

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
DIVISION NO.: 01-MONTREAL
COURT NO.: 500-11-039827-106
ESTATE NO.: 41-342660

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE RECEIVERSHIP OF:

Patella Manufacturing Inc., a body politic and
corporate, duly incorporated according to law and having
its head office and its principal place of business at:
161 Stirling
LaSalle, Québec H8R 3P3

Debtor/Bankrupt

-and-

RSM RICHTER INC.

Receiver

**RECEIVER'S INTERIM REPORT ON THE AFFAIRS OF THE DEBTOR
(S.246(2))**

RSM Richter Inc., in its capacity as Receiver to the assets of Patella Manufacturing Inc. ("Patella" or "Company" or "Bankrupt"), an insolvent person, hereby reports on the following:

The following is an update to the Receiver's Interim Report on the affairs of the Debtor (S.246(2)) dated May 28, 2012, as previously filed with the Office of the Superintendent of Bankruptcy on May 29, 2012.

A) Statement of Receipts and Disbursements

We refer you to **Exhibit "1"** for the Debtor's/Bankrupt's Statements of Receipts and Disbursements for the period from November 3, 2010 to November 29, 2012.

B) Property not yet realized

As of this date, accounts receivable in the amount of approximately \$150K remain to be collected/settled (book value, before provision for doubtful accounts and lien offsets). There also remains a potential claim against the former owners/directors of the Debtor which may or may not be pursued by the Receiver. These are the only assets of the Debtor that remain to be realized.

C) Distribution

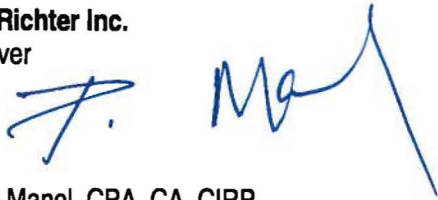
The proceeds from the realization of the assets are being remitted to HSBC taking into account claims that may rank ahead of its securities. In this latter regard, GE Capital, which is a prior ranking secured creditor on specific assets, has received a net distribution of \$89K.

D) Anticipated completion of the Receivership

Once all accounts receivable are collected and/or settled, and when all obligations are settled, in particular the obligation relating to sections 81.4 and 81.6 of the BIA, RSM Richter Inc. will proceed to close the Receivership and Bankruptcy matters. Same is expected to occur by May 2013.

DATED AT MONTRÉAL, this 3rd day of December 2012.

RSM Richter Inc.
Receiver



Phillip Manel, CPA, CA, CIRP
Administrator

EXHIBIT 1

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-039827-106
Estate No.: 41-342660

**In the Matter of the Receivership of
Patella Manufacturing Inc.
Of the City of LaSalle
In the Province of Québec**

Form 12
Interim Statement of Receipts and Disbursements

RECEIPTS

1. Asset Realization		
Accounts receivable	\$1,907,613.05	
Sale of assets "en bloc"	690,000.50	
Sale of raw materials	<u>72,500.00</u>	\$2,670,113.55
2. Sales taxes		
GST collected	43,125.00	
QST collected	55,125.00	
GST recovered	18,627.83	
QST recovered	<u>83,167.94</u>	200,045.77
3. Tax refund		
GST refund	35,817.08	
QST Refund	<u>45,832.53</u>	81,649.61
4. Operating revenues		
Income 2	1,270,606.33	
Income 3	256,000.00	
Miscellaneous income	<u>3,570.94</u>	1,530,177.27
5. Miscellaneous receipts		
Miscellaneous refunds	25,337.96	
Interest allocation	10,144.68	
Petty cash	432.01	
Agreement re Sale of inter Co. debt	30,550.97	
Miscellaneous refunds/deposits/charges	<u>22,653.45</u>	89,119.07
TOTAL RECEIPTS		<u><u>\$4,571,105.27</u></u>

DISBURSEMENTS

6. Fees paid to registrar	70.00	70.00
7. Premium insurance	<u>2,503.50</u>	2,503.50
8. Operating and/or realization costs		
Wages	33,334.85	
Payroll	748.42	
Federal deductions at source	10,488.84	
Provincial deductions at source	10,462.39	
Employees' expenses	768.24	
Occupation rent	66,000.00	
Electricity	35,021.40	
Gas & oil	31,961.15	
Repairs & maintenance	3,180.00	
Alarm systems	456.34	
Storage	116.89	
Transport	1,363.53	
Courier	<u>38.43</u>	193,940.48

9. Miscellaneous		
Bank charges	\$505.52	
Telephone	2,989.90	
Courier	254.76	
Storage books and records	3,290.25	
Stenographer's fees	1,680.20	
Miscellaneous expenses for administration of estate	390.00	
Other professional fees and disbursements	6,377.64	
GST receivable	1,800.00	
Internet – cable	500.00	
Provincial DAS	30.42	
QST receivable	3,213.00	
Security & protective measures	<u>72,844.59</u>	\$93,876.28
10. Settlement	<u>2,000.00</u>	2,000.00
11. Transfer and/or advances		
Bank account transfer	<u>12,821.87</u>	12,821.87
12. Receiver's remuneration		
Receiver's fees and costs	109,739.01	
Receiver's remuneration	<u>302,994.41</u>	412,733.42
13. Trustee's remuneration		
Trustee's remuneration	<u>374,675.94</u>	374,675.94
14. Other remuneration		
Consultant's remuneration	<u>900.00</u>	900.00
15. Sales taxes		
GST paid on disbursements exclusive of fees	26,489.32	
QST paid on disbursements exclusive of fees	46,591.28	
HST paid on disbursements exclusive of fees	1.52	
GST charged on Trustee's remuneration	22,242.11	
QST charged on Trustee's remuneration	36,576.66	
GST remitted	43,125.00	
QST remitted	<u>55,125.00</u>	230,150.89
16. Payments to secured creditors		
Redemption of security	89,000.00	
Payment of secured claims	2,129.82	
Loan reduction	<u>2,000,000.00</u>	2,091,129.82
TOTAL DISBURSEMENTS		<u>\$3,414,802.20</u>
Note: How much of the total disbursements was paid for services provided by persons related to the trustee?	0.00	
Amount available for distribution		\$1,156,303.07
18. Levy payable under section 147 of the Act		<u>0.00</u>
19. Unsecured creditors		
Proved claims of	\$1,482,051.51	
Current dividend	0.00 less levy	<u>0.00</u> 0.00
20. Amount retained in the Trust account by the Receiver		<u>\$1,156,303.07</u>

Dated at the City of Montréal in the Province of Québec, this 3rd day of December 2012



RSM Richter Inc. - Receiver

Per: Philip Manel, CPA, CA, CIRP

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