

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**Court No.: 35- 2395487 and 35-2395481**

**IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF  
1732427 ONTARIO INC. AND 1787930 ONTARIO INC.  
BOTH OF THE CITY OF ST. THOMAS,  
IN THE PROVINCE OF ONTARIO**

**SECOND REPORT TO THE COURT  
SUBMITTED BY MNP LTD.**

**SEPTEMBER 10, 2018**

**I. INTRODUCTION**

1. On July 2, 2018, 1787930 Ontario Inc. cob as Messenger Freight (“**Messenger**”) and 1732427 Ontario Inc. (“**173 ONT**”, and collectively with Messenger, the “**Companies**”) each filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. (“**MNP**”) was named as proposal trustee (the “**Proposal Trustee**”) of the Companies. Copies of the NOIs are attached hereto and marked as **Exhibit “A”**.
2. On July 23, 2018, the Companies’ filed Notice of Motion and a Motion Record returnable July 31, 2018, seeking, among other things, a Court Order extending the time within which the Companies had to file a proposal. The Proposal Trustee served its first report, dated July 27, 2018 (the “**First Report**”). A copy of the First Report, without exhibits, is attached hereto and marked as **Exhibit “B”**.

3. On July 31, 2018, the Court ordered the following:
  - a. The date for the filing of the Companies' proposal be extended to September 14, 2018 (the "**First Extension Deadline**");
  - b. That the proposal proceedings for Messenger and 178 ONT be administratively consolidated; and
  - c. The granting of Administration Charge of \$75,000 in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Companies.
4. Information regarding the proceedings has been posted to the Proposal Trustee's website at <https://mnpdebt.ca/en/corporate/engagements/1787930-ontario-inc>.
5. The primary purposes of these proceedings are to provide stability to the Companies while the Companies, with the assistance and under the supervision of the Proposal Trustee, engage in a process of soliciting refinancing of the Companies' current debt facilities, with the view of formulating and presenting a viable proposal to its creditors.

## II. RESTRICTIONS

6. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Affidavits of Louise Vonk, dated July 12, 2018 and August 23, 2018, the Companies' books and records, discussions with employees and management of the Companies and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
7. The Proposal Trustee also bases its report on the Companies' cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report

on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions provided by the Companies' management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

### III. PURPOSE OF THIS REPORT

8. The purpose of this Report is to:
  - a. Provide information to the Court with respect to the administration of the Companies' proposal proceedings, including:
    - i. report on the Companies' cash flows for the period July 2, 2018 to August 31, 2018 and to compare such actual results to the Companies' forecast for the same time frame;
    - ii. the Proposal Trustee's observations in respect of the Companies' Updated Cash Flow Projections (as such term is later defined below);
    - iii. provide an update on the status of the Companies' restructuring and refinancing efforts; and
    - iv. provide information in respect of the Companies' request for an extension of time to file a Proposal.
  - b) Provide the Court with the Proposal Trustee's recommendation for an Order, *inter alia*:
    - i. extending the time for filing a proposal to October 12, 2018 (the "**Second Extension Deadline**"); and
    - ii. approving the activities of the Proposal Trustee as set out in this Report.

#### IV. BACKGROUND INFORMATION<sup>1</sup>

9. Messenger is an Ontario corporation carrying on business out of the Property (as defined below) located in St. Thomas, Ontario and from rented premises in Cambridge, Ontario. Messenger is a transportation and logistics company. Messenger provides warehousing and storage services to its customers, as well as providing repacking and sorting.
10. 173 ONT owns an approximately 130,000 square foot industrial property, situated on approximately 14 acres of land, located at 150 Dennis Road, St. Thomas, Ontario (the “**Property**”) from which Messenger carries on its warehousing and logistics business.

#### V. CASH FLOW PROJECTIONS

11. To date, the Companies have provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.
12. In accordance with the provisions of the BIA, the Companies filed with the Official Receiver a projected cash flow statement dated July 12, 2018, covering the 13-week period up to September 28, 2018 (the “**Cash Flow Projections**”). As commented upon in the prescribed BIA reports, the Cash Flow Projections has been reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Companies. A copy of the Cash Flow Projections and related reports are attached hereto as **Exhibit “C”**.
13. The Proposal Trustee has implemented procedures for monitoring the Companies’ receipts and disbursements and monitoring the business in order to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
14. The principal assumptions of the Cash Flow Projections are that:

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<sup>1</sup> Information relating to the Companies’ assets and liabilities was included as part of the First Report and not duplicated herein. On July 6, 2018, Canada Revenue Agency issued a letter to Bank of Nova Scotia wherein it cancelled the Requirement to Pay issued on June 11, 2018 in respect of Messenger’s corporate tax and source deduction accounts.

- a. The projections are prepared on a consolidated basis as the operations of Messenger and 173 ONT are inter-dependent.
  - b. Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers.
  - c. Messenger will continue to obtain financing from Baron Finance Incorporated (“**Baron**”) pursuant to the Full Factoring Agreement, dated January 26, 2018.
  - d. The payment of goods and services supplied to the Companies are assumed to be on a cash on delivery basis.
  - e. Wages, salaries and benefits are based on current payroll and contract requirements.
15. The Companies provided the Proposal Trustee with information related to its actual cash flows up to the week ending August 31, 2018. Based on this information, the Companies have had a favourable variance of \$89,545, summarized as follows:

**1787930 Ontario Inc. and 1732427 Ontario Inc.**  
**Statement of Cash Flow - Comparison of Actual to Forecast**  
**For the period from July 2, 2018 to August 31, 2018**

	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Revenues</i>	\$3,669,231	\$3,370,176	(\$299,055)
<i>Cost of Trucking/Warehousing</i>	\$3,191,602	\$3,100,936	(\$90,666)
<i>Gross Profit</i>	\$477,629	\$269,240	(\$208,389)
%	13%	8%	
<i>Operating Expenses</i>	\$518,423	\$251,228	(\$267,194)
<i>Earnings from Operations</i>	(\$40,794)	\$18,012	\$58,806
<i>Provision for Taxes</i>	(\$6,119)	\$0	\$6,119
<i>Net Earnings for the Period</i>	(\$34,675)	\$18,012	\$52,687
Total Other Cash Outflows	\$110,413	\$216,605	\$106,191
<b>NET CASH FLOW</b>	(\$145,088)	(\$198,593)	(\$53,505)
<b>OPENING CASH BALANCE</b>	\$89,816	\$232,866	\$143,050
<b>CLOSING CASH BALANCE</b>	(\$55,271)	\$34,273	\$89,545

- a. Messenger's gross profit was significantly lower than projected, which is attributable to the following:
- i. Significantly lower than anticipated receipts. Messenger advises that it has not lost any customers. Part of the negative variance relates to the way Messenger has reported its factoring costs and interest. The actual receipts reported are net of factoring costs and interest. The factoring costs and interest were originally projected as operating expenses and not applied against revenues. Moreover, Messenger advises the Proposal Trustee that Baron has charged back from its post-NOI funding to Messenger an amount of approximately \$131,000 to repay Baron for amounts that it over remitted to Messenger in March, 2018. These chargebacks were not reflected in the Cash Flow Projections.
  - ii. The impact of the negative variance in receipts was offset, in part, by lower than anticipated wages, fuel charges and subcontracting expenses.
  - iii. **Fuel Expenses-** Messenger had a \$78,225 positive variance in fuel expenses, which may be partially attributable to the lower than anticipated receipts. The fuel expense was lower than expected even though during the period of the Cash Flow Projections, Messenger advanced \$80,000 to Petro Canada as a security deposit to secure the supply of fuel. This positive variance is also related to a \$25,000 timing difference, as Messenger was recently delayed in making this payment to one of its fuel suppliers.
  - iv. **Wages and Subcontracting expenses** – Messenger advises that the projected wages and subcontracting expenses per the Cash Flow Projections are too high resulting in a \$111,176 positive variance. The Cash Flow Projections were built on the assumption that Messenger would be remitting the employee source deductions to Canada Revenue Agency (“CRA”) in the same week as the payroll. Messenger is currently two weeks in arrears on its remittances of source deductions.

- v. **Vehicle Insurance** – Messenger’s vehicle insurance came up for renewal on August 31, 2018. The Cash Flow Projections contemplated the disbursement for the renewal would commence in September 2018. Messenger paid \$44,132 towards the renewal during the week ending August 31, 2018. Messenger also made a post-NOI payment to its insurer of \$55,486, which may have constituted a pre-NOI obligation. This payment was not originally included in the Cash Flow Projections.
- b. **Operating Expenses** – The Companies’ favourable variance in operating expenses is attributable to:
- i. the Companies, with the assistance of the Proposal Trustee, negotiated arrangements with Bank of Nova Scotia (“BNS”) whereby BNS agreed to receive payments on account of interest only during the proposal proceedings;
  - ii. 173 ONT advises the Proposal Trustee that it obtained an accommodation arrangement from the City of St. Thomas, whereby the payment of post-NOI property taxes, estimated at \$58,346 (i.e., during the period of the Cash Flow Projections), can be deferred;
  - iii. The administrative and indirect labour expenses were lower than projected.
16. The Companies have an amended cash flow statement dated September 9, 2018 to extend the Cash Flow Projections through November 23, 2018 (the “**Updated Cash Flow Projections**”), a copy of which is attached as **Exhibit “D”** to this Report. The purpose of this amendment is to extend the projections beyond the Second Extension Deadline. Based on the Updated Cash Flow Projections, the Companies appear to have sufficient resources to continue operations through the Second Extension Deadline.
17. Effective July 2, 2018, CRA cancelled its Requirement to Pay. The Cash Flow Projections and Updated Cash Flow Projections do not account for the activity flowing through Messenger’s BNS account, which as at August 30, 2018, had a balance of \$13,413.

18. Based on the Proposal Trustee's review of the Updated Cash Flow Projections, there are no material assumptions which seem unreasonable in the Companies' circumstances. The Updated Cash Flow Projections are based on assumptions that are consistent with the assumptions used in the Cash Flow Projections. The Proposal Trustee's report on the Updated Cash Flow Projections, as required by Section 50.4(2)(b) of the BIA is attached hereto and marked as **Exhibit "E"**.

## **VI. EFFORTS TO RESTRUCTURE/REFINANCE**

19. Since filing the NOI, the Companies have requested the Proposal Trustee's assistance in sourcing and negotiating satisfactory refinancing of the Companies' current mortgage and/or loan financing. At the date of the First Report, the Companies' were engaged in discussions with seven (7) potential lenders. The Companies, with the assistance of the Proposal Trustee, have been engaged in continued dialogue with, and satisfied due diligence requests made by these prospective lenders, several whom have indicated that they are not interested in pursuing the opportunity. The Companies have chosen a lender to refinance its business.

20. The Companies entered into an NDA and confidentiality agreement with a private lender with whom it has held several meetings. The private lender is a subsidiary of a leading Canadian asset management firm. The lender's platform offers short-term financing solutions to businesses.

21. Messenger has provided financial information to this private lender, which allowed the lender to carry out a preliminary internal review of the financing opportunity with favourable results. At this time the lender has not formally approved the refinancing but has committed to the Companies that it will be in a position to present a letter of intention by September 21, 2018 should the financing be approved. If approved, part of this refinancing will be used by Messenger to fund a proposal to its creditors and to satisfy payment of 178 ONT's arrears of municipal property taxes.

## **VII. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**



22. In order to allow the Companies' sufficient time to carry out its refinancing of its business, and work towards filing a proposal to its creditors, the Companies seek an extension of the time for filing of a proposal to October 12, 2018.
23. In view of the foregoing, the Proposal Trustee supports the Companies' request for an extension to provide it with additional time to secure a satisfactory refinancing commitment and to file a proposal. The Proposal Trustee has also considered that:
- a. the Companies are acting in good faith and with due diligence;
  - b. the extension should not adversely affect or prejudice creditors as the Companies appear to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Updated Cash Flow Projections;
  - c. it is contemplated that the efforts to source refinancing will be determined, and if approved, completed by the Second Extension Deadline; and
  - d. as noted above, if the refinancing is approved, Messenger intends on using part of this refinancing to fund a proposal to its creditors and to satisfy payment of 178 ONT's arrears of municipal property taxes.

## **VIII. CONCLUSION AND RECOMMENDATION**

24. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 8.

All of which is respectfully submitted on this 10th day of September 2018.

**MNP Ltd.**

In its capacity as Trustee in re  
the Notice of Intention to Make a Proposal of  
1787930 Ontario Inc. and 1732427 Ontario Inc.

Per:



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Matthew Lem

Licensed Insolvency Trustee

# Exhibit "A"

July 9, 2018

To the Creditors of 1732427 Ontario Inc ("1732427" or the "Company")

Please take notice that on July 2, 2018, 1732427 filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* ("BIA"). Please find enclosed the following:

1. The NOI, filed on July 2, 2018;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims;
3. The consent of the Trustee to act in these matters; and
4. The Certificate of Filing.

**Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a proposal to creditors.**

Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of July 2, 2018;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.

All documents relating to this Estate are located on our website, which will be updated throughout the administration of this Estate. The website address is

<http://mnpdebt.ca/MessengerFreight>

There is no need for any creditor to file a Proof of Claim at this time. If you have any questions concerning the foregoing or require any additional information, please contact Jessie Hue at 416-515-5006 or by email at [MessengerFreight@mnp.ca](mailto:MessengerFreight@mnp.ca).

Yours truly,

**MNP LTD.**

**Trustee acting in re: the Proposal of  
1732427 Ontario Inc.**

Per:



Sheldon Title, CPA, CA, CIRP, LIT

Encl.

District of: Ontario  
Division No. 05 - London  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Take notice that:

1. 1732427 Ontario Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act (the "Act"), that we intend to make a proposal to our creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 2nd day of July 2018.



1732427 Ontario Inc.  
Insolvent Person

To be completed by Official Receiver:

\_\_\_\_\_  
Filing Date

\_\_\_\_\_  
Official Receiver

District of: Ontario  
Division No. 05 - London  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1787930 Ontario Inc.	150 Dennis Road St. Thomas ON N5P 0B6		687,429.00
Bank of Nova Scotia Tim Hogan	c/o Harrison Pensa LLP 450 Talbot Street PO Box 3237 London ON N6A 4K2		6,069,173.41
Corporation of the City of St. Thomas Tracy Johnson	PO Box 520 545 Talbot St. St Thomas ON N5P 3V7		725,000.00
Shareholder Loan	150 Dennis Road St. Thomas ON N5P 0B6		1,658,947.00
<b>Total</b>			9,140,549.41



1732427 Ontario Inc.  
Insolvent Person

- Proposal Consent -  
In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of 1732427 Ontario Inc..

Dated at the City of Toronto in the Province of Ontario, this 2nd day of July 2018.

MNP LTD. - Licensed Insolvency Trustee



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300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

In the Matter of the Notice of Intention to make a  
proposal of:

**1732427 Ontario Inc.**  
Insolvent Person  
**MNP LTD / MNP LTÉE**  
Licensed Insolvency Trustee

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Date of the Notice of Intention: July 02, 2018

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

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Date: July 03, 2018, 09:30

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

**Canada**



July 9, 2018

To the Creditors of 1787930 Ontario Inc. cob as Messenger Freight Systems (“MFS” or the “Company”)

Please take notice that on July 2, 2018, MFS filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* (“BIA”). Please find enclosed the following:

1. The NOI, filed on July 2, 2018;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims (the “**Creditor Listing**”);
3. The consent of the Trustee to act in these matters; and
4. The Certificate of Filing.

**Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a proposal to creditors.**

Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of July 2, 2018;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.

All documents relating to this Estate are located on our website, which will be updated throughout the administration of this Estate. The website address is

<http://mnpdebt.ca/MessengerFreight>

There is no need for any creditor to file a Proof of Claim at this time. We recognize the amounts reflected as being due to you on the Creditor Listing may vary from your records. Please be advised that a claims process will be conducted after MFS files a Proposal. Creditors will then be given an opportunity to submit a proof of claim.

If you have any questions concerning the foregoing or require any additional information, please contact Jessie Hue at 416-515-5006 or by email at [MessengerFreight@mnp.ca](mailto:MessengerFreight@mnp.ca).

Yours truly,

**MNP LTD.**  
**Trustee acting in re: the Proposal of**  
**1787930 Ontario Inc. cob as Messenger Freight Systems**  
Per:



Sheldon Title, CPA, CA, CIRP, LIT

Encl.

District of: Ontario  
Division No. 05 - London  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

Take notice that:

1. 1787930 Ontario Inc. cob as Messenger Freight Systems, an insolvent person, state, pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act (the "Act"), that we intend to make a proposal to our creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 2nd day of July 2018.



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1787930 Ontario Inc. oa Messenger Freight Systems  
Insolvent Person

To be completed by Official Receiver:

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Filing Date

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Official Receiver

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 1787930 Ontario Inc cob as Messenger Freight Systems  
 of the City of St. Thomas  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Active Heavy Towing Recovery Tiilt	1764 Victoria Street North Kitchener ON N2B 3E5		1,158.25
Altruck Idealease	405 Laird Road Guelph ON N1G 4P7		805,931.58
Altruck International Truck Centres	405 Laird Road Guelph ON N1G 4P7		61,159.86
Baker Heavy Towing Inc.	250 Dundas St South Cambridge ON N1R 8A8		665.50
Bank of Nova Scotia	Harrison Pensa 450 Talbot Street PO Box 3237 London ON N6A 4K3		2,019,960.00
Bank of Nova Scotia	Harrison Pensa LLP 450 Talbot Street PO Box 3237 London ON N6A 4K3		42,383.98
BFI Print & Promotion Solutions	6-1031 Hubrey Road London ON N6N 1B4		4,186.65
Brent W. Swanick	225 Duncan Mill Road Don Mills ON M3B 3K9		54,977.23
Carrier Truck Centres	645 Athlone Place WOODSTOCK ON N4S 7V8		5,612.95
Checker Flag Leasing	4-5845 Luke Road Mississauga ON L4W 2K5		1,288.20
Checkers Cleaning Supply	371 Scanlan Street London ON N5W 6G9		3,360.54
COMTOW	2677 Drew Road Mississauga ON L4T 3X1		844.12
Country Collision	40133 Longhurst Line R.R. #7 St. Thomas ON N5P 3T2		694.56

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 1787930 Ontario Inc cob as Messenger Freight Systems  
 of the City of St. Thomas  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CRA - Tax - Ontario Quebec Insolvency Intake Centre	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9		202,110.00
DNO Towing	1020 Talbot Street St. Thomas ON N5P 1G3		395.50
Dowler-Karn Limited Sherry Robinson	43841 Talbot Line, RR #3 St Thomas ON N5P 3S7		261.50
Duncan Mill Consultants	225 Duncan Mill Road, Suite 101 Toronto ON M3B 3K9		15,034.65
Express Employment Professionals	PO Box 9245 Postal Stn A Toronto ON M5W 3M1		1,956.31
Expressway Trucks	2943 Cedar Creek Road Ayr ON N0B 1E0		19,716.78
Forest City Staffing	60 Meg Drive London ON N6E 3T6		748,652.05
Granval	3-35 Lingard Rd Cambridge ON N1T 2H4		3,295.00
GTM Legal Services	PO Box 1413, 426 King St West Prescott ON K0E 1T0		339.00
Kal Tire	20 Enterprise Drive London ON N3N 1A7		21,715.13
KAS Personnel Services Inc.	7895 Tranmere Drive, Unit #18 Mississauga ON L5S 1V9		90,507.91
KJM Alignment Services Inc.	3 Phoebe Cres Elmira ON N3B 3B9		322.05
Liftow Limited	PO Box 8092, Stn A Toronto ON M5W 3W5		908.44
Masterlift Inc.	2899 Plymouth Drive OAKVILLE ON L6H 6G7		315.27

District of: Ontario  
 Division No. 05 - London  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 1787930 Ontario Inc cob as Messenger Freight Systems  
 of the City of St. Thomas  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Perfect Pen & Stationery	PO Box 4090 Station A Toronto ON M5W 0E9		849.08
ProTrans Personnel Service	1575 Bishop Street North, Suite 400 Cambridge ON N1R 7J4		159,498.58
ProTreadz 2012	4230 Fountain St. N Cambridge ON N3H 4R7		813.35
Rescue Team	96 Hinrichs Cr Cambridge ON N1T 0A9		10,197.52
Revolution Staffing	69 Mary Street Barrie ON L4V 1T2		9,749.65
Rob Gillies Truck & Auto Service	21 Laing Blvd St. Thomas ON N5P 4B5		7,698.78
ROSS TOWING	995 POND MILLS ROAD London ON N6N 1C3		1,525.50
Safety-Kleen Canada	PO Box 15221, Station A Toronto ON M5W 1C1		1,453.86
Shareholder	150 Dennis Road London ON N5P 0B6		92,362.00
Spectrum Communications	79 Wellington Street London ON N6B 2K4		761.22
TEF Link Security Group Inc.	18 Concession St, Unit 103, Suite 2 Cambridge ON N1R 2G5		3,204.65
The Agency Employment Services	125 Wallace Avenue North Listowel ON N4W 1K8		48,999.70
The Aylmer Express	390 Talbot Street East Box 160 Aylmer ON N5H 2R9		4,123.37
Trailer Wizards	4649 Hastings Street Burnaby BC V5C 2K6		2,651.29
Transit Hogg Fuel & Supply Limited	5 Hill Street Kitchener ON N2G 4R3		96,950.58

District of: Ontario  
Division No. 05 - London  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Transit Trailer Limited	22217 Bloomfield Road, RR #3 Chatham ON N7M 5J3		3,257.32
Tubby's Truck & Trailer	545 Hudson Drive Dorchester ON N0L 1G5		19,324.96
Twin City Graphics	350 Shirley Avenue, Unit 3 Kitchener ON N2B 2E1		592.12
Verus Valuations Ltd.	23850 River Road Maple Ridge BC V2W 1B7		333.35
Workplace Safety Insurance Board	PO Box 4115 Station A Toronto ON M5W 2V3		19,500.00
Yale Industrial Trucks Inc.	37 Intrepid Court London ON N5V 4N8		1,371.97
<b>Total</b>			<b>4,592,971.86</b>



1787930 Ontario Inc. cob as Messenger Freight Systems  
Insolvent Person

- Proposal Consent -

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of 1787930 Ontario Inc. cob as Messenger Freight Systems.

Dated at the City of Toronto in the Province of Ontario, this 2nd day of July 2018.

MNP LTD. - Licensed Insolvency Trustee



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300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

In the Matter of the Notice of Intention to make a  
proposal of:

**1787930 Ontario Inc.**  
Insolvent Person

**MNP LTD / MNP LTÉE**  
Licensed Insolvency Trustee

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Date of the Notice of Intention: July 02, 2018

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 03, 2018, 09:22

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

**Canada**



# Exhibit "B"

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**Court No. 35-2395481**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1787930 ONTARIO INC.  
COB AS MESSENGER FREIGHT  
OF THE CITY OF ST. THOMAS,  
IN THE PROVINCE OF ONTARIO**

**-AND-**

**Court No.: 35- 2395487**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1732427 ONTARIO INC.  
OF THE CITY OF ST. THOMAS,  
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT  
SUBMITTED BY MNP LTD.**

**JULY 26, 2018**

**I. INTRODUCTION**

1. On July 2, 2018, 1787930 Ontario Inc. cob as Messenger Freight (“**Messenger**”) and 1732427 Ontario Inc. (“**173 ONT**”), and collectively with Messenger, the “**Companies**”)

each filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. (“**MNP**”) was named as proposal trustee (the “**Proposal Trustee**”) of the Companies. Copies of the NOIs are attached hereto and marked as **Exhibit “A”**.

2. Notice of the NOIs as prescribed by the BIA was sent on July 9, 2018 to all of Messenger’s and 173 ONT’s known creditors with claims greater than \$250.
3. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/engagements/1787930-ontario-inc>.
4. The primary purposes of these proceedings are to provide stability to the Companies while the Companies, with the assistance and under the supervision of the Proposal Trustee, engage in a process of soliciting refinancing of the Companies’ current debt facilities, with the view of formulating and presenting a viable proposal to its creditors.

## **II. RESTRICTIONS**

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Affidavit of Louise Vonk, dated July 12, 2018, the Companies’ books and records, discussions with employees and management of the Companies and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
6. The Proposal Trustee also bases its report on the Companies’ cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of professional Practice No. 99-5 (Trustee’s Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and

projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Companies' management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

### **III. PURPOSE OF THIS REPORT**

7. The purpose of this Report is to:

- a. Provide information to the Court with respect to the administration of the Companies' proposal proceedings, including
  - i. background information regarding the Companies' operations, management structure, historical financial results and the circumstances leading to the filing of the NOIs;
  - ii. the Companies' efforts to financially restructure the business; and
  - iii. provide information in respect of the Companies' request for an extension of time to file a Proposal; and
- b. Provide the Court with the Proposal Trustee's recommendation for an Order(s), *inter alia*:
  - i. approving a charge in favour of the legal advisors retained by the Companies, and MNP in its capacity as the Proposal Trustee and its legal counsel (collectively, the "**Administrative Professionals**") to secure payment of their respective reasonable fees and disbursements;
  - ii. approving the administrative consolidation of the Companies' NOI proceedings;
  - iii. extending the time for filing a proposal to September 14, 2018; and

- iv. approving the activities of the Proposal Trustee as set out in this Report.

#### IV. BACKGROUND INFORMATION

8. Messenger is an Ontario corporation carrying on business out of the Property (as defined below) located in St. Thomas, Ontario and from rented premises in Cambridge, Ontario. Messenger is a transportation and logistics company. Messenger provides warehousing and storage services to its customers, as well as providing repacking and sorting.
9. 173 ONT owns an approximately 130,000 square foot industrial property, situated on approximately 14 acres of land, located at 150 Dennis Road, St. Thomas, Ontario (the “**Property**”) from which Messenger carries on its warehousing and logistics business.
10. Messenger advises that the causes of its financial difficulties are attributable to the following:
  - a. In the summer of 2017, Messenger was negatively impacted by a six-week strike by the unionized staff at General Motors’ CAMI plant (“**CAMI**”). Messenger had several trucks that ran 24/6 dedicated to CAMI and had trucks dedicated to the feeder plant that supplied CAMI with seats via dedicated runs and shunter service around the plant;
  - b. One of Messenger’s larger customers also experienced a slowdown in service, which resulted in them cancelling runs on a day’s notice; an impact of approximately 20 runs a day, twice a week in the months of October and November. This reduced activity resulted in drivers leaving Messenger; and
  - c. Messenger’s cost structure has increased and is too high given the size of Messenger’s business. While it would have been beneficial for Messenger to pass recent cost increases onto its customers, sometimes it is has been locked into fixed pricing under contract and forced to absorb those costs.

11. A summary of the Companies' combined historical financial results is set out below<sup>1</sup>:

<b>Year Ended July 31</b> <b>(CAD \$)</b>	<b>F2016</b> <b>Unaudited</b>	<b>F2017</b>
Revenue	<b>\$20,440,844</b>	<b>\$20,665,200</b>
<i>% Growth</i>	<i>N/A</i>	<i>1%</i>
Cost of Goods Sold	15,774,476	15,937,798
Gross Margin	<b>4,666,368</b>	<b>4,727,402</b>
<i>Gross Margin (%)</i>	<i>23%</i>	<i>23%</i>
Operating Expenses	<b>3,592,438</b>	<b>3,674,208</b>
Operating Expenses (%)	18%	18%
EBITDA	<b>1,599,544</b>	<b>1,586,802</b>

## V. ASSETS

### Messenger

12. Messenger's assets consist primarily of its fleet of trucks and trailers, most of which are subject to capital leases.

13. On January 26, 2018, Messenger entered into a Full Factoring Agreement ("**Factoring Agreement**") with Baron Finance Incorporated ("**Baron**"). Messenger also has limited accounts receivable consisting of invoices not subject to the Factoring Agreement.

### 173 ONT

14. 173 ONT owns the Property.

## VI. CREDITORS

### Messenger

15. Messenger's NOI lists creditors with claims of approximately \$4.59 million.

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<sup>1</sup> The Companies' 2018 combined results for the 11 months ending June 30, 2018 are not available for inclusion in this report, but reflect significant decreases in revenues, at a reduced gross margin.

16. A search of the Ontario *Personal Property Security Act* registry (the “**Registry**”), as of July 2, 2018, and the Messenger’s records, includes the following parties<sup>2</sup> as secured creditors of the Messenger:

<b>Creditor</b>	<b>Estimated Amount Owed at the Filing Date</b>
Bank of Nova Scotia (“ <b>BNS</b> ”)	\$2,019,960.00
Baron Finance Incorporated	1.00
BNS (capital leases)	1,057,572.00
Altruck International Truck Centres	1.00

17. BNS’s claim of approximately \$2.02 million reflected above, represents the refinancing of the residual operating loan following the closing of the Factoring Arrangement in March 2018. This loan is further secured by a General Security Agreement granted by Messenger in favour of BNS. The BNS is also owed approximately \$1,057,572 pursuant to equipment financing loans, which amount is not included in the claims in paragraph 15.

18. On June 11, 2018, Canada Revenue Agency (“**CRA**”) issued Requirements to Pay to BNS in respect of Messenger’s indebtedness for unpaid source deductions and corporate taxes. Based on CRA’s proof of claim, dated July 9, 2018, Messenger’s indebtedness for source deductions, Harmonized Sales Tax and corporate taxes is approximately \$239,200, \$5,800 and \$54,400, respectively<sup>3</sup>.

19. The Proposal Trustee has not yet sought an independent legal opinion on the validity and enforceability BNS’s security or the validity and enforceability of the Factoring Agreement.

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<sup>2</sup> Additionally, Messenger has entered into several equipment leases and the various lessors have registered a security interest on the Registry.

<sup>3</sup> The Proposal Trustee has not reviewed whether CRA’s proof of claim accounts fully for the funds CRA received from the Requirements to Pay.

## **Lien Registrations**

20. Prior to the NOI, Messenger had part of its fleet of trucks and trailers serviced by Viking Truck Sales Inc. (“**Viking**”) and/or Altruck International Truck Centres (“**Altruck**”). On the date of filing the NOI, each of Viking and Altruck were reflected as being owed money by Messenger for repairs to Messenger’s fleet.
21. On July 11, 2018, notwithstanding the filing of the NOI, Viking and Altruck each filed registrations with the Registry in respect of these unpaid repair services. Viking’s five lien registrations are intended to secure payment of \$6,675 and Altruck’s 10 registrations are intended to secure payment of \$11,679.
22. Messenger advised the Proposal Trustee of these registrations on July 24, 2018. The Proposal Trustee is carrying out further review and investigation into this matter.

## **173 ONT**

23. 173 ONT’s NOI lists creditors of approximately \$9.140 million, including a mortgage registered in favour of BNS of approximately \$6.07 million and arrears of property taxes owing to City of St. Thomas of approximately \$725,000. The other obligations are due to related parties. Messenger’s indebtedness to BNS in the amount of \$1,945,000 (included in the total in paragraph 16 above), which currently bears interest of approximately 20.7%, (including a PIK rate of 15%) is also secured by a mortgage registered against the Property.
24. Prior to the filing of the NOIs, on June 22, 2018, BNS served the Companies’ with demands and Notice of Intention to Enforce Security under section 244 of the BIA.
25. The Proposal Trustee has not yet sought an independent legal opinion on the validity and enforceability BNS’ security.

## **VII. CASH FLOW PROJECTIONS**

26. To date, the Companies have provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.



27. In accordance with the provisions of the BIA, the Companies filed with the Official Receiver a projected cash flow statement dated July 12, 2018, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Companies (the “**Cash Flow Projections**”). A copy of the Cash Flow Projections and related reports, are attached hereto as **Exhibit “B”**.
28. The Proposal Trustee has implemented procedures for monitoring the Companies’ receipts and disbursements and monitoring the business in order to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
29. The principal assumptions of the Cash Flow Projections are that:
- a. The projections are prepared on a consolidated basis as the operations of Messenger and 173 ONT are inter-dependent.
  - b. Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers.
  - c. Messenger will continue to obtain financing from Baron pursuant to the Factoring Agreement.
  - d. The supply of goods and services are assumed to be on a cash on delivery basis.
  - e. Wages, salaries and benefits are based on current payroll and contract requirements.
30. The Cash Flow Projections reflect that the Companies are expected to require funding of approximately \$154,200 through to the period ending September 28, 2018. Since filing the projections, the Companies, with the assistance of the Proposal Trustee, have negotiated arrangements whereby BNS has agreed to receive payments on account of interest only during the proposal proceedings. This accommodation arrangement with BNS will eliminate approximately \$132,000 of this deficiency. 173 ONT advises the Proposal Trustee that it also sought and obtained an accommodation arrangement from the City of St. Thomas, whereby the payment of post-NOI property taxes, estimated at \$58,346 (i.e., during the 13-week projection), can be deferred.

31. Based on the Proposal Trustee's review of the Cash Flow Projections, there are no material assumptions which seem unreasonable in the Companies' circumstances. The Proposal Trustee's report on the Cash Flow Projections, as required by Section 50.4(2)(b) of the BIA is attached hereto and marked as **Exhibit "C"**.
32. Based on the Cash Flow Projections and the accommodations provided by BNS and City of St. Thomas, the Companies appear to have sufficient funding through to the end of the requested extension of the NOI.

## **Fuel Suppliers**

### **Transit Petroleum Inc.**

33. Transit Petroleum Inc., a division of Hogg Petroleum ("**Transit Petroleum**"), previously supplied Messenger with a portion of the fuel it required to operate its fleet. Upon the filing of the NOI, Messenger met with representatives of Transit Petroleum to secure the supply of post-NOI fuel.
34. Soon after this preliminary meeting, on July 9, 2018, Transit Petroleum's legal counsel reached out to the Proposal Trustee to request a copy of Messenger's NOI and requested the Cash Flow Projections on behalf of its client. Transit Petroleum's legal counsel had raised with the Proposal Trustee the possibility of Messenger posting a security deposit to secure payment of post-NOI obligations.
35. On July 5, 2018, Transit Petroleum received payment via a pre-authorized payment in the amount of \$83,734.05 (the "**Retained Funds**"). On July 4, 2018 and July 5, 2018, Messenger attempted to stop this payment, which was in respect of the supply of pre-NOI fuel, first by approaching Transit Petroleum and then by contacting its credit union. Neither Transit Petroleum or the credit union were able to stop payment. Messenger had asked Transit Petroleum to apply the Retained Funds against the supply of post-NOI fuel, which request was refused. On July 19, 2018, Messenger's legal counsel directed an email message (the "**July 19<sup>th</sup> Email**") to Transit Petroleum's legal counsel demanding the return

of the Retained Funds to Messenger.<sup>4</sup> Messenger's counsel sent a follow up email on July 25, 2018. On July 26, 2018, Transit Petroleum's counsel advised that she would need to discuss Messenger's demand with her client and obtain instructions. However, she noted that she will not be able to do so until the week of July 30th when Transit Petroleum's owner returns to the office.

### **Petro Canada/Suncor**

36. Once it became apparent to Messenger that Transit Petroleum was not prepared to continue providing fuel to Messenger, Messenger approached Petro Canada. Petro Canada also sought protection for payment and sought a security payment be paid to secure post-NOI supplies.
37. On July 23, 2018, Messenger and Petro Canada discussed an arrangement whereby Petro Canada bills weekly for fuel used in the preceding week. Messenger proposed providing a \$70,000 security deposit to Petro Canada. Messenger also proposed making weekly payments to Petro Canada to pay for the fuel it purchases in the preceding week. At the time of writing this Report, the parties were still negotiating the terms of an arrangement.

### **VIII. ADMINISTRATIVE PROFESSIONALS CHARGE**

38. In order to protect the fees and expenses of the Administrative Professionals, the Companies' are seeking a charge (the "**Administrative Professionals Charge**") on the property and assets of the Companies to secure payment of the reasonable fees and expenses of the Administrative Professionals in an amount of \$75,000.
39. The Companies' are requesting that the Administrative Professionals Charge rank in priority to the claims of all secured and unsecured creditors over the property and assets of the Companies', and the rights of parties with properly perfected purchase-money-security-interests.

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<sup>4</sup> The Proposal Trustee, copied on the July 19<sup>th</sup> Email, forwarded the July 19<sup>th</sup> Email to Transit Petroleum's legal counsel after being

40. The Proposal Trustee recommends the Administrative Professional Charge be approved for the following reasons:

- a. each of the professionals whose fees are to be secured by the Administrative Professionals Charge has played and will continue to play a critical role in the Companies' restructuring or refinancing;
- b. The Companies' intend to satisfy the fees and disbursements of the Administrative Professionals from cash flow during the NOI proceedings. The Administrative Professionals Charge is sought to protect the Administrative Professionals in the event that the restructuring is not successful; and
- c. BNS has been notified of the Companies' request for the Administrative Professionals Charge, and the Proposal Trustee is advised that BNS does not oppose the Administrative Professionals Charge.

#### **IX. PROPOSED ADMINISTRATIVE CONSOLIDATION**

41. The Companies' are seeking a Procedural Order administratively consolidating Messenger's and 173 ONT's NOI proceedings to avoid a multiplicity of proceedings. The Companies' operations are fully integrated with substantially all of the Companies' management, accounting, banking, and administrative functions performed at Messenger's head office in St. Thomas, Ontario. The Companies also have common officers, directors and management.

42. The Proposal Trustee recommends the administrative consolidation of the Companies' NOI proceedings.

#### **X. EFFORTS TO RESTRUCTURE**

43. Since filing the NOI, the Companies have requested the Proposal Trustee's assistance in sourcing and negotiating satisfactory refinancing of the Companies' current mortgage and/or loan financing. The Companies' are currently engaged in discussions with seven (7) potential lenders.

44. During the extension period, the Companies, with the assistance of the Proposal Trustee, will facilitate further due diligence requests and site visits.

45. The refinancing may also provide the Companies' the financial means of making a viable proposal to its creditors.

**XI. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**

46. In order to allow the Companies' sufficient time to carry out a financial restructuring or refinancing of its business, and work towards filing a proposal to its creditors, the Companies seeks an extension of the time for filing of a proposal to September 14, 2018.

47. In view of the foregoing, the Trustee supports the Companies' request for an extension and has also considered:

- a. that the Companies are acting in good faith and with due diligence;
- b. that the extension should not adversely affect or prejudice creditors as the Companies are projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Cash Flow Forecast; and
- c. it is contemplated that the efforts to source refinancing will be fully negotiated or completed during the extension period.

**XII. CONCLUSION AND RECOMMENDATION**

48. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 7.

All of which is respectfully submitted on this 26th day of July, 2018.

**MNP Ltd.**

In its capacity as Trustee under  
The Notice of Intention to Make a Proposal of  
1787930 Ontario Inc. and 1732427 Ontario Inc.  
Per:

  
\_\_\_\_\_  
Sheldon Title

**Court No.: 35-2395481**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 178, OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

**-AND-**

**Court No.: 35-2395487**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 1732427 ONTARIO INC., OF THE CITY OF ST. THOMAS, IN THE PROVINCE OF ONTARIO**

	<p style="text-align: center;"><i>ONTARIO</i> <b>SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (IN BANKRUPTCY AND INSOLVENCY)</b></p>
	<p style="text-align: center;"><b>FIRST REPORT TO THE COURT</b></p>
	<p><b>MNP LTD.</b> 300-111 Richmond Street West Toronto, ON M5H 2G4</p> <p><b>Sheldon Title</b> Tel: (416) 263-6945 Fax: (416) 323-5242 Email: sheldon.title@mnp.ca</p>

# Exhibit "C"



1787930 Ontario Inc. and 1732427 Ontario Inc.  
 Projected Weekly Statements of Cash Flows  
 For the 13 weeks ended September 28, 2018

	Weekly												
	1	2	3	4	5	6	7	8	9	10	11	12	13
	06/07/2018	13/07/2018	20/07/2018	27/07/2018	03/08/2018	10/08/2018	17/08/2018	24/08/2018	31/08/2018	07/09/2018	14/09/2018	21/09/2018	28/09/2018
<b>Income Statement</b>													
<b>REVENUE</b>	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692
Total Revenue	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692
<b>COST OF GOODS SOLD</b>													
Wages and Benefits	86,856	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600
Fuel	137,827	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000
SubContract	63,386	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000
Contract Labour	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization - Cost of Trucking	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Equipment Rental	-	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Truck & Trailer Repairs Mtce	-	-	-	-	-	-	-	-	-	11,096	11,096	11,096	11,096
Towing	-	-	-	-	-	-	-	-	-	25	25	25	25
Vehicle Insurance	-	25	25	25	25	25	25	25	25	8,178	8,178	8,178	8,178
Communications	-	-	-	-	-	-	-	-	-	50	50	50	50
Licenses and Permits	3,348	8,178	8,178	8,178	8,178	8,178	8,178	8,178	8,178	50	50	50	50
Travel Expense	-	50	50	50	50	50	50	50	50	650	650	650	650
Shop Supplies	500	650	650	650	650	650	650	650	650	320	320	320	320
Warehouse Supplies	-	320	320	320	320	320	320	320	320	-	-	-	-
Postage Expense	1,800	-	1,800	1,800	1,800	1,800	1,800	1,800	1,800	677	677	677	677
Building and Yard Maintenance	-	677	677	677	677	677	677	677	677	1,208	1,208	1,208	1,208
Road Expense	-	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	-	-	-	-
Other	48,538	44,560	44,560	44,560	44,560	44,560	44,560	44,560	44,560	44,560	44,560	44,560	44,560
Rolling Stock Rental	342,254	355,268	357,068	355,268	357,068	355,268	357,068	355,268	357,068	366,364	368,164	366,364	368,164
<b>Total COGS</b>	65,438	52,424	50,624	52,424	50,624	52,424	50,624	52,424	50,624	41,328	39,528	41,328	39,528
<b>GROSS PROFIT</b>	16%	13%	12%	13%	12%	13%	12%	13%	12%	10%	10%	10%	10%
<b>OPERATING EXPENSES</b>													
Advertising & Promotion	-	200	200	200	200	200	200	200	200	200	200	200	200
Amortization - Office & Admin	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debts	-	2,333	2,333	2,333	1,867	1,867	1,867	1,867	1,867	2,333	2,333	2,333	2,333
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense - Scotia second mortgage	30	50	50	250	50	50	50	50	250	50	50	50	250
Bank Charges	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275	2,275
Interest on Capital Leases	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064	8,064
Interest on Factoring Loan	-	1,000	1,358	1,200	800	900	1,100	1,200	1,100	1,100	1,500	1,250	1,300
Office & General	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle	-	250	250	250	200	200	200	200	200	250	250	250	250
Other	-	1,750	1,750	1,750	1,400	1,400	1,400	1,400	1,400	1,750	1,750	1,750	1,750
WSIB	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	58,346	-	-	-	-	-	-	-	48,000	-
Property tax arrears payments	-	-	48,000	-	-	-	-	48,000	-	-	-	-	-
Scotia First Mortgage	10,270	-	-	10,270	-	-	-	10,270	-	-	-	-	10,270
Rental Expense - Cambridge	500	500	500	500	500	500	500	500	500	500	500	500	500
Repairs and Maintenance	13,761	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Salaries and Wages Admin & Indirect Labour	-	-	404	4,799	-	-	-	-	5,529	-	-	1,762	4,799
Utilities	-	-	-	4,500	-	-	-	-	4,500	-	-	-	4,500
Telephone	34,900	36,523	85,285	114,837	35,456	35,556	83,756	46,126	45,984	36,623	85,023	38,535	56,591
<b>Earnings from operations</b>	30,538	15,901	(34,661)	(62,413)	15,168	16,868	(33,132)	6,298	4,639	4,706	(45,494)	2,794	(2,559)
<b>Provision for Income taxes</b>	4,581	2,385	(5,199)	(9,362)	2,275	2,530	(4,970)	945	696	706	(6,824)	419	(2,559)
<b>Net earning for the period</b>	25,957	13,516	(29,462)	(53,051)	12,893	14,338	(28,162)	5,353	3,944	4,000	(38,670)	2,375	(14,504)
<b>Retained earnings - Beginning</b>	2,980,811	3,006,768	3,020,284	2,990,823	2,937,771	2,950,664	2,965,002	2,936,840	2,942,193	2,946,136	2,950,136	2,911,466	2,913,841
<b>Retained earnings - End</b>	3,006,768	3,020,284	2,990,823	2,937,771	2,950,664	2,965,002	2,936,840	2,942,193	2,946,136	2,950,136	2,911,466	2,913,841	2,899,337

1767930 Ontario Inc. and 1732427 Ontario Inc.  
 Projected Weekly Statements of Cash Flows  
 For the 13 weeks ended September 28, 2018

	Weekly												
	1	2	3	4	5	6	7	8	9	10	11	12	13
	06/07/2018	13/07/2018	20/07/2018	27/07/2018	03/08/2018	10/08/2018	17/08/2018	24/08/2018	31/08/2018	07/09/2018	14/09/2018	21/09/2018	28/09/2018
<b>Statement of Cash Flows</b>													
<b>Operating</b>													
Net Earnings	25,957	13,516	(29,462)	(53,051)	12,893	14,338	(28,162)	5,353	3,944	4,000	(38,670)	2,375	(14,504)
<u>Items not affecting cash</u>													
PIK Interest	5,611	5,619	5,635	5,651	5,667	5,684	5,700	5,716	5,733	5,749	5,766	5,783	5,799
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Changes in non-cash NWC</u>													
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	2,800	-	-	-	-	-	-	-	-	-	-	-	-
Payroll taxes arrears	5,000	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes arrears	(0)	-	-	-	-	-	-	-	-	-	-	-	-
WSIB arrears	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash from Operating Activities</b>	<b>39,368</b>	<b>19,135</b>	<b>(23,827)</b>	<b>(47,400)</b>	<b>18,560</b>	<b>20,021</b>	<b>(22,462)</b>	<b>11,070</b>	<b>9,677</b>	<b>9,749</b>	<b>(32,904)</b>	<b>8,157</b>	<b>(8,704)</b>
<b>Investing</b>													
<b>Cash from Investing Activities</b>													
<b>Financing</b>													
Increase (decrease) in short-term debt, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder loan repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
(Decrease) increase in obligations under capital le	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)	(18,803)
<b>Cash from Financing Activities</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>	<b>(18,803)</b>
<b>Net (decrease)/increase in cash</b>	<b>20,565</b>	<b>332</b>	<b>(42,630)</b>	<b>(66,204)</b>	<b>(243)</b>	<b>1,218</b>	<b>(41,265)</b>	<b>(7,733)</b>	<b>(9,127)</b>	<b>(9,054)</b>	<b>(51,707)</b>	<b>(10,646)</b>	<b>(27,508)</b>
<b>Cash/(Indebtedness) - Beg</b>	<b>89,816</b>	<b>110,381</b>	<b>110,713</b>	<b>68,083</b>	<b>1,879</b>	<b>1,636</b>	<b>2,854</b>	<b>(38,411)</b>	<b>(46,145)</b>	<b>(55,271)</b>	<b>(64,325)</b>	<b>(116,033)</b>	<b>(126,679)</b>
<b>Cash/(Indebtedness) - End</b>	<b>110,381</b>	<b>110,713</b>	<b>68,083</b>	<b>1,879</b>	<b>1,636</b>	<b>2,854</b>	<b>(38,411)</b>	<b>(46,145)</b>	<b>(55,271)</b>	<b>(64,325)</b>	<b>(116,033)</b>	<b>(126,679)</b>	<b>(154,186)</b>

1787930 Ontario Inc. and 1732427 Ontario Inc.  
 Projected Weekly Statements of Cash Flows  
 For the 13 weeks ended September 28, 2018

	Weekly												
	1	2	3	4	5	6	7	8	9	10	11	12	13
	06/07/2018	13/07/2018	20/07/2018	27/07/2018	03/08/2018	10/08/2018	17/08/2018	24/08/2018	31/08/2018	07/09/2018	14/09/2018	21/09/2018	28/09/2018
<b>Balance Sheet</b>													
<b>ASSETS</b>													
<b>Current</b>													
Cash (overdraft)	110,381	110,713	68,083	1,879	1,636	2,854	(38,411)	(46,145)	(55,271)	(64,325)	(116,033)	(126,679)	(154,186)
Accounts receivable													
Prepaid Expenses	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187	32,187
<b>Total current assets</b>	<b>142,568</b>	<b>142,900</b>	<b>100,270</b>	<b>34,066</b>	<b>33,823</b>	<b>35,041</b>	<b>(6,224)</b>	<b>(13,958)</b>	<b>(23,084)</b>	<b>(32,138)</b>	<b>(83,846)</b>	<b>(94,492)</b>	<b>(121,999)</b>
Due from related parties	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059	1,998,059
Property, plant and equipment	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203	5,454,203
<b>Total assets</b>	<b>7,594,830</b>	<b>7,595,162</b>	<b>7,552,532</b>	<b>7,486,328</b>	<b>7,486,085</b>	<b>7,487,303</b>	<b>7,446,038</b>	<b>7,438,304</b>	<b>7,429,178</b>	<b>7,420,124</b>	<b>7,368,416</b>	<b>7,357,770</b>	<b>7,330,263</b>
<b>LIABILITIES</b>													
<b>Current</b>													
Accounts payable and accrued liabilities	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Due to shareholder	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397	176,397
Payroll taxes payable	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546	261,546
Income taxes payable	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540	28,540
WSIB arrears	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852
BNS Second Mortgage	1,950,611	1,956,229	1,961,864	1,967,515	1,973,183	1,978,866	1,984,566	1,990,283	1,996,016	2,001,765	2,007,531	2,013,314	2,019,113
Current portion of capital lease obligations	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228	387,228
<b>Total current liabilities</b>	<b>4,514,173</b>	<b>4,519,792</b>	<b>4,525,427</b>	<b>4,531,078</b>	<b>4,536,745</b>	<b>4,542,429</b>	<b>4,548,129</b>	<b>4,553,845</b>	<b>4,559,578</b>	<b>4,565,328</b>	<b>4,571,094</b>	<b>4,576,877</b>	<b>4,582,676</b>
Long Term Debt													
Obligations under capital leases	1,503,861	1,485,058	1,466,255	1,447,451	1,428,648	1,409,845	1,391,042	1,372,239	1,353,435	1,334,632	1,315,829	1,297,026	1,278,222
<b>Total liabilities</b>	<b>6,018,034</b>	<b>6,004,850</b>	<b>5,991,681</b>	<b>5,978,529</b>	<b>5,965,393</b>	<b>5,952,274</b>	<b>5,939,171</b>	<b>5,926,084</b>	<b>5,913,014</b>	<b>5,899,960</b>	<b>5,886,923</b>	<b>5,873,902</b>	<b>5,860,898</b>
<b>SHAREHOLDER'S EQUITY</b>													
Capital Stock	100	100	100	100	100	100	100	100	100	100	100	100	100
Retained Earnings Opening	1,550,739	1,576,696	1,590,212	1,560,750	1,507,699	1,520,592	1,534,929	1,506,767	1,512,121	1,516,064	1,520,064	1,481,394	1,483,768
Add: Net Income/(Loss)	25,957	13,516	(29,462)	(53,051)	12,893	14,338	(28,162)	5,353	3,944	4,000	(38,670)	2,375	(14,504)
<b>Total shareholder equity</b>	<b>1,576,796</b>	<b>1,590,312</b>	<b>1,560,850</b>	<b>1,507,799</b>	<b>1,520,692</b>	<b>1,535,029</b>	<b>1,506,867</b>	<b>1,512,221</b>	<b>1,516,164</b>	<b>1,520,164</b>	<b>1,481,494</b>	<b>1,483,868</b>	<b>1,469,365</b>
<b>Total liabilities and equity</b>	<b>7,594,830</b>	<b>7,595,162</b>	<b>7,552,532</b>	<b>7,486,328</b>	<b>7,486,085</b>	<b>7,487,303</b>	<b>7,446,038</b>	<b>7,438,304</b>	<b>7,429,178</b>	<b>7,420,124</b>	<b>7,368,416</b>	<b>7,357,770</b>	<b>7,330,263</b>

1787930 Ontario Inc. and 1732427 Ontario Inc.

  
 Per Louise Vonk

MNP Ltd., In Its Capacity as Trustee Acting In Re: The Proposal of 1787930 Ontario Inc. and 1732427 Ontario Inc.

  
 Per Sheldon Title

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

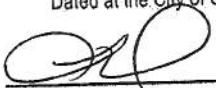
The Management of 1732427 Ontario Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 12th day of July 2018, consisting of Statement of Weekly Projected Cash Flow for the Period ending September 28, 2018.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of St. Thomas in the Province of Ontario, this 12th day of July 2018.

  
\_\_\_\_\_  
1732427 Ontario Inc.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing July 2, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

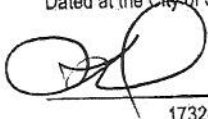
Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of St. Thomas In the Province of Ontario, this 12th day of July 2018.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

1732427 Ontario Inc.

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

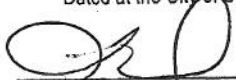
The Management of 1787930 Ontario Inc. cob as Messenger Freight Systems, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 12th day of July 2018, consisting of Statement of Weekly Projected Cash Flow for the Period ending September 28, 2018.

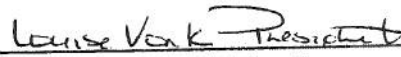
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of St. Thomas in the Province of Ontario, this 12th day of July 2018.

  
\_\_\_\_\_  
1787930 Ontario Inc. cob as Messenger  
Freight Systems  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing July 2, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

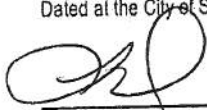
Assumptions:

4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.



Dated at the City of St. Thomas in the Province of Ontario, this 12th day of July 2018.

A handwritten signature in black ink, appearing to be the initials 'M' or 'D' with a large loop, positioned above a horizontal line.

1787930 Ontario Inc. cob as Messenger  
Freight Systems

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

The attached statement of projected cash flow of 1732427 Ontario Inc., as of the 12th day of July 2018, consisting of Statement of Weekly Projected Cash Flow for the Period ending September 28, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 or  the insolvent person 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing July 2, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

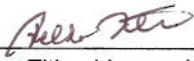
4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee

Per:



---

Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

The attached statement of projected cash flow of 1732427 Ontario Inc., as of the 12th day of July 2018, consisting of Statement of Weekly Projected Cash Flow for the Period ending September 28, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 or  the insolvent person 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing July 2, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

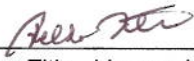
4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee

Per:



---

Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

The attached statement of projected cash flow of 1787930 Ontario Inc. cob as Messenger Freight Systems, as of the 12th day of July 2018, consisting of Statement of Weekly Projected Cash Flow for the Period ending September 28, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 or  the insolvent person 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242



District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing July 2, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.

b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.

c) The supply of goods and services are assumed to be on a cash on delivery basis.

d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.

e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.

f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of Toronto in the Province of Ontario, this 12th day of July 2018.

MNP LTD. - Licensed Insolvency Trustee

Per:



---

Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

# Exhibit "D"

1787930 Ontario Inc. and 1732427 Ontario Inc.  
 Updated Projected Weekly Statements of Cash Flows  
 For the 12 weeks ended November 23, 2018

Income Statement

	10	11	12	13	14	15	16	17	18	19	20	21
	07/09/2018	14/09/2018	21/09/2018	28/09/2018	05/10/2018	12/10/2018	19/10/2018	26/10/2018	02/11/2018	09/11/2018	16/11/2018	23/11/2018
	Weekly											
<b>REVENUE</b>	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692
Total Revenue	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692	407,692
<b>COST OF GOODS SOLD</b>	112,498	112,498	112,498	137,498	112,498	112,498	112,498	137,498	112,498	112,498	112,498	112,498
Wages and Benefits	115,258	92,686	92,686	92,686	90,178	90,178	90,178	90,178	90,178	90,178	90,178	90,178
Fuel	60,496	60,496	60,496	60,496	60,496	60,496	60,496	60,496	60,496	60,496	60,496	60,496
SubContract												
Contract Labour												
Amortization - Cost of Trucking	2,500	2,500	2,500	2,500	3,343	3,343	3,343	3,343	3,343	3,343	3,343	3,343
Equipment Rental	6,500	6,500	6,500	6,500	6,622	6,622	6,622	6,622	6,622	6,622	6,622	6,622
Truck & Trailer Repairs Mtrce					1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169
Towing				44,132				44,132				
Vehicle Insurance	25	25	25	25	101	101	101	101	101	101	101	101
Communications				25,634				20,838				
Licenses and Permits	50	50	50	50	44	44	44	44	44	44	44	44
Travel Expense	650	650	650	650	490	490	490	490	490	490	490	490
Shop Supplies	320	320	320	320	308	308	308	308	308	308	308	308
Warehouse Supplies				1,800	1,724	1,724	1,724	1,724	1,724	1,724	1,724	1,724
Postage Expense	677	677	677	677	510	510	510	510	510	510	510	510
Building and Yard Maintenance	1,208	1,208	1,208	1,208	988	988	988	988	988	988	988	988
Road Expense												
Other	50,352	49,005	49,005	49,005	49,005	49,005	49,005	49,005	49,005	49,005	49,005	49,005
Rollage Stock Rental	350,534	328,415	326,615	423,181	327,476	327,476	356,608	348,314	327,476	327,476	327,476	327,476
Total COGS	57,159	79,277	81,077	(15,489)	80,216	80,216	80,216	11,084	59,378	80,216	80,216	80,216
<b>GROSS PROFIT</b>	14%	19%	20%	4%	20%	20%	20%	3%	15%	20%	20%	20%
<b>OPERATING EXPENSES</b>	200	200	200	200	200	200	200	200	200	200	200	200
Advertising & Promotion												
Amortization - Office & Admin												
Bad Debts	2,333	2,333	2,333	2,333	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477
Insurance	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Interest expense - Scotia second mortgage	50	50	50	50	130	130	130	130	130	130	130	130
Bank Charges	5,034	947	233	5,320	543	1,174	333	5,249	651	638	934	4,793
Interest on Capital Leases												
Interest on Factoring Loan	1,100	1,500	1,250	1,300	434	1,174	333	5,249	651	638	934	4,793
Office & General												
Vehicle												
Other	250	250	250	250	2,654	2,654	2,654	2,654	2,654	2,654	2,654	2,654
WSIB	1,750	1,750	1,750	1,750	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125
Professional Fees												
HST Payment	48,000	48,000	48,000	48,000	6,086	6,086	6,086	6,086	6,086	6,086	6,086	6,086
Scotia First Mortgage	10,170	10,170	10,170	10,170	716	716	716	716	716	716	716	716
Rental Expense - Cambridge	500	500	500	500	12,009	12,009	12,009	12,009	12,009	12,009	12,009	12,009
Repairs and Maintenance	12,009	12,009	12,009	12,009	4,799	2,504	2,504	2,504	2,504	2,504	2,504	2,504
Salaries and Wages Admin & Indirect Labour	1,762	1,762	1,762	1,762	2,504	2,504	2,504	2,504	2,504	2,504	2,504	2,504
Utilities	4,500	4,500	4,500	4,500	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024
Telephone	35,622	69,765	22,563	45,607	38,314	38,945	38,104	43,020	48,592	38,409	38,705	42,564
<b>Earnings from operations</b>	21,537	9,512	58,514	(61,096)	41,903	41,271	42,112	(31,936)	10,786	41,807	41,511	37,652
<b>Provision for income taxes</b>												
<b>Net earning for the period</b>	21,537	9,512	58,514	(61,096)	41,903	41,271	42,112	(31,936)	10,786	41,807	41,511	37,652
<b>Retained earnings - Beginning</b>	2,998,823	3,020,360	3,079,872	3,088,386	3,027,290	3,069,193	3,110,464	3,152,576	3,120,640	3,131,426	3,173,233	3,214,744
<b>Retained earnings - End</b>	3,020,360	3,029,872	3,088,386	3,027,290	3,069,193	3,110,464	3,152,576	3,120,640	3,131,426	3,173,233	3,214,744	3,252,396

1787930 Ontario Inc. and 1732427 Ontario Inc.  
 Updated Projected Weekly Statements of Cash Flows  
 For the 12 weeks ended November 23, 2018

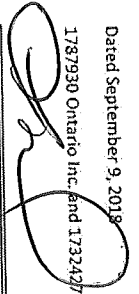
	10	11	12	13	14	15	16	17	18	19	20	21
	07/09/2018	14/09/2018	21/09/2018	28/09/2018	05/10/2018	12/10/2018	19/10/2018	26/10/2018	02/11/2018	09/11/2018	16/11/2018	23/11/2018
	Weekly											

Statement of Cash Flows

Operating												
Net Earnings	21,537	9,512	58,514	(61,096)	41,903	41,271	42,112	(31,936)	10,786	41,807	41,511	37,652
Items not affecting cash												
PIK Interest	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-cash NWC	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Payroll taxes arrears	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes arrears	-	-	-	-	-	-	-	-	-	-	-	-
WSIB arrears	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Operating Activities	21,537	9,512	58,514	(61,096)	41,903	41,271	42,112	(31,936)	10,786	41,807	41,511	37,652
Investing												
Cash from Investing Activities												
Financing												
Increase (decrease) in short-term debt, net	-	-	-	-	-	(6,933)	(6,933)	(6,933)	(6,933)	(6,933)	(6,933)	(6,933)
Shareholder loan repayment	-	-	-	-	-	(17,703)	(16,861)	(21,777)	(17,179)	(17,166)	(17,462)	(21,321)
Increase (decrease) in long-term debt	(21,562)	(17,475)	(16,761)	(21,846)	(17,071)	(17,703)	(16,861)	(21,777)	(17,179)	(17,166)	(17,462)	(21,321)
(Decrease) Increase in obligations under capital	(21,562)	(17,475)	(16,761)	(21,846)	(17,071)	(17,703)	(16,861)	(21,777)	(17,179)	(17,166)	(17,462)	(21,321)
Cash from Financing Activities	(21,562)	(17,475)	(16,761)	(21,846)	(17,071)	(17,703)	(16,861)	(21,777)	(17,179)	(17,166)	(17,462)	(21,321)
Net (decrease)/increase in cash	(25)	(7,963)	41,753	(82,944)	24,832	16,635	25,251	(53,713)	(6,393)	17,708	24,049	16,331
Cash/(Indebtedness) - Beg	34,273	34,248	26,285	68,038	(14,906)	9,925	26,561	51,811	(1,902)	(8,295)	9,413	33,462
Cash/(Indebtedness) - End	34,248	26,285	68,038	(14,906)	9,925	26,561	51,811	(1,902)	(8,295)	9,413	33,462	49,793

Dated September 9, 2018

1787930 Ontario Inc. and 1732427 Ontario Inc.



Per Louise Vonk

MNP Ltd., in its Capacity as Trustee Acting in Re: The Proposal of 1787930 Ontario Inc. and 1732427 Ontario Inc.



Per Matthew Lem

# Exhibit "E"

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

-- FORM 29 --

Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

The attached statement of projected cash flow of 1787930 Ontario Inc., as of the 9th day of September 2018, consisting of Amended Statement of Weekly Projected Cash Flow for the Period ending November 23, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 or  the insolvent person 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2018.

MNP LTD. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

FORM 29 - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Amended Statement of Weekly Projected Cash Flow has been prepared for the period commencing September 1, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Amended Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Amended Statement of Projected Cash Flow.

Assumptions:

4. The Amended Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2018.



MNP LTD. - Licensed Insolvency Trustee

Per:



---

Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

The attached statement of projected cash flow of 1732427 Ontario Inc., as of the 9th day of September 2018, consisting of Amended Statement of Weekly Projected Cash Flow for the Period ending November 23, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 or  the insolvent person 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 the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2018.

MNP LTD. - Licensed Insolvency Trustee

Per:



Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Amended Statement of Weekly Projected Cash Flow has been prepared for the period commencing September 1, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Amended Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Amended Statement of Projected Cash Flow.

Assumptions:

4. The Amended Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
- c) The supply of goods and services are assumed to be on a cash on delivery basis.
- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2018.

MNP LTD. - Licensed Insolvency Trustee

Per:



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Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario


The Management of 1787930 Ontario Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 9th day of September 2018, consisting of Amended Statement of Weekly Projected Cash Flow for the Period ending November 23, 2018.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of St. Thomas in the Province of Ontario, this 9th day of September 2018.

  
\_\_\_\_\_  
1787930 Ontario Inc.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395481  
Estate No. 35-2395481

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1787930 Ontario Inc. cob as Messenger Freight Systems  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Amended Statement of Weekly Projected Cash Flow has been prepared for the period commencing September 1, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Amended Statement of Projected Cash Flow.

3. Probable Assumptions

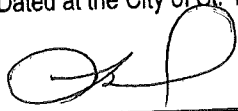
Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Amended Statement of Projected Cash Flow.

Assumptions:

4. The Amended Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
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- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of St. Thomas in the Province of Ontario, this 9th day of September 2018.

A handwritten signature in black ink, consisting of a large, stylized 'O' followed by a cursive flourish.

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1787930 Ontario Inc.

District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

The Management of 1732427 Ontario Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 9th day of September 2018, consisting of Amended Statement of Weekly Projected Cash Flow for the Period ending November 23, 2018.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of St. Thomas in the Province of Ontario, this 9th day of September 2018.



1732427 Ontario Inc.  
Debtor



Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer



District of: Ontario  
Division No. 05 - London  
Court No. 35-2395487  
Estate No. 35-2395487

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
1732427 Ontario Inc.  
of the City of St. Thomas  
in the Province of Ontario

Purpose:

1. The Amended Statement of Weekly Projected Cash Flow has been prepared for the period commencing September 1, 2018, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Amended Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Amended Statement of Projected Cash Flow.

Assumptions:

4. The Amended Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) These cash flow projections have been prepared on a consolidated basis as the operations of 1787930 Ontario Inc. cob Messenger Freight Systems and 1732427 Ontario Inc. (collectively, the "Companies") are inter-dependent.
- b) Revenues are based on historical results reflecting increases in transportation rates recently negotiated by the Companies with certain of its customers. 1787930 Ontario Inc. will continue to obtain financing from Baron Financing Incorporated ("Baron") by selling and assigning to Baron certain accounts receivable pursuant to the terms of a Full Factoring Agreement, dated January 26, 2018.
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- d) Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- e) No provision has been made for payment of obligations incurred prior to July 2, 2018, the filing date of the NOI.
- f) Wages, salaries and benefits - Based on current payroll and contract requirements.

Dated at the City of St. Thomas in the Province of Ontario, this 9th day of September 2018.

A handwritten signature in black ink, appearing to be the initials 'A.P.', written over a horizontal line.

1732427 Ontario Inc.

**IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF  
1732427 ONTARIO INC. AND 1787930 ONTARIO INC.  
BOTH OF THE CITY OF ST. THOMAS,  
IN THE PROVINCE OF ONTARIO**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

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**SECOND REPORT TO THE COURT**

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**MNP LTD.**  
300-111 Richmond Street West  
Toronto, ON M5H 2G4

**Sheldon Title**  
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Email: sheldon.title@mnp.ca