

RICHTER

CANADA
Province of Quebec
District of: Quebec
Division No.: 01-Montréal
Court No.: 500-11-047554-148
Estate No.: 41-1920403

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

**Notice of Proposal to Creditors and
Notice of Hearing of Application for Court Approval of Proposal**
(Section 51 and Paragraph 58(b) of the Act)

**In the Matter of the Proposal of
161617 Canada Inc.
Of the City of Montréal
In the Province of Québec**

Take notice that 161617 Canada Inc. of the City of Montréal, in the Province of Québec, has lodged with us a proposal under *the Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets and liabilities and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at the Office of the Superintendent of Bankruptcy, Sun Life Building, 1155 Melcalfe St., Room 1071, Montréal QC H3B 2V6 on January 12, 2015 at 10:30 a.m.

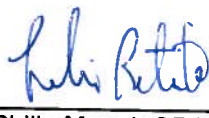
The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Take notice that, if the proposal is accepted by the creditors at the meeting held on January 12, 2015 at 10:30 a.m., an application will be made to the court, Superior Court of Justice – Montréal, 1 Notre-Dame St. E., Room 16.10, Montréal QC H2Y 1B6, on January 26, 2015 at 9:00 a.m., to approve the proposal of 161617 Canada Inc.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at Montréal in the Province of Québec, December 22, 2014.

Richter Advisory Group Inc.
Trustee acting *in re* the proposal of
161617 Canada Inc.

 CMA, CA, CIRP for:

Philip Manel, CPA, CA, CIRP

T. 514.934.3400
F. 514.934.8603
claims@richter.ca

Richter Advisory Group Inc.
1981 McGill College
Montréal, QC H3A 0G6
www.richter.ca

Montréal, Toronto

(Français – recto)



Court No.: 500-11-047554-148
File No.: 41-1920403

IN THE MATTER OF THE PROPOSAL OF:

161617 CANADA INC., doing business under the name Viking Distribution, a body politic and corporate, duly incorporated according to law and having its head office and principal place of business at 5850 Vanden Abeele Street, in the City of Saint-Laurent (Québec) H4S 1R9.

Debtor/Company

PROPOSAL

I, **161617 CANADA INC.**, the above-noted company (hereinafter referred to as the "**Company**"), hereby submit the following Proposal under the *Bankruptcy and Insolvency Act*:

1. DEFINITIONS AND INTERPRETATIONS

For purposes of:

"Act" means the *Bankruptcy and Insolvency Act*;

"Company" means 161617 Canada Inc.;

"Court" means the Superior Court of the District of Montréal sitting in bankruptcy and insolvency matters (Commercial Division);

"Inspectors" mean the individuals to be named by the creditors at the Meeting of Creditors called to consider the Proposal;

"Ordinary Claim" means, in respect of the Company, the claims of the Ordinary Creditors including claims of every nature and kind whatsoever, whether due or not due for payment as of the date of the filing of the Proposal as well as contingent or un-liquidated claims arising out of any transaction entered into by the Company prior to the date thereof, but excluding the portion of claims which are Preferred. Without limiting the generality of the foregoing, the Ordinary Claims shall include the claim of a landlord whose lease has been disclaimed or terminated, the claim of an employee whose notice of early termination has been sent before the filing of the Proposal and the claim of any tax authority related directly or indirectly to the acceptance or the Approval of the Proposal;

"Ordinary Creditors" means, in relation to the Company, the ordinary, unsecured creditors of the Company;

"Preferred Claims" means all claims of the Company directed by the Act to be paid in priority by the Company to all other claims in the distribution of the property of an insolvent party;

"Proposal" means this Proposal;

"Proposal Amount" means the aggregate of the installments to be remitted by the Company to the Trustee;

"Proposal Approval" means the situation arising from the Proposal having been accepted by the creditors of the Company and having been approved by the Court in a Judgment which has become executor as a result of the delay for appeal having expired without an appeal having been filed, or an appeal having been lodged and the Judgment having been confirmed or the appeal withdrawn;

"Proposal Expenses" means all proper fees, expenses, liabilities and obligations of the Trustee, and all legal fees, consulting fees and accounting fees on and incidental to the proceedings arising out of the Proposal and including, without limitation, advice to the Company and the Trustee in connection therewith;

"Proven Claim" means any claim for which a Proof of Claim is filed with the Trustee in accordance with Section 124 of the Act and that is proven in accordance with Section 135 of the Act;

"Secured Claims" means claims of secured creditors within the meaning of the Act;

"Settlement Fund" means the amount to be remitted to the Trustee under the terms of paragraph 4 hereof to fund the payment of Proposal Expenses and dividends on Preferred and Ordinary Claims;

"Trustee" means Richter Advisory Group Inc., the Trustee named in the Proposal of the Company.

2. DESCRIPTION OF THE SECURED CLAIM

Secured Creditors shall be paid in accordance with existing contracts, or as may otherwise be arranged with the Secured Creditors.

Accordingly, the Company declares that this Proposal is not made in respect of Secured Claims.

3. PROPOSAL AMOUNT

Subject to Sections 4 and 5 hereof, the Company will remit to the Trustee four (4) installments in the aggregate of \$180,000.00 (Proposal Amount) as follows:

- (a) February 24, 2015 (the "Initial Installment");
- (b) February 24, 2016 (the "Second Installment");
- (c) February 24, 2017 (the "Third Installment"); and
- (d) February 24, 2018 (the "Fourth and Final Installment").

Subject to the amounts provided for in Sections 4 and 5 hereof, any excess will be payable as follows:

- (i) Each of the Ordinary Creditors having a Proven Claim of less than \$250 will be paid the full amount of its Ordinary Claim without interest or penalty, within thirty (30) days after receipt by the Trustee of the Initial Installment of the Proposal Amount from the Company;
- (ii) For the balance of its Proven Claim, after the distribution mentioned in paragraph 3(i) herein and within thirty (30) days after the payment by the Debtor of each of the Initial Installment, Second Installment, Third Installment, and Fourth and Final Installment, each of the Ordinary Creditors shall also receive, in full and final payment of its Ordinary Claim, without interest or penalty, its *pro rata* share of any amount remaining from the Proposal Amount.

The Company is entitled to make accelerated payments if it chooses to.

4. DISTRIBUTION OF PROPOSAL AMOUNT

The Proposal Amount shall be distributed in the following order of priority, in payment of the following:

- (a) Amounts owing to Her Majesty in right of Canada or a Province that could be subject to a demand under Section 224(1.2) of the *Income Tax Act*, or under any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or under any substantially similar provision of provincial legislation, outstanding at the time of the filing of the Notice of Intention, will be paid in full within six (6) months after Proposal Approval; said sums will be paid directly by the Company to the fiscal authorities;
- (b) Amounts owing to employees and former employees, that they would have been entitled to receive under Section 136(1)(d) of the Act if the employer became bankrupt on the date of Proposal Approval, will be paid in full immediately after Proposal Approval;
- (c) The Preferred Claims, without interest, will be paid in full in priority to all claims of Ordinary Creditors, within sixty (60) days of Proposal Approval.

5. PREFERENTIAL PAYMENTS, REVISABLE TRANSACTIONS, ETC.

Provided always that the Company fulfills the Proposal and all payments required to be made under paragraph 4 hereof are made as and when required hereunder, Sections 91 through 101 of the Act shall not apply to the present Proposal pursuant to Section 101.1 of the Act and Articles 1631 through 1636 of the *Civil Code of Québec*, and all other provisions of law, rights, remedies and recourses similar to the provisions of law, rights and remedies set forth in any Province of Canada other than the Province of Québec, shall not in any manner whatsoever apply to this Proposal (the "Similar Provisions"), and neither the Trustee nor any creditors affected by the Proposal shall have or be entitled to exercise any of the rights or recourses provided for under Sections 91 through 101 of the



Act, under Articles 1631 through 1636 of the *Civil Code of Québec*, and under the Similar Provisions. In the event of the Proposal being unfulfilled in general or the payment provided for in paragraph 4 hereof not being made as and when required hereunder, then Sections 91 through 101 of the Act and Articles 1631 through 1636 of the *Civil Code of Québec* and the Similar Provisions shall be and remain applicable and the Trustee and/or any creditors affected by the Proposal shall have and continue to have and be and remain entitled to exercise all of the rights or recourses provided for therein.

6. PROPOSAL EXPENSES

Proposal Expenses are payable by the Company in the ordinary course of business.

7. POST-FILING OBLIGATIONS

Post-Filing Obligations will be paid in full in the ordinary course of business.

8. CREDITORS' COMMITTEE

The Company agrees to the formation of a committee of up to five (5) Inspectors (the "Committee") to be named by the creditors at the Proposal Meeting. The Committee will have the power to:

- (a) Advise the Trustee on matters relating to the administration of the Proposal;
- (b) Postpone the payment of any dividends to Ordinary Creditors herein provided.

9. DIRECTORS

The Proposal herein made will constitute in addition a compromise of claims against the present and past directors of the Company that arose before the filing of the Proposal and that relate to the obligations of the Company where the directors are by law liable in their capacity as directors for the payment of such obligations, and acceptance of the Proposal by the creditors and Proposal Approval will operate a discharge in favour of such present and past directors with respect to such obligations.

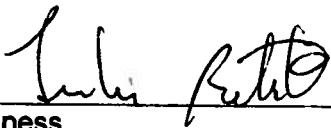
10. TRUSTEE

Richter Advisory Group Inc., Licensed Trustee, 1981 McGill College Avenue, 11th Floor, Montréal (Québec) H3A 0G6, will be the Trustee under the Proposal and all monies payable under the Proposal will be paid over to the Trustee, which will remit dividends in accordance with the terms of the Proposal.

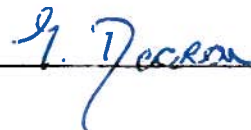
DATED AT MONTRÉAL, this 19th day of December 2014.

161617 CANADA INC.

Witness



Per:



District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

Original Amended

- Form 78 -
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)
 In the Matter of the Notice of Intention to Make a Proposal of
 161617 Canada Inc.
 Of the City of Montréal
 In the Province of Québec

To the debtor:
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 10th day of October 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	1,648,493.39	1. Inventory	223,000.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc	0.00
Total unsecured creditors	1,648,493.39	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	450,000.00	Good	34,000.00
3. Preferred creditors as per list "C"	0.00	Doubtful	301,000.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00	Bad	0.00
Total liabilities	2,098,493.39	Estimated to produce	251,000.00
Surplus	NIL	4. Bills of exchange, promissory note, etc., as per list "F"	0.00
		5. Deposits in financial institutions	0.00
		6. Cash	32,000.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	6,000.00
		9. Real property or immovable as per list "G"	0.00
		10. Furniture	0.00
		11. RRSPs, RRIFs, life insurance, etc.	32,000.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	0.00
		If debtor is a corporation, add:	
		Amount of subscribed capital	110,000.00
		Amount paid on capital	100,000.00
		Balance subscribed and unpaid	10,000.00
		Estimated to produce	0.00
		Total assets	544,000.00
		Deficiency	1,554,493.39

I, Gordon R. Deacon, of the Town of Manotick in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 22nd day of December 2014 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Montréal in the Province of Quebec, on this 22nd day of December 2014


 Christiane Girard, Commissioner of Oaths
 For the Province of Quebec
 Expires Jul 9, 2016




 Gordon R. Deacon



District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 - Continued

List "A"
 Unsecured Creditors

161617 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	ACCEO SOLUTIONS	200-666 BOUL ST-MARTIN LAVAL QC H7M 5G4	2,204.64	0.00	2,204.64
2	AGRIUM ADVANCED TECHN.	400-2915 ROCKY MOUNTAIN AVE LOVELAND CO 80538 USA	19,941.27	0.00	19,941.27
3	ALLIANCE OUTDOOR LIGHTING *	SUITE X 28441 RANCHO CALIFORNIA RD TEMECULA CA 92590 USA	29,953.55	0.00	29,953.55
4	AQUA MASTER/DIV. OF NSI *	16024 CTH X KIEL WI 53042-9741 USA	9,157.19	0.00	9,157.19
5	ASS. SUR. DE GOLF DU QC (ASGQ)	1370 NOTRE-DAME OUEST MONTREAL QC H3C 1K8	3,396.85	0.00	3,396.85
6	ATLANTIC WATER GARDENS *	4494 ORCHARD ST MANTUA OH 44255 USA	2,613.93	0.00	2,613.93
7	BANJO CORPORATION *	14594 COLL. CTR DR. CHICAGO IL 60693 USA	829.37	0.00	829.37
8	BAYCO GOLF INC	206 SAULTEAUX CRES WINNIPEG MB R3J 3W3	6,638.38	0.00	6,638.38
9	BOSHART INDUSTRIES INC.	BOX 310 25 WHALEY AVENUE MILVERTON ON N0K 1M0	186.95	0.00	186.95
10	BURO PLUS	1805 AUT. LAVAL OUEST CHOMEDEY, LAVAL QC H7L 3W3	444.66	0.00	444.66
11	BUSHMAN	6185 TOMKEN ROAD UNIT 3-5 MISSISSAUGA ON L5T 1X3	346.50	0.00	346.50
12	BV COMMUNICATIONS	C.P. BOX 90 ST-LAURENT QC H4L 4V4	1,065.39	0.00	1,065.39
13	DERCO HORTICULTURE INC.	270 ST-LÉON ST-GERMAIN QC J0C 1K0	605.00	0.00	605.00
14	DUBOIS AGRINOVATION	CP 3550 ST-REMI QC J0L 2L0	554.68	0.00	554.68
15	DURA PLASTICS *	P.O. BOX 2097 533 EAST THIRD ST BEAUMONT CA 92223 USA	16,814.71	0.00	16,814.71
16	ELLIOT METAL FABRICATION *	6886 FARMDALE AVE NORTH HOLLYWOOD CA 91605 USA	196.00	0.00	196.00
17	EMPRESS	7700 ST-PATRICK LASALLE QC H8N 1V1	1,131.93	0.00	1,131.93
18	ENSEIGNES PISSARRO	6 DE BELCOURT MERCIER QC J6R 2R3	68.99	0.00	68.99
19	FERTICHEM PROF. PROD.	P.O. BOX 129 560 RHÉAUME ST-MICHEL QC J0L 2J0	2,074.37	0.00	2,074.37
20	FLAG TEX REGD/SIGNAUX GOLF	493, HEENEY RD SHERRINGTON QC J0L 2N0	1,024.43	0.00	1,024.43
21	FLS TRANSPORTATION SERV INC	250-333 DECARIE MONTREAL QC H4N 3M9	1,225.00	0.00	1,225.00
22	FRANKLIN ELECTRIC CO INC	C/O B9622 P.O. BOX 9100, STN F TORONTO ON M4Y 3A5	18.35	0.00	18.35

22-Dec-2014

Date


 Gordon R. Deacon

District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 - Continued

List "A"
 Unsecured Creditors

161617 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
23	GORD DEACON	5734, KELLY MARIE DR MANOTICK ON K4M 1A7	550,000.00	0.00	550,000.00
24	GREENBELT TECHNICAL SERV.	5346 PATON DRIVE DELTA BC V4K 2G3	2,399.01	0.00	2,399.01
25	GROUPE A & A LE	101-10985 L-H LAFONTAINE VILLE D'ANJOU QC H1J 2E8	762.45	0.00	762.45
26	HUDSON VALVE CO INC *	330-5301 OFFICE PARK DR. BAKERSFIELD CA 93309 USA	1,099.00	0.00	1,099.00
27	HYDRO QUEBEC 440956	C.P. 11022 CENTRE-VILLE MONTREAL QC H3C 4V6	943.89	0.00	943.89
28	HYTEK PLASTICS SALES INC	2175A TESTON ROAD MAPLE ON L6A 1T3	2,085.40	0.00	2,085.40
29	IMPULSE TECHNOLOGIES LTD	920 GANA CRT MISSISSAUGA ON L5S 1Z4	19,420.03	0.00	19,420.03
30	INDUSTRIAL PLASTIC VALVES *	909 WEST LONG STREET CARSON CITY NV 89703 USA	2,365.85	0.00	2,365.85
31	INTEGRAL *	165 WEST FAIRVIEW ST. WERNERSVILLE PA 19565 USA	349.86	0.00	349.86
32	IPEX	807 PHARMACY AVENUE SCARBOROUGH ON M1L 3K2	78,203.54	0.00	78,203.54
33	IRRI-PLUS	100-580 WRIGHT AVE DARTMOUTH NS B3B 0H8	5,069.11	0.00	5,069.11
34	J DAVIS MARKING SYSTEMS *	P.O. BOX 669 MAQUOKETA IA 52060 USA	64.45	0.00	64.45
35	JEAN SEBASTIEN DUMAINE	5819 6E AVENUE MONTREAL QC H1Y 2R3	1,228.44	0.00	1,228.44
36	JOHN DEERE LANDSCAPES	900 BROCK ROAD PICKERING ON L1W 1Z9	1,384.36	0.00	1,384.36
37	KING INNOVATION *	42 N CENTRAL DR. OFALLON MO 63366-2336 USA	1,150.70	0.00	1,150.70
38	KOCHEK CO. INC. *	75 HIGHLAND DR PUTNAM CT 62600 USA	299.93	0.00	299.93
39	KURI TEC CORPORATION	140 ROY BOULEVARD BRANTFORD ON N3R 7W9	478.80	0.00	478.80
40	LABRADOR LAURENTIENNE INC	DIV.EAUX DANONE D'AMERI NORD P.O.BOX 4514 STN. A TORONTO ON M5W 4L7	51.17	0.00	51.17
41	LASCO FITTINGS INC *	16678 COLLCTR DR CHICAGO IL 60693 USA	3,542.44	0.00	3,542.44
42	LIVINGSTON	300-6700 COTE DE LIESSE ST-LAURENT QC H4T 1E3	10,629.65	0.00	10,629.65
43	LIVINGSTON INTL INC *	P.O. BOX 70 FORT ERIE ON L2A 5M6	443.70	0.00	443.70
44	MANCHESTER PRODUCTS	255 HOLIDAY DR CAMBRIDGE ON N3C 3T2	4,046.49	0.00	4,046.49
45	MAPLE AGENC 664284 ONT LTD	21 REGAN RD. UNIT D & E BRAMPTON ON L7A 1C5	1,028.14	0.00	1,028.14
46	MCF EQUIPEMENT	9244 COTE DE LIESSE LACHINE QC H8T 1A1	1,908.59	0.00	1,908.59

22-Dec-2014

Date


 Gordon R. Deacon

District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 - Continued

List "A"
 Unsecured Creditors

161617 Canada Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
47	MOTEURS ELECTRIQUES LCP INC	LOCAL 206 14056 ROUTE 117 ST-JANVIER QC J7J 1L6	68.99	0.00	68.99
48	MULTI-CLIMAT INC.	65 RUE PONT-VIAU LAVAL QC H7N 2Y2	275.54	0.00	275.54
49	MURRAY CORPORATION *	260 SCHILLING CIRCLE HUNT VALLEY MD 21031 USA	330.26	0.00	330.26
50	NATIONAL DIVERS. SALES INC *	6228 RELIABLE PARKWAY CHICAGO IL 60686 USA	3,840.99	0.00	3,840.99
51	NCI MARKETING INC	POSTAL STATION A P.O. BOX 3287 TORONTO ON M5W 4K2	1,641.98	0.00	1,641.98
52	NEBS BUSINESS PRODUCTS LTD	330 CRANSTON CRESCENT MIDLAND ON L4R 4V9	466.66	0.00	466.66
53	O.J. COMPAGNIE	294 RANG ST. PAUL SUD SHERRINGTON QC J0L 2N0	11,762.18	0.00	11,762.18
54	OETIKER INC	15795 COLL. CTR DR. CHICAGO IL 60693 USA	1,576.58	0.00	1,576.58
55	OLDCASTLE ENCLOSURE SOL. *	P.O. BOX 742387 LOS ANGELES CA 90074-2387 USA	1,611.10	0.00	1,611.10
56	ONE POND INC	2143 MONSON CRES. OTTAWA ON K1J 6A7	1,749.28	0.00	1,749.28
57	ORIZON MOBILE/PROCOM	160-237 BOUL. INDUSTRIEL CHATEAUGUAY QC J6J 4Z2	97.67	0.00	97.67
58	OTTAWA VALLEY TURFGRASS ASS	3398 GREENLAND ROAD DUNROBIN ON K0A 1T0	706.25	0.00	706.25
59	PAIGE ELECTRIC *	P.O. BOX 52256 NEWARK NJ 71010-0220 USA	8,508.19	0.00	8,508.19
60	PEACOCK A DIV OF KINECOR	PLACE D'ARMES CP 130 MONTREAL QC H2Y 3E9	933.95	0.00	933.95
61	PICKSEED CANADA INC	P.O. BOX 304 1 GREENFIELD ROAD LINDSAY ON K9V 4S3	135,655.45	0.00	135,655.45
62	PITNEY BOWES LEASING	P.O. BOX 278 ORANGEVILLE ON L9W 2Z7	249.71	0.00	249.71
63	PITNEYWORKS	P.O. BOX 280 ORANGEVILLE ON L9W 2Z7	192.55	0.00	192.55
64	POMPES R FONTAINE	150 RUE CENTRE MAGOG QC J1X 5P8	2,948.63	0.00	2,948.63
65	PREVENT EX	SUITE E 310 ST-PAUL LE GARDEUR QC J5Z 4H7	172.46	0.00	172.46
66	PS CONTRACTING	PO 417 MANOTICK ON K4M 1A3	429.40	0.00	429.40
67	PSB COMPANY *	555 WEST GOODALE ST COLUMBUS OH 43215 USA	1,389.39	0.00	1,389.39
68	PUROLATOR COURIER LTD.	P.O. BOX 1100 POSTALE STATION A ETOBICOKE ON M9C 5K2	510.69	0.00	510.69

22-Dec-2014

Date


 Gordon R. Deacon

District of. Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 - Continued

List "A"
 Unsecured Creditors

161617 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
69	RAIN BIRD CANADA SERV CORP	C/O V49205C P O BOX 4920 STAT TERMINAL VANCOUVER BC V6B 6C2	26,818.35	0.00	26,818.35
70	RAINBIRD INT'L INC *	6991 E. SOUTHPOINT RD TUCSON AR 85706 USA	448,041.01	0.00	448,041.01
71	REVENU QUEBEC	PERCEPTION 503-4 PLACE LAVAL LAVAL QC H7N 5Y3	30,347.48	0.00	30,347.48
72	ROBERT HALF	P O. BOX 57349, STATION A TORONTO ON M5W 5M5	9,284.22	0.00	9,284.22
73	ROBERT TRANSPORT	500 ROUTE 112 ROUJEMONT QC J0L 1M0	1,242.21	0.00	1,242.21
74	ROOFMART (ONTARIO) LTD	505 O'CONNELL DORVAL QC H1P 1E3	131.61	0.00	131.61
75	SECURITAS CANADA LTD	2915 DIAB ST-LAURENT QC H4S 1M1	68.99	0.00	68.99
76	SEYMOUR MFG CO *	P.O. BOX 1674 WARSAW IN 46581-1674 USA	660.74	0.00	660.74
77	SHULMAN ALLEN	37 THURLOW MONTREAL QC H3X 3G7	9,625.00	0.00	9,625.00
78	SILENT D SOFTWARE INC	35- 20967 76 AVE LANGLEY BC V2Y 0L9	252.00	0.00	252.00
79	SMG INC *	P.O BOX 30038 LOS ANGELES CA 90030-0038 USA	1,462.02	0.00	1,462.02
80	SOLAR LIGHTING INC	MOULD & CHRISTIE LTD BOX 13, GROUP 220, RR2 WINNIPEG MB R3C 2E6	386.32	0.00	386.32
81	SOLENO INC	1160 ROUTE 133 C.P. 837 ST-JEAN-SUR-RICHELIEU QC J2X 4J5	2,308.23	0.00	2,308.23
82	SUN LIFE ASS COMPANY OF CDA	GROUP FIN BILLAND COLL P.O. BOX 11010, STATION A MONTREAL QC H3C 4T9	31.41	0.00	31.41
83	T E C. ET FILLES INC	C.P. 3175 BUR. P. STE-SCHOL 9064 BELLE RIVIERE R R #1 MIRABEL QC J7N 2R4	143.72	0.00	143.72
84	TERRA NOVO INC *	P O BOX 81916 BAKERSFIELD CA 93308 USA	7,100.00	0.00	7,100.00
85	THCP TURF HEALTH PROD. CO INC	397 MUNDY ST COQUITLAM BC V3K 5M9	5,827.36	0.00	5,827.36
86	THE HARRINGTON CORP *	P.O. BOX 10335 LYNCHBURG VA 24506 USA	5,884.10	0.00	5,884.10
87	TIMEX REALTY	3035 DEBAENE MONTREAL QC H4S 1K8	14,034.65	0.00	14,034.65
88	TRANSCONT. MEDIAS S E N C	300-400 AVE. STE-CROIX ST-LAURENT QC H4N 3L4	5,288.86	0.00	5,288.86
89	TURF & RECREATION	275 JAMES ST DELHI ON N4B 2B2	498.75	0.00	498.75
90	TYTEWADD POWER FILTERS *	545 S HARPER AVE SPRINGFIELD MO 65802 USA	103.01	0.00	103.01

22-Dec-2014

Date


 Gordon R. Deacon

District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 – Continued

List "A"
 Unsecured Creditors

161617 Canada Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
91	UNIQUE LIGHTING SYST INC *	1240 SIMPSON WAY ESCONDIDO CA 92029 USA	182.35	0.00	182.35
92	UPS FREIGHT *	28013 NETWORK PLACE CHICAGO IL 60673-1280 USA	230.32	0.00	230.32
93	VANDEN BUSSCHE IRRIG LIM *	P.O. BOX 304 970 JAMES ST DELHI ON N4B 2X1	1,900.99	0.00	1,900.99
94	VANDEN BUSSCHE IRRIG LIM	P.O. BOX 304 970 JAMES ST DELHI ON N4B 2X1	27,885.43	0.00	27,885.43
95	VISTA PROF. OUTDOOR LIGHTING *	U.S.T.E. INC. 1625 SURVEYOR AVE. SIMI VALLEY CA 93063 USA	13,616.70	0.00	13,616.70
96	WAJAX EQUIPEMENT	16745 111TH AVE EDMONTON AB T5M 2S4	272.39	0.00	272.39
97	WATTS WATER TECHN. (CAN) INC	C/O TH1104 P.O. BOX 4283 POST. STAT.A TORONTO ON M5W 5W6	167.17	0.00	167.17
98	WEATHER-TEC *	5645 EAST CLINTON AVE FRESNO CA 93727-1396 USA	277.43	0.00	277.43
99	WXLINE LLC *	3924 NORTH CALLE CASITA TUCSON AZ 85718 USA	485.00	0.00	485.00
100	YATES CUSTOM LAWN SPRINKLERS	P O BOX 275 MANOTICK ON K4M 1A3	100.57	0.00	100.57
101	ZURN INDUSTRIES LIMITED	3544 NASHUA DRIVE MISSISSAUGA ON L4V 1L2	2,545.55	0.00	2,545.55
102	ZUS EXCHANGE 1,1182	-	66,724.41	0.00	66,724.41
Total:			1,648,493.39	0.00	1,648,493.39

22-Dec-2014

Date


 Gordon R. Deacon

District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-047554-148
 Estate No. 41-1920403

FORM 78 – Continued

List "B"
 Secured Creditors

161617 Canada Inc

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	DAVE DESJARDINS	1088 BRAVAR DRIVE MANOTICK ON K4M 1G3	150,000.00	Business Assets - Machinery - Machinery Business Assets - Stock In Trade - Inventory Cash on Hand - Chequing - TD Bank Debts Due - Business - Accounts receivable Policies & RRSPs - Manulife Insurance and Empire Insurance - 5953549 and 021881056L	22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014	6,000.00 79,000.00 0.00 65,000.00 0.00		
2	GORD DEACON	5734, KELLY MARIE DR. MANOTICK ON K4M 1A7	250,000.00	Business Assets - Machinery - Machinery Business Assets - Stock In Trade - Inventory Cash on Hand - Chequing - TD Bank Debts Due - Business - Accounts receivable Policies & RRSPs - Manulife Insurance and Empire Insurance - 5953549 and 021881056L	22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014	0.00 0.00 32,000.00 186,000.00 32,000.00		
3	GREG MCVITTIE	85 MOUNT PLEASANT POINTE-CLAIRE QC H9R 2T6	50,000.00	Business Assets - Machinery - Machinery Business Assets - Stock In Trade - Inventory Cash on Hand - Chequing - TD Bank Debts Due - Business - Accounts receivable Policies & RRSPs - Manulife Insurance and Empire Insurance - 5953549 and 021881056L	22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014 22-Dec-2014	0.00 50,000.00 0.00 0.00 0.00	94,000.00	
Total:			450,000.00			450,000.00	94,000.00	0.00

22 Dec-2014

Date


 Gordon R. Deacon

RICHTER

THIS INFORMATION SHEET IS SUPPLIED IN ORDER TO ASSIST YOU IN COMPLETING THE PROOF OF CLAIM FORM

- The proof of claim must be signed by the individual completing the form.
- The signature of the claimant must be witnessed.
- Give the complete address (including postal code) where all notices and correspondence are to be forwarded.
- The amount on the statement of account must agree with the amount claimed on the proof of claim.

PARAGRAPH 1 OF THE PROOF OF CLAIM

- If the individual completing the proof of claim is not the creditor himself, he must state his position or title.
- The creditor must state the full and complete legal name of the Company or the claimant.

PARAGRAPH 3 OF THE PROOF OF CLAIM

- A detailed statement of account must be attached to the proof of claim and must show the date, the invoice number and the dollar amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward. In addition, a creditor must indicate his/her address, phone number, fax number and E-mail address.

PARAGRAPH 4 OF THE PROOF OF CLAIM

- An unsecured creditor (subparagraph (A)) must check and state whether or not a priority rank is claimed under Section 136 of the Bankruptcy and Insolvency Act.
- A claim of landlord (subparagraph (B)) for disclaim of lease must be completed with full particulars and calculations.
- A secured creditor must complete subparagraph (C) and attach a copy of the security documents.
- A farmer, fisherman or aquaculturist must complete subparagraph (D).
- A wage earner must complete subparagraph (E), if applicable.
- Section F must be completed with regard to a pension plan.
- A claim against director(s) (subparagraph (G)), in a proposal which compromises a creditor's claim, must contain full particulars and calculations.
- A customer of a bankrupt securities firm must complete subparagraph (H).

PARAGRAPH 5 OF THE PROOF OF CLAIM

- The claimant must indicate whether he/she **is** or **is not related** to the debtor, as defined in the Bankruptcy and Insolvency Act, by striking out that which is not applicable.

PARAGRAPH 6 OF THE PROOF OF CLAIM

- The claimant must attach a detailed list of all payments received and/or credits granted, as follows:
 - a) within the **three months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **not related**;
 - b) within the **twelve months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **related**.

PROXY

- a) A creditor may vote either in person or by proxy;
- b) A debtor may not be appointed as proxy to vote at any meeting of the creditors;
- c) The Trustee may be appointed as a proxy for any creditor;
- d) In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.

T. 514.934.3400
F. 514.934.8603
claims@richter.ca

Richter Advisory Group Inc.
Richter Groupe Conseil Inc.
1981 McGill College
Montréal (QC) H3A 0G6

Montréal, Toronto

(français – recto)



RICHTER

PROOF OF CLAIM

(Section 50.1, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

In the Matter of the Proposal of **161617 Canada Inc.** of the City of Montréal, Province of Quebec, and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor or representative of the creditor).
2. That I have knowledge of all of the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the Proposal, namely December 22, 2014, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A" after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. Check and complete appropriate category

- A. UNSECURED CLAIM OF \$ _____

(Other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description)

- Regarding the amount of \$ _____, I do not claim a right to a priority.

("Ordinary Creditor")

- Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

("Preferred Creditor")

(Set out on an attached sheet details to support priority claim)

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

- C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____

(Attach a copy of sales agreement and delivery receipts).

T. 514.934.3400
F. 514.934.8603
claims@richter.ca

Richter Advisory Group Inc.
Richter Groupe Conseil Inc.
1981 McGill College
Montréal (QC) H3A 0G6 Montréal, Toronto



RICHTER

CANADA
Province of Québec
District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-047554-148
Estate No.: 41-1920403

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

VOTING LETTER (Division 1 Proposal) (Paragraph 51(1)f) of the Act)

In the Matter of the Proposal of
161617 Canada Inc.

I, _____, creditor
(or I, _____, representative of _____, creditor)
of _____ (name of city), a creditor in the above matter for the sum of
\$ _____, hereby request the trustee acting with respect to the proposal of **161617 Canada Inc.** to
record my vote _____ (**for or against**) the acceptance of the proposal as made on December 22, 2014.

Dated at _____, this ____ day of _____ 201__.

Name of Individual Creditor (Please print)

Signature of Individual Creditor

Signature of Witness

- OR -

Name of Corporate Creditor (Please print)

Signature of Corporate Creditor

Signature of Witness

Name and Title of Signing Officer (Please print)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO.: 01-MONTREAL
COURT NO.: 500-11-047554-148
ESTATE NO.: 41-1920403

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE PROPOSAL OF:

161617 Canada Inc. (carrying on business as Viking Distribution), a body politic and corporate, duly incorporated according to law and having its head office and its principal place of business at 5850 Vanden Abeele street, of the City of Montreal, in the Province of Quebec, H4S 1R9.

Debtor

- and -

Richter Advisory Group Inc.

Trustee

REPORT OF THE TRUSTEE ON THE FINANCIAL SITUATION
OF THE DEBTOR AND ON THE PROPOSAL
(Sections 50(5) and 50(10)(b) of the *Bankruptcy and Insolvency Act*)

The purpose of the First Meeting of Creditors is to consider the Proposal filed on December 22, 2014 (hereinafter referred to as the "Proposal") by 161617 Canada Inc., (hereinafter referred to as the "Debtor"), (carrying on business as Viking Distribution).

Pursuant to Sections 50(5) and 50(10)(b) of the *Bankruptcy and Insolvency Act* (hereinafter referred to as the "Act"), and in order to assist the Ordinary Unsecured Creditors in considering the Proposal, the Trustee is hereby submitting its report on the financial situation of the Debtor and on the Proposal.

The Trustee cautions the reader that it has neither conducted an audit nor a verification of the books and records of the Debtor. Consequently, the Trustee cannot render an opinion as to the accuracy of the information contained therein. The information discussed herein emanates from the books and records of the Debtor, as well as from discussions with the Management of the Debtor.

All the terms that are not otherwise defined herein shall have the meaning ascribed thereto in the Proposal.

INTRODUCTION

On October 10, 2014, the Debtor filed a Notice of Intention to Make a Proposal ("NOI") in accordance with the Act, the whole as appears from the documents filed into the court records.

On October 16, 2014, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's NOI, the whole as appears from the documents filed into the court records.

On November 7, 2014, the Court granted a first extension of delay of 45 days for the filing of a Proposal to December 22, 2014, in order to allow the Debtor additional time to complete the implementation of its restructuring plan.

On December 22, 2014, the Debtor filed a Proposal. We have enclosed herewith the Proposal filed by the Debtor to its creditors, a proof of claim form, a voting form, a proxy and a notice indicating the place and time of the Creditors' meeting to address the Proposal.

This report summarizes the relevant information and key elements that may assist the creditors in evaluating the Debtor's affairs and the Proposal. The report is presented with the following sections:

- I. Overview of the Debtor
- II. Causes of Insolvency
- III. Restructuring Measures
- IV. Results of Sales Process
- V. Financial Information
- VI. Proposal
- VII. Estimated Distribution to the Ordinary Unsecured Creditors
- VIII. Conclusion and Recommendation

I. OVERVIEW OF THE DEBTOR

The Debtor, in operation since 1988, is engaged in the distribution of horticultural products in Quebec and eastern Ontario. This includes the supply of irrigation equipment and products to numerous golf courses.

At the time of the filing, the Company had over 14 employees working at its head office and warehouse. The Debtor's current operations are now limited to the orderly liquidation of its inventory and the collection of its accounts receivable.

II. CAUSES OF INSOLVENCY

In the past two years, the Company has experienced a significant decline in its sales and reported significant losses. Management attributes this decline in sales to the following:

- Current unfavorable economic conditions in the golf industry;
- Insufficient funding of its operations; and
- General economic downturn.

Pursuant to the assessment of its financial situation, Management began implementing, in early 2014, certain corrective measures, with the intent of ensuring its long-term viability. However, in July 2014, the Company lost the support of its main supplier of irrigation equipment. This event further contributed to the decline of its sales, necessitating a formal restructuring through an NOI.

During 2002 to 2014, Gord Deacon, the Debtor's sole shareholder, in an attempt to maintain its ongoing operations, injected \$550,000 into the company on an unsecured basis as well as an additional \$250,000 on a secured basis.

III. RESTRUCTURING MEASURES

Subsequent to the filing of the NOI, the Debtor, with the help of its financial and legal advisors, has been developing a restructuring plan with a view to maximize the recovery to its creditors. The key elements of this plan included:

- The liquidation of its inventory on an orderly basis and the collection of its accounts receivable;
- The reduction of operating and overhead expenses; and
- The search for potential investors and/or purchasers who could participate in the restructuring.

IV. RESULTS OF SALES PROCESS

In April, 2014, Management initiated a sales process whereby specific groups were contacted to seek their interest in either investing in and/or purchasing the shares of the Company. This sales process resulted in the receipt of an offer by a Potential Purchaser (the "Potential Purchaser").

Management has recently concluded an agreement with the Potential Purchaser, whereby, amongst other conditions, the Potential Purchaser will purchase all the shares of the Debtor, assume the secured debts of the Debtor, and fund the Proposal in the amount of \$180,000. This agreement is conditional upon the acceptance of the Proposal by the unsecured creditors and by the Court.

As noted above, the Debtor's current operations are limited to the ongoing sale of its inventory and the collection of its accounts receivable. The Debtor is no longer able to operate its business as a going concern. Should this transaction fail to conclude, the Debtor will have no choice but to file an Assignment in Bankruptcy.

V. FINANCIAL INFORMATION

The following financial data was extracted either from the books and records of the Debtor, the unaudited financial statements or from discussions held with Management. This information is submitted solely to assist the reader in assessing the current financial position of the Debtor.

The Trustee makes no representation and gives no warranty as to the accuracy of said financial information.

A) Operating Results

161617 Canada Inc. Key financial information			
	F2014	F2013	F2012
	(9 months)	(12 months)	(12 months)
(in 000\$)	Preliminary	Reported	Reported
Sales	2 984	4 778	4 838
COGS	2 229	3 533	3 500
Gross profit	755	1 245	1 338
Operating & admin. expenses	1 070	1 469	1 485
Net loss	(315)	(224)	(147)

The above table shows the poor financial performance of the Debtor for the last two (2) fiscal years and the most recent year-to-date period (the latest internal financial statements available).

B) Assets

The Debtor's statement of affairs reflects the following as at November 30, 2014, based on information provided by Management:

161617 Canada Inc. Assets As at November 30, 2014 (in 000\$)	
	<u>Book value</u>
Cash on hand	32
Accounts receivable	335
Inventory	496
Investment	56
Capital assets	60
	<u>979</u>

Accounts Receivable (\$335,000)

The accounts receivable amount to \$335,000. The vast majority (\$301,000) relates to past due accounts (over 60 days), doubtful accounts or accounts in dispute. The accounts receivable are subject to a first ranking hypothec in favour of the secured creditors.

Inventory (\$496,000)

The inventory is comprised of finished goods located in the Debtor's warehouse, including approximately \$200,000 of units with limited sales for the past twelve months. The inventory is subject to a first ranking hypothec in favour of the secured creditors.

Investment (\$56,000)

The investment relates to the cash surrender value of two life insurance policies on the life of the Debtor's sole shareholder.

Capital Assets (\$60,000)

The Debtor's fixed assets consist mainly of computer equipment (\$43,000), furniture and fixtures (\$9,000), and leasehold improvements (\$5,000). The computer equipment is subject to a secured hypothec.

C) Liabilities

The Debtor has provided the Trustee with a list of its creditors. Proof of claim forms have been sent to all known creditors. However, at the present date, the Trustee is unable to determine if the Debtor's records are consistent with those of its creditors. Upon receipt of the proofs of claim, the Trustee will review them with Management and deal with any discrepancies for purposes of the collocation of claims.

161617 Canada Inc. Liabilities As at November 30, 2014 (in 000's)	
Liabilities per the books and records of the Debtor	
Secured creditors (3)	450
Unsecured creditors (101)	1 032
Unsecured creditor - related party (1)	550
Restructuring claims (estimated - Note 1)	40
	<u>2 072</u>

Note 1: Claims resulting from lease repudiation and employee layoffs.	

The secured creditors' claims consist of loans made by Gordon Deacon, President and sole shareholder of the Debtor (\$250,000), Dave Desjardins (\$150,000) and Greg McVittie, VP sales of the Debtor (\$50,000). The amounts owed are secured by all the assets of the Debtor for a total amount of \$450,000. The Trustee is in the process of obtaining an independent legal opinion on the validity of said secured claims.

Based on the information provided by the Debtor, there are no known preferred creditors.

Ordinary Unsecured Creditors (\$1,032,000) were identified through the Debtor's books and records and include trade suppliers, sales taxes and accrued liabilities.

Unsecured creditors – related party (\$550,000) relates to funds advanced by Gordon Deacon and his holding Company to the Debtor.

The Trustee calculated the potential amounts that could be claimed as damages following the disclaimer of leases as well as the termination and severance pay following the layoff of the workforce. The Trustee estimates that these potential liabilities total approximately \$40,000.

The Trustee cautions that these amounts may change as proofs of claims are filed and such changes may be significant.

VI. PROPOSAL

A) Summary

The Trustee notes that the following is only a summary of the Terms of the Proposal. Creditors are advised to read the Proposal for complete details.

The Terms of the Proposal provide that the Ordinary Unsecured Creditors shall be paid a total amount of \$180,000 (hereinafter referred to as the "Proposal Amount"), in four installments of \$45,000 on February 24, 2015, February 24, 2016, February 24, 2017, February 24, 2018.

The Proposal Amount shall be payable by the Debtor in the following manner:

- i. Each of the Ordinary Creditors having a Proven Claim of less than \$250 will be paid the full amount of its Ordinary Claim without interest or penalty, within thirty (30) days after receipt by the Trustee of the Initial Installment of the Proposal Amount from the Company; and
- ii. For the balance of its Proven Claim, after the distribution mentioned above, and within thirty (30) days after the payment by the Debtor of each of the four installments, each of the Ordinary Creditors shall also receive, in full and final payment of its Ordinary Claim, without interest or penalty, its pro rata share of each instalment referred to above.

B) Funding

The Proposal will be funded by the Potential Purchaser. The funding is conditional upon the Proposal's acceptance by the Unsecured Creditors and the approval by the Court.

C) Amounts to be Paid as a Priority

According to the terms of the Proposal, the following amounts must be paid in priority, from the Proposal Amount:

- Amounts owing to Her Majesty in right of Canada or a Province that could be subject to a demand under Section 224(1.2) of the *Income Tax Act*, or under any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or under any substantially similar provision of provincial legislation, outstanding at the time of the filing of the Notice of Intention, will be paid in full within six (6) months after Proposal Approval; said sums will be paid directly by the Company to the fiscal authorities;
- Amounts owing to employees and former employees, that they would have been entitled to receive under Section 136(1)(d) of the Act if the employer became bankrupt on the date of Proposal Approval, will be paid in full immediately after Proposal Approval;
- The Preferred Claims, without interest, will be paid in full in priority to all claims of Ordinary Creditors, within sixty (60) days of Proposal Approval;
- Secured Creditors shall be paid in accordance with existing contracts, or as may otherwise be arranged with the Secured Creditors. For greater certainty, the Proposal is not addressed to the Secured Creditors and they shall not be bound by the Proposal in respect of their Secured Claim;

- Post-Filing Obligations and Professional Fees shall be paid in full by the Debtor in the normal course of business.

Management estimates that Crown Claims, Employees Claims and Preferred Claims will have been paid in full prior to the remittance of the Proposal Amount to the Trustee.

D) Other

Sections 91 through 101 of the Act and Articles 1631 through 1636 of the Civil Code of Québec, and all other provisions of law, rights, remedies and recourses similar to the provisions of law, rights and remedies set forth in any Province of Canada other than the Province of Québec shall not apply to the present Proposal.

The Proposal will constitute a compromise of all claims against directors and will operate as a full and complete discharge in favor of such directors with respect to such claims.

The proposal shall be deemed to be accepted by the creditors if, and only if, the Ordinary Unsecured Creditors vote for the acceptance of the Proposal by a majority in number and two thirds in value of the Ordinary Unsecured Creditors present, personally or by proxy, at the meeting of creditors to consider the Proposal and voting on the resolution.

VII. ESTIMATED DISTRIBUTION TO ORDINARY UNSECURED CREDITORS

In the event that the creditors reject the Proposal, the Debtor will automatically be deemed bankrupt and the net proceeds from the liquidation of the assets (after payment of the Trustee's fees and expenses) will be distributed to the creditors in the order provided for under the Act. The following information is to inform the creditors on the estimate as to the distribution to creditors under the Proposal in comparison to the estimated distribution under a bankruptcy scenario.

A) Proposal

Based on Management's representations and the aggregate amount of the Unsecured Claims, as reflected in the Debtor's statement of affairs, at the present time, the Trustee estimates that the funds of \$180,000 available for distribution over four (4) years to the Ordinary Unsecured Creditors would represent an estimated recovery of 11% of the Ordinary Unsecured Claims, as follows:

161617 Canada Inc Proposal estimated distribution (in 000\$)	
Dividend paid by the Debtor	180
Unsecured creditors subject to the Dividend	
Unsecured creditors (per books and records)	1 032
Unsecured creditors - related party	550
Restructuring claims	40
	<u>1 622</u>
Estimated distribution percentage	11%

The Proposal will be funded by the Potential Purchaser, conditional upon acceptance of the Proposal by the Unsecured Creditors and the approval by the Court.

B) Bankruptcy

In a bankruptcy scenario, based on the value of the assets and liabilities of the Debtor, as reflected in the statement of affairs, the Trustee estimates that the distribution would be NIL calculated as follows:

161617 Canada Inc.		
Bankruptcy - Estimated distribution		
(in 000\$)		
	Book value	Estimated realization
Cash on hand	32	32
Accounts receivable	335	218
Inventory	496	198
Investment	56	56
Capital assets	60	6
Estimated Gross realization		510
Less: Estimated realization cost (incl. prof. fees)		125
Net realization value		385
Secured creditors		(450)
Priority claims		TBD
Deficit for secured creditors		(65)
Estimated distribution to unsecured creditors		NIL

The above analysis indicates that the estimated realization values of the Debtor's assets would likely be insufficient to reimburse in full the Secured Creditors. Therefore, there would be no amount available to distribute to the Unsecured Creditors.

C) Other Considerations

The approval of the Proposal will avoid a bankruptcy and will be of benefit to the following constituents:

- Certain employees will have continued employment with the Potential Purchaser if the transaction is concluded; and
- Product suppliers and service providers will have a going concern entity with which to continue doing business.

VIII. CONCLUSION AND RECOMMENDATION

It is estimated that the Proposal would provide the Unsecured Creditors with a dividend of approximately \$0.11 on the dollar, compared to an estimated dividend of NIL in the event of a bankruptcy. As well, the Debtor will continue, as a going concern, doing business with its suppliers and certain employees will have continued employment with the Potential Purchaser.

For the foregoing reasons, the Trustee is of the opinion that the present Proposal is more advantageous than a bankruptcy and therefore recommends the approval of the Proposal.

Dated at Montréal, Province of Québec, this 22nd day of December 2014.

**Richter Advisory Group Inc.
Trustee**



Julien Bélisle, CPA, CA, CIRP