

**NOTICE AND STATEMENT OF RECEIVER  
(SECTION 245(1) AND 246(1) OF THE ACT)**

In the matter of the receivership of the property of Ellen's Food Group Inc. (the "Company").

Take notice that:

1. By order of the Ontario Superior Court of Justice, on the 25<sup>th</sup> day of February, 2013, the undersigned Deloitte & Touche Inc., was appointed Receiver in respect of all of the assets, undertakings and properties of the Company, an insolvent company.
2. The undersigned commenced the exercise of its power in respect of that appointment on the 25<sup>th</sup> day of February, 2013.
3. The following information relates to the receivership.

- i. Head address of insolvent company: 25 Centurian Drive, Suite 102, Markham, Ontario, L3R 5N8
- ii. Principal line of business: Manufacturer of branded oriental and specialty foods, and individually quick frozen products targeting the food service industry and retail markets.
- iii. Amounts owed by the Company to the creditors who appear to hold a security interest on the property described above include:

HSBC Bank Canada	\$ 269,162.36
Mercedes Benz Financial	Unknown
Redstone Investment Corporation	Unknown
Dr. Sai Kui Lee	<u>Unknown</u>
	<b><u>\$ 269,162.36</u></b>

The validity and enforceability of the security held by these creditors has yet to be confirmed.

4. On February 27, 2013, TFI Foods Ltd. provided the Receiver with a copy of an invoice dated July 5, 2012 and a listing of equipment from the Company. The invoice was for the sale of equipment located 30 Sims Crescent, Richmond Hill, to TFI Foods Ltd. in the amount of \$954,000, plus HST of \$124,020 for a total purchase price of \$1,078,020. The invoice acknowledges the receipt of the following payments by TFI Foods Ltd. to the Company as follows:

June 15, 2012	\$ 200,000
June 20, 2012	\$ 100,000
June 21, 2012	\$ 500,000
July 3, 2012	<u>\$ 278,020</u>
TOTAL	<b><u>\$1,078,020</u></b>

5. On March 5, 2013, the Receiver was provided with copies of the Company's bank statements for the periods from January 3, 2010 to October 31, 2012 and was able to verify that the Company did receive the \$1,078,020.
6. On June 22, 2012, a transfer in the amount of \$470,000 was made, according to the principal of the Company, to a related company to repay debts owed by the Company for operating expenses. The Receiver was also advised by the principal that Halford Equipment Consulting was hired to find a buyer for the assets of the Company and the fee on the sale to TFI was 6%, or \$57,240 plus HST which was reduced to \$54,000 plus HST. At this time it is not known if the consulting fee was paid by the Company or a related party.
7. On July 3, 2012, HSBC Bank Canada received a partial repayment of its secured advances in the amount of \$150,000.
8. The Company had a bank account at Industrial and Commercial Bank of China (Canada) which was closed on October 31, 2012.
9. A review of the unsigned income tax returns for the years ending October 31, 2009 to October 31, 2011 indicates the following net losses for tax purposes:

October 31, 2009	(\$1,403,210)
October 31, 2010	(\$ 908,341)
October 31, 2011	(\$1,063,078)

10. According to the principal of the Company, there are no remaining assets other than a management contract with a related party, a copy of which the Receiver has requested.
11. The Receiver has very limited information with respect to the books and records of the Company. On March 5, 2013, the principal of the Company advised the Receiver that the trade suppliers were paid either by the Company or a related party to the Company. Therefore, the amount owed to unsecured creditors is unknown including those amounts owed to related parties. Attached is a list of creditors to be notified of the receivership which include the parties identified as secured creditors, and potential government creditors.
12. The intended plan of action of the Receiver during the receivership, to the extent that such a plan has been determined, is as follows:

The Receiver has requested additional documentation from the principal of the Company and will review same once received for the purpose of determining:

- i. who received the proceeds from the sale to TFI other than HSBC Bank Canada as noted above; and
- ii. the location of any additional Company assets that may be realized upon on for the benefit of the Company's creditors

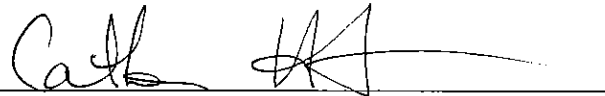
Contact person for the Receiver:

Catherine Hristow  
Deloitte & Touche Inc.  
181 Bay Street, Suite 1400  
Toronto, ON M5J 2V1  
Telephone: (416) 775-8831 / Fax: 416-601-6690

Dated at Toronto this 7 day of March, 2013

**DELOITTE & TOUCHE INC.**

In its capacity as Receiver of all of the assets,  
undertakings and properties of Ellen's Food Group Inc.  
and not in its personal or corporate capacity



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Catherine A. Hristow, CMA, CIRP  
Vice President

In the Matter of the Receivership  
Ellen's Food Group Inc.

No.	Creditor Name	Amount Owed
1	Ministry of Finance	Unknown
2	Canada Revenue Agency	Unknown
3	Mercedes-Benz Financial Services Canada Corporation	Unknown
4	Bell Canada	Unknown
5	Redstone Investment Corporation	Unknown
6	HSBC Bank Canada	\$ 269,162.36
7	Dr. Sai Kui Lee	Unknown
<b>Total Amount Due - Secured &amp; Other Creditors</b>		<u><u>\$ 269,162.36</u></u>