BROWN DOG	Skin	Amazon	575	3,504			4,079	\$ 18,499					\$ 18,499	
Y5170174-SK (Amazon)	125CH STANDING ELEPHANT	Skin	Amazon	605	960			1,565	\$ 20,344					\$ 20,344	
Y5170174-SK (Amazon)	125CH STANDING TIGER	Skin	Amazon	635	2,860			3,495	\$ 9,616					\$ 9,616	
Y5170174-SK (ROUNDOS)	GLITTER EYE GRANT DOG X 5 GLITTER EYE GRANT NOOSE X 4 GLITTER EYE GRANT PINK UNICORN X 4 GLITTER EYE GRANT CHAIR X 4 GLITTER EYE GRANT FLUSH	Skin	Fred Meyer/Kroger	470	3,485			3,955	\$ 21,946					\$ 21,946	
Y5170174-SK (ROUNDOS)	GLITTER EYE GRANT DOG X 5 GLITTER EYE GRANT NOOSE X 5 GLITTER EYE GRANT PINK UNICORN X 4 GLITTER EYE GRANT CHAIR X 4 GLITTER EYE GRANT FLUSH	Skin	Fred Meyer/Kroger	470	45,216			45,686	\$ 312,995					\$ 312,995	
Y5170174-SK (ROUNDOS)	SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2	Skin	Fred Meyer/Kroger	625	24,346			24,971	\$ 164,784					\$ 164,784	
Y5170174-SK (ROUNDOS)	SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2	Skin	Fred Meyer/Kroger	625	192			817	\$ 1,315					\$ 1,315	
Y5170174-SK (ROUNDOS)	SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2 SLEEPY EYE JUNDO BEAR X 3 SLEEPY EYE JUNDO ELEPHANT X 2	Skin	Fred Meyer/Kroger	625	7,344			7,969	\$ 50,386					\$ 50,386	
Y5170174-SK (ROUNDOS)	2018 BLACK FRIDAY UNICORN	Skin	Fred Meyer/Kroger	825	18,140			18,965	\$ 110,559					\$ 110,559	
BMT 2018-11	2018 BLACK FRIDAY DINO	Skin	WHCA	630	1,032			1,662	\$ 6,708					\$ 6,708	
1510-13W-24-SK (KROGER)	Glitter Eye Giant Dino Dark Green Open Stock	Skin	WHCA	215	1,032			1,247	\$ 7,379					\$ 7,379	
1510-13W-24-SK (KROGER)	Glitter Eye Giant Dino Dark Green	Skin	Fred Meyer/Kroger	470	12,600			13,070	\$ 52,220					\$ 52,220	
1510-13W-24-SK (KROGER)	Glitter Eye Giant Dino Dark Green	Skin	Fred Meyer/Kroger	470	720			1,190	\$ 3,284					\$ 3,284	

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Item	Description	Type	Initial Customer	Unit Priority Cost	Switch	Class	Subtotal	Total	Simult	Cracked	Damaged	ST High	Item
D-1514032A-SK (HEB)	JUMBO FLUSH	Shin	IGS	6.50	2,816	12,000	18,866	18,866	54,776	78,100	-	-	102,728
LS6-432-28-SK (CARGET)	SPARKLE CREAM AND BEIGE BEAR	Shin	Target	4.45	33,000	-	33,000	33,000	146,850	91,741	-	-	238,591
V514032T (TRU USA)	CATERPILLAR	Shin	TRU USA	7.20	2,868	-	2,868	2,868	21,666	511	-	-	23,377
D-1517066-SK (WH US)	WH USA	Shin	WHUSA	9.00	9,238	310	9,548	9,548	74,592	2,880	-	-	77,472
D-1518148-180-SK (WH US)	WH USA	Shin	WHUSA	6.24	2,496	-	2,496	2,496	15,075	-	-	-	17,571
V5-2018MKS-SK (WH US)	WH USA	Shin	WHUSA	6.00	4,023	-	4,023	4,023	24,138	-	-	-	24,138
3110-142-1800-SK (LAWRENCEVILLE (WH.COM))	WH USA	Shin	WHUSA	6.28	4,023	-	4,023	4,023	-	-	-	-	402
37-166H-08-SK (HEBARD)	WH USA	Shin	WHUSA	2.00	10,800	10,800	10,800	10,800	-	21,600	-	-	21,600
V3-166H-180-SK (HEBARD)	WH USA	Shin	WHUSA	2.00	15,200	15,200	15,200	15,200	-	30,720	-	-	30,720
37-181W-180-SK (HEBARD)	WH USA	Shin	WHUSA	2.00	15,000	15,000	15,000	15,000	-	30,000	-	-	30,000
37-181W-180-SK (HEBARD)	WH USA	Shin	WHUSA	6.50	1,360	1,360	1,360	1,360	-	8,640	-	-	9,940
37-106-118-SK (HEBARD)	WH USA	Shin	WHUSA	6.15	-	-	-	-	-	-	-	-	-
501P-SK	WH USA	Shin	WHUSA	2.00	70,000	70,000	70,000	70,000	-	457,200	37,000	-	314,200
BL-10218-SK (BIG LOTS)	WH USA	Shin	WHUSA	6.20	11,136	11,136	11,136	11,136	-	69,943	-	-	69,943
D-171310W-21-SK (HEB)	WH USA	Shin	WHUSA	2.15	10,560	10,560	10,560	10,560	-	22,784	-	-	22,784
D-1510900 JUMBO-SK	WH USA	Shin	WHUSA	6.20	3,624	3,624	3,624	3,624	-	22,469	12,127	-	34,806
D-1514232A05-SK (HEB)	WH USA	Shin	WHUSA	6.50	300	300	300	300	-	1,950	-	-	1,950
D-1514032B05-SK (HEB)	WH USA	Shin	WHUSA	6.50	300	300	300	300	-	1,950	-	-	1,950
D-1514032C05-SK (HEB)	WH USA	Shin	WHUSA	6.50	300	300	300	300	-	1,950	-	-	1,950
D-1517021-SK (SUPERVALU)	WH USA	Shin	WHUSA	9.00	1,200	1,200	1,200	1,200	-	10,800	-	-	10,800
D-1517021-SK (SUPERVALU)	WH USA	Shin	WHUSA	6.80	3,790	3,790	3,790	3,790	-	22,880	-	-	22,880
D-1517021-SK (SUPERVALU)	WH USA	Shin	WHUSA	5.75	10,800	10,800	10,800	10,800	-	61,600	-	-	61,600
D1748275-SK (CROCKER)	WH USA	Shin	WHUSA	2.00	12,000	12,000	12,000	12,000	-	30,000	-	-	30,000
D1771807P-4 (CROCKER)	WH USA	Shin	WHUSA	6.70	4,386	4,386	4,386	4,386	-	26,793	-	-	26,793
V517021A1-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	6.50	4,020	4,020	4,020	4,020	-	24,138	-	-	24,138
V517021A2-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	6.40	4,020	4,020	4,020	4,020	-	25,728	-	-	25,728
V517021A3-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	6.40	2,300	2,300	2,300	2,300	-	14,720	-	-	14,720
V517021A4-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	4.70	576	576	576	576	-	2,707	21,208	-	21,914
V517021A5-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	4.70	576	576	576	576	-	2,707	21,208	-	21,914
V517021A6-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	4.70	6,200	6,200	6,200	6,200	-	39,850	-	-	39,850
V517021A7-SK (LAWRENCEVILLE)	WH USA	Shin	WHUSA	4.70	775	775	775	775	-	3,443	-	-	3,443
V5160208V-SK (BIG LOTS)	WH USA	Shin	WHUSA	7.00	1,788	1,788	1,788	1,788	-	11,677	-	-	11,677
V5160210V-SK (BIG LOTS)	WH USA	Shin	WHUSA	7.50	360	360	360	360	-	2,739	-	-	2,739
D17-128P-11.5-SK (FAMILY DOLLAR)	WH USA	Shin	WHUSA	3.10	14,000	14,000	14,000	14,000	-	33,040	-	-	33,040
D17-128P-11.5-SK (FAMILY DOLLAR)	WH USA	Shin	WHUSA	3.25	240	240	240	240	-	44,540	-	-	44,540
B4-17016-SK	WH USA	Shin	WHUSA	2.65	720	720	720	720	-	2,340	-	-	2,340
D-1517069 F	WH USA	Shin	WHUSA	9.00	316	316	316	316	-	2,168	-	-	2,168
D-1517069 B	WH USA	Shin	WHUSA	9.00	316	316	316	316	-	2,168	-	-	2,168
V517062P (HEBARD)	WH USA	Shin	WHUSA	6.15	306	306	306	306	-	1,802	-	-	1,802
D-1517069 A	WH USA	Shin	WHUSA	9.00	240	240	240	240	-	1,600	-	-	1,600
D-1517069 C	WH USA	Shin	WHUSA	9.00	260	260	260	260	-	1,600	-	-	1,600
D-1517069 E	WH USA	Shin	WHUSA	6.40	96	96	96	96	-	634	-	-	634
D-1710-142-180 H	WH USA	Shin	WHUSA	6.40	376	376	376	376	-	1,102	-	-	1,102
D-1517069 D	WH USA	Shin	WHUSA	9.00	376	376	376	376	-	1,204	-	-	1,204
D-1517069 B	WH USA	Shin	WHUSA	9.00	376	376	376	376	-	1,204	-	-	1,204
D-1710-142-180 F	WH USA	Shin	WHUSA	3.20	4,000	4,000	4,000	4,000	-	13,400	-	-	13,400
D-1710-142-180 A	WH USA	Shin	WHUSA	6.60	224	224	224	224	-	1,544	-	-	1,544
D-1710-142-180 B	WH USA	Shin	WHUSA	6.60	84	84	84	84	-	594	-	-	594
187-076-110 SK	WH USA	Shin	WHUSA	6.80	78	78	78	78	-	468	-	-	468
19100P-120-SK	TARGET	Shin	TARGET	6.00	100	100	100	100	-	1,008	-	-	1,008
													720

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Item	Description	Type	Initial Customer Cont	IPD Area Cont	Simtech	Crawford	Barnhart	ST Regs	Total	Switch	Crosscut	Backfield	ST Regs	Total
JUNBO FIGG		54h	KODGER	\$ 6.00			110		110 \$					110 \$
D-WR25A	JUNBO FIGG (US BLACKWOOD)	54h	WHUSA.COM	\$ 6.00			40		40 \$					40 \$
D-1710-445-101 I	3P LLAMA	56h	WHUSA.COM	\$ 6.00			48		48 \$					48 \$
D-1710-445-101 D	JUNBO ANIMAL FLUSH	56h	WHUSA.COM	\$ 6.00			48		48 \$					48 \$
D-1555W	JUNBO FLUSH BEAR SKINS	56h	ALBERTSON	\$ 6.00			20		20 \$					20 \$
D-1710-445-101 L	SITTING SLOTH	56h	WHUSA.COM	\$ 6.00			20		20 \$					20 \$
D-1710-445-101 K	LIVING HORSE	56h	WHUSA.COM	\$ 6.00			20		20 \$					20 \$
D-1710-445-101 J	LIVING UNICORN	56h	WHUSA.COM	\$ 6.00			20		20 \$					20 \$
Y31707V-0K	5 1/2 STRANDING BEAR	56h	WHUSA.COM	\$ 6.00			20		20 \$					20 \$
JUNBO FIGG		56h	RITE AID	\$ 6.00			24		24 \$					24 \$
SHOPKO EASTER 2019		56h	KODGER	\$ 6.00			18		18 \$					18 \$
D-1533000X (VM USA INTERNET)	18CKA JUNBO BEAR/W/RED B/W TIE	56h	Shyko	\$ 7.15			20		20 \$					20 \$
D-1710-445-101 M	23 SITTING ANIMALS	56h	WHUSA	\$ 11.72			2,100		2,100 \$					2,100 \$
D-1537000A-45574-0K (COMF TIGER)	BEIGE BEAR	Finished	Rea	\$ 10.00			1,472		1,472 \$					1,472 \$
D-1537000B-45574-0K (COMF TIGER)	STANDING BEIGE BEAR	Finished	Chin Tiger	\$ 10.00			1,800		1,800 \$					1,800 \$
Total					317,408	396,639	120,020	37,774	872,840	\$ 1,241,672	\$ 3,009,231	\$ 424,407	\$ 121,152	\$ 9,184,652

Quantity by Material (Pallet)	Material	Quantity by Material (Pallet)	Material
100	100	200+	200+
200+	200+	400+	400+
400+	400+	800+	800+
800+	800+	1600+	1600+
1600+	1600+	3200+	3200+
3200+	3200+	6400+	6400+
6400+	6400+	12800+	12800+
12800+	12800+	25600+	25600+
25600+	25600+	51200+	51200+
51200+	51200+	102400+	102400+
102400+	102400+	204800+	204800+
204800+	204800+	409600+	409600+
409600+	409600+	819200+	819200+
819200+	819200+	1638400+	1638400+
1638400+	1638400+	3276800+	3276800+
3276800+	3276800+	6553600+	6553600+
6553600+	6553600+	13107200+	13107200+
13107200+	13107200+	26214400+	26214400+
26214400+	26214400+	52428800+	52428800+
52428800+	52428800+	104857600+	104857600+
104857600+	104857600+	209715200+	209715200+
209715200+	209715200+	419430400+	419430400+
419430400+	419430400+	838860800+	838860800+
838860800+	838860800+	1677721600+	1677721600+
1677721600+	1677721600+	3355443200+	3355443200+
3355443200+	3355443200+	6710886400+	6710886400+
6710886400+	6710886400+	13421772800+	13421772800+
13421772800+	13421772800+	26843545600+	26843545600+
26843545600+	26843545600+	53687091200+	53687091200+
53687091200+	53687091200+	107374182400+	107374182400+
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429496729600+	429496729600+	858993459200+	858993459200+
858993459200+	858993459200+	1717986918400+	1717986918400+
1717986918400+	1717986918400+	3435973836800+	3435973836800+
3435973836800+	3435973836800+	6871947673600+	6871947673600+
6871947673600+	6871947673600+	13743895347200+	13743895347200+
13743895347200+	13743895347200+	27487790694400+	27487790694400+
27487790694400+	27487790694400+	54975581388800+	54975581388800+
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219902325555200+	219902325555200+	439804651110400+	439804651110400+
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879609302220800+	879609302220800+	1759218604441600+	1759218604441600+
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14073748835532800+	14073748835532800+	28147497671065600+	28147497671065600+
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14411518807585587200+	14411518807585587200+	28823037615171174400+	28823037615171174400+
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115292150460684697600+	115292150460684697600+	230584300921369395200+	230584300921369395200+
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1980704062990826561357926400+	1980704062990826561357926400+	3961408125981653122715852800+	3961408125981653122715852800+
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15845632503926612490863411200+	15845632503926612490863411200+	31691265007853224981726822400+	31691265007853224981726822400+
31691265007853224981726822400+	31691265007853224981726822400+	63382530015706449963453644800+	63382530015706449963453644800+
63382530015706449963453644800+	63382530015706449963453644800+	126765060031412899926907289600+	126765060031412899926907289600+
126765060031412899926907289600+	126765060031412899926907289600+	2535301200628257998538145779200+	2535301200628257998538

In the Matter of the Court-appointed Receivership of Best Made Toys International, LLC and its affiliates

Summary of Fixed Assets

Item	Description	Type	Quantity	Location (Units)	ST Realid
Blue Stuffing Machines	Qingdao Lion Machinery Co., Ltd T-1000 Bear Stuffing Machine Item no: QL009A Manufactured 2009 Production stations comprise of 1 x fiber opening machine and 2 x stuffing machines with 2 blowers each	Equipment	8	complete production stations, each with 4x blowers (i.e. capacity for 32 person production line)	2
White Stuffing Machines	Qingdao Lion Machinery Co., Ltd Computerized Teddy Bear Stuffing Machine (automatic) Item no: QL009B Manufactured 2009 Production stations comprise of 1 x fiber opening machine and 2 x stuffing machines with 2 blowers each	Equipment	2	complete production stations, each with 4x blowers (i.e. capacity for 8 person production line)	2
Air Compressors	Kaeser BSD 50, Direct Drive Rotary Screw Air Compressors	Equipment	2		2
Sewing Machines	Plusmaster Industrial Sewing Machines	Equipment	1		1
Free-standing Fans	NA	Equipment	10		13
Wall-mounted Fans	NA	Equipment	20		20
Pallet Trucks	Various	Equipment	8		14
Floor Scales	NA	Equipment	21		26
Two-wheel dolly	NA	Equipment	2		2
Dock Plate	NA	Equipment	6		13
Ladder	NA	Equipment	3		5
			1		2

155

**SCHEDULE 2.7
PURCHASE PRICE ALLOCATION**

5

Assets	Purchase Price Allocation (\$)
Inventory and other raw materials	550,000
Fixed Assets	120,000
Total:	670,000

**SCHEDULE 4.4.3
FORM OF DROP SHIPMENT CERTIFICATE**

Handwritten initials

5

See attached.

Handwritten initials and a circled number '5'.

Appendix B - Drop-shipment certificate

**DROP-SHIPMENT CERTIFICATE
(Subsection 179(2) of the Excise Tax Act)**

1. Registrant to whom the drop-shipment certificate is issued (the "registrant")

Legal name

2. Registrant who is issuing the drop-shipment certificate (the "registered consignee")

Legal name

Business Number

3. Description of drop-shipped goods

Provide sufficient detail to clearly identify the good(s). If more space is required, attach a separate sheet.

4. Scope of certificate

Indicate the scope of the certificate (check one box only):

- A drop shipment of good(s) described above made on: Y - M - D
- Multiple drop shipments of goods described above made on: Y - M - D
- Ongoing drop shipments of goods described above made beginning: Y - M - D
- Drop shipments of goods described above made during specified period: From: Y - M - D to: Y - M - D

The registered consignee has or will receive physical possession of the goods described above in Canada from the registrant who has either (check one box only):

- made a taxable supply in Canada of the goods by way of sale, to an unregistered non-resident named, _____,
 - made a taxable supply in Canada of a service of manufacturing or producing the goods, to an unregistered non-resident named, _____, or
 - acquired physical possession of the goods belonging to an unregistered non-resident for the purpose of making a taxable supply of a commercial service in respect of the goods to an unregistered non-resident named, _____,
- and the consignee is either (check one box only):
- a recipient of a taxable (other than zero-rated) supply of the goods made by an unregistered non-resident named _____.

The consignee in this case will be required to self-assess tax in respect of an imported taxable supply of the goods if the consignee is not acquiring the goods for consumption, use or supply exclusively in the course of its commercial activities, or the good is a passenger vehicle that the consignee is acquiring for use in Canada as capital property in its commercial activities and that has a capital cost to the consignee exceeding the amount deemed to be the capital cost of the vehicle to the consignee for income tax purposes.

- acquiring physical possession of the goods belonging to an unregistered non-resident named _____ for the purpose of either making a taxable supply of a commercial service to an unregistered non-resident named _____ in respect of the goods or making a taxable supply in Canada to an unregistered non-resident named _____, of a service of manufacturing or producing goods (also referred to below as "the goods").

The consignee in this case will be required to collect tax with respect to a supply of the goods based on subsection 179(1) if the consignee transfers physical possession of the goods to another person in Canada, unless the goods are exported in accordance with subsection 179(3), or the other person is a registered person who provides a drop-shipment certificate to the consignee with respect to a supply of the goods and either has a potential obligation to collect tax with respect to a supply of the goods based on subsection 179(1) or a potential obligation to self-assess tax under Division IV with respect to an imported taxable supply of the goods.

5. Certification

I, _____, hereby certify and acknowledge that the information given on this form is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the consignee or I am authorized to sign on behalf of the consignee.

Signature of consignee or authorized person

 Y - M - D

