

District of Ontario
Division No. 09 – Toronto
Court No. 31-457861
Estate No. 31-457861

In the Matter of the Bankruptcy of
NFC ACQUISITION CORP.
Report of the Trustee on PRELIMINARY ADMINISTRATION
For the First Meeting of Creditors
January 14, 2015

PRELIMINARY COMMENTS

NFC Acquisition Corp. ("NFCC" or the "Company") filed an assignment in bankruptcy with the Official Receiver on December 18, 2014 and FTI Consulting Canada Inc. ("FTI") was appointed Trustee of the estate of the bankrupt (in such capacity, the "Trustee") by the Official Receiver on December 22, 2014, subject to confirmation of its appointment by the creditors.

In preparing this Report the Trustee relied on unaudited financial information and information collected during discussions and/or meetings with the Receiver of NFCLP. We have not carried out an audit or other review of the information, and accordingly express no opinion thereon.

BACKGROUND

On January 17, 2012, NFC Acquisition GP Inc., NFC Acquisition Corp., and NFC Land Holdings Corp. (together the "CCAA Entities") sought and obtained protection from its creditors pursuant to an initial order (the "Initial Order") under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). Pursuant to the Initial Order, FTI was appointed Monitor of the CMI Entities.

On February 22, 2012, FTI was appointed as Receiver (in such capacity, the "Receiver") pursuant to an Order of the Ontario Superior Court of all the assets, undertakings and properties of NFC Acquisition GP Inc., NFC Acquisition Corp., NFC Land Holdings Corp., New Food Classics., and NFC Acquisition L.P. (the "Receivership Entities") (the "Receivership").

All documents in their proceedings under the CCAA and Receivership can be found posted online at FTI's website: <http://cfcanada.fticonsulting.com/nfc/>.

On December 15, 2014 the Receiver sought and obtained an Order of the Ontario Superior Court (the "Bankruptcy Order") authorizing the Receiver to file assignments in bankruptcy on behalf of the Receivership Entities (in such capacity, the "Bankruptcy Entities").

NFCC has significant obligations due and no cash to satisfy the obligations. NFCC no longer has the capacity to meet its obligations generally as they become due.

CONFLICT OF INTEREST

No conflict of interest exists for FTI to act as Trustee of NFCC.

As previously noted, on January 17, 2012, FTI was appointed as Monitor of the CCAA entities.

Furthermore, on February 22, 2012, FTI was appointed Receiver of the Receivership Entities.

TAKING POSSESSION AND SAFEGUARDING THE ASSETS

Currently, the Trustee has taken possession of all known assets.

CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has made arrangements for storage of the books and records of the Bankruptcy Entities.

STATEMENT OF AFFAIRS

The Statement of Affairs ("SOA") was prepared in compliance with the provisions of the BIA on December 18, 2014 (being the date the assignment in bankruptcy was filed with the Official Receiver). The following is a summary of the assets and liabilities of CFI as reflected in the SOA:

	Statement of Affairs	
Assets		
Cash	\$	-
Other	\$	-
Total Assets	\$	-
Liabilities		
Unsecured Creditors	\$	8,436,917.00
Other	\$	-
Total Liabilities	\$	8,436,917.00
Deficiency	\$	(8,436,917.00)

ASSETS

The Company currently has no assets.

UNSECURED CREDITORS

All of NFCC's liabilities are related to the pre-Receivership period.

LEGAL PROCEEDINGS

According to information available to the Trustee, no legal proceedings against the estate were commenced since the date of bankruptcy.

To date, the Trustee has not initiated any legal actions.

TRANSFERS UNDERVALUE AND PREFERENCES

To date, the Trustee has not identified any Transfers Under Value and Preferences, as all assets were dealt with under the CCAA & Receivership. The Trustee will report to and seek instructions from the estate inspector(s) regarding any findings.

THIRD PARTY DEPOSITS/GUARANTEES

The Trustee has received a deposit for its fees in the amount of \$10,000.

ANTICIPATED REALIZATION AND DISTRIBUTION PROCESS

Based on the estimated realizable assets of the Company, the Trustee is of the view that the unsecured creditor(s) will not receive any distribution.

DATED at the City of Toronto, in the Province of Ontario this 14th day of January, 2015.

FTI Consulting Canada Inc.

In its capacity as Trustee of NFC Acquisition Corp. and not in its personal or corporate capacity

Per:



Paul Bishop
Senior Managing Director