

RSM Richter Inc.

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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COUR NO. : 500-11-022700-047

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

Eaux Vives Harricana Inc., legal person
duly constituted under the laws of Québec, having
its head office at 11 Chemin des Sablières, Saint-
Mathieu-d'Harricana, Province of Québec, District
of Abitibi, J0Y 1M0;

-and-

EVH U.S.A. Inc., legal person, duly constituted
under the laws of Delaware, U.S.A., having a
place of business at 17821 East 17th Street,
Suite 193, Tustin, California, 92780, U.S.A.;

-and-

LES SOURCES PERIGNY Inc., legal person duly
constituted under the laws of Québec, having its
head office at 11 Chemin des Sablières, Saint-
Mathieu-d'Harricana, Province of Québec, District
of Abitibi, J0Y 1M0;

Debtors

-and-

RSM RICHTER Inc., a body politic and corporate,
duly incorporated according to law, having a place
of business at 2 Place Alexis-Nihon, 3500 de
Maisonnette Blvd. West, 22nd Floor, in the City of
Montréal, Province of Québec, H3Z 3C2;

Monitor

FOURTH REPORT OF THE DESIGNATED MONITOR ON THE STATE OF DEBTORS' FINANCIAL AFFAIRS (October 13, 2004)

I. INTRODUCTION

1. On March 19, 2004, Eaux Vives Harricana Inc. ("EVH INC."), EVH U.S.A. Inc. ("EVH USA") and Les Sources Périgny Inc. ("Sources Périgny") (collectively "Debtors" or "EVH") filed with the Québec Superior Court, a "Motion for the Issuance of an Initial Order" pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). On that same date, Mr. Justice François Rolland issued an Initial Order (hereinafter the "Initial Order"), *inter alia* appointing RSM Richter Inc. (f/k/a: Richter & Associés Inc.) as monitor (the "Monitor");

2. On April 15, 2004, Debtors filed a motion for the extension of time for the filing of the Plan of Arrangement. On that same date, Mr. Justice François Rolland granted said motion extending the Initial Order up to June 2, 2004;
3. On June 1, 2004, Debtors filed a motion for the extension of time for the filing of the Plan of Arrangement. On that same date, Mr. Justice François Rolland granted said motion extending the Initial Order rendered on March 19, 2004, as amended and extended, and the stay of proceedings included therein until Tuesday, August 31, 2004;
4. On August 30, 2004, Debtors filed a motion for the extension of time for the filing of the Plan of Arrangement. On that same date, Mr. Justice François Rolland granted said motion extending the Initial Order rendered on March 19, 2004, as amended and extended, and the stay of proceedings included therein until Friday, October 15, 2004;
5. This fourth report of the Monitor is to report and inform the Court of the following:
 - Activities of the Monitor;
 - Current Operations;
 - Current financial situation;
 - Debtor in Possession financing;
 - Sale of EVH or its assets;
 - Plan of Arrangement to be filed;
 - Motion for the extension of time for the filing of the plan of Arrangement;
6. We hereby inform the Court that the Monitor has not conducted an audit or investigation of the books and records or the receipts and disbursements of Debtors and that accordingly, it cannot render an opinion regarding the accuracy or completeness of the information contained herein. The present information emanates from the books and records that have been made available to the Monitor, as well as from discussions with the management of Debtors;

II. ACTIVITIES OF THE MONITOR

- **Communication**

7. The Monitor has replied on a timely basis, to all queries from creditors;
8. The Monitor deployed efforts to ensure that any affected parties would have access to the relevant available information on a timely manner. This included amongst others the posting of all relevant documentary information on the Monitor's website (i.e. www.rsmrichter.com);

- **Monitoring**

9. The Monitor has maintained its procedures to insure a proper monitoring of the receipts and disbursements, as provided by the CCAA;
10. The Monitor has assisted the Debtors' Management in dealing with any important issues that have arisen since the rendering of the Initial Order;
11. The Monitor has continued to request weekly reports from Scotia Capital Inc. of the results of the marketing process ("marketing process", refer to **Section VI** hereof);
12. The Monitor has been reporting weekly to Royal Bank of Canada ("RBC") as required in the DIP Financing Agreement;

III. CURRENT OPERATIONS

- **Activities**

13. The activities at the plant of EVH have been suspended since February 13, 2004. Since then EVH completed the sale of its remaining inventory and collected its residual accounts receivable in Canada and in the United States. At present, all the remaining inventory has been sold and all of the recoverable accounts receivable have been collected. Therefore the activities since the issuing of our third monitor's report have consisted and will continue to be the preserving of the facilities, maintaining the plant in good state and providing support on the marketing process;

- **Inventory**

Plant

14. All the remaining inventory at the plant has been sold;

Warehouses in Canada

15. The owners of warehouses in Laval and Toronto refuse to release the merchandise until full payment of the accounts. The amount owed to these landlords approximate the value of the merchandise present in their respective warehouse;

Warehouses in USA

16. All the merchandise has been sold;

- **Accounts Receivable**

17. All the recoverable accounts have been collected;

- **Employees**

18. As forecasted, only three employees remain in Saint-Mathieu d'Harricana including one on a part-time basis. All of the American employees were terminated in May 2004 and since June 2004 the Vice-President and General Manager is on a working severance;

- **Facilities**

19. The Laval sales office has been permanently closed and the furniture and equipment were transferred to Saint-Mathieu d'Harricana. The lease has been resiliated. The American sales office was also closed;

- **Les Sources Périgny Inc.**

20. Sources Périgny is a distinct legal entity from EVH INC. and is a wholly-owned subsidiary of EVH INC. The assets and liabilities are not dissociated in the normal ongoing operations of EVH. The assets of Sources Périgny are being offered in the sale process managed by Scotia Capital and the liabilities will be compromised in the Plan of Arrangement to be filed by the Debtors;

IV. CURRENT FINANCIAL SITUATION

- **Funding**

21. Since the initial order, Debtors have collected the recoverable accounts receivable. As previously mentioned, the remaining inventory has been sold except for the merchandise in warehouses being withheld by the warehouse owners in Canada. These initial proceeds thereof were used to cover Debtor's current expenses;

22. In view of the fact that EVH is no longer in operation and that the sale of the remaining inventory as well as the collection of the residual accounts receivable are completed, EVH could not cover its current expenses without obtaining DIP financing. The DIP financing is provided by the Royal Bank Asset Based Finance, for up to \$3,578,000, (as authorized by the Court on June 15, 2004), to support the current limited activities;

- **Cash flow projections**

23. Included as **Appendix A** of this report is a summary of Debtors' cash flow forecast for the period October 1 to December 31, 2004;

The Debtors had filed with the "Motion for the Extension of Time for the Filing of the Plan of Arrangement" on August 30, 2004 a cash-flow statement covering the period from September 1 to October 31, 2004. We submit below a summary comparison of projected and actual results as at October 5, 2004:

(in \$)	Projected September 1 to October 5, 2004	Actual September 1 to October 5, 2004	Variances
Receipts	–	479	479 ⁽¹⁾
Disbursements	<u>559,843</u>	<u>336,498</u>	<u>223,345</u> ⁽²⁾
Variances	(559,843)	(336,019)	223,824 ⁽³⁾
Opening bank balance	<u>566,724</u>	<u>566,724</u>	–
Closing bank balance	<u>6,881</u>	<u>230,705</u>	<u>223,824</u> ⁽³⁾

Notes:

- 1) The favorable variance of \$479 of the receipts is due to GST-TVQ tax refund;
- 2) The overall favorable variance of \$223,345 in the disbursements is explained by:
 - a) Personnel expenses: Unfavorable variance of \$14,633 due to timing issues for deductions at source (DAS);
 - b) Operating expenses: Favorable variance of \$19,237 due, in part, to timing issues and also permanent savings;
 - c) Professional fees: Favorable variance of \$195,144 due to timing issues relating to billing dates as well as due to the fact that the Plan of Arrangement was expected to be filed by now;
 - d) DIP financing costs: Unfavorable variance of \$57 due to legal costs and timing issues. (It should be noted that no interest cost have been charged to date. The estimated unpaid amount is approximately \$47,000) ;
 - e) Other expenses: Favorable variance of \$38,042 due to timing issues and unused provision for miscellaneous expenses;
 - f) USA expenses: Unfavorable variance of \$14,388 due to funds advances to cover four months of minimum conservatory expenses such as warehousing of books and records, accounting fees to close the books and file tax reports;
- 3) The resulting favorable cash flow variance is \$223,824.

- **Post-filing Obligations**

24. Debtors have been paying the post-filing obligations as they become due. In addition, the Crown's claims are current. Certain expenses, interest charges and professional fees have yet to be billed to the Company;

V. DEBTOR IN POSSESSION FINANCING

25. Debtors have completed the sale of the remaining inventory and the collection of the residual accounts receivable. There are no commercial activities that may generate funds for the Company. The only activity since June 2004 and from the coming months relate to the safeguard of the facilities;
26. The Debtors cannot generate the additional funds required to cover ongoing expenses during the sale process period (refer to **Section VI** hereof) ;
27. With the assistance of the Monitor, on June 10, 2004, EVH and Royal Bank Asset Based Finance, a division of RBC, concluded a DIP Financing Agreement providing for an advance up to \$3,578,000. On June 15, 2004, Mr. Justice François Rolland rendered an Order approving the DIP Financing Agreement.
28. To date, EVH has drawn \$2,000,000 from the \$3,578,000 available DIP financing. In order to get access to the second portion of the DIP financing of \$1,578,000, the required "Stage II" financing documents are in the process of being completed;
29. Assuming that same "Stage II" financing will be finalized, EVH's cash flow projections for the period ending December 31, 2004 indicate that the funds made available by RBC will be sufficient to support the costs related to the safeguard of assets and the sale process;
30. EVH is in compliance with terms of the DIP financing agreement;

VI. SALE OF EVH OR ITS ASSETS

31. EVH concluded in early 2004 that it was in the best interest of its creditors to terminate its operations and sell all of its assets. EVH retained the services of Scotia Capital Inc. ("Scotia") to find a buyer;
32. Scotia has advised the Monitor that the marketing process to date can be summarized as follows:
 - a) They have discussed the possibility of the purchase of the assets with over 60 prospective parties, including North American and international beverage companies, bottled water companies, bottled water industry participants, financial buyers and distressed asset purchasers and liquidators;
 - b) Between April 6, 2004 and June 16, 2004, more than 30 parties received the information packages from Scotia;
 - c) During the same time period, 14 parties executed confidentiality agreements and, out of such 14 parties, 9 visited the data room established for the sale process in order to examine the books, records and other documents regarding EVH therein contained, and 7 such parties conducted site visits of EVH's plant;
 - d) A total of 4 formal offers were received on or before June 23, 2004 by Scotia pursuant the aforementioned marketing process;
 - e) Further to the receipt of the offers and pursuant to the recommendation of Scotia, EVH had discussions and negotiations with the retained offeror in order to obtain the most favorable offer;

33. We are further advised by the representatives of EVH that:
- a) On July 30, 2004, the retained offeror submitted a revised offer, which was accepted by EVH;
 - b) Some unexpected financing problems have been encountered by the offeror since the acceptance of said offer;
 - c) Despite a demand letter and further communications, the offeror did not comply with its obligations pursuant to the offer, and EVH had no choice but to terminate the negotiations with the offeror and to pursue other options;
 - d) EVH and the Monitor believe it is necessary to explore other options, including the launching of a new sale process to canvass, once again, the market in order to attempt to complete a transaction;
 - e) Interested parties have manifested their interest to acquire EVH's assets;

VII. PLAN OF ARRANGEMENT TO BE FILED

34. As part of the process of finalizing the terms and conditions of the Plan of Arrangement the following steps were taken:
- a) DIP financing agreement with RBC to obtain advances of funds as authorized by the Court on June 15, 2004 Order;
 - b) Revoke all lease agreements pertaining to the warehouses, offices and other premises no longer required by Debtors;
 - c) Revoke all contracts no longer required by Debtors;
 - d) Update books and records and finalize list of creditors including dealing with creditors' claims, with the objective to resolve issues and come to an agreement as to amounts owed by Debtors to creditors;
 - e) Scotia initiated a sale/marketing process which included, without limitation, identifying potential purchasers, executing confidentiality agreements, organizing visits of the premises and allowing access to the data room for potential buyers to perform due diligence with the objective of obtaining a final offer for the purchase of Debtors' assets and/or shares;
 - f) Scotia obtained offers to purchase, however none has resulted in a transaction;
 - g) Pursuant to the Order rendered on June 8, 2004 by Mr. Justice François Rolland the Claim Determination Process was established including the determination of the Claim Bar Date of July 30, 2004;
 - h) EVH is presently analyzing the proofs of claims received to resolve the differences between same and their books and records;
35. The filing of a Plan of Arrangement to its creditors cannot be done until a sale transaction is concluded;
36. It is presently impossible to evaluate the funds that will be made available and/or the financial terms to be offered to settle with creditors. This will only be made possible once a sale transaction of Debtors' business (shares and/or assets) is determined;

VIII. MOTION FOR THE EXTENSION OF TIME FOR THE FILING OF THE PLAN OF ARRANGEMENT

37. Pursuant to the Extension Order rendered on August 30, 2004, the stay period expires on October 15, 2004. Debtors are now seeking an extension of the stay period to Tuesday, December 14, 2004 inclusively;
38. An extension of the stay period is necessary for Debtors to complete a sale transaction with respect to its assets;
39. The conclusion of the contemplated sale should enable Debtors to finalize the terms of the Plan of Arrangement to be filed;
40. During this reference period Debtors will rely on the DIP financing presently in place to support the safeguard measures;
41. The Monitor is of the opinion that the creditors will not suffer any prejudice by the allowance of the extension of delay sought by Debtors which would expire on December 14, 2004;
42. In the event of a bankruptcy of Debtors, subject to validity of the securities held by Parmalat Canada Limited, it is unlikely that the unsecured creditors would benefit from a dividend distribution;
43. The cash flow projections for the period October 1, 2004 to December 31, 2004 indicate that Debtors will have sufficient funds to support their current obligations, assuming that the required DIP financing document can be agreed upon, completed and signed by all parties;

• **Monitor's Recommendation**

44. Based on our review of the information provided to us, as previously discussed in this Report, as well as our assessment of Debtors' good faith in dealing with its affairs, the Monitor recommends that Debtors' request for an extension of time for the filing of the Plan of Arrangement to December 14, 2004 be granted.

All of which is respectively submitted by RSM Richter Inc. in its capacity as Court-Appointed Monitor of EAUX VIVES HARRICANA INC., EVH U.S.A. INC. and LES SOURCES PÉRIGNY INC.

DATED AT MONTREAL, this 13th day of October, 2004.

RSM Richter Inc.
Court-Appointed Monitor


André Hébert, CA, CIRP

Appendix A

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO DE COUR : 500-11-022700-047

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

**IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF:**

EAUX VIVES HARRICANA INC., legal person duly
constituted under the laws of Québec, having its head
office at 11 Chemin des Sablières, Saint-Mathieu-
d'Harricana, Province of Québec, District of Abitibi,
JOY 1M0;

-and-

EVH U.S.A. INC., legal person, duly constituted under
the laws of Delaware, U.S.A., having a place of
business at 17821 East 17th Street, Suite 193, Tustin,
California, 92780, U.S.A.;

-and-

LES SOURCES PERIGNY INC, legal person duly
constituted under the laws of Québec, having its head
office at 11 Chemin des Sablières, Saint-Mathieu-
d'Harricana, Province of Québec, District of Abitibi,
JOY 1M0;

Petitioners

-and-

RSM RICHTER INC., a body politic and corporate, duly
incorporated according to law, having a place of
business at 2 Place Alexis-Nihon, 3500 Maisonneuve
West, 22nd Floor, in the City of Montreal, Province of
Quebec, H3Z 3C2

Monitor

Monitor's Report on Cash-Flow Statement

The attached Statement of Projected Cash-Flow of the above-named Debtors as of the 13th day of August, 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 1st day of October, 2004 to the 31st day of December 2004 has been prepared by the Management of Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc. (collectively "EVH") for the purpose described in Note 1, using probable and hypothetical assumptions set out in Note 3.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Management and employees of EVH. 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:

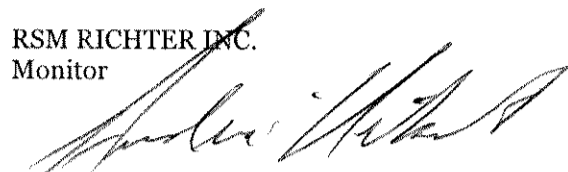
- (a) The hypothetical assumptions are not consistent with the purpose of the projection;
- (b) As at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the 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 13th day of October, 2004.

RSM RICHTER INC.
Monitor

A handwritten signature in black ink, appearing to read 'André Hébert', is written over the printed name below.

Per: André Hébert, CA, CIRP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO DE COUR : 500-11-022700-047

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF:

EAUX VIVES HARRICANA INC., legal person duly
constituted under the laws of Québec, having its head
office at 11 Chemin des Sablières, Saint-Mathieu-
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JOY 1M0;

-and-

EVH U.S.A. INC., legal person, duly constituted under
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business at 17821 East 17th Street, Suite 193, Tustin,
California, 92780, U.S.A.;

-and-

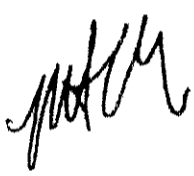
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Debtors

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RSM RICHTER INC., a body politic and corporate, duly
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business at 2 Place Alexis-Nihon, 3500 Maisonneuve
West, 22nd Floor, in the City of Montreal, Province of
Quebec, H3Z 3C2

Monitor



Report on Cash-Flow Statement by the Person Making the Proposal

The Management of Eaux Vives Harricana Inc., EVH U.S.A. Inc. and Les Sources Périgny Inc. (collectively "EVH") has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent person, as of the 13th day of October 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 1st day of October 2004 to the 31st day of December, 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 3.

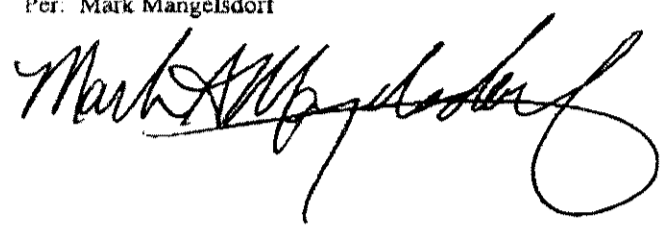
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented and variations may be material.

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 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montréal, Province of Québec, this 13th day of October, 2004.

EAUX VIVES HARRICANA INC. & EVH U.S.A. INC. & LES SOURCES PÉRIGNY INC.

Per: Mark Mangelsdorf



EAUX VIVES HARRICANA INC.
Cash flow projections
For the period ending December 14th, 2004

	OCTOBER Budget	NOVEMBER	DECEMBER
OPENING BALANCE	342,221	289,118	183,989
INFLOWS			
From receivables USA			
From receivables CND			
From government			
Debt financing	500,000	200,000	300,000
TOTAL INFLOWS	500,000	200,000	300,000
CASH OUTFLOWS			
Canada Outflows:			
Personnel Expenses			
Expense report	200	200	200
London Life retirement plan	1,148	448	542
Payroll (employees)	10,866	8,213	8,330
Payroll (social benefits)	4,744	4,249	4,431
Sun Life (group insurance)	200		
Subtotal	17,148	13,110	13,503
Operating Expenses			
Bell	450	450	450
Dicom	96	88	88
Fedex	76	76	76
Gas (metropolitan)	3,000	3,000	3,000
House keeping (St-Mathieu)	850	440	430
Hydro-Quebec (electricity)	20,000	20,000	30,000
Information	200	200	200
Livingston (FDA)			
Mathieu & Mathieu extermination	190	190	
Miroslav (security agency)	17,000	17,000	17,000
OFFICE Supplies	200	200	200
Parmentier Galt			
Personnel Canada (Umbrella Insurance Policy)			
Téléfonie (telephone)	2,440	2,440	2,440
Subtotal	44,191	44,088	53,098
Professional Fees			
Davies, Ward Phillips & Vineberg	130,000	50,000	150,000
RSM/Richter	100,000	75,000	100,000
Samson Belair Durotte & Touche	82,000		
Legal Advisor in Montreal	10,000	0,000	20,000
Scotiabank			
Subtotal	322,000	125,000	270,000
Other financial costs			
Interest	17,500	18,857	20,417
Unused Line Fee	241	188	38
Monitoring fees	1,000	1,000	1,000
Legal costs			
Acceptance Fee			
Subtotal	18,741	20,045	21,455
Other Expenses			
Government Canada & Quebec (capital tax)	32,254	32,254	
Parmentier	1,000	1,000	1,000
Revenue Quebec			
School taxes	25,000	25,000	25,000
St-Mathieu taxes	4,000	4,000	4,000
Miscellaneous Car			
Subtotal	62,254	62,254	50,000
Total Canada Outflows	474,391	384,597	447,056
USA Outflows (Canadian \$ @ \$1.21 exchange rate)			
Personnel Expenses			
USA (payroll & taxes)	68,775	48,850	48,850
USA Farmhand			
Subtotal	68,775	48,850	48,850
Operating Expenses			
USA Boothman			
USA National Testing Laboratory			
USA Phone			
Subtotal			
Professional Fees			
USA CPA Bob Berleson and Ass.			
Subtotal			
Other Expenses			
USA Miscellaneous			
Subtotal			
Total USA Outflows	68,775	48,850	48,850
TOTAL OUTFLOWS	543,166	433,447	495,906
CLOSING BALANCE	209,055	155,671	111,983

Mark H. Richter

*Note: Scotiabank's success fees are payable upon completion of the sale transaction of the Company

EAUX VIVES HARRICANA INC.

Cash flow projections

For the period ending December 14th, 2004

	OCTOBER Budget	NOVEMBER	DECEMBER
OPENING BALANCE	342,221	299,115	185,899
INFLOWS			
From receivables USA	-	-	-
From receivables CND	-	-	-
From government	-	-	-
Dip Financing	500,000	200,000	300,000
TOTAL INFLOWS	500,000	200,000	300,000
CASH OUTFLOWS			
Canada Outflows:			
Personnel Expenses			
Expense report	200	200	200
London Life retirement plan	1,146	445	542
Payroll (employees)	10,855	6,213	6,330
Payroll (social benefit)	4,744	4,349	4,431
Sun Life (group insurance)	200	-	-
Subtotal	17,145	11,207	11,503
Operating Expenses			
Bell	450	450	450
Dicom	86	86	86
Fedex	75	75	75
Gaz métropolitain	3,000	3,000	3,000
House keeping (St-Mathieu)	550	440	440
Hydro-Québec (electricity)	20,000	20,000	30,000
Informatika	200	200	200
Livingston (FDA)	-	-	-
Maheu & Maheu extermination	190	190	-
Mirado (security agency)	17,000	17,000	17,000
OFFICE Supplies	200	200	200
Parnalat Dairy	-	-	-
Parnalat Canada (Umbrella Insurance Policy)	-	-	-
Télébec (telephone)	2,440	2,440	2,440
Subtotal	44,191	44,081	53,891
Professional Fees			
Davies, Ward Phillips & Vineberg	130,000	50,000	150,000
RSMRichter	100,000	75,000	100,000
Samson Belair Deloitte & Touche	92,000	-	-
Legal advisor to Monitor	10,000	5,000	20,000
Scotia Capital**	-	-	-
Subtotal	332,000	130,000	270,000
Dip financial costs			
Interests	17,500	18,667	20,417
Unused Line Fee	241	158	33
Monitoring fees	1,000	1,000	1,000
Legal costs	-	-	-
Acceptance Fee	-	-	-
Subtotal	18,741	19,824	21,449
Other Expenses			
Government Canada & Québec (capital tax)	32,254	32,254	-
Permits	1,000	1,000	1,000
Revenue Québec	-	-	-
School taxes	-	-	-
St-Mathieu taxes	25,000	25,000	25,000
Miscellaneous Can	4,000	4,000	4,000
Subtotal	62,254	62,254	30,000
Total Canada Outflows	474,331	267,368	386,843
USA Outflows (Canadian \$ @ \$1.31 exchange rate)			
Personnel Expenses			
USA (payroll & taxes)	-	-	-
USA Farmiland	68,775	45,850	45,850
Subtotal	68,775	45,850	45,850
Operating Expenses			
USA Boothcrafter	-	-	-
USA National Testing Laboratory	-	-	-
USA Phone	-	-	-
Subtotal	-	-	-
Professional Fees			
USA CPA Bob berleson and Ass.	-	-	-
Subtotal	-	-	-
Other Expenses			
USA Miscellaneous	-	-	-
Subtotal	-	-	-
Total USA Outflows	68,775	45,850	45,850
TOTAL OUTFLOWS	543,106	313,218	432,693
CLOSING BALANCE	299,115	185,899	53,206

**Note: Scotia Capital's success fees are payable upon completion of the sale transaction of the Company

Eaux Vives Harricana Inc. & EVH U.S.A. Inc. & Les Sources Périgny Inc.

**Notes and Assumptions to Projected Cash Flow
for the Period October 1, 2004 to December 31, 2004**

Note 1: General

The attached Cash Flow has been prepared by Management for the sole purpose of assessing the cash requirements of the Company for the period. As the Cash Flow is based upon various assumptions relating to events and circumstances, variances will exist and said variances may be material.

Notes 2: Activities

There is no longer production at the plant and the sale process of the remaining inventory as well as the collection of the accounts receivable are completed. The Company's main activities are to safeguard asset and maintain book and records.

Note 3: Assumptions

Inflows

Dip financing The company entered into a Dip financing agreement in the month of June 2004. The advance forecasted are in respect of said agreement.

Outflows

- Personnel Expenses: Salaries are payable bi-weekly, including benefits.
- Operating Expenses: Cost of utilities and other minor expenses required to secure facilities.
- Professional fees: Estimate of the fees for professionals services relating to the restructuring.
- Other Expenses: Various expenses relating to ongoing agreements, payable according to terms agreed.

