

**SUPPLEMENTAL REPORT OF DOYLE SALEWSKI INC.
INTERIM RECEIVER AND PROPOSAL TRUSTEE
January 11, 2005**

I. Purpose

1. The purpose of this supplemental report of Doyle Salewski Inc., proposal trustee and interim receiver (the "Interim Receiver or the "Proposal Trustee") of North American Printing ("NAP") is to provide the court with the decision rendered by the Honourable Robert S. Montgomery, Q.C. "(the "Arbitrator") on January 5, 2005 (the "Arbitration Decision"), which was released to NAP on January 10, 2005. A copy of the decision of the Arbitrator is included as **Exhibit "A"** in the Affidavit of Michael J.B. Somerville sworn January 11, 2005.

II. The Arbitrator's Decision

2. As set out in paragraph 14 of the second report of Interim Receiver and Proposal Trustee dated January 10, 2005, filed, it was noted that NAP anticipated a significant damages award which, coupled with the identification of a strategic partner, was to assist in the development of a refinancing and restructuring plan for the benefit of its creditors. Management of NAP remains confident that a strategic partner will be identified.

3. In his decision, the Arbitrator dismisses the claim/action of NAP as against HRB. Based on our review of the arbitration decision, January 5, 2005 and discussions with NAP Counsel, Bennett Jones LLP, we are of the understanding that the effect is:

- i) NAP has no potential of recovery from HRB;
- ii) NAP is responsible for HRB's costs in the matter, which include ADR chamber charges.

4. We estimate that the effect on the potential Proposal of NAP is to increase the pool of unsecured claims by the estimated amount of the costs of HRB in the above noted action. There is no effect on the realizations forthcoming to unsecured creditors based on this decision, save and except that the potential for recovery from HRB has been denied.

III. Future Realizations under a Proposal

5. As set out in our First and Second Reports, NAP has retained Round Oak Management Ltd. and DGHP & Associates as advisors in respect of a marketing process.

6. Management, with our assistance, has prepared an Estimated Net Value of Assets on Sale or Liquidation as at January 11, 2005 (the "Estimated Net Value of Assets"). Attached as Appendix "T" to the Supplemental Report is the Estimated Net Value of Assets.

7. Management of NAP estimate that under a Proposal scenario that assets would realize approximately \$3,332,000 versus a liquidation scenario wherein only \$2,175,000 would be realized.

8. Accordingly, management of NAP is projecting a benefit to the unsecured creditors of \$1,157,000 in selling the assets as a going concern versus a liquidation scenario.

9. Further, management of NAP advise that 1508925 Ontario Limited (the "Parent Company"), who is owed an estimated \$2,102,000 (unsecured) may choose to subrogate their claim in the event a successful Proposal is approved by unsecured creditors and the Court. This would clearly enhance realizations to other unsecured creditors.

10. It is accordingly noted on the schedule that under a Proposal scenario, with a deferral of the claim of 1508925 Ontario Limited, that unsecured creditors may receive an estimated \$1,380,000 yielding a return of 72.5% (A) of their proven claims.

11. Should the parent company choose not to defer its claim, estimated realization to the unsecured creditors would be reduced to 34.5% (B).

12. Under a liquidation scenario, management of NAP has projected a return of \$223,000 to unsecured creditors representing a distribution of 5.6% (C).

13. We are familiar with the financial information of NAP, but we have only been given a short time with which to review the information enclosed in the attached schedule.

14. Presently we are not aware of any material item which would cause us to reject or not accept these representations.

IV. Conclusion

15. Notwithstanding the decision of the Arbitrator as aforementioned, the Interim Receiver and Proposal Trustee maintains its recommendation to this Honourable Court that NAP should be granted an extension as set out in our Second Report.

NAP has made considerable progress with its financial advisors and is proceeding diligently towards identifying a purchaser/investor/strategic partner.

All of which is respectfully submitted on this 11th day of January, 2005.

DOYLE SALEWSKI INC.

**In its capacity as Interim Receiver and Proposal Trustee
of North American Printing Inc.,
and not in its personal capacity.**

A handwritten signature in black ink, appearing to read "Brian P. Doyle", written in a cursive style.

**Brian P. Doyle, CA•CIRP
President**