

September 12, 2009

[REDACTED]

Dear [REDACTED]:

**RE: [REDACTED] (the Company) Asset Appraisal**

Timeline Asset Services Ltd. (TAS) has viewed the assets located at the Company's [REDACTED] location and provide the following appraisal. As discussed, we have provided both Gross Auction Value (GAV) and Orderly Liquidation Value (OLV) for your decision making purposes.

The assets of the Company comprise CNC and conventional commercial woodworking equipment, warehouse and material handling equipment, spray booth and paint equipment, a dust collection system, 2 vehicles, 2 forklifts, and office furnishings and equipment. A detailed listing of these assets with individual values is attached as Appendix A.

From our inspection and through discussions with yourself, we believe this equipment to be in excellent condition and fully serviced and maintained to exceptional standards. We have not verified the operational condition of any pieces of equipment and have assumed that any information that has been provided to us with respect to ownership, condition and original cost is accurate.

**Stated Values**

Timeline Asset Services states a GAV and OLV for all assets as summarized below:

<u>Description</u>	<u>GAV</u>	<u>OLV</u>
<b>Company-Owned Assets</b>		
-West Warehouse	18,345	31,745
-Middle Warehouse	24,065	43,770
-East Warehouse	74,910	152,425
-Outside	11,400	22,725
-South Mezzanine	3,000	5,210
-Tool Crib	1,720	3,210
-North Mezzanine	1,765	2,805
-Offices	7,250	30,205
<b>Company-Owned Assets Total</b>	<b>\$142,455</b>	<b>\$292,095</b>

## **Terms of this Report**

GAV represents the gross proceeds realized from a sale at a properly advertised public auction. This sale is normally held within 30 to 60 days of possession. The value also assumes a default situation where normal maintenance has been deferred.

OLV represents our opinion of the gross proceeds realized from a properly advertised orderly wind down of operations. This valuation is based on a 90 to 180 day timeframe, assumes that normal maintenance would be maintained and repairs performed and does not consider cost of dismantling, disconnecting or removal. We have taken into consideration that the assets are in place and operating and would be offered for sale as part of a going concern operation.

In the scenarios above, we take into account the quantity, quality and condition of the assets, the saleability and marketability of these products, and provide a gross dollar amount that does not consider cost of sale or removal. These values are provided in Canadian funds. Please note that the isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate. Actual returns will strongly vary depending on method of sale, time available and market conditions.

## **Exclusions**

For purposes of this report we did not value any employee owned personal property or equipment owned by Third Party companies. Additionally, we have not valued any inventories, WIP or finished goods.

## **Restrictions**

The contents of this report and any appendices are confidential and intended for use only by the addressee named above and other parties who are duly authorized.

## **Appraiser's Qualification Statement**

Since 1988, Michael Collins has been employed in the auction and liquidation industry and is an accredited Member in Good Standing of the Canadian Personal Property Appraisers Group (CPPAG).

Through employment with Jarvis Auctions, Timeline Sales and Timeline Asset Services, he has performed hundreds of appraisals across companies of all sizes. He has appraised a wide variety of assets and inventories (finished/unfinished goods and raw materials) across many industries including, but not limited to: mining and tunnelling; logging and forestry; metal and wood working; manufacturing and production; restaurant and food services; warehouse and material handling; rolling stock and vehicles; commercial printing and graphic design; laboratory and research testing; office and computer products; and retail outlets.

These appraisals have been prepared for insolvency and restructuring professionals, major accounting firms, banks and lending institutions, lawyers, insurance companies, government institutions, private companies and individuals across Canada.

As a commercial auctioneer and appraiser, he constantly tracks market trends in all industries and has substantial research relationships and resources at his disposal; this enables him to prepare detailed, accurate appraisal reports.

Should you have any questions concerning the above, please contact our office.

Yours truly,

Timeline Asset Services Ltd.

Michael Collins, CPPA

*Encl. Appendix A*

# Appendix A

Asset Listing and Appraisal of:

[REDACTED] (the Company)

**Location of Assets:**

- [REDACTED], BC

**Notes:**

This Appendix accompanies an appraisal report prepared for the Company. The assets were viewed by Michael Collins, CPPA on September 11, 2009. This Appendix should be read in conjunction with the appropriate appraisal report that explains specific definitions of values and details the scope of the reporting.

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	<b>West Warehouse</b>						
	- 3 white cabinets with shipping supplies	300	300	100	100		
	- fork extensions	275	275	200	200		
	- Yale 3,500 lb. electric lift	6,500	6,500	4,000	4,000	ESC035ZAN36TE083	
	- GNB 36 volt charger	750	750	500	500	SCR100-18-750TT	
	- asstd. brooms and shovels	75	75	25	25		
	- Wet/Dry vac	75	75	50	50		
	- pressure washer	225	225	150	150		
<b>3</b>	- 2-wheel dolley	35	105	25	75		
	- strapping cart with tools	300	300	200	200		
	- rolling wood bin	50	50	30	30		
	- rolling lay-up bin	50	50	20	20		
	- spare vacuum pump	2,000	2,000	1,000	1,000		
	- double bay of Redi-Rack pallet racking with 12 beams	300	300	200	200		
	- Gurney fridge	100	100	50	50		
<b>4</b>	- blue 2-tiered warehouse cart	75	300	50	200		
	- router table	275	275	150	150		
	- Clark pallet jack	250	250	150	150		
	- Delta drill press	300	300	200	200	DP300	
	- Delta 16 1/2 in. drill press	350	350	225	225		
	- [REDACTED]	2,000	2,000	1,250	1,250		
	- Delta horizontal band saw	200	200	125	125		
	- General jointer	600	600	350	350	1180	
	- 2003 Omec dovetail machine	6,500	6,500	3,500	3,500	750	
	- rolling clamp stand with bar clamps	500	500	300	300		
	- Grizzly spindle sander	375	375	250	250		
<b>11</b>	- wood work table	75	825	40	440		
<b>4</b>	- Dewalt cordless drill	60	240	40	160		
	- Dewalt mitre saw	225	225	150	150		
	- Makita belt sander	75	75	40	40		
<b>3</b>	- wood scrap bin	50	150	20	60		
	- asstd. clamps	225	225	100	100		
	- adhesive dispenser	275	275	125	125		
<b>2</b>	- router	75	150	50	100		
	- jig saw	50	50	25	25		
	- Makita router	175	175	125	125		
<b>5</b>	- air nailer/staplers	75	375	40	200		
	- belt sander	75	75	40	40		
<b>2</b>	- white tool cabinet	100	200	50	100		
<b>13</b>	- white wall-mounted cabinet	50	650	20	260		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
3	- palm sander	40	120	20	60		
	- belt sander	75	75	40	40		
2	- cordless drill	50	100	30	60		
	- laminate trimmer	100	100	60	60		
4	- belt sander	75	300	40	160		
	- air board	60	60	40	40		
2	- Dewalt bisquit jointer	100	200	70	140		
	- Porter Cable router	175	175	100	100		
2	- 6 ft. metal shelf	50	100	25	50		
	- hardware on shelf	200	200	100	100		
	- sanding supplies on shelf	125	125	60	60		
	- Workmate	45	45	30	30		
	- loose clamps	100	100	50	50		
	- bar clamps on wall and bench	350	350	200	200		
	- asstd. garbage cans	50	50	20	20		
	- air line	125	125	50	50		
	- Progress belt sander	750	750	400	400	PMC-150	
	- rolling bin	75	75	50	50		
	- 2-bag dust collector	600	600	350	350		
	- table saw with T-square fence and cabinet table	1,500	1,500	1,000	1,000		
2	- blue 2-tiered warehouse cart	75	150	50	100		
	<b>West Warehouse Sub total</b>		<u>31,745</u>		<u>18,345</u>		
	<b>Middle Warehouse</b>						
	- 4-wheel panel cart	150	150	100	100		
3	- white tool cabinet	100	300	50	150		
4	- white wall-mounted tool cabinet	50	200	20	80		
2	- blue 2-tiered warehouse cart	75	150	50	100		
2	- rolling wood bench	35	70	20	40		
2	- fire extinguisher	50	100	25	50		
3	- framed jersey	125	375	60	180		
2	- belt sander	75	150	40	80		
	- laminate trimmer	100	100	60	60		
2	- trimmer	60	120	30	60		
	- Dewalt router	175	175	125	125		
3	- Dewalt drill	50	150	25	75		
	- palm sander	50	50	30	30		
3	- Makita router	175	525	125	375		
	- contents of cabinets, router bits and tooling	750	750	400	400		
	- shop vac	50	50	30	30		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- loose clamps	175	175	100	100		
	- anti-fatigue matting	175	175	100	100		
	- wood lay-up table	125	125	75	75		
2	- wood lay-up table	75	150	40	80		
2	- fan	35	70	20	40		
	- cordless drill	50	50	30	30		
	- belt sander	75	75	40	40		
2	- Bosch laminate trimmer	100	200	75	150		
	- Porter Cable cutter/router	60	60	30	30		
	- Dewalt circular saw	45	45	25	25		
	- Makita circular saw	45	45	25	25		
	- Makita angle grinder	45	45	25	25		
	- palm sander	40	40	20	20		
	- air sander	75	75	40	40		
2	- Porter Cable sander	75	150	40	80		
	- Makita router	150	150	100	100		
7	- air sander/nailer	60	420	30	210		
	- Makita sander	75	75	40	40		
	- clamps and tools	175	175	100	100		
	- Delta bench grinder	75	75	50	50		
	-	15,000	15,000	7,500	7,500		
4	- paint pot	275	1,100	125	500		
4	- 4-wheel dolley	20	80	10	40		
2	- bay of Redi-Rack pallet racking with 12 beams	200	400	100	200		
5	- blue 2-tiered warehouse cart	75	375	50	250		
	- wood platform dolley	75	75	50	50		
	- fire extinguisher	50	50	25	25		
	- shipping desk and cabinet	25	25	10	10		
	- heavy duty fan	100	100	50	50		
4	- spray gun	100	400	50	200		
2	- drying rack	200	400	125	250		
	- stainless steel table	100	100	50	50		
	- oily waste can	50	50	30	30		
	- shop vac	75	75	40	40		
2	- drying rack	75	150	50	100		
2	- rolling work table	75	150	50	100		
	- black storage cabinet	50	50	30	30		
2	- flameproof cabinet	375	750	200	400		
	- white 2 dr. cabinet	60	60	30	30		
4	- white wall-mounted cabinet	25	100	15	60		
	- asstd. wood stands	150	150	100	100		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- bay of Redi-Rack pallet racking with 8 beams	200	200	100	100		
	- dock plate	250	250	150	150		
	- laminate shelf	125	125	50	50		
	- rolling wood bin	40	40	20	20		
	- bay of Redi-Rack pallet racking with 10 beams	200	200	100	100		
	- roll dispenser stand	150	150	75	75		
	- glue table	30	30	20	20		
	- rolling laminate table	250	250	100	100		
	- [REDACTED]	12,500	12,500	7,500	7,500		n/a
	- Dewalt sliding compound mitre saw with stand	700	700	500	500		
	- Progress belt sander	750	750	400	400	PMC-150	
2	- blue 2-tiered warehouse cart	75	150	50	100		
	- Ridgid shop vac	75	75	50	50		
2	- wood rolling bin	35	70	20	40		
	- [REDACTED]	2,750	2,750	1,500	1,500		
	- rolling wood A-frame rack	100	100	50	50		
	<b>Middle Warehouse Sub total</b>		<b>43,770</b>		<b>24,065</b>		
	<b>East Warehouse</b>						
	- blue rolling bin	60	60	40	40		
	- [REDACTED]	7,500	7,500	4,000	4,000		
2	- grey rolling bin	75	150	40	80		
	- [REDACTED]	8,500	8,500	5,000	5,000		
3	- white work station	75	225	50	150		
	- router	75	75	40	40		
	- loose tools	150	150	50	50		
	- wood rolling stand	40	40	25	25		
	- [REDACTED]	10,000	10,000	6,000	6,000		
	- asstd. stands and garbage cans	175	175	100	100		
	- Dewalt cordless drill	75	75	40	40		
	- blade stock and tools	500	500	300	300		
	- wood rolling stand	40	40	25	25		
5	- wood rolling A-frame cart	100	500	50	250		
	- bay of Redi-Rack pallet racking with 8 beams	150	150	75	75		
	- fire extinguisher	40	40	20	20		
	- 8 ft. step ladder	40	40	25	25		
	- 10 ft. step ladder	75	75	35	35		
	- aluminum extension ladder	200	200	125	125		
	- 2000 Kaeser air dryer	1,000	1,000	600	600	TB19	
	- Charge Air Pro 5 hp. compressor	850	850	450	450		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- Devilbiss 15 hp. compressor	2,250	2,250	1,000	1,000	VAV-5062	
	- Becker vacuum pump	3,500	3,500	2,000	2,000	VILF-250	
	- anti-fatigue mats	175	175	100	100		
	- 6 ft. step ladder	40	40	20	20		
	- asstd. brooms and shovels	100	100	50	50		
	- garbage can	50	50	20	20		
	-	55,000	55,000	22,500	22,500		
	- loose tools and stands	175	175	100	100		
	- rolling scrap bin	50	50	25	25		
	- white tool cabinet	100	100	50	50		
	- white tool cabinet	50	50	25	25		
	- rolling work table	75	75	50	50		
	-	37,500	37,500	18,500	18,500		
2	- roller stand	35	70	20	40		
	- fire extinguisher	50	50	25	25		
5	- 4-wheel dolley	35	175	25	125		
2	- rolling wood stand	35	70	10	20		
	- 2000 Centuro bandsaw	2,250	2,250	1,250	1,250	600CO	
	- King dust collector	200	200	100	100		
	- Hitachi chop saw with table	200	200	100	100		
	- steel lumber rack on wall	300	300	100	100		
	- 4-wheel platform cart	100	100	50	50		
2	- blue 2-tiered warehouse cart	75	150	50	100		
	- 4-wheel dolley	50	50	30	30		
	- Cantek jointer	950	950	600	600	J-127L	
	- 1995 Casadei planer	4,250	4,250	2,000	2,000	R51 H3	
	- SCM 36 in. belt sander	7,500	7,500	5,000	5,000	Sandya CL92	
	- wood A-frame cart	100	100	50	50		
	- white tool cabinet	100	100	50	50		
	- shaper bits and tooling	1,000	1,000	600	600		
	- Makita router with table and dust collector	750	750	400	400		
	- SCM shaper	4,000	4,000	2,000	2,000	T-130	
	- Maggi power feed	750	750	400	400		
	<b>East Warehouse Sub total</b>		<u>152,425</u>		<u>74,910</u>		
	<b>Outside</b>						
	-	2,000	2,000	1,250	1,250		
2	-	75	150	50	100		
	-	75	75	50	50		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- Kraemer dust collection system with blower and ducting	10,000	10,000	4,000	4,000		
	- [REDACTED]	4,500	4,500	2,500	2,500		
	- [REDACTED]	6,000	6,000	3,500	3,500		
	<b>Outside Sub total</b>		<u>22,725</u>		<u>11,400</u>		
	<b>South Mezzanine</b>						
	- fire extinguisher	25	25	10	10		
	- drafting chair	25	25	10	10		
	- stool	15	15	5	5		
	- computer with monitor and printer	125	125	50	50		
	- Dymo label printer	50	50	30	30		
<b>3</b>	- Makita cordless drill	75	225	60	180		
	- Wizard metal detector	35	35	20	20		
	- Dewalt cordless drill	85	85	50	50		
	- computer with LCD monitor and printer	225	225	125	125		
	- blue chair	40	40	25	25		
<b>2</b>	- folding chair	15	30	5	10		
	- grey book shelf	50	50	30	30		
	- grey book shelf	30	30	15	15		
	- heater and misc. office supplies	50	50	25	25		
	- whiteboard	25	25	10	10		
	- Makita compressor	225	225	150	150	MAC5200	
	- Ryobi 10 in. portable table saw	175	175	100	100		
	- 6 ft. step ladder	25	25	15	15		
	- work light	25	25	15	15		
	- scaffolding decks	100	100	50	50		
	- 4-bay run of 7 ft. shelving	200	200	100	100		
	- supplies on shelving	500	500	250	250		
	- work light	35	35	25	25		
	- power feed	200	200	125	125		
	- Dewalt sliding compound mitre saw with stand	750	750	500	500		
<b>6</b>	- 6 dr. locker	50	300	30	180		
	- mop, bucket and brooms	100	100	50	50		
	- pool table	250	250	175	175		
<b>3</b>	- folding table	50	150	30	90		
<b>18</b>	- folding chair	15	270	5	90		
	- black folding table	25	25	10	10		
	- garbage can	40	40	25	25		
<b>2</b>	- whiteboard	20	40	10	20		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- computer with monitor	75	75	50	50		
	- Woods fridge	200	200	125	125		
	- Hitachi TV	100	100	60	60		
	- Panasonic microwave	40	40	20	20		
	- Sanyo microwave	40	40	20	20		
	- Panasonic microwave	20	20	10	10		
	- candle	20	20	10	10		
	- lunchroom supplies	100	100	50	50		
3	- bar stool	15	45	5	15		
	- maple table	125	125	75	75		
	<b>South Mezzanine Sub total</b>		<u>5,210</u>		<u>3,000</u>		
	<b>Tool Crib</b>						
	- 4-bay run of 7 ft. shelving	200	200	100	100		
	- 4-bay run of 6 ft./7 ft. shelving	200	200	100	100		
	- asstd. tools on shelving	1,250	1,250	600	600		
	- shop vac	40	40	20	20		
2	- adhesive sprayer	35	70	15	30		
	- asstd. cabling and lights	350	350	200	200		
2	- maple stool	20	40	10	20		
	- parts bins	100	100	30	30		
	- design computer with LCD monitor and UPS	750	750	500	500		
	- computer with monitor and printer	175	175	100	100		
	- grey steno chair	35	35	20	20		
	<b>Tool Crib Sub total</b>		<u>3,210</u>		<u>1,720</u>		
	<b>North Mezzanine</b>						
	- work light	75	75	50	50		
	- table	20	20	10	10		
	- older computer	20	20	10	10		
	- Knaack rolling job box	350	350	250	250		
	- Mepla hinge drill (not in use)	500	500	300	300	mat4000	
	- bbq	50	50	25	25		
	- barrel dolly	40	40	20	20		
	- Clark pallet jack	250	250	150	150		
	- Delta table saw	325	325	200	200		
	- Delta horizontal boring machine	425	425	300	300		
2	- yellow job box	150	300	100	200		
2	- wood rolling bin	100	200	50	100		

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- man lift with harnesses	250	250	150	150		
	<b>North Mezzanine Sub total</b>		<b>2,805</b>		<b>1,765</b>		
	<b>Offices</b>						
	- first aid supplies in cabinet	350	350	200	200		
	- stainless steel bar fridge	75	75	50	50		
	- coffee room supplies	50	50	25	25		
	- HP laser printer	175	175	75	75	LaserJet 8100 DN	
	- stapler	50	50	30	30		
	- paper cutter	50	50	25	25		
	- computer with LCD monitor	175	175	100	100		
	- burgundy steno chair	50	50	30	30		
	- 2 dr. legal filing cabinet	35	35	20	20		
	- Porter Cable Robotool laser level	400	400	175	175	RT-5250-2XP	
	- computer	50	50	30	30		
	- HP printer	75	75	50	50	DeskJet 9800	
2	- black steno chair	50	100	30	60		
4	- operator's chair	60	240	40	160		
	- computer with Viewsonic widescreen monitor	425	425	300	300		
	- 4-person wood framed modular workstation with pedestals (fixed)	5,000	5,000	400	400		
2	- computer with LCD monitor	200	400	100	200		
	- scanner	40	40	20	20		
	- potted tree	20	20	10	10		
4	- sample board	15	60	10	40		
	- whiteboard	35	35	25	25		
	- maple chair	20	20	10	10		
	- fan	20	20	10	10		
	- APC UPS	175	175	100	100		
	- HP rack mount server with monitor and keyboard	1,000	1,000	400	400	DL380GS	
	- Samsung Prostar phone system with sets throughout premises	3,000	3,000	1,000	1,000	DCS Compact	
	- picture and misc. peripherals	100	100	50	50		
	- table	35	35	20	20		
	- reception desk	400	400	50	50		
	- computer with monitor and printer	175	175	100	100		
	- Bissell vacuum	75	75	50	50		
3	- operator's chair	60	180	40	120		
3	- computer with LCD monitor	325	975	200	600		
	- HP laser printer	40	40	25	25	LaserJet1012	

	Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
	- HP laser printer	40	40	25	25	LaserJet 1020	
2	- lamp	20	40	10	20		
	- computer with monitor	100	100	50	50		
	- LG LCD monitor	75	75	50	50		
	- Ricoh copier	750	750	300	300	FT 4022	
	- GBC shredder	200	200	100	100	2240S	
	- Brother fax	165	165	100	100	Intellifax 4750e	
	- sample boards and misc. cleaning supplies	50	50	30	30		
	- Canon internet fax	250	250	100	100	720i	
	- built-in cabinets in copier area	2,500	2,500	200	200		
	- 4-person workstation and reception built-in office area	7,500	7,500	500	500		
5	- iron chair	65	325	35	175		
	- operator's chair	75	75	50	50		
	- maple conference table	200	200	125	125		
	- easel stand	35	35	20	20		
	- computer with monitor	150	150	75	75		
	- framed print	75	75	50	50		
7	- framed picture	15	105	5	35		
	- iron chair	65	65	35	35		
	- operator's chair	75	75	50	50		
	- computer with LCD monitor	200	200	100	100		
	- HP printer	40	40	25	25	1020	
	- black 2 dr. legal filing cabinet	40	40	25	25		
2	- executive office suite (built-in)	1,500	3,000	200	400		
	- lamps and office supplies	100	100	50	50		
	<b>Offices Sub total</b>		<u>30,205</u>		<u>7,250</u>		
	<b>Company-owned Assets Total</b>		<u>292,095</u>		<u>142,455</u>		

Potential 3rd Party		Location and Description	Orderly Liquidation Unit Value	Orderly Liquidation Value	Gross Auction Unit Value	Gross Auction Value	Model	Serial No.
		<b>South Mezzanine</b>						
Columbia	-		500	500	300	300		
Columbia	-		500	500	300	300		
Columbia	-		125	125	75	75		
	-		125	125	75	75		
		<b>Sub total</b>		1,250		750		
		<b>Outside</b>						
	-	Clark 3,000 lb. propane forklift	10,000	10,000	6,000	6,000	GCS 20MB	
		<b>Potential 3rd Party Assets Total</b>		<b>11,250</b>		<b>6,750</b>		