

District of Ontario  
Division No. 09-Toronto  
Court File No. CV17-11702-00CL

**IN THE MATTER OF Section 101 of the *Courts of Justice Act*,  
R.S.O. 1990 c.C.43, as amended, and in the matter of Sections  
243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985,  
c. B-3, as amended**

**BETWEEN:**

**BIBBY FINANCIAL SERVICES (CANADA) INC.**

**Applicant**

**-and-**

**WEB OFFSET PUBLICATIONS LIMITED**

**Respondent**

**FIRST REPORT TO COURT OF DODICK LANDAU INC. AS  
PROPOSED RECEIVER OF WEB OFFSET PUBLICATIONS LIMITED**

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## **FIRST REPORT TO COURT OF DODICK LANDAU INC. AS PROPOSED RECEIVER OF WEB OFFSET PUBLICATIONS LIMITED**

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c. B-3, as amended**

**FIRST REPORT TO COURT OF DODICK LANDAU INC. AS PROPOSED RECEIVER OF  
WEB OFFSET PUBLICATIONS LIMITED**

February 22, 2017

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**COMMERCIAL LIST**

**IN THE MATTER OF** Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Sections 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended

**BETWEEN:**

**BIBBY FINANCIAL SERVICES (CANADA) INC.**

Applicant

- and -

**WEB OFFSET PUBLICATIONS LIMITED**

Respondent

**FIRST REPORT TO COURT OF DODICK LANDAU INC. AS PROPOSED RECEIVER  
OF WEB OFFSET PUBLICATIONS LIMITED**

**February 22, 2017**

**INTRODUCTION**

1. On January 4, 2017, the Applicant (“BFS” or the “Applicant”) issued a notice of intention to enforce security (“BFS’s Notice to Enforce”) pursuant to section 244 of the BIA, with regard to a General Security Agreement dated June 2011 (“BFS’s GSA”) between the Debtor and BFS. On January 9, 2017, the Debtor consented to early enforcement. Copies of these materials are attached to the Williamson Affidavit (hereinafter defined).
2. On January 19, 2017 (the “Filing Date”), Web Offset Publications Limited (“Web” or the “Debtor”) filed with the Official Receiver a Notice of Intention to Make a Proposal (“NOI”) to its creditors and named Dodick Landau Inc. (“DLI”) as Proposal Trustee (the “Proposal Trustee”). Attached as Appendix “A” is the Certificate of

Filing of the NOI for the Debtor.

3. On February 10, 2017, the Debtor made a motion to request the Court to make an order to extend the time for filing a proposal ("**Extension Order**"), and extend the stay of proceedings granted upon the filing of the NOI, for a period of 21 days to, and including, March 10, 2017. The Court granted the Extension Order. Attached as **Appendix "B"** is the Extension Order with the Court's endorsement.
4. This report (the "**Report**") of DLI is made in connection with the application (the "**Receivership Application**") of Bibby Financial Services (Canada) Inc. ("**BFS**") made on February 16, 2017 for an order of this Court ("**Appointment Order**") to appoint DLI as the Receiver (in such capacity the "**Receiver**") of all the assets, undertakings and properties (collectively, the "**Property**") of the Debtor in order to facilitate closing the Going Concern Sale (as defined in the Appointment Order). However, DLI would not manage the Debtor or be required to take control of the property, operate the business or employ any of the Debtor's employees. Web's management would retain control over the day to day operations, subject to the oversight of the Receiver. However, if the Receiver determines that the Debtor is (a) not acting in accordance with the terms of the Appointment Order, (b) not acting in furtherance of completing the Going Concern Sale, or (c) acting in such a manner or doing any such thing so as to adversely affect the timing of completion, likelihood of completion or completion of the Going Concern Sale, among other things, the Receiver is 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 proceeds, receipts and disbursements arising out of or from the Property;
  - b. to receive, preserve and protect the Property;
  - c. sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of the business of Web with approval of the Court;
  - d. 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; and
- e. report to, meet with and discuss with such affected Persons (as defined in the Appointment Order), as the Receiver deems appropriate on all matters relating to the Property and the receivership of Web (the "**Receivership**"), and to share information, subject to such terms as to confidentiality as the Receiver deems advisable, including, without limitation, providing cash flows and other financial reporting.

A copy of the Receivership Application and Appointment Order are enclosed in the Application Record so have not been reproduced here.

5. BFS issued the Receivership Application pursuant to sub-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**"). The Application is scheduled to be heard at the Superior Court of Justice on February 24, 2017 at 10:00am, 330 University Avenue, Toronto, Ontario (the "**Court**").
6. In support of the Receivership Application is an affidavit from Mr. Calum Williamson, sworn February 16, 2017 (the "**Williamson Affidavit**").
7. DLI is a licensed insolvency trustee and, prior to the Filing Date, has been consulted by the Applicant about the financial situation that Web currently faces and has been monitoring the Debtor since the Filing Date as Proposal Trustee. DLI has no conflicts in regard to acting as Receiver (should the Court see fit to grant the relief requested in the Receivership Application). DLI does not act as an auditor.

#### **PURPOSE OF REPORT**

8. The purpose of the Report is to provide this Court with:
  - a. background information on Web and its operations;

- b. a summary of the events leading up to the Receivership Application, including an update on the status of Web's operations since January 9, 2017, when DLI was engaged to act as financial advisor of BFS, and since January 19, 2017, when DLI was appointed as Proposal Trustee;
- c. a summary of the Assets and their estimated realizable value;
- d. the evidentiary basis to assist this Court:
  - i) in granting the Appointment Order; and
  - ii) granting the Approval and Vesting Order which will, among other things:
    - a) authorizes the Receiver to sell substantially all of the Assets to the Purchaser, in accordance with the APA, as defined and described later in this Report; and
    - b) vests the Assets to be purchased by the Purchaser in the Purchaser, free and clear of all claims save and except for permitted encumbrances; and
- e. to recommend the relief sought be granted.

#### **DISCLAIMER**

- 9. In preparing this Report, DLI has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the management of the Company ("**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
  - a. DLI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the DLI expresses no opinion or other form of assurance in respect of the Information;

- b. some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
  - c. the DLI has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on DLI's website at [www.dodick.ca](http://www.dodick.ca) for purposes of BFS's Receivership Application returnable February 24, 2017. Parties using this Report, other than for the purpose of the Receivership Application, are cautioned that it may not be appropriate for their purposes.
10. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. Capitalized terms not defined in the Report are as defined in the Williamson Affidavit filed in support of the Receivership Application.
12. All references in this Report to dollars are in Canadian currency unless otherwise noted.

## **BACKGROUND**

### **Operations**

13. Web is an Ontario corporation with its sales, service and production facilities located in Pickering, Ontario, Canada. Web is wholly owned by Ironstone Media Corporation, a holding company controlled by the principals of Web.
14. Web is in the business of printing daily, weekly, monthly and quarterly publications, catalogues, directories, financial statements, flyers and a variety of other materials with over 300 titles (e.g. New England Journal of Medicine, CPA magazine). In addition, Web is a digital printer of collateral material, media kits, inserts/outserts, direct mail and more.

15. Web operates from a 109,618 square-foot leased premises located at 1800 Ironstone Manor, Pickering, Ontario (the “**Web Premises**”) and has been in operation for approximately 54 years. At the Filing Date, Web employed approximately 65 unionized employees, who are members of Unifor, and approximately 25 non-unionized employees.

#### **Prior Proposal Proceedings**

16. Web has previously filed two proposals under the BIA:
  - a. On June 1, 2012, Web filed its first proposal and A. Farber & Partners Inc. (“**Farber**”) acted as the proposal trustee. This first proposal was completed on July 17, 2015. A copy of the Certificate of Full Performance of the June 1, 2012 Proposal is attached as **Appendix “C”**.
  - b. On November 17, 2015 Web filed its second proposal (“**Second Proposal**”) which was approved by the Court on January 26, 2016 and Farber acted as the proposal trustee. The Court’s order approving Web’s Second Proposal is attached as **Appendix “D”**.
  - c. On January 31, 2017, following the Filing Date, Farber issued to the creditors of Web a notice of default in the performance of the Second Proposal in which it advised the creditors that it intends to apply for its discharge without annulling the Second Proposal and that creditors may take proceedings to annul the Second Proposal if they wish to do so. We understand Web had made payments totaling approximately \$150,000 to Farber with regards to the Second Proposal which represents a portion of what Web was required to pay during the period of the Second Proposal. As such, the Second Proposal will not be completed. The notice of default is attached as **Appendix “E”**.

#### **Secured Creditors**

##### ***Bibby Financial Services (Canada) Inc.***

17. As discussed more fully in the Williamson Affidavit:

- a. pursuant to a general security agreement dated June 2011 ("**BFS Security**"), Web granted to BFS security interests ("**BFS Security**") in all the Property as security for payment of all present and future indebtedness of Web to BFS;
  - b. BFS provided a term loan facility ("**Term Loan**") and a factoring facility ("**Factoring Facility**") to Web beginning June 2011, and the Term Loan and Factoring Facility were used to fund the operations of Web and were guaranteed by certain related parties; and
  - c. as at January 4, 2017, Web was indebted to BFS under the Term Loan and Factoring Facility in the approximate amounts of \$463,000 and \$2.1 million (the "**Indebtedness**"), respectively, before ongoing accrued interest and costs.
18. DLI requested and obtained an opinion from independent legal counsel, Kronis, Rotsztain, Margles, Cappel LLP, with respect to the validity and enforceability of the security held by the Applicant. Kronis, Rotsztain, Margles, Cappel LLP is of the opinion that the security held by the Applicant is valid and enforceable. Enclosed as **Appendix "F"** is a copy of the independent security opinion of Kronis, Rotsztain, Margles, Cappel LLP.

***Bacopulos and Pizale***

19. According to Web's records, John Bacopulos, the Chief Executive Officer, and John Pizale, the President, of Web are secured creditors of Web and are owed approximately \$1.6 million and \$563,000, respectively.

***Other***

20. There are a number of leases and security registrations pursuant to the *Personal Property Security Act* relating to specific equipment and motor vehicles used by Web in its operations.

## WEB LIQUIDITY CONSTRAINTS AND DEFAULTS UNDER BFS SECURITY

21. As set out in the Williamson Affidavit:

- a. on January 2, 2017, Web advised BFS of cash flow constraints, that it had insufficient working capital to continue to operate its business and if BFS did not provide it with immediate funding Web would cease operations and a sale of the ongoing business operations would likely not be possible as the customers would resource supply from alternate printers. BFS has been the principal secured lender to Web since June 2011. DLI understands the above liquidity constraint resulted in Web attempting to secure alternative funding or equity support in late 2016 when Web invited offers for the purchase of its business from third-party industry participants; as of January 2, 2017, Web was in numerous breaches of the Term Loan and Factoring Facility; by letter dated January 4, 2017, BFS sent Web written demand for payment of the Indebtedness (the "**January 4, 2017 Demand Letter**"). The January 4, 2017 Demand Letter was accompanied by BFS's Notice to Enforce;
- b. on January 9, 2017 Web provided BFS with a waiver of the 10-day notice period provided for BFS's Notice to Enforce, and with a consent to the appointment of a Receiver of Web; and
- c. BFS agreed to fund Web's operations provided:
  - i. funds be used to pay only essential operating expenses;
  - ii. funds be advanced under the Factoring Facility and BFS Security;
  - iii. Web consents to the appointment of DLI as financial advisor and Proposal Trustee and works with DLI to monitor ongoing cash flow and the business operations; and
  - iv. Web works with DLI to implement an expedited informal sale and investment solicitation process ("**SISP**").

22. Web agreed to these terms, and on January 9, 2017 BFS engaged DLI to provide it with financial advisory services and continued to advance funds to Web pursuant to the Factoring Facility.

#### **THE SISP**

23. The goal of the SISP was to preserve its business for the benefit of all stakeholders through a recapitalization, refinancing or a sale of the Company's business. Web had undertaken an informal process in late 2016 and invited informal offers to purchase its business at that time. Prior to the Filing Date, Web received two non-binding conditional offers to purchase all the assets of Web. Neither of these offers were accepted by Web.
24. As described above, beginning on January 9, 2017 when DLI was engaged as financial advisor to BFS, management of Web consented to DLI assisting Web in establishing a formal SISP to identify whether there are any other parties interested in submitting offers to Web at terms acceptable to Web and its stakeholders.
25. The SISP must be completed on an expeditious basis while Web has sufficient funds available to maintain ongoing production and preserve its customer base. To date, BFS has made sufficient funds available to Web to allow operations to continue and for customers to continue to be serviced by Web while the SISP is underway. However, BFS has indicated that it will only continue to provide funding to Web if there is a high probability that a sale of the business operations will occur in an accelerated manner.
26. Web, with DLI's assistance, distributed a document describing the SISP to four industry participants who had expressed interest in Web, including the two parties which submitted offers to Web in late 2016. Two of the four parties had carried out some form of due diligence prior to the Filing Date. All four parties signed the Confidentiality Agreement and carried-out various levels of due diligence. As well, each interested party received a copy of a form of asset purchase agreement. Attached as **Appendix "G"** is the SISP description distributed to these parties.

27. In addition, in case a sale to a going concern purchaser was not possible, DLI invited liquidation proposals from three liquidators with experience liquidating printing equipment which were received by January 19, 2017. Attached as **Confidential Appendix "A"** are the three liquidation proposals received.

28. The more significant milestones in the SISP were:

Activity	Timeline
Start of marketing to interested parties	January 12, 2017
Due diligence completed by	January 19, 2017
Offer deadline	January 19, 2017
Identification of successful offer	January 20, 2017
Obtain Court approval of transaction by	January 27, 2017
Target closing date	January 31, 2017

As described in further detail below, additional time was required to allow the Purchaser (hereinafter defined) to clear/waive conditions in the Conditional Offer (hereinafter defined) accepted by Web. As such, the new deadline to clear/waive conditions is February 28, 2017.

#### **GOING CONCERN SALE**

29. Web's and DLI's efforts, as described above, resulted in a joint conditional offer received from Reliable Bookbinders Limited (a supplier to Web) ("**Reliable**") and Annex Business Media (a customer of Web) (together with Reliable, the "**Purchaser**") dated January 19, 2017, and was further amended on January 23, 2017 after further negotiations with the Purchaser, ("**Conditional Offer**"). The Conditional Offer was agreed to by Web, BFS and the Proposal Trustee.

30. The Conditional Offer was submitted by the Purchaser to acquire Web's business on a going concern basis and, if completed, will result in the business remaining at the same location and continuing to employ the majority of its employees. Currently, there are approximately 90 employees.



31. The more significant terms and conditions of the Conditional Offer initially included:
- a. The Court issuing an order by February 15, 2017 approving the transaction and vesting the right, title and interest in the Assets to the Purchaser;
  - b. Execution of an asset purchase agreement by January 31, 2017;
  - c. The Purchaser obtaining on or before January 31, 2017 agreement with the bargaining unit of UNIFOR on terms satisfactory to the Purchaser ("**Collective Bargaining Amendments**") and the ratification of the Collective Bargaining Amendments by February 14, 2017;
  - d. The Purchaser obtaining on or before January 31, 2017 agreement with the landlord, HOOPP Realty Inc., of Web Offset's leased premises located at the property municipally known as 1800 Ironstone Manor, Pickering, Ontario;
  - e. The Purchaser obtaining on or before January 31, 2017 agreement with Kelly Dirkin in respect of the purchase by the Purchaser of a paper sheeter machine secured in favour of Mr. Dirkin;
  - f. The Purchaser obtaining on or before January 31, 2017 agreement with AGFA with respect of the use of equipment owned by AGFA at Web;
  - g. The Purchaser provide a non-refundable deposit equal to 7% of the purchase price by January 31, 2017, refundable to the Purchaser if the Purchaser's purchase of the assets (the "**Closing**") did not occur due to non-satisfaction of the conditions outlined above; and
  - h. BFS providing the funding required to Web up to Closing to allow the Purchaser to continue the operations previously conducted by Web after the Closing with no material adverse changes occurring to the operations of the business.

On or about January 31, 2017 all conditions that where not waived were extended to allow more time for the conditions to be satisfied or waived. As at the date of this

Report, all conditions in the Conditional Offer, except “a” and “b”, have been satisfied or waived; and, the parties have agreed on the substantial form of the APA.

32. DLI understands that BFS has agreed to continue to provide the Debtor with the necessary minimum funding required to operate until closing of the transaction on condition that a Receiver is appointed to close the Going Concern Sale, as required by the APA, and that the Going Concern Sale is approved by the Court.

#### APA

33. Subject to DLI being appointed by this Court as Receiver, as well as the approval of this Court, DLI negotiated a form of Asset Purchase Agreement with the Purchaser wherein the Purchaser agreed to purchase from the Receiver, and the Receiver agreed to sell to the Purchaser, Web’s and the Receiver’s right, title and interest in the Assets (effectively on a “going concern” basis) on terms consistent with the Conditional Offer (the “APA”). A copy of the APA is attached as **Confidential Appendix “B”**. The APA, if executed by the Receiver, would be conditional only on an Approval and Vesting Order being granted by this Court. The transaction contemplated by the APA is scheduled to close within several days of the granting of the Approval and Vesting Order.
34. As described above, BFS has agreed to continue to fund Web until closing of the transaction by advancing funds to Web under the existing Factoring Facility. As such, at closing of the transaction, there will be a list of accounts receivables which have been assigned to BFS pursuant to the Factoring Facility, as well as a list of “work-in-progress accounts receivable” assigned to BFS for which invoices have not yet been raised. It has been agreed with the Purchaser that the purchase orders associated with the work-in-progress accounts receivable, which will convert to invoices upon shipment of the finished product, will be assigned to BFS as if the invoices had already been raised since BFS had advanced funds to Web to finance the cost of producing these orders. A list of work-in-progress accounts receivable will be appended to the APA at closing.
35. As a result, the Purchaser will not be purchasing any accounts receivable assigned to BFS prior to, or at, closing. Therefore, the Assets purchased by the Purchaser will include

primarily machinery, equipment, furniture, client list/customer relationships and raw material inventory on hand at closing.

36. As the APA is estimated to generate net realizations significantly less than the BFS Term Loan, BFS appears to be the only party with an economic interest in the Assets, aside from priority payables such as pension obligations. In addition, as described above, the secured parties with the next economic interests after BFS appear to be Mr. Bacopulos and Mr. Pizale who are owed approximately \$2.2 million combined. DLI understands that both Mr. Bacopulos and Mr. Pizale are in support of the sale of the Assets to the Purchaser and have indicated that they will remain working at Web until Closing.
37. BFS has indicated to DLI that BFS is not prepared to agree to the Assets being used to provide additional funding to the Receiver for continued operations or marketing efforts to sell the Assets. Accordingly, due to the Receiver's lack of funding and the associated potential liability to the Receiver operating Web if the APA is not approved by this Court, the Receiver would likely not be able to:
  - a. continue the operations formerly conducted by Web; and/or
  - b. further market the Assets to determine whether another sale of the Assets could be completed in an accelerated manner to a party that would be willing to pay more for the Assets than the Purchaser has agreed to pay under the APA.
38. BFS has also advised DLI that if the APA is not approved by this Court, that BFS will bring a motion for the immediate liquidation of the Assets. As such, the ancillary benefits from the Going Concern Sale, such as the retention of majority of jobs and the minimizing of priority payable claims, will be lost should a liquidation of the assets occur.
39. According to the APA, the Purchaser shall satisfy the purchase price by the release of the deposit to the Receiver and by either, the assumption of all obligations owing as of the Closing to BFS under the Term Loan up to the purchase price, or by paying the balance of the purchase price in cash. The Receiver understands that the Purchaser intends to

satisfy the balance of the purchase price by assumption of the Term Loan up to the balance of the purchase price. Therefore, the only cash paid to the Receiver will be the deposit. However, the Receiver understands that pursuant to subsections 81.4(1) and 81.5(1) of the BIA Web will have super-priority claims estimated to be in the range of \$150,000 to \$200,000. As the Receiver will not have sufficient cash to fund these super-priority claims, BFS has advised the Receiver that it will fund these super-priority claims up to the value of the purchase price it had received through the assumption of its Term Loan by the Purchaser.

40. It is the Receiver's view that, based on the foregoing, the approval of the APA by this Court would result in the highest and best realization for the Assets and result for the stakeholders.

#### **RECEIVER'S RECOMMENDATION**

41. In view of the foregoing, DLI respectfully recommends that this Court grant an order:
- a. appointing DLI as Receiver;
  - b. approving and authorizing the Receiver to execute and complete the APA for the following reasons:
    - i. The Receiver does not expect to have funds to continue Web's operations which would result in the Receiver having to immediately close and liquidate the Assets, which would likely have a significant negative impact on the value of Web as a "going concern";

As indicated earlier in the Report, the Receiver has been advised by:

- ii. the Purchaser that it will be able to immediately complete the terms of the APA following the granting of an Approval and Vesting Order by this Court;
- iii. the Purchaser that it intends to hire the majority of Web's 90 employees;

- iv. BFS, which appears to have the primary economic interest in the Assets, supports the APA;
  - v. BFS, that if the APA is not completed, it will file a motion for the immediate liquidation of the Assets; and
  - vi. BFS, that it will fund all super-priority claims up to the value of the purchase price it had received through the assumption of its Term Loan by the Purchaser.
- c. pursuant to the terms of the APA, issue an Approval and Vesting Order vesting the Assets in the Purchaser free and clear of all claims save and except for permitted encumbrances.

All of which is respectfully submitted this 22<sup>nd</sup> day of February, 2017.

**DODICK LANDAU INC., solely in its capacity as the proposed  
Court-Appointed Receiver of Web Offset Publications Limited  
and not in its personal or corporate capacity.**

Per:

A handwritten signature in dark ink, appearing to be 'Rahn Dodick', with a stylized flourish at the end.

Rahn Dodick  
President

## APPENDIX “A”



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Ontario  
Division No.    09 - Toronto  
Court No.       31-2208623  
Estate No.      31-2208623

In the Matter of the Notice of Intention to make a  
proposal of:

**Web Offset Publications Limited**

Insolvent Person

**DODICK LANDAU INC.**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:                      January 19, 2017

---

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 19, 2017, 14:48

E-File/Dépôt Electronique

Official Receiver

25 St. Clair Avenue East, 6th floor, Toronto, Ontario, Canada, M4T1M2, (877)376-9902

**Canada**

## APPENDIX “B”



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE

JUSTICE *CONWAY*

)  
)  
)

TUESDAY, THE 14<sup>TH</sup> DAY

OF FEBRUARY, 2017

In the matter of the proposal of  
WEB OFFSET PUBLICATIONS LIMITED  
Of the City of Pickering, in the Province of Ontario

**ORDER**

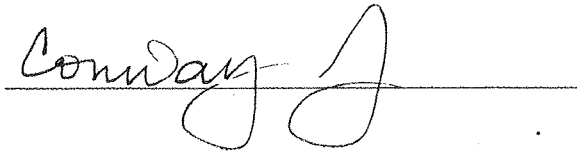
**THIS MOTION**, brought by Web Offset Publications Limited ("**Web Offset**") for, *inter alia*, an Order extending the time within which Web Offset must file its Proposal from February 18, 2017 to March 10, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of Web Offset, the Affidavit of John Bacopulos sworn February 9, 2017 and the First Report of Dodick Landau Inc. (the "**Proposal Trustee**") and on hearing the submissions of counsel for Web Offset, counsel for Bibby Financial Services (Canada) Inc. and the Proposal Trustee, no one else appearing and no one in opposition to this Motion,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record are hereby abridged so that this motion is properly returnable today in Toronto and that further service is hereby dispensed with.

2. **THIS COURT ORDERS** that the time for the filing of a Proposal by Web Offset is hereby extended by a period of 21 days from February 18, 2017 to March 10, 2017.

3. **THIS COURT ORDERS** that the activities of the Proposal Trustee as set out in the First Report of the Proposal Trustee dated February 10, 2017 (the "**First Report**") and the First Report are hereby approved.

A handwritten signature in cursive script, appearing to read "Conway J.", is written over a horizontal line.

In the matter of the proposal of  
**WEB OFFSET PUBLICATIONS LIMITED**  
Of the City of Pickering, in the Province of Ontario

Court File No. 31-2208623

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

**TORKIN MANES LLP**  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto, Ontario M5C 2W7

Stewart D. Thom  
Tel : (416) 863-1188  
Fax: (416) 863-0305

Lawyers for Web Offset Publications Limited

IN THE MATTER OF THE PROPOSAL OF WEB OFFSET PUBLICATIONS LIMITED  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

Feb 14/17

Court File No. 31-2208623

Feb 14/17 as per counsel slip.

Proposal date extended as  
per order signed by me.

*Conway*

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD

(Returnable February 14, 2017)

TORKIN MANES LLP

Barristers & Solicitors

151 Yonge Street, Suite 1500

Toronto ON M5C 2W7

S. Fay Sulley (24257D)

fsulley@torkinmanes.com

Tel: 416-777-5419

Fax: 1-888-587-5769

Stewart Thom (55695C)

stthom@torkinmanes.com

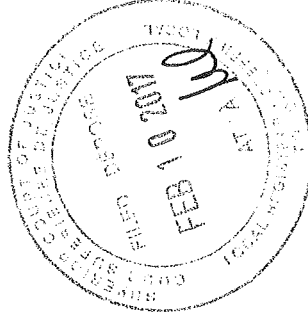
Tel: 416-777-5197

Fax: 1-877-689-3872

Tel: 416-863-1188

Fax: 416-863-0305

Lawyers for Web Offset Publications Limited



# APPENDIX “C”

**SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF  
WEB OFFSET PUBLICATIONS LIMITED  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO**

**CERTIFICATE OF FULL PERFORMANCE ON PROPOSAL**  
(Pursuant to Section 65.3 of the *Bankruptcy and Insolvency Act*)

The undersigned, A. Farber & Partners Inc., the Trustee acting *in re* the Proposal of Web Offset Publications Limited,, a debtor, hereby certifies that the debtor has, as of July 17, 2015 fully performed the provisions of the debtor's Proposal, as filed with the Official Receiver at Toronto on June 1, 2012 and approved by the creditors and the Court.

**DATED AT TORONTO** this 17th day of July, 2015.

**A. FARBER & PARTNERS INC.**  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5



Per: John Hendriks CPA, CA, CIRP

## **APPENDIX “D”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

REGISTRAR

*Jean*

)  
)  
)

TUESDAY, THE 26<sup>th</sup> DAY

OF JANUARY, 2016

**IN THE MATTER OF THE PROPOSAL OF  
WEB OFFSET PUBLICATION LIMITED  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO**

**ORDER**

**THIS MOTION**, made by A. Farber & Partners Inc., (the "Trustee") Trustee *in re* the Proposal of Web Offset Publications Limited, was heard this day at 393 University Avenue, Toronto, Ontario..

**UPON READING** the Application of the Trustee and upon reading the report of the Trustee dated January 8, 2016 and upon hearing the Trustee, and the Court being satisfied that the required majority of creditors has duly accepted the Proposal and the terms contained in the paper writing marked "A" annexed hereto, and being satisfied that the said terms are reasonable and calculated to benefit the general body of creditors and that no offences or facts have been proved to justify the Court in withholding its approval;

**THE COURT HEREBY** approves the said Proposal.

  
Registrar



Exhibit "A"

Proposal

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF WEB OFFSET PUBLICATIONS  
LIMITED

A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE  
OF ONTARIO, WITH A HEAD OFFICE IN PICKERING  
IN THE PROVINCE OF ONTARIO

PROPOSAL

Web Offset Publications Limited, the above-noted debtor (the "Debtor"), hereby submits the following Proposal under the *Bankruptcy and Insolvency Act* of Canada.

1. Definitions

For the purpose of this Proposal, the following terms shall have the following meaning:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Administrative Fees and Expenses" means:
  - (i) all proper fees and expenses of the Trustee; and
  - (ii) the reasonable legal fees and disbursements incurred by the Debtor, incidental to the preparation and facilitation of the Proposal and any amendments thereto and all reasonable legal fees and disbursements of the Trustee on and incidental to any proceedings relating to or arising out of the Proposal, the preparation of the Proposal and negotiations in connection therewith, the performance by the Debtor of his obligations thereunder, and advice to the Debtor thereon which fees, including legal fees paid to the solicitor.
- (c) "Claims" means claims that are proved and allowed for any and all debts and liabilities, present and future, including contingent and

unliquidated claims of the Debtor to which the Debtor was subject at the Filing Date as Defined herein, and any indebtedness, liability or obligation of any kind arising out of the repudiation, restructuring or termination of any contract, lease, license, equipment lease, employment relationship or other agreement after the Filing Date, or any claims that may arise under any contract, lease, license, equipment lease, employment relationship or other agreement which may arise as a result of the insolvency of the Debtor and "Claim" has a corresponding meaning. For greater certainty, the Claim of Her Majesty the Queen in Right of Canada with respect to the *Income Tax Act* (Canada) and the *Excise Tax Act* will include:

- (i) liabilities under the *Income Tax Act* that arise as a result of this Proposal and the implementation of its provisions;
  - (ii) Any liability that has or could accrue to the Debtor or present or former directors of the Debtor pursuant to the *Income Tax Act*, *Excise Tax Act*, or *Retail Tax Act* (Ontario), including, but not limited to s. 227.1 of the *Income Tax Act*, s. 323 of the *Excise Tax Act*, and s. 43 of the *Retail Sales Tax Act* (Ontario) ("Director Liabilities"), irrespective of whether or not CRA has raised an assessment against the Debtor, in the Debtor's individual capacity as director for these Director Liabilities.
- (d) "Court" means the Superior Court of Justice (Ontario) [In Bankruptcy and Insolvency];
  - (e) "Debtor" means Web Offset Publications Limited;
  - (f) "Effective Date" shall mean the date on which the Court issues an Order approving this Proposal pursuant to the provisions of the Act, all appeal periods having expired and no appeal therefrom having been commenced or, if any appeals have been commenced, all such appeals having been dismissed and such dismissal having become final;
  - (g) "Employee Claim" means, in respect of any employee or former employee of the Debtor, a Claim in an amount equal to the amount such employee or former employee would be qualified to receive

under paragraph 136(1)(d) of the *Act* if the Debtor became bankrupt on the date of Court approval of the Proposal;

- (h) "Filing Date" means July 21, 2015 being the date upon which a Notice of Intention to Make a Proposal was lodged by the Debtor with the Official Receiver;
- (i) "Inspector" means an Inspector appointed pursuant to paragraph 11 hereof;
- (j) "Performance of the Proposal" means the payment to the Creditors of the monies referred to in paragraphs 5 and 6 hereof;
- (k) "Post-Filing Claim" means any Claim resulting from an obligation incurred by the Debtor in the normal course of business of the Debtor in respect of goods or services supplied to the Debtor after the Filing Date, except for the claims of the Debtor's former employees terminated after the Filing Date and prior to the date this Proposal was filed, and extends to the following:
  - (i) amounts owing to the Trustee and its solicitors and the Debtor's solicitors, consultants and financial advisors; and
  - (ii) the federal or provincial Crown for amounts owed in respect of federal, provincial or state sales or excise taxes collected subsequent to the Filing Date, or amounts owing in respect of source deductions on account of employee income tax, Canada Pension Plan contributions and Employment Insurance premiums arising subsequent to the Filing Date.
- (l) "Proposal" means this Proposal of the Debtor, as the same may be amended or altered in accordance with the terms hereof;
- (m) "Preferred Claim" means a Claim, which is not a Secured Claim, or an Employee Claim, the payment of which the *Act* directs to be paid after payment of Administrative Fees and Expenses but in priority to all unsecured claims on a proposal made by the Debtor;
- (n) "Preferred Creditor" means the holder of a Preferred Claim, in such capacity;

- (o) "Secured Claim" means the Claim of a Secured Creditor, in such capacity;
- (p) "Secured Creditor" means a secured creditor of the Debtor as defined in Section 2 of the Act;
- (q) "Trustee" means A. Farber & Partners Inc. or its duly appointed successor or successors;
- (r) "Unsecured Claim" means any Claim, other than a Claim:
  - (i) that has been disallowed by the Trustee or expunged by the Court;
  - (ii) that is a Secured Claim;
  - (iii) that is a Preferred Claim; or
  - (iv) that is an Employee Claim.
- (s) "Unsecured Creditor" is a creditor with an Unsecured Claim.

## 2. Purpose of Proposal

The purpose of this Proposal is to affect a restructuring of the business and affairs of the Debtor in the expectation that all Creditors will derive a greater benefit from the continued operation of the business and affairs of the Debtor than would result from a forced liquidation of its assets.

## 3. Proposal Affecting Secured Creditors

Secured Creditors, if any, shall be permitted to realize upon their security and to proceed fully in accordance with their rights as Secured Creditors, provided that this right shall be subject to any arrangements made between the Debtor and any Secured Creditor. Secured Creditors who have either a liquidated or anticipated deficiency after realization of their security shall be entitled to file as Unsecured Creditors for such deficiency.

## 4. Proposal for Preferred Claims

Preferred Claims, if any, without interest, will be paid in priority to all claims of Unsecured Creditors under the provisions of Section 136 of the Act.

### 5. Proposal for Unsecured Creditors

Unsecured Creditors who have filed valid Proofs of Claim for debts existing at the Filing Date will be satisfied by selecting one of the two options set out below:

- (a) Accept the sum of \$500 or the actual amount of their claim; whichever is less ("Small Claims"); or
- (b) Accept their *pro rata* share of the Proposal Funds.

If the Proposal is accepted by the creditors, John Pizale, John Bacopulos and Kelly Dirken have agreed not to file unsecured proofs of claim for the anticipated shortfall on their security of approximately \$2,710,927. After payment of the anticipated preferred claims, management expects that the Unsecured Creditors electing option 5(b) above will be entitled to dividends of approximately 20 cents to the dollar, less Administrative Fees and Expenses in accordance with section 7 of this Proposal.

It is noted that this dividend approximation is a management estimate based on current information and will vary depending on the amount of valid proofs of claim filed by unsecured creditors with the Trustee and the valuation and filing of valid proofs of claim for all contingent liabilities existing at the Filing Date, which at this time is unknown.

Unsecured Creditors will accept the payments provided for in this Part in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Debtor.

### 6. Funds Payable Under Proposal

The Debtor shall pay to the Trustee the sum of \$800,000 (the "Proposal Funds") in 48 monthly instalments as set out below which will commence on March 31, 2016. The Company will accelerate the initial payments to the Proposal Trustee to the extent necessary to fund the preferred claims, if any, to be paid upon Court approval of the Proposal as set out in paragraph 9 of the Proposal and section 60 (1.3) of the Act."

The Trustee will remit interim dividends on an annual basis beginning one year after the commencement of the first monthly payment, net of any levy due under

the Act to Unsecured Creditors, as funds are available, and in the following order:

- (i) The Administrative Fees and Expenses after the Effective Date as set out in paragraph 7 below
- (ii) Preferred Claims, then
- (iii) The Small Claims, then
- (iv) The remaining Unsecured Claims.

Upon receipt by the Trustee of the Proposal Funds and on satisfaction by the Trustee that the full performance of the Debtor has been met, a Certificate of Full Performance of Proposal (pursuant to section 65.3 of the Act) shall be issued to the Debtor.

#### 7. Administrative Fees and Expenses

The Debtor will provide the Trustee with funds necessary to pay the Administrative Fees and Expenses, as agreed to by the Debtor and the Trustee up to the Effective Date. After the Effective Date, the Administrative Fees and Expenses shall be paid from the Proposal Funds. The Trustee shall be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time to time subject to final Court approval by the Registrar in Bankruptcy upon completion of the Proposal of the Trustee's Administrative Fees and Expenses. Payment of the accounts of the Trustee and its solicitors in full is a requirement for full performance of the Proposal.

#### 8. Crown Claims

As required by the Act, the Debtor undertakes to pay all source deduction obligations arising after the Filing Date, including installments required to be made under the Income Tax Act, in the ordinary course of business.

Accordingly, payment of the claims, if any, of Her Majesty in Right of Canada or a province in existence at the Filing Date and of a kind that could be subject to a demand under:

- (a) Section 224(1.2) of the Income Tax Act;

(b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amount; or

(c) any substantially similar provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection,

shall be paid by the Debtor within six months following approval of this Proposal by the Court.

In the event that the Debtor fails to satisfy this condition, such a failure shall constitute a default in the performance of this Proposal, and may result in this Proposal being annulled pursuant to subsection 63(1) of the Act.

#### 9. Employee Claims

As required by the provisions of Section 60 (1.3) of the Act, the Debtor agrees to pay, immediately after Court approval of this Proposal, unpaid claims of employees and former employees, if any, to which they would be entitled under paragraph 136(1)(d) of the Act if the Debtor had become bankrupt on the Filing Date, such amounts to be paid without interest and in priority to the claims of Unsecured Creditors in accordance with the Act.

#### 10. Stay of Proceedings

During the Proposal Period each Creditor, other than Secured Creditors, will be stayed from commencing or continuing any proceeding or remedy against any of the Debtor's present or former directors in accordance with Section 69.31 of the Act and the Debtor or its property based upon a Claim existing on or before the Filing Date, or whose Claim has arisen after the Filing Date as a result of the termination, repudiation or restructuring of any contract, lease, license, equipment lease, employment relationship or other agreement after the Filing Date but on or before the date that this Proposal was filed, including, without limitation, any proceeding or remedy to recover payment of such Claim, to recover or enforce a judgment against the Debtor in respect of such Claim or to initiate any proceedings against it under any applicable bankruptcy, insolvency



or other laws in respect of such Claim, other than an application or proceeding in connection with this Proposal.

#### 11. Inspectors

- (a) At the statutory meeting of the Unsecured Creditors to be held to consider the Proposal, the said Creditors may appoint one or more but not exceeding three persons to act as Inspectors, whose powers shall be limited to:
  - (i) advising the Trustee from time to time with respect to any matter that the Trustee may refer to them;
  - (ii) advising the Trustee concerning any dispute which may arise as to the validity of Claims of Unsecured Creditors;
  - (iii) authorizing such amendment to paragraph 5 and 6 above as Inspectors believe to be in the best interests of the general body of creditors, including without limitation an extension of time for payments due from the Debtor to the Trustee pursuant to paragraph 6 above or for payments due from the Trustee to the Unsecured Creditors pursuant to paragraph 5, provided that such amendments are not in express contradiction of any provision of the Act, any law paramount to the Act or any of the other terms of this Proposal; and
  - (iv) reviewing any default in the performance of the Proposal by the Debtor and waiving any such default, if in their opinion it is advisable to do so.
- (b) Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction to act and make such Order as it thinks just.
- (c) The authority and term of office of the Inspectors will terminate upon the Performance of the Proposal by the Debtor.

## 12. Binding Effect

On the Effective Date, the treatment of Claims under this Proposal shall be final and binding on the Debtor and binding on all persons or creditors affected thereby (and their respective heirs, executors, administrators, successors and assigns) and this Proposal shall constitute full, final and absolute settlement of all rights of the holders of all Claims affected thereby and, for greater certainty and without limitation:

- (a) this Proposal shall compromise all claims against the Debtor and, subject to subsection 50(14) of the Act, all claims against its present and former directors that relate to the obligations of the Debtor where the directors are by law liable in their capacity as directors for the payment of such obligations, arising before the Filing Date; and
- (b) sections 95 to 101 of the Act do not apply to this Proposal, which is being made in satisfaction of all such claims.

## 13. Goods or Services Given After Date

All Post-Filing Claims shall be paid in full in the ordinary course by the Debtor. The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to all those persons supplying goods or services to the Debtor on or after the Filing Date. All creditors hereby release and forever discharge the Trustee from any and all liability relating to the Debtor's non-payment of any liabilities under this paragraph.

## 14. Discharge of Trustee

Upon completion of the performance of the Proposal by the Debtor, this Proposal shall be satisfied and all conditions and requirements fulfilled and met and the Trustee shall be entitled to be discharged.

## 15. Superintendent's Levy

All monies payable under the Proposal in respect of Preferred Claims, Employee Claims, and Unsecured Claims shall be paid by the Debtor to the Trustee and, notwithstanding any other provision hereof, all payments made by the Trustee in respect of such Claims pursuant to the terms hereof shall be made net of the

Superintendent's Levy required to be paid pursuant to Sections 147 and 60(4) of the Act.

16. Amendment

This Proposal may be amended by the Debtor with the consent of the Trustee at any time prior to the conclusion of the meeting of Unsecured Creditors called to consider the Proposal, provided that any amendment made pursuant to this paragraph shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, and provided further that any and all amendments shall be deemed to be effective as of the Filing Date of the Proposal.

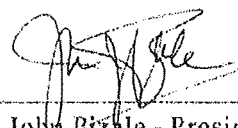
17. Further Actions

The Debtor and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

DATED AT PICKERING this 17<sup>th</sup> day of November, 2015.

WEB OFFSET PUBLICATIONS LIMITED

Per: \_\_\_\_\_

  
John Pizale - President

IN THE MATTER OF THE PROPOSAL OF WEBB OFFSET PUBLICATIONS LIMITED OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

Estate No. 31-2017866

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**ORDER**

**A. FARBER & PARTNERS INC.**  
150 York St., Suite 1600  
Toronto ON M5H 3S5

Contact: Allison Palmer  
Tel: (416)496-3753  
E-mail: [apalmer@farberfinancial.com](mailto:apalmer@farberfinancial.com)

**A. FARBER & PARTNERS INC.**  
Trustee acting in re the Proposal of  
Web Offset Publications Limited

# APPENDIX “E”

**Notice of Default in the Performance of a Proposal Of**  
**Web Offset Publications Limited**


Take notice that:

1. There has been a default in the performance of a provision in the proposal of **Web Offset Publications Limited**, a copy of which proposal was filed with the official receiver on the 18<sup>th</sup> day of November 2015.
2. The default was not waived by the inspectors and was not remedied by the insolvent person within 30 days after the date on which the default occurred.
3. The undersigned trustee, acting with respect to the proposal, intends to apply for a discharge without annulling the proposal.
4. Creditors may take proceedings to annul the proposal and place Web Offset Publications Limited in bankruptcy at their own expense; however, the trustee notes that there is a new stay of proceedings resulting from the company filing a new Notice of Intent to make a Proposal ("NOI") dated January 19, 2017. The trustee under the new NOI is Dodick Landau Inc. and any queries on the new NOI should be directed to them.

Dated at Toronto, this 31st day of January, 2017.

**A. Farber & Partners Inc.**  
**The Trustee acting *in re* the Proposal of**  
**Web Offset Publications Limited**

Per:

  
John Hendriks, CPA, CA, LIT

## APPENDIX “F”



**Kronis, Rotsztain,  
Margles, Cappel LLP**  
Barristers and Solicitors

25 Sheppard Avenue West (at Yonge)  
Suite 1100, Toronto, ON  
Canada M2N 6S6

Telephone: (416) 225-8750  
Facsimile: (416) 225-3910

February 17, 2017

Dodick Landau Inc.  
4646 Dufferin Street, Suite 6  
Toronto, Ontario  
M3H 5S4

Dear Sirs:

**Re: Web Offset Publications Limited**

We confirm your advice that Dodick Landau Inc. (the "**Receiver**") has been appointed as receiver of the property and assets of Web Offset Publications Limited (the "**Debtor**") by Bibby Financial Services (Canada) Inc. (the "**Creditor**"). We understand that the Debtor granted a general security interest (the "**Security Interest**") in all of its assets in favour of the Creditor pursuant to a General Security Agreement dated as of an unspecified date in 2011 (the "**Security Agreement**"). You have asked our office to opine on the validity, enforceability and perfection of the Security Interest granted by the Debtor in favour of the Creditor pursuant to the Security Agreement.

#### **Documents and Searches Reviewed**

For the purposes of the opinions set out herein, we have received and examined the following documents:

- (a) A copy of the Security Agreement indicated to have been signed on behalf of the Debtor by John Bacopulos, CEO. The Security Agreement states that the Debtor has granted to the Creditor a security interest in all of the personal property, assets and undertaking of the Debtor (the "**Collateral**"), both present and future, as security for the payment of all indebtedness and liabilities at any time owed by the Debtor to the Creditor;
- (b) A certified copy of the resolution of the board of directors of the Debtor dated June 9, 2011 (the "**Authorizing Resolution**") authorizing the execution and delivery of a Master Purchase and Sale Agreement between the Debtor and the Creditor and all other agreement and documents connected therewith by any officer of the Debtor, which resolution is indicated to have been signed by John J. Pizale, President and Secretary of the Debtor;
- (c) A search under the *Personal Property Security Act* (Ontario) (the "**PPSA**") registry against the Debtor, bearing a file currency date of January 4, 2017; and



- (d) A corporation profile report issued by the Ontario Ministry of Government Services (the "Ministry") with respect to the Debtor dated January 5, 2017.

We have also made such other searches, inquiries and investigations and considered such questions of law as we have deemed relevant and necessary as a basis for the opinions set out herein.

We confirm that we have not acted for the Debtor or the Creditor regarding this matter or in connection with preparing the Security Agreement or effecting any registrations in respect thereof.

### **Search Results**

The corporate profile search against the Debtor indicates that the Debtor is a corporation amalgamated under the laws of the province of Ontario, and that its legal name is "Web Offset Publications Limited".

The search against the Debtor under the PPSA indicates that on April 19, 2011, the Creditor registered a financing statement against the Debtor under the PPSA bearing Registration No. 20110419 1946 1531 3888 (File No. 669216888). The financing statement classified the Creditor's collateral as "Inventory", "Equipment", "Accounts", "Others", "Motor Vehicles included". The financing statement does not include any general collateral description. The Creditor's PPSA registration was initially valid for a period of 5 years. The Creditor subsequently registered a financing change statement on February 10, 2016 bearing Registration No. 20160210 1439 1530 3757, which renewed the period of the Creditor's PPSA registration for an additional 5 years, expiring April 19, 2021.

### **Assumptions**

In expressing our opinions we have assumed, without independent verification, the following:

- (a) The genuineness of all signatures, the legal capacity of individuals signing any documents, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as certified, conformed, telecopied, photocopied or scanned copies;
- (b) All facts set forth in official public records, searches, certificates and other document supplied by public officials or otherwise conveyed to us by public officials are complete, true and accurate in all respects;
- (c) The PPSA search referenced above continues to be accurate and current as of the date hereof;
- (d) Credit was duly advanced by the Creditor to the Debtor or other valuable consideration was provided by the Creditor to the Debtor for the Security Interest, and there is a legal, valid, enforceable and subsisting debt owing by the Debtor to the Creditor as of the date hereof;
- (e) The Security Agreement was executed and delivered on or about the date of the Authorizing Resolution;
- (f) The accuracy of the description of the Collateral as set out in the Security Agreement;
- (g) The Debtor has rights in the Collateral or the power to transfer rights in the Collateral to a secured party;

- (h) The Debtor and the Creditor did not agree to postpone the time of the attachment of the Security Interest;
- (i) The Collateral does not include "consumer goods" as that term is defined in the PPSA;
- (j) The Debtor: (i) was at the time of authorization, execution, and delivery of the Security Agreement, constituted and existing under the laws pursuant to which it was constituted, (ii) had the corporate power and authority to execute, deliver and perform its obligations under the Security Agreement, and (iii) took all necessary corporate action to authorize the execution, delivery and the performance of its obligations under the Security Agreement;
- (k) The Creditor was at the time of authorization, execution, and delivery of the Security Agreement, and is still constituted and existing under the laws pursuant to which it was constituted;
- (l) The Security Agreement has not been amended, restated or replaced;
- (m) The Security Agreement has not been assigned, released, discharged or otherwise impaired;
- (n) There are no agreements, judgments, statutory or regulatory prohibitions, rulings, instruments, facts or understandings affecting or concerning the Security Agreement and/or the various principal obligations with respect to which the Security Agreement was granted, which were not apparent from a review of the Security Agreement and which would or might affect the validity or enforceability of the Security Agreement;
- (o) The Creditor did not know and did not have any reason to believe at the time that the creation of the Security Interest in the Collateral by the Security Agreement was in contravention of any agreement by which the Debtor or its property or assets were bound, if there was such a contravention;
- (p) That the execution, delivery and performance of obligations under the Security Agreement by the Debtor did not constitute a preference, conveyance, fraudulent conveyance, or transfer at undervalue under the *Bankruptcy and Insolvency Act* (Canada), the *Fraudulent Conveyances Act* (Ontario), the *Assignment and Preferences Act* (Ontario) or any other similar legislation; and
- (q) The Creditor has not, by course of conduct, implicit or explicit waiver, release, discharge, cancellation, forbearance or other means, oral or written, taken any action or steps which could, would or have altered, diminished, suspended or otherwise affected the terms, conditions of enforceability of the Security Agreement or the indebtedness, liabilities and obligations secured thereby.

#### Laws Addressed

The opinions expressed in this letter are limited to the laws of the Province of Ontario and the federal laws of Canada applicable therein. In particular, without limiting the generality of the foregoing, where we express an opinion based on the laws of Ontario, we express no opinion with respect to:

- (a) the laws of any other jurisdiction to the extent such laws may govern any aspect of the Security Agreement or govern the validity, perfection, effect of perfection or non-perfection, or

enforcement of the Security Interest created thereunder as a result of the application of the conflict of laws rules of Ontario; or

- (b) whether, pursuant to the conflict of laws rules of Ontario, the laws of a particular province would govern the validity, perfection, effect of perfection or non-perfection, or enforcement of the Security Interest.

### **Opinions**

Based and relying upon the matters set out above, and subject to the qualifications, exceptions and limitations herein expressed, we are of the opinion that as of the date hereof under the laws of the Province of Ontario, the Security Agreement: (i) creates a binding obligation of the Debtor, valid and enforceable in accordance with the Security Agreement's terms; (ii) creates a valid security interest in the Debtor's personal property, as described in the Security Agreement, which is located in Ontario; and (iii) that the Security Interest created in favour of the Creditor has been perfected by registration under the provisions of the PPSA.

The foregoing opinions should not be taken as an opinion on the validity or perfection of the Security Interest in any assets of the Debtor in any jurisdiction outside of Ontario.

### **Qualifications, Exceptions and Limitations**

The foregoing opinions are subject to the following qualifications, exceptions and limitations:

- (a) The enforceability of the Security Agreement is subject to bankruptcy, insolvency, preference, winding-up, reorganization, arrangement, moratorium and other laws affecting creditors' rights generally;
- (b) The enforceability of the Security Agreement may be limited by general principles of law and equity relating to the conduct of the parties prior to execution of or in the administration or performance of the Security Agreement, including, without limitation (i) undue influence, unconscionability, duress, misrepresentation, and deceit, (ii) estoppel and waiver, (iii) laches, and (iv) reasonableness and good faith in the exercise of discretionary powers;
- (c) Any provision of the Security Agreement which is considered by a court to offend public policy or to contravene the laws of public order may not be enforceable;
- (d) A court of competent jurisdiction may exercise its discretion in granting equitable remedies;
- (e) A secured creditor may be required to give a debtor a reasonable time to repay following a demand for payment prior to taking any action to enforce any right of repayment or before exercising any of the rights and remedies expressed to be exercisable by the secured creditor;
- (f) No opinion is expressed as to the existence of, or the right, title or interest of the Debtor in and to any particular personal property. There is no title registry system in the Province of Ontario with respect to personal property, nor any office of public record wherein the title to personal property situate in the Province of Ontario may be examined;

- (g) No opinion is expressed as to the rank or priority of the Security Interest in relation to any other security interest, lien, or trust claim of any other party;
- (h) We express no opinion as to whether the provisions of Part VII of the *Financial Administration Act* (Canada) have been complied with. An assignment of federal Crown debts which does not comply with that act (other than an assignment contemplated by section 220(6) of the *Income Tax Act* (Canada)) is ineffective as between the assignor and assignee and as against the Crown. Consequently, the Creditor would not have valid security interest in any such federal Crown debts unless there has been compliance with that act;
- (i) The federal laws of Canada require or permit notices, filings or registrations to be made or other steps or actions to be taken in order to preserve, perfect or protect a security interest in certain types of property, including, without limitation, rolling stock, vessels registered under the *Canada Shipping Act, 2001*, patents, trade-marks, copyrights and property governed by the *Plant Breeders' Rights Act* (Canada) or the *Integrated Circuit Topography Act* (Canada). To the extent that a security interest is created by the Security Agreement in any such property, we have not made any searches to determine if the Creditor has made any necessary registrations in order to preserve, perfect or protect the Security Interest in that property;
- (j) The PPSA imposes certain obligations on secured creditors which cannot be varied by contract. Furthermore, the PPSA may also affect the enforcement of certain rights and remedies contained in the Security Agreement to the extent that those rights and remedies are inconsistent with or contrary to any applicable statutes;
- (k) We express no opinion as to the enforceability of any provision of the Security Agreement which requires the Debtor to pay, or to indemnify the Creditor for, the costs and expenses of the Creditor in connection with judicial proceedings, since those provisions may derogate from a court's discretion to determine by whom and to what extent those costs should be paid;
- (l) A court may not allow or uphold an attempt to exercise rights to accelerate performance of obligations or otherwise seek the enforcement of the Security Agreement based upon the occurrence of a default deemed immaterial;
- (m) We express no opinion as to the enforceability of any provision of the Security Agreement:
  - (i) which purports to waive any or all defences which might be available to, or constitute a discharge of liability;
  - (ii) which states that modifications, amendments or waivers are not binding unless in writing;
  - (iii) to the extent it purports to exculpate a secured party or any receiver, manager or receiver and manager from liability in respect of acts or omissions which may be illegal, fraudulent, involve willful misconduct or which may constitute an intentional tort, including, without limitation, any provision which purports to allow such persons to unlawfully enter upon the premises of the Debtor for the purpose of seizing the Collateral;
  - (iv) providing for the severance of illegal or unenforceable provisions from the remaining provisions of the Security Agreement;

- (v) which respects a selection by the parties of the jurisdiction whose laws are to apply or where a dispute is to be resolved as such selection may not be considered binding on the court;
- (vi) which respects the effectiveness of terms exculpating a party from a liability or duty otherwise owed by it to another party;
- (vii) which states that a certificate or some other thing will be treated as conclusive, final or binding;
- (viii) which provides for interest on overdue payments at a rate greater than the applicable payment not overdue, as the provision for such greater rate may be construed as a penalty and not be enforceable; and
- (ix) which provides for the payment of interest, fees and commissions at rates which in the aggregate are deemed to constitute a criminal rate of interest;
- (n) We express no opinion as to any licences, permits or approvals that may be required in connection with the enforcement of the Security Agreement by the Creditor or by a person on its behalf, whether such enforcement involves the operation of the business of the Debtor or a sale, transfer or disposition of its property and assets;
- (o) We express no opinion as to any security interest created by the Security Agreement with respect to any property of the Debtor that is transformed in such a way that it is not identifiable or traceable or any proceeds of property of the Debtor that are not identifiable or traceable;
- (p) We express no opinion as to any security interest purported to be created by the Security Agreement in any of the circumstances described in Section 4(1) of the PPSA in respect of which the PPSA is stated to have no application;
- (q) We express no opinion as to whether a security interest may be created in any Collateral consisting of a receivable, licence, approval, privilege, franchise, permit, lease or security ("**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibits its assignment and requires a consent, approval or other authorization or registration which has not been made or given;
- (r) If the Security Agreement creates a security interest or charge in or against real property or leases of real property or in property which is now or may hereafter become a fixture, or in a right to payment under a lease, mortgage or charge of real property, then such security interest or charge may not be enforceable if the Creditor has not registered the Security Agreement, such security interest or charge, a caveat or other notices in respect thereof against title to the property of the Debtor in the appropriate land registry, land titles, or land title office. Further, we have not done any searches against real property that may be charged by the Security Agreement and give no opinion on the perfection or enforceability of any security interest the Creditor may have in any of the Debtor's real property;
- (s) The enforceability of the Security Interest created by the Security Agreement in accounts or chattel paper as against an account debtor of the Debtor is subject to notice of the Security

Interest and a direction to pay to the Creditor being given to the applicable account debtor, the terms of the contract between the Debtor and the account debtor, and any defence or claim arising out of that contract or any related contract, and any other defence or claim of the account debtor against the Debtor accruing before the account debtor has knowledge of the Security Interest. Further, the Security Interest will not be binding upon an account debtor to the extent that the debt or account is paid or otherwise discharged before notice of the Security Interest is given to the account debtor, together with a direction to pay the same to the Creditor;

- (t) Notwithstanding that the Security Interest created by the Security Agreement may have been perfected by registration under the PPSA:
  - (i) The Security Interest in securities, instruments, chattel paper, documents of title or money, as those terms are respectively defined in the PPSA, may be defeated by certain claimants obtaining possession or control of that property in the circumstances described in the PPSA or the *Bills of Exchange Act* (Canada) or the *Securities Transfer Act* (Ontario); and
  - (ii) The Security Interest in "goods" (as defined in the PPSA) may be defeated by certain claimants to whom the Debtor sells or leases those goods in the ordinary course of business in the circumstances described in the PPSA; and
- (u) The enforceability of the Security Agreement is subject to the limitations contained in the *Limitations Act, 2002* (Ontario) and we express no opinion as to whether a court may find any provision of the Security Agreement to be unenforceable as an attempt to vary or exclude a limitation period under that act.

**Reliance**

This opinion may be relied on by the addressee hereof. Without our prior written consent, this opinion letter, together with the opinions expressed herein, may not be:

- (a) relied upon by any other party; or
- (b) quoted from, used or circulated in whole or in part or otherwise referred to in any manner save and except for the purpose of reporting to the Ontario Superior Court of Justice, creditors of the Debtor's estate and the Office of the Superintendent of Bankruptcy.

We trust that the foregoing opinions are satisfactory for your purposes. If you should have any questions or require further clarification in any respect, please do not hesitate to contact us.

Yours very truly,

KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

*Kronis, Rotsztain, Margles, Cappel LLP*

# APPENDIX “G”

**Web Offset Publications Limited ("WOPL")  
Sale and Investment Solicitation Process Summary**

The purpose of the Sale and Investment Solicitation Process (the "SISP") is to identify one or more purchasers of, or investors in, the business and assets of Web Offset Publications Limited ("WOPL") with a projected completion date of a transaction or transactions by no later than January 31, 2017. Offers will be accepted for consideration until 5:00 p.m. E.S.T. on **January 19, 2017**.

On January 9, 2017, Dodick Landau Inc. ("DLI") was appointed as financial advisor to the secured lender of WOPL and to assist WOPL in carrying-out the SISP.

WOPL is an offset printer with its sales, service and production facilities located in Pickering, Ontario, Canada. WOPL prints publications, catalogues, directories, financial statements, flyers and a variety of other materials. In addition, WOPL is a digital printer of collateral material, media kits, inserts/outserts, direct mail and more. WOPL can also create digital editions as well as service other customer's digital needs.

The SISP details are provided below.

- WOPL has compiled a list of interested parties ("Interested Parties") and DLI will distribute to them a copy of the SISP, as well as a confidentiality agreement ("CA");
- Interested Parties who execute the CA will have an opportunity to perform diligence;
- WOPL, with the assistance of DLI, will facilitate diligence efforts by, among other things, responding to questions and coordinating meetings between Interested Parties and WOPL's management. All meetings with management will be convened in the presence of a representative of DLI;
- Parties interested in acquiring assets will be able to refer to a template asset purchase agreement ("APA"). Interested Parties who wish to acquire assets will be encouraged to submit offers substantially in the form of the APA, with any changes black-lined against the APA;
- Prospective investors shall be required to identify all material terms of their proposed investment to permit evaluation of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format;
- Interested Parties will be entitled to submit offers for WOPL's business and assets on an individual basis or *en bloc*. Subject to the value of the consideration to be paid, preference will be given to *en bloc* offers;



- The deadline for submission of offers ("Offer Deadline") will be 5:00 pm EST on January 19, 2016;
- Offers are to be submitted to WOPL c/o DLI, with a refundable cash deposit in the form of a wire transfer (to a bank account specified by DLI), in an amount equal to 10% of the purchase price or investment amount. Offers are to be supported by evidence, satisfactory to WOPL and DLI, of financing sufficient to close a transaction within the timelines detailed in these procedures. All offers are to be irrevocable until 10 days after Court approval;
- WOPL, in consultation with DLI, will evaluate the offers and may seek clarification and/or a re-bidding of certain offers;
- Upon completion of definitive documentation, the secured lender of WOPL will make an application to the Court for an order to appoint DLI as Receiver of WOPL (in such capacity, the "Receiver") and, at the same time, for a second order approving a sale to the successful bidder (the "Transaction"), with the Transaction projected to be completed as soon as possible and no later than January 31, 2017. The Receiver will provide its recommendation to the Court with respect to the Transaction; and
- Any offer submitted must be subject to the approval of the Court.

Other attributes of the SISP:

- Any transaction will be consistent with insolvency principles, including without material representations and warranties and shall be on an "as is, where is" basis;
- WOPL, in consultation with DLI, reserves the right to accept one or more offers, and to take such steps as are necessary to finalize and complete an APA or investment agreement or to continue negotiations with a selected number of Interested Parties with a view to finalizing an agreement(s) with one or more of them;
- WOPL shall be under no obligation to accept the highest offer, the best offer, or any offer;
- WOPL, or DLI as proposed Receiver, shall not be bound by the terms of any transaction(s) until approval of the Court is obtained; and
- In consultation with DLI, WOPL may consider transactions involving a restructuring or investment if the resulting transaction is in the best interests of WOPL and maximizes value for the benefit of its stakeholders.

## SUMMARY TIMELINE OF IMPORTANT DATES

Sale Process Procedures	Date
Start of marketing to Interested Parties	January 12, 2017
Due diligence completed by	January 19, 2017
Offer deadline	January 19, 2017
Identification of successful offer	January 20, 2017
Obtain Court approval of Transaction by	January 27, 2017
Targeted closing(s) by no later than	January 31, 2017

Interested parties who wish to pursue this opportunity should contact one of the following DLI representatives for additional information on the sales process, detailed information on the business and descriptions of the assets available:

Rahn Dodick, CPA, CA, CIRP, LIT  
Telephone: (416) 645-0552  
Facsimile: (416) 649-7725  
E-mail: [rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca)

Naomi Lieberman, CPA, CA, CIRP, LIT  
Telephone: (416) 525-4212  
Facsimile: (416) 649-7725  
E-mail: [naomi.lieberman@dodick.ca](mailto:naomi.lieberman@dodick.ca)

*In developing sales process information, DLI has relied upon unaudited information provided by WOPL, WOPL'S records, and discussions with management of WOPL. DLI has not performed an audit or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants has not been performed. Future oriented financial information relied upon in this document is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.*

**CONFIDENTIAL**

**APPENDIX "A"**

**CONFIDENTIAL**

**APPENDIX “B”**

District of Ontario  
Division No. 09-Toronto  
Court File No. CV17-11702-00CL

**IN THE MATTER OF** Section 101 of the *Courts of Justice Act*,  
R.S.O. 1990 c.C.43, as amended, and in the matter of Sections  
243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985,  
c. B-3, as amended

**BETWEEN:**

**BIBBY FINANCIAL SERVICES (CANADA) INC.**

Applicant

-and-

**WEB OFFSET PUBLICATIONS LIMITED**

Respondent

**FIRST REPORT TO COURT OF DODICK LANDAU INC. AS  
PROPOSED RECEIVER OF WEB OFFSET PUBLICATIONS LIMITED**

Dodick Landau Inc.  
4646 Dufferin Street, Suite 6  
Toronto, ON M3H 5S4

Rahn Dodick, CPA, CA, CIRP, LIT

Tel. #416-645-0552  
Fax #416-649-7725  
[rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca)