



**RICHTER  
& ASSOCIÉS INC.**

2 Place Alexis Nihon  
Suite 2200  
Montréal, Québec H3Z 3C2  
Téléphone : (514) 934-3497  
Télécopieur : (514) 934-3504

**CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF QUÉBEC  
DIVISION NO. : 04-GRANBY  
COURT NO. : 460-11-000938-046  
ESTATE NO.: 42-043090**

**SUPERIOR COURT  
(In Bankruptcy and Insolvency)**

**IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF  
J.L. DE BALL CANADA INC., a body politic  
and corporate, duly incorporated according to  
law and having its principal place of business  
at:  
835 Industriel Blvd.  
Granby QC J2J 1A5**

**Debtor**

**- AND -**

**RICHTER & ASSOCIÉS INC.**

**Trustee**

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**TRUSTEE'S REPORT ON THE STATE OF THE INSOLVENT PERSON'S  
BUSINESS AND FINANCIAL AFFAIRS**

I, Yves Vincent, CA, of Richter & Associés Inc. ("Richter"), Trustee, with respect to the Notice of Intention to Make a Proposal ("Notice of Intention") filed by J.L. de Ball Canada Inc., ("De Ball" or "Company") an insolvent person, do hereby report to the Court the following:

1. That on February 4, 2004, the Debtor filed a Notice of Intention to Make a Proposal in accordance with the *Bankruptcy and Insolvency Act* ("the Act").
2. That on February 11, 2004, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's Notice of Intention.
3. That on February 12, 2004 the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Forecast") together with the related report pursuant to Section 50.4(2)(c) of the Act, covering the period February 7, 2004 to March 5, 2004, which included the major Assumptions used in the preparation of the afore-noted Forecast. Concurrently therewith, the Trustee filed its Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act.
4. That on March 2, 2004 the Debtor filed a Motion to Extend the Delay for the Filing of a Proposal ("Motion"), together with a Statement of Projected Cash Receipts and Disbursements ("Forecast") and the related report pursuant to Section 50.4(2)(c) of the Act, covering the period March 2, 2004 to April 15, 2004, which included the major Assumptions used in the preparation of the aforementioned Forecast. Concurrently therewith, the Trustee filed its report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act, which also included a comparison of the actual results to those forecasted from February 7, 2004 to March 5, 2004. The actual results are favourable.
5. That on March 2, 2004, an extension was granted to the Debtor by the Court for the filing of a proposal to April 15, 2004
6. That on April 14, 2004 the Debtor filed a Motion, together with a Forecast and the related report pursuant to Section 50.4(2)(c) of the Act, covering the period April 13, 2004 to May 28, 2004, which included the major Assumptions used in the preparation of the afore-noted Forecast. Concurrently therewith, the Trustee filed its report on the reasonableness of the Forecast in

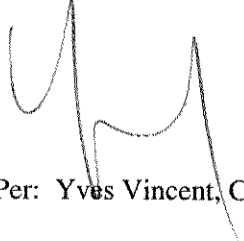
accordance with Section 50.4(2)(b) of the Act, which also included a comparison of the actual results to those forecasted from March 2, 2004 to April 15, 2004. The actual results are favourable.

7. That on April 14, 2004, an extension was granted to the Debtor by the Court for the filing of a proposal to May 7, 2004.
8. That the Debtor has filed a Motion on May 6, 2004, for the period ending June 11, 2004, in order to enable it to continue to develop its reorganization plan. A key component of the Company / shareholder's plan is to pursue an acquirer / investor for the Company. The Company has recently mandated the Trustee to assist in identifying and pursuing potential buyers for the Canadian company on a stand-alone basis (the Company's German parent had previously been seeking an acquirer / investor for the international operations as a whole). As a result, the Company, with the active assistance of Richter, requires additional time to canvas the market and identify a purchaser/investor, and develop a restructuring plan which would include a proposal to the creditors.
9. That the Debtor has prepared an additional Forecast for the period ending June 11, 2004 which indicates that the Company expects to continue to operate within its authorized credit limits. Annexed hereto as Exhibit "A" is the Statement of Projected Cash Flow covering the period May 8, 2004 to June 11, 2004 which includes the major Assumptions used in the preparation of the aforementioned Forecast, as well as the Trustee's Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act and the Debtor's Report pursuant to Section 50.4(2)(c) of the Act, , which also included a comparison, annexed as Exhibit "B," of the actual results to those forecasted from April 13, 2004 to April 23, 2004. The actual results are favourable.
10. That in order to monitor the affairs and finances of the Debtor, the Trustee has been provided with access to the books, records and other important documents of the Company.
11. That in addition the Trustee has been kept informed as to the efforts and progress of the Company, including the efforts and dealings of the German trustee with respect to Girmes GMH (the Company's German parent), in dealing with parties interested in purchasing or acquiring the Company.
12. That if the extension is granted, we are not aware that any creditor will be materially prejudiced. We are furthermore aware that BMO Bank of Montréal, the secured creditor, does not object to a thirty-five (35) day extension and advises it will continue to provide its current credit facilities providing De Ball respects its credit limit and margin covenants.
13. That in the event that the extension is not granted and a Bankruptcy ensues, any reorganization efforts of the business would cease, the whole resulting in a substantial shortfall to the creditors. Consequently, the creditors' best opportunity to maximize recovery in this matter is to allow the Company time to continue its efforts and attempt to complete negotiations with an identified purchaser and as such formulate and submit a Proposal to its creditors.
14. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court being thirty-five (35) days from the hearing date of the Motion.

DATED AT MONTREAL, this 6<sup>th</sup> day of May, 2004.

RICHTER & ASSOCIÉS INC.

Trustee



Per: Yves Vincent, CA

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF QUÉBEC  
DIVISION NO.: 04-GRANBY  
COURT NO. : 460-11-000938-046  
ESTATE NO.: 42-043090

SUPERIOR COURT  
(In Bankruptcy and Insolvency)

In the matter of the Notice of Intention to Make a Proposal of:

J.L. de Ball Canada Inc.

a body politic and corporate, duly  
incorporated according to law and  
having its principal place of business  
at:  
835 Industriel Blvd.  
Granby QC J2J 1A5

Debtor

- and -

Richter & Associés Inc.

Trustee

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Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraph 50.4(2)(c) of the Act)

The Management of the above-noted Debtor has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 6<sup>th</sup> day of May, 2004, consisting of a statement of projected cash receipts and disbursement, including notes thereto, covering the period from the 8<sup>th</sup> day of May, 2004 to the 11<sup>th</sup> day of June, 2004.

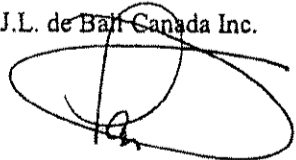
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions have been disclosed in Note 2.

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

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Note 2. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montréal, Province of Québec, this 6<sup>th</sup> day of ~~April~~ <sup>May</sup>, 2004.

J.L. de Ball Canada Inc.



Per: Paul R. Flay

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF QUÉBEC  
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835 Industriel Blvd.  
Granby QC J2J 1A5

**Debtor**

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**Trustee's Report on Cash-Flow Statement**  
(Paragraph 50.4(2)(b) of the Act)

The attached Statement of Projected Cash-Flow of the above-named debtor as of the 6<sup>th</sup> day of May, 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 8<sup>th</sup> day of May, 2004 to the 11<sup>th</sup> day of June, 2004 has been prepared by the management of the insolvent Company for the purpose described in Note 1, using probable and hypothetical assumptions set out in Note 2.

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

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

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

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

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Montréal, Province of Québec, this 6<sup>th</sup> day of May, 2004.

Richter & Associés Inc.  
Trustee

Per: Yves Vincent, CA  
Administrator

J.L. de Ball Canada Inc.

**Projected Statement of Receipts and Disbursements**

For the Period from May 8, 2004 to June 11, 2004

Court No. : 460-11-000938-046

Estate no. : 42-043090

	<u>Total</u>
<b>Cash receipts</b>	
Collection of accounts receivable	\$3,144,200
Tax credits	-
GST/QST tax refund	166,000
Income tax refund	-
<b>Total Receipts</b>	<u><u>3,310,200</u></u>
<b>Cash disbursements</b>	
Raw Material Purchases	1,020,700
Weekly Payroll	348,100
Bi-Weekly Payroll	274,629
Energy	148,000
Rent	84,928
Direct Selling Expenses	360,800
Professional Fees	296,000
Interest Expenses	100,000
Insurance premium	40,000
Other manufacturing expenses	31,500
Other warehouse expenses	253,800
Other selling expenses	46,700
Other administrative expenses	36,278
Capital expenditures	15,000
Taxes other than Income Taxes	270,098
<b>Total Disbursements</b>	<u><u>3,326,533</u></u>
<b>Net cash outflow</b>	<b>(16,333)</b>
<b>Beginning Bank Position</b>	<b>(4,238,792)</b>
<b>Closing Bank Position</b>	<u><u><b>(\$4,255,125)</b></u></u>

\* Beginning Bank Position is based on the estimated bank position as at May 7, 2004.

This projected Statement of Receipts and Disbursements should be read in conjunction with the accompanying Notes annexed hereto, which forms an integral part thereof.

Dated:

  
06 APR 2004

May



J.L. de Ball Canada Inc.

Notes and Assumptions to the Projected Statement of Receipts and Disbursements  
for the Period May 8, 2004 to June 11, 2004

Note 1: General

The attached Projected Statement of Receipts and Disbursements has been prepared by Management for the sole purpose of assessing the cash availability of the Company for the period. As the Projected Statement of Receipts and Disbursements is based upon various assumptions about future events and circumstances, variances will exist and said variances may be material.

Note 2: Assumptions and Notes

This financial forecast is management's estimate of J.L. de Ball Canada Inc.'s most probable financial position and results of operations for the forecast period. Accordingly, the forecast reflects management's judgment, based on present circumstances, of the most likely set of conditions and its most likely course of action. The assumptions disclosed herein are those that management believes are significant to the forecast or are key factors upon which the financial results of J.L. de Ball Canada Inc. depends.

*Receipts:*

- Collections of accounts receivables are based on Management's best estimates and on the accounts due dates;

*Disbursements:*

- Operating expenses include payments to vendors on a C.O.D. basis;
- Payroll is based on existing wages and salaries;
- Utilities (Gas, Electricity) represents estimated disbursements for the period based on historical figures;
- Professional fees are an estimate and relate to the filing of the Notice of Intention to Make a Proposal and to any other proceedings before the Superior Court of Quebec.

*Banking Arrangements:*

- J.L. de Ball Canada Inc. has obtained the continued financial support of their banking institution. In this regard, the company currently has an available operating line of credit in the amount of \$4,500,000.
- J.L. de Ball Canada has not forecasted any capital repayment of long-term debt during the above-noted period. Under the current arrangement with their banking institution, the company is required to make monthly capital repayments of \$210,000.

J.L. de Ball Canada Inc.

Projected Statement of Receipts and Disbursements Actual vs. Budget

For the Period April 13, 2004 to April 23, 2004

Court No. : 460-11-000938-046


Estate no. : 42-043090

	Actual	Reference Period (1)	Variance	Notes	As Filed
<b>Cash receipts</b>					
Collection of accounts receivable	\$1,036,639	\$915,400	\$121,239		\$3,442,700
Tax credits	-	-	-		-
GST/QST refund	-	-	-		166,000
Other	7,160	-	7,160		-
	<u>1,043,799</u>	<u>915,400</u>	<u>128,399</u>	2	<u>3,608,700</u>
<b>Cash disbursements</b>					
Raw Material Purchases	-	-	-		-
Weekly Payroll	-	306,874	-		1,412,023
Bi-Weekly Payroll	-	130,000	-		510,750
Energy	-	80,450	-		279,555
Rent	-	16,000	-		164,000
Direct Selling Expenses	-	-	-		48,846
Professional Fees	-	132,400	-		446,200
Interest Expenses	-	97,500	-		260,000
Insurance premium	-	-	-		50,000
Other manufacturing expenses	-	-	-		20,000
Other warehouse expenses	-	7,900	-		32,850
Other selling expenses	-	85,600	-		335,600
Other administrative expenses	-	17,900	-		69,650
Capital expenditures	-	12,278	-		42,806
Taxes other than Income Taxes	-	5,000	-		17,500
	-	59,386	-		342,754
	<u>1,213,268</u>	<u>951,288</u>	<u>(261,980)</u>	3	<u>4,032,534</u>
Excess of Disbursements over Receipts	(169,469)	(35,888)	(133,581)	3	(423,834)
Beginning Bank Position	(4,270,114)	(4,490,592)	220,478	3	(4,490,592)
Ending Bank Position	<u>(\$4,439,582)</u>	<u>(\$4,526,480)</u>	<u>\$86,898</u>		<u>(\$4,914,426)</u>

1 The reference period represents to the portion of the Projected Statement of Receipts and Disbursements (as filed on April 13) relating to the period April 13, 2004 to April 23, 2004.

2 The variance results primarily from conservative estimates.

3 The variance results primarily from timing differences.

  
 Dated: 06 APR 2004  
 May

