Court File No. CV-10-8991-00CL

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 WHOLESALEAND 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

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

May 9, 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. A copy of the order appointing EYI as the Receiver (the "**Receivership Order**") is attached as Appendix "**A**" to this Report.

3. The Receivership Order, among other things, authorizes and empowers the Receiver to:

   (a) carry out the sale process developed by EYI, in its capacity as Interim Receiver, for the Food Services (as defined below) business of the Debtors substantially in accordance with the timeline annexed as Schedule "E" to the First Report of the Interim Receiver dated November 25, 2010 (the "**Food Services Timeline**"), with such changes as the Receiver considers necessary in its sole discretion, acting reasonably; and

   (b) sell the Property or any parts thereof outside the ordinary course of business:

      (i) without the approval of the Court in respect of any transaction not exceeding $250,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

      (ii) with the approval of the Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

   and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

4. On January 17, 2011, the Court made an order approving a marketing and sale process of the "Loretta Flour Division" (the "**Flour Business**") and the "Loretta Spice Division" (the "**Spice Business**") of the Debtors (the "**Flour and Spice Sale Process Order**"). The Flour and Spice Sale Process Order is attached as Appendix "**B**" to this Report.

5. 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

Food Company Inc. (**"Rosedale"**) (the assignee of Jarvis Management Corp., the initial purchaser) 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. A copy of the Approval and Vesting Order is attached as Appendix **"C"** to this Report.

PURPOSE

6. This is the third report of the Receiver. The purpose of this Third Report is to:

(a) report to the Court on the completion of the sale process of the Food Service and Catering (**"Food Services"**) business of the Debtors;

(b) report to the Court on the sale process in respect of the Flour and Spice Businesses of the Debtors and the other initiatives of the Receiver to realize on the assets of the Spice Business;

(c) report to the Court on the steps taken by the Receiver to collect the offshore accounts receivable from the Trading Business (as defined below) of the Debtors, and the results to date from those procedures;

(d) report to the Court on the bankruptcy of Tarbrac's subsidiary, North Dakota Holdings Limited (**"NDHL"**);

(e) provide an update to the Court on the issues encountered by the Receiver with respect to lease agreements previously entered into by the Debtors, as described in the Second Report of the Receiver dated February 9, 2011 (the **"Second Report"**);

(f) provide an update to the Court on the disposition of insurance proceeds payable in connection with the theft of a Harley Davidson motorcycle leased by 787, as initially described in the Second Report; and

(g) request that the Court grant an Order:

(i) approving the asset purchase agreement (the "**JEF APA**") in respect of the Flour Business (the "**JEF Transaction**") between the Receiver and JE Fininvest Ltd. ("**JEF**" or the "**Purchaser**");

(ii) vesting all of the Debtors' right, title and interest in and to the assets of the Flour business to JEF free and clear of all security interests, mortgages, claims, charges, and encumbrances, as more fully detailed in the draft order included in the Receiver's motion materials, subject only to the filing by the Receiver with the Court of a completion of sale certificate, which will be filed by the Receiver forthwith after the closing of the JEF Transaction;

(iii) vesting all of the Debtors' right, title and interest in and to the trademarks and design mark used in the Spice Business (the "**Spice Intellectual Property**") to Poppa Corn Corp. free and clear of all security interests, mortgages, claims, charges, and encumbrances, as more fully detailed in the draft order included in the Receiver's motion materials;

(iv) sealing certain confidential appendices to the Third Report; and

(v) approving the activities of the Receiver as described in this Report.

Terms of Reference

7. In preparing this Third Report, the Receiver has relied upon the books and records of the Debtors, conversations with operating management and employees of the Debtors, and other information from various sources. The Receiver has assumed that the information it has been provided is accurate and complete. The Receiver has not audited, reviewed or otherwise verified such information.

FOOD SERVICES SALE

8. 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. A copy of the Food Services Sale Completion Certificate is attached hereto as Appendix "**D**".

9. Subsequent to the completion of the sale, the Receiver and Rosedale dealt with certain transitional issues that were not specifically addressed in the asset purchase agreement (the "**Rosedale APA**"). These issues include:

(a) Although Rosedale and the Receiver made efforts to communicate with Food Services customers to achieve a clean cut-off between pre-closing and post-closing receipts, a number of customers continued to remit cheques and wire transfers to the Receiver after the closing date. The Receiver has conveyed all such amounts to Rosedale;

(b) Although Rosedale is not obligated under the Rosedale APA to provide any assistance to the Receiver in dealing with Equipment Lessors (as defined below), it has nonetheless agreed to allow representatives of one Equipment Lessor to have access to the Mississauga premises of the Debtors (the "**Davand Premises**") for the purposes of attempting to determine whether any of the Food Services assets were, in fact, property described in their lease agreements. To avoid business disruption and to limit its liability, Rosedale has requested that any such access occur only outside its normal operating hours and that the Equipment Lessor execute a release and indemnity agreement with respect to any access to the roof of the Davand Premises. The Receiver is of the view that these conditions are reasonable in the circumstances; and

(c) Although the Rosedale APA allows the Receiver access to and use of part of the head office portion of the Davand Premises until March 31, 2011, Rosedale agreed to extend this to April 15, 2011 to facilitate the Receiver's realization initiatives, as discussed in greater detail below.

FLOUR AND SPICE SALE PROCESS

Identifying and Contacting Potential Purchasers

10. In the Second Report, the Receiver provided a general description of the status of its marketing and sale efforts relating to the Flour and Spice Businesses, including certain modifications made to improve or refine that process. A more detailed and/or updated description of that process is set out below.

11. The Receiver finalized the information memorandum (the **"Information Memorandum"**) for distribution to potential purchasers of the Spice Business and/or Flour Business on January 26, 2010, which was approximately two weeks later than contemplated in the timeline approved by the Court and attached as Schedule A to the Flour and Spice Sale Process Order, due primarily to difficulty in obtaining separate financial information for Food Services. However, the offer deadline of March 4, 2011 set out in the Flour and Spice Sale Process Order remained unchanged.

12. The Information Memorandum included detailed descriptions of all the assets of the Spice Business and Flour Business available for sale, including the intellectual property utilized in each business. The tender process offered the assets of the Spice Business and the Flour Business for sale only by *en bloc* purchase of one or both businesses.

13. The Receiver advertised the sale process in the national edition of the Globe and Mail on February 5, 2011 and in Milling and Baking News, a monthly food industry publication, on February 22, 2011. Copies of these advertisements are attached as Appendix "**E**" to this Report.

14. The Receiver identified and contacted, or was contacted by, 31 parties likely to have an interest in acquiring the Flour Business and 56 parties likely to have an interest in acquiring the Spice Business.

15. Before the offer deadline of March 4, 2011, the Receiver also:

    (a) distributed the Information Memorandum to 69 parties who expressed an interest in further evaluating the opportunity;

(b) allowed 25 of the parties who received a copy of the Information Memorandum and who signed a confidentiality agreement satisfactory to the Receiver to access an electronic data room containing detailed financial and other information relating to the Flour and Spice Businesses, including a detailed Spice inventory listing from a physical count conducted by employees of the Spice Business on January 31, 2011; and

(c) provided six tours of the Whitby premises of the Debtors (the "**Whitby Premises**") and eight tours of the other Mississauga business premises of the debtors (the "**Sismet Premises**") to potential purchasers, including two parties who toured both facilities.

Other Actions of the Receiver

16. The Receiver also:

(a) arranged for an appraisal and auctioneering firm to tour the Sismet Premises and to provide the Receiver with an appraisal of the Spice production equipment and racking on an "as is, where is" basis. The Interim Receiver had previously arranged for the same firm to tour the Whitby Premises and to provide the Interim Receiver with an appraisal of the Flour production equipment and racking on an as is, where is basis; and

(b) arranged for two appraisal and auctioneering firms, including the firm that prepared the appraisals mentioned above, to tour the Sismet Premises and the Whitby Premises and requested that those firms provide the Receiver with proposals for the liquidation of the production equipment, racking and the remaining inventory at those locations.

17. The appraisals and liquidation proposals were used by the Receiver (in conjunction with the Spice inventory count information and the Flour and Spice accounts receivable balances) to estimate the realizations potentially available if the Spice and/or Flour Businesses were wound down by the Receiver rather than sold *en bloc*. The appraisals,

liquidation proposals and the Receiver's own realization estimates were not provided to potential purchasers.

Offers Received

18. The deadline for receipt of offers to purchase the Flour and/or Spice Businesses was on March 4, 2011 at noon Toronto time. On March 4, 2011, the Receiver received certain offers (collectively, the "**Offers**"), a number of which were delivered to the Receiver after noon Toronto time. Attached hereto as Appendix "**F**" is a summary of the Offers. In order to prevent any prejudice if the JEF Transaction is not completed, the Receiver hereby requests that Appendix "F" be sealed by order of this Court pending completion of the JEF Transaction.

Further Discussions and Negotiations

19. After considering the Offers, the Receiver advised each of the parties that it was rejecting all Offers but was willing to commence private negotiations with each of them, with the intention of reaching an agreement to sell the Flour and/or Spice Businesses on traditional "as is, where is, no representations, no warranties" receivership sale terms.

20. Beginning on March 7, 2011, the Receiver entered into discussions with the parties that submitted Offers, and with certain other potential purchasers that had expressed strong interest but had not submitted Offers, in order to:

(a) clarify certain terms and conditions included with their Offers;

(b) attempt to resolve certain inconsistencies between their respective Offers and the Receiver's preferred transaction structure; and

(c) conduct additional facilities tours for certain of the parties who requested such further access,

with a view to negotiating satisfactory agreements for the sale of the Flour and/or Spice Businesses.

21. The Receiver did not establish a specific deadline for the submission of revised offers because of the logistics involved in discussions with multiple parties, certain of which had made Offers in respect of only one business and certain of which had made Offers to acquire both the Flour and Spice Businesses.

Decision to Liquidate the Spice Business

22. Based on the Offers received and the status of further discussions, the Receiver concluded that it was unlikely that an agreement to sell the Spice Business for more than the expected proceeds from liquidation of the Spice Business could be negotiated on a timely basis, if at all. Accordingly, the Receiver commenced the liquidation of the Spice Business (as discussed in greater detail below), notified the potential purchasers with whom it had been in discussions of that liquidation, and returned the deposit cheques that had been submitted with certain of the Offers to the respective offerors.

The JEF Transaction

23. By March 31, 2011, the Receiver and JEF succeeded in negotiating the JEF APA. Attached hereto and marked as Appendix **"G"** is a redacted copy of the executed JEF APA. In order to prevent any prejudice if the JEF Transaction is not completed, the Receiver hereby requests that the copy of the unredacted JEF APA be sealed by order of this Court pending completion of the JEF Transaction contemplated therein.

24. A condition of the JEF APA was that the Purchaser was to obtain the consent of the landlord of the Whitby Premises to assign the lease. On May 2, 2011 the Purchaser waived the condition for landlord consent. The only significant remaining condition to closing is the Receiver obtaining an approval and vesting order from this Honourable Court in respect of the JEF Transaction.

Receiver's Conclusion and Recommendation

25. The Receiver is of the view that the consideration from the JEF Transaction, if completed, represents the maximum realization available in the circumstances from the Flour assets:

(a) the consideration under the JEF APA represents the highest price offered following a marketing process in which:

(i) offers were solicited from all parties indicated by the Receiver's research to be likely potential purchasers of the Flour Business, including all known Canadian flour manufacturers; and

(ii) in order to bring the opportunity to purchase the Flour Business to the attention of industry participants that might not have been identified by the Receiver, the sale of the Flour Business was advertised in the Globe and Mail and in a monthly food industry publication; and

(b) the consideration under the JEF APA is substantially higher than the expected realizations (based on the equipment appraisal obtained, inventory count conducted and accounts receivable balances for the Flour business) if the Flour Business assets were liquidated by auction.

26. In addition, the Receiver notes that the JEF Transaction:

(a) is a straightforward cash transaction that:

(i) if approved by the Court, can be closed forthwith after such approval; and

(ii) does not involve adjustments for inventory or accounts receivable levels, and should therefore be inexpensive to close; and

(b) if completed, potentially provides the personnel employed by the Flour Business with new employment as the Receiver understands that JEF intends to operate the Flour Business.

27. Accordingly, the Receiver recommends that the Court grant the requested order, discussed in further detail below, approving the JEF APA and vesting title in the purchased assets in and to JEF.

LIQUIDATION OF THE SPICE BUSINESS

28. As described above, the Receiver concluded that it was unlikely that an agreement could be negotiated on a timely basis, if at all, to sell the Spice Business for more than the expected proceeds from liquidation of the Spice Business. Accordingly, the Receiver commenced the liquidation of the Spice Business.

29. In order to liquidate the Spice Business, the Receiver has done the following:

(a) arranged for the employees of the Spice Business to conduct an updated physical count of the remaining finished goods and raw materials inventory, and to notify the Receiver of the finished goods that could potentially be produced from the raw materials inventory;

(b) circulated a list of the remaining finished goods inventory, and potential additional finished goods that could be produced from the remaining raw materials inventory, first to the eight major customers that comprise the vast majority of the remaining accounts receivable of the Spice Business and then to other major customers. The sales personnel of the Spice Business offered this remaining inventory to the major customers at a discount, on the condition that (i) at or before delivery, the customer must provide a certified cheque in the amount of the full purchase price of the inventory plus the customer's outstanding accounts receivable balance; and (ii) before the customer's order is accepted it must execute a Bill of Sale satisfactory to the Receiver in respect of the sale;

(c) entered into an agreement with Danbury Industrial ("**Danbury**") to sell the remaining fixed assets and inventory of the Spice Business by auction at the Sismet Premises on April 6, 2011. The agreement with Danbury provides that Danbury will pay the Receiver a net minimum amount, and that any auction proceeds in excess of such net minimum plus a specified amount for Danbury's costs and profit will be shared between the Receiver and Danbury on an 85/15 percent basis, respectively. The auction was conducted as scheduled on April 6, 2011. The Receiver has not yet received the final accounting of the auction from

Danbury, but based on preliminary comments from Danbury the Receiver expects that the net amount paid to the Receiver by Danbury will be approximately $100,000;

(d) with the assistance of Danbury, disposed of a substantial quantity of inventory at the Sismet premises that was many months past its "best before" dates. This included (i) almost 12,000 cases of flax and sunflower seed oil with expiry dates in early 2010, and (ii) approximately 12 skids of packaged food mixes with expiry dates several years before the date of the Receivership Order. The business rationale for the Debtors having purchased or retained these items is not known;

(e) the Receiver notes that when an inventory count was conducted at the outset of the interim receivership, the Spice personnel had apparently been directed by the Debtors' management to re-label the cases of flax and sunflower seed oil with later expiry dates to facilitate its potential future sale. It is the Receiver's understanding that none of the re-labelled product was sold during the interim receivership. Upon its appointment, the Receiver promptly stopped all efforts to sell this product for human consumption due to health concerns. Danbury, on behalf of the Receiver, first attempted to negotiate the sale of the flax and sunflower seed oil to producers of biodiesel fuels but was unable to do so. As a result, the Receiver, with Danbury's assistance, disposed of the expired products at a nominal cost to the Loretta Group;

(f) terminated the employment by the Debtors of all Spice personnel who are not required for the realization and disposal initiatives described above; and

(g) notified the landlord of the Sismet Premises that the Receiver would vacate the Sismet Premises and disclaim the lease of the Sismet Premises on April 15, 2011, and negotiated an agreement with the landlord of the Sismet Premises that the Receiver would pay rent for the Sismet Premises only to the date it vacated the premises. The Receiver vacated the Sismet Premises on April 15 as agreed.

30. In addition to the actions described above, the Receiver notified all potential purchasers of the Spice Business, who were industry participants and who received a copy of the Information Memorandum, that the Receiver would accept "as is, where is" cash offers for the Spice Intellectual Property until 11 a.m. Toronto time on March 31, 2011. Only one of the parties contacted submitted an offer (the "**March 31 IP Offer**") by the deadline. The quantum of the March 31 IP Offer was insufficient to warrant the cost that would be incurred by the Receiver to complete the transaction, and accordingly the Receiver notified the offeror that it rejected the March 31 IP Offer.

31. Following the Receiver's rejection of the March 31 IP Offer, two other parties who were previously contacted by the Receiver expressed continued interest in the Spice Intellectual Property. One of these parties was Poppa Corn. The Receiver invited offers from these two parties, and from the party that submitted the March 31 IP Offer, with no specific deadline.

32. On April 11, 2011, the Receiver received an offer from Poppa Corn in the amount of $31,008.01 ("**Initial Poppa Corn Offer**"), including a deposit of $15,000.00. Neither of the other two parties contacted submitted an offer.

33. The terms of the Initial Poppa Corn Offer also required the Receiver to bring a motion (the "**Spice Intellectual Property Motion**") for an order approving the sale and vesting title to the Spice Intellectual Property in and to Poppa Corn free and clear of all encumbrances. In addition, Poppa Corn wished to close its purchase of the Spice Intellectual Property in advance of the Receiver bringing the Spice Intellectual Property Motion so that Poppa Corn could begin producing and selling product using the Spice Intellectual Property immediately.

34. After further negotiations, the Receiver and Poppa Corn entered into a side letter (the "**Side Letter**" and together with the Initial Poppa Corn Offer, the "**Poppa Corn Offer**") pursuant to which:

(a) Poppa Corn agreed to pay an additional $7,500.00 in respect of the fees and disbursements of the Receiver to make the Spice Intellectual Property Motion; and

(b) the Receiver agreed, on certain terms, to bring the Spice Intellectual Property Motion following the closing of the sale of the Spice Intellectual Property to Poppa Corn.

35. The Receiver accepted the Poppa Corn Offer on April 14, 2011 and the sale of the Spice Intellectual Property to Poppa Corn closed on April 15, 2011. Attached as Appendix "**H**" are the Receiver's executed Bill of Sale and Assignment with/to Poppa Corn and the executed Side Letter.

36. Based on its efforts to sell the assets of the Spice Business and to sell the Spice Intellectual Property as described above, the Receiver is of the view that the Poppa Corn Offer represented the maximum realization of the Spice Intellectual Property available in the circumstances.

37. Despite the Receiver agreeing to the Spice Intellectual Property Motion in respect of the sale to Poppa Corn as set out in the Side Letter, the Receiver, with the agreement of Poppa Corn, will now only seek a vesting order in respect of the sale transaction with Poppa Corn. Upon further consideration of the issue, the Receiver and Poppa Corn agreed that there is no need for an order approving the sale transaction since the Receivership Order authorizes the Receiver to sell property outside the ordinary course of business of the Debtors without the approval of the Court in respect of any transaction not exceeding $250,000 and the sale transaction has already closed. Accordingly, the Receiver recommends that the Court grant the order vesting the Debtors' right, title and interest in and to the Spice Intellectual Property in Poppa Corn, free and clear of any encumbrances.

OFFSHORE ACCOUNTS RECEIVABLE

Background

38. In addition to the accounts receivable related to the Food Services Business (which accounts receivable were sold to Rosedale pursuant to the Rosedale APA), the Flour Business (which accounts receivable are proposed to be sold to JEF as part of the JEF Transaction) and the Spice Business (the remainder of which are being collected by the Receiver as part of the liquidation described above), the books and records of the Loretta Group indicate that the Debtors' assets include approximately U.S. $25.6 million in net accounts receivable related to the spice and flour trading business (the "**Trading Business**") formerly conducted by 787. Of this amount, the Debtors had factored approximately U.S. $16.4 million, and received advances from Bank of Montreal ("**BMO**"), pursuant to a discounting facility agreement between 787 and BMO.

Description of BMO Factoring Arrangements

39. The majority of the debt owed to BMO arose under the factoring facility between 787 and BMO. Under this facility, specific invoices insured by the Export Development Corporation ("**EDC**") were sold by 787 to BMO, which paid 90% of the face amount of each such invoice to 787. The invoice balances were then payable directly to BMO, which would retain the first 90% of the proceeds plus interest and administrative costs and pay the remainder to 787. BMO had recourse to the other assets of the Debtors in the event it was unable to collect 90% of the proceeds of a particular invoice plus interest and administrative costs. The program was administered for BMO by Brome Financial Corporation Inc. ("**Brome**") as servicing agent.

40. Pursuant to a tripartite agreement between 787, BMO and EDC, in order for an invoice to be factored, the customer in question must be known to EDC and both the invoice amount, and the aggregate amount of all customer invoices factored, must be within credit limits established by EDC for that customer. In addition, the documentation requirements for an invoice to be factored are substantial, and include, among other documents:

(a) a copy of the customer's purchase order(s) for the goods comprising the invoice;

(b) a copy of the packing slip(s), including the signature of a representative of the customer on each packing slip acknowledging that the goods listed on the packing slip have been received or picked up by the customer;

(c) a notice indicating that the invoice has been sold to BMO and that payment must be remitted to a specified bank account (the "**Brome Account**") maintained by Brome as servicing agent for BMO. This notice must be signed by a representative of 787, and a representative of the customer must sign the notice in acknowledgment that (i) the goods comprising the invoice were delivered and are satisfactory to the customer, and (ii) the balance of the invoice will be remitted, without set-off or any other reduction, to the Brome Account (or as otherwise directed by BMO) on its due date as specified on the notice.

41. As at November 10, 2010, invoices with a total face value of approximately U.S. $16.4 million that had been factored were outstanding. Approximately U.S. $1.7 million of this amount consisted of invoices owed by PHS Group Inc. ("**PHS**"). The balance was owed by a total of 17 customers that were variously located in the United States, Brazil, Singapore, India and Pakistan. BMO has provided the Receiver with copies of the factoring documentation for all factored accounts receivable.

Receiver Notices to Factored Accounts Receivable

42. In early December 2010, after discussion with BMO, the Receiver sent letters to each of the customers for which factored invoices were outstanding, requesting that payment be remitted for the outstanding invoices. Each letter explained the appointment of the Receiver, indicated that BMO had authorized the Receiver to collect the factored invoice(s) on its behalf, and appended both a copy of the Receivership Order and a copy of all factoring documentation provided to the Receiver by BMO with respect to the invoices in question.

43. To maximize the likelihood that the letters would come to the attention of the customers, the letters (in each case, with appendices) were sent:

(a) by courier to the address noted on the invoice, notice and other factoring documentation;

(b) where one or more fax numbers were indicated on the factoring documentation or were otherwise known to Brome, by fax transmission to each such fax number; and

(c) where one or more e-mail addresses were indicated on the factoring documentation or were otherwise known to Brome, by e-mail to each such e-mail address.

44. As at the date of this Report, the outcome of sending the letters has been as follows:

(a) no monies have been paid to the Receiver by any of the customers to whom the letters were sent, and not a single customer has acknowledged that the amount indicated is in fact owed;

(b) six customers, with factored invoices in the aggregate amount of approximately U.S. $4.4 million, replied almost immediately to the letter. Three of these customers were located in the United States, and one was located in each of Singapore, Brazil and Pakistan. Replies from these customers were variously received by telephone, by e-mail and/or by couriered letter from counsel to the customer. Each of these customers indicated (i) that they had no previous business dealings with 787, (ii) that they had no knowledge of the factoring arrangements indicated by the documentation appended to the letter, and (iii) that the individuals who had executed the factoring documentation forwarded by the Receiver were not employees, officers or directors of their respective organizations;

(c) one customer replied by e-mail, asserting that the goods had never been shipped, refusing to pay the invoice, and threatening litigation against the Receiver in India if the goods ordered were not shipped. The customer did not provide an explanation as to why, if the goods ordered had not been shipped, the customer signed the acknowledgment portion of the notice described in paragraph 40(c) above. There has been no further communication from this customer and to the best of the Receiver's knowledge, no litigation has been initiated;

(d) as discussed in greater detail below, PHS and certain of its affiliates have filed voluntary petitions for bankruptcy under Chapter 7 of Title 11 of the *United States Bankruptcy Code*; and

(e) for the remaining ten customers, with factored invoices in the aggregate amount of approximately U.S. $10.2 million, the courier package was returned as undeliverable and/or the Receiver was unable to fax the letter because the fax number indicated was invalid and/or at least one of the e-mails containing the letter was returned because the e-mail address was invalid. The Receiver has not received a response from any of these customers. According to the applicable factoring documentation, all of these customers are located in India or Pakistan.

Chapter 7 Proceedings for PHS and Affiliated Companies

45. On January 28, 2011, Synergy Brands, Inc. ("**Synergy**"), a Delaware corporation, and two of its subsidiaries, PHS and SYBR.com Inc. (a New Jersey corporation), filed voluntary petitions for bankruptcy under Chapter 7 of Title 11 of the *United States Bankruptcy Code* ("**Chapter 7**") in the United States Bankruptcy Court for the Eastern District of New York (the "**EDNY Court**").

46. The Chapter 7 filings did not initially involve Synergy's subsidiary Quality Food Brands, Inc. ("**Quality**"), a Nevada corporation based in Monroe, Michigan, which continued to operate as a going concern. On March 22, 2011, however, Quality commenced an assignment for the benefit of creditors, a Michigan state-law insolvency proceeding, in the Monroe County Circuit Court in Monroe, Michigan. On April 5, 2011, certain creditors of PHS, including Signature, filed an involuntary bankruptcy petition against Quality in the EDNY Court to force Quality into Chapter 7 bankruptcy. The filing of the involuntary petition has stayed the Michigan assignment for the benefit of creditors action. At the moving parties' request, the EDNY Court appointed PHS's Chapter 7

trustee as the interim Chapter 7 trustee in the Quality case. The EDNY Court has not yet entered an order for relief granting the involuntary petition.

47. From its discussions with Mr. Gatti and various employees of the Loretta Group and its review of the books and records of the Loretta Group, the Receiver understands that Synergy and its subsidiaries collectively had an extensive business relationship with the Loretta Group.

48. The records of the Debtors indicate that the Debtors are owed a net total of approximately U.S. $1.3 million by Synergy and PHS, including the factored accounts receivable of approximately U.S. $1.7 million described above that PHS acknowledged and agreed to pay without set-off. At present it is unclear whether the Debtors will receive any distribution in respect of these amounts in the various Chapter 7 proceedings.

49. In addition, the records of the Flour Business indicate a balance of approximately U.S. $360,000 is owed by Quality, although a representative of Quality had previously indicated to the Receiver that no amount would be paid to any of the Debtors for reasons that include alleged set-off and quality defect claims. This account receivable will be sold to JEF as part of the JEF Transaction.

Other Trading Business Accounts Receivable

50. In addition to the factored accounts receivable described above, the detailed accounts receivable listings of the Debtors reflect net Trading Business accounts receivable of approximately U.S. $9.2 million, representing approximately U.S. $19.2 million due from customers with positive accounts receivable balances less approximately U.S. $10.0 million in accounts receivable with credit balances. There is limited overlap between the customers with positive balances and the customers with credit balances.

51. Of the customers comprising the U.S. $19.2 million in positive Trading Business accounts receivable balances:

(a) approximately U.S. $7.4 million represents amounts recorded as being owed by customers who, in connection with the Receiver's attempts to collect the factored accounts receivable, have already denied ever having done business with the Debtors, as described in paragraph 44(b) above;

(b) approximately U.S. $3.0 million represents amounts recorded as being owed by customers whom the Receiver has been unable to contact in its attempts to collect the factored accounts receivable, as described in paragraph 44(e) above; and

(c) approximately U.S. $8.75 million represents amounts recorded as being owed by eight customers with whom the Receiver has had no prior communication.

Based on the outcome of its attempts to collect the factored accounts receivable owed by the customers described in the first two categories above, the Receiver is of the view that the remaining Trading Business accounts receivable for those customers are not genuine. Accordingly, given the limited realizations now expected in the Loretta Group, the Receiver does not intend to expend further professional fees attempting to pursue the accounts receivable in either of the first two categories above.

52. The Receiver has sent letters to the eight customers whose accounts comprise the remaining Trading Business receivables of approximately U.S. $8.75 million, which letters demand payment of those balances. The Receiver will report further to the Court in connection with these collection efforts.

BANKRUPTCY OF NDHL

53. On February 28, 2011, following an application by Brome in its capacity as a creditor of NDHL, the Registrar of the Court made an order adjudging NDHL bankrupt and appointing Grant Thornton Inc. as trustee in bankruptcy (the "**NDHL Trustee**"). Copies of public information related to the NDHL bankruptcy can be found at http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/northdakota.

54. Based on its discussions with the NDHL Trustee, the Receiver understands that Brome, the first-ranking secured creditor of NDHL, will likely incur a significant shortfall in

respect of its secured advances to NDHL. Accordingly, it appears unlikely that Tarbrac's ownership interest in Brome has any realizable value.

55. Although the assets of NDHL were not pledged as security for the BMO Loans or the Signature Loans, NDHL is a wholly-owned subsidiary of Tarbrac and, like the Debtors, appears to have operated under the overall direction of Mr. Gatti. In addition, certain of the records of NDHL have been located by the Receiver (or Mr. Gatti has apparently told the NDHL Trustee they are located) on the premises of the Debtors and certain of the recorded transactions of NDHL, such as sales of flour to third parties, may have involved the Debtors. Accordingly, subject to the funding constraints in the respective proceedings, the Receiver and the NDHL Trustee have been working cooperatively to share information to the extent doing so is in the interests of their respective creditors.

UPDATE ON EXPECTED DISTRIBUTIONS

56. Based on realizations to date in the Loretta Group receivership, and expected realizations from the remaining assets of the Debtors, unless substantial amounts are collected from the remaining Trading Business receivables described above it is doubtful that aggregate realizations from the assets of the Debtors will be sufficient to pay the combined amount of (i) the allocation of the fees and expenses that are subject to the Receiver's Charge (as defined in the Receivership Order), and (ii) the aggregate amount borrowed under Receiver's Certificates (collectively the "**Priority Charges**"). Following the sale of the Flour Business, the Receiver intends to provide a further report to the Court setting out the basis on which the Receiver proposes to distribute any realization proceeds in excess of the Priority Charges.

57. All of the parties that registered financing statements under the *Personal Property Security Act* (Ontario) (the "**PPSA**") against the Loretta Group are being given notice of this motion, to ensure that all such parties are made aware on a timely basis of the potential distribution outcomes described above.

UPDATE ON LEASED EQUIPMENT ISSUES

Background

58. In its Second Report, the Receiver described in detail the extensive lease agreements entered into by the Debtors, the actions taken by the Receiver and its counsel, Borden Ladner Gervais LLP ("**BLG**"), in respect of those lease agreements, and the significant discrepancies and related issues encountered by the Receiver. For the convenience of the Court, a summary of the issues encountered by the Receiver is set out below.

59. In combination, the records of the Loretta Group and the registrations made under the PPSA against the Debtors appear to indicate that as at the date of the Receivership Order, the Debtors had collectively entered into 34 lease agreements with 19 separate counterparties (each an "**Equipment Lessor**"). The number of lease agreements and counterparties for each of the Debtors, and the nature of the assets that are the subject of those lease agreements, is summarized in the table provided below.

	Operating Equipment		**Vehicles**	
	Number of Counterparties	Number of Lease Agreements	Number of Counterparties	Number of Lease Agreements
211	1	1	-	-
213	1	1	-	-
787	12	20	5	12

60. BLG has reviewed each lease agreement in the records of the Debtors and has concluded each of the lease agreements related to operating equipment (referred to collectively, as the "**Equipment Leases**") is properly categorized as a financing lease rather than a true lease.

61. Discrepancies and other issues identified by the Receiver in connection with the equipment described in the Equipment Leases include the following:

(a) although 787 entered into the majority of the lease agreements related to equipment used in the operations of the Debtors, the equipment in 787's lease agreements includes many items that appear to relate to the Flour Business, which was carried on by 211, or the Spice Business, which was carried on by 213;

(b) for certain pieces of production equipment, most notably flour rolling mills, the total number of such machines that have been leased exceeds the total number of those machines on the Debtors' premises;

(c) in numerous cases, including the flour rolling mills noted above, there is equipment on the premises of the Debtors that is similar in some ways (type of equipment, manufacturer and approximate age) to the descriptions in certain of the lease agreements. However, the serial numbers or other identifying information, such as dimensions, of the equipment on the Debtors' premises do not match the corresponding information indicated on any of the lease agreements;

(d) certain of the lease agreements, in some cases involving equipment with large dollar values, were entered into within a few months before the appointment of the Interim Receiver on November 10, 2010. Operating management and employees of the Debtors have told the Receiver that no new equipment of the nature described in the applicable lease agreements was acquired or installed during this time;

(e) in virtually all cases neither the lease agreement nor the records of the Debtors include any documentation to evidence delivery of the equipment other than supplier invoices and the signatures of Mr. Gatti and/or Mr. Peter Nelipa (the sole shareholder of 787 and the previous Director of Operations for the Flour Business) on the various lease documents, and to date the Equipment Lessors have not been able to provide additional documentation to demonstrate that the equipment described in the lease agreements was actually delivered;

(f) the Receiver has conducted preliminary Internet research with respect to the entit(ies) that issued the invoice(s) evidencing the purchase of the underlying equipment. In virtually all such cases, a search by the Receiver using a basic Internet search engine has not revealed any advertising or other information to indicate that the entity that issued the invoice is in the business of distributing such equipment. In many cases, the search was unable to locate the entity at all; and

(g) in certain cases, the purchase invoice was issued by an entity in which the Receiver believes, based on documentation on the Debtors' premises, that Mr. Gatti has an ownership interest or acts in a management capacity. The Receiver has not yet clarified with the Equipment Lessors in question whether they were aware of this relationship and, if so, whether they satisfied themselves through other means that the amount financed represented the fair market value of the equipment.

62. It appears based on the preceding that all or part of the amounts owed to many of the Equipment Lessors may in fact be unsecured claims, rather than claims secured by particular assets of the Debtors.

<u>Additional Actions of the Receiver</u>

63. Since the date of the Second Report, the Receiver has not been able to identify any additional information, either in the records of the Debtors or the records provided by the Equipment Lessors, to assist in locating any of the equipment described in the Equipment Leases.

64. The Receiver did notice that in a claim filed in the Chapter 7 proceedings of PHS (discussed above), by a party claiming to be an equipment lessor of PHS, included documentation indicating that certain of the equipment in question was sold to PHS by 787. A copy of the claim in question is attached hereto as Appendix "**I**". To the best of the Receiver's knowledge, 787 was not in the business of selling equipment. However, due to the information quality issues described in detail in previous reports of the

Receiver and the Interim Receiver, the Receiver is not in a position to readily determine: (i) whether the equipment described on the 787 invoice in Appendix "I" was actually sold to PHS and, if so, what consideration was received, and (ii) if the equipment was sold, how it was originally acquired by 787.

65. Although the unexplained absence of recorded assets appears to be a recurring theme in the receivership of the Loretta Group, the Receiver understands that in general, Equipment Lessors may be unwilling to accept the conclusion that the equipment described in their lease agreements cannot be located unless they have had the opportunity to verify those facts themselves. At the request of certain of the Equipment Lessors, therefore, the Receiver has variously attended the Sismet Premises, the Whitby Premises, and (with the consent of Rosedale, and subject to the conditions required by Rosedale as described above) is prepared to attend the Davand Premises with representatives of those Equipment Lessors to allow them to attempt to locate or identify the equipment subject to their respective Equipment Leases. To maximize the benefit from such premises visits and avoid subsequent confusion, the Receiver has required each Equipment Lessor to provide the Receiver with all documentation related to its Equipment Lease(s) before the visit. In each visit conducted to date the outcome of the visit has been consistent with the conclusion previously reached by the Receiver based on the information previously provided to the Equipment Lessor by the Receiver.

66. The Receiver continues to analyze the issues relating to the lease arrangements entered into by the Debtors and is attempting to obtain from the Equipment Lessors any additional information, such as shipping and/or customs documentation, that may be of use in locating the equipment. In addition, BLG is reviewing the various PPSA registrations by the Equipment Lessors to determine the priorities of the Equipment Leases (if the underlying equipment is actually on the premises of the Debtors). As noted above, however, it is possible that realization proceeds will be less than the combined amount of the Priority Charges, in which case such analyses will no longer be relevant because there will be no funds available for distribution to any of the Equipment Lessors.

INSURANCE CLAIM RECEIVABLE

67. In its Second Report the Receiver discussed certain issues in respect of an insurance claim (the "**Claim**") totalling $19,712 (the "**Insurance Proceeds**") payable jointly to 787 and Quest Automotive Leasing Services ("**Quest**") by JEVCO Insurance ("**JEVCO**") in connection with the theft of a Harley Davidson motorcycle that 787 leased from Quest. As at the date of the Second Report, JEVCO had not paid the Insurance Proceeds either to Quest or to the Receiver.

68. Upon further review of the issue and the applicable law, the Receiver and its counsel concluded that the Debtors do not have a claim to the Insurance Proceeds. Accordingly, Quest was entitled to receive the entire amount comprising the Insurance Proceeds.

RELIEF SOUGHT BY THE RECEIVER

69. The Receiver respectfully requests that this Court grant an order:

(a) approving the JEF APA;

(b) vesting all of the Debtors' right, title and interest in and to the assets of the Flour Business to JE Fininvest Ltd., free and clear of all security interests, mortgages, claims, charges, and encumbrances, as more fully detailed in the draft order included in the Receiver's motion materials, subject only to the filing by the Receiver of the JEF Sale Completion Certificate, which will be filed by the Receiver forthwith after the closing of the transaction;

(c) vesting all of the Debtors' right, title and interest in and to the Spice Intellectual Property in Poppa Corn Corp., free and clear of all security interests, mortgages, claims, charges, and encumbrances, as more fully detailed in the draft order included in the Receiver's motion materials;

(d) sealing the summary of offers received by the Receiver for the sale of the Food Services business and the copy of the unredacted JEF APA until such time as the Receiver files the JEF Sale Completion Certificate; and

(e) approving the activities of the Receiver as set out in this Report.

All of which is respectfully submitted this 9th day of May 2011.

ERNST & YOUNG INC., 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:

Mike Dean, CA•CIRP
Senior Vice-President

APPENDIX "A"

Court File No.: CV-10-8991-00CL

THE HONOURABLE *MR.*) FRIDAY, THE 26th
)
JUSTICE *H.J. WILTON-SIEGEL*) DAY OF NOVEMBER, 2010

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

BANK OF MONTREAL

Applicant

and

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 WHOLESAE
AND TARBRAC HOLDINGS INC.

Respondents

ORDER

THIS MOTION made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Ernst & Young Inc. ("**E&Y**") as receiver and receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of 2110458 Ontario Limited o/a Loretta Flour ("**211**"), 2131413 Ontario Limited o/a Loretta Foods ("**213**"), 787755 Ontario Limited o/a New Durham Trading, NDT Food Service and Skyway Wholesale ("**787**") and Tarbrac Holdings Inc. ("**Tarbrac**", and, together with 211, 213 and 787, the "**Debtors**") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of Robert Kiefer, sworn November 10, 2010, and the Exhibits thereto, and the first report of E&Y, dated November 25, 2010 (the "**First Report**"), prepared in its capacity as interim receiver of the Debtors (in such capacity, the "**Interim Receiver**"), and on hearing the submissions of counsel for Bank of Montreal, ~~counsel for Signature Bank, both secured creditors of the Debtors,~~ counsel for the Interim Receiver and proposed Receiver and counsel for the Debtors, no one else appearing although duly served as appears from the affidavit of service of Stella Kostopoulos sworn November 25, 2010, and on reading the consent of E&Y to act as the Receiver, #nS

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

TITLE OF PROCEEDINGS

2. THIS COURT ORDERS that the title of the within proceedings is hereby amended to such that the Respondents shall be hereafter identified as "**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.**".

APPOINTMENT

3. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, E&Y is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of, and exercise control over, the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;

(g) to settle, extend or compromise any indebtedness owing to the Debtors;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $250,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;

(s) to conduct examinations of any Person as the Receiver considers necessary or appropriate, including, without limitation, examinations of Guiseppe Gatti, Peter Nelipa, Taragh Bracken, Terry Mak, Michael Falcone or any other current or former director, officer, employee or independent contractor of the Debtors;

(t) to undertake any investigations deemed necessary by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, property of the Debtors, including, without limitation, investigating the transactions entered into between one or more of the Debtors and North Dakota Holdings Ltd. ("**NDHL**"); and

(u) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons

acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that NDHL, its current and former directors, officers, employees and independent contractors shall provide such access to books records and documents. information, documents and assistance to the Receiver as the Receiver may request in connection with the dealings between NDHL and any of the Debtors and in connection with the business and affairs of NDHL as they relate to the business and affairs of the Debtors.

7. THIS COURT ORDERS that all Persons, including, without limitation, the current and former officers, directors and employees of any of the Debtors and NDHL shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, any transfer of Property outside of the ordinary course of business or obligation incurred by the Debtors outside of the ordinary course of business, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver

due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

9. THIS COURT ORDERS any and all Persons shall render any necessary assistance to the Receiver to locate, decode, access, and decrypt the Records and any and all information or electronic data to which the Receiver may not have ready and immediate access, including the provisions of all keys, information codes, passwords, pass phrases, or any other such information or knowledge necessary to achieve access thereto, and for the purpose of accessing electronic mail or other data operated or maintained by, or accessible to, the Debtors which may contain any of the Records, including, but not limited to, any electronic mail or other data stored on or pertaining to any email addresses used by the Debtors or their directors, officers and employees.

10. THIS COURT ORDERS that no Person shall destroy or alter any books, records, documents, information, material or Records related to or touching upon the Property, the Debtors, NDHL, or the business, affairs or dealings of the Debtors or NDHL.

11. THIS COURT ORDERS that, notwithstanding the generality of paragraphs 5 to 10 hereof, upon the Receiver's request:

(a) NDHL shall provide copies of all Records in its possession relating to any transactions with one or more of the Debtors;

(b) any financial institution which holds or has held accounts for one or more of the Debtors shall confirm the existence of such account(s) and shall provide copies of all statements relating to such account(s); and

(c) Bell Sympatico, or any other provider of information technology services to the Debtors shall provide copies of any information related to the business of the Debtors requested by the Receiver.

NO PROCEEDINGS AGAINST THE RECEIVER

12. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

13. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "**eligible financial contract**" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

15. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the

date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

17. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

18. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

19. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

20. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in

Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

21. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act.* Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

22. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

24. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates

and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

25. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

26. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

27. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

28. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SALE PROCESS FOR THE "FOOD SERVICE AND CATERING DIVISION"

29. THIS COURT ORDERS that the sale process developed by E&Y, in its capacity as the Interim Receiver, as outlined in the First Report, shall be carried out by the Receiver substantially in accordance with the timeline annexed as **Schedule "B"** hereto, with such changes as the Receiver deems appropriate in its sole discretion, acting reasonably.

GENERAL

30. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

31. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

32. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

33. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the

within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. THIS COURT ORDERS that the Applicant shall have its costs of this Motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

35. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

NOV 2 6 2010

PER / PAR:

SCHEDULE "A"

RECEIVER'S CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $______________________

1. THIS IS TO CERTIFY that Ernst & Young Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties 2110458 Ontario Limited o/a Loretta Flour ("**211**"), 2131413 Ontario Limited o/a Loretta Foods ("**213**"), 787755 Ontario Limited o/a New Durham Trading and NDT Food Service ("**787**") and Tarbrac Holdings Inc. ("**Tarbrac**", and, together with 211, 213 and 787, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of November, 2010 (the "**Order**") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _______________, 20__.

ERNST & YOUNG INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ______________________________

Name:
Title:

SCHEDULE "B"

TIMELINE FOR MARKETING AND SALE OF FRESH FOODS AND CATERING DIVISION

November 29 to December 11, 2010	• Prepare brief Confidential Information Memorandum (CIM), including required terms of sale and timeline for submission of purchase offers, and brief Investment Overview e-mail for distribution to prospective purchasers. • Compile list of industry participants that are most likely to be prospective purchasers. • Accumulate available due diligence information and populate electronic data room.
December 14, 2010 to January 7, 2011	• Contact prospective purchasers by phone and e-mail. • Circulate Confidentiality Agreements to interested parties. • Parties executing a Confidentiality Agreement will receive the CIM and access to the electronic data room. • Provide facility tours, as requested.
January 14, 2011	• Deadline for submission of purchaser offers, including required terms of sale.
January 15, 2011 to January 28, 2011	• Analysis and negotiation of purchaser offers. • Selection of successful purchaser. • Application to Court for approval of sale agreement and vesting order. • Closing of sale transaction.

BANK OF MONTREAL

Applicant

- and -

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 WHOLESAE AND TARBRAC HOLDINGS INC.

Respondents

Court File No. CV-10-8991-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicant

APPENDIX “B”

Court File No. CV-10-8991-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	**MONDAY, THE 17th DAY**
	)	
JUSTICE MARROCCO	)	**OF JANUARY, 2011**

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

ORDER

THIS MOTION, made by Ernst & Young Inc. ("**EYI**"), in its capacity as receiver and receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties 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. (collectively, the "**Debtors**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, filed, and the First Report of the Receiver dated 10 January 2011 (the "**First Report**"), filed, and on hearing the submissions of counsel for the Receiver and such other counsel as were present, and on reading the affidavit of service of Miriam Sinclair, sworn on 10 January 2011, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and is hereby abridged such that the motion is returnable today and that further service thereof is hereby dispensed with.

APPROVAL OF ACTIVITIES

2. **THIS COURT ORDERS** that the activities of the Receiver, as described in the First Report, be and are hereby approved.

3. **THIS COURT ORDERS** that the activities of EYI, in its capacity as interim receiver of the Debtors, as described in the First Report of the Interim Receiver dated 25 November 2010, be and are hereby approved

APPROVAL OF SALE PROCESS

4. **THIS COURT ORDERS** that the marketing and sales process, as described in the First Report and as set forth in the "Timeline for Marketing and Sale of Flour and Spice Divisions" attached hereto as Schedule "A" (the "**Sales Process**"), be and is hereby approved and the Receiver is hereby authorized to implement the Sales Process.

5. **THIS COURT ORDERS** that nothing in this Order shall require the Receiver to accept any offer received as a result of the Sales Process.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
JAN 17 2011

PER / PAR: NB

SCHEDULE A

TIMELINE FOR MARKETING AND SALE OF FLOUR AND SPICE DIVISIONS

January 3 to January 18, 2011	▪ Prepare brief Confidential Information Memorandum (CIM), including required terms of sale and timeline for submission of purchase offers, and brief Investment Overview e-mail for distribution to prospective purchasers. ▪ Compile list of industry participants and financial investors that are most likely to be prospective purchasers. ▪ Accumulate available due diligence information.
January 19 to February 25, 2011	▪ Contact prospective purchasers by phone and Investment Overview e-mail. ▪ Circulate Confidentiality Agreements to interested parties. ▪ Parties executing a Confidentiality Agreement will receive the CIM and access to additional documentation. ▪ Provide facility tours as requested.
March 4, 2011	▪ Deadline for submission of purchaser offers including required terms of sale.
March 5 to April 1, 2011	▪ Analysis and negotiation of purchaser offers. ▪ Selection of successful purchaser. ▪ Application to Court for approval of sale agreement and vesting order. ▪ Closing of sale transaction.

Court File No. CV-10-8991-00CL

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

ORDER

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Harriet Greenwood - LSUC No. 58915H

Lawyers for Ernst & Young Inc., in its capacity as Receiver 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.

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APPENDIX "C"

Court File No. CV-10-8991-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	**WEDNESDAY, THE 16th**
	)	
JUSTICE NEWBOULD	)	**DAY OF FEBRUARY, 2011**

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(1) 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

APPROVAL AND VESTING ORDER

THIS MOTION, made by Ernst & Young Inc., in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets 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. (collectively, the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Jarvis Management Corp. (the "**Purchaser**") dated January 21, 2011 and appended to the Second Report of the Receiver dated February 9, 2011 (the "**Second Report**"), and vesting in Rosedale Food Company Inc. (the Purchaser's assignee), the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Motion Record and the Second Report, and on hearing the submissions of counsel for the Receiver, and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Miriam Sinclair sworn February 9, 2011 filed

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and is hereby abridged such that the motion is returnable today and that further service thereof is hereby dispensed with

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement [and listed on Schedule B hereto] shall vest absolutely in Rosedale Food Company Inc. (the Purchaser's assignee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Wilton-Siegel dated November 26, 2010; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtors' past and current employees employed in relation to the Food Services and Catering division of the Debtors. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.

7. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that the activities of the Receiver, as described in the Second Report, be and are hereby approved.

11. **THIS COURT ORDERS** that the unredacted version of the Sale Agreement, the summary of offers received and the summary of the Sale Agreement referred to in the Second Report, be and are hereby sealed from the public record and shall not be opened until the filing with the Court of the Receiver's Certificate.

Morawetz J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 16 2011

PER / PAR: NB

Schedule A – Form of Receiver's Certificate

Court File No. CV-10-8991-00CL

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(1) 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

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated November 26, 2010, Ernst & Young Inc., was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets 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.

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of January 21, 2011 (the "**Sale Agreement**") between the Receiver and Jarvis Management Corp. (the "**Purchaser**") and provided for the vesting in Rosedale Food Company Inc. (the Purchaser's assignee), of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at [TIME] on _____ [DATE].

Ernst & Young Inc., in its capacity as Receiver of the undertaking, property and assets 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 capacity

Per: ______________________________

Name:

Title:

Schedule B – Purchased Assets

- **All assets listed on the attached Appendix A, Fixed Assets Owned as prepared by the Receiver**
- all office furniture located on the premises including desks, chairs, filing cabinets, fax machines, the computers used by John Purley and the Purchasing Manager, and all monitors
- all surveillance cameras & equipment and software that may be available to run the surveillance system
- the Receiver's interest in the lease for the 2008 Toyota FJ Cruiser (439 1136)
- Inventory
- Accounts receivable of the Purchased Business, excluding Badboys, Jackies Girls, Sullies and South Street that are older than 60 days
- Customer list
- Existing telephones and telephone system in place
- cash register (monitor with software and a cash box)
- the Receiver's interest in the lease for the ARM355n digital photocopier located in the office area

Appendix A – Fixed Assets Owned

Cash and Carry

Rock's Beams	10' x 50' GREEN	
Rock's Posts	16' x 15' GREEN	
Rock's Beams	12' x 32' ORANGE	
Rock's Posts	16' x 10' BLUE	
Rock's Beams	8' x 40' ORANGE	
Rock's posts	15' x 8' BLUE	
Display fridges	6 doors per unit:	2 small units, 6 large units

Roof top air conditioner x2
Roof top heaters x 2
Fridge compressors x3

Warehouse	**L W**
1 x Finished goods fridge #1	58' x 20'
1 x Cool down fridge #2	7' x 18'
1 x Cold cut fridge #3	12' x 10'
1 x Production fridge #4	18' x 24'
1 x Freezer #1	22' x 19'
1 x Freezer #2	20' x 20'

Raymond Reach forklift
80 x orange beams
44 x blue beams
80 x blue posts

Production

16 x Steel tables	8'
1 x Wood top table	12'
2 x Wood top table	8'
5 x Wood top table	5'

Hurricane Wrapping Machine
10 ft Conveyor

Kitchen

8 x Stainless steel tables	8'
1 x Stainless steel tables plus hood	8'
5 x Stainless steel tables	5'
3 x Wooden table top	10'
2 x Wooden table top	5'
1 x Wooden table top	4'

1 x Hobart Food Processor
2 x Sunfire double oven
Lincoln double oven (toaster)
Automatic meat pounder

Kitchen Continued

1 x 8 quarts mixer
2 x 60 gallon soup kettle
    Automatic Hobart shredder
    4 x Tilt Skillets
3 x Automatic Slicers
1 x 80 quarts Mixer
Large pot dishwasher
Meat Slicer
Meat Grinder
Chicken Mixer
2 x Pressure fryer
Regular fryer
4 Burner gas stove oven
BBQ 36" grill
Griddle 48"
Hobart Large Oven RO/T
2 x Suppression systems

Court File No. CV-10-8991-00CL

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

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Mary Arzoumanidis - LSUC No. 53915V
Harriet Greenwood - LSUC No. 58915H

Lawyers for Ernst & Young Inc., in its capacity as Receiver 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.

::ODMA\PCDOCS\TOR01\4564870\3

APPENDIX "D"

Court File No. CV-10-8991-00CL

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(1) 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

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated November 26, 2010, Ernst & Young Inc., was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets 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.

B. Pursuant to an Order of the Honourable Mr. Justice Newbould dated February 16, 2011, the Court approved the agreement of purchase and sale made as of January 21, 2011 (the "**Sale Agreement**") between the Receiver and Jarvis Management Corp. (the "**Purchaser**") and provided for the vesting in Rosedale Food Company Inc. (the Purchaser's assignee), of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at 2:56 pm on February 18, 2011.

ERNST & YOUNG INC., in its capacity as Receiver of the undertaking, property and assets 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 capacity

Per: ______________________
Mike Dean, CA • CIRP
Senior Vice President

::ODMA\PCDOCS\TOR01\4572952\2

SUPERIOR COURT OF JUSTICE
COUR SUPERIEURE DE JUSTICE
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APPENDIX “E”

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FINANCE

Sale by Receiver of the Loretta Group

On November 26, 2010, Ernst & Young Inc. ("EYI") was appointed as receiver and receiver and manager (the "**Receiver**") of 2110458 Ontario Limited ("**Loretta Flour**"), 2131413 Ontario Limited ("**Loretta Foods**"), 787755 Ontario Limited and Tarbrac Holdings Inc., (collectively, the "**Loretta Group**"), pursuant to section 243 of the *Bankruptcy & Insolvency Act* and section 101 of the *Courts of Justice Act*.

The Loretta Group has two remaining operating companies: Loretta Flour located in Whitby, Ontario and Loretta Foods located in Mississauga, Ontario. Loretta Flour is a manufacturer of flour and distributor of sugar, and Loretta Foods is a manufacturer of spices and distributor of cake mixes, to the food retail and wholesale markets in Canada. Products are sold under the names "Loretta", "Donna" and "County Fair", as well as through private labels.

The Receiver is offering for sale, on an "as is, where is" basis, the Receiver's right title and interest in the following assets of Loretta Flour and Loretta Foods:

1) Machinery and Equipment
2) Raw Material and Finished Inventory
3) Accounts Receivable
4) Intellectual Property
5) Leasehold interests in existing facilities

Sealed tenders will be received by the undersigned until 12 o'clock noon (Toronto Time) on Friday, 4 March 2011. The highest or any offer will not necessarily be accepted.

Tenders must be accompanied by a certified cheque payable to Ernst & Young Inc. for 15% of the amount of the offer price as a deposit which will be refunded if the offer is not accepted and forfeited to the undersigned on account of liquidated damages if the offer is accepted and the sale is not completed by the offerer. The balance of the offer price will be payable by certified cheque or banker's draft on closing. Tenders may be made for individual parcels or en bloc, but en bloc offers must stipulate a separate price for each parcel.

All tenders shall be subject to the Terms and Conditions of Sale, which shall form part thereof and may be obtained from EYI.

A more detailed description of the assets, appointments for viewing or further information may be obtained by contacting Mr. Paul Hamam at (416) 943-3149 or paul.f.hamam@ca.ey.com.

Ernst & Young Inc., acting solely as Receiver of the Loretta Group and not in its personal or corporate capacity.

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COMMODITIES

Glencore public offering could spark series of IPOs

A commodities supercycle sets the stage for initial public offerings and mergers and acquisitions within the sector

ERIC REGULY ROME

Mick Davis, boss of global mining giant Xstrata, used the notion of a commodities supercycle to justify the fat premium paid for Canadian nickel miner Falconbridge in 2006. Two years later, when commodities crashed, his "stronger-for-longer" theory looked bogus.

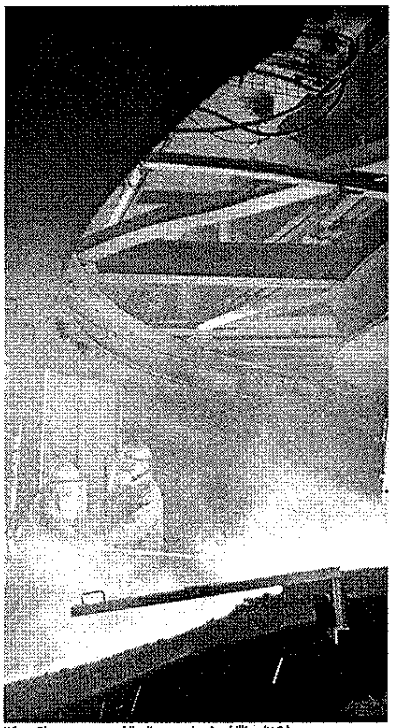
Not any more. Commodities are back with a bang and the conventional wisdom is that the supercycle is intact, as growth in emerging economies powers forward. Now torrents of cash are flowing into the commodities industry. And where there is ample money and rising valuations, there are deals.

One in particular stands out – the widely expected initial public offering of Glencore International, the world's biggest commodities trader and Xstrata's 34.9-per-cent owner. Glencore has all the machinery in place for a spring IPO, though the company, led by the publicity shy Ivan Glasenberg, will not confirm it is ready to hit the IPO button.

Sources close to Glencore's underwriters – Citigroup, Morgan Stanley and Credit Suisse – say May is a good bet for the stock market listing. It will likely have its primary listing in London, with a secondary listing in Hong Kong. Glencore may raise as much as $10-billion (U.S.), according to various reports.

The Glencore IPO is touted by analysts and traders as the biggest commodities event of the year for more reasons than one. It is expected to trigger another round of mining consolidation, possibly starting with the merger of Glencore and Xstrata, as well as encourage IPOs among other commodities traders. That would open up a whole new investment class to commodity-craving investors.

The fear, of course, is that fast-rising values in the mining and



When Glencore goes public, it may raise $10-billion (U.S.). BLOOMBERG NEWS

metals sector will trigger a correction, or China's high-flying economy will hit a wall and puncture demand. For companies such as Glencore aiming to go public, these are reasons to move quickly on the deal front.

A senior executive at one of the world's top commodities traders said Glencore's access to the public equity markets will give it distinct advantages over its rivals. They range from the ability to use listed shares as an acquisition currency to allowing departing partners to sell their equity without depleting working capital or selling assets. "You can only grow so much with private equity," he said.

About a year ago, when it became apparent that commodities were on the rebound, Glencore took the first step towards an IPO by selling a $2.2-billion (U.S.) convertible bond to a group of high-profile investors, including BlackRock and GIC, the Singaporean sovereign wealth fund. The bond gave Glencore an implied value of $35-billion. Glencore's value is much higher now as commodity prices surge.

Some potential investors worry that Glencore will struggle as a publicly listed company, if only because its cherished secrecy will be compromised and because skilled partners may take the money and run. Executives close to Glencore, however, say that no partners intend to leave when the shares start trading.

The Glencore IPO could trigger a flurry of deal making later this year.

It's an open secret that Glencore wants to merge with Xstrata. That could give Glencore a back-door listing – Xstrata trades in London – without having to go through an IPO. But that appears unlikely. Sources say Mr. Davis wants the market to value Glencore before he considers such a deal. London's Liberum Capital says Glencore and Xstrata together would be a formidable trading and mining player that could "deliver the scale to undertake very large capital projects or transformational M&A," including the potential takeover of Anglo American, a company long coveted by Xstrata.

Other traders could follow Glencore's IPO lead. One big trader rumoured to be open to an IPO or a merger is Louis Dreyfus, an agriculture products (coffee, cotton, sugar) and natural gas trader controlled by the French family of the same name. In the autumn, Olam International, an agriculture trader listed in Singapore, said it was holding preliminary talks with Dreyfus about a possible combination of the two companies.

Another trader thought to be considering a public listing, if only for its industrial division, is Trafigura Group, the world's third-largest independent oil trader and second-largest trader of non-ferrous metal concentrates. Still another private trader that may eventually be tempted to go public is Vitol Group of the Netherlands, one of the world's biggest energy traders and storage terminal owner. One of its main competitors, Gunvor International, which handles about a third of Russia's oil exports, is also public.

Cargill of the United States, which just spun off Mosaic, its fertilizer division, could be an IPO candidate too, resource company executives say.

Investors keen on the emerging commodity trading space can take heart from the performance of Noble Group, the Singapore commodities-trading giant. Noble's IPO came in 1997. Since then, it has returned 3,100 per cent to shareholders, after taking share splits, dividends and bonus shares into account. The commodities supercycle, if it persists, will only make these investments more attractive.

LEGALS

Sale by Receiver of the Loretta Group

On November 26, 2010, Ernst & Young Inc. ("EYI") was appointed as receiver and receiver and manager (the "Receiver") of 2110458 Ontario Limited ("Loretta Flour"), 2131413 Ontario Limited ("Loretta Foods"), 787755 Ontario Limited and Tarbrac Holdings Inc., (collectively, the "Loretta Group"), pursuant to section 243 of the *Bankruptcy & Insolvency Act* and section 101 of the *Courts of Justice Act*.

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Ernst & Young Inc., acting solely
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LEGALS

NOTICE TO CREDITORS

In the Estate of Keith McIntyre Ferguson, late of the City of London, Province of Ontario.

Creditors and others having claims against the above Estate are required to send full particulars of such claims to the undersigned Estate Trustees on or before February 22, 2011, after which date the Estate's assets will be distributed having regard only to claims that have been received.

Ian Keith Ferguson, Jane Leslie Ferguson and Kathleen Anne Ferguson, Estate Trustees, by their solicitors, Harrison Pensa LLP, 450 Talbot Street, London, Ontario, N6A 5J6, Attention: J.A. Clark.

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APPENDIX "F"

Excluded

Subject to Request for Sealing Order

APPENDIX "G"

Redacted

Subject to Request for Sealing Order

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect 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 -

JE FININVEST LTD.

ASSET PURCHASE AGREEMENT

made as of March ~~29~~, 2011
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ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 29th day of March, 2011.

BETWEEN:

ERNST & YOUNG INC., in its capacity as court-appointed receiver in respect 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.

(hereinafter referred to as the "**Vendor**")

\- and -

JE FININVEST LTD., a corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**Purchaser**")

WHEREAS pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated November 26, 2010 (the "**Receivership Order**"), Ernst & Young Inc. was appointed receiver and receiver and manager in respect of the Companies (as defined herein);

AND WHEREAS the Vendor is authorized pursuant to the terms of the Receivership Order to market and solicit offers in respect of the property of the Companies or any part or parts thereof and to negotiate such terms and conditions of sale as the Receiver deems appropriate;

AND WHEREAS the Vendor is authorized pursuant to the terms of the Receivership Order to sell, convey, transfer, lease or assign the property of the Companies or any part or parts thereof out of the ordinary course of business;

AND WHEREAS the Purchaser has submitted an offer to the Vendor for the purchase of the Purchased Assets (as defined herein);

AND WHEREAS the Vendor desires to sell to the Purchaser and the Purchaser desires to purchase from the Vendor the Purchased Assets (as defined herein) in accordance with the terms of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings and grammatical variations of such terms shall have the corresponding meanings:

"Act" means the *Business Corporations Act* (Ontario);

"Affiliate" has the meaning given to that term in the Act;

"Applicable Laws" means any statute, bylaw, rule or regulation or any judgment, order, writ, injunction or decree of any Governmental Entity to which a specified person or property is subject;

"Approval and Vesting Order" means an approval and vesting order made by the Ontario Superior Court of Justice approving the sale of the Purchased Assets and vesting same in and to the Purchaser;

"Bill of Sale" shall be in the form set out at Schedule B;

"Business Day" means any day, other than a Saturday or a Sunday, or statutory or civic holiday in Ontario;

"Closing" means the transfer by the Vendor to the Purchaser of the Vendor's and Companies' right, title and interest, if any, to the Purchased Assets in exchange for the payment by the Purchaser to the Vendor of the Purchase Price and the completion of all matters incidental thereto as herein provided;

"Closing Date" means the later of (a) the tenth (10^{th}) Business Day following the date of the Agreement, (b) three (3) Business Days after the date of the making of the Approval and Vesting Order, or such other date as the Vendor and the Purchaser may agree to in writing.

"Companies" collectively means 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.;

"Deposit" means a deposit in the amount of [redacted] being an amount equal to 15% of the Purchase Price;

"ETA" means the *Excise Tax Act* (Canada), as amended from time to time;

"Excluded Assets" means any and all property and assets of the Companies which are not specifically listed and identified in Schedule A and, includes the Excluded Assets as further defined in Section 2.1;

"**HST**" means all taxes payable under Part IX of the ETA (including where applicable both the federal and provincial portion of those taxes) or under any provincial legislation imposing a similar value added or multi-staged tax;

"**Governmental Entity**" means any court or tribunal in any jurisdiction or any federal, provincial, municipal or other governmental body, agency, authority, department, commission, board, instrumentality official or tribunal thereof;

"**Losses**" means, in respect of any matter, all claims, demands, actions, proceedings, losses, damages, liabilities, deficiencies, interest, penalties, fines, and amounts paid in settlement, costs and expenses (including, without limitation, all legal fees rendered on a solicitor and his own client basis and other professional fees and disbursements) arising directly or indirectly as a consequence of such matter;

"**Person**" means an individual, corporation, partnership, joint venture, association, company, trust, enterprise, unincorporated organization, Governmental Entity or other entity however designated or constituted;

"**Purchase Price**" means the purchase price payable to the Vendor for the Purchased Assets exclusive of all applicable sales, goods and services and transfer taxes;

"**Purchased Assets**" means the assets of the Purchased Business owned by the Companies and specifically listed and identified in Schedule A;

"**Purchased Business**" means the Companies' flour milling and sugar packaging business operating under the registered trade name "Loretta Flour" and the trademark "County Fair", which for greater certainty shall exclude any bulk spice trading activities conducted by any of the Companies;

"**Tax Act**" means the *Income Tax Act* (Canada); and

"**Time of Closing**" means 3:00 p.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as the Vendor and the Purchaser may mutually determine.

1.2 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian currency.

1.3 Sections and Headings

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, subsection or Schedule refers to the specified Article of, Section of, subsection of, or Schedule to, this Agreement. The terms "this Agreement", "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular Article, Section, subsection or other portion hereof and include an agreement supplemental hereto.

1.4 Number, Gender

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

1.6 Time of Essence

Time shall be of the essence of this Agreement.

1.7 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

1.8 Successors and Assigns

This Agreement shall ensure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns. Neither party may assign any of its rights or obligations hereunder without the prior written consent of the other party.

1.9 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.10 Amendments and Waivers

No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.

1.11 Statutory References

Any reference in this Agreement to a statute includes all regulations made thereunder, all amendments to such statutes or regulations in force from time to time and any statute or regulation that supplements or supercedes such statute or regulations.

1.12 Consent

Whenever a provision of this Agreement requires an approval or consent by a person who is a party to such agreement and notification of such approval or consent is not delivered within the applicable time period, then, unless otherwise specified, such person shall be conclusively deemed to have withheld its approval or consent.

1.13 Calculation of Time

Unless otherwise specified, time periods referred to in this Agreement within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.14 Conflict or Inconsistency

Wherever any provision, whether express or implied, of any Schedule conflicts or is at variance with any provision in the main body of this Agreement, the provision in the main body shall prevail. Wherever any provision, whether express or implied, of this Agreement conflicts with or is at variance with any documentation issued in furtherance hereof, the provision of this Agreement shall prevail.

1.15 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following such day.

1.16 Independent Legal Advice

Each of the parties hereto acknowledge that they have been afforded the opportunity of receiving independent legal advice concerning this Agreement, and in the event that any party has executed this Agreement without the benefit of independent legal advice, such party hereby waives the right to receive such independent legal advice.

1.17 Schedules

Schedule A – Purchased Assets is attached to and forms part of this Agreement.

Schedule B – Form of Bill of Sale is attached to and forms part of this Agreement.

ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchased Assets

Subject to the provisions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, effective as of the Time of Closing, the Vendor's and Companies' right, title and interest, if any, in the Purchased Assets.

For greater clarity, notwithstanding any provision of this Agreement to the contrary, the Purchased Assets are limited to the interest of the Vendor and Companies, if any, in the property and assets set out in Schedule A to this Agreement, and shall not include any other property or assets ("**Excluded Assets**") including, without limitation:

(a) **Cash.** All cash on hand or in banks or other depositories and similar cash items of, owned or held by or for the account of the Companies;

(b) **Inter-company Debt.** All indebtedness of any of its Affiliates to the Companies;

(c) **Income Taxes.** All income tax instalments paid by the Companies or by the Vendor on account of the Companies and the right to receive any refund of income taxes or HST paid by the Companies or by the Vendor on account of the Companies;

(d) **Litigation Rights.** The benefit of any litigation;

(e) **Settlement Amounts.** Other than any insurance proceeds payable in accordance with the provisions hereof, any amounts due or payable to the Companies by insurers or other third parties in settlement of claims;

(f) **Excluded Accounts Receivable.** Every account receivable that is not related directly to the Purchased Business;

(g) **Records.** Records relating or belonging to the Companies whether in electronic format or otherwise; provided that the Vendor hereby covenants that the Purchaser shall have access to all the records relating to the Purchased Business for the period commencing January 1, 2010 to the Closing Date and such records shall include a printed general ledger, sales invoices, employee files, accounts payable and receivable records and any technical/maintenance documentation available relating to the Purchased Assets; and

(h) **Assets.** All property and assets that are not specifically set forth and identified in Schedule A.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The Purchase Price payable to the Vendor for the Purchased Assets shall be [redacted]

3.2 Deposit

The Vendor acknowledges receipt of the Deposit. The Deposit shall be credited to the Purchase Price at Closing. If:

(a) the Purchaser fails to close the transaction contemplated herein for any reason other than due to the non-satisfaction of the conditions precedent inserted for the benefit of the Purchaser in Section 8.1; or

(b) the Vendor fails to close the transaction contemplated herein due to the non-satisfaction of the conditions precedent for the benefit of the Vendor in subsection 8.2(a), (b) or (e),

the Deposit shall be forfeited to and paid to the Vendor on account of liquidated damages and not as a penalty.

The Deposit, without interest, shall be returned to the Purchaser if:

(a) the Purchaser fails to close the transaction contemplated herein by reason of the non-satisfaction of the conditions precedent inserted for the benefit of the Purchaser in Section 8.1; or

(b) the Vendor fails to close the transaction contemplated herein for any reason other than due to the non-satisfaction of the conditions precedent for the benefit of the Vendor in subsection 8.2(a), (b) or (e).

The return of the Deposit constitutes the Purchaser's only and entire remedy hereunder and the Vendor shall have no other liability whatsoever in the event of its breach or failure to close the transaction for any reason.

3.3 Payment of Purchase Price

At the Time of Closing, an amount equal to the Purchase Price less the amount of the Deposit, shall be payable by the delivery to the Vendor of a certified cheque, bank draft or wire transfer drawn on a Canadian chartered bank payable to or to the order of the Vendor.

3.4 Assumption of Obligations

The Purchaser shall assume, fulfil, perform and be responsible for all liabilities and obligations of any kind relating to the Purchased Assets in respect of the period from and after the Time of Closing but not for any pre-existing product or environmental liability claims or third-party claims relating to the time up to the time of closing ("**Pre-existing Claims**"), and the Purchaser shall indemnify and save harmless the Vendor and its directors, officers, servants, agents and employees in respect of all Losses which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which any of them may suffer, sustain, pay or incur as a result of any matter or thing arising out of, or resulting from, attributable to or connected with or relating to the Purchased Assets in respect of the period from and after the Time of Closing but not for any Pre-existing Claims. Nothing in this Agreement affects the obligation of the Purchaser to its employees, if any, in respect of service performed after the Closing Date. The covenants and agreements to indemnify made by the Purchaser in this Section 3.4 shall survive Closing and not be subject to any limitation periods.

The Purchaser shall further assume, at the Purchaser's sole cost and expense complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Purchased Assets and/or the use thereof by the Purchaser after the Time of Closing.

3.5 Obligations Not Assumed

Except as expressly assumed pursuant to Section 3.4, the Purchaser does not assume and shall have no obligation to discharge, perform or fulfill any other liabilities or obligations, contingent or otherwise of the Companies including any Pre-existing Claims.

3.6 Transfer Taxes

(a) The Purchaser shall pay to the Vendor or, where permitted by applicable law, directly to the appropriate governmental authorities, all sales and transfer taxes, registration charges and transfer fees, including HST, payable by it in respect of the purchase and sale of the Purchased Assets under this Agreement, and, on request of the Vendor, the Purchaser shall furnish to the Vendor proof of direct payment to a governmental authority. The Purchaser shall indemnify and save harmless the Vendor from any amounts, including interest and penalties, that may be assessed against the Vendor arising out of the failure of the Purchaser to pay, when due, any taxes described in this Section.

(b) The parties will use their best efforts to minimize (or eliminate) any taxes payable under the ETA in respect of the Closing by, among other things, making such elections and taking such steps as may be provided under the ETA (including making a joint election in a timely manner under Section 167 of the ETA) as may be reasonably requested by the Purchaser in connection with the Closing.

(c) In addition to any other provision for indemnification by the Purchaser contained in this Agreement, the Purchaser will indemnify and save harmless the Vendor from any amounts including interest and penalties that may be asserted against the Vendor as a result of the Vendor not collecting or remitting applicable transfer taxes in respect of the sale of the Purchased Assets, or because of the Purchaser's failure to file elections referred to herein in a timely manner.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

4.1 Authorization and Employees

This Agreement has been duly executed and delivered by the Vendor and, subject to the approval of the Court this Agreement will constitute a legal, valid and binding obligation of the Vendor, enforceable against the Vendor only in its capacity as Court-appointed Receiver by the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

The Vendor shall pay all salaries, other wage entitlements and unpaid vacation pay from November 26, 2010, the date of the Receivership Order, to and including the Closing Date to any employees who work in the Purchased Business.

The Vendor has no knowledge of any collective bargaining obligations relating to any of the Companies' employees who work in the Purchased Business and the Vendor is not aware of any efforts to organize such employees.

4.2 Residency

The Vendor is not a non-resident of Canada for the purposes of the Tax Act.

4.3 HST Registration

The Vendor is a registrant for purposes of the ETA whose registration number will be provided to the Purchaser at least 5 business days prior to Closing.

4.4 Representations and Warranties at Closing

Each and every representation and warranty of Vendor made in this Article 4 shall be deemed to be repeated by Vendor as at the Time of Closing and shall be true and correct in all material respects at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

4.5 Limitations on Representations and Warranties of the Vendor

(a) The Vendor makes no representations or warranties except as previously set forth in this Article 4 and in particular, without limiting the generality of the foregoing, the Vendor disclaims all liability and responsibility for any representation, warranty, statement or information made or communicated (orally or in writing) to the Purchaser or any of its employees, agents, consultants or representatives (including any opinion, information, projection or advice that may have been provided to the Purchaser by any officer, director, employee, agent, consultant or representative of the Vendor).

(b) Except as otherwise expressly set out in this Article 4, the Purchased Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise, with respect to the Purchased Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise, as to title, state of title, description, fitness for purpose, suitability for any particular purpose, merchantability, operating condition, quantity, quality, the value of the Purchased Assets or the future cash flows from the Purchased Assets, compliance with Applicable Laws or in respect of any manner or thing whatsoever concerning the Purchased Assets. No representation, warranty or condition has or will be given by the Vendor or any other party concerning the completeness or accuracy of any such descriptions, documents or information or with respect of any data room set up by the Vendor. Except as otherwise expressly set out in this Article 4, the Purchaser acknowledges that it is relying entirely on its own judgment and investigation with respect to the purchase of the Purchased Assets contemplated herein.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

5.1 Organization

The Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of Ontario and has the corporate power to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Purchaser is duly registered and authorized to carry on its business as now being conducted.

5.2 Authorization

This Agreement has been duly authorized, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

5.3 Residence of the Purchaser

The Purchaser is not a non-resident of Canada for purposes of the Tax Act. The Purchaser is a Canadian within the meaning of the *Investment Canada Act*.

5.4 HST Registration

The Purchaser is a registrant for purposes of the ETA whose registration is 88440 7412 RT0001.

5.5 Brokers' or Finders' Fees

The Purchaser has not incurred any obligation or liability, contingent or otherwise, for any broker's or finder's fees in respect of this transaction for which the Vendor shall have any obligation or liability.

5.6 Informed and Sophisticated Purchaser

The Purchaser is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Purchased Assets as contemplated hereunder.

5.7 Independent Investigation

The Purchaser hereby acknowledges and confirms that it has conducted its own independent investigation, analysis and evaluation of the Purchased Assets as it deems necessary or appropriate and that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby it has and will rely solely on such independent investigation and the representations and warranties of the Vendor contained in Article 4.

5.8 Representations and Warranties at Closing

Each and every representation and warranty of the Purchaser made in this Article 5 shall be deemed to be repeated by Purchaser as at the Time of Closing and will be true and correct in all material respects at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

ARTICLE 6
NON-WAIVER; SURVIVAL

6.1 Non-Waiver

No waiver of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6.2 Survival

Except, as otherwise provided herein, all representations, warranties and covenants contained in this Agreement on the part of each of the parties shall survive for a period of one (1) year from the Closing Date. If no claim shall have been made under this Agreement against a party for any incorrectness in or breach of any representation, warranty or covenant made in this Agreement prior to the expiry of the survival period, such party shall have no further liability under this Agreement with respect to such representation, warranty or covenant unless otherwise provided herein.

ARTICLE 7
RISK

7.1 Notice of Untrue Representation or Warranty

Each of the parties shall promptly notify the other party upon any representation or warranty of such party contained in this Agreement becoming untrue or incorrect from the date of this Agreement until the Time of Closing and for the purposes of this Section 7.1 each representation and warranty shall be deemed to be given at and as of all times during such period.

7.2 Risk of Loss

Until the Time of Closing, the Purchased Assets shall remain at the risk of the Vendor. After the Time of Closing, the Purchased Assets shall be at the sole risk of the Purchaser regardless of the location of the Purchased Assets.

ARTICLE 8
CONDITIONS OF CLOSING

8.1 Conditions for the Benefit of the Purchaser

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Purchaser, to be performed or fulfilled at or prior to the Time of Closing:

(a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the Time of the Closing with the same force and effect as if such representations and warranties were made at such time;

(b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Time of Closing shall have been complied with or performed in all material respects;

(c) **No Action or Proceeding.** No legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby;

(d) **No Damage.** No material damage by fire or other hazard to the whole or any material part of the Purchased Assets shall have occurred from the date hereof to the Time of Closing unless the Purchaser has agreed in writing to accept any insurance proceeds/claims in respect thereof;

(e) **Approval and Vesting Order.** An Approval and Vesting Order shall be made by the Ontario Superior Court of Justice which vests title in the Purchased Assets in the Purchaser free and clear of any encumbrances whatsoever and which is in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably; and

(f) **Consents and Assignments.** The Purchaser's receipt of the written consent and assignment from the landlord of 1700 McEwen Drive, Whitby, Ontario within 5 days of the making of this Agreement on terms and subject to conditions satisfactory to the Purchaser and Vendor, acting reasonably.

If any of the conditions contained in this Section 8.1 have not been performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Purchaser, acting reasonably, the Purchaser may, by notice to the Vendor, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, other than the obligations contained in Sections 11.2 and 11.3, and the Deposit shall be returned to the Purchaser.

8.2 Conditions of Closing in Favour of the Vendor

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be performed or fulfilled at or prior to the Time of Closing:

(a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in Article 5 of this Agreement shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at such time, and a certificate of the Purchaser, dated as of the Closing Date, to that effect shall have been delivered to the Vendor, such certificate to be in form and substance satisfactory to the Vendor, acting reasonably;

(b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing shall have been complied with or performed in all material respects;

(c) **No Action or Proceeding.** No legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby;

(d) **No Damage.** No material damage by fire or other hazard to the whole or any material part of the Purchased Assets shall have occurred from the date hereof to the Time of Closing;

(e) **Payment of Purchase Price.** The Purchaser shall have tendered to the Vendor the Purchase Price; and

(f) **Approval and Vesting Order**. An Approval and Vesting Order shall be made by the Ontario Superior Court of Justice approving the sale of the Purchased Assets and vesting same in and to the Purchaser.

If any of the conditions contained in this Section 8.2 have not been performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Vendor, acting reasonably, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, other than the obligations contained in Sections 11.2 and 11.3. In the event of termination of this Agreement by the Vendor by virtue of the non-fulfillment of the conditions precedent referred in subsections 8.2(a), (b) or (e), the Deposit shall be forfeited to the Vendor as liquidated damages and not as a penalty. If this Agreement is terminated by the Vendor pursuant to any other subsection within this Section 8.2 (other than subsection (a), (b) or (e)), the Deposit shall be returned to the Purchaser. Any such condition may be waived in whole or in part by the Vendor.

8.3 Reasonable Commercial Efforts

Each party hereto agrees that it will not voluntarily undertake any course of action inconsistent with the provisions or intent of this Agreement and will use reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable under Applicable Laws to consummate the transactions contemplated by this Agreement.

8.4 Financial Capability

The Purchaser acknowledges and agrees that the closing of the transaction contemplated under this Agreement is not subject to the Purchaser obtaining financing, and the Purchaser represents and warrants to the Vendor that it has the financial capability to close the transaction contemplated herein.

ARTICLE 9
CLOSING DATE AND TRANSFER OF POSSESSION

9.1 Time, Date and Place of Closing

Closing shall take place at the Time of Closing at the offices of the Vendor, 222 Bay Street, Suite 2400, Toronto, Ontario, or at the option of the vendor, at the offices of the vendor's solicitors, Borden Ladner Gervais LLP, Scotia Plaza, Suite 4400, 40 King Street West, Toronto, Ontario, or at such other place, on such other date, and at such other time as may be agreed upon in writing between the Vendor and the Purchaser.

9.2 Transfer of Possession

Subject to compliance with the terms and conditions hereof, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Time of Closing.

9.3 Delivery of Conveyancing Documents

(a) At the Time of Closing, the Vendor shall deliver the following to the Purchaser each of which shall be in form and substance satisfactory to the Purchaser:

(i) a Bill of Sale in respect of the Purchased Assets duly executed by the Vendor;

(ii) a certificate (which is Schedule A to the Approval and Vesting Order) duly executed by the Vendor and filed with the court; and

(iii) such other deeds or documents as may be specifically required hereunder or as may be considered necessary by the vendor to convey its right, title and interest in the Purchased Assets to the Purchaser.

(b) At the Time of Closing, the Purchaser shall deliver the following to the Vendor:

(i) the Purchase Price (less the amount of the Deposit) by certified cheque, bank draft or wire transfer drawn on a Canadian charted bank, together with all other amounts required to be paid by the Purchaser to the Vendor hereunder at the Time of Closing, if any;

(ii) a certificate of status of the Purchaser;

(iii) a certified copy of a resolution of the board of directors of the Purchaser, which resolution authorizes the execution and delivery of this Agreement and the completion of the purchase of the Purchased Assets in accordance with the provisions of this Agreement; and

(iv) such other documents as may be specifically required hereunder.

9.4 Registration Costs

The Purchaser shall bear all costs in registering any conveyances of title to the Purchased Assets to it and all costs of preparing any further assurances required to convey the Purchased Assets to it. The Purchaser shall register all such conveyances promptly after Closing.

ARTICLE 10
BUILDING

10.1 Building

The Purchaser shall give the Vendor reasonable access during normal business hours to the building located at 1700 McEwen Drive, Whitby, Ontario (the "**Building**") for a period of 30 days after Closing for the purpose of removing or permitting the removal from the Building any property other than the Purchased Assets provided that the Vendor has given two days notice in writing to the Purchaser.

ARTICLE 11
MISCELLANEOUS

11.1 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(i) **if to the Vendor:**

Ernst & Young Inc.
222 Bay Street
P.O. Box 251
Toronto, Ontario, M5K 1J7

Attention: Mike Dean
Fax No.: (416) 943-3300

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza, Suite 4400
40 King Street West
Toronto, Ontario M4H 3Y4

Attention: Michael J. MacNaughton
Fax No.: (416) 682-2837

(ii) **if to the Purchaser:**

JE Fininvest Ltd.
259 Yorkland Road
Toronto, Ontario M2J 5B2

Attention: Aaron Zak
Fax No.: (416) 733-8306

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means or recorded electronic communication as aforesaid.

(c) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 11.1.

11.2 Consultation

The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any applicable law or regulatory requirement, neither of them shall issue any such press release or make any such public announcement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

11.3 Fees

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

11.4 Further Assurances

Each party to this Agreement covenants and agrees that it will at all times promptly execute and deliver all such documents including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

11.5 Non-Merger

The registration of any transfer and the execution and delivery of documents on the Closing Date or thereafter as herein contemplated or any independent investigation by the Purchaser or its agents shall not merge or affect any of the warranties, representations, covenants, conditions or terms of this Agreement or any agreement or document delivered pursuant to this Agreement, all of which shall survive the closing of the transaction contemplated in this Agreement.

11.6 Representative Capacity

The Vendor is executing this Agreement in its representative capacity as Court-appointed receiver of the Companies and not in its personal or corporate capacity and neither the Vendor nor its directors, officers, agents, servants or employees shall have any personal or corporate liability hereunder or at common law, or by statute, or equity or otherwise as a result hereof.

11.7 Counterparts, Facsimile Signatures

This Agreement may be executed by electronic signature, in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Execution of this Agreement may be made by facsimile or PDF signature which, for all purposes, shall be deemed to be an original signature.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect 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.

Per: ______________________
Mike Dean
Senior Vice President

JE FININVEST LTD.

Per: ______________________
Aaron Zak
Title:
I have authority to bind the company

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SCHEDULE A

PURCHASED ASSETS

Custom built 16'L intake inclined chain grain conveyor c/w 40 TPH capacity

Custom built 26'H bucket grain elevator c/w 40 TPH capacity

Horizontal 33'L chain conveyor, c/w 40 TPH capacity, & (3) pnuematic slides

(3) 25MT conical bottom grain storage silos

Horizontal 33'L auger conveyor & inclined auger conveyor

Custom built 26'H bucket grain elevator c/w 40 TPH capacity

2001 Indopol classifier separator c/w vibro motors

2001 Indopol dry stoner c/w vibro motors & 10HP fan

2001 Indopol model CC horiztonal scourer, 50RPM s/n 1001, c/w aspiration channel

2001 Indopol model ID intensive dampening unit, s/n 133 c/w rotameter

Indopol 49-bag filter system c/w airlock

(4) 26'H bucket grain bucket elevators, pnuematic slides, auger conveyors, magnets, 40HP fan, spouting, & exhaust piping

2001 Ingersol Rand model 2340-T30 5HP, horizontal air compressor, s/n 9007439

2001 Ingersol Rand model 2475-T30 5HP, horizontal air compressor, s/n 1015752

2001 Ingersol Rand model 2475-T30 5HP, horizontal air compressor, s/n 1015490

2009 Ingersol Rand model 2475-T30 5HP, horizontal air compressor, s/n 9011223

(3) 25MT conical bottom grain storage silos

2001 Indopol aspirator separator

(3) 2001 Indopol model IPRM04, double roller mills, s/n 339, 340, 341

2001 Indopol model RM04, double roller mill, s/n 225

(2) 2001 Indopol model MM-IPRM04, double roller mills, s/n 94007, 94008

(2) 2001 Indopol 8:16 plansifters

(2) 2001 Indopol model FF flour purifiers c/w motors, s/n 164, n/a

(2) Indopol horizontal bran finishers (one unit not in use)

10HP Fan purifier & filter

(2) Indopol impact detachers

(2) Indopol 49-bag reverse jet filters

2001 Indopol model SC turbo sifter, s/n 96

(40) Indopol lift, cyclone, & airlock pnuematic systems

(2) 50HP high pressure fan systems

(5) Indopol additive feeders, entoleter, elevators, auger conveyors, spouting & exhaust, (2) bin dischargers, (5) pnuematic slides, mezzanine system, motors, cabling, etc

Milestone model MAS10-D106 control panel c/w Allen Bradley model PanelView 600 controls

(5) American Ingredients Corp. model A-378 magnets, s/n BD-0036, BD-0038, 2010, BD-0037, BD-0035

ArcoPak Inc model FMC-AIR-Packer c/w hopper, scale, & AcroPak digital read out, s/n C-3250 c/w screw conveyor, & bucket elevator

Westeel model SeedStor conical bottom storage silo

(3) FlyLight Jr UV bug lights

Assorted equipment not in use consisting of: (3)
storage silos, screw conveyors, blowers, motors

38 Blister packaging machine c/w conveyor (as is)

39 Assorted aluminum extension ladders & warehouse ladders

(2) compressors heads, manual chain hoist, etc

Lincoln model AC-225 arc welder c/w cart

Toyota model 7FBEU18 3-wheel electric forklift
c/w finger controls, side shift, 3-stage mast, 189"
lift, 3,000lbs capacity, & charger, s/n 10149

Wulftec model WHP-150 automatic pallet wrapper, s/n 0700-6295

Raymond model 102T-F45L, 4,500lbs capacity
electric pallet truck, s/n 107-07-090292

Champion 25HP tank mount v-twin horizontal air compressor

2001 Ultra-air model UA1100AC in-line air
dryer, s/n U-33832-42

Kilo model ND300 stainless steel digital scale

Cardinal 5,000lbs capacity digital floor scale

(2) chop saws

Taylor Products model AFSR-A-TE valve bag air
packer c/w mezzanine system, a/n AFSR-5976-TE

(3) Pallet jacks

Hapman stainless steel bulk bag loader

Paglierani model DA40/575/110 horizontal bag
filling & closing machine, s/n 501103

2004 Shawpack model CON5014 plastic conveyor & metal detector
s/n 25144

Ideal model 7100.187 shrink wrapper & heat shrink tunnel, s/n
1089201

Contents of parts room & shipping office
consisting of: computer, Zebra model 220xi
IIIplus label printer, etc

Toyota model 5FBEC15 3-wheel, 2,500lbs
capacity electric forklift, c/w 185" lift, 3-stage
mast, side shift, & charger, s/n 36217

(5) Sections of shelving c/w parts, motors, piping, etc.

Assorted equipment consisting of: dust collector,
grain elevators, sifting screens, piping, rollers, etc

Husky 7HP, 80gallon vertical air compressor

Contents of offices & lunch room

Daymark model Classic electric scooter

All outstanding accounts receivable resulting from the sale of goods to third parties by 2110458 Ontario Limited o/a Loretta Flour

All inventory of 2110458 Ontario Limited o/a Loretta Flour located at 1700 McEwen Drive, Whitby, Ontario

The Canadian trademark "County Fair"

The Registered trade name " Loretta Flour"

SCHEDULE B

BILL OF SALE

THIS INDENTURE made as of the day of •, 2011.

BETWEEN:

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect of 2110458 Ontario Limited 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.

(hereinafter called the "Vendor")

-and-

JE FININVEST LTD.

(hereinafter called the "Purchaser")

WHEREAS Ernst & Young Inc. was appointed Court-appointed receiver and receiver and manager over the assets, property and undertaking 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. pursuant to an Order of the Ontario Superior Court of Justice dated November 26, 2010;

AND WHEREAS the Purchaser offers to purchase from the Vendor, subject to the terms and conditions hereof, all of the Vendor's and Company's right, title and interest, if any, in and to the Purchased Assets (as hereinafter defined);

AND WHEREAS the Purchaser and the Vendor have entered into an Asset Purchase Agreement dated March 29, 2011 (the "Purchase Agreement") providing for the purchase by the Purchaser of the Purchased Assets (as defined therein and as listed in Schedule "A" attached hereto);

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the sum of [redacted] of lawful money of Canada, plus all applicable taxes thereon and other good and valuable consideration now paid by the Purchaser to the Vendor (the receipt hereof is hereby acknowledged) the Vendor hereby grants, sells, conveys, assigns, transfers and sets over unto the Purchaser the Purchased Assets on an "as is, where is basis", all right, title, interest, property, claim and demand whatsoever of the Vendor and Company, in, to, and out of the Purchased Assets, and every part thereof.

TO HOLD the Purchased Assets and all other right, title and interest of the Companies and/or the Vendor therein and thereto, unto and to the use of the Purchaser.

The Vendor, subject to the provisions of the Purchase Agreement, hereby remises, releases and forever discharges to the Purchaser all of its right, title and interest, if any, and all of its claims and demands whatsoever in and upon the Purchased Assets.

The Purchased Assets are being sold on an "as is, where is" basis in accordance with and subject to the provisions of the Purchase Agreement.

Each of the parties hereto acknowledge that they have been afforded the opportunity of receiving independent legal advice concerning this Indenture, and in the event that any party has executed this Indenture without the benefit of independent legal advice, such party hereby waives the right to receive such independent legal advice.

This Indenture shall enure to the benefit of and be binding upon the Vendor and Purchaser and their respective successors and assigns.

This Indenture may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Indenture may be executed and transmitted by facsimile machine or electronic mail, with confirmation of transmission and, on such execution and transmission, this indenture shall be binding on the parties with the same force and effect as if originally executed.

IN WITNESS WHEREOF this Indenture has been executed by the Vendor as of the day and year first above written.

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect 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.

Per: ______________________________

Mike Dean
Senior Vice President

APPENDIX "H"

BILL OF SALE

THIS INDENTURE made as of the 15th day of April, 2011.

BETWEEN:

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect 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.

(hereinafter called the "**Vendor**" or the "**Receiver**")

-and-

POPPA CORN CORP.

(hereinafter called the "**Purchaser**")

WHEREAS Ernst & Young Inc., was appointed receiver and receiver and manager over the assets, property and undertaking 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. (collectively, the "**Debtors**") pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated November 26, 2010 (the "**Receivership Order**");

AND WHEREAS the Receiver is authorized pursuant to the terms of the Receivership Order to market and solicit offers in respect of the property or any part of the property of the Debtors and negotiate the terms and conditions of sale as the Receiver deems appropriate;

AND WHEREAS the Receiver is authorized pursuant to the terms of the Receivership Order to sell, convey, transfer, lease or assign the property of the Debtors or any part or parts thereof out of the ordinary course of business;

AND WHEREAS the Purchaser offers to purchase from the Vendor and the Vendor agrees to sell, subject to the terms and conditions hereof, all of the Vendor's right, title and interest, if any, in and to the assets listed in Schedule "A" attached hereto (the "**Purchased Assets**");

AND WHEREAS the Purchaser has agreed to pay, in addition to pay $31,008.01 for the purchase of the Purchased Assets, $7,500 in payment of the fees and disbursements to be incurred by the Receiver to bring a motion to obtain an approval and vesting order approving the completion of the sale contemplated herein and vesting the Purchased Assets in and to the Purchaser free and clear of all encumbrances;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the sum of THIRTY-EIGHT THOUSAND FIVE HUNDRED AND EIGHT DOLLARS AND ONE CENT ($38,508.01) of lawful money of Canada (the "**Purchase Price**"), and for good and valuable consideration now paid by the Purchaser to the Vendor (the receipt and sufficiency of which is hereby acknowledged) the Vendor and Purchaser agree as follows:

1. The Vendor hereby represents and warrants that:

    (i) it has done no act to encumber the Purchased Assets; and

    (ii) it has the right to convey its right, title and interest in and to the Purchased Assets pursuant to the terms of the Receivership Order.

2. The Vendor does hereby bargain, sell, assign, transfer and set over unto the Purchaser, its successors and assigns, of all of the right, title and interest of the Vendor in and to the Purchased Assets.

3. The Purchaser shall hold all of the right, title and interest of the Vendor therein and thereto, unto and to the use of the Purchaser.

4. The Vendor hereby releases to and in favour of the Purchaser of all of the right, title and interest of the Vendor in and to the Purchased Assets.

5. The Purchaser acknowledges and confirms the Purchased Assets are being purchased by it on an "as is, where is" basis and that the Vendor has made no representations, warranties, statements or promises (save and except as expressly stated herein) and has not agreed to any condition with respect to the Purchased Assets, whether statutory (including, without limitation, under the *Sale of Goods Act (Ontario)*), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, including as to the existence, condition, merchantability, description, collectability, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity or quality thereof of any or all of the Purchased Assets.

6. The Vendor acknowledges receipt of a deposit in the amount of $15,000 (the "**Deposit**") which shall be applied to the Purchase Price upon the execution of this Bill of Sale.

7. The Purchaser shall upon the execution of this Bill of Sale pay to the Vendor $23,508.01 being the balance of the Purchase Price. The Purchase Price is exclusive of applicable provincial sales tax and federal goods and services tax (collectively, the "**Taxes**").

8. The Vendor agrees that it shall, at the reasonable request and at the expense of the Purchaser, execute and deliver such other documents, deeds and further assurances and do and perform such other acts and things as are reasonably necessary or desirable for effectuating the assignment of the interests of the Vendor in the Purchased Assets unto the Purchaser.

9. This Bill of Sale shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada as may be applicable therein.

10. This Bill of Sale shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

11. Each of the parties hereto acknowledge that they have been afforded the opportunity of receiving independent legal advice concerning this Bill of Sale, and in the event that any party has executed this Bill of Sale without the benefit of independent legal advice, such party hereby waives the right to receive such independent legal advice.

12. This Bill of Sale may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

13. This Bill of Sale may be delivered by way of facsimile or electronic transmission and in such event a facsimile or electronic transmission received by each party of the other parties signatures shall serve to confirm the execution thereof by each such party. The parties hereto hereby agree that an original executed copy of this Bill of Sale shall be delivered to and by each party within three (3) days of receiving the facsimile or electronic transmission copy of the executed Bill of Sale.

14. This Bill of Sale constitutes the entire agreement between the parties hereto with respect to the subject matter of this transaction and shall not be amended except in writing executed by the parties hereto and supersedes all prior documents, agreements and discussions between the parties hereto, whether written or oral.

ERNST & YOUNG INC., in its capacity as court-appointed receiver and receiver and manager in respect 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.

Per: ______________________________
Rahn Dodick CA•CIRP
Vice President

POPPA CORN CORP.

Per: ______________________________
Michel Cousineau
President

::ODMA\PCDOCS\TOR01\4616392\3

SCHEDULE "A"

PURCHASED ASSETS

Trade-mark	Appl'n No.	Reg. No.
LORETTA Design	1,494,609	
SPORTS NUTS	0,747,638	TMA444,031
LORETTA	0,771,091	TMA455,484
PALM SPICES	0,760,546	TMA447,427
LORETTA	1,246,936	TMA709,143
DONNA	0,767,462	TMA446,295
1ST PRIZE & Design	0,68,817	TMA408,003
JIMMY POP CORN	1,184,301	TMA622,533
AMIGOS & Design	1,140,487	TMA589,918
AMIGOS	1,128,220	TMA586,972
DONNA	0,397,099	TMA223,134
ORIGINAL TREASURES	0,801,587	TMA475,657

Labels

Loretta Plus
Bacon Labels
Panko Labels
Fish Fry Labels
Flax Labels
Motts 75g Label
Motts 200g Label
8.4 oz Labels
Extract Labels
6.5 oz Labels
32 oz Labels

Lables cont'd

Jug Labels
Loretta Bulk Labels
Loretta 16oz Labels
Loretta Grinder Labels
Longos Large Grinder Labels
Longos 16oz Labels
Longos Labels
Geronimo 32 oz Labels
Geronimo Jug Labels
International 32 oz Label
International Jugs Label
Fiormart 32 oz Labels
Fiormart Jug Labels
Clear thermal label 4x1
3 x 4 White Label
2 x 4 White Label
Safety Seals
Small Printing ribbon
Large Printing Ribbon

ASSIGNMENT

The undersigned, **Ernst & Young Inc.**, the court-appointed receiver and receiver and manager over the assets, property and undertaking 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 consideration of the sum of $1.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, assign and transfer to **Poppa Corn Corp.**, whose full post office address is **1245 Lorimar Drive, Mississauga, Ontario, L5S 1R2**, its successors and assigns forever, all its right, title and interest in, to and under the trade mark registrations and applications listed in Schedule A attached hereto, without any goodwill of the business appertaining to said trade marks.

EXECUTED at , Ontario, this 15th day of April, 2011.

ERNST & YOUNG INC., in its capacity as court-appointed 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.

By: ______________________
Rahn Dodick CA•CIRP
Vice President

ACKNOWLEDGEMENT

The undersigned, **Poppa Corn Corp.**, whose full post office address or principal place of business is **1245 Lorimar Drive, Mississauga, Ontario, L5S 1R2**, hereby accepts the above assignment.

EXECUTED at , Ontario, this 15th day of April, 2011.

Poppa Corn Corp

By: ______________________
Michel Cousineau
President MICHEL COUSINEAU

SCHEDULE "A"

Trade-mark	Appl'n No.	Reg. No.
LORETTA Design	1,494,609	
SPORTS NUTS	0,747,638	TMA444,031
LORETTA	0,771,091	TMA455,484
PALM SPICES	0,760,546	TMA447,427
LORETTA	1,246,936	TMA709,143
DONNA	0,767,462	TMA446,295
1ST PRIZE & Design	0,68,817	TMA408,003
JIMMY POP CORN	1,184,301	TMA622,533
AMIGOS & Design	1,140,487	TMA589,918
AMIGOS	1,128,220	TMA586,972
DONNA	0,397,099	TMA223,134
ORIGINAL TREASURES	0,801,587	TMA475,657

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Mary Arzoumanidis
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Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON, Canada M5H 3Y4
T 416.367.6000
F 416.367.6749
blg.com

Borden Ladner Gervais

April 14, 2011

Anne H. Stevens
Barrister & Solicitor
400 Walmer Rd., Suite 806
Toronto, Ontario
M5P 2X7,234

Dear Ms. Stevens:

Re: Poppa Corn Corp.

As you know, we are the lawyers for Ernst & Young Inc., in its capacity as court appointed receiver and receiver and manager (the "Receiver") 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 connection with the proposed sale by the Receiver of certain trademarks to your client, Poppa Corn Corp., please find attached a copy of the Bill of Sale. In addition to receiving an executed copy of the Bill of Sale, the Receiver also requires that your client execute and return to us a copy of this letter acknowledging and agreeing to the terms and conditions set out herein:

1. The Receiver is agreeable to bringing a motion to seek an approval and vesting order at a date to be determined by the Receiver, in its sole discretion, approving the transaction contemplated by the Bill of Sale.

2. In the event that: (1) the court does not grant the approval and vesting order, or (2) if the approval and vesting order is either set aside, varied or appealed, the Receiver shall have no further duty or obligation to your client to take any steps in response to such actions, and shall not be required to take any further steps to ensure that the approval and vesting order is obtained.

3. In the event that more than one attendance in court is required to seek an approval and vesting order, the Receiver shall have no duty or obligation to make more than one attendance in court and shall only do so if your client agrees to fund the costs of subsequent court attendances.

4. For greater certainty, the Receiver's sole obligation shall be to bring a motion to seek an approval and vesting order in respect of the sale of the Purchased Assets (as defined in the Bill of Sale), in accordance with paragraph 1 of this letter.

Yours very truly,

Mary Arzoumanidis
MA/ma

Encl.

ACNKOWLEGDMENT AND ACCEPTANCE

The undersigned hereby agrees to the foregoing terms and conditions.

Dated at , this 15th of April, 2011.

POPPA CORN CORP.

By:
Name: MICHEL COUSINEAU
Title: PRESIDENT

::ODMA\PCDOCS\TOR01\4616718\3

APPENDIX “I”

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

Hearing Date: April 11, 2011
Hearing Time: 9:30 a.m.

In re:

PHS GROUP, INC.

Debtor.

NOTICE OF MOTION TO VACATE AUTOMATIC STAY AND/OR GRANT ADEQUATE PROTECTION
Case No. 11-70413 REG
Chapter 7

Assigned to:
Hon. Robert E. Grossman
Bankruptcy Judge

Please take notice that OFC Capital Corporation, a secured creditor of Debtor, by the undersigned attorneys, will move this Court on the 11th day of April, 2011, at 9:30 a.m. or as soon thereafter as counsel can be heard, at the United States Bankruptcy Court, U.S. Bankruptcy Courthouse, 290 Federal Plaza, Central Islip, New York 11722 for an Order pursuant to 11 U.S.C. §362(d)(1) and (d)(2) vacating the automatic stay as to the movant's interest in the Collateral more fully described in the Application of David R. Brown, and for such other relief as the Court may deem proper.

PURSUANT TO LOCAL BANKRUPTCY RULE 9006-1(a), ANY ANSWERING PAPERS ARE TO BE SERVED SO AS TO BE RECEIVED BY THE SECURED CREDITOR'S COUNSEL NO LATER THAN 7 DAYS BEFORE THE HEARING DATE:

Dated: March 16, 2011
Morristown, NJ

Respectfully submitted,

/s/ Angelo G. Garubo, Esquire
Angelo G. Garubo, Esquire
Romano & Garubo, Counselors at Law LLC

TO: Counsel for Debtor:
J. Logan Rappaport, Esquire
Pryor & Mandelup
675 Old Country Road
Westbury, NY 11590

U.S. Trustee:
United States Trustee
Long Island Federal Courthouse
560 Federal Plaza, Room 560
Central Islip, NY 11722-4437

Counsel for Trustee:
Marc A. Pergament, Esquire
Weinberg Gross & Pergament
400 Garden City Plaza
Suite 403
Garden City, NY 11530

Debtor:
PHS Group, Inc.
310 Michael Drive
Syosset, NY 11791

Counsel for Ernst & Young
Daniel N. Adams, Esquire
Honigman, Miller, Schwartz & Cohn LLP
660 Woodward Avenue, Suite 2290
Detroit, MI 48226

Counsel for Brome Finance Corp.
Alison D. Bauer, Esquire
Torys LLP
237 Park Avenue
New York, NY 10017

Counsel for Loretta Group
Mike Dean, Esquire
222 Bay Street
Suite 2400
Toranto Ontario Canada M5K1J7

Counsel for Signature Bank
Frank C. Dell'Amore, Esquire
Jasapn Schlesinger LLLP
300 Garden City Plaza
Garden City, NY 11530

Counsel for Signature Bank
Antonio M. Donohue, Esquire
Jaspan Schlesinger LLP
300 Garden City Plaza
Garden City, NY 11530

Counsel for PNC Equipment Finance
Frank Peretore, Esquire
Peretore & Peretore, P.C.
110 Park Street
Staten Island, NY 10306

Counsel for Barlich Realty Corp.
James Sawyer, Esquire
Sayer & Demetri
666 Old Country Road, Suite 701
Garden City, NY 11530

Counsel for Lloyd I. Miller, III & Milfam I, LP
Paul N. Silverstein, Esquire
Andrews Kurth, LLP
450 Lexington Avenue
New York, NY 10017

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re:

PHS GROUP, INC.

Debtor.

Hearing Date: April 11, 2011
Hearing Time: 9:30 am

CERTIFICATION OF DAVID R. BROWN

Case No. 11-70413 REG
Chapter 7

Assigned to:
Hon. Robert E. Grossman
Bankruptcy Judge

I, David Brown, Vice President of OFC Capital Corporation ("OFC"), is the holder of a first security interest on the debtor's personal property described herein. As Vice President, I have reviewed the books and records including computer records of OFC in connection with the aforesaid debtor and I am familiar with the contents thereof, and I am authorized to make this Certification. I make this Certification based upon my review of the books and records including computer records and the file of OFC regarding the subject debtor which file contains the documents described herein.

1. On January 28, 2011 (the "Petition Date"), Debtor filed a Petition in this Court seeking relief under Chapter 7 of the United States Bankruptcy Code (the "Code").

2. At the Petition Date, Debtor was indebted to OFC in the gross amount of $105,341.36, plus interest, late charges, costs and fees, including, without limitation, reasonable attorneys' fees and expenses (collectively, the "Indebtedness"). The Indebtedness of Debtor to OFC is evidenced by a certain Equipment Financing Agreement dated October 21, 2009, in the original Principal amount of $125,160.00 with OFC as Creditor and Debtor and Quality Food Brands, Inc., as Co debtors; and a Lease Agreement Dated March 27, 2009 with OFC as Lessor and Debtor as Lessee (collectively the "Loan Documents"). The obligations and Indebtedness owed by Debtor to OFC are secured by a perfected first priority security interest in, to and against an All Fill

Model TA 600 Twin Auger Filler # 80414 , one System A Scale Hopper Equipment, and one Ross Model 42N-052S Ribbon Blender, s/n 106158 (the "Collateral"). True copies of the Loan Documents are annexed hereto as Exhibit "A" and incorporated herein by this reference.

3. Debtor pledged the Collateral to secure Debtor's obligations and Indebtedness owed to OFC as defined in the Loan Documents, (collectively the "Obligations"). The Loan Documents further provide for the acceleration of all Obligations and Indebtedness in the event of default in prompt payment of any of the Obligations and/or Indebtedness. A complete listing of the Collateral is detailed in the Loan Documents and is incorporated herein by reference.

4. The security interest in favor of OFC has attached, was duly perfected, and is a first priority interest in the Collateral.

5. Repayment of the Obligations and Indebtedness is governed by the terms and conditions of the Loan Documents and other documents, instruments and agreements executed and delivered by Debtor (collectively the "Contracts"), all of which are hereby made a part hereof by this reference.

6. Debtor has defaulted in his obligations under the Contracts, inter alia, by failing to make the monthly payments pursuant thereto and by filing this Chapter 7 petition in bankruptcy.

7. Debtor also continues to use equipment pledged by the Debtor which continues to depreciate in value. OFC is informed the Collateral in the possession of Quality Food Brands, Inc. and Bektrom Food Inc. These entities are believed to be affiliates of the Debtor and not in Bankruptcy.

8. Debtor is indebted to OFC, as of the date of filing his Chapter 7 Petition, in the amount of $105,341.36 calculated as set forth in Exhibit "B" hereto. Pursuant to the terms

of the Contracts, Debtor is also obligated to OFC for all attorneys' fees and costs incurred by OFC, and for continuing late charges from the date of filing the Chapter 7 petition until paid.

9. OFC seeks relief from the stay to exercise its state law, rights and remedies as to the Collateral on the following grounds:

a. On information, experience, and belief OFC believes that the Collateral is subject to irreparable injury, loss and/or damage.

b. The Collateral is subject to vast depreciation through usage and passage of time.

c. Continued use and operation of the Collateral without payment may eventually cause OFC to be left with an unsecured obligation from Debtor and will cause immediate, substantial, and irreparable harm to OFC.

d. On information, experience, and belief OFC believes there is no reasonable prospect for reorganization of the Debtor.

e. Debtor has failed to offer OFC adequate protection for retaining the Collateral.

f. The collateral in the possession and control of third parties.

g. There is no equity in the collateral. Without inspection the collateral is worth $95,000.00 based upon our desktop evaluation.

10. A copy of a proposed Order granting the relief sought by OFC is annexed hereto as Exhibit "C".

11. No prior application has been made for the relief requested herein.

12. I make this Certification in support of the Motion Vacating Automatic Stay and/or Granting Adequate Protection. OFC reserves to itself all rights and remedies it has at law, in equity and/or pursuant to contract.

I hereby certify that the foregoing statements made by me are true based upon my review of the aforesaid records of OFC; I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

OFC CAPITAL CORPORATION.

Dated: 3-14-11

By: David Brown

David Brown
Vice President

EXHIBIT "A"

ofc capital corporation | **LEASE AGREEMENT**

TO OUR CUSTOMER: For your convenience, this Lease Agreement (the "Lease") has been written in a "plain English" format. When the words you and your are used in this Lease, they mean you, our customer, the Lessee indicated below. When the words we, us, and our are used in this Lease, they mean OFC Capital Corporation.

CUSTOMER INFORMATION

PHS Group Inc.	(516) 714-8200	3546
Lessee Name	Phone #	Approval No.
223 Underhill Boulevard , Syosset, Nassau County, NY 11719		6001515
Billing Street Address/City/County/State/Zip		Lease No.
502 Main Avenue, Colgate, Steele County, ND 58046	22-3611766	0061129
Equipment Location Address	Tax ID No.	Customer No.

VENDOR INFORMATION

All-Fill Inc.
Supplier Name

EQUIPMENT DESCRIPTION

AS DESCRIBED ON SUPPLIER'S INVOICE(S) ATTACHED AS EXHIBIT "A" HERETO AND INCORPORATED HEREIN BY REFERENCE (and you have expressly authorized us to attach such invoice(s) upon receipt).

TERM AND LEASE PAYMENT SCHEDULE

Lease Term (Months)	Lease Payment
36 (Months)	$2,249.51

(Amounts are plus applicable taxes)

PAYMENT TERMS

You agree to pay at the time you sign this Lease:

A. Total Advance Payment:	$4,499.02
B. Sales/Use Tax on Advance Payment (6%)	$269.94
C. One-Time Documentation Fee	$200.00
D. Site Inspection Fee	$200.00
E. Total of A + B + C + D	$5,168.96

INSURANCE AND TAXES You are required to provide and maintain insurance related to the Equipment, and to pay any property, use and other taxes related to this Lease or the Equipment. (See Sections 4 and 6 on the back of this Lease.) If you are tax exempt, you agree to furnish us with satisfactory evidence of your exemption.

CREDIT INFORMATION You authorize us or any of our affiliates or assignees to obtain credit bureau reports, and make any other credit inquiries that we feel are necessary in our sole and absolute discretion. Upon written request, we will inform you whether we have requested a consumer credit report and the name and address of any consumer credit reporting agency that furnished a report. You acknowledge that without further notice we may use or request additional credit bureau reports to update our information so long as your obligations to us are outstanding.

TERMS AND CONDITIONS By signing this Lease: (I) you acknowledge that you have read and understand the terms and conditions on all three (3) pages of this Lease, (II) you agree that this Lease is a net lease that you cannot terminate or cancel, you have an unconditional obligation to make all payments due under this Lease, and you cannot withhold, set off or reduce such payments for any reason whatsoever, (III) you will use the equipment only for business purposes, (IV) you warrant that the person signing this Lease for you has the authority to do so and to grant the power of attorney set forth in Section "7" of this Lease, (V) you confirm that you decided to enter into this Lease rather than purchase the equipment for the total case price, and (VI) you agree that this Lease will be governed by the laws of the State of Georgia, notwithstanding choice of law or

OFC CAPITAL CORPORATION, Lessor

Authorized Signature

John M. Parrott
Vice President
Operations & Portfolio Manager
OFC Capital Corporation

Print Name Title 3/24/09 Date

PHS Group Inc. , Lessee

[redacted]

Authorized Signature

Mair Faibish Chief Executive Officer [redacted] 3/23/09

Print Name Title Date

UNCONDITIONAL GUARANTY

In consideration of OFC Capital Corporation ("Lessor") entering into the above Lease, the undersigned (jointly and severally if more than one guarantor guarantees the Lease) unconditionally and absolutely guarantees to Lessor, its successors and assigns, prompt payment and performance of all obligations of the Lessee identified above under the Lease (the "Obligations"). The undersigned agrees: (a) that the undersigned has read and understands all of the terms and conditions of the Lease; (b) that this Guaranty is of payment and not of collection and shall not be affected by any unenforceability or invalidity of the Obligations or any amendment, extension, waiver or release thereof (whether or not the undersigned has notice of such event), and that Lessor may proceed directly against the undersigned without taking any action with respect to the Lessee, the Equipment or any security for the Lessee's obligations; (c) that the undersigned's obligations hereunder shall not be discharged by death or incompetency, or by the dissolution or liquidation of the Lessee; (d) that this Guaranty shall be governed by the Laws of the State of Georgia and that the undersigned consents to the jurisdiction of, and venue in, any state or, federal court located within the State of Georgia; (e) to pay all of Lessor's costs of enforcement and collection of the Obligations of this Guaranty, including reasonable attorney's fees; and (f) that the undersigned has waived the right to notices under O.C.G.A. 10-7-24. The undersigned also authorizes Lessor, its affiliates and assignees to obtain credit bureau reports and other bank and trade references with respect to the undersigned.

CORP

ONLY

DELIVERY AND ACCEPTANCE ACKNOWLEDGMENT

By executing and delivering this Delivery and Acceptance Acknowledgement, the undersigned Lessee ("we" or "us") certifies that: (i) we have inspected the Equipment, and have determined that the Equipment is installed and in good working condition; (ii) we have accepted the Equipment and instructed OFC Capital Corporation to purchase the Equipment from the Supplier; (iii) our obligations to perform all the terms and conditions under the Lease have begun; and (iv) we will unconditionally and absolutely pay Lease Payments to OFC Capital Corporation at the location and in the amount stated in the Lease.
This Acknowledgement is executed and delivered in connection with Lease No. 6001515 between OFC Capital Corporation and us (the "Lessee"). Capitalized terms used in this Acknowledgement without definition have the meanings set forth in the Lease.

PHS Group Inc. , Lessee

[redacted]

Authorized Signature

Mair Faibish, Chief Executive Officer
Print Name Date [redacted] 3/23/09

rev. June 25, 2008

1. LEASE; DELIVERY AND ACCEPTANCE. You agree to lease the Equipment described on the front of this Lease (collectively "Equipment") on the terms and conditions shown on the front and back of this Lease. If you have entered into any purchase or supply contract (collectively "Supply Contract") with any Supplier, you hereby assign to us your rights under such Supply Contract, but none of your obligations (other than the obligation to pay for the Equipment if it is accepted by you as stated below and you timely deliver to us such documents and assurances as we request). If you have not entered into a Supply Contract, you authorize us to enter into a Supply Contract on your behalf. You will arrange for delivery of the Equipment to you. When you receive the Equipment, you agree to inspect it to determine if it is in good working order. The rental term of this Lease will begin on the date when all or substantially all of the Equipment has been delivered to you. ("Commencement Date"). The Equipment will be deemed irrevocably accepted by you upon the earlier of: a) the delivery to us of a signed Delivery and Acceptance Certificate (if requested by us); or b) 10 days after delivery of all or substantially all of the Equipment to you if previously you have not given written notice to us of your non-acceptance. If the Commencement Date starts on the 10th of the month, then the entire periodic Lease Payment shall be due and payable on the 10th day of the following month. However, if the Commencement date starts at any time other than the 10th of the month, then the Lessee shall pay an amount equal to the periodic Lease Payment (or, if the periodic Lease Payment varies during the term of the applicable schedule, the average of all scheduled Lease Payments during the term of such Schedule) divided by 30 and multiplied by the number of days between the Commencement Date and the 10th day of the month immediately following the Commencement Date ("Interim Rent"). The Interim Rent shall be due and payable on the 10th of the month immediately following the Commencment Date. Subsequent periodic Lease Payments shall be paid in its entirety on the 10th day of each month thereafter whether or not Lessee has received notice that such payments are due as set forth herein. ADVANCE PAYMENTS—Lessor may, in its sole and absolute discretion, require that Lessee tender an advance payment to the Lessor ("Advance Payment"). If Lessor requires that Lessee tender an Advance Payment, the Advance Payment shall be due and payable on the Commencement Date. Furthermore, the Advance Payment shall not effect the required Interim Lease Payment, nor shall it effect the periodic Lease Payment. You will make all payments required under this Lease to us at such address as we may specify in writing. You authorize us to adjust the Lease Payment by not more than 15% if the actual Total Cash Price (which is all amounts we have paid in connection with the purchase, delivery and installation of the Equipment, including any trade-up and buyout amounts) differs from the estimated Total Cash Price of the Equipment. If any Lease Payment or other amount payable under this Lease is not paid within 10 days of its due date, you will pay us a late charge equal to 10% of each such late payment (or such lesser rate as is the maximum rate allowable under applicable law.)

2. NO WARRANTIES. We are leasing the Equipment to you "AS-IS." YOU ACKNOWLEDGE THAT WE DO NOT MANUFACTURE THE EQUIPMENT, THAT WE DO NOT REPRESENT THE MANUFACTURER OR THE SUPPLIER, AND THAT YOU HAVE SELECTED THE EQUIPMENT AND SUPPLIER BASED UPON YOUR OWN JUDGEMENT. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE. YOU AGREE THAT REGARDLESS OF CAUSE, WE ARE NOT RESPONSIBLE FOR AND YOU WILL NOT MAKE ANY CLAIM AGAINST US FOR ANY DAMAGES, WHETHER DIRECT, SPECIAL, OR INDIRECT. YOU AGREE THAT NEITHER SUPPLIER NOR ANY SALESPERSON, EMPLOYEE OR OTHER AGENT OF SUPPLIER IS OUR AGENT OR HAS ANY AUTHORITY TO SPEAK FOR US OR TO BIND US IN ANY WAY. We transfer to you for the term of this Lease any warranties made by the manufacturer or Supplier under a Supply Contract.

3. EQUIPMENT LOCATION; USE, MAINTENANCE AND REPAIR; RETURN. You will keep and use the Equipment only at the Equipment Location shown on the front of this Lease. You will not move the Equipment without our prior written consent. At your own cost and expenses, you will maintain the Equipment as provided in the applicable maintenance manual or, if none, as recommended by the manufacturer, and you will keep written record of servicing signed by the service provider. You will keep the Equipment eligible for any manufacturer's certification, in compliance with all applicable laws and in good repair and condition, except for ordinary wear and tear. All replacement parts for the Equipment will be purchased from sources approved by the original manufacturer, and you will retain copies of any applicable purchase riders and/or invoices. You will not make any alterations, additions, modifications or replacements to the Equipment without our prior written consent. All alterations, additions, modifications and replacements will become part of the Equipment, will not be removed from the Equipment and will constitute our property at no cost or expense to us. We may inspect the Equipment at any reasonable time. You will not use any material classified as hazardous under applicable law except in accordance with applicable laws and regulations. You will maintain all records, logs and licenses required by any governmental authority, whether the requirement is imposed on you or us. You will require all operators of the Equipment to operate the Equipment with reasonable care and diligence and to use normal reasonable precautions in such operation. Unless you purchase the Equipment in accordance with this Lease, at the end of the term of this Lease you will immediately deliver the Equipment to us in as good condition as when you received it, except for ordinary wear and tear, to any place in the continental United States that we tell you and shipped in accordance with the original manufacturer's recommendations. You will pay all expenses of deinstalling, crating and shipping, and you will insure the Equipment for its full replacement value during shipping. You will arrange for deinstallation in accordance with the original manufacturer's specific instructions or, if none, in accordance with normal industry practices for new Equipment using the same special transportation devices as were used in original installation of the Equipment. All moving parts will be secured, all process fluids removed and their containers cleaned and dried, all internal fluids such as lube oil and hydraulic oil filled to operating levels, all filler caps secured and disconnected with hoses sealed and all fragile components protected in an efficient and careful manner to facilitate the reinstallation of the Equipment. All keys will be returned together secured to a major external component of the Equipment. At the time of return, the Equipment will be: 1) operational and able to perform its required task effectively without repair or overhaul; 2) complete with no missing components or attachments; 3) clean, with all boots, guards and seals fully functional; 4) rust free; 5) accompanied by all tooling and documentation; and 6) as otherwise required hereby.

4. LIENS; TAXES AND FEES. You shall keep the Equipment free and clear of all claims, levies, liens and encumbrances. You shall pay (or if you have failed to pay and we have paid the same as hereinafter provided, reimburse us, upon demand, for) any and all property, sales, use or other taxes (together with any fines, penalties or interest thereon) applicable to the Equipment or your use or operation thereof, this Lease and the rent and other sums at any time due under or with respect thereto. You shall indemnify and hold us harmless from all license and registration fees and all sales, use, personal property and other taxes, levies, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) arising at any time during the term hereof or thereafter, or upon the return of the Equipment to us, and imposed against us by any federal, state or local government or taxing authority upon or with respect to the purchase, ownership, delivery, leasing, sale, possession, use, operation, return or other disposition of the Equipment, or upon the rentals, receipts or earnings arising therefrom or upon or with respect to this Lease (other than taxes on or measured by our income). If any of the same shall remain unpaid, when due, we may, in our sole and absolute discretion (while we have absolutely no obligations to do so) pay same and add such payment to the Lease Payment next becoming due as additional rent. Notwithstanding anything to the contrary contained herein or otherwise, and without limiting the preceding, you acknowledge and agree that if this Lease is or should be treated for tax purposes as a financing lease by any relevant taxing authority, you are and shall be solely responsible for the payment of any and all applicable personal property taxes, fines, penalties and interest and the proper reporting to such taxing authority of the necessary information concerning the Equipment and such taxes. As a service to and on behalf of you, for which a fee may be added to the Lease Payment next becoming due as additional rent or subsequently billed to you, we may, in our sole and absolute discretion, prepare and either submit to you for filing, or, if the taxing authority allows us to file and pay the applicable personal property taxes directly on behalf of you, file and pay the applicable personal property taxes, fines, penalties and interest to such taxing authority. You further acknowledge and agree that we may, in our sole and absolute discretion, at any time either include a reasonable estimate of personal property taxes that may be due with respect to the Equipment in the Lease Payments payable by you or invoice you for the actual or estimated amounts of personal property taxes paid by us or due from you to any taxing authority. You shall be liable to us for any unpaid or underpaid (including by reason of our failure to properly estimate the amount thereof) personal property taxes, fines, penalties and interest relating to the Equipment or Lease Payments during the term of this Lease that were assessed during or after the termination or expiration of this Lease. We are not required to contest any taxes, fines, penalties or interest assessed by any taxing authority.

5. LOSS OR DAMAGE. As between you and us, you are responsible for any loss, theft or destruction of, or damage to, the Equipment (collectively "Loss") from any cause at all whether or not insured, until it is delivered to us at the end of this Lease. You are required to make all Lease Payments even if there is a Loss. You must notify us in writing immediately of any Loss. Then, at our option, you will either (a) repair the Equipment so that it is in good condition and working order, eligible for any manufacturer's certification, or (b) pay us the amounts specified in Section 9(b) below.

6. INSURANCE. You will provide and maintain at your own expense: (a) property insurance against the loss, theft, damage or destruction of, or damage to, the Equipment for its full replacement value, naming us as loss payee, and (b) public liability and third party property insurance, naming us as an additional insured. You will

Lessee has read and agrees with all items on pages 2 and 3 [redacted] give us certificates or other evidence of such insurance when requested. Such insurance will be in a form, amount and with companies acceptable to us, and will provide that we will be given 30 days advance notice of any cancellation or material change of such insurance. If you do not give us evidence of insurance acceptable to us, we have the right, but not the obligation, to obtain insurance from an insurer of our choice, including an insurer that is our affiliate. We may add the costs of acquiring and maintaining such insurance (collectively "Insurance Charge") to the amounts due from you under this Lease. You will pay such Insurance Charge in equal installments allocated to the remaining Lease Payments (plus interest on such allocation at 1.5% per month or, if less, the maximum rate allowed by law). If we purchase insurance, you will cooperate with our insurance agent with respect to the placement of insurance and the processing of claims. Nothing in this Lease will create an insurance relationship of any type between us and any other person. You acknowledge that we are not required to secure or maintain any insurance, and we will not be liable to you if we terminate any insurance coverage that we arrange. If we replace or renew any insurance coverage, we are not obligated to provide replacement or renewal coverage under the same terms, costs, limits, or conditions as the previous coverage.

7. TITLE; RECORDING; DOCUMENTATION FEE. We are the owner of and will hold title to the Equipment. You will keep the Equipment free of all liens and encumbrances. You agree that this transaction is a true lease. However, in the event that this transaction is at anytime deemed to be a lease intended for security, you hereby grant and convey to us a purchase money security interest in the Equipment (including any replacements, substitutions, additions, attachments and proceeds) as security for your obligations hereunder. Upon our request at any time, you will deliver to us signed financing statements or other documents we need to protect our interest in the Equipment. You authorize us to file a copy of this Lease as a financing statement and appoint us or our designee as your attorney in fact to execute and file on your behalf, one or more financing statements and amendments thereto covering the Equipment. The foregoing power of attorney is irrevocable as long as your obligations hereunder are outstanding and is coupled with an interest. You hereby ratify any financing statements that we executed and filed on your behalf prior to your execution of this Lease and you agree that such financing statements are valid and binding.

8. DEFAULT. Each of the following is a "Default" under this Lease: (a) you fail to pay any Lease Payment or any other payment within 10 days of its due date, (b) you fail to perform any of your other obligations under this Lease or in any other agreement with us or with any of our affiliates, and such failure continues for 10 days after we have notified you of it, (c) you become insolvent you dissolve or are dissolved, you assign your assets for the benefit of your creditors, you seek to effect a sale or transfer of substantially all of your assets, cease to do business as a going concern or enter (voluntarily or involuntarily) any bankruptcy or reorganization proceeding; (d) any guarantor of this Lease dies, does not perform its obligations under the guaranty, or becomes subject to one of the events listed in clause (c) above; (e) you sell or purport to sell your interest in the Equipment, or move the Equipment, without our prior written consent: or (f) you fail to maintain insurance on the Equipment as required hereby; (g) you fail to notify us of any changes in the ownership structure of your business operation.

9. REMEDIES. If a Default occurs, we may do one or more of the following: (a) we may cancel or terminate this Lease or any or all other agreements that we have entered into with you: (b) we may require you to immediately pay us, as compensation for loss of our bargain and not as a penalty, a sum equal to (i) the present value of all unpaid Lease Payments for the remainder of the Lease term plus the present value of our anticipated residual interest in the Equipment, each discounted at 6% per year, plus (ii) all other amounts payable or that become payable under this Lease; (c) we may require you to deliver the Equipment to us as set forth in Section 3; (d) we or our agent may peacefully repossess the Equipment without court order and you will not make any claims against us for damage or trespass or any other reason; (e) we may obtain a writ of immediate possession for the Equipment under applicable law without notice and without the necessity of posting a bond (and you expressly waive any right to require us to give notice or post a bond): and/or (f) we may exercise any other right or remedy available at law or in equity. You agree to pay all of our costs of enforcing our rights against you, including reasonable attorney's fees. If we take possession of the Equipment, we may sell or otherwise dispose of it with or without notice, at a public or private sale, and apply the net proceeds (after we have deducted all costs related to the sale, repossession, refurbishment, or disposition of the Equipment) to the amounts that you owe us. You agree that if notice of sale is required by law to be given, 10 days notice shall constitute reasonable notice. You will remain responsible for any amounts that are due hereunder after we have applied such net proceeds.

10. FINANCE LEASE STATUS. You agree that this Lease will be considered a "finance lease" as that term is defined in Article 2A of the Uniform Commercial Code (as adopted in Georgia) ("UCC"). By signing this Lease, you agree that either (a) you have reviewed, approved and received a copy of the Supply Contract or (b) that we have informed you of the identity of the Supplier, that you may have rights under the Supply Contract, and that you may contact the Supplier for a description of those rights. TO THE EXTENT PERMITTED BY APPLICABLE LAW, YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UCC.

11. ASSIGNMENT. YOU MAY NOT ASSIGN, SELL, TRANSFER OR SUBLEASE THE EQUIPMENT OR YOUR INTEREST IN THIS LEASE. We may, without notifying you, sell, assign, or transfer this Lease or our rights in the Equipment. You agree that the new owner will have the same rights and benefits that we have now under this Lease but not our obligations. The rights of the new owner will not be subject to any claims, defenses or set off that you may have against us.

12. AUTOMATIC RENEWAL. This Lease will automatically renew for an additional 12 month term unless, at least 30 days before the expiration of the original term hereof, you notify us that you do not desire a renewal term, and you thereafter return the Equipment at the end of the term as provided in Paragraph 3 above. Failure to either provide such notice or return the Equipment will cause the automatic renewal of this Lease as set forth herein. After any renewal term, this Lease will renew for successive one month terms until you return the Equipment to us. During such renewal term(s), the Lease Payment will remain the same. We may cancel an automatic renewal term by sending you written notice at least 10 days before the end of any term.

13. INDEMNIFICATION. You are responsible for any losses, damages, penalties, claims, suits, actions, costs and expenses, including attorneys fees (collectively "Claims"), whether based on a theory of strict liability or otherwise, incurred by us and caused by or related to: (a) the manufacture, installation, ownership, use, lease, possession, or delivery or rejection of the Equipment, (b) any defects in the Equipment, or (c) claims of any Supplier relating to your rejection of or objection to any item of the Equipment. All of the foregoing indemnities are binding and irrevocable as of your execution of this Lease, regardless of whether or when the rental term hereunder begins, and such indemnities shall survive the expiration or termination of this Lease. You agree to reimburse and indemnify us for, and if we request, to defend us against, any Claims.

14. CONSTRUCTION OF LEASE PAYMENTS. Since this Lease represents a lease of the Equipment, we are in agreement that no amount paid by you hereunder will constitute "interest," and we both intend that this Lease not violate any applicable usury laws. If, however, any amount paid by you under this Lease is ever construed to constitute interest, then we have agreed (a) that such amounts will never exceed the highest rate permitted under applicable law and (b) if we ever collect an amount which is more than what is permitted under applicable law, we will treat such excess amounts as prepayments of the "principal" portion of your payments due hereunder (in inverse order of maturity), and we will refund to you any amounts in excess of the total "principal" outstanding. In determining whether amounts deemed to be "interest" exceed the highest lawful rate, any advance payments which are deemed to be interest shall be spread over the full term of this Lease.

15. MISCELLANEOUS. You agree that the terms and conditions contained in this Lease make up the entire agreement between you and us regarding the lease of the Equipment. This Lease is not binding on us until we sign it. Any change in any of the terms and conditions of this Lease must be in writing and signed by us. You agree, however, that we are authorized, without notice to you, to supply missing information or correct obvious errors in this Lease. In addition, you expressly authorize us to attach as Exhibit "A" hereto, a copy of all invoice(s) with respect to the Equipment, as received by you from the Supplier(s) of the Equipment. If we delay or fail to enforce any of our rights under this Lease, we will still be entitled to enforce those rights at a later time. All notices shall be given in writing by the party sending the notice and shall be effective when deposited in the U.S. Mail, addressed to the party receiving the notice at its address shown on the front of this Lease (or to any other address specified by that party in writing) with postage prepaid personally or when delivered by nationally recognized overnight delivery, service. All of our rights and indemnities will survive the termination or expiration of this Lease. For any and all litigation under this Lease, you consent to the non-exclusive jurisdiction of, and venue in, any state or federal court located within the State of Georgia.

If you do not perform any of your obligations under this Lease, we have the right, but not the obligation, to take any action or pay any amounts that we feel are necessary to protect our interests. You agree to reimburse us immediately upon our demand for any such amounts that we pay. If more than one Lessee has signed this Lease, each of you agree that your liability is joint and several.

33521

Lessee has read and agrees with all items on pages 2 and 3 [redacted]

ofc capital corporation

DELIVERY AND ACCEPTANCE ACKNOWLEDGMENT

LEASE AGREEMENT NO.: 6001515 dated _______

By executing and delivering this Delivery and Acceptance Acknowledgment, the undersigned Lessee ("we" or "us") certifies that: (i) we have inspected the Equipment, and have determined that the Equipment is installed and in good working condition; (ii) we have accepted the Equipment and instructed OFC Capital Corporation to purchase the Equipment from the Supplier; (iii) our obligations to perform all the terms and conditions under the Lease have begun; and (iv) we will unconditionally and absolutely pay Lease Payments to OFC Capital Corporation at the location and in the amount stated in the Lease.

This Acknowledgment is executed and delivered in connection with Lease No. 6001515 between OFC Capital Corporation and us (the "Lessee"). Capitalized terms used in this Acknowledgment without definition have the meanings set forth in the Lease.

LESSEE: **PHS Group Inc.**

By: x [signature]

Name: Mair Faibish

Title: Chief Executive Officer

Date: 5 / 6 / 09

576 Colonial Park Drive, Suite 200, Roswell, Georgia 30075
Phone: (800) 336-4949
Fax: (800) 942-4631

ofc capital corporation

TO: **PHS Group Inc.**

FROM: OFC Capital Corporation

DATE: March 17, 2009

RE: $1 Purchase Option on Lease No: 6001515

OFC Capital Corporation has entered into a lease agreement ("Lease") with the above referenced as Lessee. This letter is intended to grant to you, under certain circumstances, the right to purchase the equipment subject to the lease at the conclusion of the lease.

Provided that all obligations under the Lease have been timely and fully performed through the maturity thereof, you may exercise this option to purchase all but not less than all of the equipment subject to the Lease by remitting $1.00 to OFC Capital Corporation, within thirty (30) days of the time you are notified that the Lease has concluded. Upon receipt of your remittance, we will furnish to you a Bill of Sale transferring our interest in the equipment to you, free and clear of all liens, security interests and encumbrances by or through us. The Bill of Sale will also provide that the sale shall be "AS IS, WHERE IS' AND WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, EXCEPT AS PROVIDED ABOVE.

This option shall be exercisable only under the conditions set forth above.

LESSEE: **PHS Group Inc.**

By: [redacted]

Name: Mair Faibish
Title: Chief Executive Officer
[redacted]: 3 / 22 /2009

576 Colonial Park Drive, Suite 200, Roswell, GA 30075
Phone (770)587-1156
Fax (770)642-4631

ofc capital corporation

SECRETARY'S CERTIFICATE RELATING TO INCUMBENCY AND CORPORATE RESOLUTIONS

The undersigned, (Print Name) MITCHELL GRUSTRA, [redacted]

(Assistant) Secretary of PHS Group Inc., a PA corporation (herein the "Corporation") hereby certifies:

1. I am the duly elected, qualified and acting (Assistant) Secretary of the Corporation and have the custody of the corporate records, minutes and corporate seal.

2. The following person(s) has/have been properly elected or appointed to the office in the Corporation as indicated below, such person(s) hold(s) such office at this time, and the specimen signature appearing beside the name of each such officer is his/her genuine signature:

NAME	TITLE	SPECIMEN SIGNATURE	SOCIAL SECURITY NUMBER
Mair Faibish	Chief Executive Officer	[redacted]	[redacted] N/A

3. The following resolutions were adopted within the last 30 days (but in no event later than the lease agreement(s) described below) either:

A. At a duly called and conducted meeting of the directors of the Corporation at which a quorum was present and voting throughout;

-OR-

B. By the unanimous written consent of the directors of the Corporation, the original written consent has been placed with the records of meetings of said directors:

RESOLVED, that each of the officers of the Corporation whose name appears above together with each duly elected or appointed successor in office to any of them (each, an "Officer"), be and hereby is (acting alone or with one or more other Officers) authorized and directed to enter into, execute and deliver in the name and on behalf of the Corporation all lease agreements and schedules between the Corporation as Lessee and OFC CAPITAL CORPORATION, as Lessor ("Lessor"), providing for the leasing to the Corporation of various items of equipment, upon such terms and conditions as the Officer in his/her discretion may deem necessary or desirable, the execution and delivery of such lease agreements and/or schedules to be conclusive evidence that the same shall have been authorized hereby by the Board of Directors of the Corporation;

RESOLVED, that if the initial lease agreement entered into by the Corporation is a Master Lease Agreement, these resolutions shall constitute continuing resolutions which shall permit the officers, from time to time after the date hereof, N/A, to execute and deliver to Lessor one or more schedules to be attached to such Master Lease Agreement and to constitute separate lease transactions governed by the general terms of such Master Lease Agreement;.

RESOLVED, that each officer is hereby authorized to execute and deliver such further documents and to do and perform all other acts and deeds in the name and on behalf of the Corporation as she/he, in his/her discretion, deem necessary or desirable in connection with any of the foregoing, the execution and delivery of any such document and the doing or performing of any such act or deed to be conclusive evidence that the same shall have been authorized hereby; and

RESOLVED, that the Lessor or any assignee of the Lessor is authorized to rely upon these resolutions until receipt by it at its principal offices of written notice of any change herein.

4. I am the duly elected (Assistant) Secretary of the Corporation authorized to make certificates on its behalf and I have caused this certificate to be executed and the seal of the corporation to be hereunto appended this 24 day of March, 2009.

[redacted] ______________________

(Secretary or Assistant Secretary)

[redacted]

576 Colonial Park Drive, Suite 200, Roswell, Georgia 30075
Phone: (800) 336-4949
Fax: (800) 942-4631

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
Phone (800) 331-3282 Fax (818) 662-4141

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

UCC Direct Services
P.O. Box 29071
Glendale, CA 91209-9071

PA, Secretary of CommonWealth

FILING NUMBER: 2009032504551
FILING DATE: 25-MAR-2009
IMAGE REFLECTS DATA FROM AN ELECTRONIC FILING

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME PHS Group Inc.				
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS 223 Underhill Bouldevard	CITY Syosset	STATE NY	POSTAL CODE 11719	COUNTRY USA
1d. SEE INSTRUCTIONS [redacted] / ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION PA	1g. ORGANIZATIONAL ID #, if any 2840815	☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS / ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME OFC Capital Corporation				
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS 576 Colonial Park Drive, Suite 200	CITY Roswell	STATE GA	POSTAL CODE 30075	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:
One (1) - All-Fill Model TA-600 Twin Auger Filler Job/Serial #80414

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA PHS GROUP INC - DK L:6001515/LSM:3546

36126284

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

INVOICE

All-Fill Inc.
418 Creamery Way
Exton, Pa. 19341
610-524-7350

Invoice Number :	09-053
Customer Code:	BEKT
Date:	3/26/09

Bill To:
OFC Capital Corporation
576 Colonial Park Drive, Suite 200
Roswell, GA 30075

Ship To:
PHS Group
502 Main Avenue
Colgate, ND 58046

Contact: Bruce Satrom
Telephone: 701-945-2998

Salesman	Purchase Order No.	Ship Via.	F.O.B.	Terms
30	265	Best Way	Exton	50/40/10

Quantity	Description	Unit Price	Amount
One	All-Fill Model TA-600 Twin Auger Filler Per Quote #08-JM-01730A		$67,875.00
	50% payment prior to shipment		$33,937.50
	50% payment due on delivery		$33.937.50
	JOB/SERIAL #80414		
	Total Invoice		$67,875.00

ofc Capital Corporation
576 Colonial Park Drive, Suite 200
Roswell, GA 30075
(770) 587-1156 FAX: (770) 642-4631

EQUIPMENT FINANCING AGREEMENT

Agreement No.: 6001598
Customer No.: 0061129

("DEBTOR")

FULL LEGAL NAME PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors

FIN PHS: [redacted]
FIN QUALITY FOOD: X[redacted]

BILLING ADDRESS 223 Underhill Boulevard
CITY Syosset STATE NY COUNTY Nassau ZIP CODE 11791

CONTACT Mair Faibish TELEPHONE NUMBER (516) 714-8200

QUANTITY	FULL DESCRIPTION OF COLLATERAL INCLUDING MODEL, SERIAL NUMBER	ITEMIZED ADVANCE
1	DRB-155 Double Ribbon Blender; Bulk bag filling system	$110,200.00
1	System B: Bulk Bag Filling System Series 110 DS Bulk Bag Filling System	$14,960.00

COLLATERAL LOCATION

STREET ADDRESS	CITY	COUNTY	STATE	ZIP
317 West Front Street	Monroe	Monroe	WI	48161

TOTAL ADVANCE
$125,160.00

Debtor has selected the Collateral based upon Debtor's own judgment and without reliance upon Creditor. CREDITOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY, WORKMANSHIP, DESIGN, MERCHANTABILITY, SUITABILITY, OR FITNESS OF THE COLLATERAL FOR ANY PARTICULAR PURPOSE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED. Debtor's obligations hereunder are absolute and unconditional notwithstanding the existence, location or condition of any item of Collateral or its suitability for use in Debtor's business.

TERM OF LOAN	MONTHLY PAYMENT	INITIAL PAYMENT DUE DATE	ADVANCE PAYMENTS	INITIAL PAYMENT CHECK FOR THIS AMOUNT MUST ACCOMPANY AGREEMENT
36 Months	$4,118.04	,	2	$8,636.08 X SITE INSPECTION: $200.00 X DOC FEE $200.00

TERMS OF EQUIPMENT FINANCING AGREEMENT

Debtor and Creditor agree as follows:

1. SECURITY INTEREST. Debtor hereby grants Creditor a first priority and perfected security interest under the Uniform Commercial Code in the above property (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor of all of its obligations hereunder and under any other present or future agreement with Creditor. Debtor shall insure that such security interest is and shall remain a sole first priority lien and security interest.

2. PAYMENTS. Debtor promises to pay to the order of Creditor the Total Advance amount indicated above, plus all applicable interest thereon and other charges due hereunder from time to time, in the Monthly Payment amount and for the number of months in the Term of Loan, each as indicated above. The first such payment will be payable on the Initial Payment Due date indicated above and a like sum will be due on the like date each month thereafter until all amounts due hereunder are fully paid; provided, however, that the final installment will be in the amount of the then remaining unpaid Total Advance plus accrued interest and other charges then due hereunder. Advance payments shall be applied to the last installment payments in reverse order until exhausted; provided that if there is a default, any payments under this agreement may be applied to Debtor's obligation to Creditor in such order as Creditor chooses. In the event that Debtor requests, and Creditor agrees to allow Debtor to pay this instrument off prior to maturity, Debtor shall pay to Creditor an early termination service charge equal to five percent (5%) of the remaining principle amount due, in addition to all other interest and charges that have accrued up until the date the obligation is paid.

3. NO AGENCY. DEBTOR ACKNOWLEDGES THAT NO SUPPLIER OF AN ITEM, ANY INTERMEDIARY, OR ANY AGENT OF EITHER, IS AN AGENT OF CREDITOR AND FURTHER THAT NONE OF SUCH PARTIES IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS AGREEMENT. NO REPRESENTATION AS TO ANY MATTER BY ANY SUCH PARTY SHALL BIND CREDITOR OR AFFECT DEBTOR'S DUTY TO PAY THE INSTALLMENT PAYMENTS AND PERFORM ITS OTHER OBLIGATIONS HEREUNDER.

4. NON CANCELLABLE AGREEMENT; PREPAYMENT; NO OFFSET. THIS AGREEMENT IS NON CANCELLABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY PREPAY THE INSTALLMENT PAYMENTS ONLY IN ACCORDANCE HEREWITH. ALL PAYMENTS HEREUNDER ARE TO BE MADE WITHOUT OFFSET, DEFENSE OR COUNTERCLAIM.

5. FINANCING. THIS AGREEMENT IS SOLELY A FINANCING AGREEMENT. CREDITOR HAS HAD NO INVOLVEMENT IN THE SELECTION OR PURCHASE OF, AND HAS NOT MADE AND HEREBY MAKES NO AGREEMENT, REPRESENTATION OR WARRANTY AS TO ANY ITEM OF COLLATERAL.

SEE PAGE 2 FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS AGREEMENT.

This agreement is effective only upon execution by an authorized officer of Creditor following Debtor's execution hereof, and upon execution Creditor shall fund the Total Advance. Debtor hereby authorizes Creditor to disburse the Total Advance as follows: $125,160.00 paid directly to Vendor(s) after Installation, Delivery and Acceptance, Verbal Verification, and Inspection.

Creditor reserves the right to pay the applicable portion of the Total Advance jointly to any party not specified in the preceding sentence with a security interest in an item of Collateral.

Debtor hereby acknowledges and agrees that the proceeds of this Equipment Financing Agreement will be used for commercial or business purposes and will not be used for personal, family or household purposes.

(CREDITOR)
OFC CAPITAL CORPORATION

BY [signature]
Signature
Name and Title Larry Kramb EVP
DATE 10-21-09

(DEBTOR)
PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors

BY X [signature]
Mair Faibish, Chief Executive Officer of PHS Group Inc.
DATE 8/10/09

BY X [signature] President
Richard Cohen, President of Quality Food Brands, Inc.
DATE 8/10/09

eDG500.doc Rev. 12/05

6. LOCATION; INSPECTION; USE. Debtor shall keep, or, as to an item which is movable, permanently garage and not remove from the United States, as appropriate, each item of Collateral in Debtor's possession and control at the Collateral Location or at such other location to which such Item may have been moved with the prior written consent of Creditor. Upon request, Debtor shall advise Creditor as to the exact location of an item of Collateral. Creditor may inspect the Collateral during normal business hours and enter the premises where the Collateral may be located for such purposes. Each Item shall be used solely for commercial or business purposes and operated in a careful and proper manner and in compliance with all applicable governmental requirements, all requirements of insurance policies carried hereunder and all manufacturer's instructions and warranty requirements.

7. ALTERATIONS; SECURITY INTEREST COVERAGE. Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from its economic value or functional utility. All additions and improvements made to an Item shall be deemed accessions thereto, and shall not be removed if removal would impair the Item's economic value or functional utility. Creditor's security interest shall cover all modifications, accessions, additions to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without Creditor's prior written consent.

8. MAINTENANCE. Debtor shall maintain the Collateral in good repair, condition and working order. Debtor shall cause all repairs required to maintain the Collateral in such condition to be made promptly by qualified parties. Debtor will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverages typical as to property of the type involved and is issued by a competent servicing entity.

9. LOSS AND DAMAGE; CASUALTY VALUE. In the event of loss, theft, destruction or requisition of or damage to an Item of Collateral from any cause Debtor shall give Creditor prompt written notice thereof and shall thereafter place the Item in good repair, condition and working order, provided, however, that if such Item is determined by Creditor to be lost, stolen, destroyed or damaged beyond repair or is requisitioned or suffers a constructive total loss under an insurance policy carried hereunder Debtor shall pay Creditor the "Casualty Value" of such Item which shall equal (a) any amounts due at the time of such payment and (b) each future installment due or to become due with respect to such Item discounted at eight percent (8%) per annum simple interest from the date due to the date of such payment.

10. TITLING. If requested by Creditor, Debtor shall cause an Item of Collateral subject to title registrations laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary retitling. Debtor shall cause all documents of title to be furnished Creditor within sixty (60) days of the date of any titling effected by Debtor.

11. TAXES. Debtor shall when due pay and make filings with respect to all taxes, fees, including registrations, fines, penalties and other governmental assessments based on the ownership or use of the Collateral and shall pay as directed by Creditor or reimburse Creditor for all other governmental assessments (including gross receipts taxes but exclusive of Federal and State taxes based on Creditor's net income) related to amounts due hereunder, the Collateral or otherwise related hereto. Filings with respect to such other assessments shall, at Creditor's option, be made by Creditor or by Debtor as directed by Creditor.

12. INSURANCE. Debtor will provide and maintain at Debtor's own expense: (a) property insurance against the loss, theft, damage or destruction of, or damage to, the Equipment for its full replacement value, naming Creditor as loss payee, and (b) public liability and third party property insurance, naming Creditor as an additional insured. Debtor will give Creditor certificates or other evidence of such insurance when requested. Such insurance will be in a form, amount and with companies acceptable to Creditor, and will provide that we will be given 30 days advance notice of any cancellation or material change of such insurance. If Debtor does not give Creditor evidence of insurance acceptable to Creditor, we have the right, but not the obligation, to obtain insurance from an insurer of our choice, including an insurer that is our affiliate. We may add the costs of acquiring and maintaining such insurance (collectively "Insurance Charge") to the amounts due from Debtor under this Agreement. Debtor will pay such Insurance Charge in equal installments allocated to the remaining Agreement Payments (plus interest on such allocation at 1.5% per month or, if less, the maximum rate allowed by law). If we purchase insurance, Debtor will cooperate with our insurance agent with respect to the placement of insurance and the processing of claims. Nothing in this Agreement will create an insurance relationship of any type between Creditor and any other person. Debtor acknowledges that we are not required to secure or maintain any insurance, and we will not be liable to Debtor if we terminate any insurance coverage that we arrange. If we replace or renew any insurance coverage, we are not obligated to provide replacement or renewal coverage under the same terms, costs, limits, or conditions as the previous coverage.

13. CREDITOR'S PAYMENT. If Debtor fails to perform any of its obligations hereunder, Creditor may perform such obligation, and Debtor shall (a) reimburse Creditor the cost of such performance and (b) pay creditor the service charge contemplated in paragraph 20.

14. INDEMNITY. Debtor shall indemnify, defend and hold Creditor harmless against any claim, action, liability or expense, including attorney's fees and court costs, incurred by Creditor related to this agreement. While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including any strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim. This indemnity shall survive termination of this Agreement.

15. DEFAULT. Any of the following constitutes an event of default hereunder: (a) Debtor's failure to pay any amount hereunder, within five (5) business days of when due; (b) Debtor's default in performing any other obligation hereunder or under any agreement between Debtor and Creditor to include, but not limited to Lease Number 6001516 with OFC Capital Corporation as Lessor and PHS Group Inc., as Lessee; (c) death or judicial declaration of incompetency of Debtor, if an individual; (d) the filing by or against Debtor of a petition under the Bankruptcy Code or under any other insolvency law or law providing for the relief of debtors, including, without limitation, a petition for reorganization, agreement or extension; (e) the making of an assignment of a substantial portion of its assets by Debtor for the benefit of creditors, appointment of a receiver or trustee for Debtor or for any Debtor's assets, institution by or against Debtor of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of Debtor, Debtor's cessation of active business affairs or the making by Debtor of a transfer of a material portion of Debtor's assets or inventory not in the ordinary course of business; (f) the occurrence of an event described in (c), (d) or (e) as to a guarantor of other surety of Debtor's obligations hereunder, (g) any misrepresentation of a material fact in connection herewith by or on behalf of Debtor; (h) Debtor's default under a lease or agreement providing financial accommodation with a third party; or (i) Creditor shall in good faith deem itself insecure as a result of a material adverse change in Debtor's financial condition or otherwise.

16. REMEDIES. Upon the occurrence of an event of default Creditor shall have the rights, options, duties and remedies of a secured party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and in connection therewith Creditor may: (a) declare all sums due hereunder to be immediately due and payable and to collect the Casualty Value or such lesser amount as may be set by law immediately due and payable with respect to any or all Items of Collateral without notice or demand to Debtor; (b) take possession of and, if deemed appropriate, render unusable any or all Items of Collateral, without demand or notice, wherever located, without any process of law and without liability for any damages by such taking of possession including damages to contents; (c) require Debtor to assemble any or all Items of Collateral at a location in reasonable proximity to their designated location hereunder; (d) upon notice to Debtor required by law, sell or occasioned otherwise dispose of any Items of Collateral, whether or not in Creditor's possession, in a commercially reasonable manner at public or private sale at any place designated in such notice and apply the net proceeds of such sale after deducting all costs of such sale, including, but not limited to, costs of transportation, repossession, storage, refurbishing, advertising and brokers fees, to the obligations of Debtor hereunder with Debtor remaining liable for any deficiency and with any excess being returned to Debtor; or (e) utilize any other remedy available under the Uniform Commercial Code or otherwise to Creditor.

All remedies are cumulative. Any sale may be adjourned by announcement at the time and place appointed for such sale without further published notice, and Creditor may be permitted by law to bid and become the purchases at any such sale.

17. LITIGATION EXPENSES. Debtor shall pay Creditor its costs and expenses not offset as provided in paragraph 16, including repossession and attorneys' fees and court costs, incurred by Creditor in enforcing this agreement. This obligation includes the payment of such amounts whether an action is filed and whether an action which is filed is dismissed.

18. ASSIGNMENT. Without the prior written consent of Creditor, Debtor shall not sell, lease or create or allow any lien other than Creditor's security interest against an Item of Collateral or assign any of Debtor's obligations hereunder. Debtor's obligations are not assignable by operation of law. Consent to any of the foregoing applies only in the given instance.

Creditor may assign, pledge or otherwise transfer any of its rights hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assert against an assignee any claim or defense which Debtor may have against Creditor.

Subject to the foregoing, this agreement inures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties.

19. MARKINGS; PERSONAL PROPERTY. Debtor shall mark the Collateral or its location as requested by Creditor to indicate Creditor's security interest. As between the parties the Collateral shall at all times be deemed personalty. Debtor will provide Creditor any real property waivers requested by Creditor as to the real property where an Item of Collateral is or is to be located.

20. LATE PAYMENT. If Debtor fails to pay any amount to be paid hereunder with in five (5) days of when due, Debtor will pay Creditor: (a) a late charge equal to 10% of each such late payment (or such lesser rate as is the maximum rate allowable under applicable law) (b) amounts Creditor pays others in connection with the collection of the payment, and (c) interest on such unpaid amount from the date due until paid at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law. No more than a single charge under this subparagraph (a) will be due in any given month.

21. SECURITY INTEREST RELEASE. At such time as there is no outstanding obligation secured hereby (including obligations under other agreements contemplated under paragraph 1) Creditor shall provide Debtor such termination statements related to the Collateral as Debtor shall reasonably request. Debtor shall be responsible for the filing of each such termination statement.

22. COMPLIANCE WITH LAW. Debtor and Creditor intend to comply with all applicable laws. If it is determined that payments under this Equipment Financing Agreement result in an interest payment higher than that allowed by applicable law, then any excess interest collected will be applied to the repayment of principal and interest will be charged at the rate allowed by law.

23. ADDITIONAL DOCUMENTS. Debtor shall, at its own cost and expense, provide to Creditor such financing statements and similar documents as Creditor shall request. Debtor authorizes Creditor where permitted by law to make filings of such documents without Debtor's signature. Debtor grants to Creditor a specific power of attorney for Creditor to sign and file on Debtor's behalf any document Creditor deems necessary to perfect or protect Creditor's interest in the Collateral or pursuant to the Uniform Commercial Code. Debtor further shall furnish Creditor (a) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days of the close of each fiscal year and (b) such other information and documents not specifically mentioned herein relative to this agreement as Creditor may request. Debtor shall reimburse Creditor for all search and filing fees incurred by Creditor related hereto.

24. NOTICES. Notices shall be in writing and sufficient if mailed to the party involved, United States mail first class postage prepaid, at its respective address set forth above or at such other address as such party may provide on notice in accordance herewith. Notice so given shall be effective when mailed. Debtor shall promptly notify Creditor of any change in Debtor's address.

25. GENERAL. This agreement constitutes the entire agreement of the parties as to the subject matter and shall not be amended, altered or changed except by a written agreement signed by the parties. Any waiver by Creditor must be in writing, and forbearance shall not constitute a waiver. Whenever the context of this agreement requires, the neuter includes the masculine or feminine and the singular includes the plural. If there is more than one Debtor named in this agreement, the liability of each shall be joint and several. The titles to the paragraphs of this agreement are solely for the convenience of the parties and are not an aid in the interpretation. This agreement shall be governed by the law of the state of Georgia. Venue for any action related to this agreement shall be in any state or federal court in the state of Georgia. Any provision declared invalid shall be deemed severable from the remaining provisions which shall remain in full force and effect. Time is of the essence of this agreement. The obligations of Debtor shall survive the release of the security interest in the Collateral.

26. DEBTOR'S WARRANTIES. DEBTOR CERTIFIES AND WARRANTS: (a) THE FINANCIAL AND OTHER INFORMATION WHICH DEBTOR HAS SUBMITTED, OR WILL SUBMIT, TO CREDITOR IN CONNECTION WITH THIS AGREEMENT IS, OR SHALL BE AT TIME OF SUBMISSION, TRUE AND COMPLETE; (b) THIS AGREEMENT HAS BEEN DULY AUTHORIZED BY DEBTOR AND UPON EXECUTION BY DEBTOR SHALL CONSTITUTE THE LEGAL, VALID AND BINDING OBLIGATION, CONTRACT AND AGREEMENT OF DEBTOR ENFORCEABLE AGAINST DEBTOR IN ACCORDANCE WITH ITS TERMS; AND (c) EACH SHOWING PROVIDED BY DEBTOR IN CONNECTION HEREWITH MAY BE FULLY RELIED UPON BY CREDITOR NONWITHSTANDING ANY TECHNICAL DEFICIENCY IN ATTESTATION OR OTHERWISE. THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF DEBTOR WARRANTS THAT PERSON'S DUE AUTHORITY TO DO SO. DEBTOR FURTHER WARRANTS THAT EACH ITEM OF COLLATERAL SHALL AT THE TIME CREDITOR FUNDS THE TOTAL ADVANCE BE OWNED BE DEBTOR FREE AND CLEAR OF LIENS OR ENCUMBRANCES AND BE IN GOOD CONDITION AND WORKING ORDER.

DEBTOR HAS READ AND AGREES TO ALL ITEMS ON THIS PAGE 2 OF 2 ______ Initials *ofc* Capital Corporation

SCHEDULE OF EQUIPMENT
TO THE EQUIPMENT FINANCE AGREEMENT NUMBER: 6001598
DATED ______________ BETWEEN
OFC CAPITAL CORPORATION AS CREDITOR
AND **PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors**

Equipment	Serial Number	Location
DRB-155 Double Ribbon Blender; Bulk bag filling system		317 West Front Street Monroe, WI 48161
System B: Bulk Bag Fillilng System Series 110 DS Bulk Bag Filling System		317 West Front Street Monroe, WI 48161

Creditor: OFC Capital Corporation
Name: Larry Kramb
Title: EVP

Co -Debtor: PHS Group Inc.
X
Name: Mair Faibish
Title: Chief Executive Officer

Co -Debtor: Quality Food Brands, Inc.
X
Name: Richard Cohen
Title: President

576 Colonial Park Drive, Suite 200
Roswell, GA 30075

EXHIBIT "A"

Part Two

ofc capital corporation

ACKNOWLEDGEMENT AND ACCEPTANCE OF EQUIPMENT BY DEBTOR

EQUIPMENT FINANCING AGREEMENT NUMBER: 6001598

DEBTOR: **PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors**
223 Underhill Boulevard
Syosset, NY 11791

CREDITOR: **OFC Capital Corporation**
576 Colonial Park Drive
Suite 200
Roswell, Georgia 30075

DATE OF AGREEMENT: ____________________

EQUIPMENT DESCRIPTION:

DRB-155 Double Ribbon Blender; Bulk bag filling system
System B: Bulk Bag Fillilng System Series 110 DS Bulk Bag Filling System

We, the Debtor, hereby acknowledge that as of the date indicated below, the equipment described in and granted as collateral to you ("Equipment"), the Creditor, for purposes of and pursuant to the terms contained in the Equipment Financing Agreement referenced above, has been received by Debtor from the manufacturer, vendor or supplier thereof (collectively, "Supplier"), in good condition and repair, has been properly installed at the address set forth in the Equipment Financing Agreement and is operating satisfactorily. Debtor hereby accepts the Equipment as satisfactory in all respects for all purposes of the Equipment Financing Agreement.

Debtor will make all payments to Creditor as provided in the Equipment Financing Agreement, all without abatement, set-off, counterclaim, defense or deduction whatsoever against Creditor. Debtor further agrees that any rights it may have against Supplier will not be asserted as an abatement, set-off, counterclaim, defense, or any deduction whatsoever against Creditor.

Debtor acknowledges that Creditor is not the Supplier of the Equipment nor the Supplier's agent or a dealer. Debtor further acknowledges that it has selected the Equipment and has made all determinations as to the size, design and capacity thereof, and that Debtor has selected the Supplier from whom Debtor is purchasing the Equipment. **DEBTOR FURTHER ACKNOWLEDGES THAT CREDITOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, AND THAT CREDITOR IS ACTING SOLELY IN ITS CAPACITY AS A LENDER TO DEBTOR, SAID EQUIPMENT BEING OWNED BY DEBTOR SUBJECT ONLY TO THE LIENS IN FAVOR OF CREDITOR.** It is agreed that Creditor shall have no obligation to install, erect, test, adjust, repair, or service the Equipment or have any other obligation whatsoever with respect to the Equipment, all of which are the obligation of Debtor. No defect or unfitness of the Equipment or otherwise, at any time shall relieve Debtor of the obligation to pay any payment or any other obligation under the Equipment Financing Agreement.

The undersigned hereby approves payment by Creditor to the Supplier (as defined in the Equipment Financing Agreement). Debtor agrees that the Equipment has not been delivered, installed or accepted on a trial basis.

Co -Debtor: PHS Group Inc.
X
Name: Mair Faibish
Title: Chief Executive Officer

Co -Debtor: Quality Food Brands, Inc.
X Richard Cohen
Name: Richard Cohen
Title: President

ofc Capital Corporation

AMENDEMENT TO SCHEDULE OF EQUIPMENT
TO THE EQUIPMENT FINANCE AGREEMENT NUMBER: 6001598
DATED ____________ BETWEEN
OFC CAPITAL CORPORATION AS CREDITOR
AND PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors

Equipment	Serial Number	Location
One (1) – 42NO525 #106158 Ribbon Blender		317 West Front Street Monroe, WI 48161
One (1) – System A Scale Hopper Equipment		317 West Front Street Monroe, WI 48161

Creditor: OFC Capital Corporation
Name:
Title:

Co -Debtor: PHS Group Inc.
X
Name: Mair Faibish
Title: Chief Executive Officer

Co -Debtor: Quality Food Brands, Inc.
X
Name: Richard Cohen
Title: President

576 Colonial Park Drive, Suite 200
Roswell, GA 30075

ofc capital corporation

ACKNOWLEDGEMENT AND ACCEPTANCE OF EQUIPMENT BY DEBTOR

EQUIPMENT FINANCING AGREEMENT NUMBER: 6001598

DEBTOR: PHS Group Inc. and Quality Food Brands, Inc., as Co-Debtors
223 Underhill Boulevard
Syosset, NY 11791

CREDITOR: OFC Capital Corporation
576 Colonial Park Drive
Suite 200
Roswell, Georgia 30075

DATE OF AGREEMENT: ______________________

EQUIPMENT DESCRIPTION:
One (1) – 42NO525 #106158 Ribbon Blender
One (1) – System A Scale Hopper Equipment

We, the Debtor, hereby acknowledge that as of the date indicated below, the equipment described in and granted as collateral to you ("Equipment"), the Creditor, for purposes of and pursuant to the terms contained in the Equipment Financing Agreement referenced above, has been received by Debtor from the manufacturer, vendor or supplier thereof (collectively, "Supplier"), in good condition and repair, has been properly installed at the address set forth in the Equipment Financing Agreement and is operating satisfactorily. Debtor hereby accepts the Equipment as satisfactory in all respects for all purposes of the Equipment Financing Agreement.

Debtor will make all payments to Creditor as provided in the Equipment Financing Agreement, all without abatement, set-off, counterclaim, defense or deduction whatsoever against Creditor. Debtor further agrees that any rights it may have against Supplier will not be asserted as an abatement, set-off, counterclaim, defense, or any deduction whatsoever against Creditor.

Debtor acknowledges that Creditor is not the Supplier of the Equipment nor the Supplier's agent or a dealer. Debtor further acknowledges that it has selected the Equipment and has made all determinations as to the size, design and capacity thereof, and that Debtor has selected the Supplier from whom Debtor is purchasing the Equipment. **DEBTOR FURTHER ACKNOWLEDGES THAT CREDITOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, AND THAT CREDITOR IS ACTING SOLELY IN ITS CAPACITY AS A LENDER TO DEBTOR, SAID EQUIPMENT BEING OWNED BY DEBTOR SUBJECT ONLY TO THE LIENS IN FAVOR OF CREDITOR.** It is agreed that Creditor shall have no obligation to install, erect, test, adjust, repair, or service the Equipment or have any other obligation whatsoever with respect to the Equipment, all of which are the obligation of Debtor. No defect or unfitness of the Equipment or otherwise, at any time shall relieve Debtor of the obligation to pay any payment or any other obligation under the Equipment Financing Agreement.

The undersigned hereby approves payment by Creditor to the Supplier (as defined in the Equipment Financing Agreement). Debtor agrees that the Equipment has not been delivered, installed or accepted on a trial basis.

Co -Debtor: Quality Food Brands, Inc.
X [signature] President
Name: Richard Cohen
Title: President
DATE: 10/21/09

ofc capital corporation

ADDENDUM "A"

THIS ADDENDUM "A" IS ATTACHED HERETO AND INCORPORATED HEREIN TO THE EQUIPMENT FINANCE AGREEMENT NO. 6001598 BETWEEN OFC CAPITAL CORPORATION ("CREDITOR") AND PHS Group Inc. ("DEBTOR") AND CONSTITUTES A TRUE AND ACCURATE TERM, PAYMENT, AND EQUIPMENT COST:

PAYMENT SCHEDULE

CHANGED FROM:

Equipment Cost:	$ 125,160.00
Lease Term:	36 months
Lease Payment:	$4,118.04
Number of Advance Payments:	2
Total Advance Lease Payments:	$8,236.08
Sales Tax on Advances:	NO TAX ON EFA
Documentation Fee:	$200.00
Site Inspection Fee:	$200.00
Total Amount Paid at Lease Signing:	$8,636.08

CHANGED TO:

Equipment Cost:	$120,320.00
Lease Term:	35 months
Lease Payment:	1 Advance of $8,236.08 followed by ~~35~~ 34 @ $3,948.14
Number of Advance Payments:	1
Total Advance Lease Payments:	$8,236.08
Sales Tax on Advances:	NO TAX ON EFA
Documentation Fee:	$200.00
Site Inspection Fee:	$200.00
Total on Advances:	$8,636.08
Less Check #2826 date 8/10/09	($8,636.08)
Balance Due:	$ 0.00

Creditor: OFC Capital Corporation
[signature]
Name: Larry Kramb
Title: EVP

Co-Debtor: PHS Group Inc.
X [signature]
Name: Mair Faibish
Title: Chief Executive Officer

Co-Debtor: Quality Food Brands, Inc.
X [signature] Pres.
Name: Richard Cohen
Title: President

576 Colonial Park Drive, Suite 200, Roswell, Georgia 30075
Phone: (800) 336-4949
Fax: (800) 942-4631

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGEMENT TO: (Name and Address)

UCC Direct Services
P.O. Box 29071
Glendale, CA 91209-9071

19782755

NV, Secretary of State

UCC Direct Services
Representation of filing

This filing is Completed
File Number : 2009019691-8
File Date : 13-AUG-2009

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION NAME PHS Group, Inc.				
OR 1b. INDIVIDUAL LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS 223 Underhill Blvd.	CITY Syosset	STATE NY	POSTAL CODE 11791	COUNTRY USA
1d. SEE INSTRUCTIONS [redacted]	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION NY	1g. ORGANIZATIONAL ID#, if any ☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION NAME Quality Food Brands, Inc.				
OR 2b. INDIVIDUAL LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS 317 West Front Street	CITY Monroe	STATE WI	POSTAL CODE 48161	COUNTRY USA
2d. SEE INSTRUCTIONS [redacted]	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION Corporation	2f. JURISDICTION OF ORGANIZATION NV	2g. ORGANIZATIONAL ID#, if any E0477632006-0 ☐ NONE

3. SECURED PARTY'S (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION NAME OFC Capital Corporation				
OR 3b. INDIVIDUAL LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS 576 Colonial Park Drive, Suite 200	CITY Roswell	STATE GA	POSTAL CODE 30075	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral
1 - DRB-155 Double Ribbon Blender; Bulk bag filling system, 1-System B: Bulk Bag Filling system Series 110 DS Bulk Bag Filling System

5. ALTERNATE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA PHS OFC
37967008

[redacted]

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
Phone (800) 331-3282 Fax (818) 662-4141

B. SEND ACKNOWLEDGEMENT TO: (Name and Mailing Address) 13036 OFC CAPITAL

CT Lien Solutions
P.O. Box 29071
Glendale, CA 91209-9071

20582641

NVNV

Filed in the office of
Ross Miller
Secretary of State
State of Nevada

Document Number
2009025415-8
Filing Date and Time
10/22/2009 7:17 AM

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
2009019891-8 13-AUG-2009 SS NV

1b. [ ] This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. [ ] TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. [ ] CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

4. [ ] ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects [ ] Debtor or [ ] Secured Party of record. Check only one of these two boxes.
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.
[ ] CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.
[ ] DELETE name: Give record name to be deleted in item 6a or 6b.
[ ] ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable)

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME			
OR 6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME					
OR 7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX	
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY	
7d. SEE INSTRUCTION	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any	[ ] NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.
Describe collateral [ ] deleted or [X] added, or give entire [ ] restated collateral description, or describe collateral [ ] assigned.

One (1) - System A Scale Hopper Equipment with attachements and accessories as listed on Invoice #213088 from the Vendor Shick Tube-veyeor dated 10/07/09 attached hereto and made a part here of AND One (1) 42NO525 #108158 Ribbon Blender with attachments and accessories as listed on Invoice 106501 from the Vendor: NDT Food Services dated 8/21/2009 attached hereto and made a part here of.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here [ ] and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME			
OFC Capital Corporation			
OR 9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA
20582641 Debtor Name: PHS Group, Inc. OFC PHS

STATE OF NEVADA

ROSS MILLER
Secretary of State

SCOTT W. ANDERSON
Deputy Secretary for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Filing Acknowledgement

October 22, 2009

Job Number
U20091020-0144

Initial Filing Number
2009019891-8

Filing Description
Amendment

Document Filing Number
2009025415-8

Date/Time of Filing
10-22-2009 07:17 AM

Debtors

PHS Group, Inc.
223 Underhill Blvd.
Syosset NY 11791 USA

Quality Food Brands, Inc.
317 West Front Street
Monroe WI 48161 USA

Secured Parties

OFC Capital Corporation
576 Colonial Park Drive Suite 200
Roswell GA 30075 USA

The attached document(s) were filed with the Nevada Secretary of State, Uniform Commercial Code Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Nevada Secretary of State
Diane Seeber
Filing Officer

UCC DIVISION:
Tracy Gillespie, Supervisor
200 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-5630

NDT Food Service
6815 Davand Drive
Mississauga, ON L5T 1L4
Canada
Phone: (905) 795-7884 Fax: (905) 795-8216

INVOICE #
106501

Date: 8/21/2009
Page: 1 of 1

Sold To:
Quality Food Brands Inc.PHS Group Inc
317 West Front Street
Monroe, WI 48161
USA

Ship To:
Quality Food Brands Inc.PHS Group Inc
317 West Front Street
Monroe, WI 48161
USA

Sales Order	Ship Via	Terms	Your Order#	Salesperson	Customer ID
88372	BEST WAY	Net 30	11912		PHS US

Product Code	Product Name	Quantity	UOM	Price	Extension
42NO525	ROSS 42NO525 #106158 Ribbon Blender	1	EA	68,500.00	68,500.00

Thank you for your order.

Subtotal		68,500.00
Freight		0.00
GST		0.00
Total	US$	68,500.00

130573249

Current Amt	30 Days	60 Days	90 Days	Total Outstandin
68500	$0.00	$0.00	$0.00	$68,500.00

SHICK TUBE-VEYOR
CORPORATION
4346 CLARY BLVD, KANSAS CITY, MO 64130
TELEPHONE: 816-861-7224 FAX: 816-921-1601
REMIT TO:
P.O. BOX 870400, KANSAS CITY, MO 64187-0400

INVOICE

INVOICE NO: 213088
INVOICE DATE: 10/07/2009
SALESPERSON: OPEN TERRITORY

Patty 816-861-9774 [illegible]

BILL TO: 1322	SHIP TO:
QUALITY FOOD BRANDS PHS GROUP 317 W. FRONT STREET MONROE, MI 48161 USA	QUALITY FOOD BRANDS PHS GROUP 317 W. FRONT STREET MONROE, MI 48161 USA

CUSTOMER PO	TERMS	SHIP VIA	FREIGHT TERMS
VERBAL	DUE UPON RECEIPT		PREPAY AND ADD

LN	ORDERED U/M	INVOICED	BACKORD	ITEM	UNIT PRICE	AMOUNT
1	1.00 EACH	1.00	0.00	SYSTEM A SCALE HOPPER EQUIPMENT	51,820.00	51,820.00

Tracie
Evey
[illegible]

SUBTOTAL [illegible]
[illegible]
FREIGHT [illegible]
MISC CHARGES [illegible]
SALES TAX [illegible]
BALANCE DUE [illegible]

We appreciate your business

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions
P.O. Box 29071
Glendale CA, 91209-9071

19824516

PAPA

13036 -

File with: Secretary of CommonWealth, PA

CT Lien Solutions
Representation of filing

This filing is Completed
File Number : 2009081706849
File Date : 17-AUG-2009

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME PHS Group Inc.					
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX	
1c. MAILING ADDRESS 223 Underhill Bouldevard	CITY Syosset	STATE NY	POSTAL CODE 11719	COUNTRY USA	
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION CORPORATION	1f. JURISDICTION OF ORGANIZATION PA	1g. ORGANIZATIONAL ID#, if any [redacted]	☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY	
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any	☐ NONE

3. SECURED PARTY'S (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME OFC Capital Corporation				
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS 576 Colonial Park Drive, Suite 200	CITY Roswell	STATE GA	POSTAL CODE 30075	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

1 - DRB-155 Double Ribbon Blender; Bulk bag filling system, 1 - System B: Bulk Bag Filling system Series 110 DS Bulk Bag Filling System

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

19824516 PHS - DK (PA) L:6001598/LSM:3834

Prepared by CT Lien Solutions [3.23.0]

FILING OFFICE COPY - UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

[redacted]

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions
P.O. Box 29071
Glendale CA, 91209-9071

20583108

PAPA

13036 -

File with: Secretary of CommonWealth, PA

CT Lien Solutions
Representation of filing

This filing is Completed
File Number : 2009101903448
File Date : 19-OCT-2009

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
2009081706849 8/17/2009 SS PA

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. ☐

2. ☐ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. ☐ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ☐ ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects ☐ Debtor or ☐ Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

☐ CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.
☐ DELETE name: Give record name to be deleted in item 6a or 6b.
☐ ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME			

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME			

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any
				☐ NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral ☐ deleted or ☒ added, or give entire ☐ restated collateral description, or describe collateral ☐ assigned.

One (1) - System A Scale Hopper Equipment with attachements and accessories as listed on Invoice #213088 from the Vendor Shick Tube-veyeor dated 10/07/09 attached hereto and made a part here of AND One (1) 42NO525 #106158 Ribbon Blender with attachments and accessories as listed on Invoice 106501 from the Vendor: NDT Food Services dated 8/21/2009 attached hereto and made a part here of.

9. NAME of SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME			
OFC Capital Corporation			

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA
20583108

Debtor Name: PHS Group Inc.
PHS - DK (PA)

L:6001598/LSM:3834

Prepared by CT Lien Solutions [3.23.0]

"Description of Equipment"

ITEM	QTY	DESCRIPTION
		SYSTEM A
		SCALE HOPPERS FOR NEW MIX TOWER
100	1	Lot additional conveying line consisting of 120 ft. of 4" OD aluminum tube for corn meal and flour convey lines, (6) 4" OD aluminum long radius 90-degree elbows for flour and corn meal, necessary compression couplings, 60 ft. of 4" OD aluminum tube for granulated sugar conveying line, (3) long radius 304 stainless steel 90-degree elbows for granulated sugar, necessary (4) bolt compression couplings.
105	2	Shick 4" OD tube size bottom diverter valves consisting of cast iron housing, electroless nickel plated inside and out, with 304 stainless steel scrapper tubes, and piston and housing ports. Valve to include heavy-duty air cylinder, 110V solenoid, (2) SPDT limit switches each, with necessary flexible scale isolation hose.
110	1	Shick 4" OD tube size bottom diverter valve, standard flour type, of cast iron construction to include heavy duty air cylinder, 110V solenoid, (2) SPDT 110V limit switches, necessary flexible scale isolation hose.
115	2	Shick carbon steel scale hopper assemblies. The flour scale will be 95 cu. ft. capacity, and will have a single 4" diverter valve inlet, and the sugar scale will be 50 cu. ft. capacity and will have (2) 4" bottom diverter valve inlets. Scales to have a minimum 60-degree conical hopper, pneumatic vibrator pad, 12" butterfly valve outlet flange. Assemblies to include 3-point lug load cell design for compression style load cells, supported on a structural mezzanine designed and fabricated by others. Both of the scales are of concentric design, and will be painted FDA epoxy interior, primer white enamel exterior.
120	2	Shick pneumatic vibrator assemblies complete with filter, regulator, lubricator with solenoid, 110V.
125	2	Aeration pad assemblies complete with 110V solenoids.
130	2	Shick 12" butterfly valve assemblies. Flour butterfly valve to include cast aluminum housing, aluminum shaft, and aluminum beveled damper with O-ring. Valve to include heavy-duty air cylinder with 110V into limit switches. The sugar scale will include a stainless steel liner, stainless steel shaft, and stainless steel beveled damper. Also included is a heavy-duty air cylinder, 110V solenoid, and (2) SPDT limit switches. Each valve to include a stainless steel sleeve ring adapter, with flexible connection to mixer below.

NOTE: Shick will supply the necessary stack up drawings to identify elevations of the scale hoppers, mixer, and bulk bag filling stand for interfacing the equipment together. Quality Food Brands, Inc. will be responsible for determining the convey line routing and interface to the scales. The structural mezzanine design and fabrication is by others.

300	1	10" X 10" extractor magnet by Tech Packing **BY OTHERS.**
305	1	Tech Packaging bulk bag filling stand **BY OTHERS.**

Shick USA Pricing Summary Sheet

System A
Scale Hopper for New Mix Tower

TOTAL EQUIPMENT PRICE..$51,820.00

"Options"

OPTION #1
Shick provides (2) new compression load cell kits and (2) Toledo scale instruments mounted in NEMA 4X enclosures;
Sales Price Addition $13,500.00

Mechanical Installation and Electrical Field Wiring ---Not Included

System Commissioning/Operator Training---Not Included---See Attached Rate Sheet

Freight
Price Addition..Not Included
(See note 1)

Taxes
Price Addition..Not Included
(See note 2)

All prices are F.O.B. Origin. Taxes are not included. Quoted prices are good for 30 days from date on quote. See Terms and Conditions for further explanation.

NOTE 1: All freight coordination and arrangements are the responsibility of Shick. Shick will determine carrier selection via "best carrier" criteria, including rate, discounts, schedules, and availability, Shick will accumulate freight charges on a weekly basis and forward to Buyer Charges will be billed using the following schedule:

Shipment Type	Typical Carrier	Charges
Small Shipment (ground)	UPS	UPS published
Less-than-Truckload	UPS Freight, Vitran, Dugan	Current UPS Freight Tariff less 65% discount
Truckload and Other	53' van, flat bed, etc.	Cost Plus 10%

Shick will coordinate deliveries with Buyer based on Buyer's needs and preferences. Buyer will also be responsible for freight charges arising from equipment moving from outside suppliers into Shick or other suppliers for fit up and/or consolidation into larger shipments. These 'inbound' moves will take place at Shick's discretion, and only when there is compelling reason to do so.

NOTE 2: Seller's prices do not include sales, excise or similar taxes levied by any government authority, either foreign or domestic. In addition, to the prices specified herein, the amount of any present or future sales, use, excise or other similar tax applicable to this transaction, shall be

EXHIBIT “B”

CALCULATION

Debtor Name:	PHS Group, Inc. and Quality Food Brands, Inc.				
Account Number:	6001515				
Case Number:	11-70413				
District:	Eastern New York				
Date Filed:	01/28/11				
Balance as of Filing Date					
Past Due Payments:	**Amount**	**# Due**			
01/10/11 to 01/10/11	$ 2,249.51	1			$ 2,249.51
Future Payments					
02/10/11 to 02/10/12	$ 2,249.51	13	$ 29,243.63		
Less: Discount at 6%			$ (998.44)		
Present Value of Future Payments					$ 28,245.19
Pre-petition Late Charges Due	$224.95 x 1 month				$ 224.95
NSF fees					$ 20.00
Total Due as of Filing Date:	01/28/11				$ 30,739.65

CALCULATION

Debtor Name: PHS Group, Inc. and Quality Food Brands, Inc.
Account Number: 6001598

Case Number: 11-70413
District: Eastern New York
Date Filed: 01/28/11

Balance as of Filing Date

Past Due Payments:			**Amount**	**# Due**			
01/21/11	to	01/21/11	$ 3,948.14	1		$	3,948.14
Future Payments							
02/21/11	to	08/21/12	$ 3,948.14	19	$ 75,014.66		
Less: Discount at 8%					$ (4,775.90)		
Present Value of Future Payments						$	70,238.76
Pre-petition Late Charges Due			$394.81 x 1 month			$	394.81
NSF fees						$	20.00
Total Due as of Filing Date:			01/28/11			$	74,601.71

EXHIBIT "C"

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

Hearing Date: April 11, 2011
Hearing Time: 9:30 a.m.

In re:

PHS GROUP, INC.

Debtor.

Case No. 11-70413 REG
Chapter 7

Assigned to:
Hon. Robert E. Grossman
Bankruptcy Judge

ORDER GRANTING RELIEF FROM AUTOMATIC STAY

ON the ______ day of ________, 2011, the Motion (the "Motion") of OFC Capital Corporation (the "Secured Creditor"), dated March 16, 2011, came before the Court, for relief from the automatic stay with respect to an All Fill Model TA 600 Twin Auger Filler #80414, one (1) System A Scale Hopper Equipment and one (1) Ross Model 42N-052S Ribbon Blender, s/n 106158 (collectively referred to as the "Collateral"). This Court, having considered the evidence presented and the arguments of the parties, and with good cause appearing therefore, it is hereby:

ORDERED that the automatic stay in effect pursuant to 11 U.S.C. § 362(a), is hereby terminated pursuant for failure to make payment to the Secured Creditor so that Secured Creditor may take any and all action under applicable state law to exercise its remedies against the Collateral.

Court File No. CV-10-8991-00CL

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

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

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3Y4

Tel.: 416-367-6000
Fax: 416-367-6749

Michael MacNaughton - LSUC No. 25889U
Mary Arzoumanidis - LSUC No. 53915V
Harriet Greenwood - LSUC No. 58915H

Lawyers for Ernst & Young Inc., in its capacity as Receiver 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. TOR01: 4628540: v8