

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

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

SUPEREX CANADA LIMITED / SUPEREX CANADA LIMITÉE AND
PRONTO INNOVATIONS

Respondents

**IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT
AND SECTION 101 OF THE COURTS OF JUSTICE ACT**

**THIRD AND FINAL REPORT TO THE COURT
SUBMITTED BY KPMG INC.,
IN ITS CAPACITY AS RECEIVER AND MANAGER OF
SUPEREX CANADA LIMITED / SUPEREX CANADA LIMITÉE AND
PRONTO INNOVATIONS**

MAY 10, 2016

Table of Contents

	<u>Page</u>
1.0 INTRODUCTION AND PURPOSE	2
1.1 Introduction.....	2
1.2 Purpose of Receiver’s Third Report	4
1.3 Scope and Terms of Reference	5
2.0 RECEIVER’S ACTIVITIES	6
2.1 Accounts Receivable.....	6
2.2 Employees.....	6
2.3 Facilities.....	7
2.4 Computer Lease	7
2.5 Books and Records	7
2.6 Government Accounts	7
3.0 RECEIVER’S AND ITS COUNSEL’S ACCOUNTS	9
4.0 STATEMENT OF RECEIPTS & DISBURSEMENTS	10
4.1 Statement of Receipts and Disbursements	10
4.2 Superex R&D.....	10
4.3 Pronto R&D	10
5.0 PROPOSED DISTRIBUTIONS	12
5.1 Secured Creditors.....	12
5.2 Superex Distributions	12
5.3 Pronto Distribution	12
6.0 DISCHARGE OF RECEIVER	13
7.0 RECOMMENDATIONS AND ORDER SOUGHT.....	14

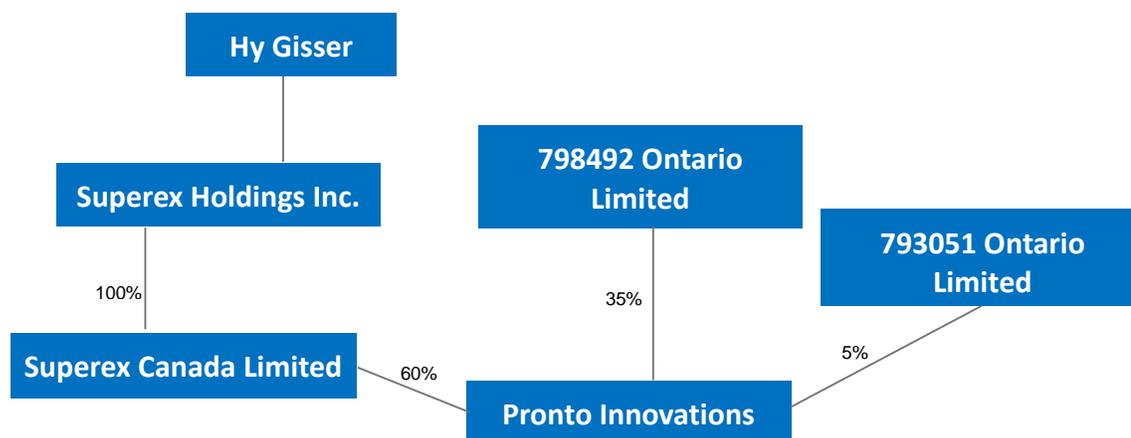
Listing of Appendices

- Appendix A - Appointment Order
- Appendix B - Receiver's First Report
- Appendix C - Approval Vesting and HSBC Distribution Order
- Appendix D - Receiver's Second Report
- Appendix E - Holdings Distribution Order
- Appendix F - Affidavit of Jordan Sleeth, KPMG Inc.
- Appendix G - Affidavit of Christine Mason, Gowling WLG
- Appendix H - Superex Statement of Receipts & Disbursements for the period December 3, 2015 to April 30, 2016
- Appendix I - Pronto Statement of Receipts and Disbursements for the period December 3, 2015 to April 30, 2016

1.1 Introduction

1.1.1 Superex Canada Limited / Superex Canada Limitée (“**Superex**”) is a privately held business that was founded in 1952 by Mr. Hyman Gisser (“**Mr. Gisser**”) and was incorporated in 1971. Superex is 100% owned by Superex Holdings Inc. (“**Holdings**”), a company 100% owned by Mr. Gisser. On June 30, 1994 Superex amalgamated with GMS Products Limited and continued as Superex. Mr. Gisser is the sole director and officer of Superex (the “**Director**”).

1.1.2 Pronto Innovations (“**Pronto**”), a partnership, was formed in 1987 and is 60% owned by Superex, 35% owned by 798492 Ontario Limited and 5% owned by 793051 Ontario Limited with the directors of the latter two being former management of Pronto and Superex, respectively. The chart below provides an illustration of the corporate chart.



1.1.3 Superex distributed automotive comfort, safety products and unique, functional hard goods. Pronto distributed gift and travel products in to the Canadian and U.S. markets, both selling to large department stores and independent retailers. Products were sourced primarily from China while sales were predominantly in North America.

1.1.4 Superex and Pronto (collectively the “**Debtors**”) operated from leased facilities located at 601 Gordon Baker Road, Markham, Ontario (the “**Leased Premises**”), which is owned by the Hyman Gisser Family Trust, a related entity. Superex also stored and shipped inventory directly from third party logistics warehouses in Richmond, British Columbia, Long Beach, California and Buffalo, New York (collectively the “**Rented Facilities**”).

1.1.5 The Debtors operations were financed via various credit facilities that were extended by HSBC Bank Canada (“**HSBC**” or the “**Bank**”) pursuant to a facility letter dated August 5, 2014 which was amended and restated by a facility dated May 26, 2015 and includes demand operating loans, a foreign exchange swap facility, a credit card facility and an interest rate swap facility (collectively the “**Loan Facilities**”). As of December 3, 2015, when KPMG Inc. was appointed as Receiver (as defined and described below) approximately \$1.9 million and \$500,000 (i.e. prior to the Bank exercising its set-off rights) was owing by Superex and Pronto, respectively, under the Loan Facilities to the Bank.

1.1.6 Holdings has a registered second ranking priority charge as against the assets of Superex relating to shareholder loans, which totaled approximately \$4.1 million as at December 3, 2015. The Receiver’s counsel has provided an opinion that, subject to the conditions, assumptions, and restrictions therein, Holdings’ secured claim is valid and enforceable.

1.1.7 As illustrated in the chart below, the Debtors experienced a significant decline in sales and operating results in the fiscal year ended December 31, 2014 (“**FY 2014**”) and the 9 months ended September 30, 2015 (“**YTD 2015**”) compared to fiscal 2013 (“**FY 2013**”). The decline in sales and profitability was associated with customers ceasing to purchase certain key products, intense pressures on pricing and markdowns to address the slowdown in sales, both of which adversely affected margins. Additionally the Company began to experience liquidity constraints as suppliers sought cash on delivery terms.

Income Statement Summary (000’s)	FY 2013	FY 2014	YTD 2015 (9 months)
Sales	\$35,300	\$30,800	\$17,400
Net Profit / (Loss)	\$174	\$(1,200)	\$(1,100)

1.1.8 As a result of the Debtors’ deteriorating operating results and the resulting impact on their financial position, together with breaches under the Debtors’ Loan Facilities with HSBC, the Debtors and the Bank entered into a forbearance agreement dated August 28, 2015 (the “**Forebearance Agreement**”), which among other things, provided the Debtors with the opportunity to refinance their business and repay their outstanding indebtedness to the Bank. The Debtors were not able to comply with the terms of the Forebearance Agreement and accordingly, on October 23, 2015, the Bank issued demand letters together with Notices of Intention to Enforce Security pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada), (the “**BIA**”).

1.1.9 The Debtors subsequently requested a further extension of the forbearance period under the Forebearance Agreement to November 26, 2015 in order to provide the Debtors with additional time to refinance or complete a sale transaction to repay their obligations to the Bank. Despite their best efforts, the Debtors were not able to consummate a financing arrangement or a sale transaction and, accordingly, the Debtors were unable to repay the indebtedness due under the Loan Facilities.

1.1.10 As a result, pursuant to an application brought by HSBC, with the consent of the Debtors, on December 3, 2015 (the “**Appointment Date**”) the Ontario Superior Court of Justice (Commercial List), (the “**Court**”), granted an order (the “**Appointment Order**”) appointing KPMG Inc. as receiver and manager (the “**Receiver**”) without security, of all of the assets, undertakings and property of Superex and Pronto pursuant to subsection 243(1) of the BIA and section 101 of the *Courts of Justice Act*. A copy of the Appointment Order is attached as **Appendix A**. The Appointment Order empowered and authorized, but did not obligate the Receiver to do, among other things, the following:

- take possession and control of the property of the Debtors and any and all proceeds and receipts arising out of their property;
- to manage, operate and carry on the business or to cease the operations;

- to receive and collect all monies and accounts now owed or hereafter owing to the Debtors;
- to market any or all of the property of the Debtors on such terms and conditions of sale as the Receiver deems appropriate;
- to sell, convey, transfer, lease or assign the property of the Debtors; and,
- to report to, meet and discuss with affected Persons (as defined in the Appointment Order), as the Receiver deems appropriate, all matters relating to the property of the Debtors and the receivership.

1.1.11 As described in the Receiver’s first report dated January 18, 2016, (the “**First Report**”), a copy of which is attached hereto as **Appendix B**, without appendices, the Receiver completed a sale process for the Debtors’ assets and requested approval from the Court for the Receiver to complete the SMG Sale, the Bag Designs Sale, the Holdings Sale, and the Renaud-Bray Sale (all as defined in the First Report) and sought an order vesting the assets as described therein in each Proposed Transaction in SMG, Bag Designs, Holdings and Renaud-Bray, respectively.

1.1.12 On January 25, 2016, the Court granted a further order approving, among other things, the First Report, the Proposed Transactions, the vesting of the Assets and a distribution to the HSBC, subject to the Receiver issuing Receiver’s Certificate evidencing the completion of each transaction (the “**Approval Vesting and HSBC Distribution Order**”) a copy of which is attached hereto as **Appendix “C”**.

1.1.13 As outlined in the Receiver’s Second report dated March 10, 2016 (the “**Second Report**”), a copy of which is attached hereto as **Appendix D**, without appendices, the Receiver sought an order approving the Superex Distributions and the Pronto Distribution, both as defined therein, to Holdings and to Superex, respectively. On March 17, 2016 the Court granted an order approving, among other things, the Superex Distributions (the “**Holdings Distribution Order**”) a copy of which is attached hereto as **Appendix E**.

1.2 Purpose of Receiver’s Third Report

1.2.1 The purpose of the Receiver’s third and final report to the Court (the “**Third Report**”) is to report on the Receiver’s activities since the Second Report and obtain the approval by the Court of the following:

- Activities of the Receiver to-date as outlined in the Third Report;
- Fees and disbursements of the Receiver and its counsel, Gowling WLG (Canada) LLP (“**Counsel**”) including the estimate of future fees to be incurred in completing the Outstanding Matters defined in Section 3 of this Third Report;
- Pronto Distribution as outlined in Section 5.3 of the Third Report;
- Receiver’s statement of receipts and disbursements for each of Superex and Pronto for the period December 3, 2015 to April 30, 2016; and
- Discharge and release of the Receiver, such discharge and release to be effective upon the Receiver filing with the Court a Discharge Certificate (as defined in Section 6) evidencing that the Receiver has completed the Outstanding Matters.

1.3 Scope and Terms of Reference

- 1.3.1** The Third Report has been prepared for the Court and the Debtors' stakeholders to provide general information relating to the Debtors and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, readers are cautioned that the Receiver's Third Report may not be appropriate for any other purpose. The Receiver does not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Third Report contrary to the provisions of this paragraph.
- 1.3.2** In preparing this Third Report, the Receiver has relied upon the Debtors' records and available unaudited financial information. While the Receiver has reviewed certain of the Debtors' records, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with Generally Accepted Accounting Principles or International Financial Reporting Standards. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.
- 1.3.3** In the course of its mandate, the Receiver has assumed the integrity and truthfulness of the information and explanations presented to it by management. To date, nothing has come to the Receiver's attention that would cause it to question the reasonableness of these assumptions. The Receiver has requested that management bring to its attention any significant matters which were not addressed in the course of the Receiver's specific inquiries. This Third Report is based on the information (financial or otherwise) made available to the Receiver by the Debtors.
- 1.3.4** Capitalized terms not defined in this Third Report are as defined in the Appointment Order, the First Report and/or the Second Report. All references to monetary amounts are in Canadian currency, unless otherwise noted.
- 1.3.5** A copy of this Third Report, and all motion records and orders issued in these proceedings are available on the Receiver's website at www.kpmg.com/ca/superexperto and will remain available on the website for a period of six months after the Receiver's discharge.

2.1 Accounts Receivable

- 2.1.1 The Superex and Pronto accounts receivable (“AR”) as at December 3, 2015, totaled approximately \$3.0 million and \$328,000, respectively, owing from a limited number of large customers and numerous small customers as outlined in the chart below:

AR Summary as at Appointment Date	Superex		Pronto	
	#	\$(000's)	#	\$(000's)
Top Customers	18	\$2,300	7	\$134
Remaining Accounts	≈ 400	\$700	≈ 200	194
Total AR		\$3,000		\$328

- 2.1.2 The Receiver’s collections to April 30, 2016 total approximately \$2.85 million and \$205,000 from Superex and Pronto customers, respectively. It should be noted that the Receiver’s collections of Superex USD denominated receivables as at April 30, 2016 had a positive foreign exchange variance of approximately \$120,000 to the figures reported as at December 3, 2015.
- 2.1.3 After consideration of rights of set-off and agreed, valid deductions and discounts, the net outstanding balance of Superex and Pronto accounts receivable as at April 30, 2016 are approximately \$19,000 and \$21,000, respectively (the “**Outstanding AR**”). The Superex Outstanding AR were assigned to Holdings pursuant to the Holdings Distribution Order. For convenience, Superex customers continue to pay their accounts to the Receiver and pursuant to the Holdings Distribution Order, the Receiver will forward the collections to Holdings.
- 2.1.4 The Receiver is continuing to pursue collection of the Pronto Outstanding AR, however collection is uncertain given the passage of time since the Appointment Date, the age of the AR, and the limited amount of the AR does not warrant the commencement of legal proceedings to pursue collection.
- 2.1.5 Despite the Pronto Outstanding AR, as outlined in Section 5, the Receiver expects that there will not be sufficient net funds from the estate of Pronto to repay the Pronto Shortfall to Superex in full. Accordingly, the Receiver requests that the Court approve an *in specie* distribution of any Pronto Outstanding AR to Superex in accordance with the prior assignment of Pronto’s security in favour of HSBC to Superex (the “**Assignment**”).

2.2 Employees

- 2.2.1 As at the Appointment Date, Superex and Pronto employed 49 and 6 employees, respectively. Superex had a full complement of administrative, finance and warehouse staff, while the Pronto employees were limited primarily to administrative, sales and customer service functions. Pronto relied on Superex employees for its day-to-day accounting functions and for the processing and shipping of customer orders.

2.2.2 Pursuant to paragraph 14 of the Appointment Order, the Superex and Pronto employees remained the employees of the Debtors until terminated by the Receiver on behalf of the Debtors. Throughout the receivership proceedings, the Receiver terminated employees based on operating and administration requirements. On March 18, 2016, the Receiver terminated the remaining 14 Superex employees.

2.3 Facilities

2.3.1 As previously reported, the Receiver completed the sale of all of the Debtors' inventory and was continuing with the inventory removal and clean-up of the Leased Premises and Rented Facilities. The Receiver vacated the Leased Premises on March 18, 2016 and has vacated the Rented Facilities in Buffalo, California and British Columbia.

2.4 Computer Lease

2.4.1 As previously reported, Superex entered into a lease/rental arrangement for certain computer desktops and laptops (the "**Leased Computers**") with Supra Canada Technologies Ltd. ("**Supra**"). As at the Appointment Date, the remaining balance of 24 rental payments totalled approximately \$37,000 (excluding HST). The Receiver asked Counsel to review the Supra arrangement with Superex. Counsel advised that Supra has not registered a security interest in the Leased Computers pursuant to the provisions of the *Personal Property Security Act* (Ontario).

2.4.2 As a result, the Receiver is of the view that Supra's interest in the Leased Computers is subject to the security of Holdings. Accordingly, the Receiver notified Supra that the Receiver proposed to release the Leased Computers to Holdings as part of a distribution to Holdings pursuant to Holdings security interest in the assets of Superex (the "**Leased Computer Distribution**").

2.4.3 Subsequently, Supra provided the Receiver copies of a Master Lease and Finance Agreement and a Bill of Sale both between Supra and Hewlett-Packard Financial Services Canada Company ("**HP**"). Supra also provided a PPSA registration showing that HP registered security on the Leased Computers against Supra; however, there was no record of any registrations against Superex. Supra is of the view that as a result of HP's registration it is entitled to the return of the Leased Computers and the monthly lease payments since December 3, 2015. Since neither Supra, nor HP registered a security interest against Superex, the Receiver remains of the view that Supra's interest in the Leased Computers, if any, is subject to the security of Holdings. The Receiver remains of the opinion that the Leased Computers were rightfully distributed to Holdings pursuant to the Holdings Distribution Order. The Receiver has served both Supra and HP with these motion materials.

2.5 Books and Records

2.5.1 Upon its appointment, the Receiver arranged to preserve and protect the Debtors' books and records, including electronic data (the "**Records**") located at the Leased Premises.

2.5.2 Upon its discharge as Receiver, KPMG will release the Superex and Pronto Records to Mr. Gisser, in his capacity as the Director of Superex which is the majority shareholder of Pronto.

2.6 Government Accounts

2.6.1 As noted in the Second Report, based on Canada Revenue Agency ("**CRA**") examinations of the Debtors' payroll source deduction and HST accounts, CRA has advised that there are no outstanding pre-receivership balances outstanding.

- 2.6.2** With respect to the various payroll associated government accounts, since all Superex and Pronto employees have been terminated, the Receiver has requested the closure of the Debtors' source deduction, EHT and WSIB accounts.
- 2.6.3** The Receiver has filed all the necessary post receivership HST and QST filings to March 31, 2016 and will continue to file all required sales tax returns until discharge.
- 2.6.4** The Receiver has served CRA with these motion materials for the Receiver's discharge.

3.0

RECEIVER'S AND ITS COUNSEL'S ACCOUNTS

- 3.1 Pursuant to paragraph 23 of the Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of Counsel, constitute the “Receiver’s Charge”.
- 3.2 The fees and disbursements of the Receiver for the period February 28, 2016 to April 30, 2016 are detailed in the affidavit of Jordan Sleeth dated April •, 2016, a copy of which is attached as **Appendix F**.
- 3.3 The Receiver’s fees with regards to the Superex receivership estate from February 28, 2016 through to April 30, 2016 encompass 146.8 hours at an average hourly rate of approximately \$382.70 for a total of \$56,180 prior to applicable taxes. The Receiver is seeking the approval of the Court of its total fees related to Superex inclusive of applicable taxes in the amount of \$63,483.40.
- 3.4 The Receiver’s fees with regards to the Pronto receivership estate from February 28, 2016 to April 30, 2016 encompass 66.45 hours at an average hourly rate of approximately \$380.66 for a total of \$25,295, prior to applicable taxes. The Receiver is seeking the approval of the Court of its total fees and disbursements related to Pronto inclusive of applicable taxes in the amount of \$28,583.35.
- 3.5 The fees and disbursements of Counsel are detailed in the affidavit of Christine Mason, a copy of which is attached as **Appendix G**. The Receiver’s Counsel’s fees for the period March 2, 2016 through to April 29, 2016 encompass 28.1 hours at an average hourly rate of approximately \$624.20 for a total of \$17,540, prior to applicable taxes. Disbursements totaled \$1,890.58. The Receiver is seeking the approval of the Court of its Counsel’s total fees and disbursements inclusive of taxes in the amount of \$21,798.94. The Receiver is of the opinion that the Receiver’s Counsel’s fees and disbursements are fair and reasonable in the circumstances.
- 3.6 The Receiver and its Counsel will incur additional combined future fees estimated to be approximately \$50,000 and \$30,000 for the Superex and Pronto estates, respectively (the “**Future Fees**”) with respect to, among other things, completing this Third Report, the associated distribution and discharge motion and completing the estate administration including the Outstanding Matters identified herein.

4.0

STATEMENT OF RECEIPTS & DISBURSEMENTS

4.1 Statement of Receipts and Disbursements

4.1.1 The chart below provides a summary of the Receiver's Superex and Pronto statement of receipts and disbursements ("R&D") for the period December 3, 2015 to April 30, 2016:

(*000)	Superex	Pronto
Receipts	\$ 4,245	\$ 802
Disbursements (Operating, Administrative and Professional)	(1,262)	(319)
Sub-total	2,983	483
Distributions	(2,758)	(250)
Net funds on hand	\$ 225	\$ 233

4.1.2 The Superex and Pronto R&D's reflect an allocation of costs between the estates as the Superex receivership estate funded various property, office and administrative costs associated with rent, taxes, and utilities, shared staffing and legal fees. Property costs were allocated among the Debtors' on a square footage basis and office and administrative costs were allocated based on a pro-rata share of the net book value of assets as at the Appointment Date.

4.2 Superex R&D

4.2.1 The Receiver's R&D in respect of the receivership proceedings of Superex for the period December 3, 2015 to April 30, 2016 is attached hereto as **Appendix H**.

4.2.2 As illustrated therein, receipts total approximately \$4.25 million and are primarily related to collection of AR, the Receiver's inventory sales and proceeds from the sale transactions approved by the Court.

4.2.3 The Receiver's disbursements for operating, administrative and professional fees total approximately \$1.26 million, primarily related to wages, freight, other operating expenses and professional and legal fees.

4.2.4 The Receiver has distributed to HSBC approximately \$644,000 in respect of the Superex debt, \$215,000 on account of the balance of the Pronto Shortfall (for which Superex obtained the Assignment) and \$1.9 million to Holdings. Accordingly, as at April 30, 2016 the Receiver has net funds in its Superex accounts of approximately \$225,000.

4.3 Pronto R&D

4.3.1 The Receiver's R&D in respect of the receivership proceedings of Pronto for the period December 3, 2015 to April 30, 2016 is attached hereto as **Appendix I**.

4.3.2 Receipts total approximately \$802,000 and are primarily related to cash on hand, collection of AR, Receiver's inventory sales and the Renaud-Bray Sale. The Receiver's disbursements for operating expenses, administration and professional fees total approximately \$319,000, primarily related to wages, an allocation of property and head office costs and professional fees.

4.3.3 The Receiver distributed approximately \$250,000 to HSBC on account of Pronto's indebtedness. Accordingly, as at April 15, 2016 the Receiver has net funds in its Pronto accounts of approximately \$233,000.

5.1 Secured Creditors

5.1.1 As outlined in the Second Report, HSBC has been repaid its Superex and Pronto indebtedness in full, and Counsel has opined, subject to the usual restrictions and qualifications therein, that Holdings' security with respect to Superex is valid and enforceable.

5.1.2 Superex, as a result of funding the Pronto Shortfall and taking an Assignment, as defined in the Second Report, of the HSBC security, is the only known creditor with a secured interest in the assets of Pronto.

5.2 Superex Distributions

5.2.1 As outlined in the Second Report, the Receiver is not aware of any other prior ranking claims to those of Holdings. Therefore it is the Receiver's view that Holdings is the only secured creditor with an economic interest in the Superex net proceeds. Accordingly, pursuant to the Holdings Distribution order, the Receiver made the \$1.9 million Superex Interim Distribution to Holdings and will make the Superex Future Distributions, as defined in the Second Report, being the balance of net funds in the Receiver's Superex trust accounts subject to:

- collection of additional Superex Outstanding AR and/or other miscellaneous refunds and sales tax refunds;
- collection of all or a portion of the repayment of the Pronto Shortfall from Pronto;
- payment of all ongoing operating and administrative expenses required to complete the administration of the receivership; and
- payment of the outstanding fees and Future Fees of the Receiver and its Counsel.

5.2.2 As previously reported, the aggregate of the proposed Superex Distributions to Holdings is less than the remaining Superex indebtedness owed to Holdings.

5.3 Pronto Distribution

5.3.1 As at April 30, 2016, the Receiver has approximately \$233,000 in the Pronto accounts.

5.3.2 Based on a current PPSA search dated March 9, 2016 and the Assignment, the Receiver is not aware of any parties other than Superex having a secured interest in the assets of Pronto. Based on the Receiver's anticipated disbursements relating to professional fees and outstanding administrative expenses, the Receiver anticipates there will not be sufficient funds to repay the Pronto Shortfall in full. As a result of the shortfall, the Receiver requests this Court's approval of an *in specie* distribution to Superex, as the only creditor with an interest in the assets of Superex, of any Pronto Outstanding AR which is not collected prior to the issuance of the Order associated with this motion. As Holdings is the only creditor with an economic interest in Superex, this is effectively a distribution to Holdings.

5.3.3 As outlined herein and pursuant to the Approval, Vesting and Distribution Order, subject to funds being available in Pronto, the Receiver will repay Superex the Pronto Shortfall to the maximum amount of \$215,000 plus applicable interest.

6.0

DISCHARGE OF RECEIVER

- 6.1** The Receiver has realized the assets of Superex and Pronto other than certain minor Outstanding AR and has substantially completed the administration of the estates, subject to completion of the Outstanding Matters, as defined below.
- 6.2** Accordingly, the Receiver respectfully requests that the receivership proceedings be terminated and the Receiver be discharged subject to the Receiver performing the following:
- filing the Receiver’s final HST returns and collecting the resulting refunds or making the final disbursements;
 - collecting the Outstanding Pronto Accounts Receivable and distributing the proceeds to Superex and/or distributing any uncollected Outstanding AR to Holdings as an *in specie* distribution, if so requested by Holdings;
 - paying any miscellaneous unpaid expenses in connection with these proceedings;
 - paying the final fees and disbursements of the Receiver and its Counsel, including the Future Fees;
 - maintaining the Receiver’s accounting records, including preparation of bank reconciliations, until the Receiver’s bank account is closed;
 - paying the remaining funds in the Receiver’s Pronto accounts to Superex on account of the Pronto Shortfall;
 - paying the remaining funds in the Receiver’s Superex accounts to Holdings; and
 - issuing the Receiver’s final report and statement of receipts and disbursements pursuant to section 246 (3) of the BIA.
- 6.3** Upon completion of the above noted items (collectively defined as the “**Outstanding Matters**”), the Receiver will file a certificate with the Court confirming same (the “**Discharge Certificate**”), whereupon the termination of the receivership proceedings and the discharge of the Receiver, and the accompanying release of the Receiver, shall become effective. A copy of the draft Discharge Certificate is attached as Schedule “A” to the proposed Discharge Order.

7.0

RECOMMENDATIONS AND ORDER SOUGHT

7.1 The Receiver respectfully submits this Third Report to the Court in support of the Receiver's motion for an order approving the following:

- the Third Report, and the activities of the Receiver as described herein;
- the fees and disbursements of the Receiver and its Counsel including the Future Fees, as outlined in section 4.0;
- the Pronto Distribution as outlined in section 5.3;
- the Superex R&D and Pronto R&D for the period December 3, 2015 to April 30, 2016; and,
- the discharge and release of the Receiver effective upon the Receiver filing with the Court a Discharge Certificate evidencing that the Receiver has completed the Outstanding Matters.

All of which is respectfully submitted this 10th day of May, 2016.

**KPMG INC., in its capacity as
COURT-APPOINTED RECEIVER AND MANAGER OF
SUPEREX CANADA LIMITED / SUPEREX CANADA LIMITÉE AND
PRONTO INNOVATIONS**



Per: _____
Jordan Sleeth
Vice President