Court File No. 09-CL-8172

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

RETURN ON INNOVATION CAPITAL LTD., as agent for ROI FUND INC., ROI SCEPTRE CANADIAN RETIREMENT FUND, ROI GLOBAL RETIREMENT FUND and ROI YIELD PRIVATE PLACEMENT FUND and ANY OTHER FUND MANAGED BY ROI from time to time

Applicants

- and -

GANDI INNOVATIONS LIMITED
GANDI INNOVATIONS HOLDINGS LLC
GANDI INNOVATIONS LLC
GANDI INNOVATIONS HOLD CO. and
GANDI SPECIAL HOLDINGS LLC

Respondents

NINTH REPORT OF THE MONITOR

January 22, 2010

Table of Contents

Appendix F	**Actual Receipts and Disbursements for the Period January 9, 2010 to January 14, 2010**
Appendix G	**Summary of Funds Held by the Monitor and Available for Distribution**
Appendix H	**SBI's Payout Statement**
Appendix I	**ROI's Payout Statement**
Appendix J	**Guaranty Agreement dated May 29, 2007 between Gandi and SBI and Security Agreement dated May 29, 2007 between Gandi and SBI**
Appendix K	**Reimbursement Agreement between Gandi Companies and SBI**
Appendix L	**Chaitons LLP Legal Opinion with Respect to SBI's and ROI's Canadian Security Interest**
Appendix M	**Vinson & Elkins LLP Legal Opinion with Respect to SBI's U.S. Security Interest**
Appendix N	**Agfa's Proposed Purchase Price Allocation**

Introduction and Background

1.1 Introduction

1.1.0 Gandi Innovations Limited ("Gandi Canada"), Gandi Innovations Holdings LLC, ("Gandi Holdings"), and Gandi Innovations LLC ("Gandi San Antonio") (collectively referred to herein as "Gandi" or the "Gandi Group") obtained protection under the *Companies' Creditors Arrangement Act* ("CCAA") pursuant to an Order of this Honourable Court dated May 8, 2009 (the "Initial Order"). A copy of the Initial Order is attached as **Appendix A**.

1.1.1 The CCAA application was commenced by Return on Innovation Capital Ltd., as agent ("ROI"), a term lender of the Gandi Group, owed approximately $15.0 million, and was supported by State Bank of India (Canada) ("SBI"), the operating lender to the Gandi Group, owed approximately $17.0 million, and by TA Associates, Inc. as general partner for TA Associates X, L.P., TA Atlantic and Pacific V, L.P., TA Strategic Partners Fund II, L.P., TA Strategic Partners Fund II-A, L.P., TA Investors II, L.P. and TA Subordinated Debt Fund II, L.P.

1.1.2 The Initial Order appointed BDO Dunwoody Limited as the Monitor of the Gandi Group (the "Monitor"). Pursuant to Articles of Amendment effective November 12, 2009, the corporate name of BDO Dunwoody Limited has been changed to BDO Canada Limited.

1.1.3 The Gandi Group also obtained protection from their creditors in the United States ("U.S.") by applying for and obtaining recognition of the within proceeding as a foreign main proceeding pursuant to Chapter 15 of the United States Bankruptcy Code (the "Chapter 15 Proceeding"). An Order of the United States Bankruptcy Court for the Western District of Texas San Antonio Division (the "U.S. Court") recognizing the Foreign Proceeding pursuant to Chapter 15 was issued June 5, 2009.

1.1.4 On November 25, 2009, this Court approved the sale of substantially all of the business and assets of the Gandi Group, Gandi Innovations Hold Co. ("Gandi Holdco") and Gandi Special Holdings LLC ("Gandi Special") to Agfa Corporation and Agfa Inc. (collectively referred to as "Agfa") pursuant to the terms of an Agreement of Purchase and Sale made as of November 15, 2009 among the Gandi Group and Agfa ("the Sale Agreement") and granted an Order vesting title to the purchased assets in and to Agfa (the "Approval and Vesting Order"). This Honourable Court also added Gandi Holdco and Gandi Special as debtors to the Gandi CCAA proceeding.

1.1.5 Shortly thereafter, the Sale Agreement was amended to include Gandi Holdco and Gandi Special as parties to such agreement and the Monitor sought revisions to the Approval and Vesting Order to reflect such amendments. On December 10, 2009 this Court issued an Amended and Restated Approval and Vesting Order, attached as **Appendix B**.

1.2 Purpose

1.2.0 The purpose of this Ninth Report of the Monitor is to provide this Honourable Court with information in respect of:

(a) The activities of the Monitor since the filing of the Eighth Report of the Monitor dated January 18, 2010;

(b) The consolidated cash position and liquidity of Gandi as at January 14, 2010; and

(c) A proposed distribution to each of SBI and ROI.

1.3 Terms of Reference

1.3.0 The information contained in this Ninth Report has been obtained from the accounting records of Gandi and is based on discussions with and representations made by senior management. The information contained, herein, has not been audited and the Monitor makes no representations about its accuracy or completeness.

1.4 Background

1.4.0 Gandi is a manufacturer and distributor of high performance wide format digital printers and grand format printers.

1.4.1 Gandi is headquartered in Canada where it carries on business out of leased premises located at 5975 Falbourne Street, Mississauga. The premises consist of a 185,000 square foot state-of-the-art complex which includes a 9,000 square foot demonstration facility and a finishing display area for larger-than-life images.

1.4.2 The Gandi Group and related entities include the following: Gandi Canada, Gandi San Antonio, Gandi Innovations FZCO ("Gandi Dubai"), Gandi Innovations BVBA ("Gandi Belgium"), Gandi Innovations S.A. de C.V. ("Gandi Mexico", together with Gandi Dubai and Gandi Belgium, the "Gandi Foreign Subsidiaries") and SuperWide Connection S.A. de C.V. A corporate chart depicting the structure of the Gandi Group and other related entities is attached as **Appendix C**.

2. Monitor's Activities

2.1 U.S. Court Recognition and Approval

2.1.0 Following the issuance of the Approval and Vesting Order, the Monitor instructed its U.S. legal counsel to seek similar approval from the United States Bankruptcy Court for the Western District of Texas, San Antonio Division ("U.S. Bankruptcy Court").

2.1.1 On December 14, 2009, the Monitor, as the authorized foreign representative for the Gandi Group, filed various motions and petitions with the U.S. Bankruptcy Court under Chapter 15 of the U.S. Code seeking the following:

(a) Relief under Chapter 15 of the *United States Bankruptcy Code* (the "U.S. Code") for Gandi Holdco and Gandi Special;

(b) Recognition of the CCAA proceeding for Gandi Holdco and Gandi Special as a foreign main proceeding;

(c) An Order directing joint administration of the Chapter 15 Cases for the Gandi Group, Gandi Holdco, and Gandi Special; and

(d) An Order recognizing and enforcing this Court's Approval and Vesting Order.

2.1.2 The Monitor's motions were heard by U.S. Bankruptcy Court Judge Clark on January 8, 2010 who granted the relief sought. Copies of the Orders granted by the U.S. Bankruptcy Court were attached as **Appendices D** through **H** to the Eighth Report of the Monitor.

2.2 Completion of Sale to Agfa

2.2.0 In the Eighth report, the Monitor reported that it closed the sale of substantially all of the business and assets of the Gandi Group, Gandi Holdco and Gandi Special to Agfa on January 15, 2009. The Monitor issued the Monitor's Certificate that same day. A copy of the Monitor's Certificate is attached as **Appendix D**.

2.2.1 The Monitor received sale proceeds totaling $25.1 million US which includes the previously received deposit of $2.5 million US.

2.2.2 In accordance with the Approval and Vesting Order, the sale proceeds stand in the place and stead of the business and assets of the Gandi Companies, Gandi Holdco and Gandi Special and any and all claims or encumbrances which previously attached to the assets now attach to the proceeds.

2.3 Description of the Sale Transaction to Agfa

2.3.0 All capitalized terms used but not defined in this Section 2.3 have the meanings set out in the Sale Agreement.

2.3.1 The Sale Agreement, which was included as **Appendix N** to the Monitor's Sixth Report dated November 17, 2009, details and defines the components comprising the final purchase price. The components are broadly summarized below and for greater clarity a numeric example is attached as **Appendix E**.

2.3.2 The following provides a summary of the relevant definitions related to the calculation of the purchase price:

Term	Definition
Accounts Receivable	Plural – Collectively the U.S. Accounts Receivable, the Canadian Accounts Receivable and the U.S. Foreign Subsidiaries Accounts Receivable Singular – any one of the Accounts Receivable.
Accounts Receivable Amount	The aggregate of: - the Canadian Accounts Receivable Amount - the U.S. Accounts Receivable Amount and - the U.S. Foreign Subsidiaries Accounts Receivable Amount (i.e. 41% of the Closing Receivable Amount)
Adjustment Amount	If the Cumulative Prior Period Accounts Receivable Amount is: greater than the Accounts Receivable Amount and less than the Maximum Accounts Receivable Amount, then the Adjustment Amount is equal to the amount by which the aggregate amount of the Accounts Receivable collected in the particular period exceeds the Collection Cost Amount for the particular period. The excess : (i) cannot be less than zero (ii) must be reduced in the period it occurs (iii) is limited to the Maximum Accounts Receivable Amount
Assumed Employees Accrued Liabilities Adjustment	Limited to $2.5 million
Canadian Accounts Receivable	As at the Closing Date all accounts receivable, notes receivable, bills receivable, trade accounts, book debts and insurance claims due, any refunds and rebates receivable due or deemed to be due and the benefit of all security (including cash deposits), guarantees and other collateral held by the Canadian Seller in respect of the foregoing which are Canadian Purchased Assets. The amount excludes accounts receivable from either or both of the US Sellers and the Foreign Subsidiary

Term	Definition
Canadian Accounts Receivable Amount	41% x the Canadian Closing Accounts Receivable Amount
Canadian Base Amount	$9,000,000
Canadian Closing Accounts Receivable Amount	The Canadian Accounts Receivable net of allowance for doubtful accounts related to the Canadian Accounts Receivable, each of these are as shown on the Canadian Closing Date Statements
Canadian Closing Inventory Amount	The greater of: - 74.33% of inventory and - Gross inventory net of the provision for obsolete, damaged or non-saleable goods Inventory is as shown on the Canadian Closing Date Statements
Closing Accounts Receivable	The amount of the Accounts Receivable shown on the Closing Date Statements net of the allowance for doubtful accounts
Collection Cost Amount	The sum of: - 5% of the gross accounts receivable collected plus - external legal costs (which are consented to by the Monitor, have been paid and relate to receivables collected in the period), plus - external legal costs (which do not exceed $2,000 in aggregate, have been paid and relate to receivables collected in the period)
Foreign Subsidiary Due Diligence Amount	Reasonable out-of-pocket expenses of the purchaser to a maximum of $250,000 which are paid to a third party for conducting due diligence on the liabilities of the Foreign Subsidiaries
Maximum Accounts Receivable Amount	The greater of: - 75% of gross receivables x 0.7152 and - 75% of the aggregate Closing Accounts Receivable
U. S. Base Amount	$1,000,000
U. S. Foreign Subsidiaries Current Assets	All current assets as at the Closing Date owned by of the U.S. Foreign Subsidiary excluding inventory and accounts receivable
U. S. Foreign Subsidiaries Liabilities Amount	The aggregate amount of liabilities of the U.S Foreign Subsidiaries as at the Closing Date excluding liabilities to the Sellers or any other Foreign Subsidiaries
U. S. Foreign Subsidiaries Contingent Liabilities	Limited to $3 million
	Note: the above definitions are summarized and abbreviated from the Sale Agreement dated November 15, 2009. All amounts are in US dollars.

2.3.3 The total estimated purchase price is $43.4 (**Appendix E**) million US calculated as:

(a) base amount of $10.0 million US, plus;

(b) non-contingent amount calculated as 41% of accounts receivable (net of allowance for doubtful accounts and excluding intercompany receivable amounts) plus 25% of inventory (net of reserves for obsolescence, damage claims and non-saleable items), plus;

(c) contingent amount calculated as 75% of net accounts receivable collected in the future over and above the non-contingent portion of net receivables;

(d) the purchase price is subject to various deductions described below:

i. Collection Cost Amount (5% of the accounts receivable collected plus out of pocket legal costs);

ii. Foreign Subsidiary Due Diligence Amount (to a maximum of $250,000 US);

iii. Assumed Employees Accrued Liabilities Adjustment (to a maximum of $2.5 million US);

iv. Net foreign subsidiaries' assumed liabilities in excess of cash balances and other assets;

v. $3.0 million US contingent amount for potential liabilities related to taxes and other claims. This amount is available to be offset only against the contingent consideration amount described in 2.3.3 (c) described above.

2.3.4 The Monitor estimates the net proceeds from the Agfa transaction will be in the range of $37 to $43 million US. The reason for the uncertainty is that a large portion of the accounts receivable relate to long term payment plans offered to customers that purchased printers.

2.3.5 The final purchase price will be determined based upon the Closing Date Statements. Agfa is responsible for the preparation and delivery of the Closing Date Statements to the Monitor and to Gandi no later than 90 days after closing.

2.3.6 Access to the books and records is to be provided to the Monitor and Gandi for a 45 day period following the delivery of the Closing Date Statements to allow the Monitor and Gandi to assess the accuracy and reasonableness of the Closing Date Statements.

2.3.7 The Sale Agreement provides the Monitor the ability to object to any matter in the Closing Date Statements by providing notice to Agfa within 14 business days of delivery of the Closing Date Statements to the Monitor. In the event that an objection notice is delivered, the parties have 30 days to resolve the dispute. If the dispute remains unresolved at the conclusion of the 30 day period, the matter will be submitted to an Independent Accountant who will provide a final and binding resolution.

2.3.8 If no notice of objection is given, the Closing Date Statements are deemed to be accepted.

2.3.9 As indicated above, the Monitor has received from Agfa, and maintains in its trust accounts, $25.1 million US representing funds paid on closing. The remaining purchase price consideration is payable to the Monitor in quarterly installments with the non-contingent consideration payable in four installments due the last business day of May 2010, August 2010, November 2010 and February 2011.

2.3.10 The contingent consideration (or Adjustment Amount as described in the definitions summarized herein), if any, is payable in quarterly installments due the last business day of May 2010, August 2010, November 2010, February 2011, May 2011, August 2011, November 2011 and February 2012. The amounts will be determined by the actual collection of the accounts receivable.

2.4 Monitoring Receipts and Disbursements

2.4.0 The Monitor reviewed all cash flow and financial reporting prepared by management of the Gandi Group. The Monitor has reviewed and provided approval for all expenditure commitments and disbursements totalling $10,000 or more, as required by the Initial Order. In addition, the Monitor reviewed details of daily receipts, purchasing and sales/shipments of printers.

2.4.1 The Gandi Group's actual consolidated net cash inflow for the period from January 9, 2010 to January 14, 2010 was $152,000. Below is a table summarizing the budget versus actual cashflow analysis. A summary of the actual receipts and disbursements as compared to the forecasts previously filed by the Monitor is attached as **Appendix F**.

(CDN $000's)

	Projected	Actual	Variance	
Receipts	$ 595	646	51	8.6%
Disbursements	1,052	406	646	61.4%
Net change	(457)	240	697	
Foreign exchange effect		(88)	(88)	
Opening cash	8,585	10,563	1,978	
Ending cash	$ 8,128	10,715	2,587	31.8%

2.4.2 At the end of business on the closing date, Gandi's consolidated cash balance was $10.7 million CDN. Uncleared cheques amounted to $261,000 CDN. The Monitor directed the cash balances net of uncleared cheques totalling $10.5 million CDN, be transferred to the Monitor's trust accounts. As at the date of this Ninth Report, $5.4 million CDN has been transferred to the Monitor's trust accounts. There is approximately $5.1 million CDN in a Wells Fargo Bank, N.A. account that has not yet been transferred to the Monitor's trust account. **Appendix G** presents a summary of the amounts and the sources of the funds held by the Monitor.

2.4.3 There are outstanding payments and commitments to trade suppliers totalling approximately $823,000, unpaid professional fees totalling approximately $320,000, and payroll costs in transit totalling about $112,000. There are no outstanding statutory obligations (Crown or employee obligation) which would rank in priority to SBI or ROI.

2.4.4 In addition to the foregoing, there are outstanding costs associated with GCA Savvian, Dualite, Inc., Langley & Banack and other unbilled professional and legal fees which amount to $1.4 million CDN.

2.4.5 The remaining available funds after deducting these outstanding liabilities are approximately $33.5 million CDN. A summary is included as **Appendix G**.

3. Proposed Distribution to SBI and ROI

3.1 Funds Available for Distribution

3.1.0 The Monitor currently holds significant cash balances in its trust accounts, totaling approximately $36.2 million CDN before reserves and holdbacks, which are available for distribution.

($000's)	USD$	Euro	CDN$	CDN$ Equivalent Total
Source of funds:				
Sale to Agfa	$ 25,111			25,699
Rent Trust Fund Account			194	194
Bank account sweeps on closing				
HSBC	1,314	206	580	2,230
Frost	1,263			1,293
Bank of America	1,643			1,681
Wells Fargo	4,941			5,056
Total funds in Monitor's trust accounts	$ 34,272	$ 206	773	36,153

Exchange rate at closing - $1USD = $ 1.0234 CDN
Exchange rate at closing - $1Euro = $ 1.4855 CDN

3.1.1 The source of the funds currently held by the Monitor and those expected to be received are:

(a) $25.7 million CDN from the sale to Agfa representing the Closing Date Amount as provided for in the Sale Agreement;

(b) Rent Trust Fund Account, $194,000 CDN, held in trust as previously required by the Mississauga landlord but is now available for distribution as that lease has been terminated and all rents have been paid;

(c) Transfer of cash balances, held by Gandi on the Closing Date, of $5.4 million CDN to the Monitor's trust account to date; and

(d) The anticipated transfer of $5.1 million CDN to the Monitor's trust account by Wells Fargo, N.A.

3.2 Indebtedness Due to SBI and ROI

3.2.1 The loan payout statement of SBI, attached as **Appendix H**, shows an amount owing to SBI of $12,254,886.41 CDN. This amount includes accrued interest and transaction charges to January 18, 2010. SBI estimates additional accrued interest and legal fees of $49,000 to the end of business January 28, 2010.

3.2.2 The loan payout statement of ROI, attached as **Appendix I**, shows the estimated amount owing to ROI to January 28, 2010 in the amount of $16,723,724 CDN. This amount includes accrued interest, termination interest, monitoring fees and estimated legal fees to the proposed date of distribution.

3.3 Legal Opinions Related to SBI and ROI's Security

3.3.0 SBI is Gandi's first ranking general secured creditor. SBI's security includes, *inter alia*, the following:

(a) A Security Agreement dated April 9, 2007 by Gandi Canada;

(b) A Guaranty Agreement dated May 29, 2007 by Gandi San Antonio in respect of the obligations owed by Gandi Canada to SBI; and

(c) A Security Agreement dated May 29, 2007 by Gandi San Antonio.

3.3.1 A copy of the security document referenced in subsection (a) above was attached as **Exhibit C** to the Affidavit of Goolsham Alibhal sworn on May 7, 2009. Copies of the security documents referenced in subsections (b) and (c) above are attached as **Appendix J**.

3.3.2 SBI was originally owed approximately $17.0 million CDN plus accrued interest and professional fees. An interim distribution of $4 million CDN was approved by this Honourable Court on August 10, 2009 (the **"SBI Distribution"**).

3.3.3 Prior to distributing, the Gandi Companies and SBI entered into a Reimbursement Agreement dated August 12, 2009 (the **"Reimbursement Agreement"**) pursuant to which, *inter alia*, SBI agreed to repay all or a portion of the SBI Distribution if it is determined by Final Order (as that term is defined therein) that the SBI Distribution or a portion thereof should not have been paid to SBI. A copy of the Reimbursement Agreement is attached as **Appendix K**.

3.3.4 The SBI Distribution was advanced to SBI on August 17, 2009.

3.3.5 The Monitor requested Chaitons LLP to provide a legal opinion on the validity and enforceability of the Canadian security held by SBI. Chaitons LLP has advised the Monitor that, subject to the usual qualifications and assumptions, it is of the opinion that the Security Agreement granted by Gandi Canada in favour of SBI creates a valid security interest in all personal property of Gandi Canada, enforceable against Gandi Canada by SBI and that the security interest in the personal property of Gandi Canada located in the province of Ontario and proceeds thereof was duly perfected by registration under the Ontario *Personal Property Security Act*. A copy of this legal opinion is attached as **Appendix L**.

3.3.6 In addition, the Monitor received an opinion from Vinson & Elkins LLP on the validity and enforceability of the Guaranty Agreement and Security Agreement given by Gandi San Antonio. Vinson & Elkins LLP has advised the Monitor that, subject to the usual qualifications and assumptions, it appears that SBI has a validly perfected security interest in the personal property of Gandi San Antonio located in the U.S. A copy of this opinion is attached as **Appendix M**.

3.3.7 ROI is Gandi's subordinated secured term lender. ROI's security includes, *inter alia*, the following:

(a) A Subordinated Secured Debenture dated May 10, 2007 by Gandi Canada;

(b) A Subordinated Secured Debenture dated May 30, 2007 by Gandi Canada; and

(c) A Subordinated Secured Debenture dated May 22, 2007 issued by Gandi Canada.

3.3.8 Copies of the above security documents were attached as **Exhibits D**, **E** and **F** to the Affidavit of Erle Anderson sworn on May, 5 2009.

3.3.9 The Monitor requested Chaitons LLP to provide a legal opinion on the validity and enforceability of the security held by ROI. Chaitons LLP has advised the Monitor that, subject to the usual qualifications and assumptions, it is of the opinion that the Subordinated Secured Debentures granted by Gandi Canada in favour of ROI create a valid security interest in all personal property of Gandi Canada located in the province of Ontario and proceeds thereof was duly perfected by registration under the Ontario *Personal Property Security Act*. A copy of this opinion is included in **Appendix L**.

3.3.10 ROI's security is primarily restricted to the Canadian assets except for certain US intellectual property security interests.

3.4 Allocation of the Purchase Price

3.4.0 The Sale Agreement distinguishes between a U.S. Purchase Price and a Canadian Purchase Price. Based upon the definitions and calculations contained within the Sale Agreement, and summarized in the following table (denominated in US dollars), the larger portion of the purchase price, before consideration of the foreign subsidiaries, is allocated to Canada.

($000's USD)	**US**	**Canada**	**Total**
Non-contingent consideration			
Base amount	1,000	9,000	10,000
Accounts receivable	1,828	2,797	4,624
Inventory	2,124	4,541	6,665
Total before foreign subsidiaries	4,952	16,337	21,289
Foreign subsidiary receivables	9,678		9,678
Foreign subsidiary inventory	545		545
Non-contingent consideration	15,175	16,337	31,512
Contingent consideration			
Contingent consideration	1,516	2,319	3,835
Foreign subsidiary contingent consideration	8,026		8,026
Total Maximum Purchase Price	24,716	18,656	43,372
Funds on hand	9,161	1,051	10,211
Total gross proceeds and bank balances	33,877	19,707	53,583

The foregoing is estimated based on unaudited internally prepared information available on the closing date and is provided for illustrative purposes.

3.4.1 The weighting of the purchase price in this manner is consistent with Gandi's assets and operations in that the greater part of the operations and assets are held in Canada. Specifically:

(a) Gandi is headquartered in Canada;

(b) All manufacturing activities are performed in Canada;

(c) The manufacturing equipment is located in Canada;

(d) Products are either sold directly to customers from Canada or shipped to the related companies across the world from Canada;

(e) The related companies are dependent on Gandi Canada for its product requirements; and

(f) The related companies essentially act as sales and distribution entities for the products manufactured in Canada.

3.4.2 While there are non-manufacturing assets held by the U.S. entities, including intellectual property, and the accounts receivable are managed in the U.S., we understand this is due to the fact one of the principals resides in the U.S. rather than where the principal assets and business is located.

3.4.3 Accordingly, the Monitor views the weighting of the purchase price as provided for in the Sale Agreement consistent with the proportionate value of Gandi's operations and assets.

3.4.4 Agfa's preliminary purchase price allocation is included as **Appendix N** of this Ninth Report. The calculations are based on the unaudited September 30, 2009 financial statements. Agfa's preliminary purchase price allocation is summarized in the following table.

($000's USD)		US	Canada	Total
Purchase price allocation	$	20,131	27,812	47,942
Allocation as a percentage		42%	58%	100%

3.4.5 The Monitor's comments related to Agfa's purchase price allocation include:

(a) Agfa's weighting of the purchase price is not consistent with the language included in the Sale Agreement;

(b) The allocation is predominately tax driven and does not reflect the location of the assets or principal operations of Gandi; and

(c) The value attributed to the shares of the U.S. Foreign Subsidiaries appears artificial and is due to the forgiveness of the intercompany debt balances. The Sale Agreement attributes $1 as the value of the intercompany debt. The forgiveness of the intercompany debt has the effect of significantly increasing the equity value of the U.S. Foreign Subsidiaries' shares.

3.4.6 The following table presents an analysis of the allocation of the purchase price (converted to Canadian dollars) based on the funds currently held in the Monitor's trust accounts.

($000's CDN)	**US**	**Canada**	**Total**
Base amount	1,023	9,211	10,234
Balance of closing amount	6,495	8,969	15,465
Total closing amount	7,519	18,180	25,699
SBI loan balance	12,304		12,304
Less: cash balances *	10,454		10,454
	1,850	-	1,850
ROI loan balance	-	16,724	16,724
Surplus available for costs and unsecured creditors	5,669	1,456	7,125
Estimated liabilities and other costs (Appendix G)			2,672
Available to unsecured creditors			4,453

* The cash balances represent funds transferred from Gandi's bank accounts on closing and do not represent funds paid by Agfa nor an asset purchased by Agfa. The figure includes funds anticipated to be received from Wells Fargo, N.A. forthwith.

4. Summary and Recommendations

4.1.0 SBI appears to have a perfected a first ranking security interest in Gandi Canada's Canadian and U.S. assets (including the cash balances), while ROI appears to have a perfected a second ranking security interest in Gandi Canada's Canadian assets.

4.1.1 The cash balances collected by the Monitor on the closing date and the sale proceeds from the U.S. assets are sufficient to satisfy the claims of SBI in full. The sale proceeds from the Canadian assets are sufficient to satisfy the claims of ROI in full. Payment of these secured claims will stop interest from accruing thereon, which will be of benefit to the unsecured creditors. Once SBI and ROI are paid, there will be a sufficient surplus to satisfy outstanding amounts owing for trade suppliers, professional fees and payroll costs as described in Section 2.4.3.

4.1.2 Accordingly, the Monitor recommends this Honourable Court grant an Order authorizing distributions of $12,273,879.21 and $16,723,724 to SBI and ROI, respectively, plus any additional accrued and unpaid interest and reasonable legal fees incurred to the actual date of payment, subject to SBI and ROI entering into a reimbursement agreement acceptable to the Monitor.

All of which is respectfully submitted this 22nd day of January, 2010.

BDO CANADA LIMITED
Monitor in the CCAA proceeding of
Gandi Innovations Limited,
Gandi Innovations Holdings LLC,
Gandi Innovations LLC,
Gandi Innovations Hold Co., and
Gandi Special Holdings LLC
Per:

Blair F. Davidson, CA•CIRP, CBV, CMC
President