



D. Yaretz #6
October 5, 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. Over the course of the past five weeks, the Petitioner has pushed hard on many fronts towards implementing an exit strategy to take Pakit out of CCAA as soon as it is practical.
3. In addition, the following are some examples of the progress that has been made and of some of the steps that are underway:

(1) CUSTOMER: SALES PIPELINE

A.

- At the end of August, the Petitioner received a purchase order for a PAKIT100 Forming Unit and a Tooling Set, together with a deposit of \$100,000. This first machine will be installed in their Technology Center Showroom built to showcase sustainable packaging products to their global client network.
- Pakit Sweden is working to develop a Prototype specified by the customer. Rapid progress is being made.
- The customer's Senior Executives and a Director will be meeting with me in Sweden during the week of October 23, 2011 to review a Prototype and to

discuss its rollout of Pakit equipment globally as part of its global expansion. There is a strong possibility that the Petitioner will receive orders for several PAKIT 100 machines prior to year end.

- Upon acceptance of the Prototype, the second deposit of \$658,000 will be received and a Purchase Order will be received for approximately \$1,100,000 for Wet End, Dryer and Commissioning for their first machine.
- Management has initiated conversations with Unisource of the licensing of certain product lines for specific markets. The value of just one of these licenses has been quoted at \$5,000,000.

B. PepsiCo

- Pakit Sweden since signing our long term development agreement with PepsiCo has been working closely with PepsiCo engineers to develop products for their food and beverage brands. On September 16, 2011 Pepsi paid the Petitioner a further \$91,000 on this contract.

C. A UK Packaging Group

- I will be visiting with Senior Executives of this customer in October 2011 to discuss a strategic alliance in the rollout of the customer's European expansion with PAKIT equipment.
- The customer is a partner of a consortium including industry and government that is in the process of being granted funding for a total of \$1.2 billion pounds sterling.
- The Customer would like to take their allotment to build a packaging converter facility consisting of ten PAKIT machines with an additional five locations to replicate this model in the UK. The customer's plans include further expansion into the EU.
- The customer has expressed an interest in purchasing an additional fifteen "Flex" machines upon the Petitioner developing such equipment.

D. A Canadian Pulp Mill

- A Canadian pulp producer and the Petitioner jointly filed a \$10 million grant application on September 28, 2011 to a Federal agency to provide for partial funding of a \$31 million project to include four Pakit100™ and a plant facility. Expansion to accommodate ten Pakit100™ machines is being contemplated. The Petitioner and the pulp mill are also collaborating on seeking further public sector funding to enhance the size of the project. Last week a representative of a US packaging purchaser (one of the world's largest) came to Vancouver to meet with the Petitioner and this pulp mill. A representative of one of the world's largest chemical additive producers participated in the meeting with a view to participating in the project.
- A Memorandum of Understanding is being worked on as part of the strategic partnership which includes the Petitioner.
- The partner has validated the Petitioner's pulp mill diversification strategy. It has embraced the concept of becoming a converter and turning their

“damaged” raw materials into sustainable packaging products of high demand, turning large profits and supplying to large brand name accounts.

- The partner has recently engaged an engineering consulting firm to advise on specifics to build their new facility to house approximately ten “PAKIT 100” machines at their site. Within the last three weeks that study was completed.

E. A Latin American Pulp Mill

- Based in Brazil, this is another potential client who would be part of the pulp mill diversification strategy.
- Members of their scientific team have made a second visit to the Petitioner’s R & D facility in Sweden.
- Pakit Sweden is in the process of developing and producing a specified prototype for this potential customer based on their particular type of cellulose.

F. European Pulp Mill

- Pakit management has had numerous high level meetings with this potential customer in the last month. They are a large pulp producer and converter which wishes to buy machines and wants a strategic partnership. They have requested that I meet in Europe in the next several weeks. This customer is the third pulp mill to recognize the economic benefits of the Petitioner’s pulp mill diversification strategy.

G. Europe’s largest egg carton producer

- The Petitioner is looking to form a strategic partnership and develop a proprietary premium egg shell carton for this company which has dissolved its R & D and equipment manufacturing division and is looking for a strategic partner to fulfill the role of R & D and equipment supplier. On September 2, 2011 the Petitioner and the company exchanged business strategies.
- This customer is in discussions to order two to four Pakit100 machines in the near future with the potential for significant future expansion.

H. Major Global Food Company

- Currently working with senior executives to produce samples for packaging for two of their main product lines. Numerous other packaging products have recently been added to the discussions contemplating future development by the Petitioner. The Petitioner has received a purchase order worth \$61,000 from this company for the development and preparation of samples of a packaging product.

(2) FINANCING

A. Coronado Capital Management, Phoenix, AZ (Coronado)

- Venture capital firm that has been working with the Petitioner to assist in raising short term funds through their own funds as well as working in conjunction with other associates.
- Working on setting up a road show to raise further funds for the Petitioner.

B. JumpSport Group

- Current shareholder is arranging meeting with further potential Silicone Valley investors.

C. Windy Point Capital (WPC), Vancouver, BC

- A Term Sheet outlining the terms and conditions of raising a larger amount of capital between \$20 to 40 million has been received.
- WPC is currently working with several investor groups to place the funding.

D. BMO Nesbitt Burns, Toronto, ON

- Extensive due diligence has been performed with lead parties showing great interest in financing the company and taking the company public.
- Working with executives to present to prospective institutional investors.

E. Masdar Capital, Abu Dhabi

- The Clean Tech Fund has shown great interest in the Petitioner, and has completed initial due diligence and is now in advanced stages of vetting the project. This will include discussions with Deutsche Bank who is a partner in some of the Funds of the Sovereign Bank of Abu Dhabi.
- Equity financing of \$20 million is being proposed.

F. Seriatim Capital, Vancouver, BC

- Backed by Eastern European investors, Seriatim has shown keen interest in working with the Petitioner.
- Interested in developing strategic partnership to assist the company in redefining its revenue models and developing a business plan that would enable the company to grow vertically to further protect its IP and create additional revenue streams.

G. Triumph Capital Management, Cayman Islands

- Extensive due diligence performed by fund manager.

H. Stirling Mercantile Corporation, Vancouver, BC

- Assisting the Petitioner to identify strategic industry and financial partners.

I. Maxam Capital, Vancouver, BC

- The firm is interested to assist in restructuring and recapitalizing the Company to help it out of CCAA and become debt free.

(3) COST CUTTING

The Petitioner has taken some cost cutting measures and is continuing to review its legacy contracts with a view to further cutting its costs.

(4) ADDITIONAL REVENUE STREAMS

The Petitioner is working on aligning itself with various equipment suppliers within the packaging industry for complimentary machinery to our manufacturing process. By helping our customers to source the right equipment, it will assist in

terms of customer service, provide better customer satisfaction and generate additional revenue streams for the Petitioner.

4. In addition, the Petitioner has responded by letter to the letter received in August from its first customer, Cayetano Group, in an effort to resolve the outstanding issues between the parties, but it has not yet received a response.
5. The Petitioner has received an equity investment from the Coronado Group (or a party related to it) in the amount of USD\$600,162.58 by way of a sale of shares at \$1 per share which is being held in trust pending receipt of an extension on October 7, 2011 of at least 20 days.
6. The Petitioner also anticipates a further equity investment in the amount of \$350,000 on or before November 4, 2011 by way of a commitment letter that the Petitioner expects to have signed prior to October 7, 2011.
7. The anticipated next payment from _____ in the amount of \$658,000 is now expected to be made either on schedule or, at the latest, by no later than November 11, 2011 (this will be approximately one month later than previously forecast due to scheduling conflicts on the customer side in setting up the meeting that are a prerequisite to getting the payment made).
8. Attached and marked as **Exhibit "A"** to this my affidavit is a revised cash flow for the period to December 30, 2011.
9. In addition to the equity funding described above, the Petitioner is also negotiating potential interim ("DIP") financing with various potential lenders to see it through to the end of the calendar year.

SWORN BEFORE ME at the City of
Vancouver, in the Province of British
Columbia, this 5th day of October, 2011

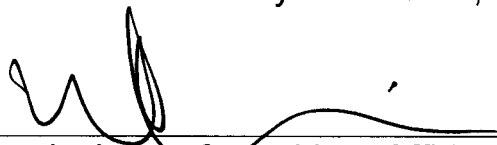
A Commissioner for taking Affidavits in
British Columbia

WILLIAM G. MILMAN
Barrister & Solicitor
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VANCOUVER, B.C. V7Y 1K2
(604) 545-7104

DWAYNE YARETZ

1

This is Exhibit "A" referred to in the Affidavit of DWAYNE YARETZ made before me on this 5th day of October, 2011.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a horizontal line.

A Commissioner for taking Affidavits in
British Columbia

Pakit Inc.
CONSOLIDATED Weekly Cash Flow Forecast (Note 1)
For the 23-week period ending December 30, 2011
(\$'000's)

	Week 1 to Week 10				October				November				December				Week 11 to Week 23		Notes	
	Actual	Forecast	Week 11 to Week 10	Total	Week 11 Forecast	Week 12 Forecast	Week 13 Forecast	Week 14 Forecast	Week 15 Forecast	Week 16 Forecast	Week 17 Forecast	Week 18 Forecast	Week 19 Forecast	Week 20 Forecast	Week 21 Forecast	Week 22 Forecast	Week 23 Forecast			
																		7-Oct		14-Oct
Receipts																				
Customer collections	191	-	-	-	-	-	-	-	-	658	-	-	-	-	-	-	-	658	849	2
Funding	2,029	-	650	-	350	-	-	-	-	-	-	-	-	-	-	-	-	1,000	3,029	3
Proposed DIP financing	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000	1,000	4
Other receipts	345	-	-	-	75	39	(17)	69	-	90	-	-	-	-	-	-	-	331	676	5
Total Receipts	2,564	-	650	-	75	389	641	69	-	1,090	-	-	-	-	-	-	-	2,989	5,553	
Disbursements																				
Raw materials and production	25	-	55	3	78	139	58	110	19	39	10	10	10	-	-	-	-	529	555	6
Payroll, benefits and payroll taxes	814	-	243	101	69	-	104	51	111	59	15	140	111	65	-	-	-	1,069	1,883	7
Research and development costs	20	7	-	-	-	10	-	-	-	10	-	-	-	-	-	-	-	26	47	
Other general and administrative costs	207	-	30	16	-	38	-	-	30	21	-	-	12	-	-	-	-	146	353	7
Rent	200	18	-	-	-	69	-	39	-	69	-	-	-	-	-	-	-	194	394	7
Consulting fees	65	8	17	-	-	6	7	-	-	6	7	-	-	-	-	-	-	51	116	
Other Professional fees	16	2	5	12	-	-	-	17	-	-	-	17	-	-	-	-	-	53	69	
CCAA Professional fees	310	85	5	40	5	60	5	40	10	60	5	40	30	60	-	-	-	445	755	8
Taxes (Sweden VAT)	171	-	88	-	-	-	88	-	-	-	-	-	-	-	-	-	-	265	435	
Pre-filing liabilities - Pakit Inc.	95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95	
Other liabilities pre July 12, 2011 (Pakit International and PIT)	785	-	36	4	-	58	67	18	3	100	-	4	48	51	-	-	-	389	1,173	9
Contingency	(16)	-	20	-	-	-	20	-	-	-	-	20	-	-	-	-	-	60	44	
Total Disbursements	2,692	120	479	195	152	379	329	294	173	364	125	230	210	176	-	-	-	3,227	5,918	
Net Cash Flow	(128)	(120)	171	(195)	(77)	10	312	(225)	(173)	726	(125)	(230)	(210)	(101)	-	-	-	(238)	(365)	
Intercompany inflow/(outflow)																				
Pakit Inc.	(546)	-	(185)	(135)	(13)	(220)	-	-	-	(31)	(120)	(114)	(180)	-	-	-	-	(997)	(1,543)	
Pakit International	82	-	(152)	17	(65)	(34)	(264)	(148)	(131)	(142)	15	16	51	(51)	-	-	-	(889)	(806)	
PIT	464	-	337	118	78	254	264	148	131	172	105	99	129	51	-	-	-	1,886	2,350	
Total Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Flow Post Intercompany	(128)	(120)	171	(195)	(77)	10	312	(225)	(173)	726	(125)	(230)	(210)	(101)	-	-	-	(238)	(365)	
Cash Position																				
Opening Cash Position	726	598	478	649	454	377	386	698	472	300	1,026	902	671	461	-	-	-	598	726	
Closing Cash Position	598	478	649	454	377	386	698	472	300	1,026	902	671	461	360	-	-	-	360	360	

Notes:

- 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.
- Customer collections primarily relate to collection from one customer based in North America. Management assumes that they will meet prototype performance requirements in Week 16 triggering a milestone payment of approximately \$658,000. A deposit of \$99,000 was received in Week 6.
- Certain existing investors have provided subscription agreements to invest \$600,000 on an equity basis that will be held in trust subject to Pakit Inc. being granted a CCAA extension and is expected to be available to the Company in Week 12. Additional share subscription proceeds of \$50,000 are expected to be received in Week 12 from another individual investor. Management also anticipates equity funding of \$350,000 in Week 15 and is in discussions with several parties regarding a larger equity funding. However, to date there are no commitments to receive such funding.
- Management has assumed for the purposes of the above that absent any additional equity financing on or prior to December 2, 2011, and subject to an application for a Court Order granting DIP financing, \$1,000,000 may be available in Week 19 to fund operations while further equity financing is raised. It is noted that the Company intends to seek a Court Order permitting DIP financing and a related DIP Charge in an application to be made subsequent to October 7, 2011.
- Other receipts during Weeks 11 to 23 include \$225,000 of VAT refunds and \$123,000 of receipts from prototyping projects to be received by Pakit International Trading Company Inc. ("Pakit International") offset by prior period other receipts that were in error and may require a repayment of \$17,000.
- Raw materials and production costs have been forecast based on estimated costs to complete units and prototyping project in progress.
- Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses and adjusted for certain measures to reduce disbursements to a minimum during the restructuring period. Other general and administrative costs include travel, insurance and office costs. Commission on equity fund raising has been estimated at 5% of funds raised.
- Professional fee disbursements have been forecast based on projected costs by professional services firms relating to the restructuring.
- Other liabilities relate to amounts owed by Pakit International and Packaging International Technology Sweden AB ("PIT") prior to the Pakit Inc. filing date and are assumed to be paid if equity financing is received in order to support the ongoing operations of these entities and related receipts. These payments are forecast to include \$262,000 of payments to suppliers, \$102,000 of payments to the PIT landlord and \$25,000 of payments to patent attorneys for the period from Week 11 to Week 23.

Pakit Inc.
Non-Consolidated Weekly Cash Flow Forecast (Note 1)
For the 23-week period ending December 30, 2011
(\$'000's)

	October				November				December				Week 11 to Week 23		Notes
	Week 11 to Week 10	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 23	
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total	
Receipts															
Customer collections	91	-	-	-	-	-	-	-	-	-	-	-	-	91	91
Funding - Equity	1,571	-	650	-	350	-	-	-	-	-	-	-	-	2,571	2
Proposed DIP financing	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	3
Other receipts	95	-	-	-	-	(17)	-	-	-	-	-	-	-	78	4
Total Receipts	1,758	-	650	-	350	(17)	-	-	1,000	-	-	-	-	3,741	
Disbursements															
Raw materials and production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll, benefits and payroll taxes	313	-	51	59	-	-	51	-	59	-	51	-	-	336	5
Research and development costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other general and administrative costs	141	-	30	-	38	-	-	18	21	-	-	-	-	107	5
Rent	36	18	-	-	18	-	-	-	18	-	-	-	-	54	5
Consulting fees	50	-	17	-	5	-	-	-	5	-	-	-	-	27	7
Other Professional fees	3	2	5	-	-	-	5	-	-	-	5	-	-	17	20
CCAA Professional fees	310	85	5	5	60	5	40	10	60	5	40	30	-	445	6
Pre-filing liabilities	95	-	-	-	-	-	-	-	-	-	-	-	-	-	95
Contingency	(25)	-	-	-	-	-	20	-	-	-	20	-	-	60	35
Total Disbursements	923	105	108	64	121	5	116	28	163	5	116	30	125	1,046	
Net Cash Flow	835	(105)	542	(64)	229	(22)	(116)	(26)	837	(5)	(116)	(30)	(125)	937	
Intercompany															
Inflow/(outflow) - PIT	(613)	-	-	-	-	-	-	-	-	-	-	-	-	-	(613)
Inflow/(outflow) - International	(546)	-	(185)	(13)	(220)	-	-	-	(31)	(120)	(114)	(180)	-	(997)	(1,543)
Net Cash Flow Post Intercompany	(323)	(105)	357	(77)	10	(22)	(116)	(26)	806	(125)	(230)	(210)	(125)	(60)	(384)
Cash Position															
Opening Cash Position	720	397	292	649	454	377	386	364	248	220	1,026	902	671	397	720
Closing Cash Position	397	292	649	454	377	386	364	248	220	1,026	902	671	461	336	336

Notes:

- 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.
- Certain existing investors have provided subscription agreements to invest \$600,000 on an equity basis that will be held in trust subject to Pakit Inc. being granted a CCAA extension and is expected to be available to the Company in Week 12. Additional share subscription proceeds of \$50,000 are expected to be received in Week 12 from another individual investor. Management also anticipates equity funding of \$350,000 in Week 15 and is in discussions with several parties regarding a larger equity funding. However, to date there are no commitments to receive such funding.
- Management has assumed for the purposes of the above that absent any additional equity financing on or prior to December 2, 2011, and subject to an application for a Court Order granting DIP financing, \$1,000,000 may be available in Week 19 to fund operations while further equity financing is raised. It is noted that the Company intends to seek a Court Order permitting DIP financing and a related DIP Charge in an application to be made subsequent to October 7, 2011.
- An "Other Receipt" received in Week 7 was received in error and may require repayment.
- Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses and adjusted for certain measures to reduce disbursements to a minimum during the restructuring period. Other general and administrative costs include travel, insurance and office costs.
- 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 23-week period ending December 30, 2011
(\$000's)

	October				November				December				Week 11 to Week 23 Forecast Total	Week 11 to Week 23 Forecast Total	Notes
	Week 11 Forecast	Week 12 Forecast	Week 13 Forecast	Week 14 Forecast	Week 15 Forecast	Week 16 Forecast	Week 17 Forecast	Week 18 Forecast	Week 19 Forecast	Week 20 Forecast	Week 21 Forecast	Week 22 Forecast			
	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec			
Receipts															
Customer collections	99	-	-	-	-	658	-	-	-	-	-	-	658	757	2
Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other receipts	245	-	-	75	39	-	69	-	90	-	-	-	348	593	3
Total Receipts	344	-	-	75	39	658	69	-	90	-	-	-	1,006	1,350	
Disbursements															
Raw materials and production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll, benefits and payroll taxes	82	-	15	10	-	15	-	10	-	15	-	10	75	157	
Sales and marketing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Research and development costs	3	-	-	-	-	-	-	-	-	-	-	-	-	3	
Other general and administrative costs	17	-	5	-	-	-	-	1	-	-	-	1	7	24	
Rent	11	-	-	-	-	-	-	-	-	-	-	-	-	11	
Consulting fees	3	1	-	-	1	-	-	-	1	-	-	-	3	6	
Other Professional fees	14	-	-	-	-	-	12	-	-	-	12	-	36	50	
CCAA Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities (pre July 12, 2011)	136	-	-	-	4	45	18	3	27	-	4	40	140	277	4
Contingency	(2)	-	-	-	-	-	-	-	-	-	-	-	-	(2)	
Total Disbursements	264	1	15	17	10	5	30	14	28	15	16	51	262	525	
Net Cash Flow	80	(1)	(15)	(17)	65	34	39	(14)	62	(15)	(16)	(51)	744	825	
Intercompany															
Inflow/(outflow) - Pakit Inc.	546	-	185	135	13	220	-	-	31	120	114	180	997	1,543	
Inflow/(outflow) - PIT	(464)	-	(337)	(118)	(78)	(254)	(148)	(131)	(172)	(105)	(99)	(129)	(1,886)	(2,350)	
Net Cash Flow Post Intercompany	163	(1)	(167)	-	-	-	(109)	(145)	(80)	-	-	-	(144)	19	
Cash Position															
Opening Cash Position	6	168	167	-	-	-	334	224	80	-	-	-	168	6	
Closing Cash Position	168	167	-	-	-	-	334	224	80	-	-	-	24	24	

Notes:

- 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.
- Customer collections primarily relate to collection from one customer based in North America. Management assumes that they will meet prototype performance requirements in Week 16 triggering a milestone payment of approximately \$658,000. A deposit of \$99,000 was received in Week 6.
- Other receipts for Weeks 11 to 23 include \$225,000 of VAT refunds and \$123,000 of receipts from prototyping projects.
- 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 \$25,000 for legal fees for the patent attorneys and \$115,000 for suppliers for the period from Week 11 to Week 23.

Packaging International Technology Sweden AB
Non-Consolidated Weekly Cash Flow Forecast (Note 1)
For the 23-week period ending December 30, 2011
(\$000's)

Expressed in CAD 0.1550 Fx Rate (1)	Week 1 to		October				November				December				Week 11 to		Notes
	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 23		
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec		Total		
Receipts																	
Customer collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Funding - Debt	457	-	-	-	-	-	-	-	-	-	-	-	-	-	457	-	
Other receipts	4	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	
Total Receipts	462														462		
Disbursements																	
Raw materials and production	25	-	55	3	78	139	58	110	19	39	10	10	10	-	529	2	
Payroll, benefits and payroll taxes	418	-	177	101	-	-	89	-	101	-	-	89	101	-	658	3	
Sales and marketing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Research and development costs	18	7	-	-	-	10	-	-	-	10	-	-	-	-	26	44	
Other general and administrative costs	49	-	-	11	-	-	-	-	11	-	-	-	11	-	32	80	
Rent	153	-	-	-	-	51	-	39	-	51	-	-	-	-	140	293	
Consulting fees	12	7	-	-	-	-	7	-	-	-	7	-	-	-	21	33	
Other Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CCAA Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes (Sweden VAT)	171	-	88	-	-	-	88	-	-	-	88	-	-	-	265	435	
Other liabilities (pre July 12, 2011)	648	-	36	4	-	54	22	-	-	73	-	-	8	51	248	897	
Contingency	11	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-	
Total Disbursements	1,505	14	356	118	78	254	264	148	131	172	105	99	129	51	1,919	3,424	
Net Cash Flow	(1,044)	(14)	(356)	(118)	(78)	(254)	(264)	(148)	(131)	(172)	(105)	(99)	(129)	(51)	(1,919)	(2,962)	
Intercompany																	
Inflow/(outflow) - Pakit Inc.	613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	613	
Inflow/(outflow) - Pakit International	464	-	337	118	78	254	264	148	131	172	105	99	129	51	1,886	2,350	
Net Cash Flow Post Intercompany	33	(14)	(19)	-	-	-	-	-	-	-	-	-	-	-	(33)	-	
Cash Position																	
Opening Cash Position	-	33	19	-	-	-	-	-	-	-	-	-	-	-	33	-	
Closing Cash Position	33	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Notes:

- 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 October 3, 2011 plus the expected spread.
- Raw materials and production costs have been forecast based on estimated costs to complete units and prototyping project in progress including \$200,000 to rewire a machine for use in North America, \$124,000 for the metal frames for a machine currently located in Sweden and \$205,000 for materials required for prototyping projects.
- Operating disbursements including rent, payroll and other operating costs have been forecast generally based on the current run-rates of the associated expenses.
- Other liabilities relate to amounts owed by PIT 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 \$146,000 for suppliers and \$102,000 of payment to the landlord during the period from Week 11 to Week 23.