



**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

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

I, Phil Manel, 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 aforenoted 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 on May 6, 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 May 8, 2004 to June 11, 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 April 13, 2004 to April 23, 2004. The actual results are favourable.
9. That on May 6, 2004, an extension was granted to the Debtor by the Court for the filing of a proposal to June 11, 2004.
10. That on June 11, 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 June 12, 2004 to July 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, which also included a comparison of the actual results to those forecasted from May 8, 2004 to May 28. The actual results are favourable.
11. That on June 11, 2004, an extension was granted to the Debtor by the Court for the filing of a proposal to July 5, 2004.
12. That the Debtor has filed a Motion on July 5, 2004, for the period ending August 4, 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, with the active assistance of Richter, identified, received letters of intent and is continuing discussions with potential purchasers, and requires additional time to complete and develop a restructuring plan which would include a proposal to the creditors.
13. That the Debtor has prepared an additional Forecast for the period ending August 4, 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 July 6, 2004 to August 4, 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 June 12, 2004 to June 25, 2004. The actual results are favourable.
14. 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.
15. That in addition the Trustee has been kept informed as to the efforts and progress of the Company in dealing with parties interested in purchasing or acquiring the Company.
16. 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 (30) day extension and advises it will continue to provide its current credit facilities providing De Ball respects its credit limit and margin covenants.
17. 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.
18. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court being thirty (30) days from the hearing date of the Motion.

DATED AT MONTREAL, this 5th day of July, 2004.

RICHTER & ASSOCIÉS INC.

Trustee

Per: Phil Marel, 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

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 9th day of June, 2004, consisting of a statement of projected cash receipts and disbursement, including notes thereto, covering the period from the 6th day of July, 2004 to the 4th day of August, 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 5th day of July, 2004.

J.L. de Ball Canada Inc.



Per: Paul R. Flay

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J.L. de Ball Canada Inc.

a body politic and corporate, duly incorporated according to law and having its principal place of business at:

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Granby QC J2J 1A5

Debtor

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 5th day of July, 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 6th day of July, 2004 to the 4th day of August, 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:

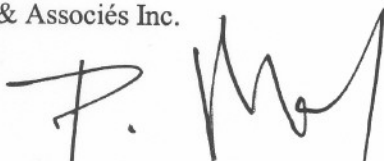
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the 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 5th day of July, 2004.

Richter & Associés Inc.
Trustee



Per: Phil Manel, CA
Administrator

J.L. de Ball Canada Inc.

Projected Statement of Receipts and Disbursements

For the Period from July 6, 2004 to August 4, 2004

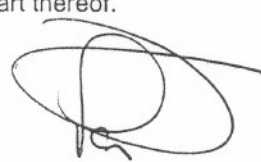
Court No. : 460-11-000938-046


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	<u>Total</u>
Cash receipts	
Collection of accounts receivable	\$2,696,290
Tax credits	-
GST/QST tax refund	212,963
Income tax refund	-
Total Receipts	<u><u>2,909,253</u></u>
Cash disbursements	
Raw Material Purchases	579,208
Weekly Payroll	379,550
Bi-Weekly Payroll	265,500
Energy	98,000
Rent	39,367
Direct Selling Expenses	400,000
Professional Fees	122,500
Interest Expenses	48,000
Contract labour	28,450
Packaging Material	42,500
Insurance premium	20,000
Bank charges	10,000
Other warehouse expenses	13,950
Other manufacturing expenses	108,900
Other selling expenses	25,300
Other administrative expenses	13,528
Capital expenditures	7,500
Taxes other than Income Taxes	126,333
Total Disbursements	<u><u>2,328,586</u></u>
Net cash outflow	580,667
Beginning Bank Position	(4,012,973)
Closing Bank Position	<u><u>(\$3,432,306)</u></u>

* * Beginning Bank Position is based on the estimated bank position as at July 5, 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: 05-JULY-2004



J.L. de Ball Canada Inc.

Notes and Assumptions to the Projected Statement of Receipts and Disbursements
for the Period July 6, 2004 to August 4, 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:

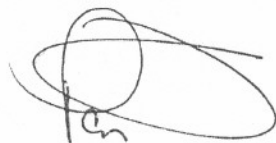
- Collections of accounts receivables are based on Management's best estimates and on the accounts due dates;

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 \$4,200,000.
- 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.



05-JULY-2004



J.L. de Ball Canada Inc.

Projected Statement of Receipts and Disbursements Actual vs. Budget

For the Period June 12, 2004 to June 25, 2004

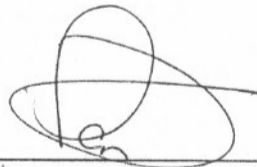
Court No. : 460-11-000938-046

Estate no. : 42-043090

	Actual	Reference Period ⁽¹⁾	Variance	Notes	As Filed
Cash receipts					
Collection of accounts receivable	\$1,538,835	\$1,513,892	\$24,943		\$2,079,052
Tax credits	-	-	-		-
GST/QST refund	54,241	109,000	(54,759)		109,000
Other	-	-	-		-
	<u>1,593,075</u>	<u>1,622,892</u>	<u>(29,817)</u>	2	<u>2,188,052</u>
Cash disbursements					
Raw Material Purchases		264,674			548,073
Weekly Payroll		171,000			185,800
Bi-Weekly Payroll		90,000			135,500
Energy		105,000			129,000
Rent		-			39,367
Direct Selling Expenses		190,000			265,000
Professional Fees		62,500			117,500
Interest Expenses		-			50,000
Contract labour		10,700			18,400
Packaging Material		15,500			31,000
Insurance premium		-			20,000
Bank charges		4,000			6,000
Other warehouse expenses		7,750			11,700
Other manufacturing expenses		26,300			52,600
Other selling expenses		12,500			20,850
Other administrative expenses		8,500			12,750
Capital expenditures		5,000			7,500
Taxes other than Income Taxes		84,746			140,702
	<u>1,074,238</u>	<u>1,058,170</u>	<u>(16,068)</u>	2	<u>1,791,742</u>
Excess of Disbursements over Receipts	518,837	564,722	(45,885)	2	396,310
Beginning Bank Position	(4,111,209)	(4,514,184)	402,975	2	(4,514,184)
Ending Bank Position	<u>(\$3,592,372)</u>	<u>(\$3,949,462)</u>	<u>\$357,090</u>		<u>(\$4,117,874)</u>

1 The reference period represents to the portion of the Projected Statement of Receipts and Disbursements (as filed on May 6) relating to the period June 12, 2004 to July 25, 2004

2 The variance results primarily from timing differences.


 Dated: 05-JULY-2004

