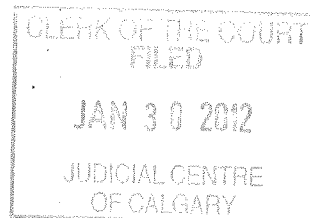


# Deloitte.



**COURT FILE NUMBER** 1001-11456

**COURT** COURT OF QUEEN'S BENCH OF ALBERTA

**JUDICIAL CENTRE** CALGARY

**PLAINTIFF(S)** ALBERTA TREASURY BRANCHES

**DEFENDANT(S)** CHOCOLATERIE BERNARD CALLEBAUT PARTNERSHIP,  
BY ITS MANAGING PARTNER, CHOCOLATERIE BERNARD  
CALLEBAUT LTD., 1013988 ALBERTA LTD.,  
CHOCOLATERIE BERNARD CALLEBAUT LTD., 1054796  
ALBERTA LTD., BERNARD CALLEBAUT AND  
FRANCESCA CALLEBAUT

**DOCUMENT** FOURTH REPORT OF THE COURT- APPOINTED  
RECEIVER AND MANAGER OF CHOCOLATERIE  
BERNARD CALLEBAUT PARTNERSHIP, BY ITS  
MANAGING PARTNER, CHOCOLATERIE BERNARD  
CALLEBAUT LTD., 1013988 ALBERTA LTD.,  
CHOCOLATERIE BERNARD CALLEBAUT LTD. AND  
1054796 ALBERTA LTD.

DATED January 27, 2012

PREPARED BY DELOITTE & TOUCHE INC.

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT**

BLAKE, CASSELS & GRAYDON LLP  
3500, 855 – 2nd Street S.W.  
Calgary, AB T2P 4J8  
Attn: Kelly J. Bourassa/Ryan Zahara  
Telephone: 403-260-9697/9628  
Facsimile: 403-260-9700

File: File: 18558/10035  
Email: kelly.bourassa@blakes.com  
ryan.zahara@blakes.com

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Appendix 1	Receiver's Statement of Receipts and Disbursements for the Period from August 3, 2010 to January 25, 2012
Appendix 2	Summary of Professional Fees and Disbursements of the Receiver and the Receiver's Legal Counsel

# Introduction and background

## Introduction

1. Pursuant to a Consent Order of the Court of Queen's Bench of Alberta (the "Court") granted on August 3, 2010 (the "Receivership Order"), Deloitte & Touche Inc. ("Deloitte") was appointed as receiver and manager (the "Receiver") of Chocolaterie Bernard Callebaut Partnership (the "Callebaut Partnership"), 1013988 Alberta Ltd., Chocolaterie Bernard Callebaut Ltd. ("CBCL") and 1054796 Alberta Ltd. ("105") (collectively "Callebaut"). Subsequently, on August 18, 2010, the Callebaut Partnership, CBCL and 105 made assignments in bankruptcy and Deloitte was appointed as trustee of the estates of the bankrupts (the "Trustee").

## Background

1. The first report of the Receiver dated October 14, 2010 (the "First Report") and the Receiver's confidential supplement to the First Report (the "First Confidential Report") were both filed in support of the Receiver's application to this Honourable Court on October 19, 2010 seeking approval of the sale of two parcels of land owned by 105 and located off of Highway 1 in Rocky View County, Alberta (the "Hwy 1 Lands") to Mr. Murray Atkins. The Court approved the sale of the Hwy 1 Lands on October 19, 2010, as recommended in the First Report and the First Confidential Report.
2. The second report of the Receiver dated October 15, 2010 (the "Second Report") and the Receiver's confidential supplement to the Second Report (the "Second Confidential Report") were both filed in support of the Receiver's application to this Honourable Court on October 20, 2010 (the "October 20 Application"). At the October 20 Application, the Receiver sought approval for the sale of Callebaut's right, title and interest in all of the assets of Callebaut (the "Partnership Assets") to 1563181 Alberta Ltd., which is now known as Cococo Chocolatiers Inc. ("Cococo"). The Court approved the sale of the Partnership Assets to Cococo (the "Cococo Sale") on October 21, 2010, as recommended in the Second Report and the Second Confidential Report. The final statement of adjustments has now been completed in respect of the Cococo Sale.
3. The Court granted a further Order on October 21, 2011 approving payment in full of the amount owed to Alberta Treasury Branches ("ATB", the "ATB Distribution").

4. The third report of the Receiver, dated February 3, 2011 (the "Third Report"), was filed in support of the Receiver's application to the Court on February 10, 2011, at which the Court granted the following Order:
  - a. Approving and ratifying the steps taken by the Receiver, as reported, in the proceedings to date and those set out in the Third Report;
  - b. Approving the allocation of the proceeds from the sale of the Partnership Assets and the funds collected from the operations of the Callebaut Partnership (collectively the "Partnership Receipts") and the proceeds from the sale of the Hwy 1 Lands (the "Land Proceeds") between ATB and Invesco Mortgage Inc. ("Invesco"); and
  - c. Approving the payment of an interim distribution to Invesco, consisting of the Land Proceeds net of both closing adjustments and a holdback for the fees and disbursements of the Receiver and the Receiver's legal counsel.
5. The Court adjourned the following matters on February 10, 2011:
  - a. The application to approve the allocation of the fees and disbursements of the Receiver and the Receiver's legal counsel as between the Partnership Receipts and the Land Proceeds (the "Fee Allocation") and the application to approve the payment of any remaining funds held by or collectible by the Receiver, net of costs required to complete the administration of the receivership, into the bankrupt estate of the Callebaut Partnership both adjourned *sine die*; and
  - b. The application declaring Bernard and Francesca Callebaut ("B&F Callebaut") in contempt of the Receivership Order and directing them to purge their contempt by delivering up any property of Callebaut that was removed prior to or after the date of receivership (the "Contempt Application") and requesting that the Court provide advice and direction to the Receiver with respect to any additional assets that may have been removed from Callebaut prior to or after the date of the Receivership Order and may not have been delivered up by B&F Callebaut, adjourned to February 23, 2011.
6. The Receiver filed a supplement to the Third Report on February 18, 2011 (the "First Supplement"). The First Supplement provided the Court with information as to the events related to the Contempt Application that transpired subsequent to February 10, 2011.
7. The Receiver filed a second supplement to the Third Report on February 22, 2011 (the "Second Supplement"). The Second Supplement provided the Court with additional information related to the Contempt Application and was filed in support of the Receiver's application on February 23, 2011 (the "February 23 Application"), at which the Receiver requested that the Court grant the following Order:
  - a. Declaring B&F Callebaut in contempt of the Receivership Order;

- b. Approving the Receiver's intended plan of action with respect to those assets that were found to have been removed from Callebaut in contravention of the Receivership Order;
  - c. Directing that B&F Callebaut pay over to the receivership estate an amount equal to the value of any property of Callebaut, which they removed and then used in contravention of the Receivership Order (the "Used Assets"), as determined by an accounting;
  - d. Directing that B&F Callebaut purge their contempt by delivering up any additional property of Callebaut that was removed prior to or after the date of Receivership; and
  - e. Ordering B&F Callebaut to pay costs with respect to the Contempt Application (the relief sought at the February 23 Application is collectively defined as the "Contempt Relief").
8. The February 23 Application was adjourned to March 23, 2011.
9. The Receiver filed a third supplement to the Third Report on March 18, 2011 (the "Third Supplement"). The Third Supplement provided the Court with additional information related to the Contempt Application and was filed in support of the Receiver's application on March 23, 2011, at which the Receiver requested that the Court grant an Order approving both the Contempt Relief and the following additional relief (the "Additional Relief"):
  - a. Approving the Fee Allocation;
  - b. Approving a final distribution to Invesco in the amount of \$132,113; and
  - c. Approving the transfer of all funds held by or collectible by the Receiver, net of costs required to complete the administration of the receivership, into the bankrupt estate.
10. The Court granted an Order approving the Additional Relief on March 23, 2011.
11. On March 24, 2011, the Court gave oral reasons for judgment in the Contempt Application and granted the following Order (the "March 24 Order"):
  - a. Finding B&F Callebaut to be in contempt of the Court;
  - b. Directing B&F Callebaut to pay total costs of \$99,650 (including \$26,250 for the Used Assets) plus an additional \$50,000 (for the benefit of the unsecured creditors) in respect of the Contempt Application (collectively the "Fines"). The Fines were to be paid within 6 months of the March 24 Order, with the Trustee being at liberty to seek the advice and direction of the Court in respect of any further relief that may be required.
12. All of Callebaut's assets have now been disposed of and the administration of the receivership is complete.
13. This report constitutes the Receiver's Fourth Report (the "Fourth Report"). The Fourth Report is being filed in support of the Receiver's application on February 6, 2012 (the "February 6 Application") seeking the following:

- a. Approval of the reported actions of the Receiver to date in respect of the administration of these receivership proceedings;
  - b. Approval of the Receiver's Statement of Receipts and Disbursements for the period from August 3, 2010 to January 25, 2012 (the "R&D");
  - c. Approval of the professional fees and disbursements of both the Receiver and the Receiver's legal counsel, including estimated professional fees and disbursements required to complete the administration of the estate;
  - d. The discharge of Deloitte as Receiver; and
  - e. A release from all claims against the Receiver that arise from or are in any way connected to the Receiver's administration of the receivership, except where such claims arise from gross negligence or willful misconduct.
14. The Trustee will be making a concurrent application on February 6, 2012 for advice and direction with respect to the payment of the Fines and the timing of the payment of final dividends to the unsecured creditors of the bankrupt estate of the Callebaut Partnership.
15. Capitalized terms not otherwise defined in this report are as defined in prior reports filed in these proceedings.

# Statement of receipts and disbursements

16. The R&D is attached as "Appendix 1". Funds totaling \$12,600 continue to be held by the Receiver to cover the estimated professional fees and disbursements of the Receiver and the Receiver's legal counsel required to complete the administration of the receivership.
17. The R&D reflects total receipts of \$10,902,981. The Receiver highlights the following with respect to these receipts:
  - a. Net proceeds of \$6,027,549 were collected from the sale of the Partnership Assets;
  - b. Net proceeds of \$2,388,374 were collected from the sale of the Hwy 1 Lands;
  - c. Revenues of \$1,005,590 were collected from Callebaut's eight corporate owned retail locations; and
  - d. Revenues of \$912,369 were collected from independent distributors of Callebaut products.
18. The R&D reflects total operational and administrative disbursements of \$3,018,632 (the "Disbursements"). The Receiver highlights the following with respect to the Disbursements:
  - a. Rent of \$369,252 was paid in full for the post-receivership period, with all real property leases held by Callebaut being assigned to Cococo pursuant to the Cococo Sale;
  - b. Payroll of \$535,411, including all applicable payroll source deductions, was paid during the post-receivership period;
  - c. Raw materials of \$487,790 were purchased during the post-receivership period, a portion of which was included as closing adjustments in the Cococo Sale; and
  - d. Attached as "Appendix 2" is a summary of the professional fees and disbursements of both the Receiver and the Receiver's legal counsel. As noted in the R&D, the Receiver is holding back an additional \$12,600 for estimated professional fees and disbursements required to complete the administration of the estate. Copies of all invoices submitted by both the Receiver and the Receiver's legal counsel, including detailed time analysis will be made available to the Court at the February 6 Application. We note that professional fees and disbursements of the Receiver totaling \$305,294 were paid directly by ATB; therefore, they are not reflected in the R&D.

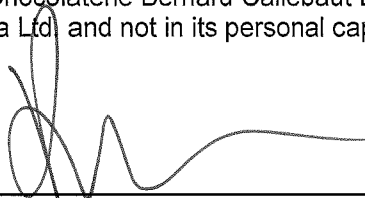
19. Pursuant to paragraph 19 of the Receivership Order, the Receiver was empowered to borrow by way of revolving credit line or otherwise, funds with an outstanding principal balance of up to \$500,000. The Receiver issued one Receiver's Certificate (as defined in paragraph 21 of the Receivership Order) totaling \$200,000, which amount has been repaid in full together with applicable interest.
20. Pursuant to the Order granted by the Court on October 21, 2010, the ATB Distribution was paid in full by the Receiver. The ATB Distribution totaled \$4,022,717, of which \$3,184,492 was paid to ATB and \$838,225 was paid to First Street Equities pursuant to a direction to pay provided to the Receiver from ATB.
21. Pursuant to the Orders granted by the Court on February 10, 2011 and March 23, 2011, net proceeds from the sale of the Hwy 1 Land totalling \$2,220,457 were paid to Invesco Mortgage.
22. Pursuant to the Order granted by the Court on March 23, 2011, funds totalling \$1,628,575 were transferred to the bankrupt estate of the Callebaut Partnership.



# Conclusion

23. The administration of the receivership is now complete.
24. The Fourth Report is being filed in support of the February 6 Application, at which time the Receiver will be seeking the following:
- a. Approval of the reported actions of the Receiver to date in respect of the administration of these receivership proceedings;
  - b. Approval of the R&D;
  - c. Approval of the professional fees and disbursements of both the Receiver and the Receiver's legal counsel, including estimated professional fees and disbursements required to complete the administration of the estate;
  - d. The discharge of Deloitte as Receiver; and
  - e. A release from all claims against the Receiver that arise from or are in any way connected to the Receiver's administration of the receivership, except where such claims arise from gross negligence or willful misconduct.

**DELOITTE & TOUCHE INC.,**  
in its capacity as Receiver and Manager of Chocolaterie  
Bernard Callebaut Partnership, by its Managing Partner,  
Chocolaterie Bernard Callebaut Ltd., 1013988 Alberta  
Ltd., Chocolaterie Bernard Callebaut Ltd. and 1054796  
Alberta Ltd) and not in its personal capacity.



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Victor P. Kroeger CA•CIRP, CFE  
Senior Vice President

**Chocolaterie Bernard Callebaut Partnership et. al. ("Callebaut")- in Receivership**  
**Consolidated Statements of Receipts and Disbursements**  
**For the period from August 03, 2010 to January 25, 2012**

		Notes
<b>Receipts</b>		
Cash Held in Financial Institutions (CAD)	\$ 109,845	
Cash Held in Financial Institutions (US)	1,025	1
Net Proceeds from Sale of Land	2,388,374	2
Net Proceeds from Sale of Assets	6,027,549	3
Accounts Receivable	146,778	
GST Collected (Accounts Receivable)	7,339	
Dealer Orders (Post-Receivership)	912,369	
Cash Receipts from Retail Locations	1,005,590	4
GST Collected	96,090	
Miscellaneous Receipts	8,022	
Receiver's Certificates	200,000	5
<b>Total Receipts</b>	<b>10,902,981</b>	
<b>Disbursements</b>		
<b>Operations</b>		
Rent	369,252	6
Payroll	535,411	7
Benefits	23,534	8
Freight	23,295	
Appraisals	8,429	9
Repairs & Maintenance	13,098	
Insurance	12,962	
Raw Materials	487,790	
Operating Expenses	51,663	
Business Taxes	10,836	
Storage	22,012	
Packaging	117,537	
Utilities	64,025	
Employee Expenses	1,524	
Worker's Compensation Board	10,048	
Miscellaneous	23,280	
GST (Deemed Trust)	7,339	
GST (Post-Receivership)	18,403	
GST Paid	77,086	
Repayment of Receiver's Certificate	201,800	5
<b>Total Operations</b>	<b>2,079,323</b>	
<b>Administration of Receivership</b>		
Management Fees	45,000	10
Receiver's Legal Fees and Disbursements	314,461	11
Receiver's Fees and Disbursements	579,848	12
<b>Total - Administration of Receivership</b>	<b>939,309</b>	
<b>Total Disbursements</b>	<b>3,018,632</b>	
<b>Excess of Cash Receipts over Cash Disbursements</b>	<b>\$ 7,884,349</b>	
<b>Excess of Cash Receipts over Cash Disbursements represented by:</b>		
Estimated Professional Fees and Disbursements to Complete the Administration	\$ 12,600	
Transfer to Bankruptcy Estate	1,628,575	13
Payment to Alberta Treasury Branches	3,184,492	14
Payment to Invesco Mortgage Inc.	2,220,457	15
Payment to First Street Equities	838,225	16
	<b>\$ 7,884,349</b>	

**Notes:**

1. US funds have been converted at a rate of \$1.00 CAN = \$1.00 US.
2. The sale of two parcels of land, which were owned by 1054796 Alberta Ltd. and located off of Highway 1 in Rockyview County, Alberta (the "Hwy 1 Sale") was approved pursuant to the Order granted by the Court of Queen's Bench of Alberta on October 19, 2010.
3. The sale of Callebaut's right, title and interest in the assets of Callebaut (the "Partnership Assets") was approved pursuant to the Order of the Court of Queen's Bench of Alberta granted on October 21, 2010. The final statement of adjustments has now been completed in respect of the sale of the Partnership Assets.
4. Includes sales revenue collected from Callebaut's eight retail locations.
5. A Receiver's Certificate for \$200,000 was issued as approved in the Order granted by the Court of Queen's Bench of Alberta on August 3, 2010. The principal balance and all applicable interest has now been repaid by the Receiver.
6. Rent was paid in full for the post-receivership period, with Callebaut's real property leases being assigned to the purchaser of the Partnership Assets, pursuant to the sale of the Partnership Assets.
7. Employees were paid on a bi-weekly basis. Payroll included all corresponding Canada Revenue Agency payroll remittances.
8. Pre-Receiver'ship employee benefits were provided by Great-West Life and paid monthly.
9. Century Services Inc. was retained to provide an appraisal on Callebaut's manufacturing equipment.
10. Management fees were paid to Bernard Callebaut, who was retained by the Receiver on a contract basis during the post-Receiver'ship period ended October 6, 2010.
11. The fees and disbursements of the Receiver's legal counsel, Blake, Cassels & Graydon LLP have been paid in full for the period ended December 31, 2011.
12. The Receiver's fees and disbursements have been paid in full for the period ended December 23, 2011. Fees and disbursements totaling \$305,294 were paid directly by Alberta Treasury Branches ("ATB"); therefore, are not itemized herein. We note that the Receiver's Interim Statement of Receipts and Disbursements for the period from August 3, 2010 to January 31, 2011, which was filed as Schedule 1 to the Receiver's third report, erroneously stated that professional fees and disbursements totaling \$452,613 had been paid directly by ATB. This resulted from the fact that certain invoices provided to ATB for payment remained outstanding at the time that ATB's secured claim was paid in full. As such, these invoices were paid by the Receiver.
13. Funds were transferred from the receivership to the bankruptcy estate pursuant to the Order granted by the Court of Queen's Bench of Alberta on March 23, 2011.
14. Payment in full of the amount owed to ATB was approved by the Court of Queen's Bench of Alberta pursuant to the Order granted on October 21, 2010.
15. Payment to Invesco Mortgage Inc. of the net proceeds from the Hwy 1 Sale was approved by the Court of Queen's Bench of Alberta pursuant to the Orders granted on February 10, 2011 and March 23, 2011.
16. This amount was due to ATB pursuant to their secured claim; however was paid to First Street Equities pursuant to a direction to pay provided to the Receiver from ATB.

**Chocolaterie Bernard Callebaut Partnership - in Receivership**  
**Summary of Professional Fees and Disbursements of the Receiver and the Receiver's Legal Counsel**

Receiver: Deloitte &amp; Touche Inc.

Invoice #	Period Covered	Amount	GST	Total	Notes
2692158	Period ended August 13, 2010	\$ 80,767	\$ -	\$ 80,767	1
2696332	Period ended August 20, 2010	56,713	-	56,713	1
2698111	Period ended August 27, 2010	51,878	-	51,878	1
2705174	Period ended September 3, 2010	41,698	-	41,698	1
2705175	Period ended September 10, 2010	37,387	-	37,387	1
2709866	Period ended September 19, 2010	36,851	-	36,851	1
2794244	Period ended September 26, 2010	45,620	2,281	47,901	
2794243	Period ended October 2, 2010	54,462	2,723	57,185	
2794237	Period ended October 9, 2010	47,636	2,382	50,018	
2755840	Period ended October 16, 2010	46,229	2,311	48,540	
2753176	Period ended October 23, 2010	64,556	3,228	67,784	
2753183	Period ended October 30, 2010	36,119	1,806	37,925	
2755842	Period ended November 5, 2010	11,764	588	12,352	
2755844	Period ended November 12, 2010	10,362	518	10,880	
2773445	Period ended December 31, 2010	23,525	1,176	24,701	
2782530	Period ended February 12, 2011	42,580	2,129	44,709	
2874662	Period ended May 13, 2011	65,234	3,262	68,495	
2963286	Period ended October 31, 2011	128,277	6,414	134,691	
2993370	Period ended December 23, 2011	3,486	174	3,660	
N/A	Estimate to Close	6,000	300	6,300	
<b>Total</b>		<b>\$ 891,143</b>	<b>\$ 29,292</b>	<b>\$ 920,435</b>	

Receiver's Legal Counsel: Blake, Cassels &amp; Graydon LLP

Invoice #	Period Covered	Amount	GST	Total
1507943	Period ended August 20, 2010	\$ 35,350	\$ 1,766	\$ 37,116
1510451	Period ended August 31, 2010	18,241	912	19,153
1514547	Period ended September 30, 2010	46,024	2,301	48,325
1520839	Period ended October 31, 2010	111,137	5,557	116,693
1527386	Period ended November 30, 2010	20,807	1,040	21,847
1532456	Period ended December 31, 2010	5,031	252	5,283
1539621	Period ended January 31, 2011	13,558	678	14,236
1543861	Period ended February 28, 2011	27,810	1,391	29,201
1548977	Period ended March 31, 2011	12,249	612	12,861
1555359	Period ended April 30, 2011	1,311	66	1,377
1567152	Period ended June 30, 2011	6,532	327	6,858
1573569	Period ended July 31, 2011	8,278	414	8,692
1578936	Period ended August 31, 2011	2,881	144	3,025
1590763	Period ended October 31, 2011	3,052	153	3,204
1596421	Period ended November 30, 2011	2,049	102	2,151
1602419	Period ended December 31, 2011	152	8	159
N/A	Estimate to Close	6,000	300	6,300
<b>Total</b>		<b>\$ 320,461</b>	<b>\$ 16,022</b>	<b>\$ 336,482</b>

**Total Professional Fees and Disbursements of the Receiver and the Receiver's Legal Counsel**

**\$ 1,211,603    \$ 45,314    \$ 1,256,917**

**Notes:**

1. Fees and disbursements totaling \$305,294 were paid directly by Alberta Treasury Branches ("ATB"). These invoices are GST exempt.