D. Yaretz #5
August 30, 2011

NO. S115028
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF PAKIT INC.

PETITIONER

AFFIDAVIT

I, DWAYNE YARETZ, Businessman, of 2250 – 1050 West Pender Street, Vancouver, British Columbia, SWEAR THAT:

1. I am the President of the Petitioner, and as such I have direct knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and where so stated I verily believe them to be true.

2. Since the last Court appearance herein on August 25, 2011, the Petitioner has been urgently seeking to resolve the outstanding issues with its primary customer, Grupo San Cayetano ("Cayetano"). Despite the message conveyed in Cayetano's letter of August 19, 2011 (Ung Affidavit, Exhibit C) to the effect that Cayetano wishes to repudiate the contracts with the Petitioner as a result of its purported dissatisfaction with the performance of the purchased machines, Cayetano has instead over the last months, including both before and since sending the letter, been requesting further rights of exclusivity with respect to the Petitioner's products. In addition, on April 15, 2010 the two machines sold to Cayetano were certified

by Cayetano to have passed factory aceeptance tests and to be running at the prescribed and agreed upon capacity (indeed it was on the strength of that result that Cayetano then purchased the second two machines on July 7, 2011). The Petitioner is therefore confident that a solution can be reached to restore its relationship with Cayetano. But if this proves to be impossible, then the Petitioner is also confident that it can replace Cayetano's anticipated purchase payments in due course with those from another customer. In that regard, the Petitioner today received confirmation for the payment of the deposit of USD $101,250.00 from its second customer on its first machine. In either case, the Petitioner will require at least several weeks to resolve its current customer issues.

3. Since the last Court appearance herein on August 25, 2011, the Petitioner has received the equivalent of approximately CDN $1.566 million (based on current exchange rates) in fresh equity funding: in particular, our solicitors currently hold CDN $305,009.15 and USD $1,006,000.00 in trust, pending the granting of an order extending the initial order for at least 20 days and the Petitioner has today received further cash investments totaling USD $200,000 and CDN $77,511.00 which are being sent to our solicitors to be held on the same terms.

4. Attached and marked as Exhibit A to this my affidavit is a revised cash flow for the proposed extension period to October 21, 2011.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 30th day of August, 2011.	)))))	
A Commissioner for taking Affidavits in British Columbia	))	DWAYNE YARETZ

WARREN B. MILMAN
Barrister & Solicitor
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203826-435434
DOCS #10694714

This is Exhibit "**A**" referred to in the Affidavit of DWAYNE YARETZ made before me on this 30th day of August, 2011.

A Commissioner for taking Affidavits in British Columbia

Pakit Inc.
CONSOLIDATED Weekly Cash Flow Forecast (Note 1)
For the 13-week period ending October 21, 2011
($000's)

	July	August				September				October							
	Week 1 Actual 29-Jul	Week 2 Actual 5-Aug	Week 3 Actual 12-Aug	Week 4 Actual 19-Aug	Week 5 Actual 26-Aug	Week 6 *Forecast* 2-Sep	Week 7 *Forecast* 9-Sep	Week 8 *Forecast* 16-Sep	Week 9 *Forecast* 23-Sep	Week 10 *Forecast* 30-Sep	Week 11 *Forecast* 7-Oct	Week 12 *Forecast* 14-Oct	Week 13 *Forecast* 21-Oct	Week 1 to Week 5 Actual Total	Week 6 to Week 13 *Forecast* Total	Week 13 Total	Notes
Receipts																	
Customer collections	-	-	-	-	-	100	88	-	-	-	-	658	-	-	846	846	2
Funding	-	152	306	-	-	1,560	-	50	-	-	-	-	-	457	1,610	2,067	3
Other receipts	84	79	-	4	-	-	39	-	86	80	68	-	-	168	273	440	
Total Receipts	84	231	306	4	-	1,660	126	50	86	80	68	658	-	625	2,729	3,354	
Disbursements																	
Raw materials and production	-	-	2	-	-	-	60	28	-	16	20	-	-	2	124	126	4
Payroll, benefits and payroll taxes	112	94	30	54	4	216	15	150	138	54	-	252	-	294	826	1,120	5
Research and development costs	-	3	-	-	-	-	18	-	-	-	18	-	-	3	37	39	
Other general and administrative costs	7	2	2	2	21	50	12	19	21	22	-	-	21	33	145	178	5
Rent	-	17	6	53	-	76	-	-	-	76	-	-	-	76	153	229	5
Consulting fees	-	-	8	-	15	21	-	15	-	-	13	15	-	23	64	87	
Professional fees	61	22	44	5	77	20	40	30	72	5	40	10	90	208	307	515	6
Taxes (Sweden VAT)	-	-	-	-	-	91	-	91	-	-	-	91	-	-	273	273	
Pre-filing liabilities - Pakit Inc.	-	79	16	-	-	-	-	-	-	-	-	-	-	95	-	95	7
Other liabilities pre July 12, 2011 (Pakit International and PIT)	-	15	238	103	0	251	18	87	8	32	-	98	18	356	512	868	8
Contingency	8	(5)	(0)	0	(0)	10	-	-	-	-	-	-	20	3	30	33	
Total Disbursements	188	227	345	217	116	735	164	420	239	206	92	466	149	1,092	2,471	3,563	
Net Cash Flow	(103)	4	(39)	(212)	(116)	925	(38)	(370)	(153)	(126)	(24)	192	(149)	(467)	258	(209)	
Intercompany Inflow/(outflow)																	
Pakit Inc.	(36)	-	-	-	-	(467)	(82)	(320)	(88)	(27)	-	270	(21)	(36)	(735)	(771)	
Pakit International	36	-	-	-	(0)	(0)	39	28	(69)	(57)	(26)	(570)	0	36	(654)	(618)	
PIT	-	-	-	-	0	467	42	292	157	84	26	300	21	0	1,389	1,389	
Total Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	
Net Cash Flow Post Intercompany	(103)	4	(39)	(212)	(116)	925	(38)	(370)	(153)	(126)	(24)	192	(149)	(467)	258	(209)	
Cash Position																	
Opening Cash Position	726	622	626	587	375	259	1,183	1,146	776	623	497	473	665	726	259	726	
Closing Cash Position	622	626	587	375	259	1,183	1,146	776	623	497	473	665	517	259	517	517	

Notes:

1. The purpose of these cash flow forecasts is to set out the liquidity requirements of the Pakit Companies during the CCAA proceedings. Since projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.
2. Customer collections primarily relate to collection from one customer based in North America. The customer has provided to Pakit a signed purchase order for one machine line. Management assumes that they will meet prototype performance requirements in Week 12 triggering a milestone payment of approximately CDN$658,000. A deposit of $100,000 is also forecast to be received in Week 6.
3. The Company received approximately $1.56 million of share subscription receipts in Weeks 5 and 6 which were transferred to its legal counsel to be held in trust. The above noted assumes that these funds will be released to Pakit subsequent to the Court hearing on August 31, 2011. Additional subscription receipts of $50,000 are expected in Week 8.
4. Raw materials and production costs have been forecast based on estimated costs to complete units and protypes for delivery in the period.
5. Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses. Other general and administrative expenses include travel, insurance and office costs.
6. Professional fee disbursements have been forecast based on projected costs by professional services firms relating to the restructuring.
7. Pre-filing amounts mainly relate to credit card cancellation, which were cash collateralized.
8. Other liabilities relate to amounts owed by Pakit International Trading Company Inc. ("Pakit International") and Packaging International Technology Sweden AB ("PIT") prior to the Pakit Inc. filing date and are assumed to be paid in order to support the ongoing operations of these entities and related receipts. These payments include PIT payroll taxes of $202,000 ($120,000 paid to date), VAT of $202,000 ($135,000 paid to date), income taxes of $18,000 ($18,000 paid to date), payments to suppliers in the forecast period of $351,000 ($68,000 paid to date) and patent related legal fees of $95,000 ($15,000 paid to date).

Pakit Inc.
Non-Consolidated Weekly Cash Flow Forecast (Note 1)
For the 13-week period ending October 21, 2011
($000's)

	July	August				September					October						
	Week 1 Actual 29-Jul	Week 2 Actual 5-Aug	Week 3 Actual 12-Aug	Week 4 Actual 19-Aug	Week 5 Actual 26-Aug	Week 6 *Forecast* 2-Sep	Week 7 *Forecast* 9-Sep	Week 8 *Forecast* 16-Sep	Week 9 *Forecast* 23-Sep	Week 10 *Forecast* 30-Sep	Week 11 *Forecast* 7-Oct	Week 12 *Forecast* 14-Oct	Week 13 *Forecast* 21-Oct	Week 1 to Week 5 Actual Total	Week 6 to Week 13 *Forecast* Total	Week 13 Total	Notes
Receipts																	
Customer collections	-	-	-	-	-	-	88	-	-	-	-	-	-	-	88	88	2
Funding	-	-	-	-	-	1,560	-	50	-	-	-	-	-	-	1,610	1,610	3
Other receipts	-	79	-	-	-	-	-	-	-	-	-	-	-	79	-	79	
Total Receipts	-	79	-	-	-	1,560	88	50	-	-	-	-	-	79	1,698	1,777	
Disbursements																	
Raw materials and production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll, benefits and payroll taxes	75	-	6	54	4	78	-	54	-	54	-	54	-	139	242	381	4
Research and development costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other general and administrative costs	6	2	1	2	21	44	4	-	-	21	-	-	-	31	69	100	4
Rent	-	17	-	-	-	18	-	-	-	18	-	-	-	17	36	53	4
Consulting fees	-	-	5	-	15	5	-	15	-	-	5	15	-	20	40	60	
Professional fees	61	22	44	5	77	5	40	30	65	5	40	10	85	208	280	488	5
Pre-filing liabilities	-	79	16	-	-	-	-	-	-	-	-	-	-	95	-	95	
Contingency	8	(5)	(2)	0	(0)	10	-	-	-	-	-	-	20	2	30	32	
Total Disbursements	151	115	70	61	116	160	44	99	65	99	45	79	105	512	696	1,209	
Net Cash Flow	(151)	(36)	(70)	(61)	(116)	1,400	44	(49)	(65)	(99)	(45)	(79)	(105)	(433)	1,001	568	
Intercompany																	
Intercompany inflow/(outflow) - Pakit International	(36)	-	-	-	-	(467)	(82)	(320)	(88)	(27)	-	270	(21)	(36)	(735)	(771)	
Net Cash Flow Post Intercompany	(187)	(36)	(70)	(61)	(116)	933	(38)	(370)	(153)	(126)	(45)	191	(126)	(470)	266	(203)	
Cash Position																	
Opening Cash Position	720	533	497	427	366	250	1,183	1,146	776	623	497	452	642	720	250	720	
Closing Cash Position	533	497	427	366	250	1,183	1,146	776	623	497	452	642	517	250	517	517	

Notes:

1. The purpose of this cash flow forecast is to set out the liquidity requirements of Pakit Inc. during the CCAA proceedings. Since projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.
2. The $88,000 receipt in Week 7 relates to an amount due from a customer under a research agreement.
3. The Company received approximately $1.56 million of share subscription receipts in Weeks 5 and 6 which were transferred to its legal counsel to be held in trust. The above noted assumes that these funds will be released to Pakit subsequent to the Court hearing on August 31, 2011. Additional subscription receipts of $50,000 are expected in Week 8.
4. Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses. Other general and administrative costs include travel, insurance and office costs. These disbursements include the cost of one employee employed in Pakit USA.
5. Professional fee disbursements have been forecast based on projected costs by professional services firms relating to the restructuring.

Pakit International Trading Company Inc.
Non-Consolidated Weekly Cash Flow Forecast (Note 1)
For the 13-week period ending October 21, 2011
($000's)

	July	August				September					October						
	Week 1 Actual 29-Jul	Week 2 Actual 5-Aug	Week 3 Actual 12-Aug	Week 4 Actual 19-Aug	Week 5 Actual 26-Aug	Week 6 *Forecast* 2-Sep	Week 7 *Forecast* 9-Sep	Week 8 *Forecast* 16-Sep	Week 9 *Forecast* 23-Sep	Week 10 *Forecast* 30-Sep	Week 11 *Forecast* 7-Oct	Week 12 *Forecast* 14-Oct	Week 13 *Forecast* 21-Oct	Week 1 to Week 5 Actual Total	Week 6 to Week 13 *Forecast* Total	Week 13 Total	Notes
Receipts																	
Customer collections	-	-	-	-	-	100	-	-	-	-	-	658	-	-	758	758	2
Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other receipts	84	-	-	-		-	39	-	86	80	68	-	-	84	273	357	
Total Receipts	84	-	-	-	-	100	39	-	86	80	68	658	-	84	1,031	1,115	
Disbursements																	
Raw materials and production	-	-	-	-	-	-	60	28	-	16	20	-	-	-	124	124	3
Payroll, benefits and payroll taxes	36	-	12	-	-	10	15	-	10	-	-	15	-	48	50	98	
Sales and marketing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Research and development costs	-	3	-	-	-	-	-	-	-	-	-	-	-	3	-	3	
Other general and administrative costs	1	0	0	-	-	6	3	-	5	1	-	-	5	1	20	21	
Rent	-	-	6	-	-	6	-	-	-	6	-	-	-	6	12	18	
Consulting fees	-	-	3	-	-	1	-	-	-	-	1	-	-	3	2	5	
Professional fees	-	-	-	-	-	15	-	-	2	-	-	-	-	-	17	17	
Other liabilities (pre July 12, 2011)	-	15	41	-	-	70	-	-	-	-	-	72	18	56	160	216	4
Contingency	-	-	1	0	(0)	-	-	-	-	-	-	-	-	1	-	1	
Total Disbursements	37	18	63	0	(0)	108	78	28	17	23	21	87	23	118	385	503	
Net Cash Flow	47	(18)	(63)	(0)	0	(8)	(39)	(28)	69	57	47	571	(23)	(34)	646	612	
Intercompany																	
Intercompany inflow/(outflow) - Pakit Inc.	36	-	-	-	-	467	82	320	88	27	-	(270)	21	36	735	771	
Intercompany inflow/(outflow) - PIT	-	-	-	-	(0)	(467)	(42)	(292)	(157)	(84)	(26)	(300)	(21)	(0)	(1,389)	(1,389)	
Net Cash Flow Post Intercompany	84	(18)	(63)	(0)	0	(8)	-	-	-	-	21	2	(23)	3	(8)	(6)	
Cash Position																	
Opening Cash Position	6	89	71	8	8	8	0	0	0	0	0	21	23	6	8	6	
Closing Cash Position	89	71	8	8	8	0	0	0	0	0	21	23	-	8	0	0	

Notes:

1. The purpose of this cash flow forecast is to set out the liquidity requirements of Pakit Inc. during the CCAA proceedings. Since projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.
2. Customer collections primarily relate to collection from one customer based in North America. The customer has provided to Pakit a signed purchase order for one machine line. Management assumes that they will meet prototype performance requirements in Week 12 triggering a milestone payment of approximately CDN$658,000. A deposit of $100,000 is also forecast to be received in Week 6.
3. Raw materials and production costs have been forecast based on estimated costs to complete units and protypes for delivery in the period.
4. Other liabilities relate to amounts owed by Pakit International prior to the Pakit Inc. filing date and are assumed to be paid in order to support the ongoing operations and related receipts. These payments include $95,000 for legal fees for the patent attorneys ($15,000 paid to date) and $121,000 ($41,000 paid to date) for suppliers.

Packaging International Technology Sweden AB
Non-Consolidated Weekly Cash Flow Forecast (Note 1)
For the 13-week period ending October 21, 2011
($000's)

Expressed in CAD Fx Rate (1) 0.16	July Week 1 Actual 29-Jul	August Week 2 Actual 5-Aug	Week 3 Actual 12-Aug	Week 4 Actual 19-Aug	Week 5 Actual 26-Aug	September Week 6 *Forecast* 2-Sep	Week 7 *Forecast* 9-Sep	Week 8 *Forecast* 16-Sep	Week 9 *Forecast* 23-Sep	Week 10 *Forecast* 30-Sep	October Week 11 *Forecast* 7-Oct	Week 12 *Forecast* 14-Oct	Week 13 *Forecast* 21-Oct	Week 1 to Week 5 Actual Total	Week 6 to Week 13 *Forecast* Total	Week 13 Total	Notes
Receipts																	
Customer collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Funding	-	152	306	-	-	-	-	-	-	-	-	-	-	457	-	457	
Other receipts	-	-	-	4	-	-	-	-	-	-	-	-	-	4	-	4	
Total Receipts	-	152	306	4	-	-	-	-	-	-	-	-	-	462	-	462	
Disbursements																	
Raw materials and production	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	2	
Payroll, benefits and payroll taxes	-	94	13	-	-	128	-	96	128	-	-	183	-	107	534	641	2,3
Sales and marketing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Research and development costs	-	-	-	-	-	-	18	-	-	-	18	-	-	-	37	37	
Other general and administrative costs	-	-	0	0	-	-	6	19	16	-	-	-	16	0	56	57	
Rent	-	-	-	53	-	52	-	-	-	52	-	-	-	53	105	158	4
Consulting fees	-	-	-	-		14	-	-	-	-	7	-	-	-	22	22	
Professional fees	-	-	-	-	-	-	-	-	5	-	-	-	5	-	10	10	
Taxes (Sweden VAT)	-	-	-	-	-	91	-	91	-	-	-	91	-	-	273	273	3
Other liabilities (pre July 12, 2011)	-	-	197	103	0	181	18	87	8	32	-	26	-	300	352	652	5
Contingency	-	-	0	0	(0)	-	-	-	-	-	-	-	-	0	-	0	
Total Disbursements	-	94	212	156	0	467	42	292	157	84	26	300	21	462	1,389	1,851	
Net Cash Flow	-	58	94	(152)	(0)	(467)	(42)	(292)	(157)	(84)	(26)	(300)	(21)	(0)	(1,389)	(1,389)	
Intercompany																	
Intercompany inflow/(outflow) - Pakit International	-	-	-	-	0	467	42	292	157	84	26	300	21	0	1,389	1,389	
Net Cash Flow Post Intercompany	-	58	94	(152)	-	-	-	-	-	-	-	-	-	(0)	-	-	
Cash Position																	
Opening Cash Position	-	-	58	152	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Cash Position	-	58	152	-	-	-	-	-	-	-	-	-	-	-	-	-	

Notes:

1. The purpose of this cash flow forecast is to set out the liquidity requirements of Pakit Inc. during the CCAA proceedings. Since projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Bank of Canada exchange rate for Swedish krona to Canadian dollars as at August 23, 2011 plus expected spread of $0.005 per krona.
2. Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses.
3. VAT payments due post July 12, 2011 are assumed to be paid during the forecast period.
4. Rent and utilities payments are assumed to be made on a monthly basis to be applied to oldest outstanding invoice. As at August 30, 2011 there is approximately $400,000 arrears outstanding.
5. Other liabilities relate to amounts owed by PIT prior to the Pakit Inc. filing date including payroll tax of $202,000 ($120,000 paid to date), VAT tax of $202,000 ($135,000 paid to date), income tax of $18,000 ($18,000 paid to date), payments to suppliers of $230,000 ($27,000 paid to date).

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