

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
HEAVEN FRESH CANADA INC.
OF THE CITY OF MISSISSAUGA,
IN THE PROVINCE OF ONTARIO

SECOND REPORT TO THE COURT
SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
HEAVEN FRESH CANADA INC.

OCTOBER 3, 2017

INTRODUCTION

1. On July 21, 2017, Heaven Fresh Canada Inc. (“**HFC**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. was named as proposal trustee (the “**Proposal Trustee**”) of HFC. A copy of the NOI is attached hereto and marked as **Exhibit “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on July 25, 2017 to HFC’s known creditors. A copy of such notice is attached hereto and marked **Exhibit “B”**.
3. The primary purpose of these proceedings is to provide stability to HFC’s business while HFC, with the assistance of the Proposal Trustee, facilitates the marketing and sale of

HFC's business assets and undertakings, and works on formulating and presenting a viable proposal to its creditors.

4. On July 31, 2017, the Trustee filed its first report ("**First Report**") with the Ontario Superior Court of Justice (the "**Court**") in connection with and in support of a motion by the Company to approve a marketing and sale process and authorizing the borrowing of interim financing and providing a priority charge in priority for such financing.
5. On August 4, 2017, The Honourable Justice Mesbur ordered (the "**August 4th Order**") the following, *inter alia*:
 - (a) The extension of time to file a Proposal with the Official Receiver to October 4, 2017;
 - (b) Approving an interim financing facility limited to \$100,000 and a charge (the "**DIP Lender's Charge**") on the Company's assets, property and undertaking (collectively the "**Assets**") in favour of Danby Products Limited ("**Danby**"); and
 - (c) Approving the Sale and Investor Solicitation Process (the "**SISP**").
6. Information regarding the proceedings has been posted to the Proposal Trustee's website at <http://mnpdebt.ca/en/corporate/Engagements/heaven-fresh-canada-inc>.

PURPOSE OF THIS REPORT

7. The purpose of this Report is to:
 - (a) Provide information to the Court with respect to the administration of HFC's proposal proceedings, including:
 - i. report on HFC's cash flows for the period July 17, 2017 to September 29, 2017 and to compare such actual results to HFC's forecast for the same time frame;
 - ii. the Proposal Trustee's observations in respect of HFC's Updated Cash Flow Forecast (as such term is later defined below);
 - iii. provide an update on the status of the SISP; and

- iv. provide information in respect of the Company's request for an extension of time to file a Proposal.
 - b) Provide the Court with the Proposal Trustee's recommendation for an Order, *inter alia*:
 - i. extending the time for filing a proposal to October 25, 2017; and
 - ii. approving the activities of the Proposal Trustee as set out in this Report.
- 8. Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of information provided by the Company or any third party in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of Chartered Professional Accountants Canada.
- 9. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this Report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions provided by HFC's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

SALES AND INVESTOR SOLICITATION PROCESS UPDATE

- 10. HFC, with the assistance of the Proposal Trustee, has completed the initial steps of the SISP aimed at soliciting qualifying offers.

11. The HFC teaser document was circulated to forty-one (41) potential interested parties as identified by the Company and industry research completed by the Proposal Trustee, which distribution included several auction companies.
12. The SISP was advertised in *The Globe and Mail* (National Edition) on August 18, 2017.
13. The Proposal Trustee received 14 fully executed Confidentiality and Non-Disclosure Agreements from interested parties requesting access to the data room containing all available documents relevant to the SISP.
14. The SISP required that within five (5) business days of the September 13, 2017 offer deadline (the “**Offer Deadline**”), the Company shall, in consultation with the Proposal Trustee, determine the highest and best offer with respect to the Assets, at which point the Company shall proceed to enter into a definitive agreement of purchase and sale in connection therewith.
15. The Proposal Trustee repeatedly followed up with HFC’s representatives after the Offer Deadline to obtain HFC’s instructions with regards to whether it elected to accept a Qualifying Offer. HFC advises the Proposal Trustee that the delay in providing instructions was attributable to the Company’s officers and directors experiencing difficulties finding time to communicate internally and decide upon next steps, particularly given the heavy travel schedule of one of the directors.
16. On September 27, 2017, the Company provided the Proposal Trustee with their acceptable terms to complete a sale and instructed the Proposal Trustee to enter negotiations with the chosen Qualifying Bidder. The Proposal Trustee commenced those negotiations on September 28, 2017, which negotiations remain ongoing.
17. Due to the Company’s failure to enter into negotiations with the Qualifying Bidders in a timely fashion, it is not possible to achieve an acceptable agreement and seek this Court’s approval prior to the expiration of the stay on October 4, 2017.

THE COMPANIES' REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL

18. HFC remains of the view that carrying out the SISP may maximize value for its stakeholders.
19. HFC is requesting an extension of time to file its proposal to October 25, 2017 for the following reasons:
 - (a) To allow for the completion of the SISP with the view of:
 - (i) Continuing negotiating with the chosen Qualifying Bidder;
 - (ii) completing the SISP provided an acceptable agreement can be reached with the chosen Qualifying Bidder; and
 - (b) The period within which HFC has to file a proposal under s.50.4(9) will expire on Wednesday, October 4, 2017.
20. In addition, the Proposal Trustee supports the Company's request for an extension and has also considered:
 - (a) that the extension should not materially adversely affect or prejudice creditors as the Company is projected to have sufficient funds to pay for most of its goods and services during the period of the extension¹;
 - (b) that extension may result in HFC negotiating and completing a sale that is more beneficial to the creditors than a sale or disposition under a bankruptcy; and
 - (c) the period of the extension is limited to three weeks, which should provide the Company sufficient time to complete the SISP. This would involve the Company concluding negotiations with the chosen Qualified Bidder, entering into a definitive

¹ The Company will, in addition to having to fully utilize the Loan, be required to collect accounts receivable in order to satisfy its obligations.

agreement (if the parties reach an agreement), and provided an agreement is reached, seeking Court approval and closing the transaction.

CASH FLOW PROJECTION

21. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement, dated July 19, 2017, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Company (the “**Cash Flow Projection**”). A copy of the Cash Flow Projection, and related reports, is attached hereto as **Exhibit “C”**.
22. The Proposal Trustee has implemented procedures for monitoring the Company’s receipts and disbursements in order to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projection.
23. On October 2, 2017, the Company provided the Proposal Trustee with information related to its actual cash flows up to the week ending September 29, 2017. Based on this information, the Company has had a favourable variance of \$78,180, which is comprised of the following:

Description	Amount
Unfavourable Variance in Sales/Collection of Accounts Receivable	-\$58,842
Permanent Favourable Variances – Lower than projected disbursements for inventory, advertising, commissions and business software and license expenses	53,150
Favourable Timing Differences – Deferred expenses for professional fees, subcontracting expenses, and warehousing/logistics (the “ Deferred Expenses ”)	76,041
Other minor variances	7,831
Net Favourable Variance	\$78,180

24. Based on the information supplied, HFC’s actual cash receipts were significantly below expectations. The Company has attributed this variance to:

- (i) inability to access funds in the Company's RBC operating account due to a freeze placed on the account; and
 - (ii) a continued lack of inventory available to it to support the projected sales levels.
- 25. In addition, there were delays in the advancing of funds under the DIP facility relating to:
 - (i) a delay by the Company in opening a new post-filing bank account where the DIP funds could be deposited;
 - (ii) the inability of the Proposal Trustee to comment to Danby as to the appropriateness of certain expenditures contemplated to be paid by the Company under the DIP facility due to the lack of support for the DIP advance being provided after multiple requests to the Company from the Proposal Trustee; and
 - (iii) an apparent lack of understanding by the Company that all pre-filing payables were stayed and only post filing expenses could be paid utilizing the DIP proceeds.
- 26. HFC no longer has any active employees and no longer operates out of its own separate premises. The Cash Flow Projection contemplated that it would utilize the DIP Loan to make \$40,250 in inventory purchases to support the projected sales volumes. These purchases did not materialize.
- 27. On September 13, 2017, Danby, with the support of the Proposal Trustee, advanced \$5,000 under the DIP facility to allow the Company to pay its insurance premium and other critical suppliers that were indicating they would cancel services to the Company if they did not receive payment for post filing amounts that were past due. Notwithstanding the Proposal Trustee's advice that the Company only pay post-NOI obligations, the Company's disbursements to these vendors included services supplied prior to the NOI filing. The payments of pre-filing debts are not material.

28. As at September 29, 2017, the Company had \$95,000 available under its DIP facility and \$6,564 in its bank accounts to satisfy payment of the Deferred Expenses. The Company has under \$10,000 in accounts receivable.
29. HFC has further amended its cash flow projections to cover up to the period ending October 27, 2017 (the “**Updated Cash Flow Forecast**”), a copy of which is attached as **Exhibit “D”** to this Report. The purpose of this amendment is to extend the projections beyond October 4, 2017; the current deadline HFC must file its proposal. Based on the Updated Cash Flow Forecast, the Company will not have the means of fully satisfying its post-NOI obligations; albeit most of which have already been incurred. Based on the Updated Cash Flow Forecast, the Company’s receipts are approximately \$7,000 lower than the forecasted disbursements.

RECOMMENDATIONS

30. For the reasons set-out above, the Proposal Trustee respectfully recommends that this Court make an order granting the relief detailed in paragraph 7 of this Report.

All of which is respectfully submitted on this 3rd day of October 2017.

MNP LTD.,
in its capacity as Trustee under
the Notice of Intention to Make a Proposal of
Heaven Fresh Canada Inc.
Per:



Sheldon Title, CPA, CA, CIRP, LIT
Senior Vice President

Exhibit "A"

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

Take notice that:

1. We, Heaven Fresh Canada Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



Heaven Fresh Canada Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Ontario
 Division No. 09 - Mississauga
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Heaven Fresh Canada Inc.
 of the City of Mississauga
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alive Pro	126 Upper Post Rd Vaughan ON L6A 4J9		22,374.79
Allseen Alliance	Box 743461, LosAngeles CA 90074-3461		5,284.56
BDC	4310 Sherwoodtowne Blvd. # 100 Mississauga ON L4Z 4C4	36213	223,434.00
Commerce Hub	23736 Network Place Chicago IL 60673-1257		536.38
Danby	5070 Whitelaw Rd \Box 1778 Guelph ON N1H 6Z9		108,475.13
Delmar	6399 Cantay Rd Mississauga ON L5R 0G4	8593240RM0001	251.20
DHL	18 Parkshore Dr Brampton ON L6T 5M1	287394	1,290.57
Future Mgmt	176-4-5694 Hwy 7 E Markham ON L3P 1B4		919.46
Glory Plaza	1759 Halifax St Regina SK S4P 1T2		36,000.00
Greatest Dragon	8 Java Road, North point, HONG KONG,		245,542.57
Huron	4311 Village Ctr Court Suite 201 Mississauga ON L4Z 1S2		1,163.90
Imran Bashir	303 Pinetree Way Mississauga ON L5B 2R4		2,949.00
Indoor Purification Systems	334 N. Marshall Way, Suite C Layton UT 84041		189,869.89
Javaid Khan	124 Mountainberry Rd Brampton ON L6R 2L7		21,834.00
Lodestar	1155 Appleby Line Unit E4 Burlington ON L7H 5H9		570.40

District of: Ontario
 Division No. 09 - Mississauga
 Court No.
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- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Heaven Fresh Canada Inc.
 of the City of Mississauga
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Master Card	Box 4016, Stn A Toronto ON M5W 2E6	(2) 6456 and 6464	4,566.91
RBC CANADA	25 Milverton Drive Mississauga ON L5R 3G2	10184	14,019.66
RBC Line of Credit	36 York Mills Rd 4th Floor Toronto ON M2P 0A4	677399320001	100,000.00
Seyed Miri	3555 Don Mills Road, Unit 18-107 Toronto ON M3M 1H6		20,000.00
Shanghai Neo Tec	4501 Hu Qing Ping Highway, Hong Cheng Zone Shanghai, China		17,075.76
Siber Circuits	145 Riviera Dr, Units 2, 3, 4 Markham ON L3R 5J6		1,084.80
Softech Systems	955 L phase 3 Johar Town Lahore, Pakistan 54770		24,731.74
T D Canada Trust	1900 Ellesmere Scarborough ON M1H 2V6	0239-5211274	9,874.02
Tariq Malik	2067 Eringate Blvd 2067 Eringate Blvd Pickering ON L1V 2V4		6,000.00
Thinking Capital	4200 Blvd Dorchester Montreal QC H3Z 1V4		82,013.95
Visa 1842	Box 4016, Stn A Toronto ON M5W 2E6	2(1842) 8163)	14,066.50
Visa 1867	Box 4016, Stn A Toronto ON M5W 2E6	2(1867)(8148)	3,913.01
Wells Fargo	Box 6782 Stn A, Toronto ON M5W 1X5	5478-0203-0393-2883	39,966.38
Wires Law	1600-2300 Yonge St Toronto ON M4P 1E4		826.84

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xiaoqing Sheng	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Zhaohui Tang	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Total			1,217,277.42



Heaven Fresh Canada Inc.
Insolvent Person

Exhibit "B"

July 25, 2017

To the Creditors of Heaven Fresh Canada Inc. ("**HFC**" or the "**Company**")

Please take notice that on July 21, 2017, HFC filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* ("**BIA**"). Please find enclosed the following:

1. The NOI, filed on July 21, 2017;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims;
3. The consent of the Trustee to act in these matters; and
4. The Certificate of Filing.

Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a proposal to creditors.

Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of July 21, 2017;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.

All documents relating to this Estate are located on our website, which will be updated throughout the administration of this Estate. The website address is

<http://mnpdebt.ca/en/corporate/Engagements/heaven-fresh-canada-inc>

There is no need for any creditor to file a Proof of Claim at this time. If you have any questions concerning the foregoing or require any additional information please contact Echa Odeh at 416-515-5066 or by email at Echa.Odeh@mnp.ca.

Yours truly,

MNP LTD.
Trustee acting in re: the Proposal of
Heaven Fresh Canada Inc.
Per:



Sheldon Title, CPA, CA, CIRP, LIT

Encl.

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

Take notice that:

1. We, Heaven Fresh Canada Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



Heaven Fresh Canada Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Ontario
 Division No. 09 - Mississauga
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Heaven Fresh Canada Inc.
 of the City of Mississauga
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alive Pro	126 Upper Post Rd Vaughan ON L6A 4J9		22,374.79
Allseen Alliance	Box 743461, LosAngeles CA 90074-3461		5,284.56
BDC	4310 Sherwoodtowne Blvd. # 100 Mississauga ON L4Z 4C4	36213	223,434.00
Commerce Hub	23736 Network Place Chicago IL 60673-1257		536.38
Danby	5070 Whitelaw Rd \Box 1778 Guelph ON N1H 6Z9		108,475.13
Delmar	6399 Cantay Rd Mississauga ON L5R 0G4	8593240RM0001	251.20
DHL	18 Parkshore Dr Brampton ON L6T 5M1	287394	1,290.57
Future Mgmt	176-4-5694 Hwy 7 E Markham ON L3P 1B4		919.46
Glory Plaza	1759 Halifax St Regina SK S4P 1T2		36,000.00
Greatest Dragon	8 Java Road, North point, HONG KONG,		245,542.57
Huron	4311 Village Ctr Court Suite 201 Mississauga ON L4Z 1S2		1,163.90
Imran Bashir	303 Pinetree Way Mississauga ON L5B 2R4		2,949.00
Indoor Purification Systems	334 N. Marshall Way, Suite C Layton UT 84041		189,869.89
Javaid Khan	124 Mountainberry Rd Brampton ON L6R 2L7		21,834.00
Lodestar	1155 Appleby Line Unit E4 Burlington ON L7H 5H9		570.40

District of: Ontario
 Division No. 09 - Mississauga
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Heaven Fresh Canada Inc.
 of the City of Mississauga
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Master Card	Box 4016, Stn A Toronto ON M5W 2E6	(2) 6456 and 6464	4,566.91
RBC CANADA	25 Milverton Drive Mississauga ON L5R 3G2	10184	14,019.66
RBC Line of Credit	36 York Mills Rd 4th Floor Toronto ON M2P 0A4	677399320001	100,000.00
Seyed Miri	3555 Don Mills Road, Unit 18-107 Toronto ON M3M 1H6		20,000.00
Shanghai Neo Tec	4501 Hu Qing Ping Highway, Hong Cheng Zone Shanghai, China		17,075.76
Siber Circuits	145 Riviera Dr, Units 2, 3, 4 Markham ON L3R 5J6		1,084.80
Softech Systems	955 L phase 3 Johar Town Lahore, Pakistan 54770		24,731.74
T D Canada Trust	1900 Ellesmere Scarborough ON M1H 2V6	0239-5211274	9,874.02
Tariq Malik	2067 Eringate Blvd 2067 Eringate Blvd Pickering ON L1V 2V4		6,000.00
Thinking Capital	4200 Blvd Dorchester Montreal QC H3Z 1V4		82,013.95
Visa 1842	Box 4016, Stn A Toronto ON M5W 2E6	2(1842) 8163)	14,066.50
Visa 1867	Box 4016, Stn A Toronto ON M5W 2E6	2(1867)(8148)	3,913.01
Wells Fargo	Box 6782 Stn A, Toronto ON M5W 1X5	5478-0203-0393-2883	39,966.38
Wires Law	1600-2300 Yonge St Toronto ON M4P 1E4		826.84

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xiaoqing Sheng	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Zhaohui Tang	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Total			1,217,277.42



Heaven Fresh Canada Inc.
Insolvent Person

- Proposal Consent -

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Heaven Fresh Canada Inc..

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee



300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Mississauga
Court No. 32-2274873
Estate No. 32-2274873

In the Matter of the Notice of Intention to make a
proposal of:

Heaven Fresh Canada Inc.
Insolvent Person

MNP LTD / MNP LTÉE
Licensed Insolvency Trustee

Date of the Notice of Intention: July 21, 2017

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 21, 2017, 10:23

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

Canada

Exhibit "C"

In the Matter of the Proposal of
Heaven Fresh Canada Inc.
Statement of Projected Weekly Cash Flow for the 13 weeks ended October 6, 2017
in Canadian \$

Week Ending	21-Jul-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17	Total
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
Receipts														
Cash Sales	1,500	1,500	1,500	1,750	1,750	1,750	1,750	1,800	1,800	1,800	1,800	1,800	750	21,250
AR Collections	3,000	3,000	3,000	5,181	5,181	5,181	5,181	7,005	7,005	7,005	7,005	7,005	10,456	75,206
Total Receipts	4,500	4,500	4,500	6,931	6,931	6,931	6,931	8,805	8,805	8,805	8,805	8,805	11,206	85,250
Disbursements														
Inventory Purchases	-	7,500	-	-	-	14,700	-	-	-	18,050	-	-	-	40,250
Advertising and promotion	500	500	500	500	500	500	500	500	500	500	500	500	500	6,500
Business software, licenses and memberships	800	-	-	800	800	-	-	800	800	-	-	-	800	3,200
Commissions	1,500	-	-	1,500	1,500	-	-	2,000	2,000	-	-	-	-	5,000
Credit card charges	2,000	-	-	2,000	2,000	-	-	2,000	2,000	-	-	-	-	6,000
Insurance	-	-	1,089	-	-	-	1,089	-	-	-	-	1,089	-	3,267
Warehousing/Shipping & Freight / Fulfillment	-	10,000	-	-	-	10,000	-	-	-	-	10,000	-	-	30,000
Professional Fees	-	-	17,500	-	-	-	23,333	-	-	-	-	23,333	-	64,166
Sub-contractors	-	-	6,000	-	-	-	6,000	-	-	-	-	6,000	-	18,000
Telecommunications	-	800	-	-	-	800	-	-	-	-	800	-	-	2,400
Total Disbursements	4,800	18,800	25,089	500	4,800	26,000	30,922	500	5,300	18,550	11,300	30,922	1,300	178,783
Net Cash Flow	(300)	(14,300)	(20,589)	6,431	2,131	(19,069)	(23,991)	8,305	3,505	(9,745)	(2,495)	(22,117)	9,906	(82,327)
Cash, Opening	(1,500)	(1,800)	(16,100)	(36,689)	(30,258)	(28,126)	(47,195)	(71,186)	(62,881)	(59,376)	(69,121)	(71,616)	(93,733)	(1,500)
Cash, Closing	(1,800)	(16,100)	(36,689)	(30,258)	(28,126)	(47,195)	(71,186)	(62,881)	(59,376)	(69,121)	(71,616)	(93,733)	(83,827)	(93,733)

This statement of projected cash flow is prepared by the debtor in accordance with s. 50(6)(a) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash Flow

MNP Ltd.
acting in re: the Proposal of Heaven Fresh Canada Inc.

Heaven Fresh Canada Inc.

Per: 
Sheldon-Frile

Matthew Lewis, LIT
Senior Vice President

Per: 
Imran Bashir

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

The attached statement of projected cash flow of Heaven Fresh Canada Inc., as of the 19th day of July 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 13, 2017, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee

Per:



Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

Matthew
Lew

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 13 weeks ended October 13, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions

- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee

Per:



*Matthew
Lew*

Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

The Management of Heaven Fresh Canada Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 19th day of July 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 13, 2017.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



Heaven Fresh Canada Inc.
Debtor

IMRAN BASHIR / DIRECTOR

Name and title of signing officer

Name and title of signing officer

District of: Ontario
Division No. 09 - Mississauga
Court No.
Estate No.

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 13 weeks ended October 13, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions


Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions

- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

A handwritten signature in black ink, appearing to be 'S. P. ...', written over a horizontal line.

Heaven Fresh Canada Inc.

Exhibit "D"

In the Matter of the Proposal of
Heaven Fresh Canada Inc.
Statement of Projected Weekly Cash Flow for the 14 weeks ended October 27, 2017
In Canadian \$ 000's

Week Ending	Actual Week 1	Actual Week 2	Actual Week 3	Actual Week 4	Actual Week 5	Actual Week 6	Actual Week 7	Actual Week 8	Actual Week 9	Actual Week 10	Forecast Week 11	Forecast Week 12	Forecast Week 13	Forecast Week 14	Total
Receipts															
DIP Proceeds	415	1	483	29	127	600	746	5,000	193	231	95,000	500	500	500	100,000
Cash Sales	51	148	-	557	314	1,495	2,207	1,186	1,351	1,401	2,000	2,000	2,000	2,000	5,891
AR Collections	466	149	483	586	441	2,096	2,953	7,253	1,544	1,632	97,500	2,500	2,500	2,500	16,711
Total Receipts															122,603
Disbursements															
Inventory Purchases															
Advertising and promotion															
Business software, licenses, telephone and memberships															
Commissions															
Credit card / Interest Expenses / Bank Charges															
Insurance	112	163		0		6	6	23	917	181	50	100	50	100	1,707
Warehousing/Shipping & Freight / Fulfillment								2,229		1,089					4,377
Other/Loan	156			1,600											10,400
Sub-contractors (Payroll & Occupancy cost)									5,152						10,227
Accounting/Bookkeeping/Legal Fees									300	702	76,000	100	25,000	500	102,000
Total Disbursements	268	163	-	1,600	-	6	6	2,422	6,869	1,972	76,350	100	25,350	16,734	131,840
Net Cash Flow	198	(14)	483	(1,014)	441	2,090	2,947	4,832	(5,325)	(340)	21,150	2,400	(22,850)	(14,234)	(9,237)
Cash, Opening	2,267	2,465	2,452	2,934	1,920	2,361	4,451	7,398	12,229	6,904	6,564	27,714	30,114	7,264	2,267
Cash, Closing	2,465	2,452	2,934	1,920	2,361	4,451	7,398	12,229	6,904	6,564	27,714	30,114	7,264	(6,970)	(6,970)

This statement of projected cash flow is prepared by the debtor in accordance with s. 50(6)(a) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash Flow Statement.

MNP Ltd.
acting in re: the Proposal of Heaven Fresh Canada Inc.

Heaven Fresh Canada Inc.

Per: 
Sheldon Title

Per: 
Kamal Ahluwalia

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-2274873
Estate No. 32-2274873

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

The attached statement of projected cash flow of Heaven Fresh Canada Inc., as of the 3rd day of October 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 27, 2017, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of October 2017.

MNP LTD. - Licensed Insolvency Trustee

Per:



Sheldon Title - Licensed Insolvency Trustee
300 - 111 Richmond Street West
Toronto ON M5H 2G4
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-2274873
Estate No. 32-2274873

**_FORM 29_ - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

**In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario**

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 4 weeks ended October 27, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions

- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of October 2017.

MNP LTD. - Licensed Insolvency Trustee

Per:



Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-2274873
Estate No. 32-2274873

FORM 30
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

The Management of Heaven Fresh Canada Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 3rd day of October 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 27, 2017.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of October 2017.



Heaven Fresh Canada Inc.
Debtor

MOHAMMAD KAMAL ANKAR, COO
Name and title of signing officer

Name and title of signing officer

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-2274873
Estate No. 32-2274873

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Heaven Fresh Canada Inc.
of the City of Mississauga
in the Province of Ontario

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 4 weeks ended October 27, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions

- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of October 2017.



Heaven Fresh Canada Inc.