

**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, Philip Manel, CA, of Richter & Associés Inc., 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:

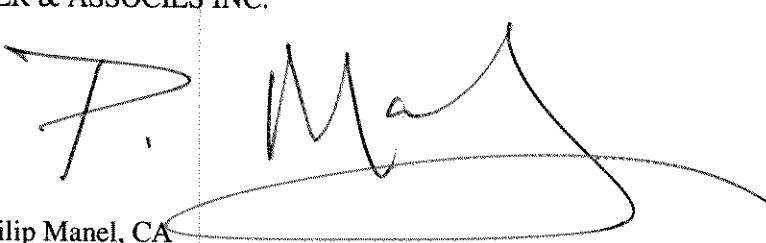
1. That on February 4, 2004, the Debtor filed a Notice of Intention to Make a Proposal in accordance with the *Bankruptcy and Insolvency Act* ("the Act").
2. That on February 11, 2004, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the 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 his 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 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.
4. That the Trustee had compared the actual results to those forecasted from February 7, 2004 to March 5, 2004. The actual results were favorable.
5. That on March 2, 2004 the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Forecast") together with his 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.
6. That the Trustee has compared the actual results to those forecasted from March 2, 2004 to April 2, 2004 which is annexed as Exhibit "A". The actual results have been favorable.
7. 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, a copy of which has been annexed hereto as Exhibit "B."
8. That in order to monitor the affairs and finances of the Debtor, we had been provided with access to the books, records and other important documents of the Company

9. That the Debtor has filed a Motion to Extend the Delay for the Filing of a Proposal ("Motion"), as annexed in Exhibit "C," 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 identified and begun discussions with a potential purchaser, and requires additional time to complete negotiations.
10. That the Debtor has prepared an additional Cash Flow Forecast for the period ending May 28, 2004 which indicates that the Company expects to operate within its authorized line of credit to April 30, 2003 and exceed its authorized credit limit after April 30, 2004, unless it can obtain a temporary injection of \$500,000 from its parent company. Annexed hereto as Exhibit "D" is the Statement of Projected Cash Flow covering the period April 13, 2004 to May 28, 2004 which includes the major Assumptions used in the preparation of the aforementioned Forecast, 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.
11. That if the extension is granted, we are not aware that any creditor will be materially prejudiced providing the Company can operate within its credit limit of \$4,500,000. We are furthermore aware that BMO Bank of Montréal, the secured creditor, does not object to a twenty-one (21) day extension and advises it will continue to provide its current credit facilities providing De Ball respects its credit limit and margin covenants.
12. 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 reorganization efforts and to attempt to complete negotiations with an identified purchaser and to formulate a Proposal.
13. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court being twenty-one (21) days from the hearing date of the Motion.

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

RICHTER & ASSOCIÉS INC.
Trustee

Per: Philip Manel, CA



J.L. de Ball Canada Inc.

Projected Statement of Receipts and Disbursements Actual vs. Budget

For the Period March 2, 2004 to April 15, 2004

Court No. : 460-11-000938-046

Estate no. : 42-043090

	Actual	As Filed	Variance	Notes
Cash receipts				
Collection of accounts receivable	\$2,592,671	\$3,425,000	\$832,329	
Tax credits	-	-	-	
GST/QST refund	-	212,300	212,300	
Other	5,874	-	(5,874)	
	-	-	-	
	<u>2,598,545</u>	<u>3,637,300</u>	<u>1,038,755</u>	1
Cash disbursements				
Raw Material Purchases		1,449,887		
Weekly Payroll		533,350		
Bi-Weekly Payroll		296,020		
Energy		303,250		
Rent		97,692		
Sales Commissions		325,000		
Professional Fees		119,000		
Interest Expenses		55,000		
Other manufacturing expenses		331,150		
Other warehouse expenses		27,650		
Other selling expenses		278,375		
Other administrative expenses		90,756		
Capital expenditures		17,500		
Taxes other than Income Taxes		299,684		
	<u>2,385,551</u>	<u>4,224,314</u>	<u>1,838,763</u>	2
Excess of Disbursements over Receipts	212,993	(587,014)	800,007	
Beginning Bank Position	(4,377,326)	(\$4,539,309)	161,983	
Ending Bank Position	(\$4,164,333)	(\$5,126,323)	\$961,990	

1 The Company only has actual figures up to April 2, 2004; in this regard the originally forecasted collections are still anticipated to materialize.

2 As described in note 1 above, the favourable variance is primarily due to unavailable actual figures.

Dated:

April 13, 2004



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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:
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 13th day of April, 2004, consisting of a statement of projected cash receipts and disbursement, including notes thereto, covering the period from the 13th day of April, 2004 to the 28th day of May, 2004.

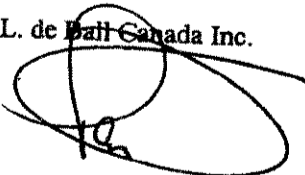
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions have been 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 13th day of April, 2004.

J.L. de Ball Canada Inc.



Per: Paul R. Flay



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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 13th day of April, 2004, consisting of a statement of projected cash receipts and disbursements, including notes thereto, covering the period from the 13th day of April, 2004 to the 28th day of May, 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 13th day of April, 2004.

Richter & Associés Inc.
Trustee

Per: Philip Manel, CA, CPA
Administrator

J.L. de Ball Canada Inc.

Projected Statement of Receipts and Disbursements

For the Period from April 13, 2004 to May 28, 2004

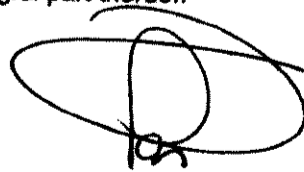
Court No. : 460-11-000938-046

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	<u>Total</u>
Cash receipts	
Collection of accounts receivable	\$3,442,700
Tax credits	-
GST/QST tax refund	166,000
Income tax refund	-
Total Receipts	<u>3,608,700</u>
Cash disbursements	
Raw Material Purchases	1,412,023
Weekly Payroll	510,750
Bi-Weekly Payroll	279,555
Energy	164,000
Rent	48,846
Direct Selling Expenses	446,200
Professional Fees	260,000
Interest Expenses	50,000
Insurance premium	20,000
Other manufacturing expenses	32,850
Other warehouse expenses	335,600
Other selling expenses	69,650
Other administrative expenses	42,806
Capital expenditures	17,500
Taxes other than Income Taxes	342,754
Total Disbursements	<u>4,032,534</u>
Net cash outflow	(423,834)
Beginning Bank Position	(4,490,592)
Closing Bank Position	<u><u>(\$4,914,426)</u></u>

* Beginning Bank Position is based on the estimated bank position as at April 13, 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: April 13, 2004



J.L. de Ball Canada Inc.

**Notes and Assumptions to the Projected Statement of Receipts and Disbursements
for the Period April 13, 2004 to May 28, 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.



April 13, 2004

