

Estate No: 51-1965976
Court No: 38866
District No: 02
Division No: 01-Halifax

3258042 Nova Scotia Limited
Notes to Statement of Projected Cash Flow

Note A: The statement of projected cash flow is being filed pursuant to the Proposal of 3258042 Nova Scotia Limited filed on July 14, 2015.

Note B: The following assumptions were used by management in the preparation of the statement of projected cash flow of the Insolvent Person:

- (i) Opening balance sheet reflects management's estimated financial position of the Company emerging from protection on September 30, 2015 pursuant to terms presented in the Proposal.
- (ii) Revenue and Cost of Goods Sold are based on historical operating results of the business.
- (iii) Indirect expenses are based on historical operating results normalized pursuant to terms contained within the Proposal.
- (iv) Investing activities are based on management's estimates of the required capital investment in the Company.
- (v) Financing activities are based on scheduled repayments to Secured Creditors pursuant to terms contained within the Proposal.



Peter Hendrickson
President
3258042 Nova Scotia Limited, an Insolvent Person

Estate No: 51-1965976
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The attached statement of projected cash flow of 3258042 Nova Scotia Limited (the "Insolvent Person") consisting of annual projections covering a five year period, has been prepared by the management of the Insolvent Person for the purpose described in Note A, using the probable and hypothetical assumptions set out in Note B.

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

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

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

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

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

Dated at Halifax, Nova Scotia, this 14th day of July, 2015.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as
Trustee under the Proposal of 3258042 Nova Scotia Limited
And not in its personal capacity

Per:



Neil Jones, CPA, CA, CIRP
Trustee under the Proposal of
3258042 Nova Scotia Limited
and not in its personal capacity

3258042 Nova Scotia Limited
 Projected Balance Sheet
 As at

	Opening Balance Sheet					
	2019	2020	2021	2022	2023	2024
Assets						
Current						
Cash	\$ 40,000	(29,297)	434,094	901,951	1,413,039	1,929,507
Prepaid Expenses	\$ 1,680	1,285	1,311	1,337	1,364	1,391
Total Current Assets	\$ 41,680	(27,012)	435,405	902,988	1,414,403	1,930,898
Long-Term Assets						
Buildings	\$ 3,500,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Accumulated Amortization	\$ -	(159,184)	(269,059)	(438,934)	(689,809)	(738,684)
Total Long-Term Assets	\$ 3,500,000	3,610,816	3,480,941	3,311,066	3,181,191	3,011,316
Total Assets	\$ 3,541,680	3,583,805	3,896,347	4,214,055	4,575,594	4,942,214
Liabilities						
Current						
Proposal Creditors	\$ 395,296	300,764	206,211	111,669	55,835	-
Current Portion LTD	\$ 140,004	140,004	140,004	140,004	140,004	140,004
Customer Deposits	\$ 24,000	24,000	24,000	24,000	24,000	24,000
Total Current Liabilities	\$ 559,300	464,768	370,215	275,673	219,839	164,004
Long-Term						
Long-Term Debt	\$ 3,231,759	3,091,765	2,951,751	2,811,747	2,671,743	2,531,739
Total Long-Term Liabilities	\$ 3,231,759	3,091,765	2,951,751	2,811,747	2,671,743	2,531,739
Total Liabilities	\$ 3,791,059	3,556,513	3,321,966	3,087,420	2,891,582	2,665,743
Equity						
Opening Retained Earnings	\$ (249,479)	(249,479)	27,192	574,280	1,126,534	1,683,912
Net Income	\$ -	276,671	547,088	552,254	557,378	562,459
Closing Retained Earnings	\$ (249,479)	27,192	574,280	1,126,534	1,683,912	2,246,371
Common Stock	\$ 100	100	100	100	100	100
Total Equity	\$ (249,379)	27,292	574,380	1,126,834	1,684,012	2,246,471
Total Liabilities and Equity	\$ 3,541,680	3,583,805	3,896,347	4,214,055	4,575,594	4,942,214


3258042 Nova Scotia Limited
 Insolvent Person

[Signature]
 Deloitte Restructuring Inc.
 Trustee under the Notice of Intention to File a Proposal
 for 3258042 Nova Scotia Limited
 and not in its personal capacity

3258042 Nova Scotia Limited
Projected Income Statement
For the period October 1 - September 30

	30 Sep 16	30 Sep 17	30 Sep 18	30 Sep 19	30 Sep 20	TOTAL 5Y
Revenue						
Leased Space	\$ 413,366	447,072	447,072	447,072	447,072	2,201,654
New Leased Space	\$ 375,495	760,495	760,495	760,495	760,495	3,417,474
Rent from Related Party	\$ 200,000	200,000	200,000	200,000	200,000	1,000,000
Total Revenue	\$ 988,861	1,407,567	1,407,567	1,407,567	1,407,567	6,619,128
Expenses						
Amortization	\$ 139,184	149,875	149,875	149,875	149,875	738,684
Insurance	\$ 5,040	5,141	5,244	5,348	5,455	26,228
Interest on Long Term Debt	\$ 264,593	253,393	242,193	230,993	219,792	1,210,964
Professional Fees	\$ 4,000	4,080	4,162	4,245	4,330	20,816
Property Tax	\$ 120,000	122,400	124,848	127,345	129,892	624,485
Repairs and Maintenance	\$ 15,998	16,316	16,642	16,975	17,315	83,244
Utilities	\$ 14,400	14,688	14,982	15,281	15,587	74,938
Total Indirect Expenses	\$ 583,213	585,893	557,945	550,062	542,246	2,779,359
Net Income before Taxes	\$ 425,647	841,674	849,622	857,505	865,321	3,839,769
Income Tax Expense 35%	\$ 148,977	294,586	297,368	300,127	302,862	1,343,919
Net Income	\$ 276,671	547,088	552,254	557,378	562,459	2,495,850



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 Deloitte Restructuring Inc.
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3258042 Nova Scotia Limited
Projected Cash Flow
For the period October 1 - September 30

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Operating Activities					
Net Income	\$ 276,871	547,088	662,254	557,378	562,459
Amortization	\$ 139,184	140,875	149,875	149,875	149,875
Change in Working Capital	\$ (94,147)	(94,568)	(94,568)	(55,861)	(55,882)
Total Cash Flow from Operations	\$ 321,707	602,395	607,561	651,392	656,472
Investing Activities					
Purchase of Property, Plant and Equipment	\$ (250,000)	-	-	-	-
Total Cash Flow from Investing	\$ (250,000)	-	-	-	-
Financing Activities					
Repayment of Long-Term Debt	\$ (140,004)	(140,004)	(140,004)	(140,004)	(140,004)
Total Cash Flow from Financing	\$ (140,004)	(140,004)	(140,004)	(140,004)	(140,004)
Total Change in Cash Flow	\$ (68,297)	462,391	467,557	511,388	516,468


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