

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

**IN THE MATTER OF THE APPLICATION UNDER SECTION 47
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3**

**AND IN THE MATTER OF SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C-43**

BETWEEN:

STATE BANK OF INDIA (CANADA)

Applicant

-and-

**1585396 ONTARIO INC.
o/a AAA TRADING CO.**

Respondent

**FIRST REPORT OF THE INTERIM RECEIVER
DATED DECEMBER 31, 2009**

INTRODUCTION

1. On December 23, 2009, the Applicant, State Bank of India (Canada) (the “**Bank**”) filed for and obtained an ex-parte Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43., as amended. Pursuant to the Order of this Honourable Court dated December 23, 2009 (the “**Initial Order**”), Deloitte & Touche Inc. was appointed as interim receiver (in such capacities, the “**Interim Receiver**”) without security, of all the assets, undertakings and properties of 1585396 Ontario Inc. o/a AAA Trading Co. (“**AAA Trading**” or the “**Company**”).

PURPOSE

2. The purpose of this first report of the Interim Receiver (the "**First Report**") is to provide this Honourable Court with an update on the activities of the Interim Receiver since the Initial Order.

TERMS OF REFERENCE

3. In preparing this First Report, the Interim Receiver has relied upon the Company's books and records, financial and management information prepared by AAA Trading, and discussions with parties associated with AAA Trading. The Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Interim Receiver expresses no opinion or other form of assurance on the information contained in this report.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

ACTIVITES OF THE INTERIM RECEIVER

5. On December 23, 2009, the Interim Receiver attended at the Company's registered office located at 1396 Avonlea Court, Mississauga (the "**Premise**"), a private residence with a separate entrance leading to office space located in basement of the Premise. The Interim Receiver was accompanied by Peel Regional Police and a third party security firm engaged by the Interim Receiver to video entry and safeguarding of the Company's books and records. A resident of the household and son of the principal of AAA Trading, Atanu Bhowmic, was read the specific "entry to premise" sections contained within the Order by the Interim Receiver, and provided with a copy of the Order. Atanu Bhowmic provided the Interim Receiver and its representatives with access to the Premise. The Interim Receiver also served Atanu Bhowmic with a copy of the Application Record of the Applicant returnable December 23, 2009 and the Application for a Bankruptcy Order.

6. The Interim Receiver also attended at the offices of the Company's external accountant, Mr. Vijay Sastry, CGA, CPA, CA (India), located at 5511 Tomken Road, Suite 211, Mississauga on December 23, 2009. Mr. Sastry was not present, however; the Interim Receiver provided a copy of the Order with one of his staff members. The Interim Receiver reached Mr. Sastry on his mobile phone while in attendance at his office and he was advised of the insolvency proceedings with respect to his client AAA Trading. Mr. Sastry was requested to return to his office to assist the Interim Receiver in securing AAA Trading's books and records, however; Mr. Sastry indicated that he had left for the day and was unable to attend. The Interim Receiver has attempted to contact Mr. Sastry on numerous occasions since the initial visit to his offices on December 23, 2009 and has left voice messages requesting his assistance in this matter. On December 29th, 2009, Mr. Sastry contacted the Interim Receiver and indicated that he would contemplate providing assistance to the Interim Receiver pending the outcome of discussions with the Company's independent legal counsel. Mr. Sastry indicated that his records relating to AAA Trading are limited to various statutory tax filing documents and internal financial statements. According to Mr. Sastry, all of the Company's material books and records are located at the Premise. As of the date of the First Report, the Interim Receiver has not been granted access nor been provided with assistance from Mr. Sastry's office to safeguard the Company's books and records.
7. The Interim Receiver has secured what it believes to be all of the Company's books and records located at the Premise and has safeguarded 32 boxes of Company documents by relocated them to the Interim Receiver's office. A listing of the contents of 32 boxes is attached as Exhibit "A". According to Atanu Bhowmic, all of the Company's material books and records were located at the Premise. The Interim Receiver noted limited personal documentation and records on Premises including but not limited to: personal records of Mr. and Mrs. Bhowmic and of their son's company Atan International Inc. These personal items were not catalogued or removed by the Interim Receiver.
8. The Interim Receiver has forensically imaged six computer hard drives (five desktop and laptop computers and one external drive) which are thought to encompass all of the Company's electronic records located on the Premise. The Interim Receiver performed

an electronic "verification" process to ensure that all of the electronic records had been accurately imaged for future analysis.

9. During the Interim Receiver's attendance at the Premises on December 23, 2009, the Interim Receiver was informed by Atanu Bhowmic that:

(a) Atanu Bhowmic is the son of Anupam and Tapti Bhowmic, the principals of AAA Trading;

(b) Anupam and Tapti Bhowmic are currently in India and are not expected to return to Canada until January 15, 2010;

(c) Anupam and Tapti Bhowmic are accessible by email communication;

(d) he has his own business, Atan International Inc. ("**Atan**"), which is in a similar business as AAA Trading and has common customers, suppliers and employees/consultants as AAA Trading;

(e) Mr. Vijay Sastry, the external accountant, is intimately familiar with the day-to-day operations of the Company and provides financial advice to AAA Trading; and

(f) the Company has two employee/consultants, Prakash Avasarala (a part-time bookkeeper) and Uma Chollangi (a part-time clerk).

10. Mr. Avasarala was contacted and requested to attend at the Premise by Atanu Bhowmic. Mr. Avasarala arrived at the Premise and informed the Interim Receiver that he was a consultant to AAA Trading and that his primary responsibilities were to provide bookkeeping services.

11. Mr. Avasarala and Atanu Bhowmic indicated that that new business at the Company had ceased since approximately August 2009 primarily as a result of generally low global demand for the Company's commodity based products.

12. A copy of the Order was emailed to Smart Solutions Credit Services (“**Smart Solutions**”), AAA Trading’s credit counselling representative according to books and records of the Company. Smart Solutions has informed the Interim Receiver that it does not have any of the Company’s books and records in its possession. The Interim Receiver understands that the primary relationship manager at Smart Solutions is out of the office until January 20, 2010 and is currently unavailable to assist the Interim Receiver in this matter. As of the date of the First Report, the Interim Receiver has not received details with respect to the business relationship that AAA Trading had with Smart Solutions.
13. The Interim Receiver has been communicating regularly with the Bank’s legal counsel to provide updates on its activities. The Interim Receiver has discussed potential next steps for analyses and realization on the Company’s purported outstanding accounts receivable and supplier advances balances of approximately \$5.6 million and \$6.7 million, respectfully. Mr. Prakash Avasarala is scheduled to attend the Interim Receiver’s office on or about January 4, 2010 to assist in assembling the supporting documentation necessary to initiate realization on the outstanding balances previously noted.
14. The Interim Receiver has performed limited analyses on the electronic data which was secured from the Premises on December 23, 2009. A listing of files structures on each hard drive has been catalogued and will be further analysed by the Interim Receiver if required.

NEXT STEPS

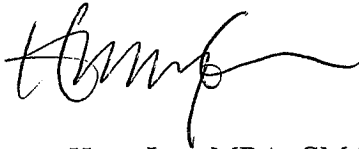
15. The Interim Receiver is aware that the Bank has made an Application for Bankruptcy Order to be heard on January 11, 2010 by this Honourable Court. During the interim period, the Interim Receiver recommends that it take preliminary steps to (i) assess the potential realizations and recoveries from the estate assets based on information secured to-date; (ii) engage parties familiar with the business affairs of the Company to assist the Interim Receiver in assembling documentation from the Company’s books and records to determine whether, if any, recoveries are likely based on the status of the Company’s

current affairs; and (iii) seeking the assistance of the external accountant in understanding the nature and operations of the Company to determine sources and uses of funds.

All of which is respectfully submitted this 31st day of December, 2009.

DELOITTE & TOUCHE INC.

**In its capacity as Court-appointed Interim Receiver of
1585396 Ontario Inc. o/a AAA Trading Co.
and not in its personal capacity.**

A handwritten signature in black ink, appearing to read 'Huey Lee', with a long horizontal flourish extending to the right.

Per: Huey Lee, MBA, CMA, CIRP
Vice President

EXHIBIT A - Inventory Listing

Box	Tags	Description of contents
Box 1	Teak 1 (01-28) Teak 2 (30-55) Teak 3 (56-80) Teak 4 (2008) Teak 1 (01-28)	Documentation relating to transactions for teak goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI.
Box 2	Teak 7 Teak 8 Almond 2008 Local Cashew RCN 2008	Documentation relating to transactions for teak, almond, local cashew and raw cashew (RCN) goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI.
Box 3	CK 2008 RCN 2008 I 1-17 DALL 2008 CK 2008 21-28 RCN IV 2008 64-94 CND 2008	Documentation relating to 2008 transactions for cashew kernel (CK), raw cashew, and dall goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI.
Box 4	RCN II 18-35 RCN III 35-63 RCN II 21- RCN 1 2009 Teak 5 T/100- Teak 4 71- Teak 3 45 to 70 2009 Teak 2 19-44 2009 Teak 1 1-18	Deposits Slips, expenses for Jan-Jun 2008 Documentation relating to transactions for teak and raw cashew (RCN) goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Documentation relating to transactions for teak goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI.
Box 5	Ginger (08) 1 01-27 Pista 2009 Almond 2009 Gum 2009 Misc 2009	Documentation relating to 2008 transactions for ginger and 2009 transactions for pistachio, gum and almond goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Binder containing 2009 "miscellaneous" items, unknown at this time.
Box 6	Cloves 2009 Ginger 2009 Teak 6 2009 115- Almonds 2009 Misc (08) 1	Documentation relating to 2009 transactions for cloves, ginger, teak and almond goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Binder 1 of 2 containing 2008 "miscellaneous" items, unknown at this time.

EXHIBIT A - Inventory Listing

Box	Tags	Description of contents
Box 8	Gum (08) 01-57 Sesame 2009 Cloves 2008 Scrap (08) Scrap 2009 CND VRS 2007 Misc 2008 2 Inter CK 2009 Dial-Now Insurance Insurance CND Deposits 2009 CND VRS 2009 July-Dec CND VRS 2009	Documentation relating to 2008 transactions for gum and cloves, and 2009 transactions for sesame goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Unknown at this time Binder containing 2007 Canadian vouchers Binder 2 of 2 containing 2008 "miscellaneous" items, unknown at this time. Unknown at this time Unknown at this time Unknown at this time 2009 Canadian deposits Binder containing Jul-Dec 2009 Canadian vouchers Binder containing 2009 Canadian vouchers
Box 9	Local Cashew 2009 CK Local 2009 Imports 2007-2008 Cashew Kernel Sheanuts 01/09 2008 CAD Aug 2008 Deposit 2008	Documentation relating to transactions for cashew, cashew kernel, and sheanut goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Unknown at this time
Box 10	Sesame 09/13 2007 Sesame 01/08 2007 Raw Cashew 2007-2008 Scrap 2006 Scrap 01 to 04 2007 Re-paid documents Bangladesh L/C Bangladesh L/C for year 2007-2008 (unlabelled-green) (unlabelled-white) PIL Freight	Unknown at this time Documentation relating to 2007 transactions for sesame, and 2007-08 transactions for raw cashew goods. Documentation includes draft bill of exchange, commercial invoice, bill of lading, certificate of origin, phytosanitary certificate, faxes and/or letters of communications from SBI. Unknown at this time
Box 11		Unknown at this time
Box 12		Documents related to transactions for processing chemicals Documents related to transactions for pulp and paper products 9 sets of RCN docs as on 13/8/07 for which deal was cancelled Miscellaneous documents, not labeled or organized.
Box 13		Cheque books and cheque stubs - new and old.

EXHIBIT A - Inventory Listing

Box	Description of contents
Box A	Bank Statements 2009 Bank Statements 2008 Bank Statements 2007 Bank Statements 2006 USD 2009 July bank transfer USD 2009 April-June bank transfers USD 2009 Jan-Mar bank transfers Jan-Feb 2008 Bank Transfer Mar-Apr 2008 Bank Transfer April-May June Bank Transfer July-Aug Bank Transfer Sept-Dec Bank Transfer Bank Reports/Financial statements Monthly Book Debits 2008 Monthly Book Debits 2009
Box B	2007 Transfers - loose (not in binder) JV 2008
Box C	Journal 2008 - AJE Management AC's 2007-2009 Account Closing 2007 (AC's) Audit 2008 Go Daddy registration AC 2005 2005 GST claims JV File Account Closing 2006 Book Debits to Bank 2007 Book Debits to Bank 2006

EXHIBIT A - Inventory Listing

Box	Description of contents
Box E	GST 2006
	Loose documents (master business license, bank agreements, Ministry of Ontario business license)
	Misc statements - vendor balance
	Bank statements
	SBI renewal of limits (credit facilities)
	Audit notes
	Customer shipments
	Phone systems records
	GST 2009 (Aug & December still with AAA)
	Payroll papers
	Payroll deductions (CRA)
	GST 2008
	GST 2007
	StatsCan survey 2008
	StatsCan survey 2007
	2007 financial statements
	Projections
	Bank Agreement
	US Power of Attorney - Livingston
	CDN Bank file
Marine insurance documents	
Corporate by-laws	
Box F	Cheques (USD and CDN accounts)
	Cheque stubs
	Random corporate documents

EXHIBIT A - Inventory Listing

Box	Tags	Description of contents
Client A	2007 Misc, Ginger	Documentation relating to 2007 transactions for ginger goods in bundled stacks.
Client B	Teak 2009 001 to 185	Documentation relating to 2009 transactions for teak goods in bundled stacks.
Client C	Teak 2007	Documentation relating to 2007 transactions for teak goods in bundled stacks.
Client D	Teak 2007	Documentation relating to 2007 transactions for teak goods in bundled stacks.
Client E	RCN 2007	Documentation relating to 2007 transactions for raw cashew goods in bundled stacks.
Client F	Almond, Sheanut, RCN 2006	Documentation relating to 2006 transactions for almond, sheanut, and raw cashew goods in bundled stacks.
Client G	Teak, Clove, Almond 2006	Documentation relating to 2006 transactions for almond, cloves and teak goods in bundled stacks.
Client H	Cashew, Ginger, Misc 2005	Documentation relating to 2005 transactions for cashew and ginger goods in bundled stacks.
Client I	2006 Personal	Journals containing notes to unspecified transactions, copies of cell phone bills and other expenses.
Client J	Timber, Misc, Gum 2006	Documentation relating to 2006 transactions for timber and gum goods in bundled stacks.
Client K	Transfers, ginger, CK, turmeric, vouchers 2006	Documentation relating to 2006 transactions for ginger and turmeric goods in bundled stacks. Misc other docs as well.
Client L	2004-2005 Journal entries, ledgers, invoices	Misc invoices and accounting records
Client M	2004 Trial balances, invoices	Misc invoices and accounting records