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March 18, 2015

**Via email**

Phyllis Perry  
Deputy Registrar in Bankruptcy  
5th Floor, Summit Place  
1601 Lower Water Street

Dear Ms. Perry,

**Subject: Tour Tech. East Limited – Estate No. 51-1963560; Court No. 38848**

Please find enclosed the Proposal Trustee's Report relating to the Tour Tech East Limited motion to be heard on March 20, 2015 at 1:30pm by Registrar Creagan. A signed copy of the Proposal Trustee's Report will be sent to your attention on the morning of March 19, 2015.

We trust you will find the enclosed to be in order. If you have any questions please feel free to contact the undersigned at your convenience.

Sincerely,

**DELOITTE RESTRUCTURING INC.**  
**Acting in its capacity as Proposal Trustee of**  
**Tour Tech. East Limited**  
**and not in its personal capacity**

Per:

Neil Jones, CA, CIRP  
Vice President

Enclosure (Trustee's Second Report)

c: Service List

**Estate No:** 51-1963560  
**Court No:** 38848  
**District No:** 02  
**Division No:** 01-Halifax

## **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:**

### **TOUR TECH. EAST LIMITED**

#### **Second Report of the Trustee pursuant to sections 50.4(7)(b)(ii) and 50.4(9) of the Bankruptcy and Insolvency Act ("BIA")**

#### **1. INTRODUCTION AND BACKGROUND**

- 1.1 Tour Tech. East Limited ("Tour Tech" or the "Company") was incorporated in Nova Scotia on September 4, 1984. The shares of Tour Tech are 90% owned by Peter Hendrickson, President, and 10% owned by Robert Barrett.
- 1.2 Tour Tech is based in Dartmouth, Nova Scotia. The Company services the entertainment industry through the provision of professional audio, lighting and staging rentals, installation and distribution, servicing Canada and the eastern United States. The Company also services the film industry through its two large sound stages which provide acoustically optimized recording space.
- 1.3 Tour Tech operates its sound stage business out of a 40,445 square foot commercial facility located at 170 Thornhill Drive, Dartmouth, Nova Scotia. This property is currently the subject of a purchase and sale agreement scheduled to close on June 30, 2015.
- 1.4 Tour Tech operates its production rental, installation, distribution and corporate operations out of a 213,389 square foot commercial facility located at 180 Thornhill Drive, Dartmouth, Nova Scotia (the "Property"). Tour Tech's operations occupy approximately 120,000 square feet of the Property. The Property is owned and operated by 3258042 Nova Scotia Limited ("3258042"), a related entity. Historically, Tour Tech has not paid rent to the 3258042, however Tour Tech has paid the operating costs of the Property. The Trustee has been advised that property taxes related to the Property have not been paid since September 2013.
- 1.5 On January 13, 2015, the Toronto Dominion Bank ("TD"), the operating lender for Tour Tech, received two Requirement to Pay ("RTP") notices from the Canada Revenue Agency ("CRA").
- 1.6 On January 28, 2015, Tour Tech received a notice of default on outstanding amounts owing and a notice to enforce security from Roynat Lease Finance ("Roynat").
- 1.7 On February 19, 2015, Tour Tech received a demand for repayment of outstanding amounts owing and a notice to enforce security from TD.
- 1.8 On February 19, 2015, Tour Tech received a demand, for both Tour Tech and 3258042, for repayment of outstanding amounts owing and a notice to enforce security from the Business Development Bank of Canada ("BDC").
- 1.9 On February 20, 2015, Tour Tech filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4 of the BIA. Deloitte Restructuring Inc. ("Deloitte" or the "Proposal Trustee") was appointed as the trustee under the NOI.
- 1.10 On February 27, 2015, 3258042 filed a NOI pursuant to Section 50.4 of the BIA. Deloitte was appointed as the Proposal Trustee.

- 1.11 On March 4, 2015, the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (this "Honorable Court") granted an order providing for an administrative charge (the "Administrative Charge") and interim financing charge (the "DIP Financing") in favor of the BDC. A copy of the order is attached as Appendix A.

## **2. TERMS OF REFERENCE**

- 2.1 In preparing this report ("the Second Report"), the Proposal Trustee has relied upon financial information of the Company, and discussions with the Company's management ("Management") and Boyne Clarke, the Company's legal counsel.
- 2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that the Second Report may not disclose all significant matters about the Company. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Proposal Trustee does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of the Second Report.
- 2.3 The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the Second Report. Any use which any party makes of the Second Report, or any reliance or decisions to be made on the Second Report, is the sole responsibility of such party.
- 2.4 All dollar amounts identified in the Second Report are expressed in or converted to Canadian dollars.
- 2.5 The purpose of the Second Report is to inform this Honourable Court on the status of:
- i. The actual results to date against the initial statement of projected cash flows filed on February 27, 2015 ("NOI Cash Flow") and forecasted cash flows for the remaining period of consideration;
  - ii. The Company's progress in establishing a restructuring plan; and
  - iii. The Proposal Trustee's position on the Company's application for a 45 day extension to the stay of proceedings.

## **3. CASH FLOW PROJECTIONS AND PRELIMINARY RESULTS**

- 3.1 Cash flow projections prepared by the Company for a 13-week period from February 23 to May 22, 2015 were filed with the OSB on February 27, 2015 and with this Honourable Court on March 3, 2015.
- 3.2 The NOI Cash Flows were prepared based on the following assumptions:
- i. Customers, specifically event promoters, will continue to support the Company through the restructuring process;
  - ii. Suppliers will continue to support the Company through the restructuring process on a cash on delivery basis;
  - iii. No payments will be made to creditors during the restructuring process outside of cash payments for post-filing obligations; and



- iv. The Company will receive DIP Financing to provide sufficient liquidity to fund the Company's operations.
- 3.3 The Proposal Trustee has monitored the actual cash flow results for the three week period ending March 13, 2015. A copy of the detailed actual to NOI Cash Flow variance analysis is attached as Appendix B.
- 3.4 The Company has prepared and the Proposal Trustee has reviewed a 13 week cash flow for the weeks ending March 20 to June 12, 2015 (the "Revised Cash Flow") using similar assumptions as the NOI Cash Flows. Additionally, Management has included an assumption that no disbursements pursuant to an insurance claim related to winter damage to the Property are included in the Revised Cash Flow. A copy of the Revised Cash Flow is attached as Appendix C.
- 3.5 On or about February 18, 2015, the Company provided an unrelated Nova Scotia numbered company with two post-dated cheques totaling \$36,750. The Proposal Trustee examined the books and records of Tour Tech and determined that the payments were being made to a creditor of Peter Hendrickson, not Tour Tech. The Proposal Trustee provided written notice to the Company with instructions to cancel the cheques and provide proof of such action prior to March 16, 2015. A copy of the letter, with the payment recipient redacted, is attached as Appendix D.
- 3.6 On March 13, 2015 the Proposal Trustee received confirmation from the Company that a stop payment order had been placed for the two issued cheques. Copies of the RBC stop payment confirmations are attached as Appendix E.
- 3.7 The Proposal Trustee confirms that all required post-filing employee and employer remittances have been made to CRA since the filing of the NOI.
- 3.8 The Company is maintaining operating bank accounts at the Royal Bank of Canada ("RBC"). The Company has a US dollar and a Canadian dollar account at RBC and the cash flow analysis as presented is based on the activity in these accounts only.
- 3.9 The Proposal Trustee has reviewed the TD operating accounts since the NOI filing to confirm that no disbursements have been made from these accounts. Since the date of the NOI filing, \$1,213 of collections were received into the TD account. The amounts received in this account were applied by TD to reduce the indebtedness of the Company to TD.

#### **4. PRELIMINARY RESTRUCTURING PLAN**

- 4.1 The ability of the Company to file a viable proposal will largely be dependent on the following:
  - i. Continued support from customers and suppliers during the NOI period;
  - ii. Continued availability of DIP Financing; and
  - iii. Management's ability to implement a restructuring plan and make a proposal to creditors.
- 4.2 The Company, in conjunction with the Proposal Trustee, has taken the following steps in respect of the Company's restructuring:
  - i. A senior staff member resigned and the Company has elected to not replace this position in the short term;
  - ii. Held preliminary discussions with various parties concerning potential post-filing equity investments;
  - iii. Held preliminary discussions and scheduled a follow-up meeting with a potential strategic partner;



- iv. Provided an extension to the potential purchaser of the facility located at 170 Thornhill Drive, Dartmouth, Nova Scotia, to allow additional time for completion of due diligence activities;
- v. Engaged Castle Appraisals Ltd. to perform an appraisal of the Company's equipment assets to support the DIP Financing; and
- vi. The Company has begun to identify specific equipment assets that have not been used in operations in the preceding 24 months to prepare for a sales process.

4.3 A summary of the Company's creditor profile as at February 20, 2015 is provided below:

Creditor Class	Number	Value
Secured	7	3,464,034
Unsecured	107	1,800,894
<b>Total</b>	<b>114</b>	<b>5,264,928</b>

The creditor balances have been extracted from the records of the Company and may be subject to adjustments once reconciled with creditor claims. The Proposal Trustee has been contacted by several creditors who have advised that the amount listed in the NOI filing is different than their respective books and records. The Proposal Trustee advises that it is not aware of any material discrepancies from the books and records of the Company.

4.4 The Proposal Trustee notes that the post-filing Accounts Payable total as at March 13, 2015 totaled \$17,531. A copy of the post-filing accounts payable is attached as Appendix F. The Company is paying post-filing obligations in the normal course of operations and within negotiated credit terms.

## 5. STAY EXTENSION APPLICATION

- 5.1 As discussed above, the ability of the Company to file a viable proposal is dependent on:
- i. Continued support from customers and suppliers during the NOI period. The Proposal Trustee has held several discussions with Peter Hendrickson regarding conversations between the Company and special event promoters who have indicated that they will continue to support the Company during the NOI period. The Proposal Trustee has monitored the sales of the Company since filing and notes that there are no material discrepancies between actual and projected sales levels which would indicate a lack of support by customers;
  - ii. Availability of debtor-in-possession financing. On March 4, 2015, this Honourable Court granted an order providing for a DIP Financing charge in favor of the BDC. Tour Tech received its first interim financing advance in the amount of \$90,500 on March 11, 2015. A copy of the Disbursement Agreement is attached as Appendix G; and
  - iii. Management's ability to implement a restructuring plan and make a proposal to creditors.
- 5.2 The Proposal Trustee is of the opinion that the Company is acting in good faith and with due diligence in connection with the preparation of a restructuring plan and a proposal to creditors.
- 5.3 The Proposal Trustee believes that a 45-day extension will enhance the prospects of the Company filing a viable proposal to its creditors. As described in subsection 4.2, the Company has taken several meaningful steps in relation to a restructuring plan; however, the Company has not had adequate time to implement material restructuring changes, raise additional capital for the purpose of funding a proposal or reach terms with exit investors.

- 5.4 The Proposal Trustee is of the opinion that no creditor would be materially prejudiced by the extension as requested by the Company.
- 5.5 In the absence of a 45-day extension, the Company will not be in a position to file a proposal before March 22, 2015 and will therefore be deemed bankrupt. The Proposal Trustee is of the view that more time is required to allow the Company to assess its options in drafting a proposal which the Proposal Trustee believes will result in a higher return to unsecured creditors as compared to a liquidation scenario in the event Tour Tech is deemed bankrupt.
- 5.6 Based on the foregoing, the Proposal Trustee supports the Company's application for an Order extending the amount of time for the Company to file a proposal to creditors.

All of which is respectively submitted to this Honourable Court this 18<sup>th</sup> day of March, 2015.

**DELOITTE RESTRUCTURING INC.**

In its capacity as Trustee under the Proposal of  
Tour Tech East Limited  
and not in its personal capacity.

Per:



Neil Jones, CA, CIRP  
Vice President

**Appendix A: Supreme Court of Nova Scotia in Bankruptcy and Insolvency Order**



2015

Estate No. 51-1963560  
Court No. 38848  
District No. 02  
Division No. 01-Halifax

**SUPREME COURT OF NOVA SCOTIA  
IN BANKRUPTCY & INSOLVENCY**



In the Matter of: **THE PROPOSAL OF TOUR TECH. EAST LIMITED**

**ORDER**

**BEFORE THE REGISTRAR IN BANKRUPTCY:**

**UPON** a Motion made by Tour Tech. East Limited (the "Company"), an insolvent person, for an order pursuant to sections 50.6 and 64.2 of the *Bankruptcy & Insolvency Act* ("the BIA"), providing for interim financing and an administrative charge;

**AND UPON** reading the Notice of Motion of the Company, the Report of Deloitte Restructuring Inc. ("the Trustee") on the state of the Company's business and financial affairs as at February 20, 2015, the affidavit of Peter Hendrickson, sworn February 24, 2015, and the Addendum to the Report of the Trustee dated March 3, 2015;

**AND UPON** the court approving the Service List attached hereto as Schedule "A";

**AND UPON HEARING** the submissions of Brian Casey, QC, counsel for the Company, Gavin MacDonald, counsel to Business Development Bank of Canada ("BDC"), Stephen Kingston, counsel to Toronto-Dominion Bank and Robert MacKeigan, QC counsel for A.C.T. Lighting Canada Inc.;

**IT IS HEREBY ORDERED:**

**Service**

1. The time for service of this motion be and it is hereby abridged, and it is declared that the Notice of Motion is properly returnable today;
2. To the extent necessary any required notice periods with respect to this motion are hereby abridged;
3. Any lack or deficiency in service of this motion are hereby waived and excused;
4. Service on the secured creditors of the Company shall be sufficient service for the

Court Administration

MAR 4 2015

Halifax, N.S.



purposes of this motion.

**DIP Loan**

5. Pursuant to s. 50.6 of the BIA, the Company is hereby authorized and empowered to obtain and borrow under a credit facility from BDC in order to finance the Company's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$300,000 unless permitted by further Order of this Court.
6. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Company and BDC dated March 3, 2015 (the "Commitment Letter").
7. The Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Company Documents") and its affiliate, 3258042 Nova Scotia Limited ("325") is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "325 Documents" and together with the Company Documents collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by BDC pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to BDC under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
8. Pursuant to s. 50.6(3) of the BIA, BDC shall be entitled to the benefit of and is hereby granted a charge (the "DIP Charge") on all the property, assets and undertaking of the Company and the property of 325 described in the Commitment Letter, being municipally known as 180 Thornhill Drive, Dartmouth, NS (the "Thornhill Property") and all buildings thereon (collectively, the "Property"), which DIP Charge shall not secure an obligation that exists before this Order is made. The DIP Charge shall have the priority set out in paragraph 14 hereof.
9. The filing, registration or perfection of the DIP Charge shall not be required, and such charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect. Notwithstanding the foregoing, BDC may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge.
10. Notwithstanding any other provision of this Order:



- (a) BDC may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, BDC, upon 3 business days notice to the Company and the Monitor, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by BDC to the Company or 325 against the obligations of the Company and 325 to BDC under the Commitment Letter, the Definitive Documents or the DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

the foregoing rights and remedies of BDC shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

- 11. BDC shall be treated as unaffected in any proposal filed by the Company under the BIA with respect to any advances made under the Definitive Documents.

#### **Administration Charge**

- 12. The Trustee, counsel to the Trustee, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") pursuant to section 64.2 of the BIA, said charge being a first ranking charge over the personal property of the Company and a second ranking charge over the real property mortgage in favour of BDC on the Thornhill Property, ranking in priority to all mortgages, charges, liens or security interests, trusts, deemed trusts and other encumbrances, contractual, statutory or otherwise, held by or for the benefit of any person but subject to the existing charge in favour of BDC on the Thornhill Property, which charge shall not exceed an aggregate amount of \$75,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Trustee and such counsel, both before and after the making of this Order in respect of these proceedings.

#### **Subsequent Proceedings**

- 13. The charges created herein shall not be rendered invalid or unenforceable, and the rights and remedies of the chargees shall not be limited or impaired in any way, by (i) the pendency of these proceedings and the declarations of insolvency made



herein; (ii) any bankruptcy order issued subsequent hereto; or (iii) any negative covenants, prohibitions or similar provisions with respect to borrowings, incurring debt or the creation of encumbrances contained in any existing loan documents or other agreements and, notwithstanding any provision to the contrary in any Agreement:

- (a) The creation of the charges and the performance of the Commitment Letter shall not create, or be deemed to constitute, a breach of any agreement to which the Company or 325 is a party;
- (b) None of the chargees shall have any liability to any person as a result of a breach of any agreement caused by or resulting from the grant of the charges or the operation of the Commitment Letter;
- (c) Payments made by the Company pursuant to this order, and the granting of the charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

**Priority of the DIP Charge and Administrative Charge**

- 14. The priorities of the Administration Charge and the DIP Charge, as among them, shall be as follows :
  - (a) First - Administration Charge (to the maximum amount of \$75,000); and
  - (b) Second - DIP Charge

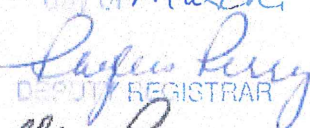
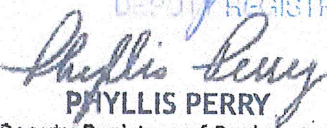
**Effective Date and Time**

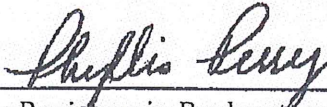
- 15. This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

Issued March 4, 2015.

IN THE SUPREME COURT  
COUNTY OF HALIFAX, N.S.

I hereby certify that the foregoing is a true copy of the original order on file herein.

Dated the 4th day of March  
A.D. 20 15.  
  
DEPUTY REGISTRAR  
  
PHYLLIS PERRY  
Deputy Registrar of Bankruptcy

  
\_\_\_\_\_  
Deputy Registrar in Bankruptcy

## Schedule "A"

### Service List

- Business Development Bank of Canada  
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E1C 1E7

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[gmacdonald@coxandpalmer.com](mailto:gmacdonald@coxandpalmer.com)

- Wells Fargo Equipment Finance Company  
2550 Victoria Park Ave STE 700  
Toronto, ON M2J 5A9  
Phone: 416-498-6464

Contact: Bernise Lanteigne  
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Fax: 514-694-3352  
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- O'Regan Chevrolet Cadillac Limited  
Kroger, Angela Phyllis (Secretary)  
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Phone: 902-469-3334  
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- National Leasing Group Inc.  
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- Roynat Inc.  
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- The Toronto Dominion Bank  
Branch 5420



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and

Tom Boyne  
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Business Development Bank of Canada  
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[RussellW.FRENCH@bdc.ca](mailto:RussellW.FRENCH@bdc.ca)

## Appendix B: Actual to NOI Cash Flow Variance Analysis



Tour Tech East Limited  
Actual to Cash Flow Forecast Variance Analysis

	Feb-27		Mar-06		Mar-13		Cumulative			Notes
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Variance	
Opening Cash	71,019	71,019	36,861	14,426	30,215	84,482	71,019	71,019	-	
Operating Inflows										
Existing AR	26,311	5,827	724	10,866	11,004	4,401	38,040	21,093	(16,946)	1
New sales	14,438	2,938	75,415	83,264	40,787	39,029	130,641	125,230	(5,410)	
Total Operating Inflows	40,750	8,764	76,139	94,130	51,791	43,429	168,680	146,323	22,357	
Operating Outflows										
Cost of goods sold	-		15,945		9,747	-	25,692	-	25,692	2
Operating expenses	17,295	17,222	5,970	4,957	3,250	18,250	26,515	40,429	(13,913)	3
Compensation	47,613	38,135	3,867	19,117	75,354	58,165	126,834	115,417	11,417	4
Professional fees	10,000	10,000	57,003		11,496	-	78,499	10,000	68,499	5
DIP financing charges						9,500	-	9,500	(9,500)	6
Total Outflows	74,908	65,357	82,785	24,073	99,848	85,915	257,541	175,346	82,195	
Operating cash flow	(34,158)	(56,593)	(6,646)	70,056	(48,056)	(42,485)	(88,861)	(29,022)	(59,839)	
Closing cash (before DIP)	36,861	14,426	30,215	84,482	(17,842)	41,997	(17,842)	41,997	59,839	
DIP funding					100,000	100,000	100,000	100,000	-	
Closing cash (after DIP)	36,861	14,426	30,215	84,482	82,158	141,997	82,158	141,997	59,839	

1 The unfavourable variance is primarily attributable to a timing difference as approximately \$15,000 of existing accounts receivable has yet to be collected as forecast. Management expects said accounts to be fully collected in coming weeks.

2 The favourable variance is primarily attributable to a permanent difference as approximately \$20,000 of forecast costs of good sold were not incurred. The remainder of the favourable variance was due to timing differences.

3 The unfavourable variance is primarily attributable to a \$18,000 payment to Heritage Gas in order to maintain services post-filing. The payment represents a prepayment for utility services and will be applied to future accounts.

4 The favourable variance is due to timing differences as approximately \$13,000 in compensation cheque payments were outstanding as at March 13th.

5 The favourable variance is due to timing differences as approximately \$69,000 in professional fee cheque payments were outstanding as at March 13th. The outstanding payments consisted of payments to the Proposal Trustee and the Company's counsel. It is anticipated that these outstanding payments will clear the Company's account during the week ending March 20th.

6 The unfavourable variance is due to an unbudgeted financing charge on the DIP draw. The NOI Cash Flow assumed the DIP Financing was advanced from another lender with different terms and conditions.


**Appendix C: Revised Cash Flow Forecast**



Tour Tech East Limited  
 Revised Cash Flow  
 For the 13 weeks ending March 20 to June 12, 2015

	Mar 20	Mar 27	Apr 03	Apr 10	Apr 17	Apr 24	May 01	May 08	May 15	May 22	May 29	Jun 05	Jun 12
Operating Cash	141,997	73,657	59,482	85,296	38,007	39,688	31,472	47,096	73,818	51,286	28,304	103,939	58,209
Operating Inflows													
Existing AR	200	1,926	1,345	2,975	-	575	4,249	-	575	-	-	575	-
New sales	74,677	83,526	59,095	52,610	57,745	88,671	74,297	63,121	35,266	68,964	170,097	38,667	72,640
Total Operating Inflows	74,877	85,452	60,440	55,585	57,745	89,246	78,546	63,121	35,841	68,964	170,097	39,242	72,640
Operating Outflows													
Cost of goods sold	15,813	17,397	20,596	19,306	20,328	26,482	16,103	13,879	8,336	15,042	35,167	10,110	16,871
Operating expenses	22,025	2,913	2,995	3,150	17,025	13,113	3,820	3,675	14,375	18,150	4,438	8,150	12,535
Compensation	19,888	72,150	3,867	73,250	1,544	50,700	30,082	51,446	28,494	51,587	29,014	56,669	26,618
Professional fees	85,490	7,168	7,168	7,168	17,168	7,168	12,918	17,399	7,168	7,168	17,168	10,043	7,168
HST payable	-	-	-	-	-	-	-	-	-	-	8,675	-	-
Total Outflows	143,217	99,628	34,626	102,874	56,064	97,463	62,922	86,400	58,373	91,946	94,462	84,972	63,191
Operating cash flow	(68,339)	(14,176)	25,814	(47,288)	1,681	(8,217)	15,624	(23,278)	(22,532)	(22,982)	75,635	(45,730)	9,449
Closing cash (before DIP)	73,657	59,482	85,296	38,007	39,688	31,472	47,096	23,818	51,286	28,304	103,939	58,209	67,658
DIP funding								50,000					
Closing cash (after DIP)	73,657	59,482	85,296	38,007	39,688	31,472	47,096	73,818	51,286	28,304	103,939	58,209	67,658

  
 Tour Tech East Limited  
 Insolvent Person

  
 Deloitte Restructuring Inc.  
 Trustee under the Notice of Intention to File a Proposal  
 for Tour Tech East Limited  
 and not in its personal capacity

**Appendix D: Payment Recipient Redacted Letter**





Deloitte Restructuring Inc.  
Purdy's Wharf Tower II  
1969 Upper Water Street  
Suite 1500  
Halifax NS B3J 3R7  
Canada

Tel: +19027215614  
Fax: +19024235820  
www.deloitte.ca

March 11, 2015

**Via email (peterh@tourtecheast.com)**

Peter Hendrickson  
President  
Tour Tech. East Limited  
180 Thornhill Drive  
Dartmouth NS B3B 1V3

Dear Peter,

**Subject: Tour Tech. East Limited ("Tour Tech") - Payments to REDACTED Nova Scotia Limited ("REDACTED")**

We write to follow up our telephone conversation of February 27, 2015.

Deloitte is aware that Tour Tech has provided REDACTED with two post-dated cheques that total \$36,750. Based on our review of the books and records of Tour Tech and in discussion with management, we have determined that REDACTED is not a creditor of Tour Tech, but rather you personally.

Deloitte advises that these payments cannot be made from Tour Tech funds. Deloitte requests that it be provided with proof of stop payment on both cheques on or before March 16, 2015. Failure to do so will require Deloitte to notify the Supreme Court of Nova Scotia in Bankruptcy and Insolvency.

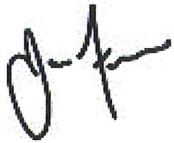
Tour Tech. East Limited  
Page 2

We trust you find the above and enclosed to be in order. If you have any questions, please contact the undersigned at your convenience.

Sincerely,

**DELOITTE RESTRUCTURING INC.**  
Acting in its capacity as  
Proposal Trustee of Tour Tech. East Limited  
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read 'J. Foran', with a stylized flourish at the end.

James Foran, CA, CIRP  
Vice President

Enclosure (Cheque Stubs)

c: Tim Hill (Boyne Clarke)  
Bruce Johnson (Ellsworth, Phillips, Johnson)

**Appendix E: Royal Bank of Canada Stop Payment Confirmations**





## Stop Payment Request Received

You can print this page for your records.

### Cheque Information – CAD Chequing 01793-1010248

**Amount:** \$ 1,750.00  
**Date:** March 19, 2015  
**Payable To:** 3268244 Nova Scotia Ltd.  
**Serial Number:** 000002  
**Fee:** A \$10.00 fee may apply, unless the service is included in your banking package  
**Request Number:** 0984  
**Date and Time:** March 13, 2015 at 13:45 PM EDT

**i** Stop Payment Requests made between 9:30 pm (local time) and 4:00 am (local time) or on weekends and holidays will not be processed until the next business day.

In order to make any changes to this stop payment request or to check on its status please contact Royal Direct at 1 800 769-2511 or visit your local branch.

Even if your payment is successfully stopped the payment amount may go through your account and be reversed the next business day. If you are relying on the funds from this payment, you need to make other arrangements (such as a deposit or transfer from another account) to cover the amount.



## Stop Payment Request Received

You can print this page for your records.

### Cheque Information – CAD Chequing 01793-1010248

**Amount:** \$ 35,000.00  
**Date:** March 19, 2015  
**Payable To:** 3268244 Nova Scotia Ltd.  
**Serial Number:** 000003  
**Fee:** A \$10.00 fee may apply, unless the service is included in your banking package  
**Request Number:** 6726  
**Date and Time:** March 13, 2015 at 08:54 AM EDT

**i** Stop Payment Requests made between 9:30 pm (local time) and 4:00 am (local time) or on weekends and holidays will not be processed until the next business day.

In order to make any changes to this stop payment request or to check on its status please contact Royal Direct at 1 800 769-2511 or visit your local branch.

Even if your payment is successfully stopped the payment amount may go through your account and be reversed the next business day. If you are relying on the funds from this payment, you need to make other arrangements (such as a deposit or transfer from another account) to cover the amount.

**Appendix F: Post Filing Accounts Payable Listing**



**TOUR TECH EAST LIMITED**  
**Post Filing Accounts Payable as at Mar 13, 2015**

<u>Name</u>	<u>Current</u>
HERITAGE GAS 3006767-2	2,355.44
IRVING ENERGY DISTRIBUTION AND MARKETING	44.35
N.S. POWER (0485792-6)	7,016.32
N.S. POWER (1725249-5)	4,659.91
N.S. POWER (1744698-0)	628.25
TELUS	1,739.89
WORKERS COMPENSATION	1,086.73
<b>Total outstanding:</b>	<b><u><u>17,530.89</u></u></b>

**Generated On: Mar 16, 2015**

**Appendix G: Business Development Bank of Canada Disbursement Agreement**



March 11, 2015

Mr. Peter Hendrickson  
Tour Tech. East Limited  
170 THORNHILL DRIVE  
DARTMOUTH, NS  
B3B 1V3

**Re: Loan Account No. 329747-22**

Dear Mr. Hendrickson:

Please be advised that funds from the above mentioned BDC loan(s) will be disbursed as follows:

**Loan Number 329747-22**

On March 11, 2015, funds in the amount of \$90,500.00 will be deposited electronically to the account you have indicated to BDC. Please note that the amount of \$9,000 has been retained to be applied against the processing fees and \$500 has been retained to be applied against the March 2015 monthly management fee. A wire processing fee may be charged by your financial institution upon receipt of the funds, in which case the amount of the fee will be deducted from the amount wired.

This is the 1<sup>st</sup> disbursement on this Loan, leaving an undisbursed balance of \$200,000.00.

We confirm your agreement that all borrowed funds shall be used in accordance with the "Loan Purpose and Funding" set out in the Letter of Offer.

We trust the foregoing is satisfactory. Should you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,

Sophie Gauthier  
Director, Business Restructuring  
Phone: (506) 851-3638  
1-888-INFO BDC (463-6232)  
Sophie.Gauthier@bdc.ca

Russell French  
Assistant Vice-President, BRU

c.c. James Foran, Senior Manager, Deloitte via email [jforan@deloitte.ca](mailto:jforan@deloitte.ca)

Encl.