

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

First Interim Report of Receiver  
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

In the Matter of the Receivership of  
Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc.,  
Thane International, Inc., West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.  
Of the City of Mississauga  
In the Province of Ontario

The Receiver gives notice and declares that:

1. On October 23, 2015, pursuant to an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), Richter Advisory Group Inc. ("**Richter**"), was appointed as receiver (the "**Receiver**") to exercise specific powers and duties as set out in the Receivership Order, in respect of the assets, properties and undertakings (the "**Property**") of Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc., West Coast Direct Marketing, Inc., TDG, Inc. and Thane Direct, Inc. (collectively, "**Thane**" or the "**Debtors**").
2. The Receivership Order was granted pursuant to an application made by Bank of Montreal as agent, (the "**Agent**") for the syndicate of lenders including the Bank of Montreal ("**BMO**"), HSBC Bank Canada ("**HSBC**") and the National Bank of Canada ("**NBC**" and collectively with BMO and HSBC, the "**Lenders**"), pursuant to security held by the Lenders in the assets, property and undertaking of the Debtors, including a general security agreement, representing a charge over all assets of Thane.
3. Subsequent to the granting of the Receivership Order, the Canadian Court issued an order (the "**Approval, Vesting and Distribution Order**") approving the asset and share transaction (the "**Asset/Share Transaction**") contemplated by the offer to purchase between 9472541 Canada Inc., 9472550 Canada Inc., 635427, Inc. and 652134 Limited (collectively, the "**Purchasers**"), and the Receiver, to purchase substantially all of the business of Thane and certain of its affiliates. Among other things, the Asset/Share Transaction was conditional upon the Receiver, as the duly appointed foreign representative of Thane, obtaining ancillary relief from the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") exercising its powers of recognition under Chapter 15 of the U.S. Bankruptcy Code with regard to the Property owned by the Debtors (the "**U.S. Proceedings**").
4. On October 25, 2015, the Receiver commenced the U.S. Proceedings by filing, among other things, petitions on behalf of Thane pursuant to sections 1504 and 1515 of the U.S. Bankruptcy Code seeking recognition by the U.S. Court of the Canadian proceeding as a foreign main proceeding. On October 27, 2015, the U.S. Court granted, among other things, an order staying any and all actions or proceedings against the Debtors and their assets in the United States, pending a final hearing in recognition of the orders entered by the U.S. Court.
5. On December 1, 2015, the U.S. Court entered an order recognizing and enforcing the Approval, Vesting, and Distribution Order, and authorizing the Asset/Share Transaction.



The Asset/Share Transaction closed on December 18, 2015 (“**Closing**”). Copies of the court orders and relevant materials are available on our website: <http://www.richter.ca/en/folder/insolvency-cases/t/thane-direct-company-et-al>

6. As at August 31, 2015, the Debtors’ Property consisted of the following:

<b>Assets</b>	<b>Net Book Value (USD\$000s)</b>	
Cash	\$	5,053
Accounts Receivable		13,252
Inventory		14,403
Prepaid Expenses		10,415
Other Current Assets		4,728
Fixed Assets		1,880
<b>Total</b>	<b>\$</b>	<b>49,731</b>

*Note: The above amounts are in USD\$ and represent book values of the Debtors’ assets as detailed in Thane’s book and records and do not necessarily represent the sale or liquidation value of the Property.*

7. Pursuant to the Receivership Order, the Debtors remained in possession and control of the Property and the Receiver was not to be or deemed to be in possession and control of the Property.
8. The Receiver’s actions to date include:
- Acting as foreign representative on behalf other Debtors and taking steps as necessary to facilitate the Chapter 15 proceedings;
  - Executing documents and taking such additional steps as necessary to complete the Asset/Share Transaction;
  - Effecting a distribution of the proceeds from the Asset/Share Transaction to the Agent, for the benefit of the Lenders, which distribution was made by way of direction; and
  - Facilitating payment of professional fees related to the Asset/Share Transaction pursuant to the Direction re: Transaction Costs (the “**Transaction Costs Direction**”) signed by the Purchasers and the Agent on Closing.
9. During the period, from October 23, 2015 to April 22, 2016, the Receiver had realized USD\$50 million from the proceeds of the Asset/Share Transaction.
10. As at the date of this report, the Receiver has realized on all of the Company’s Property and does not anticipate any substantial realizations going forward. In the Receiver’s view, it has completed its duties as set out in the Appointment Order and continues to work on completing its statutory duties.
11. Attached as Appendix “A” is the Receiver’s Statements of Receipts and Disbursements for the period October 23, 2015 to April 22, 2016. As indicated in Appendix “A”, all of the proceeds from the Asset/Share Transaction were distributed to the Agent on Closing pursuant to the Approval, Vesting and Distribution Order, which distribution was effected by way of direction. As at April 22, 2016, the cash on hand was \$0.
12. The realizations from the sale of the Property will be insufficient to pay, in full, the claims of the Lenders. Accordingly, there will be no funds available for distribution to the unsecured creditors.

13. Further interim reports regarding the status of its appointment will be prepared approximately once every 6 months pursuant to subsection 246(2) of the BIA. Creditors who wish to receive a copy of this interim report may request a copy by writing to the Receiver at the following address:

Richter Advisory Group Inc.  
Court Appointed Receiver of  
Thane Direct Company, Thane Direct Canada Inc.,  
Thane Direct Marketing Inc., Thane International, Inc.,  
West Coast Direct Marketing, Inc., TDG, Inc. and Thane Direct, Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

Attention: Pritesh Patel  
Telephone: +1 416 642 9421  
Facsimile: +1 416 488 3765

Dated at Toronto, Ontario, on April 22, 2016

Richter Advisory Group Inc.  
in its capacity as Receiver of  
Thane Direct Company, Thane Direct Canada Inc.,  
Thane Direct Marketing Inc., Thane International, Inc.,  
West Coast Direct Marketing, Inc., TDG, Inc.  
and Thane Direct, Inc. and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to be 'Paul van Eyk', written over a light grey circular stamp.

Paul van Eyk, CPA, IFA, CIRP  
Senior Vice President

## APPENDIX A

**Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc.,  
West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.**

**Statement of receipts and disbursements**

**For the period October 23, 2015 to April 22, 2016**

<b>Receipts</b>		<b>Notes</b>
Proceeds from the Asset/Share Transaction	63,135,000	1
Direction re Transaction Costs	571,661	2
Miscellaneous	1,672	3
<b>Total Receipts</b>	<b>\$ 63,708,332</b>	
<b>Disbursements</b>		
Professional fees (Receiver)	571,661	2
Transfer to Purchasers	1,672	3
<b>Total disbursements</b>	<b>\$ 573,332</b>	
<b>Excess Receipts over Disbursements</b>	<b>\$ 63,135,000</b>	
Repayment to Lenders	63,135,000	1
<b>Cash on hand</b>	<b>\$ -</b>	

**Notes:**

1. Proceeds were USD\$50 million. Amount shown is in Canadian dollars based on CAD/USD conversion rate of 1.2627.
2. On December 18, 2016, the Purchasers and Agent funded the Receiver with approximately CAD\$4.0 million to pay the outstanding fees of various professionals involved in the transaction pursuant to the terms of the Transaction Costs Direction. To date, approximately \$572k (including HST) had been paid to the Receiver (\$316k) and its Canadian legal counsel (\$256k). As at April 22, 2016, approximately \$469k of the \$4.0million remained with the Receiver. At the completion of its administration, any amounts remaining with the Receiver will be returned to the Purchasers and Agent pursuant to the terms of the Transaction Costs Direction.
3. Relates to WSIB refund received for pre-filing period, which is property of the Purchasers pursuant to the Asset/Share Transaction.
4. Distribution of the proceeds from the Asset/Share Transaction to the Agent, for the benefit of the Lenders, which distribution was made by way of direction.