

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

**MOTION RECORD**

(Sale and Vesting Order, returnable Thursday, January 9, 2014)

**LIPMAN, ZENER & WAXMAN LLP**

Barristers and Solicitors  
1220 Eglinton Avenue West  
Toronto, Ontario M6C 2E3

**JASON D. SPETTER (LSUC No. 46105S)**

**ANTHONY J. O'BRIEN (LSUC No. 27440E)**

Tel: (416) 789-0652

Fax: (416) 789-9015

Emails: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com); [tobrien@lzwlaw.com](mailto:tobrien@lzwlaw.com)

Lawyers for the Receiver

**TO:**

**CHAITONS LLP**

5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario M2N 7E9

**GEORGE BENCHETRIT**

Tel: 416-218-1141

Fax: 416-218-1841

Email: [george@chaitons.com](mailto:george@chaitons.com)

Lawyers for 8527504 Canada Inc.

**AND TO: WIRES JOLLEY LLP**  
90 Adelaide Street West, Suite 200  
Toronto, Ontario M5H 3V9

**DAVID E. WIRES**  
Tel: 416-366-4006  
Fax: 416-366-0002  
Email: [dewires@wiresjolleyllp.com](mailto:dewires@wiresjolleyllp.com)

Lawyers for Liquibrands Inc.

**AND TO: SUN PAC FOODS LIMITED**  
10 Sun Pac Boulevard  
Brampton, Ontario L6S 4R5

**CSABA REIDER**  
Email: [creider@sunpac.com](mailto:creider@sunpac.com)

**AND TO: MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
Toronto, Ontario M5H 3S1

**E. PETER AUVINEN**  
Tel: 416-595-8162  
Fax: 416-595-8695  
Email: [pauvinen@millერთhompson.com](mailto:pauvinen@millერთhompson.com)

Lawyers for Lamican Oy

**AND TO: MENKES GTA INDUSTRIAL HOLDINGS INC.**  
4711 Yonge Street, Suite 1400  
Toronto, Ontario M2N 7E4

**CLIFF MOSS**  
Tel: 416-491-2222  
Email: [cliff.moss@menkes.com](mailto:cliff.moss@menkes.com)

**AND TO: MINISTRY OF FINANCE**  
Legal Services Branch  
33 King Street West  
P.O. Box 627  
Oshawa, Ontario L1H 8H5

**KEVIN O'HARA**  
Tel: (905) 433-6934  
Fax: (905) 436-4510  
E-mail: [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca)

**AND TO: DEPARTMENT OF JUSTICE**  
Ontario Regional Office  
The Exchange Tower  
130 King Street West, Suite 3400  
Toronto, Ontario M5X 1K6

**DIANE WINTERS**  
Tel: (416) 973-3172  
Fax: (416) 973-0810  
E-mail: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

**AND TO: THIS HONOURABLE COURT**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

**INDEX**

<b>DOCUMENT</b>	<b>TAB</b>
Notice of Motion returnable Thursday, January 9, 2014	1
First Report of the Receiver dated January 3, 2014	2
<u>Exhibit "A"</u> Receivership Order	A
<u>Exhibit "B"</u> Confidential Information Memorandum	B
<u>Exhibit "C"</u> Summary of Receipts and Disbursements	C
Draft Order	3

**CONFIDENTIAL SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER  
(NOT ATTACHED)**

<u>Exhibit "A"</u> Sabito Appraisal	A
<u>Exhibit "B"</u> Century Services Appraisal	B
<u>Exhibit "C"</u> Danbury Appraisal	C
<u>Exhibit "D"</u> Summary of Offers Received	D
<u>Exhibit "E"</u> Maynards Offer	E
<u>Exhibit "F"</u> Corporate Assets Offer	F
<u>Exhibit "G"</u> Asset Services Offer	G
<u>Exhibit "H"</u> Leob Winternitz Industrial Offer	H
<u>Exhibit "I"</u> Infinity Asset Solutions Offer	I
<u>Exhibit "J"</u> Hilco Offer	J
<u>Exhibit "K"</u> Danbury Offer	K
<u>Exhibit "L"</u> McDowell Business and Others Offers	L
<u>Exhibit "M"</u> Liquidation Agreement	M
<u>Exhibit "N"</u> Instrument of Transfer	N

# TAB 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**B E T W E E N:**

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

**NOTICE OF MOTION**

BDO CANADA LIMITED ("BDO" or the "Receiver"), in its capacity as receiver of the assets, undertakings and properties of Sun Pac Foods Limited (the "Debtor") will make a Motion before a Judge to be heard on **Thursday January 9, 2014**, at 10:00 a.m. or as soon after that time as the Motion can be heard at the Court House, 330 University Avenue, Toronto, Ontario, M5G 1E6.

**PROPOSED METHOD FOR HEARING:** The Motion is to be heard orally.

**THE MOTION IS FOR:**

1. If necessary, an Order abridging the time for service and validating service of this Notice of Motion and Motion Record in the manner effected by the Receiver and an Order dispensing with service thereof of any party other than the parties served;

2. an Order approving the First Report of the Receiver and the actions of the Receiver described therein;
3. an Order sealing the Confidential Supplement to the First Report including all Exhibits annexed thereto; and
4. such further and other relief as to the Receiver may request and this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

Background

1. By Order of the Honourable Madam Justice Mesbur dated November 12, 2013 (the "Receivership Order"), BDO was appointed as the receiver of all of the assets, undertakings and properties acquired for and used in relation to a business carried on by the Debtor including all proceeds thereof with authority limited to the provisions of the Receivership Order.
2. The largest secured creditor of the Debtor is 8527504 Canada Inc. ("852"). 852 was owed approximately \$3,100,000.00 as at the date of the Receivership Order. Menkes GTA Industrial Holdings Inc. ("Menkes") and Liquibrands Inc. ("Liquibrands") appear to be the other secured creditors of the Debtor. Menkes is owed approximately \$447,491.00 and Liquibrands is owed approximately \$2,700,000.00.
3. Following the granting of the Receivership Order, the Receiver took possession and secured the Debtor's property.
4. The Receiver initiated a sales and marketing process to invite offers to purchase the assets and tax losses of the Debtor (the "Assets") on an en bloc or on a



specific asset parcel basis. Offers were to be submitted by 5:00 p.m. on December 19, 2013 (“Offer Deadline”).

5. The Receiver received seven liquidation proposals by the Offer Deadline. No going concern offers were received.
6. Upon reviewing and assessing the liquidation proposals, the Receiver determined that the liquidation offer made by Maynards Industries Inc. (“Maynards”) to be the best offer received. The Receiver and Maynards have entered into a liquidation agreement which is subject to approval from this Honourable Court.
7. Such further and other relief as counsel may advise and this Honorable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion: *(list all affidavits or other documentary evidence to be relied on).*

1. The First Report of the Receiver dated January 3, 2014, and exhibits attached thereto.
2. The Confidential Supplement to the First Report of the Receiver dated January 3, 2014.
3. Such further and other material as counsel may produce and this Honorable Court may permit

DATED: January 3, 2014

**LIPMAN, ZENER & WAXMAN LLP**  
Barristers & Solicitors  
1220 Eglinton Avenue West  
Toronto, Ontario  
M6C 2E3

**JASON D. SPETTER**  
Law Society Registration No. 46105S

**ANTHONY J. O'BRIEN**  
Law Society Registration No. 27440E

Tel: (416) 789-0652  
Fax: (416) 789-9015  
Emails: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com); [tobrien@lzwlaw.com](mailto:tobrien@lzwlaw.com)

Lawyers for the Receiver

# TAB 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O 1990, c. C. 43, AS AMENDED**

**FIRST REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY  
AS COURT APPOINTED RECEIVER**

**January 3, 2014**

**TABLE OF CONTENTS**

---

INTRODUCTION AND PURPOSE OF THIS REPORT .....	3
BACKGROUND .....	5
INITIAL RECEIVERSHIP ACTIVITIES .....	7
SALES AND MARKETING EFFORTS .....	9
LEASED ASSETS AND INVENTORY .....	13
POTENTIAL PRIORITY CLAIMS .....	14
SUMMARY OF RECEIPTS AND DISBURSEMENTS .....	15
SUMMARY AND RECOMMENDATIONS .....	15

**EXHIBITS**

- A Receivership Order
- B Confidential Information Memorandum
- C Summary of Receipts and Disbursements

## INTRODUCTION AND PURPOSE OF THIS REPORT

1. Sun Pac Foods Limited ("Sun Pac" or the "Debtor") is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario). Sun Pac is a privately owned corporation which manufactured juices and sport drinks under the Sun Pac brand and for private label customers. Sun Pac also manufactured croutons and breadcrumbs under the "McDowell Ovens" banner.
2. In November 2011, Sun Pac was acquired by Liquibrands Inc. ("Liquibrands"), a private investment firm owned by Csaba Reider, at which time Csaba Reider became President and Chief Executive Officer of Sun Pac.
3. The Debtor's head office and manufacturing facility is located at a leased facility which is municipally known as 10 Sun Pac Boulevard, Brampton, Ontario (the "Premises").
4. Pursuant to an Amended and Restated Letter Agreement accepted by Sun Pac and Liquibrands on January 18, 2013, (as amended, the "Credit Agreement") Bridging Capital Inc. ("Bridging") provided credit facilities to Sun Pac which were payable on demand and secured, by among other things, a General Security Agreement dated October 1, 2012. Liquibrands agreed to be jointly and severally liable for repayment of the loans.
5. The Credit Agreement was assigned by Bridging to 8527504 Canada Inc. ("852") in May 2013.

6. On September 5, 2013, 852 made written demand on the Debtor for payment of the indebtedness (the "Debtor Demand Letter"). The Debtor Demand Letter was accompanied by a Notice of Intention to Enforce Security addressed to the Debtor and prepared pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended from time to time ("BIA"). At the time of the demand, the Debtor was indebted to 852 in the amount of approximately \$3.95 million.

7. Sun Pac and 852 entered into a Forbearance Agreement dated September 11, 2013 (the "Forbearance Agreement") pursuant to which, among other things, 852 agreed not to take any further enforcement steps until the earlier of December 9, 2013 or the occurrence of an event of default under the Forbearance Agreement.

8. Sun Pac defaulted on its obligations under the Forbearance Agreement, ceased operations on November 7, 2013 and had previously consented to the appointment of a receiver in the event of a default.

9. On application by 852, the Debtor's senior secured lender, BDO Canada Limited was appointed as the Receiver (the "Receiver") without security, of all of the assets, undertakings and properties of the Debtor, pursuant to the order of the Honourable Madam Justice Mesbur made November 12, 2013 (the "Receivership Order"), a copy of which is annexed as Exhibit "A".

10. The Receiver has retained Lipman Waxman LLP as its legal counsel.

11. The purposes of this Report are to:

- (a) inform this Honourable Court of the activities of the Receiver taken to date, in particular with respect to the marketing and sale process conducted and to request the Court's approval of the actions of the Receiver taken to date;
- (b) advise of the proposed liquidation of the inventory and equipment (the "Assets") via auction using the liquidator recommended in the Confidential Supplemental report (the "Liquidator") which is subject to this Honourable Court's approval (the "Sale");
- (c) to request approval and direction to complete the Sale of the Assets via auction with the Liquidator; and
- (d) to request a sealing order sealing the Confidential Exhibits to this First report, in order to preserve the integrity of the sales and marketing process, until the acceptance of the liquidation agreement, or until further Order of this Honourable Court.

#### **BACKGROUND**

12. The Debtor is a privately-owned corporation which manufactures juice and sport drink products. Customers include major grocery chains such as Loblaws, Metro and Walmart. In addition, the Debtor has a bread crumb and crouton manufacturing business which operated under the "McDowell Ovens" banner.

13. 852 is the Debtor's senior secured lender and is owed approximately \$3.1 million as at the receivership date.



14. The Debtor's head office is located at a leased facility located in Brampton, Ontario. Menkes GTA Holdings Inc. ("Menkes") is the landlord and also, pursuant to various lease amendments and arrangements, is a subordinate ranking secured creditor in the amount of approximately \$447,491.

15. Liquibrands also appears to be a subordinate ranking secured creditor that is owed approximately \$2.7 million.

16. Over the past two years the Debtor began incurring significant losses due to the inability to generate sufficient revenue and margins to cover the fixed operating costs associated with the large manufacturing facility.

17. In or around September 2013, Sun Pac entered into a significant contract to supply Loblaws with private label soft drinks. To fulfill this long term contract, substantial capital expenditures would be required. Unfortunately, the Debtor was unable to raise the necessary financing to fund operating losses and the expansion.

18. The Debtor ceased operations on or about November 7, 2013 when it was unable to fund the payroll.

19. As a result of the liquidity issues the Debtor was forced to cut back manufacturing and shipping, deplete its accounts receivable and inventory and stretch payments to its suppliers. This resulted in the erosion of the customer base since Sun Pac was unable to fill customer orders. The liquidity issues also caused problems with

suppliers who placed the Debtor on "C.O.D." terms. Certain suppliers initiated legal proceedings to recover amounts overdue.

20. The Receiver, with the assistance of former management personnel, prepared a financial forecast for the re-start of both the juice and bread crumb businesses. Unfortunately the expected cash requirements to bolster working capital and to fund the operating losses were too large to merit the operation of the businesses.

21. Prior to the date of Receivership the Debtor had laid off its employees. The Debtor advised that as a result of the layoff, the employees did not report to work on the date of Receivership.

22. In reviewing the Debtor's 2012 tax return, it was determined that there are over \$26 million of tax losses which may be of interest to a potential purchaser of the business.

#### **INITIAL RECEIVERSHIP ACTIVITIES**

23. Following the granting of the Receivership Order on November 12, 2013 the Receiver attended at the Premises, to take possession and secure the Debtor's property. The initial activities of the Receiver included:

- (a) changing the locks;
- (b) contacting the utilities, alarm and insurance providers to give notice of the receivership and arrange for continued services;
- (c) meeting with Sun Pac's management to discuss the plans for the receivership administration including determining which of Sun Pac's

employees could assist the Receiver with selling inventory in the ordinary course, assembling information to comply with the *Wage Earners Protection Program Act* ("WEPPA") updating accounting records, preparation of T-4's and records of employment as well as other administrative duties;

- (d) taking an inventory of the owned and leased equipment;
- (e) assessing the requirement to maintain the freezers which housed certain finished product and raw material inventory;
- (f) reviewing the Debtor's books and records to identify priority claims;
- (g) identifying third party owned goods and releasing such goods to third parties once proof of ownership was ascertained;
- (h) responding to creditor and employee inquiries;
- (i) preparing and issuing the prescribed notices and statements of the Receiver pursuant to sections 245 (1) and 246 (1) of the BIA, which were sent to creditors;
- (j) contacting lessors, requesting that they provide proof of their security, and, where the security was valid and there was no equity in the leased equipment, releasing such to the lessors;
- (k) sending notices, instructions and proofs of claim to the former employees of the Debtor pursuant to the prescribed requirements of the WEPPA;
- (l) identifying finished good branded inventory which could be sold to existing customers in the ordinary course;
- (m) contacting private label customers to determine if they would agree to accept their finished product; and

- (n) contacting Financial Services Commission of Ontario to request them to appoint an Administrator to wind down/terminate Sun Pac's pension plan.

#### **SALES AND MARKETING EFFORTS**

24. Pursuant to its powers contained in the Receivership Order, the Receiver initiated a sales and marketing process (the "Sales Process") to invite offers to purchase the assets and tax losses of Sun Pac (the "Assets") on an en bloc or on a specific asset parcel basis. The Sales Process, consisted of the following steps:

- i. Preparing a list of over 130 parties to contact by telephone and email with a "teaser letter" including potential strategic buyers and liquidators.
- ii. Preparing a form of confidentiality agreement and a confidential information memorandum (the "CIM") to invite offers to purchase the Assets, which included the terms and conditions of sales (the "Terms and Conditions of Sale") and an offer form (the "Offer Form"). A copy of the CIM is attached hereto as Exhibit "B". A total of 57 prospective purchasers signed a Non Disclosure Agreement to gain access to an electronic data room which included the CIM and other financial information. The Terms and Conditions included in the CIM requested that offers be submitted no later than 5 pm on December 19, 2013 (the "Offer Deadline") and that the following be provided with the Offer Form:
  - Identity of the purchaser

- Indication of the parcel of assets to be purchased and the dollar value of the offer by asset;
  - Whether the offer was to be considered an en bloc offer;
  - The total dollar value of the offer submitted; and
  - A deposit equal to 10% of the offer price.
- iii. Advertising the opportunity in the national edition of the Globe & Mail on November 29, 2013.
  - iv. Creating a website promoting the opportunity to acquire Sun Pac which also provides access to all public Court documents. The website domain address is [www.bdo.ca/sunpac](http://www.bdo.ca/sunpac).
  - v. An internal email was sent to all partners of BDO informing them of the acquisition opportunity, and making it available to BDO clients.
  - vi. The "teaser letter" was posted on the Axial website thereby promoting the acquisition opportunity to private market professionals.
  - vii. Providing access to prospective purchasers to the Premises to view the assets (a total of 13 parties attended the Premises to view the assets).
  - viii. Granting access to the Debtor's management and providing site visits.
  - ix. Notifying prospective purchasers of the opportunity to obtain the tax losses by sending a specific teaser to additional potential candidates and providing copies of the tax returns in the electronic data (notifying all parties that had signed an NDA).
  - x. Responding to additional information requests and questions.
  - xi. Receiving and refining the proposals; and

- xii. Selecting a winning bidder, executing a liquidation service agreement and preparing to seek Court approval to close the transaction.

25. The Debtor's machinery and equipment consists of juice processing and bottling line equipment, a group or farm of large holding tanks, freezers and bread crumb and crouton manufacturing equipment.

26. Prior to the date of Receivership the Debtor had engaged Sabito Machinery to appraise the machinery and equipment on a forced liquidation basis (the "Sabito Appraisal"). The Debtor also commissioned an independent appraisal on an orderly liquidation basis which was completed by Century Services Inc. (the "Century Appraisal"). An orderly liquidation appraisal of the inventory was prepared by Danbury Sales Limited ("Danbury") also at the request of the Debtor. The appraisals are annexed as Confidential Exhibits "A", "B" and "C", respectively, to the Confidential Supplement of this First Report and are to be the subject of a sealing order requested herein.

27. By the Offer Deadline seven liquidation proposals were received. No en bloc going concern offers were received. Two offers were received for the bread crumb manufacturing equipment.

28. The Receiver reviewed and assessed the seven liquidation proposals. A comparison of the proposals including the key terms is set out in a summary annexed as Confidential Exhibit "D", to the Sealed Portion of this First Report and subject to the sealing order requested herein. Copies of the proposals are annexed as

Confidential Exhibits "E" to "L", to the Confidential Supplement of this First Report and are subject to the sealing order requested herein.

29. The Receiver considered the net minimum guarantee offer ("NMG") submitted by the Maynards Industries Inc ("Maynards") as the best offer as the Liquidator's proposal provides for: (i) a significant deposit (10% of the NMG) at the time of signing the liquidation agreement (the "Liquidation Agreement"); (ii) the NMG and date of agreed departure from the Premises generated the highest net realization from the assets. Accordingly, the Receiver, with the agreement of 852, accepted the Liquidator's proposal subject to Court approval.

30. The Liquidator required the Receiver to obtain an order from this Honourable Court that, among other things, (i) approves the Liquidation Agreement and the transactions contemplated herein; (ii) authorizes the Receiver to enter into the Liquidation Agreement, (iii) authorizes the Liquidator to act as the agent for the Receiver in selling the assets and (iv) provides that upon execution of an instrument of transfer, substantially in the form attached hereto as Confidential Exhibit "N", title to the Assets will vest in the ultimate purchasers thereof from the Liquidator free and clear of all liens and encumbrances (the "Sale Order"). The proposed Liquidation Agreement is annexed hereto as Confidential Exhibit "M".

31. Just prior to the receivership on November 12, 2013 Sun Pac and Liquibrands issued a Statement of Claim against 852 and Bridging for breach of contract relating to their dealings as operating lender. This cause of action was not offered as part of the Receiver's sales process. The Receiver has not yet made a determination as to the

potential value of this contingent asset. Further, the principal of the Debtor, Mr. Reider, is the party most likely to be interested in and able to pursue this litigation.

#### LEASED ASSETS AND INVENTORY

32. The Receiver is only aware of certain leased tanks and vending machines at the time of preparing this Report. The Receiver is currently reviewing the leases to determine ownership interest in these assets.

33. The book value of the inventory at the date of the receivership is estimated to be \$1,592,000. There were approximately \$524,000 worth of finished goods which included \$295,000 of private label product. The receiver contacted Loblaws to attempt to sell the "President's Choice" labeled goods however, Loblaws were concerned about the reputational risk associated with the quality of the goods so they refused to purchase those goods. In addition, the contract under which the goods were manufactured would not permit the Receiver from selling those goods to third parties.

34. The inventory also consisted of raw materials of approximately \$1,066,000 which included packing materials of \$715,000. The raw materials of approximately \$352,000 included "tainted" or "stale dated" juice concentrate of approximately \$100,000. The Debtor planned to convert this product by combining it with new raw materials. The Receiver contacted the Canadian Food and Inspection Agency and was advised this tainted or stale dated product could not be combined with new raw materials and should be destroyed. Without converting raw material and packaging into finished product, the recoveries from inventory were expected to be quite low.



## POTENTIAL PRIORITY CLAIMS

35. A few minor property claims have been received since the Receivership date. The Receiver reviewed the claims along with supporting documentation and released the assets to their owners as appropriate. The Receiver received and reviewed a 30 day goods claim from Solocup in the amount of \$74,731.67, however, only \$15,478.74 of the goods claimed for repossession qualified within the appropriate time frame and were repossessed by the supplier.

36. The Receiver reviewed the books and records of the Debtor and identified potential priority/secured claims totaling approximately \$96,000, which consist of the following:

- (i) Source Deductions - Canada Revenue Agency ("CRA") has been contacted to conduct a source deductions audit. Based upon Sun Pac's books and records, preliminary estimates of the source deduction arrears amount to \$40,000.
- (ii) HST - CRA has been contacted to conduct an HST audit. The Debtor's books and records indicate that HST is consistently in a refund position.
- (iii) Unremitted pension contributions which would be a secured claim estimated at \$56,000. The Receiver is not aware at this time of any other amounts under the pension plan that would be considered a secured or trust claim.
- (iv) The Receiver is not aware of any amounts that would be secured under S. 81.4(1) of the BIA in respect of employee claims for outstanding wages and vacation pay as all such amounts were reportedly paid in full

to the former employees by Sun Pac prior to it ceasing operations on November 7, 2013.

#### **SUMMARY OF RECEIPTS AND DISBURSEMENTS**

37. The Receiver currently holds approximately \$413,486 in its trust account. The majority of the receipts relate to the collection of receivables, HST refunds received and the cash in the Debtor's bank accounts seized by the Receiver on the receivership date. A summary of the Receipts and Disbursements is appended hereto as Exhibit C.

#### **SUMMARY AND RECOMMENDATIONS**

38. The Receiver is satisfied that the sale and marketing process sufficiently exposed for sale the business and assets of the Debtor to the marketplace. Furthermore, the Receiver is of the view that the Liquidator's offer constitutes the best offer for the sale of the Debtor's assets. The Receiver's recommendation is supported by the senior secured lender, 852.

39. Accordingly, the Receiver respectfully requests an order:

- (i) Approving the Receiver's activities as set out herein;
- (ii) Approving the sale the Debtor's Assets pursuant to the terms of the Liquidation Agreement;
- (iii) Authorizing and directing the Receiver to take such steps as necessary to carry out the terms of the Liquidation Agreement; and
- (iv) Sealing the Sealed Portion of the First Report.

All of which is respectfully submitted this 3<sup>rd</sup> day of January, 2014.

**BDO CANADA LIMITED Court Appointed Receiver of  
Sun Pac Food Limited**

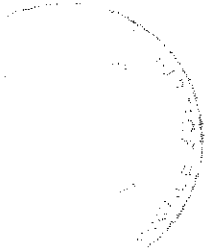
Per: \_\_\_\_\_



Name: Blair Davidson, CPA, CA, CBV, CIRP

Title: President

**TAB "A"**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM )  
JUSTICE MESBUR )

TUESDAY, THE 12<sup>TH</sup> DAY  
OF NOVEMBER, 2013

BETWEEN:

**8527504 CANADA INC.**

Applicant

- and -

**SUN PAC FOODS LIMITED**

Respondent

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**ORDER**

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing BDO Canada Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Sun Pac Foods Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Len Kofman sworn November 12, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Respondent, and on reading the consent of BDO Canada Limited to act as the Receiver,

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- i. without the approval of this Court in respect of any transaction not exceeding \$\_\_\_\_\_, provided that the aggregate consideration for all such transactions does not exceed \$\_\_\_\_\_; and
- ii. with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and



- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give

unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**NO PROCEEDINGS AGAINST THE RECEIVER**

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment,

(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for

herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

### **PIPEDA**

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release

or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

**GENERAL**

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

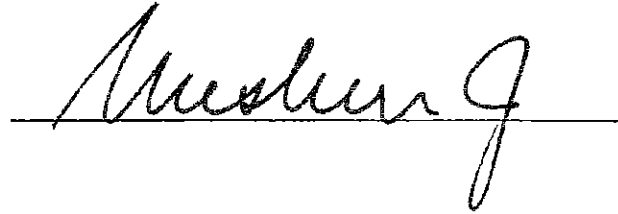
25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



LE 10115 LE - 33 0111 NO.  
LE 10115 LE - 33 0111 NO.

NOV 12 2013

MB



**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties of Sun Pac Foods Limited acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BDO CANADA LIMITED, solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

8527504 CANADA INC.

Applicant

and

SUN PAC FOODS LIMITED

Respondent

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at TORONTO

**ORDER**

**CHAITONS LLP**  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario  
M2N 7E9

**George Benchetrit (LSUC #34163H)**  
Tel: 416-218-1141  
Fax: 416-218-1841

**Lawyers for the Applicant**

**TAB “B”**



Tel: 416 865 0210  
Fax: 416 865 0904  
www.bdo.ca

BDO Canada Limited  
123 Front Street W, Suite 1200  
Toronto ON M5J 2M2 Canada

CONFIDENTIAL



CONFIDENTIAL INFORMATION MEMORANDUM

November 29, 2013

CONFIDENTIAL

November 29, 2013

**TO: ALL PROSPECTIVE PURCHASERS**

**RE: SUN PAC FOODS LIMITED**

BDO Canada Limited, in its capacity as Court-appointed Receiver of Sun Pac Foods Limited and (hereinafter referred to as either the "Receiver" or the "Vendor") encloses herewith a Confidential Information Memorandum with respect to the properties, assets and undertakings of Sun Pac Foods Limited ("Sun Pac"). Prospective purchasers ("Bidders") are invited to submit offers for the purchase of the business operations and assets of Sun Pac located at 10 Sun Pac Boulevard, Brampton, ON, Canada either "en bloc" or on a piecemeal/by parcel basis. The assets of Sun Pac include, office furniture and equipment, machinery and equipment, inventory, and intangible assets, including trademarks, customer lists and goodwill (collectively the "Assets").

This Confidential Information Memorandum is provided to Bidders on a confidential basis and is not to be used by any other person without the express written consent of BDO Canada Limited.

This sale process should NOT be construed as a Sale by Tender. The terms and conditions of sale are detailed in the enclosed Exhibit "B" - Terms and Conditions of Sale. For greater certainty, offers will be considered on an individual basis by the Vendor as and when received. The highest or any offer may not necessarily be accepted. A sale of the Assets of Sun Pac will be conditional upon the Receiver obtaining the Court's approval.

The premises, Assets and other information may be viewed by appointment by contacting Kevin Leung by telephone at (416) 865-0210 ext. 3205 or by e-mail at [kleung@bdo.ca](mailto:kleung@bdo.ca).

Yours very truly,  
**BDO CANADA LIMITED**

Per:



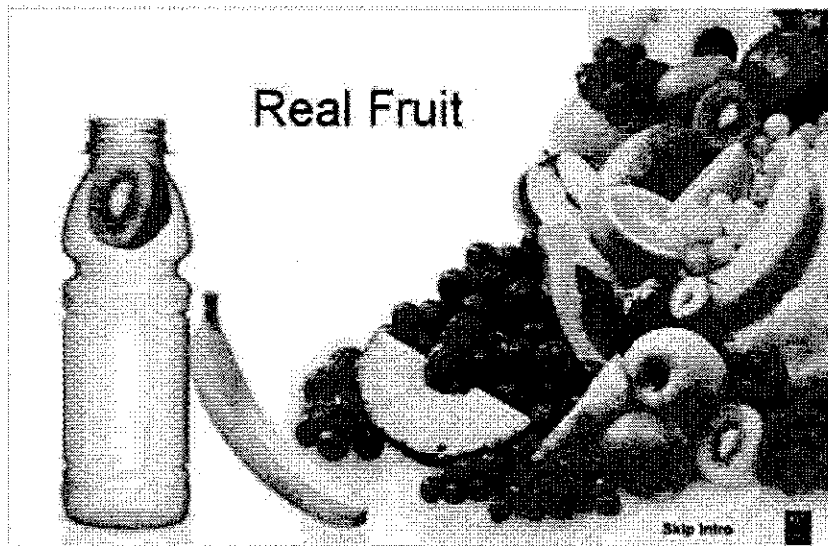
Gary Cerrato, CIRP  
Vice-President

**BDO CANADA LIMITED**



**Court-Appointed Receiver of:**

**Sun Pac Foods Limited**



## CONFIDENTIAL INFORMATION MEMORANDUM

## INDEX

Introduction and Disclaimer	Exhibit "A"
Terms and Conditions of Sale	Exhibit "B"
Offer to Purchase Form	Exhibit "C"
Sun Pac Foods Limited Company Profile	Exhibit "D"
Sun Pac Juice Division Profile	Exhibit "E"
McDowell Ovens Division Profile	Exhibit "F"
Unaudited Combined Financial Information	Exhibit "G"
Description of Assets Parcel 1. - Office furniture & equipment	Exhibit "H"
Description of Assets Parcel 2. - Machinery & equipment Sun Pac Juice Division	Exhibit "I"
Description of Assets Parcel 3. - Inventory Sun Pac Juice Division	Exhibit "J"
Description of Assets Parcel 4. - Loblaws Carbonated Juice and Beverage Contract	Exhibit "K"
Description of Assets Parcel 5. - Intangibles Sun Pac Juice Division	Exhibit "L"
Description of Assets Parcel 6. - Machinery & Equipment McDowell Ovens Division	Exhibit "M"
Description of Assets Parcel 7. - Inventory McDowell Ovens Division	Exhibit "N"
Description of Assets Parcel 8. - Intangibles McDowell Ovens Division	Exhibit "O"
Video	Exhibit "P"
Photographs	Exhibit "Q"





**EXHIBIT "A"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**INTRODUCTION AND DISCLAIMER**

This Confidential Information Memorandum was prepared by BDO Canada Limited in its capacity as Court-appointed Receiver of Sun Pac Foods Limited (hereinafter referred to as either the "Receiver" or the "Vendor"), from the books and records of Sun Pac Foods Limited ("Sun Pac"), and from information obtained from the management of Sun Pac and other sources (the "Information"), all of which has not been independently verified by the Vendor. This Confidential Information Memorandum is provided to prospective purchasers ("Bidders") for reference purposes only when conducting their evaluation of the office furniture and equipment, plant machinery and equipment, inventory, and intangible assets, including trademarks, customer lists and goodwill of Sun Pac collectively referred to hereinafter as the ("Assets"), and is subject to the understanding that:

1. The Vendor makes no representations or warranties as to the accuracy or completeness of the Confidential Information Memorandum and/or the Information.
2. The Vendor does not assume any liability for any Information, any omissions from the Information, or for any other written or oral communications transmitted to or received by the recipient and/or any Bidder in the course of their evaluation of the Assets, pursuing or proceeding in any way with respect to the same, or in connection with the preparation of any offer to purchase or agreement of sale in connection therewith.
3. The Information contained herein, as well as any and all future information obtained in the course of any investigation and/or inspection of the Assets is confidential and the recipient or any prospective Bidder shall not disclose any Information to any other person external to its organization other than to its professional advisors.

In all cases, recipients hereof and any Bidders shall conduct their own investigation at their own expense and risk. The Vendor reserves the right to take any action related to the sale of the Assets, whether in or out of the ordinary course, which it deems necessary or prudent in its absolute discretion, including the withdrawal of any or all Assets from this sales process.



**EXHIBIT "B"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**TERMS AND CONDITIONS OF SALE**

1. BDO Canada Limited, in its capacity as Court-appointed Receiver of Sun Pac (hereinafter referred to as either the "Receiver" or the "Vendor"), offers for sale the Assets of Sun Pac, either en bloc or on a piecemeal/by parcel basis. This sale process should NOT be construed as a "Sale by Tender". A description of the Assets and corresponding parcels is included in the Confidential Information Memorandum as Exhibits "H" through "O".
2. Any information prepared or made available by the Vendor in connection with the invitation for offers to purchase the Assets does not form part of these Terms and Conditions of Sale and has been prepared and provided solely for the convenience of the prospective purchasers (the "Bidders"). The Vendor makes no representations or warranties that such information is complete or accurate and any and all representations and warranties, express or implied, are hereby disclaimed.
3. All Offers to Purchase ("Offer") shall be addressed to "BDO Canada Limited, Receiver of Sun Pac, 123 Front Street West, Suite 1200, Toronto, Ontario, M5J 2M2, Attention: "Gary Cerrato", and delivered or mailed by prepaid post so as to be received by the Vendor. All Offers will be considered on an individual basis, as and when received. Accordingly, the Vendor may in its sole discretion choose to accept an Offer.
4. Every Offer submitted shall be in the prescribed form, a copy of such form being attached hereto as Exhibit "C", and these Terms and Conditions of Sale shall be deemed to form part of any Offer submitted. The Vendor may, in its discretion, elect not to consider any Offer that is not in the prescribed form. An Offer may be submitted for any or all parcels.



5. Each Offer must be accompanied by a certified cheque or bank draft in Canadian funds drawn on a chartered bank of Canada or a trust company incorporated under the laws of Canada or one of the provinces thereof, payable to "BDO Canada Limited, in Trust", in an amount equal to fifteen percent (15%) of the total purchase price, said amount to be held as a deposit by the Vendor in accordance with the terms hereof. Unsuccessful Bidders will have their deposits returned forthwith, without interest.

If an Offer is accepted by the Vendor, the certified cheque or bank draft accompanying such Offer shall be deposited into an interest bearing account, and, subject to the terms hereof, no interest shall accrue to the credit of the successful purchaser. The certified cheque or bank draft shall be deemed to be a cash deposit (the "Deposit") to be applied against the purchase price payable to the Vendor on the closing of the transaction of purchase and sale. The acceptance of an Offer shall constitute a binding agreement of purchase and sale between the Vendor and the successful purchaser (the "Purchaser"), such agreement to be composed of the terms of the Offer, the acceptance, and these Terms and Conditions of Sale. In case of ambiguity, the provisions of these Terms and Conditions of Sale shall govern.

6. Closing shall take place within 5 business days from the date of Court approval of the sale (the "Closing Date"), at the offices of the Vendor. The balance of the purchase price for the Assets shall be paid (after crediting the Deposit) by certified cheque or bank draft on the Closing Date.
7. The highest or any Offer will not necessarily be accepted and the Vendor reserves the right to reject any or all Offers without explanation. Upon delivering its Offer to the Vendor, no Bidder shall be allowed to retract, withdraw, vary or countermand its Offer. If any Bidder attempts to retract, withdraw, vary or countermand its offer prior to the acceptance by the Vendor of any Offer, the Vendor shall be entitled to immediately cash the certified cheque or bank draft which accompanied such an Offer and the proceeds of such certified cheque or bank draft shall be forfeited as liquidated damages by the Bidder to the Vendor.
8. If any Offer is accepted by the Vendor, then such acceptance shall be communicated to the Purchaser by notice in writing, delivered by prepaid mail, courier or facsimile, by the Vendor to the purchaser at the address or facsimile number set forth in its Offer.
9. Bidders may view the Assets by appointment with the Vendor.



10. Offers shall be made and accepted on the basis that the Bidder has inspected the Assets described herein and has relied entirely upon its own inspection and investigation of the Assets and title to same and has agreed to purchase the Assets and take possession thereof on an "as is, where is" basis without any representation, warranty or condition, whether statutory, express, implied, oral, written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, except as expressly contained in these Terms and Conditions of Sale. The Assets are being purchased as they exist on the Closing Date at Sun Pac's premises or elsewhere and no adjustments will be allowed for any change in condition, value, or quality of the Assets. The Confidential Information Memorandum is prepared solely for the convenience of the Bidders to assist them in the inspection of the Assets, and is not warranted to be complete or accurate as to description, quantity, or otherwise; and is not part of these Terms and Condition of Sale.
11. The purchase price set out in any Offer shall be exclusive of all applicable taxes, charges, liens, duties and other levies imposed by any authority in connection with the sale or use thereof. All such taxes, charges, liens, duties and other levies shall be paid or otherwise satisfied by the purchaser on or before closing.
12. The Vendor represents and warrants to the Bidder that it is now and will be at the time of closing, a resident of Canada within the meaning of the *Income Tax Act*, and that this representation and warranty shall survive the closing of this transaction.
13. The Vendor shall not be required to produce any abstract of title, title deeds or copies thereof, or any evidence of title to the Assets, other than those that may be reasonably required and in the Vendor's possession. On closing, the Purchaser shall be entitled to all title deeds, bills of sale and assignments in form and substance satisfactory to counsel to the Vendor and the Purchaser, acting reasonably, as may be necessary to transfer Sun Pac's right, title and interest, if any, in and to the Assets to the Purchaser. Such title documents shall contain only a release of Sun Pac's interest in the Assets and shall not contain any covenant other than the following:
  - i) the Vendor has done no act to encumber the Assets; and
  - ii) the Vendor has the right to convey all of its right, title, and interest, if any, in and to the Assets to the Purchaser.
14. The Purchaser shall not be entitled to possession of the Assets until the purchase price, applicable taxes and all other payments to be made by the Purchaser have been paid in full.
15. The Vendor shall not be required to pay any commission, finder's fee or the like, with respect to a sale made pursuant to these Terms and Conditions of Sale.



16. If the Purchaser fails to comply with the conditions contained herein or any of them, the Deposit and all other payments, if any, made by the Purchaser, shall be forfeited to the Vendor on account of liquidated damages, and the Assets may be resold by the Vendor and the deficiency, if any, of such resale, together with all charges attending the same or occasioned by the defaulting Purchaser shall be paid to the Vendor by the defaulting Purchaser.
17. The validity and interpretation of these Terms and Conditions of Sale and of each provision and part thereof, shall be governed by the laws of Ontario and the laws of Canada applicable therein, and shall enure to the benefit of and be binding upon the parties thereto and their respective heirs, executors, administrators, successors and assigns.
18. All stipulations as to time are strictly of the essence.
19. The Vendor may, at its sole discretion, waive or alter any or all of the conditions in these Terms and Conditions of Sale, any such waiver to be in writing. All conditions contained herein are for the exclusive benefit of the Vendor.
20. It is understood and agreed that in inviting Offers for the Assets, the Vendor is acting solely in its capacity as Receiver of Sun Pac, and neither the Receiver, nor its agents, officers, or employees, shall have any personal liability under or as a result of the sale herein, or under these Terms and Conditions of Sale. The Bidder further acknowledges that if the agreement of purchase and sale is rescinded, terminated, delayed or enjoined for any reason whatsoever, the Vendor shall not be liable for any losses, expenses or damages suffered by the Bidder.
21. These Terms and Conditions of Sale and the schedules thereto constitute the entire agreement between the Vendor and the Bidder and there are no representations, warranties or collateral agreements except as expressed herein.
22. The Vendor's obligation to complete the transaction of purchase and sale contemplated herein shall be relieved if, on or before the Closing Date, the Assets or any part thereof have been redeemed or removed from the Vendor's control by any means or process, or if the Court does not grant its approval of the transaction of purchase and sale, or if this transaction is restrained by an injunction or other order issued by a court of competent jurisdiction, whereupon the only obligation of the Vendor shall be the return of the Deposit, without interest, set-off or abatement and the Bidder shall, and does hereby release the Vendor from any further obligation or liability in connection with the transaction of purchase and sale.



23. The Vendor, at its sole discretion, may elect to:

- i) extend the Closing Date to such date and on such terms as are acceptable to the Purchaser, acting reasonably;
- ii) close the transaction of purchase and sale in escrow, subject to any conditions that may have to be negotiated; or
- iii) cancel the transaction of purchase and sale contemplated herein.

If the transaction of purchase and sale is terminated by the Vendor, the only obligation of the Vendor shall be the return of the Deposit, without interest, set-off or abatement and the Purchaser shall, and does hereby release the Vendor from any further obligation or liability in connection with the transaction of purchase and sale.

24. Bidders will be required to arrange any necessary financing. The Vendor will not accept any Offer that includes Vendor Take Back Financing.

DATED at Toronto, Ontario, on November 29, 2013.



EXHIBIT "C"

CONFIDENTIAL INFORMATION MEMORANDUM

OFFER TO PURCHASE FORM

TO: BDO CANADA LIMITED  
Receiver of Sun Pac Foods Limited  
123 Front Street West, Suite 1200  
Toronto, Ontario  
M5J 2M2

Attention: Gary Cerrato

\_\_\_\_\_  
(Name of Bidder) (Signature of Representative)

\_\_\_\_\_  
(Address of Bidder)

\_\_\_\_\_  
(Person to be contacted)

\_\_\_\_\_  
(Telephone number) (Facsimile number)

\_\_\_\_\_  
(Email address)



1. I/We hereby submit this Offer to Purchase for the parcels indicated below for consideration by BDO Canada Limited, Receiver of Sun Pac Foods Limited:

		<u>PURCHASE PRICE</u>
<b><u>SUN PAC JUICE DIVISION:</u></b>		
PARCEL 1.	Office furniture and equipment	\$ _____
PARCEL 2.	Machinery & Equipment (Sun Pac Juice Division)	\$ _____
PARCEL 3.	Inventory (as at date of closing) (Sun Pac Juice Division)	\$ _____

(stated as % of cost applied on closing)

Raw Materials \_\_\_\_\_ % of cost

Finished Goods \_\_\_\_\_ % of cost

PARCEL 4.	Loblaws Carbonated Juice & Beverage Contract	\$ _____
PARCEL 5.	Intangibles (trademarks, goodwill etc.) (Sun Pac Juice Division)	\$ _____
SUB TOTAL SUN PAC JUICE DIVISION		\$ _____

**MCDOWELL OVENS DIVISION:**

PARCEL 6.	Machinery & Equipment (McDowell Ovens Division)	\$ _____
PARCEL 7.	Inventory (as at date of closing) (McDowell Ovens Division)	\$ _____

(stated as % of cost applied on closing)

Raw Materials \_\_\_\_\_ % of cost

Finished Goods \_\_\_\_\_ % of cost





PARCEL 8. Intangibles  
(trademarks registered to McDowell Ovens, goodwill etc.) \$ \_\_\_\_\_

SUB TOTAL MCDOWELL OVENS DIVISION \$ \_\_\_\_\_

**GRAND TOTAL AMOUNT OF OUR OFFER:** \$ \_\_\_\_\_  
*(exclusive of any taxes, charges, liens, duties, or other levies)*

2. Enclosed is my/our certified cheque or bank draft payable to "BDO Canada Limited, in Trust", in the total amount of CDN\$ \_\_\_\_\_ as a deposit representing fifteen (15) percent of the total amount of the Offer to Purchase submitted herein.

3. This offer is:

- (a)  an en bloc offer and is therefore conditional upon acceptance of all of the specific parcels for which bids are entered above; or
- (b)  not an en bloc offer whereby the Vendor may accept any; all; or any combination of the specific parcels for which bids are entered above.

*(please mark with an "X" in one of the two alternative subparagraph boxes above to indicate the type of offer)*

In the event that I/we omit or neglect to mark one of the boxes in subparagraphs 3(a) and 3(b) above, I/we agree that my/our offer shall not be an en bloc offer and the provisions of subparagraph 3(b) shall apply as if I/we had selected and marked that same subparagraph.

4. The Bidder acknowledges the receipt of the Terms and Conditions of Sale. The Bidder acknowledges that this is subject to said terms and conditions of sale, which are hereby incorporated herein by reference.

All en bloc offers MUST still itemize the purchase price for each separate parcel.



**EXHIBIT "D"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**SUN PAC FOODS LIMITED COMPANY PROFILE**

Sun Pac Foods Limited (referred to hereinafter as "Sun Pac or the "Company") is a privately owned Canadian corporation and is one of the largest independent hot fill beverage manufacturers in North America. Sun Pac is best known for its brand of fruit juices, frozen juices and juice concentrate. Sun Pac manufactures single serve and multi-serve formats in glass, tetra, "PET", aluminum and steel tins, in a full range of sizes and package configurations. Facility capabilities include the production of juice, natural teas, sport drinks and energy drinks for branded and private label programs.

Sun Pac also manufactures croutons and breadcrumbs under the McDowell Ovens ("McDowell") banner and private label brands owned by some of Canada's largest food retailers.

According to Company records, Sun Pac and McDowell had combined gross sales of approximately \$19.3 million in fiscal 2012, which decreased from approximately \$25.1 million in fiscal 2011, a decrease of 23.1%. According to Company records, combined gross sales amount to \$13.9 million for the period January 2013 to October 2013.

Sun Pac is headquartered in a 355,000 square foot facility at 10 Sun Pac Boulevard, Brampton, ON, (the "Head Office"), housing production as well as refrigerated, frozen and dry warehousing. The Head Office is leased from Menkes GTA Holdings Inc. (the "Landlord").

Sun Pac products are distributed throughout Canada, the United States and the Caribbean. Its customers include notable supermarket grocers Loblaw's, Metro, and Walmart.

Sun Pac's facility operates under strict GMP guidelines and HACCP procedures, holds a Natural Health Product (NHP) site license, is certified for Kosher production, and has the capability to produce organic products. The site is also CFAI inspected and has Safe Quality Foods (SQF) level II status.

The YouTube link below created by the Company provides an overview of Sun Pac's operations and other details pertaining to the Company:

[http://www.youtube.com/watch?v=\\_4an4vsvitc](http://www.youtube.com/watch?v=_4an4vsvitc)



**Operations**

Sun Pac has over 51 years of operational history having been incorporated in 1962. Over the course of this period, Sun Pac, according to management, has produced high quality products and very strong customer relationships. The Company has successfully developed a national and international customer base including companies listed earlier.

Sun Pac is in an industry with high barriers for entry. Equipment and certification ensuring top quality control is required to qualify as a supplier for supermarket grocer customers. In addition, many customers have approved supplier lists and gaining approval can be time consuming and costly.

The business ceased operating on November 7, 2013.

**Leased Assets**

Leased capital assets are excluded from the Receiver's sales process; the following are the known leased capital assets:

1. Vending Machines located in the Staff Lunchroom and other areas of the plant.

If prospective purchasers ("Bidders") are interested in the leased assets they should contact the respective lessor to make arrangements to take an assignment of the existing lease. Lessor contact information may be obtained from the Receiver.

**Head Office Lease**

The lease to the Head Office is posted in the Receiver's electronic data room. Bidders interested in the premises should contact the Receiver to discuss the possibility of taking an assignment of the existing lease.

Alternatively, should Bidders wish to negotiate a new lease with the Landlord they should contact:

Wendy Booth, Senior Vice President, Leasing  
Tel: (416) 642 8191  
Email: [wendy.booth@menkes.com](mailto:wendy.booth@menkes.com)

Cliff Moss, B.A., LL.B, Director of Leasing Administration  
Tel: (416) 642 8142  
[cliff.moss@menkes.com](mailto:cliff.moss@menkes.com)



**EXHIBIT "E"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**SUN PAC JUICE DIVISION PROFILE**

Since 1962 Sun Pac has produced fruit juices, frozen juices and juice concentrate under the Sun Pac banner and for Canada's leading private label names.

**Labour Overview:**

**Sun Pac Juice Division**

<u>Staff Type</u>	<u>Number of Staff</u>	<u>Monthly Gross Payroll</u>	<u>Annual Gross Payroll</u>
Hourly Plant Staff	22	\$ 84,000	\$ 1,009,000
Salaried Plant Staff	10	49,085	589,000
Head Office Staff	8	47,000	563,000
<b>Totals</b>		<b>\$ 180,085</b>	<b>\$ 2,161,000</b>

All employees of Sun Pac were laid off just prior to the receivership date. Further payroll information can be viewed upon request from the Receiver.

Should a Bidder wish to contact former employees to determine whether they are interested in continuing employment with the Bidder, the Receiver will provide employee contact information.

**Sales Analytics:**

Below is a sales analysis by customer, assembled from Company records, for the period January 2013 to October 2013:

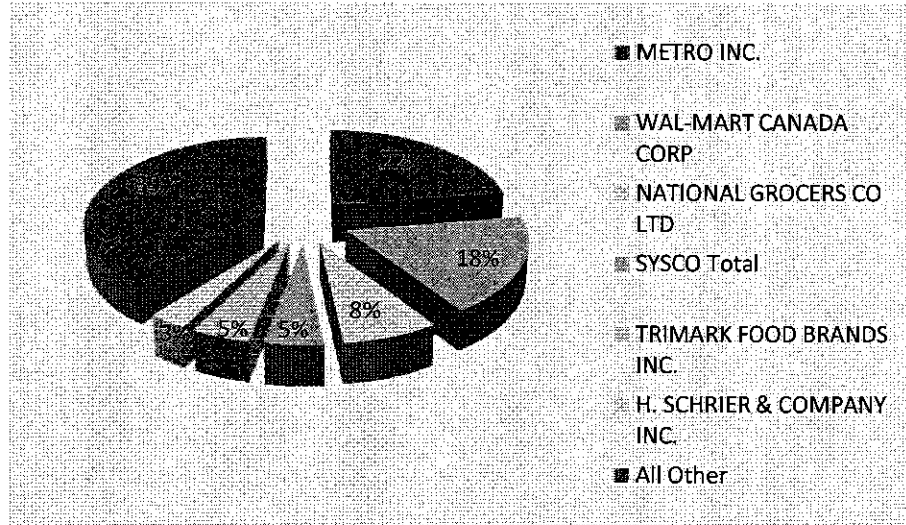


Sun Pac  
Customer Analysis - YTD Oct 2013

	Gross Sales	% of Total Sales
METRO INC.	\$2,680,262	22.5%
WAL-MART CANADA CORP	\$2,161,855	18.1%
NATIONAL GROCERS CO LTD	\$914,974	7.7%
SYSCO Total	\$570,399	4.8%
TRIMARK FOOD BRANDS INC.	\$560,242	4.7%
H. SCHRIER & COMPANY INC.	\$375,402	3.1%
METROPOLITAN FOODS	\$331,369	2.8%
FRU-TERRA INC.	\$283,327	2.4%
DUSO FOOD DISTRIBUTORS INC.	\$263,492	2.2%
DIAL INDUSTRIES INC.	\$260,268	2.2%
THE MARAMONT CORPORATION	\$243,943	2.0%
PFG-EMPIRE SEAFOOD INC.	\$175,201	1.5%
PROVIGO DISTRIBUTION INC.	\$153,251	1.3%
ALDI INC.	\$147,225	1.2%
KENOVER MARKETING CORP.	\$120,897	1.0%
GFS ONTARIO INC.	\$118,840	1.0%
M.V.R. CASH & CARRY	\$113,956	1.0%
SHOPPERS DRUG MART INC.	\$103,670	0.9%
HOSPITALITY SERVICES UNLIMITED	\$99,810	0.8%
ITWAL LIMITED	\$94,959	0.8%
UNIVERSAL COFFEE CORPORATION	\$89,515	0.8%
GEORGE W. GROETSCH INC.	\$84,316	0.7%
H.J. HEINZ COMPANY OF CANADA LP	\$84,037	0.7%
RELIABLE FOOD SUPPLIES	\$83,571	0.7%
DORI FOODS INC.	\$80,328	0.7%
PORT ROYAL SALES	\$74,864	0.6%
STEWART FOODSERVICE INC.	\$74,316	0.6%
OCEAN SPRAY INTERNATIONAL INC.	\$70,960	0.6%
SATEX AGENCIES N.V.	\$64,826	0.5%
COLABOR LIMITED PARTNERSHIP	\$63,374	0.5%
CHEF'S CHOICE CASH & CARRY FOOD	\$58,753	0.5%
INDIANHEAD FOODSERVICES DIST.INC	\$58,643	0.5%
FANCY FOODS	\$56,815	0.5%
REID'S DAIRY	\$52,841	0.4%
M.J. KELLNER CO. INC.	\$52,375	0.4%
RESTAURANT QUALITE DEPOT	\$52,182	0.4%
All Other	\$1,051,087	8.8%
YTD Oct 2013 Totals	<u>\$11,926,144</u>	



**Top 6 Customer Analyses for January 2013 to October 2013**



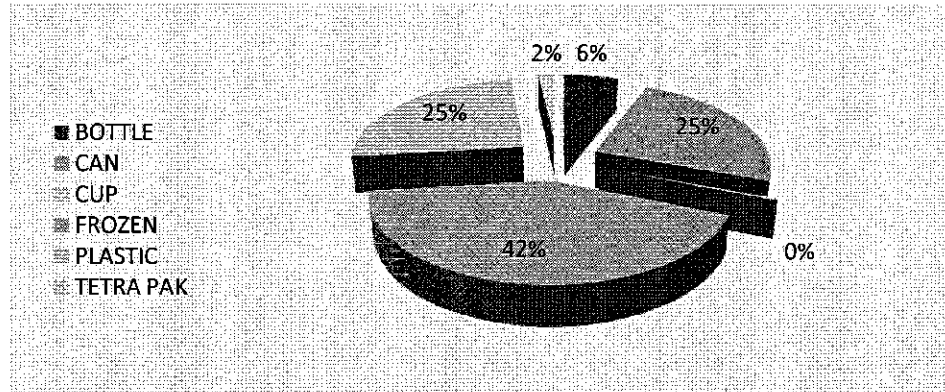
The following table, assembled from Company records, presents sales by SKU type for Sun Pac products the period January 2013 to October 2013:

Sun Pac  
Sales by SKU Type - YTD Oct 2013

SKU Type	Amount	% of Total Sales
Frozen	\$5,015,428	42.1%
Plastic	\$2,994,124	25.1%
Can	\$2,946,515	24.7%
Bottle	\$716,700	6.0%
Tetra Pak	\$215,686	1.8%
Cup	\$37,691	0.3%
	<u>\$11,926,144</u>	



Sales by SKU type for the period January 2013 to October 2013



The following table, assembled from Company records, presents sales by product category for Sun Pac products for the period July 2011 to June 2012:

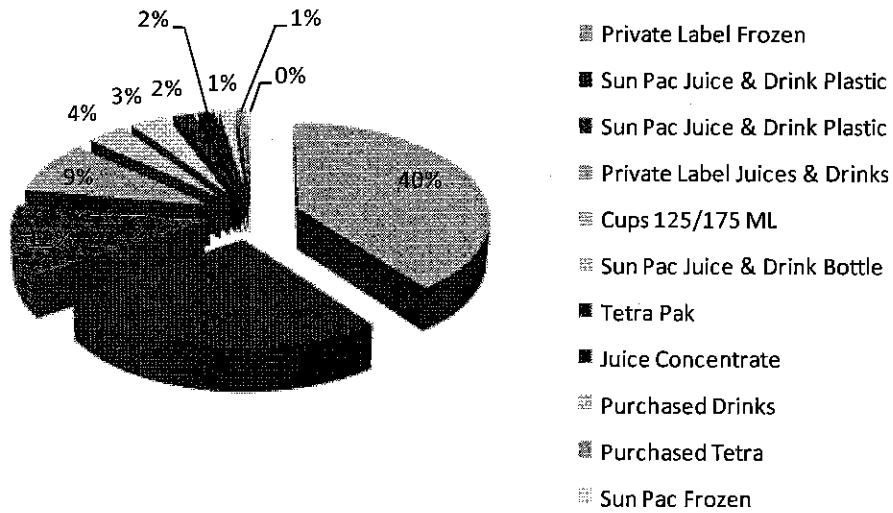
Sun Pac

Sales by Product Category - July 1, 2011 to June 30, 2012

Product Category	Amount	% of Total Sales
Private Label Frozen	\$8,239,919	39.6%
Sun Pac Juice & Drink Plastic	\$5,393,817	25.9%
Sun Pac Juice & Drink Plastic	\$2,477,401	11.9%
Private Label Juices & Drinks	\$1,895,635	9.1%
Cups 125/175 ML	\$780,223	3.8%
Sun Pac Juice & Drink Bottle	\$720,672	3.5%
Tetra Pak	\$403,720	1.9%
Juice Concentrate	\$335,565	1.6%
Purchased Drinks	\$272,374	1.3%
Purchased Tetra	\$198,252	1.0%
Sun Pac Frozen	\$71,297	0.3%
	<u>\$20,788,875</u>	



Sales by product category for the period July 1, 2011 to June 30, 2012



**Loblaws Carbonated Juice & Beverages Contract**

In September 2013, Sun Pac signed a 6 year contract to be the exclusive supplier in Ontario to Loblaws Inc. ("Loblaws") for its private label carbonated juice and beverages.

The aforementioned contract, on consent from Loblaws, may be assigned by the Receiver to a Bidder. **The Loblaws supplier contract is included in the Receiver's electronic data room.**





**EXHIBIT "F"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**MCDOWELL OVENS DIVISION PROFILE**

Since 1985 Sun Pac has produced croutons and breadcrumbs under the McDowell banner for Canada's leading private label names. Between 2010 and 2013 private labels have accounted for 81% of total sales while branded products have accounted for 19% of total sales. According to management, McDowell has consistently generated annual average revenues of \$2.6 million. Additionally, according to the Company's management, McDowell generated \$785,000 in EBITDA on average for the past three full fiscal years.

**Labour Overview:**

**McDowell Ovens Division**

<u>Staff Type</u>	<u>Number of Staff</u>	<u>Monthly Gross Payroll</u>	<u>Annual Gross Payroll</u>
Hourly Full-time Plant Staff	5	\$ 15,500	\$ 185,000
Salaried Plant Manager	1	7,085	85,000
Outside Agency Hourly Staff	Varied	23,000	276,000
<b>Totals</b>		<b>\$ 45,585</b>	<b>\$ 546,000</b>

The average tenure of the 6 full-time employees is 4.5 years with a range in tenure of one to fourteen years. McDowell's manpower also consisted of contractors hired through an ad agency. All workers apparently were cross-trained and could perform every task. The fully loaded hourly rates for the employees follow:

- plant workers range between \$20.79 to \$21.39 per hour;
- plant manager is \$44.74 per hour;
- general labour contractors are \$13.50 per hour and;
- forklift operator contractors \$16.50.

Overtime was paid at a multiplier of 1.5 times the regular wage for all contractor employees.

When extra workers were needed, contractors had always been available at a moment's notice, which allowed for maximum flexibility. The manpower was allocated on a daily basis depending on:

- the amount of stale bread available; and
- the number of orders in the system for bread crumbs, croutons, etc.



The plant manager opted to manufacture finished goods when a large amount of stale bread came in or scaled back when there was very little incoming stale bread.

All McDowell employees were laid off just prior to the receivership date. Further payroll information can be viewed upon request from the Receiver.

Should a Bidder wish to contact former McDowell employees to determine whether they are interested in continuing employment with the Bidder, the Receiver will provide employee contact information.

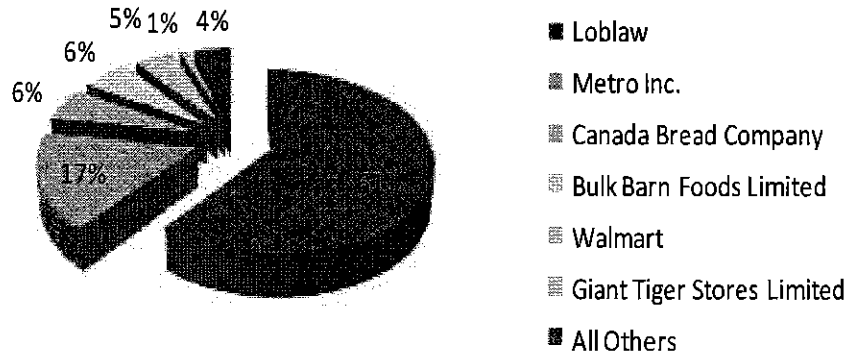
**Sales Analytics:**

Below is a sales analysis by customer, assembled from Company records, for the period January 2013 to August 2013:

McDowell Ovens Customer Analysis - 2013 YTD			
	Cases	Gross Sales	% of Total Sales
LOBLAW	50,650	\$902,927	60.6%
METRO INC.	12,716	\$252,542	17.0%
CANADA BREAD COMPANY	5,231	\$90,487	6.1%
BULK BARN FOODS LIMITED	5,756	\$87,629	5.9%
WAL-MART	9,243	\$74,810	5.0%
GIANT TIGER STORES LIMITED	1,820	\$15,470	1.0%
SYSCO CANADA WINDSOR	861	\$14,654	1.0%
M.V.R. CASH & CARRY	594	\$10,270	0.7%
SRI SALES	533	\$9,667	0.6%
SINCERE TRADING OF	474	\$9,215	0.6%
AVONDALE STORES LIMITED	392	\$6,950	0.5%
SOUTH COVE FOODS INC.	240	\$3,960	0.3%
RAJ GROCERS INC.	214	\$3,754	0.3%
DEMENZ RESTAURANT	200	\$2,630	0.2%
RELIABLE FOOD SUPPLIES	112	\$2,094	0.1%
OLYMPIC WHOLESALE CO.	70	\$1,050	0.1%
LADY YORK FOODS	48	\$869	0.1%
TOOTSI IMPEX INC.	48	\$713	0.0%
CHRISTIAN BROS. RESTAURANT	11	\$177	0.0%
SAMPLES/MISC	2	\$46	0.0%
<b>2013 YTD Totals</b>	<b>89,215</b>	<b>\$1,489,912</b>	



**Top 6 Customer Analyses for January 2013 to August 2013**



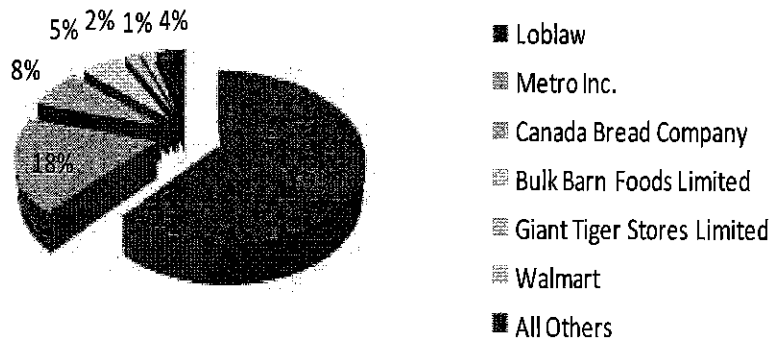
Below is a sales analysis by customer, assembled from Company records, for fiscal 2012:

McDowell Ovens  
Customer Analysis - 2012

	Cases	Gross Sales	% of Total Sales
LOBLAW	86,336	\$1,542,846	61.41%
METRO	22,887	\$454,825	18.10%
CANADA BREAD COMPANY	11,381	\$193,705	7.71%
BULK BARN FOODS LIMITED	8,824	\$134,505	5.35%
GIANT TIGER STORES LIMITED	5,252	\$44,642	1.78%
WAL-MART	4,368	\$35,334	1.41%
BEDEL'S ESSEX FOODSERVICE	1,284	\$24,071	0.96%
RAJ GROCERS INC.	950	\$19,412	0.77%
SINCERE TRADING OF	746	\$16,545	0.66%
M.V.R. CASH & CARRY	742	\$13,725	0.55%
AVONDALE STORES LIMITED	480	\$8,473	0.34%
DEMENZ RESTAURANT & HOTEL	400	\$6,330	0.25%
SOUTH COVE FOODS INC.	330	\$5,295	0.21%
LADY YORK FOODS	180	\$4,185	0.17%
SRI SALES	96	\$2,175	0.09%
RELIABLE FOOD SUPPLIES	108	\$2,007	0.08%
THE THOMSON GROCERIES	40	\$906	0.04%
OLYMPIC WHOLESALE CO. LIMITED	55	\$904	0.04%
FALLS WHOLESALE LTD.	48	\$799	0.03%
T. PHAT WHOLESALE INC.	45	\$798	0.03%
CHRISTIAN BROS. RESTAURANT	27	\$468	0.02%
SCHOLTENS INC	14	\$232	0.01%
ITWAL LIMITED	5	\$94	0.00%
SAMPLES	543	\$-	0.00%
<b>2012 Totals</b>	<b>145,141</b>	<b>\$2,512,276</b>	



Top 6 Customer Analyses for Fiscal 2012



The following table, assembled from Company records, presents sales by SKU for McDowell's branded products for fiscal 2012 and the period January 2013 to June 30, 2013:

McDowell Ovens  
Sales by SKU

Product	Size	Container	YTD @ June 30				Full year @ Dec 31				
			2013		2012		2012		2011		
			Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	
<b>BRANDED:</b>											
BULK CROUTONS - HERB	1X5 KG.	BAG	McDowell	56	\$838	31	\$463	56	\$838	98	\$1,406
SAVORY SEASONED CROUTONS	1X5 KG	BAG	McDowell	100	\$1,315	200	\$2,615	400	\$5,325	400	\$5,200
BULK CROUTONS - ONION/GARLIC	1X5 KG	BAG	McDowell	696	\$9,622	647	\$8,896	1,367	\$18,832	1,407	\$18,510
CROUTONS-HOME STYLE GARLIC	1X5 KG	BAG	McDowell	564	\$7,790	641	\$8,796	1,249	\$17,202	1,254	\$16,590
CROUTONS-VW/MULTIGRAIN PLAIN	1X5 KG	BAG	McDowell	-	-	1	\$17	1	\$17	-	-
BULK CROUTONS - CAESAR SALAD	1X5 KG	BAG	McDowell	1,097	\$15,641	963	\$13,527	2,023	\$28,641	1,867	\$24,782
BULK CROUTONS - HERB	2X2.5 KG	BAG	McDowell	1,796	\$24,717	1,551	\$21,270	3,253	\$44,833	3,262	\$44,909
MCDOWELL CRUMB - REGULAR	24X300G	TUB	McDowell	4,787	\$80,509	6,630	\$110,883	13,374	\$223,917	14,539	\$241,454
MCDOWELL CRUMB - REGULAR	12X300G	TUB	McDowell	1,300	\$11,050	2,497	\$21,228	5,253	\$44,654	4,420	\$37,570
MCDOWELL CRUMB - ITALIAN	24X300G	TUB	McDowell	390	\$7,348	425	\$7,997	837	\$15,774	714	\$12,976
BULK CRUMB - REGULAR	4X5 KG	BAG	McDowell	138	\$4,350	168	\$5,295	394	\$12,419	327	\$10,341
BULK CRUMB - ITALIAN	1X9 KG	BAG	McDowell	1,064	\$17,590	1,028	\$16,849	2,092	\$34,373	2,055	\$32,064
BULK CRUMB - REGULAR	1X9 KG	BAG	McDowell	1,776	\$29,757	1,693	\$28,110	3,480	\$57,975	3,572	\$58,013
BULK CRUMB - WHOLE WHEAT	1X10 KG	BAG	McDowell	406	\$7,403	425	\$7,768	862	\$16,103	816	\$14,141
<b>TOTAL BRANDED</b>				<b>14,170</b>	<b>\$217,929</b>	<b>16,900</b>	<b>\$253,712</b>	<b>34,661</b>	<b>\$520,902</b>	<b>34,731</b>	<b>\$517,957</b>





The following table, assembled from Company records, presents sales by SKU for private label brands for fiscal 2012 and the period January 2013 to June 30, 2013:

McDowell Ovens  
Sales by SKU

Product	Size	Container	YTD @ June 30				Full year @ Dec 31				
			2013		2012		2012		2011		
			Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	
PRIVATE LABEL:											
GV BREAD CRUMBS ORIGINAL	12X300G	TUB	Walmart P/L	3,822	\$30,576	-	-	2,418	\$19,344	-	-
GV BREAD CRUMBS ITALIAN	12X300G	TUB	Walmart P/L	3,237	\$26,543	-	-	1,950	\$15,990	-	-
SELECTION BC ORIGINAL	24X300G	TUB	Metro P/L	5,480	\$103,914	6,400	\$121,410	13,726	\$260,429	14,280	\$272,258
SELECTION BC ITALIAN	24X300G	TUB	Metro P/L	3,560	\$75,543	4,280	\$90,822	9,161	\$194,396	8,680	\$184,190
PRESIDENT'S CHOICE CRUMB-ITA	18X255	TUB	Loblaws P/L	7,750	\$135,625	7,901	\$138,273	16,401	\$287,023	15,653	\$267,185
NO NAME BREAD CRUMBS	24X300G	TUB	Loblaws P/L	30,934	\$562,071	31,440	\$571,265	66,824	\$1,214,192	76,962	\$1,366,576
<b>TOTAL PRIVATE LABEL</b>				<b>54,783</b>	<b>\$934,272</b>	<b>50,021</b>	<b>\$921,769</b>	<b>110,480</b>	<b>\$1,991,374</b>	<b>115,575</b>	<b>\$2,090,208</b>
<b>GRAND TOTAL</b>				<b>68,953</b>	<b>\$1,152,202</b>	<b>66,921</b>	<b>\$1,175,481</b>	<b>145,141</b>	<b>\$2,512,276</b>	<b>150,306</b>	<b>\$2,608,165</b>



Top 6 Customer Profile



**Cost of Bread:**

According to the Company's records, McDowell purchased between \$430,000 and \$480,000 of bread from third parties every year. The following table summarizes the cost of raw materials purchased for various product lines.

Product Description	YTD 2013	2012
BULK CROUTONS - HERB	148	148
SAVORY SEASONED CROUTONS	385	1,540
BULK CROUTONS - ONION/GARLIC	1,841	3,615
CROUTONS-HOME STYLE GARLIC	1,492	3,303
CROUTONS-WW/MULTIGRAIN PLAIN	-	5
BULK CROUTONS - CAESAR SALAD	2,901	5,350
BULK CROUTONS - HERB	4,750	8,604
MCDOWELL CRUMB - REGULAR	18,430	51,490
MCDOWELL CRUMB - REGULAR	2,271	9,176
MCDOWELL CRUMB - ITALIAN	1,502	3,222
BULK CRUMB - REGULAR	1,339	3,822
BULK CRUMB - ITALIAN	4,644	9,131
BULK CRUMB - REGULAR	7,752	15,190
BULK CRUMB - WHOLE WHEAT	1,970	4,279
GV BREAD CRUMBS ORIGINAL	6,674	4,222
GV BREAD CRUMBS ITALIAN	5,652	3,405
SELECTION BREADCRUMB ORIGINAL	19,136	47,932
SELECTION BREADCRUMB ITALIAN	12,432	31,991
PRESIDENT'S CHOICE CRUMB-ITA	17,255	36,515
NO NAME BREAD CRUMBS	108,023	233,353
<b>TOTAL, BREAD COST</b>	<b>218,596</b>	<b>476,294</b>

- Based on June 2013 bread cost by unit product case and number of cases sold by product for YTD 2013 (6 months to June 30) and 2012.

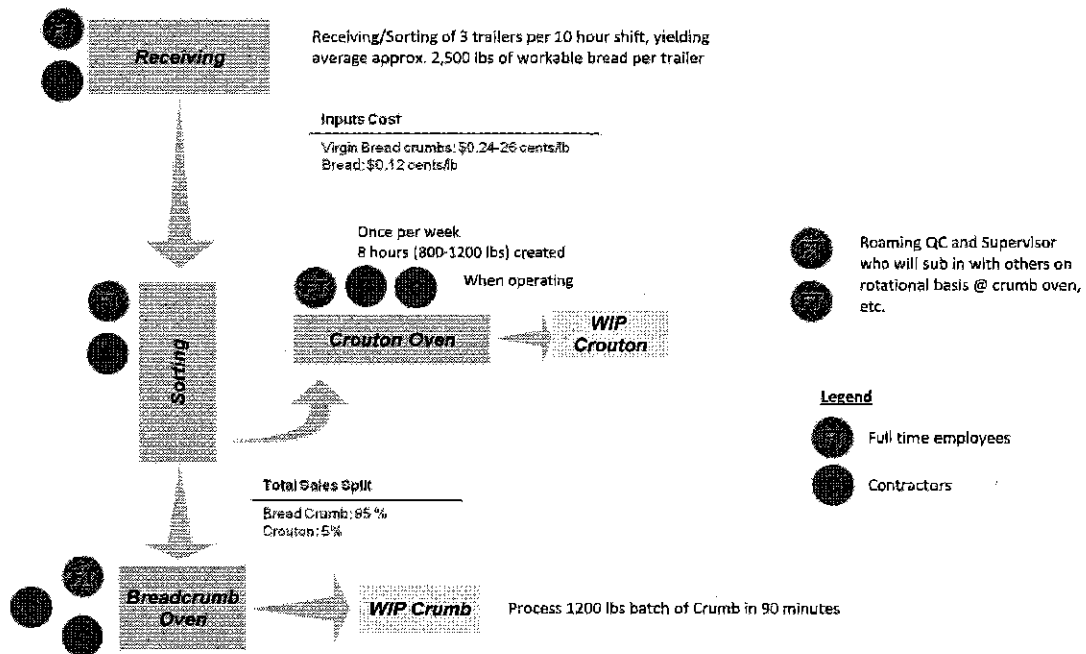


**Manufacturing Process:**

The following flow charts depict McDowell's manufacturing processes for both breadcrumbs and croutons as reproduced from the Confidential Information Memorandum from an outside consultant engaged by the Company:

**Manufacturing Process – With External Bread Supply**

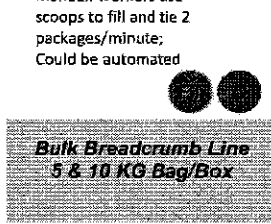
With an external bread supply, receiving and sorting are important activities to eliminate bad inputs. With an internal bread supply, no receiving or sorting is required



## WIP Crumb to FG (95% of sorted bread)

**Bag Line – 10% of Bread Crumb Sales**

Packaging is entirely manual: workers use scoops to fill and tie 2 packages/minute; Could be automated

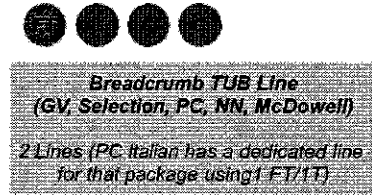


700 lbs in 5 minutes:  
350 lbs drum in, then season, followed by another 350 lbs drum, then season again



**Tub Line – 90% of Bread Crumb Sales**

24 pack cases (Selection/NN/McDowell) produce 800 cases in 10 hour shift with 3 bodies  
12 pack cases (GV/Giant Tiger) produce 1500 cases in 10 hour shift with 4 bodies  
18 pack cases (PC Italian) produce 210 cases in 10 hour shift with 3 bodies



## WIP Croutons into 5KG Bags/Box (5% of sorted bread)

700 lbs in 6 hours  
May be able to automate, but not worthwhile here because of total volume, as well as mix of seasoned vs. non-seasoned  
Runs approximately once a week



Packaging is entirely manual: workers use scoops to fill and tie 2 packages/minute; Could be automated





**McDowell Financial Results: Covering the period July 2012 to June 2013 referred to as the Last Twelve Months ("LTM")**

There is some seasonality to McDowell's sales, breadcrumbs/croutons sales are correlated to Easter, Thanksgiving and Christmas.

McDowell Ovens Financial Results - LTM													
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	LTM
Sales	151,561	226,881	226,985	261,667	248,701	221,009	210,658	202,294	219,712	149,234	210,959	159,345	2,489,006
Cost of Goods Sold	104,754	111,091	121,711	186,167	151,697	141,029	164,544	117,213	116,479	134,149	153,658	81,561	1,584,074
Contribution Margin	46,807	115,790	105,274	75,500	97,004	79,979	46,114	85,080	103,234	15,085	57,300	77,765	904,933
Production Labor:													
Direct Labor	23,868	23,538	44,955	32,289	33,365	35,140	26,925	38,526	37,730	36,250	43,133	43,345	419,063
Employee Benefits & Vac.	3,783	4,119	7,242	6,300	6,398	5,979	5,652	4,109	5,473	5,032	5,509	5,070	64,666
Safety and Uniform	596	489	544	462	415	334	681	106	135	106	176	176	4,220
Total Production Labor	28,247	28,146	52,741	39,050	40,179	41,453	33,258	42,740	43,337	41,387	48,819	48,591	487,949
Utilities - Nat. Gas, Hydro, Water	3,588	3,557	3,284	3,280	4,121	3,585	3,888	3,875	3,924	4,116	3,785	3,465	44,467
Quality Control	171	3,954	803	251	197	1,151	-	-	1,407	1,392	5,192	392	14,909
Absorption	(33,864)	(35,672)	(43,598)	(59,585)	(47,439)	(45,693)	(52,366)	(35,439)	(36,908)	(43,466)	(48,232)	(25,949)	(508,209)
Factory Burden Variance	(1,858)	17	13,229	(17,004)	(2,829)	495	(15,221)	11,176	11,761	4,429	10,565	27,500	42,260
Repair & Maintenance	10,495	9,339	9,339	11,370	9,662	9,339	11,386	9,339	9,339	9,339	9,339	9,739	118,021
Depreciation - Machinery	441	441	441	441	441	441	458	458	458	458	458	458	5,392
Plant Management Salary	7,192	7,519	6,538	7,519	7,192	6,865	7,519	6,538	6,865	7,192	7,519	6,538	85,000
Total Production Expense	14,412	17,301	42,777	(14,678)	11,523	17,635	(11,079)	38,687	40,184	24,847	37,445	70,734	289,789
Operating Income	32,395	98,475	75,727	73,174	82,539	62,839	41,972	57,569	74,811	(6,333)	29,420	33,530	656,117
Operating Income	32,395	98,475	75,727	73,174	82,539	62,839	41,972	57,569	74,811	(6,333)	29,420	33,530	656,117
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	441	441	441	441	441	441	458	458	458	458	458	458	5,392
EBITDA	32,836	98,915	76,168	73,615	82,980	63,280	42,430	58,027	75,269	(5,875)	29,878	33,986	661,510
<b>Margin Analysis</b>													
Contribution Margin	31%	51%	46%	29%	39%	36%	22%	42%	47%	10%	27%	49%	36%
Operating Margin	21%	43%	33%	28%	33%	28%	20%	28%	34%	-4%	14%	21%	26%
EBITDA Margin	22%	44%	34%	28%	33%	29%	20%	29%	34%	-4%	14%	21%	27%

\*\*April was the worst month of the year because Easter had fallen into the first quarter. Nonetheless, April 2013 compares favourably to April 2012, where Sales were \$117,950 and EBITDA was \$2,654.

**Note:** The above financial information has been reproduced from the Confidential Information Memorandum from an outside consultant engaged by the Company, and the financial information presented has not been audited or otherwise verified by the Receiver.



## EXHIBIT "G"

## CONFIDENTIAL INFORMATION MEMORANDUM

## UNAUDITED COMBINED FINANCIAL INFORMATION

Copies of the unaudited internal financial statements of Sun Pac are available in the Receiver's electronic data room.

**Historical Combined Income Statement**

The following is a summary of the historical combined internal income statements for Sun Pac for the fiscal years ended 2011 through 2012:

(CDN\$)	2010 YE	2011 YE	2012 YE	Period ended Sept 30 2013
Net Sales	\$ 21,414,910	\$ 23,797,406	\$ 18,505,661	\$ 12,670,998
COGS	(19,800,083)	(23,017,182)	(17,852,041)	(12,512,056)
Gross Margin	1,614,827	780,224	653,620	158,942
Operating Expense	(5,322,468)	14,442,367 <sup>A</sup>	(5,766,093)	(4,719,532)
Net Income (Loss)	\$ (3,707,641)	\$ 15,222,591	\$ (5,112,473)	\$ (4,560,590)

A: gain from sale-leaseback of building

**Note:** The above figures were obtained from Sun Pac's internal financial statements and have not been audited or otherwise verified by the Receiver.



**Historical Combined Balance Sheet**

The following is a summary of the historical combined internal balance sheets of Sun Pac for the fiscal years ended 2010 through 2012:

(CDN\$)	2010 YE	2011 YE	2012 YE	as at Sept 30 2013
Current Assets	\$ 13,718,151	\$ 11,490,434	\$ 1,649,198	\$ 1,511,893
Long Term Assets	6,575,689	650,734	713,014	675,486
Total Assets	<u>\$ 20,293,840</u>	<u>\$ 12,141,169</u>	<u>\$ 2,362,212</u>	<u>\$ 2,187,379</u>
Current Liabilities	3,662,950	2,704,582	3,318,828	4,845,471
Long Term Liabilities	12,577,261	-	845,821	3,681,869
Shareholders' Equity	4,053,629	9,436,587	(1,802,438)	(6,339,961)
Total Liabilities and Equity	<u>\$ 20,293,840</u>	<u>\$ 12,141,169</u>	<u>\$ 2,362,212</u>	<u>\$ 2,187,379</u>

**Note:** The above figures were obtained from Sun Pac's internal financial statements and have not been audited or otherwise verified by the Receiver.



CONFIDENTIAL

**EXHIBIT "H"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**DESCRIPTION OF ASSETS**

**PARCEL 1 - OFFICE FURNITURE & EQUIPMENT**

Sun Pac owns various office furniture, computers, telecommunications equipment and other items.



EXHIBIT "I"

CONFIDENTIAL INFORMATION MEMORANDUM

DESCRIPTION OF ASSETS

PARCEL 2 - MACHINERY & EQUIPMENT SUN PAC JUICE DIVISION

Sun Pac juice division has owned machinery and equipment summarized as follows:

<u>QTY</u>	<u>ITEM DESCRIPTION</u>
<b>AMONIA &amp; AIR COMPRESSORS</b>	
3	<b>Vilter "A10B-4512XLF" 50 hp Ammonia Compressors</b> S/N 47330, 47329, 47328
9	<b>Vilter "AOSK452XLF" 30 hp Ammonia Compressors</b> S/N 63018, 63017, 63016, 63024, 63023, 63022, 63019, 63020, 63021
1	<b>2000 Compair "C345-8.2" 60hp Rotary Screw Air Compressor</b> S/N C59A1128AF168-0751
1	<b>2002 Compair "L45-9" 60hp Rotary Screw Air Compressor</b> S/N 349022-0718
1	<b>2005 Compair "L55-9" 75hp Rotary Screw Air Compressor</b> S/N 349022/230I
1	<b>2008 Compair "CCT-1000U-5" Refrigerated Air Dryer</b> S/N 080012306"
<b>PRODUCTION &amp; STORAGE TANKS</b>	
1	<b>Stainless Steel Horizontal Storage Tank</b> w/ Morse Agitator, Access Ports
1	<b>Stainless Steel Horizontal 8000 Gallon Storage Tank</b> w/ Albin Pump
2	<b>Tri-Canada 3000 Gal. Vertical Storage Tanks</b> S/N 182150 w/ 4 Legs, Bottom Discharge Valve
1	<b>Batching Tanks - Consisting Of:</b> (2) 2000 Gallon Glasslined Tanks, (6) 840 Gallon Tanks, (3) 1000 Gallon Tanks, (1) 2000 Gallon Tank, w/Related Piping & Pumps, Control Panel
1	<b>Sugar Tanks - Consisting Of:</b> (1) 10,000 Gallon Stainless Steel Tank, (1) 5000 Gallon Stainless Steel Tank, w/Related Stainless Steel Piping & Pump



<u>QTY</u>	<u>ITEM DESCRIPTION</u>
1	<b>Bulk Storage Tank Farm - Consisting of:</b> (8) 25,000 Gallon Stainless Steel Tanks, w/Selector Board, Receiving Board, Stainless Steel Piping & Pumps
Lot	<b>Cup Filling Line - Consisting Of:</b> Mixing Tank w/ Lightning Electric Agitator, (4) Centrifugal Pumps, 2 Compartment Sink, 1998 Agfa Laval "CLTP6 RM" Heat Exchanger S/N: 30104-94456, (2) Autoprod Inc. "2000" Fil-N-Seal Rotary Cup Filler & Heat Sealers, S/N: AP-1652 & N/A
<b>ALUMINUM CAN 341 ML. FILLING LINE</b>	
1	<b>Pak-Master WP-II &amp; SECI-S1 Case Packer</b> S/N 2-133
Qty	<b>Stainless Steel Transfer Conveyor</b> w/ Plastic Link Belt
1	<b>Markhem Imaje "Jamie 1000" Code Printer</b> S/N 9350096A
1	<b>Elmar 28 Head Rotary Filler</b>
1	<b>Voltec 5.5 oz 36 Head Rotary Filler</b>
2	<b>Continental "450" Seamers</b>
1	<b>I&amp;H Tunnel Type Cooling Tunnel</b> w/Exhaust Fans for Condensation, w/ Water Spray to Cool Cans, w/3 1/2 " Plastic Link Type Conveyor Infeed & Outfeed, w/Quantity of Stainless Steel Plastic Link Electric Conveyor
1	<b>International Paper Company "R/R S/R" Case Packer</b> S/N: 2322
1	<b>FMC "6" 5.5 oz. Case Packer</b> S/N: HH2165
1	<b>3M-Matic "200A" Top &amp; Bottom Case Sealer</b> S/N: 16102 w/Gravity Roller Conveyor
1	<b>Standard Knapp "750S" Flow Wrapper</b> S/N: 135 w/Conveyor Type Shrink Wrap Tunnel Solid State Control, w/Gravity Outfeed Conveyor
1	<b>Flex-O-Mark Pressure Sensitive Labeler</b> w/Rolling Stand
1	<b>Artel Pressure Sensitive Labeler</b> w/Rolling Stand
2	<b>Marsh "ML8" Code Printers</b>



<u>QTY</u>	<u>ITEM DESCRIPTION</u>
<b>CAN LINE 1.36L / 48OZ.</b>	
1	<b>Elmar Filler "21 Head Rotary Filler</b> w/Lane Alignment & Infeed Invigorating Conveyor
1	<b>Angelus "60L" Seamer</b>
Qty	<b>Stainless Steel Link Type Stainless Steel Conveyor and Roller Conveyor</b>
1	<b>Domino "RES820" Ink Jet Code Printer</b>
1	<b>Pass Through Cooler Room w/Rubius "74" Water Spray Cooler</b> S/N: 105261 w/Exhaust Fan
1	<b>1995 Burt Can Labeler</b> S/N: 802944
1	<b>Kayat "TP-50A" Tray Packer</b> S/N: TP-50A-115-89 w/Tray Infeed, Nordson 2302 Glue Applicator Outfeed Conveyor, Outfeed Conveyor, 180° Conveyor
1	<b>Marsh "ML-8" Code Printer</b>
1	<b>Arpac "60-24" Flow Wrapper</b> S/N: 1811 w/ Shrink Tunnel, Allen Bradley Digital Readout
1	<b>Priority One Custom Palletizer</b> S/N: 89-437 w/Electrical Panel, Pedestal Control, Allen Bradley "DL 30" Digital Readout
<b>LINE #1 GLASS &amp; PET LINE (Installed in 1989)</b>	
1	<b>I&amp;H Depalletizer</b> w/Smart Screen Control, Bottle Infeed w/Cardboard Spacer Removal Robot
1	<b>I&amp;H Bottle Rinsing Station</b>
1	<b>US Bottlers "GE 45LS" 45 Head Rotary Filler</b> S/N: 1360
1	<b>H&amp;R White Cap 16 Head Rotary Capper</b> 400-425 Bottles/min, Allen Bradley Controls
1	<b>White Cap "VF-2130" Inline Capper</b> S/N: 45766-G
1	<b>White Cap "CF-20-24" Cap Sorter &amp; Elevator</b> S/N: 98-36-2996 w/ Feeder
Qty	<b>I&amp;H Stainless Steel Transfer Conveyor</b>



<u>QTY</u>	<u>ITEM DESCRIPTION</u>
1	<b>I&amp;H Water Spray Pass Through Cooler</b> w/Process Engineering & Equipment Co. S/N: 529794, w/Cooling Tower, (2) Pumps & Horizontal Exchangers, (5) Recirculation Pumps, Related Piping
1	<b>Accumulation Table</b>
1	<b>Water Treatment System</b>
1	<b>Inline Air Knife to Remove Excess Water</b>
1	<b>1989 Kronas "Canmatic" 18 Head Rotary Labeler</b> S/N: 73-726
1	<b>Image "Jamie 1000" Code Printer</b> S/N: 9210437A
1	<b>Process Engineering &amp; Equipment Co. Inline Dud Tester</b>
1	<b>Food Instruments Corp. "ADR-50D" Inline Dud Detector</b>
1	<b>Accumulation Table</b>
1	<b>Arpac "TS 2312-RC" Case Packer</b> S/N: 4411 w/Nordson Glue Applicator, w/ Touch PLS Control
1	<b>Marsh Patrion Plus Code Printer</b>
1	<b>Arpac "65TW-28" Flow Wrapper &amp; Shrink Tunnel</b> S/N: 4328 Touch PLS Control
1	<b>Alvey Powered Roller Conveyor</b>
1	<b>Alvey "600" Paletizer</b> Allen Bradley "Panelview 600" w/Discharge Roller Conveyor
Lot	<b>Busse "WD-300" Depalletizers</b> S/N: 166 w/(3) Independent Depalletizing Stations
Qty	<b>Overhead Transfer Conveyors</b>
<b>PASTEURIZING EQUIPMENT</b>	
1	<b>APV Canada Inc. Pasteurizer (Line 1)</b> w/Allen Bradley 1000 Control Stainless Steel Balance Tank, Pumps, Stainless Steel Line, Filler Handling Tank w/Pump, Overflow Tank w/Pump, Plate Heat Exchanger, Shell & Tube Heat Exchanger
1	<b>APV Canada Inc. Pasteurizer (10 oz. Line)</b> Balance Tank, Hot Water Pump, APV Plate Heat Exchanger, Shell and Tube Heat Exchanger, Related Stainless Steel Piping and Control Panel





<u>QTY</u>	<u>ITEM DESCRIPTION</u>
1	<b>APV Canada Inc. 48 oz. Pasteurizer</b> w/APV Shell & Tube Heat Exchanger, APV Plate Heat Exchanger, Balance Tank, Hot Water Pumps, Related Stainless Steel Piping & Control Panel
<b>TETRA PAK LINE</b>	
1	<b>Tetra Pak Brik Aseptic "DB-9-250" Form Fill &amp; Seal Machine</b> S/N: 648152-1001
1	<b>2001 Tetra Pak "Tubex 9001" Straw Applicator</b> S/N: 1512 w/Nordson "3100V" Glue Applicator
1	<b>Tetra Pak "TFW-67" Multi Packer</b> S/N: 75609/15254
1	<b>Tetra Pak Case Packer</b> S/N: 228570-0901
1	<b>Tetra Pak Shrink Tunnel</b> S/N: 67-4803-201
1	<b>Marsh "LCP/DL" Code Printer</b>
1	<b>Agfa Lavel Steridrink Tetra Pak Pasteurizer</b> S/N: 31829-07873 w/Pumps, Tank, Valves, Plate Heat Exchanger
<b>SUPPORT EQUIPMENT</b>	
1	<b>Thermogenics "MOG350NA" Steam Boiler</b> S/N 84011
1	<b>Thermogenics "HOG400EA" Steam Boiler</b> S/N H7758.56
1	<b>Thermogenics "HOG300EA" Steam Boiler</b> S/N H3522-5
1	<b>Thermogenics "HOG300" Steam Boiler</b> S/N H3522.5
1	<b>RBI "HW2400" Boiler</b> S/N 060746499
2	<b>Rheem "ST-120" Hot Water Tanks</b> S/N 0312D04672 & 0312D04673
2	<b>Klenzoid Water Softening Systems</b>
Lot	<b>Miscellaneous Equipment - Consisting of:</b> Shelving, Storage Cabinets, Lincoln Welder, Step Ladder, Workbenches, Stacking Chairs, Bottle Cart, Beam Scale, Idealarc R3R-300 Welder, Work bench W/ Bench Grinder, Vacuum Pump, Digital Scale, Floor Fans, Portable Air Compressor, etc.



<u>QTY</u>	<u>ITEM DESCRIPTION</u>
5	<b>TCM "FCG25-F9" Natural Gas Powered Forklifts</b> S/N 12W01470, A12W04365, A12W03213, A72F00143, A12W04364
56	<b>Sections of Pallet Racking</b> 42" x 14'/16' Uprights with Crossbeams, Safety Grid
5	<b>TCM "FCG25-3L" LPG Forklifts</b> S/N A47F00660, A47F00817, A47F00882, A47F00329, A74F01388
Lot	<b>Push Back Pallet Racking System</b> w/ approximately 750 Skid Positions
1	<b>Liberty Industries "500 Series" Pallet Wrapper</b>
1	<b>Mathews Infeed Belt Conveyor</b>
1	<b>MAC "5252" Pallet Wrapper</b> S/N 120191-1
1	<b>Strapex "5733" Turntable Type Pallet Wrapper</b> S/N 0193
2	<b>TCM "FCB25A.4" Electric Forklift</b> S/N A74T00838, A74T00830 W/ Battery Charger
1	<b>TCM "FCB25H2" Electric Forklift</b> S/N 74600777 w/ Battery Charger
3	<b>TCM "FCG25-2" Natural Gas Forklifts</b> S/N A40F00513, A40F00648, A40F00564
1	<b>Factory Cat "40" Electric Ride-on Floor Scrubber</b> S/N 40-7506 w/ Battery Charger
1	<b>Ford "F150" 4x4 Pickup Truck</b> VIN - 1FTEF14N7RLA46212 w/ Artic Truck Mount Snow Blade & Meyer Mini Salt Spreader
1	<b>Markem Imaje "Jamie 1000" Code Printer</b> S/N 9350096A
9	<b>Assorted Section of Pallet Racking</b>
1	<b>APV Homogenizer</b> S/N: 04-03
3	<b>Dumping Tanks/Throughs</b> w/Pump
1	<b>Unloading Station Liquid Sugar</b> w/Pump
1	<b>Apple Juice Unloading Pump</b>
1	<b>Orange Concentrate Unloading Pump</b>



<u>QTY</u>	<u>ITEM DESCRIPTION</u>
1	<b>Preblend Open Tank</b> w/Pump, 4 Legs, Bottom Discharge
1	<b>APV Clean-In-Place System</b> w/Jumper to Any Line, Allen Bradley Panelview 1000 Control, 2 Holding Tanks & Pump
1	<b>Water Warming Horizontal Tank</b> 3A Plate Type Heat Exchanger, Pump, Shell & Tube Heat Exchanger
1	<b>Frozen Pulp Pulverizer</b>
LOT	<b>Maintenance Equipment - Consisting Of:</b> Maxturn 1800 Lathe, Delta 10 x 50 Vertical Mill, Miller Welder, Acetylene Torch, Delt Drill Press, Hand tools, C-Clamps & Miscellaneous Equipment
2	<b>Pallet Racks</b>
1	<b>Infeed Conveyor Bottle Can Crusher</b>
4	<b>Hydraulic Compactors</b> w/Bins
LOT	<b>Lab Equipment - Consisting Of:</b> Blue M Oven, Vernitron Oven, Mettler Precision Balance, Microscope, Glassware, Stirrer, Stands, Computers, Monitors, Printer, Lamps, Microwaves, O'Haus Scale & Glass Front Fridge etc.
Qty	<b>Electrical Equipment and Switch Gear</b>
1	<b>Marley Pedestal Electric Floor Fan</b>
1	<b>Airmaster Pedestal Electric Floor Fan</b>
1	<b>6 Step Warehouse Ladder</b>
1	<b>8 Step Warehouse Ladder</b>
1	<b>10 Step Warehouse Ladder</b>
1	<b>Pallet Truck</b>
2	<b>10 Step Rolling Warehouse Stairs</b>
1	<b>Metal Packing Table w/ Roller Conveyor</b>
1	<b>Pedestal Floor Fan</b>
1	<b>5 Step Rolling Ladder</b>

The above machinery and equipment list was reproduced from an appraisal dated May 26, 2012.



## EXHIBIT "J"

## CONFIDENTIAL INFORMATION MEMORANDUM

## DESCRIPTION OF ASSETS

## PARCEL 3 - INVENTORY SUN PAC JUICE DIVISION

According to the Sun Pac's records, the raw materials inventory as at November 15, 2013 consisted of raw materials presented at cost, as follows:

<u>Raw Materials Inventory</u>	
Concentrates	187,399
Esence/Esters	9,072
Base/Flavour	81,320
Acid	13,707
Colour	24,686
Additives	13,519
Sugar	15,395
<u>Packaging:</u>	
Can & Lids	67,247
Cartons	46,784
Domtar Fibre	91,643
Plastic	37,377
Labels	101,002
Tetra Pack	92,208
Glass/Caps	101,596
Cups	51,346
Shrink Wraps	57,476
	646,680
	\$ 991,778

Further details with regard to the inventory can be found in the Receiver's electronic data room. Raw materials inventory is subject to repossession claims and could be used in production to convert work-in-progress inventory into finished goods to be sold to existing customers for the receipt of Offers.

The finished goods inventory as at November 15, 2013 consisted of the following finished goods presented at cost, as follows:



Finished Goods

Sun Pac Juice/Drink	55,588
Tetra Pak	24,241
Sun PAC J&D Bottle	8,623
Sun Pac J&D Plastic	116,160
P/L Juices & Drinks	247,770
P/L Frozen	21,112
Cups 125/175 ML	15,445
Purchased Drinks	4,178
Purchased Tetra	4,013
	<u>\$ 497,131</u>

Further details with regard to the finished goods inventory can be found in the Receiver's electronic data room. Inventory information includes product descriptions, packaging details, pack sizes, production and expiry dates. The Receiver plans to sell finished goods inventory to existing customers for the receipt of Offers. Certain private label inventory may not saleable to Bidders without consent from the respective grocery retailers.

Offers for the inventory should be stated as a total dollar value based on a percentage of the cost of the specific inventory category, which should then be added together to provide a total dollar value. The percentages by category and the total dollar value should be shown in the "Offer to Purchase Form" included herein as Schedule "C". Accordingly, the total dollar value offered by a Bidder in his/her offer for the inventory will change on the Closing Date depending on the inventory on hand at that time confirmed by physical count. An adjustment will be made on the sale closing to a Bidder's offer based on applying the various percentages against the closing inventory figures for each inventory category, which will then be totaled to provide a total closing dollar value for the inventory.



CONFIDENTIAL

**EXHIBIT "K"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**DESCRIPTION OF ASSETS**

**PARCEL 4 - LOBLAWS CARBONATED JUICE AND BEVERAGE CONTRACT**

In September 2013, Sun Pac signed a 6 year contract to be the exclusive supplier in Ontario to Loblaws for its private label carbonated juice and beverages.

The aforementioned contract, on consent from Loblaws, may be assigned by the Receiver to a Bidder. The contract is included in the Receiver's electronic data room.



**EXHIBIT "L"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**DESCRIPTION OF ASSETS**

**PARCEL 5 - INTANGIBLES SUN PAC JUICE DIVISION**

**Sun Pac Juice Recipes**

The Receiver is offering for sale recipes for Sun Pac brand juices and concentrate.

**Customer & Supplier Lists**

The Receiver is offering for sale customer and key supplier lists.

**Website domain**

Sun Pac Foods Limited also owns the rights to the following website domain:

[www.sunpac.ca](http://www.sunpac.ca)

**Brand Logo**

Sun Pac Foods Limited has the rights to the following brand logo:



## Trademarks

Sun Pac Intellectual Property - Canadian			
<u>Trademark</u>	<u>Trademark No.</u>	<u>Registered Owner</u>	<u>Renewal Date</u>
Purrr	TMA280,548	Sun Pac	June 17, 2013
Purrr the Connoisseur Cat food & Design	TMA286,654	Sun Pac	January 6, 2014
Plat du gourmet	TMA288,327	Sun Pac	February 24, 2014
Gourmet Platter	TMA294,078	Sun Pac	August 17, 2014
DERBY	TMA122,872	Sun Pac	July 14, 2021
VITAL	TMA302,277	Sun Pac	April 26, 2015
BEEF EATER	TNA352,365	Sun Pac	February 24, 2019
Sun Pac	TMA227,875	Sun Pac	May 19, 2023
Sun Pac & Design	TNMA310,389	Sun Pac	January 10, 2016
Sun Pac Just Juice & Design	TMA329,434	Sun Pac	July 3, 2017
Sun Crop	TMA259,180	Sun Pac	May 22, 2026
Moisson du soleil	TMA260,992	Sun Pac	July 17, 2026
Fruit Rhapsody	TMA486,241	Sun Pac	April 7, 3012
AQUALINN	TMA548,639	Sun Pac	July 25, 2016
SAICO	TMA127,198	Sun Pac	July 13, 2022
Featherweight	TMA195,248	Sun Pac	November 2, 2018

Sun Pac Intellectual Property - American			
<u>Trademark</u>	<u>Registration No.</u>	<u>Registered Owner</u>	<u>Renewal Date</u>
Sun Pac	1,359,405	Sun Pac	September 10, 2015
Sun Pac logo(new)	1,432,099	Sun Pac	March 10, 2017
Fruit Rhapsody	2,155,389	Sun Pac	May 5, 2018

Further information obtained from the Canadian Trademark and United States Patent & Trademark Office websites are included in the Receiver's electronic data room.





EXHIBIT "M"

CONFIDENTIAL INFORMATION MEMORANDUM

DESCRIPTION OF ASSETS

PARCEL 6 - MACHINERY & EQUIPMENT MCDOWELL OVENS DIVISION

<u>QTY</u>	<u>ITEM DESCRIPTION</u>
<b>BREAD BRUMB &amp; CROUTON LINES</b>	
1	<b>Oil Holding Tank</b> w/ Heaters
1	<b>Crumb Oven - Consisting of:</b> w/Conveyor to Oven, Shredder, Hammer Mill Through Cyclone to Dryer & Discharge to Kason Vibratory Shifter & Exhaust Fans
1	<b>Unknown Mfg. 22 cu. Ft. Ribbon Blender</b>
1	<b>Continental Panama Seamer</b> w/Conveyor
1	<b>Domino Inkjet Code Printer</b>
1	<b>Crouton Line - Consisting of:</b> S/N: 3247 w/Hartman Slicing Machine, Vibratory Conveyor, Natural Gas Oven w/Wire Mesh Conveyor
1	<b>High Speed Slicer</b>
1	<b>Seasoner Croutons</b> w/Infeed Hopper, Conveyor, Oil Applicator, Seasoning Dispenser, Vibratory Screen
1	<b>Bread Crumb Tub Filling Machine</b> w/Continental Filler & Capper
1	<b>Hi-Speed Metal Detector Pass Through Belt Conveyor</b>
1	<b>Domino Code Printer</b>
1	<b>Axon "E2-200" Tamper Bander</b> S/N: A-70530 w/Shrink Tunnel
1	<b>McDowell Shrink Tunnel</b> w/Conveyor
1	<b>3M-Matic Box Closer</b>

The above machinery and equipment list was reproduced from an appraisal dated May 26, 2012.



## EXHIBIT "N"

## CONFIDENTIAL INFORMATION MEMORANDUM

## DESCRIPTION OF ASSETS

## PARCEL 7 - INVENTORY MCDOWELL OVENS DIVISION

According to McDowell's records, the raw materials inventory as at November 15, 2013 consisted of raw materials presented at cost, as follows:

Raw Materials Inventory

Seasoning & Spices		3,980	
Bread Crumbs		3,216	
<u>Packaging:</u>			
Bread Crumb Cartons	13,402		
Bread Crumb Cups	39,603		
Bread Crumb Cans	12,822		
Bags	2,896	68,724	
			<u>\$ 75,919</u>

Further details with regard to the raw materials inventory can be found in the Receiver's electronic data room.

Raw materials inventory is subject to repossession claims and could be used in production to convert work-in-progress inventory into finished goods to be sold to existing customers for the receipt of Offers.



The finished goods inventory as at November 15, 2013 consisted of the following finished goods presented at cost, as follows:

Finished Goods

Mc Dowell (private label)	\$ 24,390
Mc Dowell	<u>2,906</u>
	<u>\$ 27,296</u>

Further details with regard to the finished goods inventory can be found in the Receiver's electronic data room.

The Receiver plans to sell finished goods inventory to existing customers for the receipt of Offers. Certain private label finished goods inventory may not saleable to Bidders without consent from the respective grocery retailers.

Offers for the inventory should be stated as a total dollar value based on a percentage of the cost of the specific inventory category, which should then be added together to provide a total dollar value. The percentages by category and the total dollar value should be shown in the "Offer to Purchase Form" included herein as Schedule "C". Accordingly, the total dollar value offered by a Bidder in his/her offer for the inventory will change on the Closing Date depending on the inventory on hand at that time confirmed by physical count. An adjustment will be made on the sale closing to a Bidder's offer based on applying the various percentages against the closing inventory figures for each inventory category, which will then be totaled to provide a total closing dollar value for the inventory.



**EXHIBIT "O"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**DESCRIPTION OF ASSETS**

**PARCEL 8 - INTANGIBLES MCDOWELL OVENS DIVISION**

**McDowell Ovens Crouton and Breadcrumb Recipes**

The Receiver is offering for sale McDowell's own breadcrumb and crouton recipes, if any.

**Customer & Supplier Lists**

The Receiver is offering for sale customer and key supplier lists.

**Brand Logo**

Sun Pac, by virtue of amalgamation with McDowell Ovens Inc., owns the rights to the following brand logos and trademarks:



**Trademarks**

McDowell Ovens Intellectual Property - Canadian			
<u>Trademark</u>	<u>Trademark No.</u>	<u>Registered Owner</u>	<u>Renewal Date</u>
Fiesta	TMA311,368	McDowell	February 14, 2016
Magic Moments	TMA315,005	McDowell	June 6, 2016
Stuffin' Mix Design	TMA274,338	McDowell	November 26, 2012
Party Animal	TMA270,620	McDowell	July 13, 2020
Snack Attack	TMA398,636	McDowell	May 29, 2022
McDowell Ovens	TMA271,569	McDowell	

Further information obtained the Canadian Trademark website is included in the Receiver's electronic data room.



CONFIDENTIAL

**EXHIBIT "P"**

**CONFIDENTIAL INFORMATION MEMORANDUM**

**VIDEO**

The YouTube link below provides an overview of Sun Pac's operations and other details pertaining to the company:

[http://www.youtube.com/watch?v=\\_4an4vsvitc](http://www.youtube.com/watch?v=_4an4vsvitc)



EXHIBIT "Q"

CONFIDENTIAL INFORMATION MEMORANDUM

PHOTOGRAPHS



1.36 L can



1.36 L plastic



155 ml can



1.89 L plastic



250 ml tetra pak



300 ml glass





300 ml plastic



341 ml can



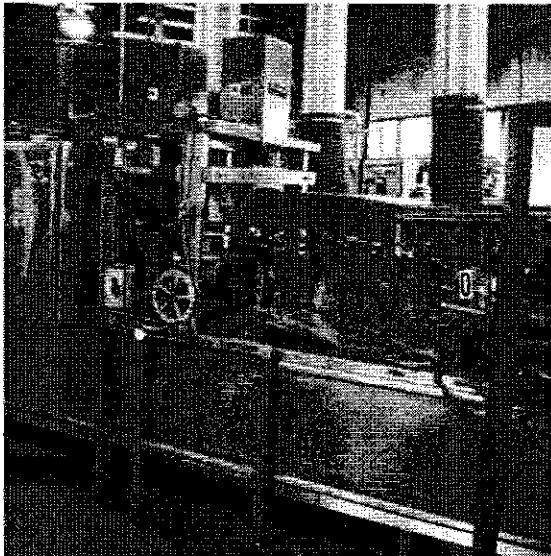
250 ml tetra pak



Lemon Juice



New Products





**TAB "C"**

IN THE MATTER OF THE RECEIVERSHIP OF  
SUN PAC FOODS LIMITED

STATEMENT OF RECEIPTS AND DISBURSEMENTS  
as at December 31, 2013

INTERIM STATEMENT

**RECEIPTS:**

Cash in Bank	\$ 59,316.14
Benefit cheques	843.70
Accounts Receivable	141,011.92
Sale of Inventory	21,996.91
HST Refund	198,776.97
Storage Income	17,093.00
HST Collected	3,099.62
Interest	46.37
Net Receipts	<u>442,184.63</u>

**DISBURSEMENTS:**

Filing Fee	70.00
Pre-Receivership Payroll	5,900.92
Advertising	3,225.06
Photocopies	143.95
Freight	428.00
Change Locks	1,395.00
Utilities	6,981.87
Post Receivership Payroll	8,154.13
Miscellaneous	470.70
HST Paid	1,839.08
Bank Charges	90.00
Total Disbursements	<u>28,698.71</u>
<b>RECEIPTS OVER DISBURSEMENTS</b>	<u><u>\$ 413,485.92</u></u>

# TAB 3

**DRAFT**

Court File No. CV-13-10331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 9<sup>TH</sup> DAY OF  
)  
) JANUARY, 2014  
)

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE  
*COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43, AS AMENDED

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by BDO CANADA LIMITED in its capacity as the Court-appointed receiver (the "Receiver") of the undertakings, properties and assets of SUN PAC FOODS LIMITED (the "Debtor"), for an Order approving the sale transaction (the "Transaction") contemplated by the Liquidation Services Agreement (the "Liquidation Agreement") negotiated between the Receiver and Maynards Industries Inc. (the "Liquidation Party"), and vesting in each purchaser (each a "Purchaser") of assets described in the Liquidation Agreement (the "Purchased Assets"), all of the Debtor's

right, title and interest in such Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated January 3, 2014, (the "First Report"), the Confidential Supplement to the First Report of the Receiver dated January 3, 2014 (the "Confidential Report") and on hearing the submissions of counsel for the Receiver, and such other parties in attendance at the hearing as indicated on the counsel slip.

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record is hereby abridged so that this motion is properly returnable today and further service thereof is hereby dispensed with.
2. THIS COURT ORDERS that the First Report and the Confidential Report and the activities of the Receiver set out therein be and the same are hereby approved.
3. THIS COURT ORDERS that the Confidential Report be and is hereby sealed until the completion of the Transaction or until further order of this Court.
4. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and that the Liquidation Agreement is commercially reasonable and in the best interest of the Debtor and its stakeholders. The execution of the Liquidation Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and to execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of any of the Purchased Assets of the Debtor sold to any Purchaser in accordance with the Liquidation Agreement (each an "Auctioned Asset" and collectively the "Auctioned Assets").

5. THIS COURT ORDERS that upon the Liquidation Party completing the sale of any of the Auctioned Assets to a Purchaser in accordance with the terms of the Liquidation Agreement, and delivering a bill of sale to such a Purchaser (a “Bill of Sale”), all of the Debtor’s right, title and interest in and to the Auctioned Assets described in such Bill of Sale shall vest absolutely in such Purchaser, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “Claims”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Madam Justice Mesbur dated November 12, 2013; (ii) all charges, security interests and claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) any royalty claims whatsoever.
  
6. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of any Auctioned Asset shall stand in the place and stead of that Auctioned Asset, and that from and after the delivery to the relevant Purchaser of the Bill of Sale conveying such Auctioned Asset, all Claims shall attach to the net proceeds from the sale of the Auctioned Asset with the same priority as they had with respect to the Auctioned Asset immediately prior to the sale, as if the Auctioned Asset had not been sold and remained in the possession or control of the person having that possession nor control immediately prior to the sale.
  
7. THIS COURT ORDERS that, notwithstanding:
  - a. the pendency of these proceedings;

- b. any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- c. any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in any Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).
- 9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

8527504 CANADA INC.  
Applicant

-and-

SUN PAC FOODS LIMITED  
Respondent

Court File No. CV13-10331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at  
TORONTO

**APPROVAL AND VESTING ORDER**

**LIPMAN, ZENER & WAXMAN LLP**  
Barristers and Solicitors  
1220 Eglinton Avenue West  
Toronto, Ontario  
M6C 2E3

**JASON D. SPETTER**  
Law Society Registration No. 46105S

**ANTHONY J. O'BRIEN**  
Law Society Registration No. 27440E  
Tel.: (416) 789-0652  
Fax: (416) 789-9015  
Emails: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com);  
[tobrien@lzwlaw.com](mailto:tobrien@lzwlaw.com)

Lawyers for the Receiver



8527504 CANADA INC.  
Applicant

-and-

SUN PAC FOODS LIMITED  
Respondent

Court File No. CV13-10331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at  
TORONTO

**MOTION RECORD**  
(Sale and Vesting Order, returnable  
Thursday January 9, 2014)

**LIPMAN, ZENER & WAXMAN LLP**  
Barristers and Solicitors  
1220 Eglinton Avenue West  
Toronto, Ontario  
M6C 2E3

**JASON D. SPETTER**  
Law Society Registration No. 46105S

**ANTHONY J. O'BRIEN**  
Law Society Registration No. 27440E  
Tel.: (416) 789-0652  
Fax: (416) 789-9015  
Emails: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com);  
[tobrien@lzwlaw.com](mailto:tobrien@lzwlaw.com)

Lawyers for the Receiver