

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent

**THIRD REPORT TO THE COURT OF MINTZ & PARTNERS LIMITED,  
INTERIM RECEIVER AND RECEIVER  
OF BETA LIMITEE/BETA BRANDS LIMITED**

**INTRODUCTION**

1. Pursuant to an Order of Madam Justice Lax of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 3, 2007 (the “**Appointment Order**”), Mintz & Partners Limited (“**MPL**”) was appointed as interim receiver and receiver (the “**Receiver**”) of all of the assets, undertaking and properties of Beta Limitee/Beta Brands Limited (“**Beta Brands**” or the “**Company**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.

2. In support of the issuance of the Appointment Order, MPL submitted a Report of the Proposed Receiver dated December 28, 2006 (the “**December 28<sup>th</sup> Report**”). A copy of the December 28<sup>th</sup> Report is attached hereto as **Appendix “B”** (without appendices).

3. The Receiver submitted its First Report to the Court dated January 5, 2007. A copy of the First Report is attached hereto as **Appendix “C”** (without appendices).

4. On January 5, 2007, Textron Financial Canada Limited (“**Textron**”), a secured creditor, made an application to the Court for an Order approving the sale of substantially all of the assets of the Company’s bakery division to Bremner, Inc. (“**Bremner**”) for a purchase price of US\$3.0 million (the “**Bremner Transaction**”) and an order vesting title in those assets in Bremner on the payment of the Purchase Price in full. The Bremner Transaction also contemplated Bremner purchasing substantially all of the bakery division’s Finished Goods Inventory for a purchase price of an additional \$986,016. This Honourable Court granted the order sought (the “**Approval and Vesting Order**”), a copy of which is attached hereto as **Appendix “D”**.

5. On February 20, 2007, the Receiver made an application to the Court for an Order approving the Receiver’s proposed marketing strategy for the sale of Beta Brands’ remaining assets in the Receiver’s possession including the Company’s confectionery and chocolate divisions (the “**Remaining Property**”). In support of that motion, the Receiver submitted its Second Report to the Court dated February 15, 2007, a copy of which is attached hereto as **Appendix “E”** (without appendices). This Honourable Court granted the order sought (the “**Marketing Process Approval Order**”), a copy of which is attached hereto as **Appendix “F”**.

6. This Third Report of the Receiver (the “**Third Report**”) provides the Court with a summary of the Receiver’s activities since the date of the Appointment Order to February 20, 2007. Additionally, the purpose of this Third Report is to inform the Court and/or obtain approval of the following:

- the Receiver’s activities in taking possession and securing the assets of the Company;
- the Receiver’s activities in completing the Bremner Transaction;

- the Receiver's activities in respect of the other assets of Beta Brands since taking possession thereof;
- the proposed distribution to Textron, a secured creditor; and
- the activities of the Receiver from the Appointment Date to February 20, 2007.

7. Capitalized terms not defined in this Third Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

### **COMPANY BACKGROUND**

8. Beta Brands manufactured bakery and confectionary products for the Canadian and U.S. markets from its head office and manufacturing facilities located at 1156 Dundas Street East, London, Ontario. The Company operated from these premises since 1913. The Company also maintained sales offices in Des Plaines, Illinois and Milton, Ontario, both of which are now closed.

9. Beta Brands' bakery division consisted of cracker products manufactured under various trademark names including Champagne, Country Harvest and Millwheat, or for private label customers. The confectionary division consists of a variety of jube, jelly and marshmallow products manufactured under various trademark names including Beta Brands, McCormicks and Sweet Town trademarks, or for private label candy customers. Beta Brands' chocolate division consists of panned chocolate manufactured under the McCormicks and Grand Slam trademarks and private label products produced for general merchandise retailers. All of the trademarks used by Beta Brands were owned by Beta Brands.

### **POSSESSION AND SECURITY**

10. On January 3, 2007, upon the issuance of the Appointment Order at 6:00 pm, the Receiver attended the Company's premises at 1156 Dundas Street East, London, Ontario (the "Premises") at approximately 6:30 pm at which time a copy of the Appointment Order was served on Mr. Robert Neable, Vice President, Finance of the Company.

11. The Receiver had pre-arranged for a third-party security firm to be on site at the premises upon the Receiver's arrival. The security firm has provided 24-hour surveillance since the Receiver's appointment.

12. On January 3, 2007, the Receiver arranged for the locks to be changed on all external doors for which three keys were made. Two keys were kept by the Receiver and one key was provided to the security firm.

13. On January 3, 2007, the Receiver ensured that external access to the Company's computer servers was made inoperable and a backup tape of the entire network was made on January 4, 2007. In addition, the Receiver took possession of the petty cash at the premises.

14. On January 4, 2007, the Receiver wrote to the financial institutions with which the Company held bank accounts informing them of the appointment of the Receiver and requested that they freeze all accounts such that all cheques written on the accounts were to be frozen, only deposits were to be allowed into the accounts and that all funds in the accounts were to be forwarded to the Receiver.

15. On January 4, 2007, the Receiver wrote to the utility companies informing them of the receivership, requesting that a final reading be made and that a new account be opened in the name of the Receiver.

16. On January 4, 2007, the Receiver wrote to The CG&B Group Inc. ("**CG&B**"), the Company's insurance broker, informing them of the receivership and requesting that the Receiver be added as a named insured and loss payee on the Company's insurance policies. On January 8, 2007, CG&B confirmed that the Receiver had been added as a named insured and loss payee.

## **EMPLOYEES**

17. Prior to the appointment of the Receiver, the Receiver understands that the Company had notified the approximately 255 employees who were members of The Bakery, Confectionary, Tobacco Workers and Grain Millers International Union, Local 242G ("**Local 242G**") that they were being placed on layoff for two weeks commencing January 2, 2007. As such, upon its

appointment, there were no members of Local 242G at the Premises; only non-union salaried employees were present.

18. On January 4, 2007, the Receiver convened a meeting of all non-union employees in the Company's main boardroom to inform them of the appointment of the Receiver. At the meeting, the Receiver terminated the employees on behalf of the Company. The employees were informed that they would be paid wages for work performed up to January 3, 2007, however there would be no payments of vacation pay, termination pay, pay in lieu of notice or severance pay. Following the meeting, the Receiver sent to each salaried employee a letter indicating that their employment with Beta Brands had been terminated. A sample copy of the letter is attached hereto as **Appendix "G"**.

19. With respect to the employees who were members of Local 242G, the Receiver:

- a) Issued Termination of Employment Under Subsection 58(2) of the *Employment Standards Act* ("**Form 1**"), which notice was posted on three external doors at the premises and a copy sent to the Director of Employment Standards of Ontario. A copy of Form 1 is attached hereto as **Appendix "H"**;
- b) issued to the President of Local 242G notice of the termination of all members of Local 242G; and
- c) sent to each member of Local 242G a letter to their home address informing them that the Company had been placed into receivership and that their employment was terminated. A sample copy of the letter is attached hereto as **Appendix "I"**.

20. On January 19, 2007, counsel for Local 242G provided the Receiver with notice of its intent to file a grievance with respect to the termination of the members of Local 242G. A copy of the correspondence from counsel for Local 242G is attached hereto as **Appendix "J"**.

21. The Receiver has been advised that Local 242G intends to apply to the Court for an Order that the Receiver pay the vacation pay allegedly owing to members of Local 242G. The Receiver was informed by former management of Beta Brands that the estimated vacation pay owing to members of Local 242G as of the date of the appointment of the Receiver is approximately \$500,000. The Receiver has not to date been provided by Local 242G of the particulars of any claim for vacation pay owing to members of Local 242G and has not been provided with any claims for vacation pay by any former employees of Local 242G.

Accordingly, the Receiver has not yet attempted to determine the quantum of vacation pay that may be owing to the Company's former employees. The Receiver has, however, determined that the Company did not maintain a separate bank account in which funds designated for vacation pay were held and that the Company did not segregate any assets for vacation pay.

22. The Receiver has arranged for the issuance of all records of employment and T4 slips for 2006 and 2007 to all former Beta Brands employees.

### **SUPPLIERS, 30-DAY GOODS AND PROPERTY CLAIMS**

23. The Receiver obtained a list of creditors from the Company upon its appointment. On January 11, 2007, the Receiver issued its Notice and Statement of Receiver pursuant to sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the "BIA") (the "Notice of Receiver"). A copy of the Notice of Receiver is attached hereto as **Appendix "K"**.

24. Since its appointment, the Receiver has received a number of Demands for Repossession of Goods pursuant to section 81.1(1) of the BIA ("**Demand**"). Attached hereto as **Appendix "L"** is a list of suppliers that filed a Demand and the disposition of those Demands.

25. In addition, the Receiver has received a number of Proofs of Claim (Property) pursuant to section 81(4) of the BIA ("**Property Claim**"). Attached hereto as **Appendix "M"** is a list of companies that filed a Property Claim and the disposition of those Property Claims.

26. On or about January 5, 2007, the Receiver was informed that Hub Group ("**Hub**"), the Company's freight forwarding supplier for certain shipments to U.S.-based customers, had contacted all of the Company's U.S. customers to which Hub had shipped Beta Brands' product indicating that Hub had the right under U.S. law to recover freight charges from the consignees out of the amounts that the consignees were required to pay to Beta Brands for the inventory to which those freight charges relate. In addition, Hub was holding a trailer of Beta Brands product in their compound and was refusing to release the trailer to a Beta Brands' customer until they were assured they would receive payment of the shipping charges for that shipment. Having been put on notice by Hub, certain Beta Brands customers indicated that they would not pay their outstanding balance to the Company until the issue was resolved. After negotiations, the

Receiver entered into an agreement with Hub that provided for the Receiver to pay the shipping charges relating to any shipments made by Hub where the Receiver collected the accounts receivable relating to that shipment. The Receiver has since collected accounts receivable totaling approximately \$150,000, and paid Hub \$11,389 for shipping charges relating to the collected accounts receivable.

27. The Receiver has engaged a number of parties to provide certain services to the Receiver, such as snow removal and salting, pest control, boiler maintenance, elevator maintenance and waste removal, in order to appropriately maintain the Premises.

### **ASSETS OF THE COMPANY**

28. Upon its appointment, the Receiver took possession of the following assets:

- cash in the Company's bank accounts and petty cash;
- accounts receivable;
- land and building at 1156 Dundas Street East, London, Ontario;
- machinery & equipment used in the manufacture of bakery products;
- machinery & equipment used in the manufacture of confectionery and chocolates;
- miscellaneous machinery & equipment used throughout the Premises;
- raw material and finished goods inventory;
- office furniture and computer hardware and software;
- trademarks associated with the confectionery, chocolate and bakery businesses;  
and
- recipes, dies, customer lists and other miscellaneous assets associated with the confectionery, chocolate and bakery businesses.

### Cash

29. Upon its appointment, the Receiver took possession of \$708.41 of petty cash and deposited the funds in its trust account.

30. With respect to cash in the Company's bank accounts, as previously indicated, on January 4, 2007, the Receiver wrote to the Company's financial institutions informing them of the receivership and the requirement that they freeze the Company's accounts and forward the funds in the accounts to the Receiver. By January 11, 2007, the Receiver had received \$77,563 from the Company's bank accounts.

### Accounts Receivable

31. At the date of the Appointment Order, outstanding accounts receivable owing from Canadian customers was \$424,321.75. As of the date of this report, the Receiver has collected \$376,789.54 owing from Canadian customers. The Receiver has issued collection notices for the remaining accounts receivable due from Canadian customers, the majority of which is due from one customer.

32. At the date of the Appointment Order, outstanding accounts receivable owing from U.S. customers was US\$551,053.94. Upon a review of the outstanding accounts, the Receiver determined that sales to U.S. customers were invoiced by Beta Brands U.S.A. Limited ("Beta USA") with instructions to remit payment to Beta Brands. Cheques from U.S. customers payable to Beta Brands were deposited in the Receiver's bank account. For those U.S. customers whose cheques were payable to Beta USA, the Receiver arranged for those payments to be deposited in Beta USA's bank account.

33. On January 25, 2007, pursuant to its security agreement over Beta USA, Textron appointed MPL as its agent ("Agent") to collect all outstanding accounts receivable owing to Beta USA and to take possession of funds in Beta USA's bank accounts.

34. In total, US\$473,195.59 of outstanding accounts receivable owing from U.S. customers has been collected, of which US\$276,607.64 was collected prior to January 25, 2007 and was deposited in the Receiver's Beta Brands trust account while US\$196,587.95 has been collected



and deposited in the Agent's Beta USA trust account. With respect to the remaining accounts receivable, i) US\$66,082.03 of credits were issued by the Company for two customers which credits were not previously reflected in the accounts receivable records; and ii) one customer owing US\$11,776.32 has filed for protection under Chapter 11 of the U.S. Bankruptcy Code; the Receiver has filed a proof of claim in that proceeding. As of the date of this Third Report, there are no further U.S. customer accounts receivable to be collected.

#### Sale of the Bakery Business to Bremner

35. As previously mentioned, prior to the appointment of the Receiver, the Company had negotiated and, on December 13, 2006, executed the Bremner Transaction for the sale of substantially all of the assets of the Company's bakery business. A copy of the asset purchase agreement for the Bremner Transaction is attached as Appendix "D" to the Application Record of Textron dated December 28, 2006 filed in support of the application for the appointment of the Receiver. On January 5, 2007, this Honourable Court issued the Approval and Vesting Order directing the Receiver to take up and complete the Bremner Transaction. The Bremner Transaction closed on January 10, 2007 with certain modifications thereto. The Court was advised of the proposed modifications to the Bremner Transaction prior to the Bremner Transaction closing by Textron's counsel and the Court advised that a further application to the Court to formally approve the modifications was not required. On January 10, 2007, the Purchase Price of US\$3.0 million plus an additional \$796,835.28 for the Finished Product Inventory were placed into escrow with Bremner's counsel to be released to the Receiver upon the removal of the Purchased Assets from the Premises.

36. Bremner completed the removal of the Purchased Assets on February 7, 2007 and the Purchase Price of US\$3.0 million plus \$811,116.08 (which amount included interest on the Purchase Price and proceeds from the sale of the Finished Product Inventory) was released to the Receiver on February 9, 2007. Pursuant to the Adjustment and Reserve Agreement dated January 10, 2007 (the "**Reserve Agreement**"), the Receiver has placed US\$500,000 in a separate account to be held by the Receiver for up to 12 months and to be released pursuant to the terms of the Reserve Agreement. A copy of the Reserve Agreement is attached hereto as **Appendix "N"**.

Remaining Assets

37. The remaining assets in the Receiver's possession (the "**Remaining Assets**") consist of the following:

- land and building at 1156 Dundas Street East, London, Ontario;
- machinery & equipment for the making of confectionery and chocolates;
- miscellaneous machinery & equipment used throughout the Premises, including the bakery machinery & equipment not purchased by Bremner;
- raw material and finished goods inventory;
- office furniture and computer hardware and software;
- trademarks associated with the confectionery, chocolate and bakery businesses; and
- recipes, dies, customer lists and other miscellaneous assets associated with the confectionery and chocolate businesses.

38. On or about January 8, 2007, the Receiver engaged Maynards Appraisal to prepare a listing of the machinery & equipment at the Premises not sold to Bremner. The listing has been used as part of the Information Package which is discussed further below.

39. On February 20, 2007, the Receiver made an application to this Honourable Court for an Order approving the Receiver's proposed marketing program that was described in the Second Report. The proposed marketing program essentially consists of newspaper and e-mail advertising requesting offers for the Remaining Assets. The Receiver has prepared an Information Package describing the business and listing the assets available and will be providing site tours to interested parties who so request. The deadline for submission of offers to purchase assets is 2:00 pm on March 20, 2007.

40. The Receiver has sold at fair market value to five former employees laptop computers and other miscellaneous computer equipment that they had used at Beta Brands for total proceeds of \$1,886.32.

41. The Receiver will report to the Court upon the conclusion of its marketing program to seek approval of the sale(s) of the Remaining Assets.

#### **RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

42. Attached hereto as **Appendix "O"** is the Receiver's Interim Statement of Receipts and Disbursements for the period January 3, 2007 to February 19, 2007. The Receiver currently has net funds on hand of \$3,869,429.51.

43. In addition, and pursuant to the Reserve Agreement, US\$500,000 has been placed in a segregated account and will be distributed pursuant to the terms of the Reserve Agreement. The Receiver is unable to estimate at this time the extent that any of the Reserve Agreement funds will be required to be paid, and the balance that will then be available for deposit to the Receiver's bank account.

#### **INTERIM DISTRIBUTION TO TEXTRON**

44. Textron is seeking an order for an interim distribution of \$2.7 million ("Interim Distribution") to partially repay the indebtedness owing to Textron.

45. Textron has informed the Receiver that as of February 1, 2007, the amount owing by the Company to Textron is \$6,125,097.40. The Receiver has received an opinion from its independent counsel, Torkin Manes Cohen Arbus LLP, that Textron's security is valid.

46. The Receiver has been informed that the indebtedness owing to Textron is accruing interest at \$1,687.89 per day. Therefore, payment of the Interim Distribution would result in savings of that interest.

47. The Receiver is of the view that following the proposed Interim Distribution, the Receiver will have sufficient resources to fund the ongoing operating costs of the receivership and pay the \$500,000 vacation pay liability, as previously estimated by the Company, should such claim ultimately be found to be properly payable.

48. Based on the funds that will remain with the Receiver and the value of the remaining assets, the opinion received with respect to Textron Canada's security and the interest savings, the Receiver sees no reason to not proceed with the Interim Distribution to Textron.

**RECEIVER'S REQUEST TO THE COURT**

49. The Receiver is respectfully seeking an order approving this Third Report and the activities outlined herein.

**DATED** the 22<sup>nd</sup> day of February, 2007.

A handwritten signature in cursive script that reads "Mintz & Partners Limited".

**Mintz & Partners Limited, solely in its capacity as Interim Receiver and Receiver of Beta Limitee/Beta Brands Limited and not in its personal capacity**

Daniel R. Weisz, CA•CIRP, CIRP  
Senior Vice President

Hartley Bricks, MBA, CA•CIRP, CIRP  
Vice President

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**THE HONOURABLE MADAM J. JUSTICE LAX** ) **WEDNESDAY, THE 3<sup>RD</sup> DAY**  
) **OF JANUARY, 2007**  
)

**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent



**ORDER**

**THIS APPLICATION**, made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O 1990 c. C.43, as amended (the “CJA”) and section 47 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) appointing Mintz & Partners Limited (“Mintz”) as interim receiver and receiver (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of Beta Limitee/Beta Brands Limited (the “Debtor”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Leonard J. Lacagnin sworn December 28, 2006 and the Exhibits thereto, the Report of Mintz & Partners Limited (the “Receiver”) dated December 28, 2006, and the affidavit of Douglas Crew sworn January 1, 2007 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, Sun Beta LLC, the Receiver, The Bakery, Confectionery, Tobacco and Grain Millers International Union Local 242G (“Local 242G”), and the Purchaser;

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 47(1) of the BIA and section 101 of the CJA, Mintz is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$400,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the



foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due

to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i)

empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be

opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated,

might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

18. THIS COURT ORDERS the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge .

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

**GENERAL**

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
26. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
28. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
30. THIS COURT ORDERS that (subject to obtaining leave from this Court) nothing in this Order shall affect the rights of the Debtor's employees to seek relief from any court of competent jurisdiction, the Receiver be and is hereby authorized and directed to pay to each of the Debtor's

employees such wages as may be due for work actually performed by such employees up to and including the date of this Order. This prior sentence shall not be construed as creating any entitlement to vacation pay, severance pay or termination pay owing to such employees.

31. THIS COURT ORDERS that nothing in this Order or the granting of powers or authorities to the Receiver herein shall be relied upon by the Debtor's employees on any application to obtain relief against the Receiver from any court or tribunal of competent jurisdiction.

32. THIS COURT ORDERS that nothing herein shall be construed as affecting any legal proceedings before any court or tribunal dealing with Local 242G's members' and/or Local 242G's rights under labour and/or employment law, subject to the obtaining of leave in advance from this Court.

  
\_\_\_\_\_  
**David Evans**  
Registrar, Superior Court of Justice

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 09 2007

PER/PAR: 



**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

**CERTIFICATE NO.** \_\_\_\_\_

**AMOUNT \$** \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Mintz & Partners Limited, the interim receiver and receiver (the "Receiver") of all of the assets, undertakings and properties of Beta Limitee/Beta Brands Limited appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the \_\_\_\_ day of \_\_\_\_\_, 2007 (the "Order") made in an action having Court file number 06-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate per annum equal to the rate of 2 per cent above the prime commercial lending rate of the Applicant from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 200\_.

**MINTZ & PARTNERS LIMITED**, solely in its capacity as interim receiver and receiver of Beta Limitee/Beta Brands Limited and not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

Court File No.: 06-CL-6820

**B E T W E E N:**

**TEXTRON FINANCIAL CANADA LIMITED**  
Applicant

- AND -

**BETA LIMITEE/BETA BRANDS LIMITED**  
Respondent

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers and Solicitors  
Suite 1600, 1 First Canadian Place  
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Solicitors for the Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent

**Report of Mintz & Partners Limited,  
in its Capacity as Proposed Receiver and Receiver and Manager  
of Beta Limitee/Beta Brands Limited**

**INTRODUCTION**

1. This report, made by Mintz & Partners Limited ("Mintz"), is submitted in conjunction with an application by Textron Financial Canada Limited ("Textron") for the appointment of Mintz as receiver and receiver and manager (the "Receiver") of Beta Limitee/Beta Brands Limited ("Beta Brands" or the "Company") and for an order, among other things, directing the Receiver to complete the sale of certain assets of the Company comprising the Company's bakery business to Bremner, Inc. ("Bremner") and distribute a portion of the proceeds to Textron.
2. Certain information contained in this report is based on information provided by the Company. Mintz has not verified the accuracy or completeness of this information.

## **BACKGROUND**

3. Beta Brands is a manufacturer of bakery and confectionary products for the Canadian and U.S. markets with its head office and manufacturing facilities located at 1156 Dundas Street East, London, Ontario. The Company has operated from these premises since 1913. The Company also maintained sales offices in Des Plaines, Illinois and Milton, Ontario, both of which have been closed or are to be closed.

4. Beta Brands' bakery division consists of cracker products manufactured under various trademark names including Champagne, Country Harvest and Millwheat, or for private label customers. The confectionary division consists of a variety of jube, jelly and marshmallow products manufactured under various trademark names including Beta Brands, McCormicks and Sweet Town trademarks, or for private label candy customers. Beta Brands' chocolate division consists of panned chocolate manufactured under the McCormicks and Grand Slam trademarks and private label products produced for general merchandise retailers. All of the trademarks used by Beta Brands are owned by Beta Brands.

5. The Company previously manufactured and held the trademark for the Breath Savers line of hard roll mints, which business segment was sold in May of 2006.

## **APPOINTMENT OF MINTZ AS CONSULTANT TO THE COMPANY**

6. Pursuant to a letter dated November 6, 2006, Mintz was engaged by Beta Brands as its consultant for the purposes of, among other things, reviewing the Company's financial position, its short-term cash flow forecasts and preparing a schedule of estimated security position of the Company's secured lender.

## **MAIN SECURED CREDITOR OF THE COMPANY**

7. The Company's major secured creditor and operating lender is Textron.

8. Textron Canada and Beta Brands entered into certain financing arrangements pursuant to a Loan and Security Agreement dated as of December 17, 2004 (the "Initial Loan Agreement")

which was amended by a First Amendment dated as of August 29, 2005 (the "First Amendment") and a Second Amendment dated June 20, 2006 (the "Second Amendment" and, together with the Initial Loan Agreement and the First Amendment, the "Textron Security"). On or about November 18, 2004 Textron Registered a security interest against the Company pursuant to the Ontario *Personal Property Security Act* as Registration Number 20041118 1520 1862 7706.

9. Pursuant to a Participation Agreement made as of the August 29, 2005 which was amended by a First Amendment dated as of June 20 2006, Sun Beta, LLC ("Sun Beta") purchased from Textron an interest in certain of the advances made by Textron to the Beta Brands (the "Participation"). Sun Beta is also the sole shareholder of the Company.

10. Textron and the Company advise, and its books and records indicate, that as of December 28, 2006, Textron is owed approximately \$4,948,724 on their revolving loan facility and \$1,313,000 on their term loan facility. There is further accrued and unpaid interest of \$238,483 as of December 12, 2006. The above amounts do not include costs but do include the Participation in the revolving loan facility and the accrued and unpaid interest.

11. Textron has provided the Receiver with a copy of the Textron Security.

12. The Receiver has obtained an independent security opinion from its counsel, Torkin Manes Arbus Cohen LLP, to the effect that the Textron Security is valid and binding in accordance with its terms.

#### **THE COMPANY'S RESTRUCTURING ACTIVITIES**

13. The Company has advised that in August of 2005, based on poor operating results, especially from the confectionary business, Company management, in consultation with Sun Beta, decided to put all of its divisions up for sale.

14. On September 19, 2005, the Company engaged Capitalink, L.C. of Coral Gables, Florida ("Capitalink") to assist in marketing the Company's assets for sale. A copy of the September 19, 2005 engagement letter of Capitalink along with an amendment dated November 28, 2005 is attached hereto as **Appendix "A"**. Capitalink prepared separate Confidential Information

Memorandums ("CIM") for each of Beta Brand's main business segments: confectionary, bakery, chocolate and Breath Savers. A copy of the CIM for the bakery division (the "Bakery CIM") is attached hereto as **Appendix "B"**.

15. Capitalink marketed each of the business segments to potential acquirers throughout North America and Europe, including customers of the Company who may have been potentially looking to manufacture the Company's products.

16. Capitalink and the Company successfully negotiated the sale of the Breath Savers segment to Cangro Vegetables Inc. and Cangro Foods Inc. which transaction closed in May of 2006.

17. Capitalink distributed the Bakery CIM to nine different interested parties who also executed confidentiality agreements with the Company. Attached hereto as **Appendix "C"** is a memorandum dated June 20, 2006 from Capitalink to the Company providing a status update with respect to the bakery division.

18. The Company has advised that in December of 2005, the Company determined that continuing to operate from their Dundas Street facility was no longer financially feasible and the decision was made to explore alternative methods to raise capital or otherwise restructure the business.

19. In March of 2006, through the efforts of Capitalink, the Company received from Ralcorp Holdings, Inc. of St. Louis, Missouri ("Ralcorp") a proposal (the "Ralcorp Proposal") to purchase the bakery business. The proposed purchase price was US\$3 million. Management has indicated, however, that the Company's focus at that time was in pursuing a restructuring through either a strategic acquisition or moving to leased facilities and using existing equipment or buying new equipment in an attempt to continue operations and preserve the business of the Company. As such, the Ralcorp Proposal was not pursued at that time.

20. The Company has advised that:

- a) the Company and Sun Beta pursued potential strategic acquisitions with two Canadian bakery operations;

- b) the Company investigated several restructuring options with other food operations;
  - c) the Company explored acquisition opportunities with a Texas-based candy manufacturer and a Colorado-based bakery operation;
  - d) the Company pursued outsourcing options with a Brazilian manufacturer for the confectionary business; and
  - e) Capitalink continued to contact and pursue possible acquisition targets across North America.
21. The Company was unable to complete any of the potential restructuring alternatives and no further proposals were received for the bakery division aside from the Ralcorp Proposal.
22. The Company's financial position continued to deteriorate to the point where in mid-September of 2006, due to continuing losses from the confectionary division and the inability to sell this business line despite a year long marketing process, the Company decided to exit the U.S. confectionary business.

#### **FINANCIAL POSITION OF THE COMPANY**

23. The short-term cash flow forecast prepared by Company management in early November of 2006 indicated an approaching cash deficiency commencing in mid-November of 2006 and growing substantially throughout the balance of the calendar year. .
24. Company management has indicated that the reasons for Beta Brands' deteriorated financial position are as follows:
- a) the Company's key Canadian candy customer decreased their purchasing from the Company from approximately \$20 million in 2004 to \$17 million in 2005 to \$10.5 million in year-to-date 2006;
  - b) the Company's decision to exit the U.S. candy business by the end of December of 2006, which had the effect of significantly lowering the Company's borrowing capacity under its revolving loan facility;
  - c) the strong Canadian dollar over the past two to three years has significantly impacted profits on sales to U.S. customers;



- d) following an oven fire in July of 2006 and an accident involving an employee in August of 2006, the Ontario Ministry of Labour and the London fire department issued work orders for approximately \$440,000 in upgrades, of which approximately \$285,000 has to date been spent; and
- e) the Company incurs significant production interruptions and considerable costs to repair and maintain its aging manufacturing equipment.

25. On November 17, 2006, Mintz provided the Company, Textron and Sun Beta with a Schedule of Estimated Security Position (the "Realization Schedule") which provided estimated realizations from the Company's assets, on a liquidation basis and on the basis of an orderly wind-down of the Company's affairs, including the sale of the bakery division. Following consideration of potential priority payments and other realization costs, the Realization Schedule estimated a potential shortfall to one or both of Textron and Sun Beta based on the assumptions set out in the Realization Schedule. A copy of the Realization Schedule is not included with these materials as it is by its nature confidential and contains information that could adversely affect future marketing of the Company's assets by the Receiver. However, a copy will be available to this Honourable Court on request, with the respectful request that it be viewed on an *in camera* basis and returned to counsel for the Receiver by this Honourable Court.

26. The low-end realization assumed an immediate enforcement of the secured creditor's security and no sale of the bakery business and represents, in essence, liquidation of the Company's entire assets. The high-end of the estimate realization assumed an orderly wind-down of operations, including the sale of the bakery division as discussed below.

27. As a result of the Company's deteriorating financial position, Textron and Sun Beta informed the Company that neither of them was prepared to provide further financing to the Company over the long term. As a result, and following an analysis of the Company's orders on hand, it was expected that the Company's operations would cease some time in December of 2006 or January of 2007.

28. On December 13, 2006, the Company entered into a Forbearance Agreement with Textron whereby Textron agreed to forbear on enforcing its security and provide Beta Brands with financing to complete a sale of bakery division to Bremner as discussed below.

## **THE BREMNER TRANSACTION**

29. In November of 2006, given the Company's pending liquidity crisis, Company management resurrected discussions with Ralcorp with respect to the sale of the bakery business.
30. Ralcorp indicated that it was willing to honour its March 2006 proposal to purchase the bakery business for the same purchase price that it had offered in March 2006. The proposed purchase included the trademarks associated with the bakery business, customer lists and certain of the equipment involved in bakery production. In addition, in order to create a smooth transition of the business from Beta Brands to Ralcorp, Ralcorp required approximately \$1.0 million of inventory at cost be manufactured by the Company by the closing date of the transaction in order that Ralcorp could service the bakery customers while equipment was moved and production re-established at Ralcorp's facilities. Ralcorp indicated that the purchase would be effected by its subsidiary, Bremner (the "Bremner Transaction").
31. An Asset Purchase Agreement between Beta Brands and Bremner was executed on December 13, 2006, a copy of which is attached to the Affidavit of the representative of Textron submitted in support of the application for the appointment of the Receiver.
32. As set out in the Realization Schedule, the realizations from the Company's assets are estimated to be significantly lower if the Bremner Transaction is not completed. The terms of the Bremner Transaction contemplate an uninterrupted flow of product to customers due to the inventory build which should also assist in an orderly transition of the business and collection of accounts receivable and mitigate any potential set off against accounts receivable that customers may assert if there is a break in product supply. To the extent the Bremner Transaction is not completed and the Company's operations are shut down, it is the Receiver's view that customers would commence sourcing both branded and private label bakery products from other suppliers, significantly impairing any value for the bakery trademarks and equipment that a Receiver may hope to realize in a receivership sale process and potentially jeopardizing the realizable value of accounts receivable due to customer claims of set off.
33. In March of 2003, Beta Brands engaged an appraisal firm to conduct an asset appraisal of the Company's assets (the "Appraisal"). The Appraisal, which was prepared for the purpose of

negotiating financing conditions, assumed an in-place retail sale of the equipment to an end user with no time limitation to sell and valued the entire bakery line machinery and equipment at \$1,748,000, which includes all four baking ovens. The Bremner Transaction includes only one baking oven (the Appraisal did not separately value each oven). In addition, the Appraisal indicated that realization values would be expected to be up to 30% less if the equipment was to be removed from the premises, decreasing the appraisal value of all bakery equipment to approximately \$1.2 million (prior to considering any further reduction in value that would result from a forced liquidation of the equipment in a limited time frame). A copy of the Appraisal is not included with these materials as it is by its nature confidential and contains information that could adversely affect future marketing of the Company's assets by the Receiver. However, a copy will be available to this Honourable Court on request, with the respectful request that it be viewed on an *in camera* basis and returned to counsel for the Receiver by this Honourable Court.

34. It should be noted that the purchase price in the Bremner Transaction is the same as proposed by its parent company, Ralcorp, in March of 2006. The Receiver is therefore of the opinion that the purchase price being paid by Bremner appears to represent true going concern value rather than liquidation value.

35. The Receiver has not conducted a formal "Request for Proposals" or tender process in respect of the assets being purchased by Bremner. Notwithstanding, the Receiver is of the view that the proposed Bremner Transaction is advantageous to the creditors and other stakeholders of the Company for the following reasons:

- a) a going-concern sale such as the sale to Bremner is, in the Receiver's view, the best method of maximizing the value of assets;
- b) the Company does not have sufficient resources to continue to operate and pursue any further going concern sales;
- c) a credible marketing process has already been completed in 2005 and 2005 by Capitalink and, based on the information provided to the Receiver, there is no reason to believe that marketing process was flawed or insufficient in any way or that further exposure to the marketplace will result in further or better offers for the assets being purchased by Bremner;

- d) re-marketing the assets being purchased by Bremner by the Receiver will not, in the Receiver's view, result in higher net realizations that will result from closing the Bremner Transaction; and
- e) aside from maximizing realizations, the Bremner Transaction will provide financial resources to fund the Receiver to pursue transactions involving the remainder of Beta Brands' assets and property.

36. As a result, and based on the information contained herein, the Receiver is of the view that the Bremner Transaction will maximize the net realizations for the bakery business.

#### **REMAINING ASSETS**

37. To the extent that the Bremner Transaction is approved by the Court and is completed, the remaining assets that the Receiver would take possession of include the following:

- a) accounts receivable;
- b) fixed assets relating to the confectionary and chocolate divisions;
- c) fixed assets relating to the bakery division that are not included as part of the Acquired Assets (as defined in the Bremner Transaction) in the Bremner Transaction;
- d) land and building located at 1156 Dundas Street East, London, Ontario;
- e) various copyrights and trademarks not included as part of the Bremner Transaction;
- f) furniture and fixtures;
- g) raw material inventory; and
- h) cash, prepaids and deposits.

38. The Receiver's proposed steps to deal with the remaining assets are substantially as follows

- a) contact all outstanding accounts receivable in order to collect same;
- b) solicit proposals from various auctioneer firms to market and hold a public auction of the remaining fixed assets, furniture and fixtures;

- c) solicit proposals from local real estate agents for the listing of the land and building;
- d) solicit proposals by way of newspaper advertisement and direct correspondence to North American confectionary and chocolate manufacturers for the purchase of the Company's copyrights and trademarks;
- e) take appropriate steps to realize on the remaining raw material inventory, cash, prepaids and deposits.

**DATED** the 28<sup>th</sup> day of December, 2006.

**Mintz & Partners Limited, solely in its capacity  
as Receiver of the Property (as defined in the  
Order), and not in its personal capacity**

Per:



Hartley Bricks, MBA, CA•CIRP, CIRP  
Vice President

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent

**First Report to Court of Mintz & Partners Limited,  
in its Capacity as Interim Receiver and Receiver  
of Beta Limitee/Beta Brands Limited**

**Introduction**

1. This report, made by Mintz & Partners Limited ("Mintz" or the "Receiver") in its capacity as interim receiver and receiver over the assets and undertaking of Beta Limitee/Beta Brands Limited's ("Beta Brands" or the "Company") is submitted to the Court in conjunction with an application by Textron Financial Canada Limited ("Textron") for an order directing the Receiver to complete the sale of certain assets of Beta Brand's bakery business to Bremner, Inc. ("Bremner").

2. On December 28, 2006, Mintz, in its capacity as proposed receiver and receiver and manager of the Company, but prior to its actual appointment as Receiver, prepared a report ("First Report") for the Court in which Mintz set out its view that the proposed sale of the Company's bakery business to Bremner (the "Bremner Transaction") was advantageous to the creditors and other stakeholders of the Company. On January 3, 2007, Mintz was appointed as

Court-Appointed Interim Receiver and Receiver over the assets and undertaking of Beta Brands pursuant to an Order of the Honourable Madam Justice Lax.

3. The purpose of this report is to provide additional information to the Court to support the position of the Proposed Receiver set out in the First Report. The Court is referred to the First Report and the Affidavit filed by Textron Financial Canada Limited in support of this Application for basic background information relating to Beta Brands and its business.

4. Certain information contained in this report is based on information provided by the Company. Mintz has not verified the accuracy or completeness of this information.

5. It should be noted that the Receiver was initially retained as a consultant to Beta to conduct, among other things, a security position review in respect of the Company's secured creditors. This engagement was carried out prior to Mintz's appointment as Receiver over the assets of Beta Brands. Mintz has not independently marketed, and was not retained to market, the Company's assets.

6. The Company, however, conducted its own restructuring evaluation process prior to the appointment of the Receiver. This process involved the engagement of a number of professional advisors, including expert advice respecting the potential sale of the Company or its divisions from Capitalink L.C. ("Capitalink"), a consulting firm based in Coral Gables, Florida, U.S.A., to assist in marketing the Company's assets for sale. This process lasted from approximately September, 2005 until December, 2006. Capitalink, on behalf of the Company, engaged in a marketing process of the Company's assets, including the bakery division which the Receiver now seeks approval to sell.

7. The Receiver is in possession of a number of documents relating to the efforts of the Company in this regard. In particular, the Receiver has received the following documents:

- (a) Four separate Confidential Offering Memoranda prepared for the Company in relation to each of its panned chocolate, bakery, confectionary and breath savers divisions;

- (b) the initial Ralcorp offer to purchase the bakery division of March 21, 2006;
- (c) update memorandum of Capitalink of February 4, 2006 providing an update as to the marketing efforts of Capitalink;
- (d) the Capitalink Retainer agreements of September 19, 2005 and November 28, 2005 attached to Receiver's First Report; and
- (e) the June 20, 2006 update memorandum from Capitalink regarding potential acquisition targets in North America.

8. Based on its review of the Company's marketing process, including the documents listed above and the Receiver's discussions with Company management, the Receiver has no reason to believe that the marketing process conducted by Capitalink was not fair and reasonable, that the assets in question were not exposed to the market for a sufficient period of time, or that further marketing of the bakery division assets will result in additional realizations above the purchase price offered by Bremner Inc. In fact, it is the Receiver's opinion that the failure to proceed with the proposed sale could potentially result in a diminution of the value of the bakery division, and reduce realizations for the stakeholders of the Company for the reasons set out below.

#### **Capitalink's Marketing Process**

9. As set out in the First Report, Beta Brands has been facing serious financial difficulties for several years, culminating in a severe liquidity crisis in 2006. Based on advice received from its professional advisors, in 2005 the Company determined that it needed to restructure its operations. Specifically, the Company examined the possibilities of selling its business to a third party in whole or parts, completing a strategic acquisition, moving to leased facilities using existing or new equipment, or an orderly liquidation of the assets of the Company. Capitalink was retained to investigate several of these options, most notably, marketing the business and/or each of its divisions to potential acquirers throughout North America and Europe, including customers of the Company who may have been potentially looking to manufacture the Company's products.



10. Capitalink targeted its search, the Receiver understands, at parties in each of the business segments of Beta Brands' divisions based on its research and knowledge of the particular business segment involved. While potential purchasers were solicited for offers to purchase the entire company, in the event those parties were not prepared to entertain the idea of purchasing the entire business, Capitalink prepared separate information memoranda ("CIM") for each division of the Company, to be provided to potential purchasers.

11. The strategy employed by Capitalink appears to be a strategy typically utilized by receivers in selling assets of a business. Known players in the industry were solicited for expressions of interest; those parties who expressed interest were provided with one or more of the CIM and required to execute confidentiality agreements. A reasonable amount of time was provided to review the CIM and then those parties were asked, if interested, to submit a bid to acquire the assets involved.

12. Attached as Appendix "A" to this report is a schedule provided to the Receiver by Capitalink that sets out the parties Capitalink contacted in its efforts to seek purchasers for the Company, including its bakery division. Appendix "A" also includes a summary of various discussions and meetings that Capitalink held with various parties.

13. As a result of this initial targeting of potentially interested parties, a number of parties expressed interest in obtaining further information about the bakery division. As set out in Appendix "A", Capitalink distributed the bakery division CIM to nine different interested parties who also executed confidentiality agreements with the Company. Attached as Appendix "D" to the First Report is a memorandum dated June 20, 2006 from Capitalink to the Company providing a status update with respect to the bakery division. The nine parties who received the Bakery CIM are:

1. Ralcorp Holdings, Inc. ("Ralcorp")
2. Original Foods
3. Hershey
4. Johnvince Foods
5. Regal Confections
6. Commercial Bakeries

7. Topps Co.
8. Ancor Holdings
9. Pine Ridge Foods

Discussions were then held between Capitalink and a number of parties, including Arcor Holdings. Attached hereto as Appendix "B" is a true copy of an email from Barry E. Steiner of Capitalink summarizing the discussions with Arcor.

In March, 2006, one purchase proposal was received by the Company for the purchase of the bakery division, from Ralcorp, for a proposed purchase price of US \$3 million. A copy of the purchase proposal submitted by Ralcorp is attached as Appendix "C". The Receiver understands that Capitalink did not advertise the assets of the Company for sale in newspaper publications such as the Globe and Mail. While a newspaper advertisement can be an effective way of attempting to identify potential purchasers, it is the Receiver's view that in the circumstances of this case, such advertising was neither desirable nor likely to produce satisfactory results for the following reasons:

- (a) The nature of the assets involved, namely a large-scale bakery business, are highly specialized and only a small number of potential purchasers would have the ability to actually close a purchase transaction. It is not likely that generalized newspaper advertising would bring forward additional offers from properly qualified potential purchasers who had not already been contacted by Capitalink;
- (b) In the Receiver's experience, the large number of parties responding to such advertisements who would likely have little or no ability to actually complete a purchase of the bakery division would have resulted in a substantial wastage of time for Capitalink (or any other party marketing these assets); and
- (c) Newspaper advertising for any significant period of time can be quite expensive.

14. As stated in the previous Report of Mintz, the Receiver understands that the initial offer from Ralcorp was not immediately pursued by Beta Brands. The Company has advised that the reason for this is that Company management still wished, notwithstanding that the offer received from Ralcorp was the only offer received in relation to any portion of its business, to explore alternative options to "breaking up" the Company. The Receiver understands that one alternative

to winding down the Company's operations that was explored by the Company was a strategic acquisition or a restructuring of the business, which could potentially have rationalized costs, accessed new customer possibilities and/or permitted the Company or to acquire updated machinery on a cost-effective basis. The Company has advised the Receiver that those options included:

- a) potential strategic acquisitions with North American Bakeries and J.T. Bakeries, two Canadian bakery operations;
- b) restructuring options with other food operations owned or controlled by Sun Capital, the sole shareholder of Sun Beta;
- c) acquisition opportunities with a Texas-based candy manufacturer and a Colorado-based bakery operation;
- d) outsourcing options with a Brazilian manufacturer for the confectionary business; and
- e) requesting Capitalink continued to contact and pursue possible acquisition targets across North America.

15. None of these alternatives came to fruition for the Company.

#### **Estimated Security Position of Textron and Sun Beta**

16. In its capacity as Consultant to the Company, on November 17, 2006, Mintz provided the Company (with copies to Textron and Sun Beta) with a Schedule of Estimated Security Position (the "Schedule") which estimated realizations from the Company's assets to be between \$4.4 million and \$11.3 million based on the assumptions set out in the Schedule. Following consideration of potential priority payments and other realization costs, the Schedule estimated the excess of receipts over disbursements to be approximately \$3 million to \$10 million resulting in a potential shortfall to one or both of Textron and Sun Beta.

17. The low-end realization assumed an immediate enforcement of the secured creditor's security and no sale of the bakery business to Bremner and represents, in essence, liquidation of the Company's entire assets. The high-end of the estimate realization assumed an orderly wind-down of operations, including the sale of the bakery division for gross proceeds of US\$3.0 million to Bremner.

18. A copy of the Schedule, as well as a copy of the appraisal report referred to later herein will be provided to the Court on an in camera basis and the Receiver will request that the Court return the documents to the Receiver at the end of the hearing.

19. As set out in the Schedule, the realizations from the Company's assets are estimated to be significantly lower if the Bremner Transaction is not completed. The terms of the Bremner Transaction contemplate an uninterrupted flow of product to customers due to the inventory build that has been completed and which should also act to mitigate any potential set off against accounts receivable that customers may assert if there is a break in product supply. To the extent the Bremner Transaction is not completed, it is the Receiver's view that customers would commence sourcing both branded and private label bakery products from other suppliers, significantly impairing any value for the bakery trademarks and equipment that a Receiver may hope to realize in a receivership sale process and potentially jeopardizing the realizable value of accounts receivable due to customer claims of set off.

#### **The Appraisal in the Possession of the Receiver**

20. In March 2003, Beta Brands engaged Maynards Appraisal Ltd. to conduct an asset appraisal (the "Maynards Appraisal"). The appraisal, which was prepared based on an in-place retail sale of the equipment to an end user with no time limitation to sell, valued the entire bakery line machinery and equipment at \$1,748,000, which includes all four baking ovens. The Bremner Transaction includes only one baking oven (the Maynard's Appraisal did not separately value each oven). In addition, the Maynard's Appraisal indicated that realization values would be expected to be up to 30% less if the equipment was to be removed from the premises, decreasing the appraisal value of all bakery equipment to approximately \$1.2 million (prior to considering any further reduction in value that would result from a forced liquidation of the equipment in a limited time frame).

#### **The "Severability" of the Bakery Business**

21. Company management advises that the bakery division is a separate distinct division from the other Beta Brands divisions. Its inventory and equipment can be readily sold and

removed from the premises without disrupting the opportunity to sell Beta Brands' other divisions, or individual assets thereof.

**Future Marketing Efforts of the Receiver**

22. The Receiver intends to explore every reasonable option to market the remaining assets of Beta Brands in order to maximize recovery for its creditors, and, if at all possible, to realize sufficient proceeds such that unsecured creditors, such as former employees of Beta Brands, receive some payment of amounts due and owing to them. The Receiver is of the view that the proposed sale transaction to Bremner is advantageous as it will generate cash proceeds, a portion of which can potentially be allocated to fund future marketing efforts by the Receiver in relation to the remaining assets under the administration of the Receiver, consisting of the majority of Beta Brands' assets.

**Current Status/Receiver's Recommendation**

23. The Receiver recommends that this Honorable Court approve the sale of the bakery division to Bremner, which the Receiver understands to be a division of Ralcorp, for the following reasons:

- (a) The Receiver has considered the efforts and results of the actions/reports of Capitalink and has no reason to doubt that its marketing process was fair and reasonable, that the assets were not exposed to the market for a sufficient period of time, that the marketing process was flawed in any way or that viable alternatives that could result in higher realizations for creditors were not pursued;
- (b) Textron Financial Canada Limited, the Company's principal operating lender and secured creditor, and Sun Beta LLC, which is the Company's shareholder and the purchaser of a portion of the Textron secured indebtedness, both support the proposed sale to Bremner. In the view of the Receiver, as the major secured creditors of the Company, Sun Beta and Textron have the largest financial stake in the proposed sale, and their support for the sale is highly significant. A considerable amount of

documentation and information regarding the Company's attempts to restructure and market its divisions has been made available to counsel for the union representing the majority of the Company's unionized employees, at counsel's request, in a effort to satisfy the union that this sale process is the best option available to all parties;

- (c) the purchase price in the Bremner Transaction is the same as proposed by its parent company, Ralcorp, in March 2006. The Receiver is therefore of the opinion that the purchase price appears to be closer to a true going concern value, rather than a liquidation value;
- (d) Time is of the essence given the fact that Beta Brands has ceased operations and no longer has any ability to carry on operations. Unless a sale of the bakery division is completed immediately, the perishable inventory that has been produced as part of the "inventory build" contemplated by the Bremner transaction, consisting of bakery division inventory with a value of approximately \$750,000, may be spoiled. In addition, if there is an interruption in the supply of product to Beta Brands' customers, they will likely re-source their supply of products to alternative suppliers. As a result, any potential future purchaser may not be in a position to acquire an important asset contemplated by the Bremner transaction, namely, existing customer supply relationships. This would reduce the value of the bakery division;
- (e) No clear alternative to proceeding with the Bremner transaction exists. The Receiver is not satisfied that any further marketing efforts would result in a reasonable chance of locating alternative willing purchasers, or what alternative marketing efforts have not already been undertaken by Capitalink. There is no evidence that any alternative willing purchaser for the bakery division, or the Company as a whole on a going concern, exists; balanced against the need for immediate action with respect to the assets in question and the overwhelming likelihood that the Bremner sale

represents the best chance of maximizing value, the Receiver does not believe that embarking on a process of attempting to locate a purchaser of the entire business as a going concern is advisable at this time and does not recommend same.

24. In summary, the Receiver is of the view that the proposed Bremner Transaction is advantageous to the creditors and other stakeholders of the Company for the reasons set out in this Report and the First Report.

**DATED** the 5<sup>th</sup> day of January, 2007.



**Mintz & Partners Limited,**

**Receiver of the assets and undertaking of Beta Brands Limited**

**Daniel R. Weisz CA•CIRP, CIRP / Hartley Bricks, MBA, CA•CIRP**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**THE HONOURABLE MADAM            )           FRIDAY, THE 5<sup>th</sup> DAY**  
  )  
**JUSTICE LAX                            )           OF JANUARY, 2007**

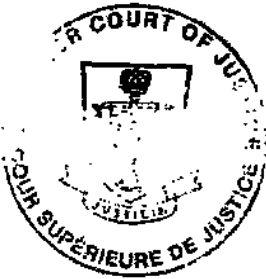
**TEXTRON FINANCIAL CANADA LIMITED**

**Applicant**

**- and -**

**BETA LIMITEE/BETA BRANDS LIMITED**

**Respondent**



**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made for an Order, *inter alia*, approving the sale of certain of the assets of Beta Limitee/Beta Brands Limited (the "Beta") to Bremner Food Group, Inc. (formerly, Bremner, Inc.) (the "Purchaser") and vesting in Bremner all of Beta's right, title and interest in and to those assets free and clear was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Leonard J. Lacagnin sworn December 28, 2006 and the Exhibits thereto and the Reports of Mintz & Partners Limited (the "Receiver") dated December 28, 2006 and January 5, 2007, and on hearing the submissions of counsel for the Applicant, Sun Beta LLC and the Purchaser and counsel to The Bakery, Confectionery, Tobacco and Grain Millers International Union, Local 242G (the "Union").



1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that: (a) the Asset Purchase Agreement dated December 13, 2006 (the "APA"), as between Beta and the Purchaser and the purchase and sale transaction contemplated therein (the "Transaction"); (b) the Access Agreement in the form attached as Schedule 5.4 to the APA (the "Access Agreement"); and (c) the Escrow Agreement substantially in the form attached as Schedule 3.3 to the APA or any agreeable replacement document thereto (the "Escrow Agreement"), be and the same are hereby approved, and that the Receiver is hereby authorized and directed to take up and complete the Transaction in accordance with the terms and conditions of the APA, the Access Agreement and the Escrow Agreement provided that: (a) the representations contained in Articles 7.1 (subject to the making of this Order), 7.3, 7.4 and 7.5 of the APA apply to the Receiver as if the Receiver was the Vendor (as defined in the APA) and for purposes of those Articles of the APA, term "Vendor" shall mean the Receiver rather than Beta; and (b) the Receiver shall not otherwise be liable for or required to make or provide any of the representations and warranties made or provided by Beta in the APA.

3. **THIS COURT ORDERS** that, subject to paragraph 2, the Access Agreement and the Trademark License Agreement between Beta and Bremner made December 13, 2006 shall be binding on, and enforceable by and against the Receiver as if the Receiver were the "Vendor" or "Licensee" as the case may be and the Receiver is authorized and directed to execute the Access Agreement and a Reserve Agreement between the Receiver and the Purchaser with respect to the US\$200,000 holdback referenced in article 3.3 of the APA both in its capacity as interim receiver and receiver of Beta.

4. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized and empowered without receiving any further or other consents or approvals to: (a) sell, convey, and transfer or assign the Acquired Assets (as defined in the APA) to the Purchaser subject to the terms and conditions of the APA; (b) complete the Transaction as provided for in the APA; and (c) execute and deliver such instruments, bills of sale or other additional or ancillary documents

as the Receiver or the Purchaser may deem to be reasonably necessary or advisable to sell, convey, transfer or assign the Acquired Assets to the Purchaser as contemplated by the APA or conclude the Transaction as provided for in the APA including, without limitation, a document affirming that the Receiver is bound only by the representations provided for in Articles 7.1 (subject to the making of this Order), 7.3, 7.4 and 7.5 of the APA as if the Receiver were the Vendor (as defined in the APA) and no other representations or warranties made or provided by Beta.

5. **THIS COURT ORDERS** that neither the Applicant nor the Receiver need comply with the notice provisions of Part V of the *Personal Property Security Act* (Ontario) in connection with the Transaction.

6. **THIS COURT ORDERS AND DECLARES** that: (a) upon payment in full of the Purchase Price and the payment for the Finished Product Inventory (each as defined in the APA) in accordance with the APA; (b) all conditions to closing the Transaction having been satisfied or waived; and (c) the filing with the Court by the Purchaser of a signed Certificate substantially in the form appearing at Schedule "A" hereto, confirming that the Transaction has closed; the Acquired Assets shall be vested absolutely in the Purchaser, its successors and assigns, free and clear of and from any and all rights, title, interests, hypothecs, security interests (whether contractual, statutory, or otherwise), mortgages, estates, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens (whether contractual, statutory or otherwise), assignments, executions, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent) or other claims or encumbrances of any nature, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims").

7. **THIS COURT ORDERS** that the Purchaser be and is hereby authorized to seek such further and other orders from this Court as may be necessary or desirable to complete the transactions contemplated by the APA to vest the Purchased Assets in the Purchaser as contemplated by this Order on notice to the Union.

8. **THIS COURT ORDERS** that the Proceeds shall stand in the place and stead of the Acquired Assets and that all Claims shall attach to the Remaining Proceeds with the same priority as they had with respect to the Purchased Assets.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings; and
- (b) any Application for a Bankruptcy Order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Respondent and any Bankruptcy Order issued pursuant to any such Application;

the vesting of the Acquired Assets in the Purchaser pursuant to the terms of the AFA will not be void or voidable and shall be binding on any trustee in bankruptcy that may be appointed in respect of the Beta.

10. **THIS COURT ORDERS** that, to the extent necessary, this Order is subject to provisional execution.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 09 2007

PER/PAR: 

**Tara Stead**  
Registrar, Superior Court of Justice

**SCHEDULE "A"  
(SALE CERTIFICATE)**

Court File No.:06-CL-6820

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**TEXTRON FINANCIAL CANADA LIMITED**

**Applicant**

**- and -**

**BETA LIMITEE/BETA BRANDS LIMITED**

**Respondent**

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**CERTIFICATE**

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**THE UNDERSIGNED** hereby certifies that: (a) the full Purchase Price payable pursuant to the Asset Purchase Agreement dated December 13, 2006 (the "APA"), as between Beta Limitee/Beta Brands Limited and Bremner Inc. (the "Purchaser"), and the purchase and sale transaction contemplated therein (the "Transaction") has been paid by the Purchaser in accordance with the APA; and (b) all conditions to closing the Transaction have been satisfied or waived.

**DATED** at Toronto this \_\_\_ day of January, 2007

**MINTZ & PARTNERS LIMITED** in its capacity  
as interim receiver and receiver of Beta  
Limitee/Beta Brands Limited

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**TEXTRON FINANCIAL CANADA LIMITED.**  
Applicant

-and-

**BETA LIMITEE/BETA BRANDS LIMITED**  
Respondent

Court File No. 06-CL-6820

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT TORONTO**

**APPROVAL AND VESTING ORDER**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers & Solicitors  
Suite 1600, 1 First Canadian Place  
100 King Street West  
Toronto, Ontario M5X 1G5

**E. Patrick Shea (LSUC No.: 34845K)**  
Tel : (416) 369-7399  
Fax: (416) 862-7661

Solicitors for the Defendant  
F-K-P Tool Manufacturing Limited

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**BETWEEN:**

**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent

**SECOND REPORT TO THE COURT OF MINTZ & PARTNERS LIMITED,  
INTERIM RECEIVER AND RECEIVER  
OF BETA LIMITEE/BETA BRANDS LIMITED**

**INTRODUCTION**

1. Pursuant to an Order of the Honourable Madame Justice Lax of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated January 3, 2007 (the "Appointment Order"), Mintz & Partners Limited (the "Mintz") was appointed as interim receiver and receiver of all of the assets, undertaking and properties (the "Property") of Beta Limitee/Beta Brands Limited ("Beta Brands" or the "Company"). A copy of the Appointment Order is attached hereto as Appendix "A".

2. Pursuant to the terms of the Appointment Order, the Receiver was empowered and authorized, but not obligated, to *inter alia*:

- (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (d) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (e) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business subject to certain monetary limits;
- (f) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (g) report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable; and
- (h) take any steps reasonably incidental to the exercise of these powers.

3. Upon its appointment, the Receiver took possession of the Property.

4. The Receiver has realized on substantially all of the Company's accounts receivable through the collection of same and took possession of the cash in the Company's bank accounts and petty cash. The Receiver will report, in detail, on its realization efforts for these assets in a subsequent Report to the Court.

5. Pursuant to an Order of the Honourable Madame Justice Lax dated January 5, 2007, the Court approved the sale of substantially all of the assets of the Company's bakery division (the "Acquired Assets") to Bremner Food Group, Inc. ("Bremner") as well as certain finished goods inventory (the "Finished Goods Inventory") in accordance with an Asset Purchase Agreement dated December 13, 2006 between Bremner and Beta Brands (the "Bremner Transaction") and vested the Acquired Assets in Bremner free and clear.
6. The Bremner Transaction closed on January 10, 2007 with a number of modifications. The Court was advised of the proposed modifications to the Bremner Transaction prior to the Bremner Transaction closing and advised that a further attendance before the Court to formally approve the modifications was not required.
7. On February 7, 2007, Bremner completed the removal of the Purchased Assets from Beta Brands' premises.
8. On February 9, 2007, the Receiver received the purchase price for the Acquired Assets of US\$3.0 million plus \$811,160 for the Finished Product Inventory (which amount includes certain additional inventory relating to the bakery division purchased by Bremner as well as interest earned from the Closing Date).
9. The Receiver is now in a position to request offers to purchase Beta Brands' confectionery and chocolate businesses and all of the other remaining assets in the Receiver's possession (the "Remaining Property").
10. This Second Report of the Receiver is submitted to this Honourable Court in support of the Receiver's motion to obtain the Court's approval of the Receiver's marketing strategy for the Remaining Property including the timing for the receipt and acceptance of offers from prospective purchasers.
11. Capitalized terms not defined in this Second Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.



## **COMPANY BACKGROUND**

12. Beta Brands operations consisted of the manufacture of bakery and confectionary products for the Canadian and U.S. markets. Its head office and manufacturing facilities are located at 1156 Dundas Street East, London, Ontario. The Company has operated from these premises since 1913. Sales offices were maintained in Des Plaines, Illinois and Milton, Ontario, both of which are presently closed.

13. Beta Brands' bakery division sold to Bremner consisted of cracker products manufactured under various trademark names including Champagne, Country Harvest and Millwheat, or for private label customers.

14. The confectionary division consists of a variety of jube, jelly and marshmallow products manufactured under various trademark names including Beta Brands, McCormicks and Sweet Town trademarks, or for private label candy customers. Beta Brands' chocolate division consists of panned chocolate manufactured under the McCormicks and Grand Slam trademarks and private label products produced for general merchandise retailers. All of the trademarks used by Beta Brands are owned by Beta Brands.

## **MARKETING PROGRAM AND SALES PROCESS**

15. The Receiver has proposed the following program for the marketing of the Remaining Property:

- (a) an advertisement, substantially in the form in the attached **Appendix "B"**, will be published in the national edition of the *Globe & Mail*;
- (b) an advertisement will be placed on the National Confectioners Association's SmartBrief e-mail, a daily e-mail that is distributed to confectionery and chocolate manufacturers across North America; and
- (c) an e-mail advising of the purchase opportunity will be sent to parties who had previously contacted the Receiver expressing interest in the Property or whose names were provided to the Receiver by previous management of the Company.

16. Those parties who indicate a willingness to receive further information will be provided with a web-site address, user name and password by which they can access the Receiver's Information Package, a copy of which is attached hereto as **Appendix "C"**. Alternatively, hard copies of the Information Package will be couriered to those parties who do not wish to access the information by internet.

17. The Receiver has partitioned the Remaining Property into the following six parcels:

Parcel A: the assets associated with the confectionery operations of Beta Brands, including but not restricted to owned machinery and equipment including packaging equipment and the Receiver's interest, if any, in proprietary formulae, trademarks and other intangible assets including customer lists;

Parcel B: the assets associated with the chocolate operations of Beta Brands, including but not restricted to owned machinery and equipment including packaging equipment, and the Receiver's interest, if any, in proprietary formulae and other intangible assets including customer lists;

Parcel C: other machinery and equipment including certain remaining bakery machinery and equipment, racking, fork lifts, pallet trucks, and air conditioning units;

Parcel D: raw material and finished goods inventory;

Parcel E: office furniture and computer hardware; and

Parcel F: the land and building located at 1156 Dundas Street East, London, Ontario comprising a five storey, 432,000 square foot manufacturing facility.

Prospective purchasers will be allowed to submit offers for all of the parcels, individual parcels, or specific assets within parcels. However, purchasers will be informed that the Receiver will look more favourably on en bloc offers for all of the parcels.

18. The process being proposed by the Receiver is outlined in the Information Package, but in general terms:

- (a) prospective purchasers will be provided with approximately three weeks to conduct due diligence on the Property, including site tours. To the extent that prospective purchasers request certain financial information with respect to the Company as part of their due diligence process, the Receiver may require them to execute a confidentiality agreement;

- (b) offers are to be in a standard form and received by the Receiver by 2:00 pm on March 20, 2007 (the "Offer Date");
  - (d) offers are to be accompanied by a certified cheque representing 5% of the proposed purchase price;
  - (e) acceptance or rejection of offers will occur within one week of the Offer Date. The purchaser(s) whose offer is accepted will be notified in writing;
  - (g) upon acceptance of an offer, a second deposit representing 5% of the proposed purchase price is to be delivered to the Receiver within one business day of acceptance of the offer;
  - (h) transactions will be subject to Court approval; and
  - (i) closing will be scheduled to take place on the later of (i) the business day following Court approval; and (ii) 30 business days after the Receiver has faxed written confirmation of acceptance of the offer.
19. The Receiver proposes to commence the marketing process immediately after it receives Court approval, to the extent such approval is received.

#### **MEETING WITH THE CITY OF LONDON AND LOCAL 242G**

20. On January 11, 2007, the Receiver requested a meeting with the Mayor of the City of London to which the Receiver proposed that representatives of the Company's union, The Bakery, Confectionary, Tobacco Workers and Grain Millers International Union, Local 242G ("Local 242G"), also be invited to attend.
21. On January 18, 2007, the Receiver attended a meeting with Ms. Anne Marie DeCicco-Best, the Mayor of the City of London, to discuss the Receiver's proposed marketing and sale process for the Remaining Property. Also in attendance were Mr. Patrick Shea, counsel to Textron and the Receiver, Ms. Janice Page, solicitor for the City of London, Mr. Steven Glickman of the London Economic Development Corporation ("LEDC"), Mr. Michael Klug of

Watson Jacobs McCreary, counsel for Local 242G, and Messrs. Carl Walker and Doug Drew, representatives of Local 242G.

22. At that meeting, the Receiver's proposed marketing program was discussed including that the Receiver would, as part of the marketing process, request offers for the Remaining Property on an en bloc basis. Also at that meeting, the Mayor advised the Receiver that the Mayor's office/LEDC would provide information to the Receiver for inclusion in the Receiver's Information Package.

23. By letter dated January 24, 2007 (copy attached as Appendix "J" to the Information Package), the Mayor/LEDC provided information to the Receiver for the Information Package. As part of the Information Package, the Receiver has included various links to websites with information on the City of London.

24. In addition, at the January 18, 2007 meeting, the Receiver agreed to provide Mr. Klug with an opportunity to review the Information Package prior to its release and provide the Receiver with Local 242G's comments. The Receiver agreed to provide Mr. Klug and his client with two days to review the Information Package.

25. Mr. Klug was provided with the Information Package on February 2, 2007 and was requested to advise the Receiver of his comments and whether Local 242G would oppose the aforementioned marketing program. At Mr. Klug's request, Mr. Klug was given until February 9, 2007 to provide his comments on the Information Package as well as provide a list of any potential purchasers that Local 242G would like the Information Package provided to.

26. Notwithstanding a follow-up e-mail, to date, no comments or list of potential purchasers have been received from Mr. Klug and the neither the Receiver nor its counsel have been informed of any issues that Local 242G may have with the Information Package or the proposed marketing and sale process.

27. An Affidavit of Mrs. Fiorella Sasso with respect to the delivery of the draft material to Mr. Steven Weisz and Mr. Klug is attached as **Appendix "D"**.

**RECEIVER'S REQUEST TO THE COURT**

28. The Receiver is respectfully seeking an order approving the marketing and sale process as set out in this Second Report.

**DATED** the 15<sup>th</sup> day of February, 2007.

**Mintz & Partners Limited, solely in its capacity  
as Interim Receiver and Receiver of  
Beta Limitee/Beta Brands Limited  
and not in its personal capacity**

Per:



**Daniel R. Weisz, CA•CIRP, CIRP  
Senior Vice President**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**THE HONOURABLE MADAM )**

**TUESDAY, THE 20<sup>TH</sup> DAY**

**JUSTICE PEPALL )**

**OF FEBRUARY, 2007**



**TEXTRON FINANCIAL CANADA LIMITED**

Applicant

- and -

**BETA LIMITEE/BETA BRANDS LIMITED**

Respondent

**ORDER**

**THIS MOTION**, made by Mintz & Partners Limited (the "**Receiver**") in its capacity as interim receiver and receiver of Beta Limitee/Beta Brands Limited ("**Beta Brands**") was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Receiver's Second Report dated as of February 15, 2007 (the "**Second Report**") and on hearing the submissions of counsel for the Receiver;

1. **THIS COURT ORDERS** that the service of the Notice of Motion and the Motion Record is hereby validated and abridged, and this Motion is properly returnable today.
2. **THIS COURT ORDERS** that the process for marketing and offering for sale the remaining assets of Beta Brands as described in the Second Report (the "**Sales Process**")

including, without limitation, the distribution by the Receiver of an Information Package substantially in the form attached to the Second Report and the posting of an advertisement by the Receiver substantially in the form attached to the Second Report, be and is hereby approved.

3. **THIS COURT ORDERS** that, the Receiver be and is hereby authorized and directed to implement the Sales Process.

John Pyrell, J.

T963120\TOR\_LAW\6526282\1

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

FEB 21 2007

PER/PAR: 

**B E T W E E N:**

**TEXTRON FINANCIAL CANADA LIMITED**  
Applicant

**- AND**

**BETA LIMITEE/BETA BRANDS LIMITED**  
Respondent

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

**ORDER**

**GOWLING LAFLEUR HENDERSON LLP**

Barristers and Solicitors  
Suite 1600, 1 First Canadian Place  
100 King Street West  
TORONTO, Ontario  
MSX 1G5

**E. PATRICK SHEA (LSUC #39665K)**

Tel: (416) 369-7399  
Fax: (416) 862-7661

Solicitors for Mintz & Partners Limited in its capacity as  
Interim Receiver and Receiver of Beta Limitee/Beta  
Brands Limited





**Beta Brands Limited**

January 5, 2007

<Salary Employee Name>  
<Address>  
<City, Province>  
<Postal Code>

Dear <Salary Employee Name>

Please be advised that your employment with Beta Limitee/Beta Brands Limited ("Beta") is terminated effective January 3, 2007. Pursuant to an Order of the Ontario Superior Court of Justice of January 3, 2007, a copy of which is attached, Beta Brands has been placed in Court-Appointed Receivership and is no longer operating or carrying on business. The Company regrets the disruption that this will undoubtedly cause for you and your family.

Your T4 for 2006 and your Record of Employment will be forwarded to you.

Yours very truly,

**Beta Limitee/ Beta Brands Limited  
by Mintz & Partners Limited in its  
capacity as Interim Receiver and Receiver  
of Beta Limitee/Beta Brands Limited  
and not in its personal capacity**

Per:

Hartley Bricks, MBA, CA-CIRP  
Vice President

1136 DUNDAS STREET EAST, LONDON, ONTARIO CANADA N5W 5Y4  
TEL: (519) 455-2250 FAX: (519) 455-1449



Ministry of Labour

Form 1

Notice of Termination of Employment

under Subsection 58 (2) of Employment Standards Act, 2000

1. Name of Employer (Company) Beta Brands Limited	2. Employer's Mailing Address 1156 Dundas Street East London, Ontario, N5W 5Y4
--	--

3. Location(s) where termination of employment will occur:  
as above

4. Total workforce at each location who are paid:	5. Number of employees at each location whose employment will be terminated and anticipated dates:	Date Termination Effective Day Month Year
1. Hourly <u>265</u>	1. Hourly <u>265</u>	<u>05/01/07</u>
2. Salaried <u>27</u>	2. Salaried <u>27</u>	<u>03/01/07</u>
3. Other _____	3. Other _____	_____

6. Name(s) of the trade union local, if any, representing employees whose employment is being terminated.  
The Bakery, Confectionary, Tobacco and Grain Millers International Union Local 2426

7. What are the economic circumstances surrounding the terminations? The employer has been placed in Court-appointed Receivership pursuant to an Order of the Honourable Madame Justice Lax of the Ontario Superior Court of Justice of January 3, 2007, attached. The employer has ceased operations and is no longer carrying on any form of active business.

8. Has the employer implemented or discussed with employees (or their agent) any alternatives to termination? Please describe alternatives to termination implemented or discussed.

Alternatives Implemented:  
N/A

Alternatives Discussed:  
N/A

9. Has the employer implemented or proposed any adjustment measures with employees (or their agent)?

N/A

Name of Employer's Official (Please Print) HARTLEY BRICKS, VICE-PRESIDENT	Title Mintz & Partners Limited solely in its capacity as Court-Appointed Receiver over the assets and undertaking of Beta Brands Limited and not in its personal capacity.	
Signature <i>Hartley Bricks</i>	Telephone Number (Incl. Area Code)	Date



**Beta Brands Limited**

January 5, 2007

«Name»  
«Address\_1»  
«City\_» «State»  
«Postal\_code»

Dear «Name»

Please be advised that your employment with Beta Limitee/Beta Brands Limited ("Beta") is terminated effective January 3, 2007. Pursuant to an Order of the Ontario Superior Court of Justice of January 3, 2007, a copy of which is attached, Beta Brands has been placed in Court-Appointed Receivership and is no longer operating or carrying on business. The Company regrets the disruption that this will undoubtedly cause for you and your family.

Your T4 for 2006 and your Record of Employment will be forwarded to you.

Yours very truly,

**Beta Limitee/ Beta Brands Limited  
by Mintz & Partners Limited in its  
capacity as Interim Receiver and Receiver  
of Beta Limitee/Beta Brands Limited  
and not in its personal capacity**

Per:

Hartley Bricks, MBA, CA-CIRP  
Vice President

1156 DUNDAS STREET EAST, LONDON, ONTARIO CANADA N5W 5Y4  
TEL: (519) 455-2250 FAX: (519) 455-1449



**WATSON JACOBS McCREARY**  
BARRISTERS & SOLICITORS

Michael Klug  
mklug@wjm-law.ca

January 19, 2007

**VIA FACSIMILE:**

Torkin Manes Cohen Arbus  
151 Yonge Street  
Suite 1500  
Toronto, ON M5C 2W7  
Attention: J. Simpson

London:  
507 Talbot Street  
London, Ontario  
N6A 2S5

T: 519.663.2296  
F: 519.663.1034

Toronto:  
4711 Yonge Street  
Suite 509  
Toronto, Ontario  
M2N 6K8

T: 416.226.0055  
F: 416.226.0910

www.wjm-law.ca

Dear Mr. Simpson:

**RE: BCTGM Local 242 and Beta Brands Inc., Sun Beta LLC, Mintz and Partners Ltd., Beta Brands (U.S.A) Ltd., Sun Capital Partners Inc., Bremner Inc. and/or Cangro Foods Inc. ("the employer(s)")**  
**RE: Collective Agreement grievances**

As you know we act for Local 242 with respect to this matter.

Please take this as a grievance pursuant to the collective agreement between the BCTGM Local 242 and the employer(s).

Specifically, my client alleges that the collective agreement, including the portion thereof comprising the Employment Standards Act, 2000, has been violated as follows:

1. Part XV of the Employment Standards Act, 2000 has been violated in that the employers have not paid the required (12 weeks) termination pay and/or severance pay into trust with the Director of Employment Standards, as required by that Part;
2. Article 20 of the collective agreement has been violated through the failure of the employer(s) to pay severance pay;
3. Part XV of the Employment Standards Act, 2000 and the collective agreement has been violated by the employer(s) summary termination of all of Local 242's members on January 5, 2007, when they should have been laid off and/or subject to recall;
4. Article 14 and 15 and any other applicable articles of the collective agreement(s) have been violated by the on-going employer(s) failure to recall my client's members to work in accordance with the collective agreement to perform bargaining unit work after December 29, 2006.

5. Part XV of the Employment Standards Act, 2000 has been violated in the failure to maintain benefit coverage for the period of the pay in lieu of termination pay. Likewise the employer(s) failed to maintain benefits during the first 30 days of lay-off in violation of the collective agreement.
6. Article 22.03 of the collective agreement has been violated by the employer(s) by not providing due notice to the Union President of job elimination and not maintaining the wage rates as required.
7. The collective agreement and the Employment Standards Act, 2000 has been violated by the employer(s) by their failure to pay the employees the vacation pay due and owing to them for work already performed.
8. Article 15.06 of the collective agreement has been violated by the employer(s) by failing to provide written notice to the Local Union president of a major plant lay-off.
9. The employer(s) have illegally locked out my client in violation of the Labour Relations Act, 1995 and the collective agreement.

My client will be seeking full redress on behalf of all of its members, with interest, for these violations.

We rely on section 4 and section 9 of the ESA, 2000 in respect of the claims under that Act.

This grievance is filed without prejudice to any potential claim, action or proceeding commenced in any other forum in respect of the same or similar matters, in whole or in part.

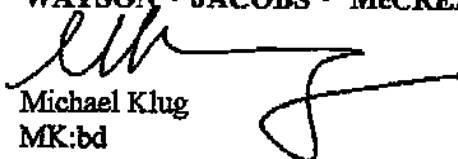
I acknowledge we are in no position to proceed with this grievance at the time being, given the Court Order of January 3, 2007. I would propose that we hold this grievance in abeyance until such time as we obtain leave, if we do. Please advise in writing if this manner of proceeding is a problem for your client. Likewise, if any of the other corporate employer(s) object to this manner of proceeding, please do advise in writing as soon as possible. Alternatively, if there is a desire to meet in accordance with the grievance procedure in the collective agreement, please advise in writing as well.

On a separate topic, I requested of your client yesterday that he identify his position with respect to whom would be entitled to the surplus in the defined benefit pension plan, in the event there is one. Perhaps that request is more appropriately directed to you. I would appreciate your advice on that within 10 days, if possible.

Please call with any questions or concerns.

Yours very truly,

**WATSON - JACOBS - McCREARY**



Michael Klug

MK:bd

- c: K. Walker
- F. Howard
- P. Shea
- S. Weisz
- S. Graaf
- R. Neable
- L. Shouldice
- Cangro Foods
- Director of Employment Standards

**BANKRUPTCY AND INSOLVENCY ACT**

**Notice and Statement of the Receiver**

Subsection 245 (1) and Subsection 246 (1)

Tel: 416-391-2900

Fax: 416-644-4303

Web site: [www.mintz.ca](http://www.mintz.ca)

**IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF**

**Beta Limitee/Beta Brands Limited**

**Take notice that**

1. On the 3<sup>rd</sup> day of January, 2007, the undersigned, Mintz & Partners Limited ("MPL"), became the interim receiver and receiver (the "Receiver") in respect of the assets, undertaking and properties of Beta Limitee/ Beta Brands Limited ("Beta Brands") by virtue of the Court Order of the Honourable Madame Justice Lax of the Ontario Superior Court of Justice to realize on the assets of Beta Brands, an insolvent corporation, that are described below:

**Estimated Book Value  
as at December 31, 2006**

a) Accounts receivable	\$ 671,000
b) Intercompany accounts receivable	unknown
c) Prepaid assets and deposits	591,000
d) Inventory (subject to physical count)	1,456,000
e) Land and building	4,361,000
f) Machinery & equipment (subject to physical count)	6,351,000
g) Silos and boilers	123,000
h) Furniture, fixtures, office equipment, computer hardware and software	6,000
i) Capital projects in progress	1,134,000
j) Art, plates & dies	93,000
k) Deferred financing fees	108,000

all included in the property, assets and undertaking of Beta Brands. The estimated book values have been obtained from the books and records of Beta Brands and do not necessarily reflect the realizable values of those assets.

2. The undersigned became the Receiver in respect of the property described above by virtue of a Court Order issued by Madame Justice Lax of the Ontario Superior Court of Justice.
3. The undersigned took possession or control of the property described above on the 3<sup>rd</sup> day of January, 2007.
4. The following information relates to the receivership:
  - a) Address of insolvent corporation: Beta Limitee/Beta Brands Limited  
1156 Dundas Street East  
London Ontario  
N5W 5Y4
  - b) Principal line of business: Manufacturer of food products
  - c) Location of business: as above



[www.Canada100.com](http://www.Canada100.com)



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Moores Rowland International,  
associations of independent accounting  
firms throughout the world

- d) Amounts (approximate) owed by the insolvent corporation to each party which holds security on the property described above (balances at December 31, 2006 according to Beta Brands books and records):

Textron Financial Canada Corporation	\$6,269,000
Sun Capital	3,718,000
Transamerica Life Insurance Company	783,000
Peoples Benefit Life Insurance Company	783,000
Massachusetts Mutual Life Insurance Company	846,000
MassMutual Corporate Value Partners Limited	285,000
MassMutual Corporate Investors	291,000
MassMutual Participation Investors	144,000
Carl Marks & Co., Inc.	512,000
GE Capital	Unknown
Pitney Bowes	Unknown
Xerox	Unknown

- e) The list of other creditors of the insolvent corporation and the amount owed to each creditor and the total amount due by the insolvent corporation according to the books and records of Beta Brands is as listed in the attached schedule.
- f) The intended plan of action of the receiver during the receivership, to the extent that such a plan has been determined, is as follows:

On January 5, 2007, the Receiver obtained court approval to complete a sale of substantially all of the assets of Beta Brands' bakery division. The Receiver is currently developing a plan for the sale of the remaining assets of the Company.

- g) Contact person for Receiver:

Mintz & Partners Limited  
1 Concorde Gate  
Suite 200  
North York, Ontario  
M3C 4G4

Tel: (416) 644-4432  
Fax: (416) 644-4303  
Attention: Ms. Anna Koroneos

DATED at North York, Ontario, this 11<sup>th</sup> day of January, 2007.

**MINTZ & PARTNERS LIMITED**  
**Court- Appointed**  
**Interim Receiver and Receiver of**  
**Beta Limitee/Beta Brands Limited**

Per. 

*for* Hartley Bricks, MBA, CA-CIRP  
Vice President

\\ODMA\PCDOCS\MINTZ\29468811



**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE RECEIVERSHIP OF**  
**BETA LIMITEE/BETA BRANDS LIMITED**  
**OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

---

**Unsecured**

1	A. FUREWYCZ	Unknown
2	A.M.A. PACKAGING	5,867.48
3	ABDUL HUSSIAN	Unknown
4	ABE BUECKERT ENGINEERING	4,868.58
5	ABOUTOWN TRANSPORTATION LTD.	1,477.50
6	ACCRAPLY CANADA INC.	1,274.65
7	ACCUTECH DESIGN LIMITED	3,346.42
8	ADA BONELLI	Unknown
9	ADAM BERKELEY-FRENETTE	Unknown
10	ADM AGRI-INDUSTRIES LTD.	16,707.60
11	ADM AGRI-INDUSTRIES LTD.	32,688.85
12	AEARO CANADA LTD.	88.25
13	AGNES MURPHY	Unknown
14	AGNESE DAMICO	Unknown
15	AIR LIQUIDE CANADA INC.	394.12
16	ALAN BEEDALL	Unknown
17	ALBERT CHOY	Unknown
18	ALDEN MINOGUE	Unknown
19	ALS LABORATORY GROUP	9,285.03
20	AM INGREDIENTS CORP.	2,758.50
21	AMBER SAGER	Unknown
22	AMMERAAL BELTECH INC.	8,420.51
23	ANDERSON'S ELECTRONICS INC.	844.74
24	ANDREAS MANZ	Unknown
25	ANDREW EILER	Unknown
26	ANGELA FERRI	Unknown
27	ANITA POWERS	Unknown
28	ANITA VARALLO	Unknown
29	ANKICA LES	Unknown
30	ANTHONY GRAHAM	Unknown
31	APRIL MORNINGSTAR	Unknown
32	ARNOLD WALBAUER	Unknown
33	ASHLAND CHEMICALS LTD.	3,071.35
34	ASHTON KRUPA	Unknown
35	ATLANTIC PACKAGING PRODUCTS	117,806.34
36	AXIOM TECHNOLOGIES LTD.	15.09
37	B&B TRADE DISTR. CENTRE	224.36
38	BALCORP LTD.	7,275.01
39	BARBARA DEGAUST	Unknown
40	BARBARA DESANDO	Unknown
41	BARBARA SMITH	Unknown
42	BARBARA WALKER	Unknown
43	BARBARA WILSON	Unknown
44	BARNES DISTRIBUTION	3,450.25
45	BECKY GAVIN	Unknown
46	BELL CANADA	5,506.69
47	BELL FLAVORS & FRAGRANCES	3,228.93
48	BERESFORD BOX COMPANY INC.	67,031.17
49	BESTERD MECHANICAL	6,467.67
50	BETTY BANNON	Unknown

**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE RECEIVERSHIP OF**  
**BETA LIMITEE/BETA BRANDS LIMITED**  
**OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

51	BEVERLEY MCGREGOR		Unknown
52	BEVERLY GILEV		Unknown
53	BEVERLY TYLER		Unknown
54	BIOCATALYST LTD.	USD	1,747.50
55	BIRGIT DOLENAC		Unknown
56	BLAKE CASELS & GRAYDON		11,962.10
57	BLOMMER CHOCOLATE COMPANY	USD	51,228.08
58	BLUM'S & ASSOCIATES		21,263.51
59	BOB DORMAN		Unknown
60	BOEHMER BOX		72,164.88
61	BONNIE & DON FLAVOURS INC.		8,575.52
62	BONNIE DOXTATOR		Unknown
63	BOSCH PACKAGING SERVICES	USD	15,609.63
64	BRAD MACDONALD		80.61
65	BRENDA SMITH		Unknown
66	BRENT BOITSON		Unknown
67	BRENT HOSANG		Unknown
68	BRIAN BOROWAY		Unknown
69	BRUCE BLANK		Unknown
70	C & C SOFTWARE SOLUTIONS INC.		601.92
71	C & M MACHINE WORKS		23,150.40
72	C. BROCKETT		Unknown
73	C. DIMITRICK		Unknown
74	C.F.F. SPECIALTY METALS INC.		104.18
75	C.H. ROBINSON COMPANY INC.		32,970.16
76	C.N.D. IMAGING PRODUCTS INC.		556.26
77	CAFO		597.52
78	CANADA REVENUE AGENCY - LONDON TSO*		Unknown
79	CANADIAN RED CROSS		115.00
80	CANNON HYGIENE		3,164.10
81	CAPITALINK L.C.	USD	385.60
82	CARLSTADT SAFETY SYSTEMS		3,498.00
83	CAROL DURSTON		Unknown
84	CAROLYN GREEN		Unknown
85	CARTER'S PRINTING		1,873.60
86	CASCO INC.		304,000.73
87	CASE'N DRUM OIL SALES		159.23
88	CB&G GROUP		236,048.37
89	CEDAROME CANADA INC.		23,510.00
90	CENTERCHEM INTERNATIONAL	USD	23,625.00
91	CHANTAL BROWN		Unknown
92	CHARLES DOWNER & CO. LTD.		9,073.43
93	CHARLES PERT		Unknown
94	CHARLES POLLARD		Unknown
95	CHERYL DEERING		Unknown
96	CHERYL KEISLING		Unknown
97	CHRIS FAGAN		Unknown
98	CHRIS THOMPSON		Unknown
99	CHRISTINE LAFONTAINE		Unknown
100	CHRISTOPER KELLY		Unknown
101	CHUBB SECURITY SYSTEMS		709.02
102	CIMCO REFRIGERATION		3,171.89

**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE RECEIVERSHIP OF**  
**BETA LIMITEE/BETA BRANDS LIMITED**  
**OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

103	CINDY SCHRAM		Unknown
104	CINDY SNELGROVE		Unknown
105	CINDY WILSON		Unknown
106	CITY OF LONDON TREASURER		74,928.54
107	CLARKE TRANSPORT INC.		1,122.44
108	COLUMBUS FOODS	USD	92,685.00
109	COMMAND SERVICES (LONDON) LIMITED		228.05
110	COMSATEC INC.		114,555.29
111	CONCEPT PACK LIMITED	USD	7,813.50
112	CONCORDE DISTRIBUTION		1,766.96
113	CONNIE IAVAZZI		Unknown
114	CONVAL EQUIPMENT		384.52
115	CORPORATE EXPRESS		505.02
116	CRAIG COOPER		Unknown
117	CRAWFORD PACKAGING INC.		15,211.46
118	CREEKBANK TRANSPORT		87,748.77
119	CULLIGAN		7,447.49
120	CUSTOM INDUSTRIES		588.60
121	CYNTHIA DAVIS		Unknown
122	CZESLAWA ZARZECZNY		Unknown
123	DANIEL BAUMAN		Unknown
124	DAVE NAUSS		Unknown
125	DAVID CAIRNS		Unknown
126	DAVID GILMOUR		Unknown
127	DAVID NETZKE		Unknown
128	DAVID POSSETT		Unknown
129	DAVLEY DARMEX INC.		210.64
130	DAWN FOOD PRODUCTS (CANADA) LTD.		21,928.64
131	DAY & ROSS INC.		13,704.90
132	DEANE ROOFING LTD.		450.50
133	DEBBIE ROPER		Unknown
134	DEBORAH ROSS		Unknown
135	DELL COMPUTER CORP.		3,054.06
136	DELOITTE & TOUCHE LLP		7,083.40
137	DEMPSEY CORPORATION		24,214.77
138	DENNIS BAKER		Unknown
139	DESTTECH CONSULTING & EDUCATION		1,426.72
140	DIANE MCCOLL		Unknown
141	DIELCO INDUSTRIAL CONT.		45,431.07
142	DIRECT PLASTICS GROUP		110,362.67
143	DOMINO PRINTING SOLUTIONS INC.		8,866.90
144	DON BUDD		Unknown
145	DON REED		Unknown
146	DONALD BUDD		Unknown
147	DONALD FINLAY		Unknown
148	DONALD RUSH		Unknown
149	DONALD STEVENS		Unknown
150	DONNA NEEPIN		Unknown
151	DOREEN CORP		Unknown
152	DOREEN FITT		Unknown
153	DOROTHY NAUSS		Unknown
154	DOUG MCMILLAN		Unknown

**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE RECEIVERSHIP OF**  
**BETA LIMITEE/BETA BRANDS LIMITED**  
**OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

155 DOUGLAS BOYD		Unknown
156 DOUGLAS WHITE		Unknown
157 DOWNEY & DOWNEY	USD	810.00
158 DRAGICA SOPTIC		Unknown
159 DUNCAN DUPUIS		Unknown
160 ECCO NETWORK SERVICES		2,296.60
161 ECOM		355.25
162 EDNA CROSS		Unknown
163 EDWARD WALSH		Unknown
164 ELDOMAR LOGISTICS INC.		1,180.00
165 ELECTRA SUPPLY INC.		12,111.38
166 ELECTRICAL SAFETY AUTHORITY		2,301.16
167 ELIZABETH DELINE		Unknown
168 EMMA GATTUSO		Unknown
169 EMPIRE FINE PAPERS		1,223.22
170 ERB TRANSPORT		587.51
171 EVADNE WRIGHT		Unknown
172 EVALINE HOWES		Unknown
173 EXACT-A-SUPPLY LTD.		1,346.03
174 EXOPACK, L.L.C.		156,286.74
175 EXXON MOBIL CHEMICAL FILMS	USD	3,215.40
176 FARON DANIELS		Unknown
177 FARREX FREIGHT SYSTEMS		231.61
178 FAST TRACK ENGINEERING		4,379.32
179 FASTENAL COMPANY		699.60
180 FEDERAL EXPRESS CANADA LTD.		2,860.15
181 FERGUSON ELECTRIC		21,035.73
182 FILION WAKELY THORUP ANGELETTI LLP		3,042.89
183 FIRMENICH OF CANADA LTD.		51,824.08
184 FISHER SCIENTIFIC		327.67
185 FKS LAND SURVEYORS		2,227.59
186 FLUID METERING INC.	USD	70.39
187 FRANCES EADIE		Unknown
188 FRANCIS HALEY		Unknown
189 FRANK SERROTORE		Unknown
190 FRED AUSTIN		Unknown
191 FRED HOWARD		Unknown
192 FREDERICK JOHNSTON		Unknown
193 FREDERICK LUSH		Unknown
194 FRONTIER / WOLSELEY		1,905.37
195 FTD INDUSTRIAL MAINTENANCE		25,413.50
196 G&K SERVICES CANADA INC.		21,845.26
197 G4S SECURITY SERVICES (CANADA) LTD.		5,895.46
198 GAIL BYATT		Unknown
199 GARFIELD LYNCH		Unknown
200 GARY JONES		Unknown
201 GARY MELVIN		Unknown
202 GEOFF HARRIS / THE TRIMMER		3,518.98
203 GEOFF SCOTT		Unknown
204 GEORGINA OBRIEN		Unknown
205 GERRARD-OVALSTRAPPING		17,759.63
206 GERRY SAMPSON		Unknown

**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE RECEIVERSHIP OF**  
**BETA LIMITEE/BETA BRANDS LIMITED**  
**OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

207	GIVEN'S ENGINEERING		8,008.30
208	GMF FLEXO PREPRESS INC.		728.77
209	GOLDRICH PRINTPAK INC.		6,541.99
210	GORDON MURRAY		Unknown
211	GOSPAVA OBRADOVIC		Unknown
212	GRAIN PROCESS ENTERPRISES LTD.		9,929.50
213	GRAND RIVER BRUSH		2,673.32
214	GRANT THORNTON LLP		17,225.00
215	GRAPHIC CONTROLS CDN LTD.		87.52
216	GREEN BELTING INDUSTRIES		243.28
217	GREEN LANE ENVIRONMENTAL GROUP		6,498.20
218	GREGORY'S OPTICAL CENTRE		511.00
219	GS INSPECTION CONSULTANTS, INC.		2,348.17
220	GUELPH FOOD TECHNOLOGY CENTRE		1,464.74
221	GUIDO MULDER		Unknown
222	GUILLEVIN INTERNATIONAL INC.		551.20
223	GWEN YOUNG		Unknown
224	H.B. ASSEMBLY INC.		11,393.71
225	HARLUND INDUSTRIES LTD.		3,395.65
226	HAROLD T. GRIFFIN INC.	USD	3,055.00
227	HARRI MATTILA		Unknown
228	HARRY BOYCE		Unknown
229	HAYHOE MILLS LTD.		313,938.19
230	HILLTOP RANCH INC.	USD	83,020.00
231	HOME HARDWARE		973.25
232	HONEYWELL LIMITED		5,539.24
233	HOSE HEADQUARTERS LIMITED		7,206.11
234	HUB GROUP		78,876.56
235	IAN MCINTOSH		Unknown
236	IBM CANADA		192.45
237	IMAGE LABELS LTD.		7,300.65
238	INDUSTRIAL BREAKDOWN COURIERS		710.20
239	INSIGHT		5,325.08
240	IRENA KILAR		Unknown
241	IRENA KOWELA		Unknown
242	IRIS MASSA		Unknown
243	IRON AGE CANADA LTD.		1,074.85
244	ISECO		2,811.70
245	IVAN LIMA		Unknown
246	IVANHOE CHEESE INC.		39,843.20
247	JAMES DOYLE		Unknown
248	JAMES DUGGAN		Unknown
249	JAMES GLOVER		Unknown
250	JAMES MILNE		Unknown
251	JAMES PATIENCE		Unknown
252	JAMIESON DELIVERY SERVICE		443.86
253	JANICE LACOURSE		Unknown
254	JANINE GARDENER		Unknown
255	JARKA KORNAS		Unknown
256	JASON ANDRESS		Unknown
257	JATINDER LYALL		Unknown
258	JEAN WRIGHT		Unknown

**MINTZ & PARTNERS LIMITED**  
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**Mailing List**

259	JEFF GREEN		Unknown
260	JEFFREY SMITH		Unknown
261	JERRY ALLAWAY		Unknown
262	JET FLUID SYSTEMS INC.		709.87
263	JMP ENGINEERING INC.		549.08
264	JMS TRANSPORTATION SERVICES LTD.		28,388.60
265	JOHN ARSENAULT		Unknown
266	JOHN ELLIS		Unknown
267	JOHN GEEVARGHESE		Unknown
268	JOHN KRONENBERG		Unknown
269	JOHN KWIATKOSKI		Unknown
270	JOHN MONK		Unknown
271	JOHN PINNELL		Unknown
272	JOHN WILSON		Unknown
273	JOHN ZEELLENBERG		Unknown
274	JOSEPH BABIN		Unknown
275	JOULIYA ISMAIL		Unknown
276	JOYCE FRITH		Unknown
277	JOYCE VELLA		Unknown
278	JULIA NEMETH		Unknown
279	JULIE FELIX		Unknown
280	JURI LEES		Unknown
281	KAREN HICKS		Unknown
282	KAREN MORNINGSTAR		Unknown
283	KARRIE PATTERSON		Unknown
284	KATARZYNA LATKIEWICA		Unknown
285	KATHY DORAY		Unknown
286	KATHY ROBINSON		Unknown
287	KEITH HALL & SONS TRANSPORT		51,089.81
288	KELLEY ROBINSON		Unknown
289	KELLY MCCULLOUGH		Unknown
290	KENNETH FEATHERSTON		Unknown
291	KENNETH MCVITTIE		Unknown
292	KENNETH SESSIONS		Unknown
293	KIM COOK		Unknown
294	KIM PARTRIDGE		Unknown
295	KIRKLAND & ELLIS LLP	USD	3,030.75
296	KISSNER MILLING COMPANY		10,049.79
297	KOF-K KOSHER SUPERVISION	USD	1,061.68
298	KPMG LLP		1,668.13
299	L. V. LOMAS LTD.		3,531.10
300	L.E. WALKER TRANSPORT		53,603.92
301	LAKESIDE PROCESS CONTROLS		1,623.11
302	LALLEMAND DISTRIBUTION INC.		4,624.51
303	LARRY JUDGE		Unknown
304	LARRY LANGFORD		Unknown
305	LARRY MATTE		Unknown
306	LAWNIE GROSSE		Unknown
307	LAWRENCE SESSIONS		Unknown
308	LAZER THERM MARKETING INC.		5,786.39
309	LEADING EDGE PACKAGING INC.		2,622.40
310	LEN ANDREWS		Unknown

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**Mailing List**

311	LES IMPRESSIONS SELECT INC.		2,293.27
312	LILLIAN DORMAN		Unknown
313	LINDA VANHERTEN		Unknown
314	LINDA VERHALLEN		Unknown
315	LINDA WHITFORD		Unknown
316	LINDSAY ANDERSEN		Unknown
317	LINDSEY NICHOLSON		Unknown
318	LISA BIKKERS		Unknown
319	LISA DEBELLIS		Unknown
320	LONDON EASTOWN FLORISTS		148.20
321	LONDON FIRE EQUIPMENT LTD.		1,828.56
322	LONDON HEALTH SCIENCES CENTRE		90.00
323	LONDON HYDRO		141,778.56
324	LOR-DON LIMITED		180,198.29
325	LORETTA BRODIE		Unknown
326	LORI WILCOX		Unknown
327	LOU WOLSKI		Unknown
328	LOUISE BRADSHAW		Unknown
329	LUCIEN FOISY		Unknown
330	M. KOSHYNSKY		Unknown
331	MAE SCOTT		Unknown
332	MALABAR SUPER SPICE CO. LTD.		1,787.48
333	MANE INC.	USD	1,616.27
334	MAR SIA (US)	USD	24,881.60
335	MAREK ZIETARSKI		Unknown
336	MARGARET MCMILLAN		Unknown
337	MARGARET ROSS		Unknown
338	MARIA FIORILLI		Unknown
339	MARIA LORUSSO		Unknown
340	MARIA WOUTERS		Unknown
341	MARIA ZOCCANO		Unknown
342	MARIE VANBONN		Unknown
343	MARILYN MALKO		Unknown
344	MARJORI VANDENBROEK		Unknown
345	MARK HORAN		Unknown
346	MARK ROBERTS		Unknown
347	MARK SMITH		Unknown
348	MARKEM PRODUCTS LTD.		391.06
349	MARLENE MOYER		Unknown
350	MARLENE TANNER		Unknown
351	MARMIK RESOLUTION SERVICES LTD.		1,547.60
352	MARY BEST		Unknown
353	MARY CHRISTOPHER		Unknown
354	MARY HASELBAH		Unknown
355	MARY MACLEAN		Unknown
356	MARYANNE DURAND		Unknown
357	MARYANNE SEMENUK		Unknown
358	MARYLAND WIRE BELTS INC.	USD	8,749.54
359	MATTHEW FIRTH		Unknown
360	MAVIE JANSEN		Unknown
361	MAXXAM ANALYTICS INC.		212.00
362	MCI		1,208.40

**MINTZ & PARTNERS LIMITED**  
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**Mailing List**

363	MCLEAN CHIMNEY CO. LTD.		1,537.00
364	MELANIE JEFFERSON		Unknown
365	MELINDA VANPATTER		Unknown
366	MELVIN CREW		Unknown
367	METAL SUPERMARKETS		433.24
368	MEYER LABORATORY SERVICES		492.11
369	MICHAEL CLIFFORD		Unknown
370	MICHAEL SCOTT		Unknown
371	MICHAEL SILCOX		Unknown
372	MIKE FUREWYCZ		Unknown
373	MIKE HARRIS		Unknown
374	MIKE SMITH		Unknown
375	MILDRED FAVALARO		Unknown
376	MINISTRY OF FINANCE (re: PST, EHT)		Unknown
377	MISC. USD	USD	4,150.00
378	MOHAMMED BHATTI		Unknown
379	MORGANS SCREENING & FILTERS LTD.		472.23
380	MOTION CANADA/LOU'S BEARINGS		31,008.31
381	MUNRO HONEY		16,598.55
382	MURRAY JACQUES		Unknown
383	MURRAY KILBY		Unknown
384	NACAN PRODUCTS LTD.		20,962.03
385	NANCY CULVER		Unknown
386	NANCY MARTIN		Unknown
387	NASCHEM		166.18
388	NCC ELECTRONICS LTD.		101,326.40
389	NEALANDERS INTERNATIONAL		16,238.95
390	NECCO	USD	3,050.29
391	NEIL STIRLING		Unknown
392	NEILSON INTERNATIONAL LTD.		126,773.25
393	NEVTRO SALES LIMITED		4,610.07
394	NID PTY LIMITED	USD	174,847.20
395	NOBLE TRADE INC.		2,617.05
396	NORAMPAC INC.		169,200.72
397	NOREEN LEGRESLEY		Unknown
398	NUTCO INC.		29,152.50
399	OCCUPATIONAL SAFETY GROUP		22.26
400	ONTARIO METER MAINT.		4,486.45
401	ONTARIO PALLET RECYCLING		29,048.24
402	ORBEX COMPUTER SYSTEMS INC.		657.78
403	OSLER, HOSKIN & HARCOURT		4,313.08
404	OTIS ELEVATOR COMPANY		3,991.60
405	OXFORD ENTERPRISES		6,780.49
406	PAMCO LABEL COMPANY	USD	1,188.00
407	PANORAMIC	USD	41,774.40
408	PAOLO TESTA		Unknown
409	PARAMOUNT PALLET, INC.		34,069.56
410	PATRICK JEFFREY		Unknown
411	PATTY BURGGRAEVE		Unknown
412	PAUL VANDERPLAS		Unknown
413	PB LEINER	USD	31,526.06
414	PENNY OLIVER		Unknown



**MINTZ & PARTNERS LIMITED**  
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**Mailing List**

415	PETE DAIZE		Unknown
416	PETER LOCHMAN		Unknown
417	PETRO CANADA		1,374.65
418	PHIL TOBIN		Unknown
419	PICK HEATERS	USD	1,728.95
420	PIVOTAL SERVICES OF LONDON		856.00
421	PIZZEY'S MILLING		3,465.00
422	PLYMOVENT		1,295.32
423	PORT ROYAL MILLS LTD.		21,634.65
424	POSTAGE BY PHONE		530.00
425	PRINTPACK INC.	USD	2,736.50
426	PROCESS & STEAM SPECIALTIES		2,439.06
427	PUROLATOR COURIER		2,309.36
428	QUALITY VALVE INC.		3,881.55
429	QUANTUM PACKAGING SYSTEMS		673.10
430	RALPH MOXLEY		Unknown
431	REIMER EXPRESS LINES LTD.		120.51
432	RELAY ELECTRICAL SUPPLY		397.50
433	RENE BEAUCHAMP		Unknown
434	RESPONSIVE MULTI-TECH SERVICES		3,445.17
435	RICCO FOODS DIST.		430.00
436	RICHARD DALE		Unknown
437	RICHARD FOSTER		Unknown
438	RICHARD KINISCH		Unknown
439	RICHARD ROWLAND		Unknown
440	ROBERT BONE		Unknown
441	ROBERT BROWNING		Unknown
442	ROBERT LILEY		Unknown
443	ROBERT NEABLE		Unknown
444	ROBERT PORTEOUS		Unknown
445	ROBERT POWELL		Unknown
446	ROBERT ROGERS		Unknown
447	RODNEY LEWIS		Unknown
448	ROLAND SAGER		Unknown
449	ROMATEC		136.93
450	RON MCGUIRE		Unknown
451	RON MILLIGAN		Unknown
452	RONALD MACDONALD		Unknown
453	RONALD SHAW		Unknown
454	ROSA BILOTTA		Unknown
455	ROSE WALKER		Unknown
456	ROSEDALE TRANSPORT LTD		8,257.86
457	ROUND THE LAKES MOTOR EXPRESS INC.		124,736.72
458	ROUVILLE PAPER INC.		15,514.96
459	ROYCE WRIGHT		Unknown
460	RUSSELL NORTHOVER		Unknown
461	RUSSELLA A. FARROW LTD.		227.40
462	RYAN DEERING		Unknown
463	SACHNOFF & WEAVER LTD.	USD	235.00
464	SAFETY-KLEEN CANADA INC.		2,788.07
465	SALENA EADIE		Unknown
466	SALVATORE CIRCELLI		Unknown

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**Mailing List**

467 SANDIE MOWRY		Unknown
468 SANDRA WHITE		Unknown
469 SARKA WALSH		Unknown
470 SAVIN LEUN		Unknown
471 SEALOGIC INNOVATIONS		2,357.44
472 SEMCO PAINT LTD		3,487.39
473 SENSIENT COLORS CANADA LTD.		4,200.80
474 SENSIENT FLAVORS CANADA INC.		3,000.00
475 SENTON INC.		431,081.89
476 SEPARATOR ENGINEERING LTD.		3,692.02
477 SERGIO BASYLUK		Unknown
478 SHAHAB AKHTER		Unknown
479 SHAHZAD AHMAD		Unknown
480 SHANE STEWART		Unknown
481 SHANE YOUNG		Unknown
482 SHARLENE SHERIDAN		Unknown
483 SHEILA STEVENS		Unknown
484 SHERRY BOOKER		Unknown
485 SHERRY GLAZER		Unknown
486 SHRED-IT SOUTHWESTERN ONTARIO		6,073.80
487 SIEGLING CANADA LTD.		2,343.65
488 SIMPLEX INT. TIME EQUIP.		1,348.05
489 SNACK BAR CONSULTING		273.60
490 SONJA SAGER		Unknown
491 SPECIALIZED BOILER SERVICE INC.		25,804.25
492 SPECIALTY TECHNICAL PUBLISHERS		556.40
493 SPECTRUM COMMUNICATIONS LTD.		441.03
494 SPHERION STAFFING SOLUTIONS		44,315.22
495 SPIRAX SARCO OF CANADA		537.42
496 STAN WIRA		Unknown
497 STANDARD LIFE OF CANADA		3,500.00
498 STEPHEN ENGLAND		Unknown
499 STERLING MARKING PRODUCTS		950.81
500 STEVE WATSON		Unknown
501 STEWARD OVERHEAR DOOR		5,891.42
502 STRATOS SOLUTIONS		4,460.63
503 SUE HARRIS		Unknown
504 SUN CAPITAL PARTNERS MANAGEMENT III, LLC	USD	150,000.00
505 SUNIL NARAIN		Unknown
506 SUSAN RYAN		Unknown
507 SWEPSCO	USD	183.30
508 TATE & LYLE INGREDIENTS AMERICAS, INC.		86,952.19
509 TATE & LYLE LTD.		656,621.09
510 TD BUSINESS VISA		12,603.69
511 TECHNICAL LOADARM LTD		1,552.90
512 TECHNICAL STANDARDS AND SAFETY AUTHORITY		400.00
513 TELUS		4,286.17
514 TELUS MOBILITY		4,181.99
515 TELUS NATIONAL SYSTEMS INC.		4,286.17
516 TEMUSS PRODUCTS CANADA LTD.		16,798.23
517 TERESA MCCOLL		Unknown
518 TERESA WORONIUK		Unknown

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**Mailing List**

519	TERRIE HIGDON		Unknown
520	TERRY TRINACTY		Unknown
521	TERRY WILSON		Unknown
522	TEXMAN CLEANERS		269.24
523	THE EQUICOM GROUP		398.25
524	THE MARITIME LIFE ASSURANCE CO.		141,979.65
525	THE OPERATIONS, L.C.	USD	270.90
526	THE STERITECH GROUP CORPORATION		7,234.08
527	THE STEVENS COMPANY LTD.		658.65
528	THERMO ELECTRON W&I		2,081.53
529	THERMOSHELL		3,792.59
530	THOMAS DANIEL		Unknown
531	THOMAS WHEATLEY		Unknown
532	THYSSEN ELEVATOR LIMITED		9,987.40
533	TIGER DIRECT CA INC.		1,077.87
534	TINA TITUS		Unknown
535	TOLL-MORRIS ELECTRIC MOTORS		9,599.70
536	TOM PERSHICK		Unknown
537	TONINO ROMEO		Unknown
538	TRAYNOR'S BAKERY WHOLESALE		1,558.20
539	TREASURER - CITY OF LONDON		76,672.90
540	TRENT PENNECOTT		Unknown
541	TRIANGLE PACKAGE MACHINERY	USD	2,238.10
542	UNION GAS LIMITED		14,777.44
543	UNION GAS LTD.		2,555.25
544	UNIVAR		31,441.14
545	UNIVERSITY HOSPITAL		45.00
546	UPS		1,793.78
547	UPS CANADA LTD.		171.70
548	US FILTER CANADA		26,839.35
549	VALERIE CARTER		Unknown
550	VALERIE ROSS		Unknown
551	VAPOR CANADA INC		2,623.50
552	VERNOR SPRINGER		Unknown
553	VIPOND FIRE PROTECTION INC.		5,098.02
554	VITALLUS NUTRITION		17,117.50
555	VITO CURRADO		Unknown
556	VWR INTERNATIONAL INC.		337.56
557	W. HUMPHREY		Unknown
558	WAL MART PRIVATE BRAND	USD	15,952.00
559	WALTER HUNGLER		Unknown
560	WAYNE HEWEY		Unknown
561	WAYNE HUBER		Unknown
562	WEBER SUPPLY COMPANY INC.		560.49
563	WESTBURNE RUDDY		1,695.86
564	WHOLESALE LIFT TRUCK LTD.		28,232.12
565	WILD FLAVOURS (CANADA) INC.		71,569.19
566	WILFRED WASTELL		Unknown
567	WILLIAM HERRON		Unknown
568	WILLIAM MAHON		Unknown
569	WILLIAM RYDER		Unknown
570	WILLIAM SEELY		Unknown

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571 WILLIAM WILSON	Unknown
572 WINKLER UND DUNNEBIER	9,330.00
573 WINMAR LONDON	29,579.48
574 WOODROW ANGELL	Unknown
575 WOODSTOCK SAFETY INC.	769.33
576 WORKPLACE SAFETY AND INSURANCE	60,669.62
577 XEROX CANADA LTD	4,618.45
578 YELLOW FREIGHT SYSTEM INC	43,458.71
579 YEMANE FEKRE	Unknown
580 YOUSSEF MANKAL	Unknown
581 YVONNE EDEN	Unknown
582 ZHIHUI YANG	Unknown
583 ZOUKI EL	Unknown

Number of creditors printed = 583

MINTZ & PARTNERS LIMITED  
 COURT-APPOINTED INTERIM RECEIVER AND  
 RECEIVER OF BETA LIMITEE/BETA BRANDS LIMITED

Summary of Demands For Repossession of Goods Received Pursuant to Section 81.1(1) of the Bankruptcy and Insolvency Act

Name of Supplier	Date Demand Received	Description of Goods	Value of Goods at Invoice Cost	Status of Demand	Date Goods Removed
1. Dempsey Corporation	January 4, 2007	Inulin 580 KG and Wheat Germs 7700 LB	\$ 9,775.40	Partially found and approved	January 18, 2007
2. Senton Printing & Packaging Incorporated	January 8, 2007	Packaging materials 234 Pallets supplied in Nov & Dec 2006.	Amount not provided in Demand	Partially found and approved	Supplier not interested in removing
3. Ivanhoe Cheese Inc.	January 8, 2007	Shredded Kosher cheddar & Angel Hair Shred(Kosher) Parm/Romano/Asiago.	Amount not provided in Demand	Disallowed - goods not in the possession of the Receiver	Supplier not interested in removing
4. Goldrich Printpak Inc.	January 11, 2007	Packaging -Cracker boxes (56) and Delight cartons(14)	\$ 6,151.33	Partially found and approved	Supplier not interested in removing
5. Hayhoe Mills Limited	January 12, 2007	Wheat Flour in Silo and bags	\$ 73,201.00	Partially found and approved	January 17, 2007
6. Atlantic Packaging Products Ltd.	January 15, 2007	Packaging materials supplied during Dec 4-15, 2006	\$ 23,050.62	Disallowed - goods not received by the Company within 30 days of receipt of Demand by the Receiver	

MINTZ & PARTNERS LIMITED  
 COURT-APPOINTED INTERIM RECEIVER AND  
 RECEIVER OF BETA LIMITEE/BETA BRANDS LIMITED

Summary of Proofs of Claim (Property) Received Pursuant to Section 81(4) of the Bankruptcy and Insolvency Act

Name of Claimant	Date Claim Received by Receiver	Property Claimed	Value Identified in Claim	Status of Claim	Date Property Removed
1. The Trimmer (Geoff Harris)	January 9, 2007	Garbage disposal bins-rental	N/A	Property still on premises as Receiver has engaged Claimant	
2. LOR-DON Limited	January 9, 2007	Two step ladders and 3 push carts left on Beta premises	N/A	One push cart found & removed	January 11, 2007
3. Interweigh Systems Inc.	January 10, 2007	Counting Scale on loan	N/A	Approved & item removed	January 26, 2007
4. Nutritional Management Services Ltd.	January 10, 2007	Food items and Cafeteria equipment. List provided by claimant and verified with Rob Neable	N/A	Claim approved & Property removed	January 18, 2007
5. Future Waste Management Inc.	January 11, 2007	Waste disposal trailers & bins on rental	N/A	Claim approved & Property removed	February 12, 2007
6. GK Services	January 15, 2007	Staff uniforms on rental	N/A	Claim approved & most of Property has been removed	January 18, 2007
7. Paramount Pallet Inc.	January 16, 2007	7028 orange pallets	\$ 148,764	Released interest in Property to Claimant	

## ADJUSTMENT AND RESERVE AGREEMENT

THIS AGREEMENT made effective as of the 10<sup>th</sup> day of January, 2007,

**B E T W E E N:**

**Mintz & Partners Limited**, a corporation incorporated under the laws of the Province of Ontario, in its capacity as interim receiver and receiver of Beta Limitee/Beta Brands Limited ("**Beta Brands**") and not in its personal capacity

(hereinafter called the "**Receiver**")

-and-

**Bremner Food Group, Inc.**, a corporation incorporated under the laws of the State of Nevada

(hereinafter called the "**Purchaser**")

**WHEREAS** the Purchaser and Beta Limitee/Beta Brands Limited ("**Beta Brands**"), *inter alia*, have entered into an asset purchase agreement made December 13, 2006, as amended, restated or supplemented from time to time (the "**Asset Purchase Agreement**"), pursuant to which the Purchaser has agreed to acquire certain assets from Beta Brands;

**AND WHEREAS** the Asset Purchase Agreement attached a list of Finished Product Inventory (as defined in the Asset Purchase Agreement) as Schedule "A" and provided a value for the Finished Product Inventory in such schedule;

**AND WHEREAS** section 3.4 of the Asset Purchase Agreement provided that the Purchaser would pay to the Vendor at the Closing Date (as defined in the Asset Purchase Agreement) the amount calculated in accordance with Schedule 2.5 of the Asset Purchase Agreement for the Finished Product Inventory of Marketable Quality (as defined in the Asset Purchase Agreement) on certain conditions;

**AND WHEREAS** the Purchaser has completed a manual count of the Finished Product Inventory of Marketable Quality, a summary of which is attached as Schedule "A" hereto;

**AND WHEREAS** by an order of the Court dated January 3, 2007 the Court appointed the Receiver as the Receiver of Beta Brands;

**AND WHEREAS** by an order of the Court dated January 5, 2007 the Court approved, among other things: (i) the Asset Purchase Agreement and the sale transaction provided therein; and (ii) the sale, assignment, conveyance, transfer and delivery of all of the Vendor's right, title and interest in the Acquired Assets (as defined in the Asset Purchase

Agreement), which were vested in the Purchaser, conditional upon, among other things, the filing of a certificate by the Purchaser;

**AND WHEREAS** the Asset Purchase Agreement contemplates that the parties hereto will enter into an agreement to provide for the sum of U.S.\$200,000 to be held and disbursed as a reserve;

**AND WHEREAS** the Vendor and Purchaser have agreed that the amount of the reserve fund shall be U.S.\$500,000 (the "**Reserve**"), rather than U.S.\$200,000, which shall be held and disbursed on the terms and conditions hereinafter set forth;

**AND WHEREAS** all capitalized terms used in this agreement (and not otherwise defined herein) shall have the same meaning as ascribed to such terms in the Asset Purchase Agreement.

**NOW THEREFORE** in consideration of the premises and the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree with each other as follows:

#### **ARTICLE 1 INTERPRETATION**

1. The Receiver and the Purchaser hereby agree that in the event that there are any inconsistencies between the Asset Purchase Agreement and this Agreement in respect of the matters dealt with in Article 2 or in Article 3, the terms and conditions of this Agreement shall govern.

#### **ARTICLE 2 ADJUSTMENT**

1. The Receiver and Purchaser hereby agree that the Purchase Price (as defined in the Asset Purchase Agreement) shall be paid to Aird & Berlis LLP ("**A&B**"), in trust, on Closing and released to the Vendor upon A&B and the Vendor receiving confirmation from the Purchaser that the equipment comprising the Acquired Assets and all of the Finished Product Inventory have been removed, withdrawn or otherwise extracted in accordance with the terms of the Asset Purchase Agreement from the premises where such items are located as at January 9, 2007 (the "**Premises**") and have shall have crossed the limits of the City of London, Ontario provided that:
  - (a) the Purchaser shall make reasonable efforts to remove, withdraw or otherwise extract all of the equipment and Finished Product Inventory from the Premises in an orderly fashion and transport same beyond the limits of the City of London, Ontario immediately after Closing; and
  - (b) if all or any part of the equipment or Finished Product Inventory cannot be removed, withdrawn or otherwise extracted from the Premises or same cannot be



transported beyond the limits of the City of London, Ontario within 30 days after Closing:

- (i) the Receiver and the Purchaser shall negotiate in good faith to reach a mutually agreeable adjustment to the Purchase Price that reflects the value of the equipment and Finished Product Inventory that could not be removed, withdrawn or otherwise extracted from the Premises or transported beyond the limits of the City of London, Ontario that shall be subject to approval of the Court; or
  - (ii) if the Receiver and the Purchaser are unable to reach a mutually agreeable adjustment to the Purchase Price that reflects the value of the equipment and Finished Product Inventory that could not be removed, withdrawn or otherwise extracted from the Premises or transported beyond the limits of the City of London, Ontario within 60 days after Closing the Receiver shall apply to the Court to have the matter determined.
2. The Receiver and the Purchaser agree that the amount paid to the Vendor in addition to the Purchase Price in connection with the purchase of the Finished Product Inventory shall be CDN\$796,835.28, as set out in Schedule "A" hereto.

### **ARTICLE 3 RESERVE**

1. The Reserve plus any and all interest earned thereon shall be hereinafter referred to as the "**Reserve Funds**". The Reserve Funds shall be held by the Receiver separate and apart from the assets of Beta Brands under the administration of the Receiver.
2. The Receiver shall invest the Reserve Funds in: (a) debt obligations issued or guaranteed by the Government of Canada or a province; or (b) short-term certificates of deposit issued or guaranteed by one of the six largest Canadian chartered banks, and the Receiver shall reinvest and continue to keep invested the Reserve Funds until the Reserve Funds are, in accordance with the terms of this agreement, either: (a) paid to the Purchaser; or (b) included in the assets of Beta Brands under the administration of the Receiver.
3. Any time on or before the day that is 12 months from the Closing Date (the "**Customer and Product Claim Termination Date**"), the Purchaser may make a claim for reimbursement for an amount not to exceed U.S.\$200,000 for:
  - (a) customer deductions taken against the Purchaser after the Closing Date relating to the Marketable Quality (as defined in the Asset Purchase Agreement) of the Finished Product Inventory (the "**Customer Claim**"); or
  - (b) any liabilities of Beta Brands arising from consumer, retailer or wholesaler complaints relating to the Products (as defined in the Asset Purchase Agreement) that are paid or otherwise borne by the Purchaser (the "**Product Claim**").

4. The Purchaser may make a claim for reimbursement for an amount not to exceed U.S.\$300,000 for any reasonable legal or professional fees incurred by the Purchaser any time from the date of the signing of the Asset Purchase Agreement until the earlier of: (A) (i) the making of a final and unappealable order delivered by a court of competent jurisdiction rendered in connection with a Litigation Claim (as hereinafter defined); (ii) the receipt by the Purchaser of a full and final release, in a form satisfactory to the Purchaser acting reasonably, from Beta Brands' employees and former employees, and/or their representatives, releasing the Purchaser from liability relating to any claims that may be brought by such persons; or (iii) the expiration of the limitation period associated with a Litigation Claim (as hereinafter defined) (the "**Litigation Termination Date**" and collectively, with the Customer Termination Date and Product Claim Termination Date, the "**Termination Date**"):
  - (a) as a result, directly or indirectly, of any litigation or other proceedings that are taken in connection with the Purchaser's removing, withdrawing or otherwise extracting all of the Acquired Assets and all of the Finished Product Inventory in accordance with the terms of the Asset Purchase Agreement from the premises where such items are located as at January 9, 2007 or having such items cross the limits of the City of London, Ontario; or
  - (b) in connection with a labour or employment disruption, grievance, arbitration proceeding or other labour or employment conflict brought by or on behalf of Beta Brands' employees or former employees, or their representatives, in connection with the removal, withdrawal or extraction by the Purchaser of the Acquired Assets and the Finished Product Inventory from the Premises or having such items cross the limits of the City of London, Ontario (collectively, the "**Litigation Claim**", and collectively, with the Customer Claim and the Product Claim the "**Claim**").
5. Each Claim shall be made to the Receiver in writing and shall specify: (a) the amount of the Claim; and (b) the basis for the Claim.
6. The Receiver shall, within 10 Business Days following receipt of written notice of the Claim, indicate by notice in writing to the Purchaser whether it consents to or disputes the Claim in whole or in part and identify: (a) what portion, if any, of the Claim the Receiver disputes; and (b) the basis for the Receiver's dispute. In the event that the Receiver fails to send such notice in accordance herewith, the Receiver shall be deemed to consent to the Claim for the purpose of paragraph 11.
7. After the making of a Claim by the Purchaser, the Receiver shall deal with the Reserve Funds in accordance with the following provisions:
  - (a) if the Receiver consents or is deemed to consent to the Claim, the Receiver shall pay out of the Reserve Funds to the Purchaser the amount of the Claim and the remaining amount of the Reserve Funds (if any) shall continue to be held pursuant hereto; and

- (b) if the Receiver disputes all or part of the Claim, the Receiver shall pay out of the Reserve Funds to the Purchaser that portion, if any, of the Claim that is not disputed by the Receiver and the remaining portion of the Reserve Funds (the “**Disputed Reserve Funds**”) shall be held by the Receiver pending the resolution of the dispute with respect to the disputed portion of the Claim either pursuant to an agreement between the Receiver and the Purchaser or a final order of the Ontario Superior Court of Justice; and
  - (c) the Receiver shall pay the Disputed Reserve Funds only in accordance with the terms of any agreement reached between the Receiver and the Purchaser or in accordance with a final order made by the Ontario Superior Court of Justice directing how the Disputed Reserve Funds are to be paid.
- 8. The Purchaser acknowledges that to the extent that it is successful at recovering all or part of a Litigation Claim from any party adverse in interest to it, those funds shall constitute a set off against its Litigation Claim hereunder, and to the extent that it has been otherwise reimbursed for a Litigation Claim hereunder, said recovery shall be paid by the Purchaser to the Receiver.
- 9. In the event that no agreement between the Receiver and the Purchaser with respect to the Disputed Reserve Funds is reached within two months of the Termination Date, the Receiver shall bring a motion to the Ontario Superior Court of Justice, on notice to the Purchaser, seeking an order with respect to the payment of the Disputed Reserve Funds.
- 10. This agreement shall terminate and cease to be of any further force and effect when the Receiver shall have distributed the Reserve Funds in accordance with the terms of this agreement.
- 11. All communications which may be or are required to be given by any party to any other party, shall be in writing and (a) delivered personally, (b) sent by prepaid courier service or (c) sent by prepaid telecopier or other similar means of electronic communication to the parties at their following respective address:

- (a) If to the Receiver:

Mintz & Partners Limited  
1 Concorde Gate, Suite 200  
North York, ON M3C 4G4

Attention: Daniel Weisz, CA · CIRP  
Fax No. (416) 644-4303  
Email Address: [daniel\\_weisz@mintzca.com](mailto:daniel_weisz@mintzca.com)

with a copy to:

Torkin Manes Cohen Arbus LLP  
151 Yonge Street, Suite 1500

Toronto ON  
M5C 2W7

Attention: Jeffrey J. Simpson  
Fax Number: 1 888 587 9143  
Email Address: jsimpson@torkinmanes.com

(b) If to the Purchaser:

Bremner Food Group, Inc.  
800 Market Street, Suite 2900  
St. Louis, MO 63101

Attention: C.G. Huber, Jr.  
Fax No. (314) 877-7748  
Email Address: cghuber@ralcorp.com

with a copy to:

Aird & Berlis LLP  
BCE Place, Suite 1800  
Box 754, 181 Bay Street  
Toronto, ON M5J 2T9

Attention: Martin Kovnats  
Fax No. (416) 863-1515

Any such notice so given shall be deemed conclusively to have been given and received when so personally delivered, delivered by prepaid courier service or sent by telecopier or other electronic communication, unless delivered or sent on a day which is not a Business Day or after 5:00 p.m., in which case such notice shall be deemed conclusively to have been given and received on the next following Business Day. Any party may from time to time change its address hereinbefore set forth by notice to the other party in accordance with this section.


12. This agreement and the rights, obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each party hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.
13. This agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns. Other than the Asset Purchase Agreement and the agreements and schedules referred to or contemplated therein, this agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and there are no terms or representations or warranties with respect to the subject matter

hereof other than those contained therein or herein. This agreement shall not be amended except by a memorandum in writing executed by each of the parties.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF** the parties hereto have duly executed this agreement as of the date first above written.

**MINTZ & PARTNERS LIMITED, in its capacity as interim receiver and receiver of Beta Limitee/Beta Brands Limited and not in its personal capacity**

Per:   
Name: DANIEL WEISZ  
Title: SENIOR VICE PRESIDENT

Authorized Signing Officer

Per: \_\_\_\_\_  
Name:  
Title:

Authorized Signing Officer

**BREMNER FOOD GROUP, INC.**

Per: \_\_\_\_\_  
Name: Charles G. Huber, Jr.  
Title:

Authorized Signing Officer

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the day and year first above written.

**MINTZ & PARTNERS LIMITED, in its capacity as interim receiver and receiver of Beta Limitee/Beta Brands Limited and not in its personal capacity**


Per: \_\_\_\_\_  
Name:  
Title:

Authorized Signing Officer

Per: \_\_\_\_\_  
Name:  
Title:

Authorized Signing Officer

**BREMNER FOOD GROUP, INC.**

Per:  \_\_\_\_\_  
Name: Charles G. Huber, Jr.  
Title: Secretary

Authorized Signing Officer

**SCHEDULE "A"**

See attached.

2220010.12



**MINTZ & PARTNERS LIMITED  
INTERIM RECEIVER AND RECEIVER OF  
BETA LIMITEE/BETA BRANDS LIMITED**

**Receiver's Interim Statement of Receipts and Disbursements  
for the period January 3, 2007 to February 19, 2007**

**Receipts**

1. Sale of assets - Bremner	\$ 3,715,116.08
2. Accounts receivable collections	660,204.29
3. Cash in bank	77,563.39
4. Miscellaneous asset sales	1,886.32
5. Petty cash	708.41
6. Miscellaneous refunds	350.00
7. GST collected	113.18
<b>8. Total Receipts</b>	<b>\$ 4,455,941.67</b>

**Disbursements**

9. Receiver fees - Interim draws	\$ 233,919.50
10. Utilities (including deposits)	98,659.67
11. Security and possession	50,482.81
12. Consulting fees	42,381.65
13. Legal fees - Interim draws	42,352.08
14. Repairs and maintenance	40,393.17
15. Property taxes	29,332.00
16. Goods and Services Tax	24,460.21
17. Shipping costs	11,389.00
18. Travel and parking	8,890.18
19. Payroll arrears and payroll service costs	4,185.89
20. Bank charges	66.00
<b>21. Total Disbursements</b>	<b>\$ 586,512.16</b>
<b>22. Excess of Receipts over Disbursements</b>	<b>\$ 3,869,429.51</b>