

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

**IN THE MATTER OF THE RECEIVERSHIP OF 2110458 ONTARIO
LIMITED O/A LORETTA FLOUR, 2131413 ONTARIO LIMITED O/A
LORETTA FOODS, 787755 ONTARIO LIMITED O/A NEW DURHAM
TRADING, AND O/A NDT FOOD SERVICE AND O/A SKYWAY
WHOLESALE AND TARBRAC HOLDINGS INC.**

**IN THE MATTER OF SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, as amended, and SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C. 43, as amended**

**SUPPLEMENT TO THE THIRD REPORT TO THE COURT
OF ERNST & YOUNG INC., AS RECEIVER**

May 12, 2011

BACKGROUND

1. On November 10, 2010, Bank of Montreal (“**BMO**”) made an application to the Ontario Superior Court of Justice (Commercial List) for an order, and the Court made an order, appointing Ernst & Young Inc. (“**EYI**”) as interim receiver (in such capacity, the “**Interim Receiver**”) pursuant to section 47(1) of the *Bankruptcy & Insolvency Act* (“**BIA**”) and pursuant to section 101 of the *Courts of Justice Act* (“**CJA**”) of the assets, undertakings and properties of 2110458 Ontario Limited (“**211**”) o/a Loretta Flour, 2131413 Ontario Limited (“**213**”) o/a Loretta Foods, 787755 Ontario Limited (“**787**”) o/a New Durham Trading and o/a NDT Food Service and o/a Skyway Wholesale, and Tarbrac Holdings Inc. (“**Tarbrac**”) (collectively, the “**Debtors**” or the “**Loretta Group**”).

2. On November 26, 2010, EYI was appointed as receiver and receiver and manager (the **"Receiver"**) of the Debtors pursuant to section 243 of the BIA and section 101 of the CJA.
3. In the Second and Third Reports of the Receiver dated February 9, 2011 and May 9, 2011, respectively, the Receiver reported to the Court on the sale process for the Food Service and Catering (**"Food Services"**) business of the Debtors to Jarvis Management Corp. (**"Jarvis"**) or its assignee Rosedale Food Company Inc. (**"Rosedale"**)

PURPOSE OF SUPPLEMENT

4. This is a supplement to the third report (the **"Third Report Supplement"**) of the Receiver. The purpose of this Third Report Supplement is to inform the Court of the commencement by Rosedale of formal insolvency proceedings.

ROSEDALE INSOLVENCY PROCEEDINGS

5. The Receiver has been informed by Schwartz Levitsky Feldman Inc., Trustee of the Estate of Rosedale, that:
 - (a) On May 9, 2011, Rosedale filed a Notice of Intention to make a Proposal to its creditors, pursuant to the *Bankruptcy & Insolvency Act*, and appointed Schwartz Levitsky Feldman Inc. as proposal Trustee;
 - (b) On May 10, 2011 Rosedale assigned itself into bankruptcy, pursuant to the *Bankruptcy & Insolvency Act*, and appointed Schwartz Levitsky Feldman Inc. as Trustee in Bankruptcy; and
 - (c) Rosedale has ceased all operations effective May 10, 2011.

SALE OF FOOD SERVICES TO ROSEDALE

6. As described in the Third Report, on February 16, 2011 the Court made an order (the **"Approval and Vesting Order"**), *inter alia*, approving the sale of the Food Services business of the Debtors to Rosedale and vesting title to the assets of the Food Services business to Rosedale, free and clear of all security interests, mortgages, claims, charges,

and encumbrances, subject only to the filing by the Receiver with the Court of a completion of sale certificate.

7. The sale of the Food Services business to Rosedale closed, and the Receiver filed the Food Services sale completion certificate with the Court on February 18, 2011. No sales proceeds remain owing by Rosedale and all conditions of sale were met by Rosedale and the Receiver.

All of which is respectfully submitted this 12th day of May 2011.

ERNST & YOUNG INC.

Acting in its capacity as Receiver and Receiver and Manager of
2110458 Ontario Limited o/a Loretta Flour, 2131413 Ontario Limited o/a Loretta Foods,
787755 Ontario Limited o/a New Durham Trading and o/a NDT Food Service and o/a Skyway
Wholesale, and Tarbrac Holdings Inc.
and not in its personal or corporate capacity.

Per:

A handwritten signature in black ink, appearing to be 'Mike Dean', written over a circular stamp or seal.

Mike Dean, CA●CIRP
Senior Vice-President

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PROCEEDINGS COMMENCED AT TORONTO

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YOUNG INC., AS RECEIVER**

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