

District of: Ontario  
Division No. 08 - Waterloo  
Court No. 35-124522  
Estate No. 35-124522

\_FORM68\_  
Notice of Bankruptcy, First Meeting of Creditors  
(Subsection 102(1) of the Act)

Original  Amended

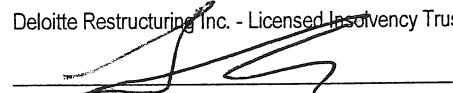
In the matter of the bankruptcy of  
Strudex LP  
of the City of Waterloo, in the Province of Ontario

Take notice that:

1. Strudex LP filed (or was deemed to have filed) an assignment on the 22nd day of May 2019, and the undersigned, Deloitte Restructuring Inc., was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court), subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 6th day of June 2019, at 10:00 AM, at the office of Deloitte Restructuring Inc., at 195 Joseph St., Kitchener, ON, N2G 1J6.
3. To be entitled to vote at the meeting, a creditor must lodge with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice is a proof of claim form, proxy form, and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt in order to share in any distribution of the proceeds realized from the estate.

Dated at the City of Toronto in the Province of Ontario, this 28th day of May 2019.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9

Fax: (416) 601-6690



District of: Ontario  
Division No. 08 - Waterloo  
Court No. 35-124522  
Estate No. 35-124522

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the bankruptcy of  
Strudex LP  
of the City of Waterloo, in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the bankruptcy of Strudex LP of the City of Waterloo in the Province of Ontario and the claim of  
\_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the  
province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_  
creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 22nd day of May 2019, and still is, indebted to the creditor in the sum of  
\$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any  
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in  
support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_  
(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and  
(Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:  
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,  
and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts.)



- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_.
- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*  
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
 Witness

\_\_\_\_\_  
 Creditor

Phone Number: \_\_\_\_\_  
 Fax Number : \_\_\_\_\_  
 E-mail Address : \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

## Instructions To Creditors

### Proof of Claim form

#### General

Creditors are required to file their claims with the Trustee prior to the time appointed for the meeting of creditors in order to be eligible to vote.

The proper name of the claimant and its complete address, to which all notices or correspondence are to be forwarded, must be shown.

The proof of claim form must be completed by a person, not by a corporation. The person completing the proof of claim form on behalf of a corporation shall indicate his official capacity, such as "Credit Manager", "Secretary", "Authorized Agent", etc.

A proper proof of claim must be supported by a Statement of Account, marked "A", providing details, such as date, invoice numbers and amounts owing, the total of which agrees with the amount indicated on the claim.

All sections of the proof of claim must be completed. Any non-applicable wording should be crossed out.

The signature of the creditor or declarant on the claim must be witnessed.

#### Paragraph 3

A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payment. A statement of account is not complete if it begins with an amount brought forward.

#### Paragraph 4

The individual completing the proof of claim must strike out those subsections which do not apply. The priority referred to in subsection C a landlord for rent arrears and acceleration rent, if included in the lease, municipalities, if their claims are not a charge against title, and departments of federal and provincial governments.

All Secured Creditors must attach to their proofs of claim, a certified true copy of their security documents and details of registration.

#### Paragraph 5

All claimants must indicate whether or not they are related to the debtor, as defined by The Bankruptcy & Insolvency Act, by striking out "ARE" or "ARE NOT".

#### Paragraph 6

All claimants must attach a detailed list of all payments or credits received or granted, as follows:

- a) within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related.
- b) within the twelve (12) months preceding the bankruptcy or proposal, in the case where the claimant and the debtor are related.

#### Voting/Proxy

Any unsecured creditor may vote in person or by proxy, but when a proxy is attending the meeting, he must be so appointed by the creditor. When the creditor is a corporation, the person attending the meeting of the creditors, including the declarant, must be appointed proxy by an officer of the corporation having status to make such an appointment.

#### Note

Section 201(1) of The Bankruptcy & Insolvency Act states: "Where a creditor, or a person claiming to be a creditor, in any proceedings under this Act, wilfully and with intent to defraud, makes any false claim or any proof, declaration or statement of account, that is untrue in any material particular, he is guilty of an offence and is liable on summary conviction to a fine not exceeding one thousand dollars, or to imprisonment for a term not exceeding one year, or both."

**Deloitte Restructuring Inc.**

**Attention: Graham Page**

**Bay Adelaide East**

**8 Adelaide Street West, Suite 200**

**Toronto, Ontario M5H 0A9**

**Telephone: (416) 874-3539**

**Fax : (416) 601-6690**

District of: Ontario  
Division No. 08 - Waterloo  
Court No. 35-124522  
Estate No. 35-124522

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the bankruptcy of  
Strudex LP  
of the City of Waterloo, in the Province of Ontario

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby  
appoint \_\_\_\_\_, of \_\_\_\_\_, to be  
my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without)  
power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

\_\_\_\_\_  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9

Fax: (416) 601-6690





District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

Original  Amended

-- Form 78 --  
 Statement of Affairs (Business Bankruptcy) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)  
 In the matter of the bankruptcy of  
 Strudex LP  
 of the City of Waterloo, in the Province of Ontario

To the bankrupt:  
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 13th day of May 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

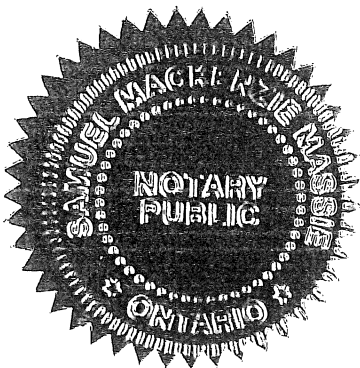
LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" ..... 3,345,735.64	1. Inventory ..... 0.00
Balance of secured claims as per list "B" ..... 100,377,876.00	2. Trade fixtures, etc. .... 0.00
Total unsecured creditors ..... 103,723,611.64	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" ..... 1.00	Good ..... 0.00
3. Preferred creditors as per list "C" ..... 0.00	Doubtful ..... 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad ..... 0.00
estimated to be reclaimable for ..... 0.00	Estimated to produce ..... 0.00
Total liabilities ..... 103,723,612.64	4. Bills of exchange, promissory note, etc., as per list "F" ... 0.00
Surplus ..... NIL	5. Deposits in financial institutions ..... 0.00
	6. Cash ..... 1.00
	7. Livestock ..... 0.00
	8. Machinery, equipment and plant ..... 0.00
	9. Real property or immovable as per list "G" ..... 0.00
	10. Furniture ..... 0.00
	11. RRSPs, RRIFs, life insurance, etc. .... 0.00
	12. Securities (shares, bonds, debentures, etc.) ..... 0.00
	13. Interests under wills ..... 0.00
	14. Vehicles ..... 0.00
	15. Other property, as per list "H" ..... 0.00
	If bankrupt is a corporation, add:
	Amount of subscribed capital ..... 0.00
	Amount paid on capital ..... 0.00
	Balance subscribed and unpaid ..... 0.00
	Estimated to produce ..... 0.00
	Total assets ..... 1.00
	Deficiency ..... 103,723,611.64

I, Marko Alanne, of the City of Waterloo in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 13th day of May 2019 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Toronto in the Province of Ontario, on this 13th day of May 2019.

\_\_\_\_\_

  
 Marko Alanne





No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	72 Employees	SEVERANCE AND TERMINATION PAY NIA NIA	2,372,087.98	0.00	2,372,087.98
2	AMERICAN TRUETZSCHLE	P.O. BOX 66928 CHARLOTTE, NC 28266 USA	4,084.96	0.00	4,084.96
3	AQUAFIL USA, INC.	10 COMMERCE DRIVE CARTERSVILLE, GA 30120 USA	516,380.07	0.00	516,380.07
4	BAMBERGER POLYMERS C	2000 ARGENTIA RD., PLAZA 1, SUITE 306 MISSISSAUGA ON L4W1P7	240,114.51	0.00	240,114.51
5	CAIRN CONTROL SYSTEM	2700A SOUTH SHERIDAN WAY MISSISSAUGA ON L5L2M4	675.18	0.00	675.18
6	CARAUSTAR INDUSTRIAL	P.O. BOX 157620C, POSTAL STATION A TORONTO ON M9W6M6	47,697.85	0.00	47,697.85
7	CARTER TRAVELER COMP	DIV. OF A.B. CARTER INC., P.O. BOX 518 GASTONIA, NC 28053 USA	1,655.07	0.00	1,655.07
8	CLARIANT MASTERBATCH	P.O. BOX 9258 STATION A TORONTO ON M9W3M1	131,142.07	0.00	131,142.07
9	ED.I. CONTROLS	5-65 BATHURST DR. WATERLOO ON N2Y1N2	438.33	0.00	438.33
10	EPIC ENTERPRISES, IN	P.O. BOX 979 SOUTH PINES, NC 28389 USA	2,544.64	0.00	2,544.64
11	FASTENAL CANADA	860 TRILLIUM DRIVE, SUITE 117 KITCHENER ON N2R1K4	20.84	0.00	20.84
12	GAS SECURE SOLUTIONS	70 WINFORD DR., P.O. BOX 405 DONMILLS STN TORONTO ON M3C2T2	632.80	0.00	632.80
13	GULBOS OF AMERICA, I	1817 ANTIOCH RD. DALTON, GA 30721 USA	1,587.80	0.00	1,587.80
14	LEESONA	2727 TUCKER STREET BURLINGTON, NC 27216 USA	776.74	0.00	776.74
15	NATIONAL COMPRESSED	480 NEWBOLD STREET LONDON ON N6E1K6	4,036.53	0.00	4,036.53
16	NEWARK ELEMENT 14	PREMIER FARNELL CANADA LTD., C/O 12757 PO 4276 POSTAL ST. A TORONTO ON M9W5V8	733.28	0.00	733.28
17	ORKIN CANADA	5840 FALBOURNE ST. MISSISSAUGA ON L4R4B5	203.40	0.00	203.40
18	PROVIDENCE MACHINERY	929 MT. PLEASANT RD. THOMSON, GA 30024 USA	3,000.84	0.00	3,000.84
19	RED ASH CAPITAL PARTNERS II LIMITED PARTNERSHIP	80 New Bond Street London WY1S 1SP United Kingdom	0.00	100,377,876.00	100,377,876.00
20	SAURER INC.	PO BOX 886532 CHARLOTTE, NC 28289 USA	377.81	0.00	377.81
21	SCHINDLER ELEVATOR C	C/O 152648, P.O. BOX 4528 STN A TORONTO ON M9W6Z9	3,814.77	0.00	3,814.77
22	SNS INDUSTRIAL GROUP	P.O. BOX 530 ST. GEORGE ON NOE1N0	605.12	0.00	605.12
23	TILTRAN POWER SERVICE	14718 BAYHAM DR., RR#3 TILLSBURG ON N4G4B8	9,930.76	0.00	9,930.76
24	WINSER DOORS	64 SALTSWAIN DR. CAMBRIDGE ON N3H8R7	3,212.27	0.00	3,212.27

13-May-2019 Date  
 Marko Alama

13-May-2019 Date  
 Marko Alama

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 78 - Continued

List of Secured Creditors

Stindex LP

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	RED ASH CAPITAL PARTNERS III LIMITED PARTNERSHIP	80 New Bond Street London W1S 1SB United Kingdom	100,377,877.00	Cash on Hand - BMO		1.00		100,377,876.00
Total:			100,377,877.00			1.00	0.00	100,377,876.00

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 78 - Continued

List of Preferred Creditors for Wages, Rent, etc.


Stindex LP

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

13 May 2019  
 Date

  
 Marko Alaine

13 May 2019  
 Date

  
 Marko Alaine

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 7B - Continued

List "D"  
 Contingent or Other Liabilities

Strudex LP

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

13-May-2019

Date



Marko Alame

Page 6 of 10

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 7B - Continued

List "E"  
 Debts Due to the Bankrupt

Strudex LP

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other books where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
Total:				0.00			0.00	

13-May-2019

Date



Marko Alame

Page 7 of 10

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 78 - Continued

List "F"  
 Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
 Mortgages, etc., Available as Assets

Name of all promissory, acceptors, endorsers, mortgagors, and guarantors		Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
No.							
Total: 0.00							

13-May-2019  
 Date

  
 Marko Alaimo

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 78 - Continued

List "G"  
 Real Property or Immovables Owned by Bankrupt  
 Strudex LP

Description of property	Nature of bankrupt interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total: 0.00					0.00

13-May-2019  
 Date

  
 Marko Alaimo

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

FORM 78 - Consolidated

List "F"  
 Property  
 Strudex LP

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	1.00	1.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
Total:			1.00	1.00

Court No.

File No.

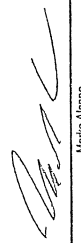
In the matter of the bankruptcy of  
 Strudex LP  
 of the City of Waterloo, in the Province of Ontario

Form 78 (Bill C-12)

Statement of affairs (Business bankruptcy)

Deloitte Restructuring Inc. - Licensed Insolvency  
 Trustee

Bay Adelaide East  
 8 Adelaide Street West, Suite 200  
 Toronto ON M5H 0A9  
 Phone: (416) 601-6072 Fax: (416) 601-6690



Marko Alamo

13-May-2019

Date







Deloitte Restructuring Inc.  
Bay Adelaide Centre, East Tower  
8 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9

CANADA, DISTRICT OF ONTARIO  
DIVISION No.: 08 - Waterloo  
COURT No.: 2328708 LP: 35-124520  
2328709 LP: 35-124521  
Strudex LP: 35-124522  
ESTATE No.: 2328708 LP: 35-124520  
2328709 LP: 35-124521  
Strudex LP: 35-124522

Tel: (416) 354-0883  
Fax: (416) 601-6690  
kraus@deloitte.ca  
www.deloitte.ca

IN THE MATTER OF THE BANKRUPTCIES OF: **2328708 LP**, a Partnership formed under the laws of Ontario, having its head office at 65 Northfield Dr W, Waterloo, ON, N2L 0A8

**2328709 LP**, a Partnership formed under the laws of Ontario, having its head office at 65 Northfield Dr W, Waterloo, ON, N2L 0A8

**Strudex LP**, a Partnership formed under the laws of Ontario, having its head office at 65 Northfield Dr W, Waterloo, ON, N2L 0A8

Bankrupts

– and –

**DELOITTE RESTRUCTURING INC.**

(Paul Casey, CPA, CA, FCIRP, LIT designated person)  
having its place of business at 8 Adelaide Street West, Suite 200, Toronto ON M5H 0A9

Trustee

## TRUSTEE'S PRELIMINARY REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

### SECTION A – BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTY

On May 22, 2019 (the "Date of Bankruptcy"), 2328708 LP, 2328709 LP and Strudex LP (collectively, the "Bankrupts") filed assignments in bankruptcy and named Deloitte Restructuring Inc. ("Deloitte" or the "Trustee") as trustee in bankruptcy. The Official Receiver issued a certificate of filing confirming the appointment of the Trustee for the estates of the Bankrupts on May 22, 2019.

The Bankrupts were part of a group of companies (the "Kraus Group") that, collectively, were a vertically integrated manufacturer of premium carpet for commercial and residential markets. On September 11, 2018, the Kraus Group sought and obtained an order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (the "CCAA") from the Ontario Superior Court of Justice (Commercial List). Pursuant to the Initial Order, Deloitte was appointed as Monitor. Attached as Appendix 1 to this Report is a chart of the Kraus Group corporations.

Reports of the Monitor and related Court Orders and other documents can be accessed from the Monitor's website at <https://www.insolvencies.deloitte.ca/en-ca/Pages/KrausGroup.aspx?searchpage=Search-Insolvencies.aspx>. Specific reference is made to the Pre-Filing Report of the Proposed Monitor dated September 10, 2018 (the "Pre-Filing Report") and the section "Background Information with Respect to the Kraus Group".

On April 23, 2019, an Order was sought and obtained by the Kraus Group from the Ontario Superior Court of Justice (Commercial List) which, amongst other things, authorized the termination of the CCAA proceedings and the discharge of Deloitte as Monitor.

Following the conclusion of the CCAA proceedings, the Bankrupts were left with sizable unpaid secured and unsecured debts and no remaining assets. The assets of the Bankrupts were liquidated during the CCAA proceedings and proceeds were used to partially settle secured debts owing as documented in the reports filed with the Court. Unfortunately, even after the realizations on the assets of the Kraus Group including the Bankrupts, there will remain an estimated shortfall on the repayment of the secured debt of approximately \$57 million. Accordingly, there will be no recoveries available for distribution to the unsecured creditors of the estate. Reference is made to the Third and Final Report of the Monitor dated April 22, 2019 for details of this estimate.

For the purpose of formally winding up these partnerships and permit former employees to access *Wage Earner Protection Program Act* ("WEPPA") benefits, these three partnerships have filed assignments in bankruptcy.

Once confirmed as the Trustee in Bankruptcy at the First Meeting of Creditors, the Trustee will contact each employee personally with specific instructions on how to access their WEPPA benefits.

## SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURED CREDITORS

A preliminary evaluation of the assets and liabilities of the Bankrupts as at the Date of Bankruptcy is as follows:

<b>Summary Financial Position as at May 22, 2019 (in 000's)</b>			
	<b>2328708 LP</b>	<b>2328709 LP</b>	<b>Strudex LP</b>
Assets	0	0	0
	0	0	0
Liabilities			
Unsecured creditors	884	13,293	3,346
Secured Creditors	100,378	100,378	100,378
	101,262	113,671	103,724
Shortfall	(101,262)	(113,671)	(103,724)

*The information above was provided to the Trustee by management of the Bankrupts. The Trustee has reviewed the information for reasonableness, internal consistency and use in the context in which it was provided. However, the information and has not been audited by the Trustee.*

Each of the Bankrupts is a limited partner, and accordingly, each of the general partners of 2328708 LP, 2328709 LP and Strudex LP are liable for the debts of their respective partnerships. Unfortunately, the only assets of these general partners are their investments in the partnerships and as such, there are no additional assets in these general partners for the Trustee to realize on for the benefit of the creditors of the Bankrupts.

## SECTION C – BOOKS AND RECORDS

The Trustee has obtained copies of the Bankrupts' bank statements and certain recent payroll information from management, and is familiar with the pre-bankruptcy operations of the Bankrupts from its prior role as CCAA Monitor.

## SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has implemented the following conservatory and protective measures:

- (i) Opened individual trust bank accounts for each of the three estates at RBC; and,
- (ii) Obtained copies of the Bankrupt's bank statements and certain recent payroll information from management as noted above.

## SECTION E – PROVABLE CLAIMS AND DESCRIPTION OF CREDITORS

Based on the books and records of the Bankrupts, there are:

- 50 unsecured creditors owed approximately \$0.9 million for 2328708 LP;
- 333 unsecured creditors owed approximately \$13.3 million for 2328709 LP; and,
- 94 unsecured creditors owed approximately \$3.3 million for Strudex LP.

As more fully described in the Pre-Filing Report, Red Ash Capital Partners II L.P. ("Red Ash") is the remaining senior secured creditor of the Bankrupts and is owed approximately \$100 million, and holds valid and enforceable secured charges over all of the assets and undertakings of the Bankrupts.

## SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

We refer you to the Reports of the Monitor and related Court Orders posted on the Monitor's website for a description of the Kraus Group's CCAA and US Bankruptcy Code Chapter 15 proceedings.

The Trustee is familiar with the pre-bankruptcy operations and financial affairs of the Bankrupts from its prior role as CCAA Monitor. While the Trustee has not performed any specific investigations into potential transfers at undervalue or preferential payments, the Trustee reports that no such transactions were identified by the CCAA Monitor during the period of the CCAA Administration.

## SECTION G – DETAILS OF THIRD PARTY DEPOSITS OR GUARANTEES

Deloitte has received both a third party deposit of \$75,000 and a fee and cost guarantee to act as Trustee of these estates from both Red Ash and Hilco UK Limited, the secured creditor and indirect owner of the Bankrupts.

## SECTION H – TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS

By Order of the Court dated April 23, 2019, Deloitte was discharged as the Court-appointed CCAA Monitor of the Kraus Group. The Trustee is not acting for the secured creditor to realize on or otherwise deal with security that the secured creditor holds.

## SECTION I – PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS

As noted above, the assets of the Bankrupts were liquidated during the CCAA proceedings and proceeds used to partially settle secured debts owing as documented in the reports filed with the Court during the CCAA proceedings. Unfortunately, even after the realizations on the assets of the Kraus Group including the Bankrupts, there will remain an estimated shortfall on the repayment of the secured debt of approximately \$57 million. Accordingly, there will be no recoveries available for distribution to the unsecured creditors of the estate.

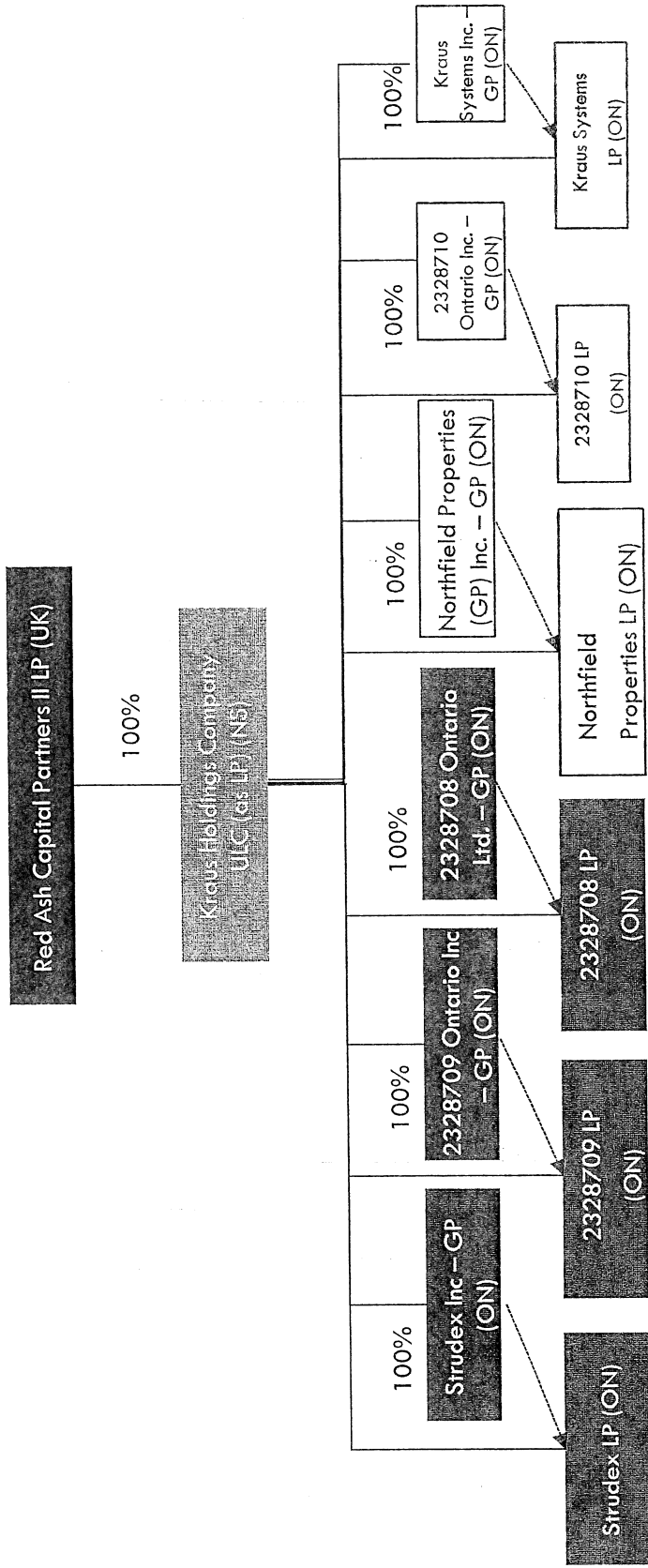
Dated at Toronto, Ontario this 28<sup>th</sup> day of May, 2019.

DELOITTE RESTRUCTURING INC.  
In its capacity as Trustee in bankruptcy of  
2328708 LP, 2328709 LP and Strudex LP  
and not in its personal capacity



Per:  
Paul M. Casey, CPA, CA, FCIRP, LIT  
Senior Vice-President

# Appendix 1: Kraus Group Structure



Status	Bankrupt	Bankrupt	Bankrupt	Bankrupt	Holding Company	Dormant	Dormant
Nature of Business	Extrusion yarn manufacturing with sales in Canada and the US.	Carpet manufacturing with sales in Canada and the US.	Operated the Canadian carpet and flooring distribution network for the Kraus Group.	Owner of the real estate in Waterloo.	Owner of the Kraus Group's intellectual property.	Unused	Unused
# of Employees - September 2018	73	228	98	0	0	0	0