

Court File Number: 31-2402270
Estate No. 31-2402270

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**FIRST REPORT OF A. FARBER & PARTNERS INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
PROCESS PRODUCTS LIMITED**

AUGUST 13, 2018

**ONTARIO
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A PROPOSAL OF PROCESS PRODUCTS LIMITED**

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AUGUST 13, 2018

INTRODUCTION

1. This report (the **"First Report"**), is filed by A. Farber & Partners Inc. (**"Farber"**) in its capacity as proposal trustee (the **"Proposal Trustee"**) in connection with the Notice of Intention to Make a Proposal (**"NOI"**) filed by Process Products Limited (**"PPL"** or the **"Company"**).
2. On July 20, 2018 (the **"Filing Date"**), PPL filed a NOI pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **"BIA"**) and Farber was appointed as Proposal Trustee under the NOI. Copies of the Certificates of Filing issued by the Superintendent of Bankruptcy are attached hereto as **Appendix "A"**.
3. The purpose of this First Report is to provide the Ontario Superior Court of Justice (Commercial List) (the **"Court"**) with information pertaining to the following:
 - i. A limited summary of certain background information about PPL;
 - ii. PPL's proposed post-filing strategy;

- iii. PPL's request for an extension of the time required to file a proposal (the **"Proposal Period"**) to October 3, 2018; and
- iv. The Proposal Trustee's recommendation that this Court make orders as requested by PPL approving the extension of the Proposal Period to October 3, 2018.

TERMS OF REFERENCE

4. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

DISCLAIMER

5. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited, draft, and / or internal financial information of PPL, the books and records of PPL and discussions with representatives of PPL, including their lawyers (collectively the **"Information"**).

6. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (**"GAAS"**) pursuant to the Chartered Professional Accountant of Canada Handbook (the **"CPA Handbook"**) and, as such, the Proposal Trustee expresses no opinion or other form of assurance with respect to the Information presented in this First Report.

7. Future oriented financial information relied upon in this First Report is based on PPL's representatives' assumptions regarding future events; actual results achieved may vary from the information presented even if the hypothetical assumptions occur and these variations may be

material. Accordingly, the Proposal Trustee expresses no assurance as to whether projections will be achieved.

BACKGROUND

8. PPL is private company incorporated under the laws of the Province of Ontario whose registered office is located at Concord (Vaughan), Ontario. PPL is a supplier of specialty fasteners and engineered machine components. The Company operates from a leased location in Concord, Ontario. PPL has investments in two subsidiaries, specifically, Process Products, Inc. (“**PPI**”), a private company incorporated under New York Business Corporation Law, company and Process Products De Mexico S.A. De C.V. (“**PPM**”), a private Mexican company which supply the U.S. and Mexico markets respectively. PPI operates from a leased warehouse in Charlotte, North Carolina and PPM operates using a third-party logistics provider in Monterrey, Mexico.

9. The PPL, PPI and PPM business, affairs, financial performance and position, as well as the causes of their insolvency, are detailed in the affidavit of Sydney Stupp sworn August 10, 2018 (the “**First Stupp Affidavit**”) in support of PPL’s August 15, 2018 motion and are, therefore, not repeated herein. The Proposal Trustee has reviewed the First Stupp Affidavit and discussed the business and affairs of PPL with senior management of PPL and is of the view that the First Stupp Affidavit provides a fair summary thereof. A copy of the First Stupp Affidavit, without exhibits, is attached hereto and marked as **Appendix “B”**.

Operations

10. As of the Filing Date, PPL had approximately 18 employees. The PPL employees are not represented by a union and are not subject to a collective bargaining agreement. PPL does not sponsor any pension plans for their employees.

PPL's Creditors

11. Copies of the creditor lists included in the PPL proposal proceedings are attached hereto as **Appendix "C"**.

12. Prior to the NOI, PPL funded its operating costs through an operating line of credit provided by National Bank of Canada ("**NBC**"). Prior to, and in connection with the filing of the NOI, NBC issued a demand for repayment of its loan and provided the Company with a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. PPL provided NBC with written notice of consent to immediate enforcement by the NBC of the security held by it from the Company.

13. NBC has since suspended the Company's operating facility but at the time of this First Report, has not moved forward with the enforcement of its security with the appointment of a receiver.

14. As of the Filing Date, the amount owing to NBC was approximately \$1.9 million.

15. In December 2004, PPL granted the Company's major shareholder and former president, Samuel Stupp, a general security agreement, in consideration of funds advanced to PPL. As of the Filing Date, the balance outstanding to Samuel Stupp was approximately \$584,000.

16. Since the Filing Date, the Company is using cash on hand as well as cash generated from the collection of accounts receivable to fund its on-going operations.

17. The Proposal Trustee has engaged independent legal counsel, McMillan LLP, to provide it with an opinion regarding the validity and enforceability of the above noted secured creditors. The Proposal Trustee anticipates receipt of this opinion later this week.

18. In addition to the above secured creditors, PPL estimates that, as at the Filing Date, they have unsecured obligations totaling \$1,121,493, excluding approximately \$300,000 owed to PPL employees. We note that the First Stupp Affidavit indicates an estimated \$500,000 owed to the Company's former employee's however it was discovered shortly after filing the First Stupp Affidavit that the amount was miscalculated.

Financial Results

19. As described in the First Stupp Affidavit, due to a number of factors, including a decrease in the demand for electricity and resulting decrease in demand for product by PPL's customers, and extended credit provided to PPL customers, PPL's operations have suffered. Summarized below are the internal non-consolidated results for the years ended December 31, 2017 and December 31, 2016 as well as the draft 5-months ended May 31, 2018.

	5 Months Ended May 31, 2018	Year ended Dec 2017	Year ended Dec 2016
Revenue	2,157,040	6,526,408	12,635,453
COS	1,576,158	6,477,941	10,607,090
Gross Profit	580,882	48,467	2,028,363
Expenses	1,351,263	4,504,309	2,023,048
Income (Loss) From Operations	(770,381)	(4,455,842)	5,315
Other Income/(Expenses)	248,664	295,515	195,853
Write-down of loan to subsidiary	-	(2,523,093)	-
Income (Loss) Before Taxes	(521,717)	(6,683,420)	201,168
Taxes	-	(974,772)	44,637
Net Income (Loss)	(521,717)	(5,708,648)	156,531

PPL'S NOI PROCEEDINGS

20. As a result of a number of factors outlined in the First Stupp Affidavit, PPL has suffered significant losses and due to liquidity issues was unable to pay its creditors in the normal course. As a result, the Company determined that, in the circumstances, a stay of proceedings was required in order to determine whether a restructuring of its operations was possible.
21. In order to monetize its existing assets, PPL plans to continue collecting its accounts receivable and selling inventory on hand. Where favourable terms can be negotiated, the Company is also working on arrangements with customers and suppliers for new inventory. PPL has recently completed its tax filing for 2017 and is expecting a refund in that regard.
22. In addition to the above, PPL is also exploring a sale of all or part of the operations to strategic buyers.

EXTENSION OF THE PROPOSAL PERIOD TO OCTOBER 3, 2018

23. PPL is seeking an extension of the Proposal Period to October 3, 2018 (the “**Extension**”).

24. In support of the request for the Extension, PPL, with the assistance of the Proposal Trustee, has prepared a consolidated forecast of their receipts and disbursements for the period August 6, 2018 to November 4, 2018 (the “**Cash Flow Forecast**”). A copy of the Cash Flow Forecast is attached hereto as **Appendix “D”** and is summarized below:

Aug 6 - Nov 4	
RECEIPTS	
Collection of Existing A/R	596,594
Total Receipts	596,594
DISBURSEMENTS	
Payroll and Benefits	284,646
Insurance	51,289
Rent	114,394
Office Expenses	77,846
Disbursements Before Restructuring Costs	528,175
Professional Fees	95,000
Total Net Cash	(26,582)
Opening Cash Position	382,633
Closing Cash Position	356,051

25. The Cash Flow Forecast indicates that PPL will have sufficient liquidity to fund both operating costs and the costs of these NOI proceedings for the period of the Extension, if granted.

26. The Proposal Trustee believes that:

- a. PPL is acting in good faith and with due diligence in taking steps to monetize its assets for the benefit of its stakeholders; and

- b. It is the Proposal Trustee's view that the Extension will not prejudice or adversely affect any group of creditors.

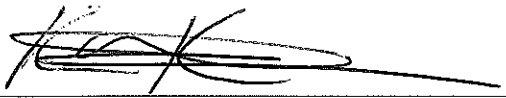
27. While it is too early to determine whether a viable proposal will be presented by PPL to their creditors, in the Proposal Trustee's view, PPL's request for an extension is appropriate.

CONCLUSION AND RECOMMENDATION

28. Based on all of the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court extend the time for issuing a proposal to October 3, 2018.

All of which is respectfully submitted this 13th day of August 2018.

**A. FARBER & PARTNERS INC.,
in its capacity as Proposal Trustee of Process
Products Limited, and not in its personal
capacity**



APPENDIX “A”

Canada

APPENDIX “B”

Court File No. 31-2402270

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**AFFIDAVIT OF SYDNEY STUPP
(sworn August 10, 2018)**

I, SYDNEY STUPP, of the City of Vaughan in the Province of Ontario MAKE OATH
AND SAY:

1. I am the current president of the debtor, Process Products Limited (the “**Company**”), and as such, have knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company’s motion for an order extending the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”) for a period of 45 days from August 19, 2018, to and including October 3, 2018.

BACKGROUND

3. On July 20, 2018 (the “**Filing Date**”), the Company filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the “**Trustee**”).

4. The purpose of these proposal proceedings (the “**Proceeding**”) is to provide the Company with an opportunity to collect on certain accounts receivable, complete a significant tax return filing, negotiate the potential accelerated payment and sale of certain inventory to key customers, with a view to restructuring its operations and presenting a viable proposal to the Company’s creditors, in consultation with the Trustee. The relief requested on this motion is integral for the Company to continue its operations and carry out its restructuring efforts.

THE COMPANY AND ITS BUSINESS

5. The Company is incorporated pursuant to the laws of the Province of Ontario, with its registered office in Concord (Vaughan), Ontario. On January 1, 2001, Process Products Limited and 1274315 Ontario Limited amalgamated to form the Company. Attached hereto and marked as **Exhibit “A”** is a true copy of a corporation profile report for the Company as of August 8, 2018. Although Samuel Stupp is indicated to be the president of the Company, this was changed in or about 2011 when I was appointed the office of president. It appears that the Company did not update this with the Ministry of Government and Consumer Services.

6. The Company carries on business as a supplier of specialty fasteners and engineered machine components. It operates primarily from leased premises in Concord, Ontario. The Company also has subsidiaries in the U.S and Mexico, which supply the U.S. and Mexican markets.

7. As of the Filing Date, the Company employed approximately 18 employees, who are not represented by a union. The Company does not sponsor any pension plan for their employees.

8. All source deductions were current with remittances as of the Filing Date and continue to be so.

THE CAUSES OF FINANCIAL DIFFICULTY

9. The Company experienced a significant drop in sales in 2017 of nearly 45%, which continued into 2018. The primary contributing factor to this drop in sales related to the gradual decrease in the demand for electricity, which led to the Company's major customers, having significantly less need for utility scale large gas and steam turbines and generators - the types of machines that are used in utility power plants. At that time, the global market for this type of equipment fell by over 75%, and affected many original equipment manufacturers, some of whom were major customers of the Company.

10. In addition, it was customary for the Company's customers to have extended credit terms of 90 to 120 days. However, when the market collapsed, causing a slowdown in the movement of inventory, the delay in being paid by its customers began to have adverse impact on the Company's debt levels.

11. Ultimately, in the summer of 2018, the Company defaulted in respect of certain margin requirements, among other things, with its primary lender, and decided to take steps to restructure its operations.

THE COMPANY'S CREDITORS

12. The Company's primary lender is National Bank of Canada ("NBC"), through which the Company maintains an operating line of credit. Through discussions with NBC, as part of the NOI filing and this Proceeding, NBC issued a demand for repayment and a Notice of Intention to

Enforce Security under s. 244 of the BIA. The Company agreed to waive the 10-day period in the s. 244 notice on the understanding that NBC would not, at this time, appoint a receiver, but would permit the Company to file the NOI, although there is no formal forbearance agreement in place. As of the Filing Date, the amount owing the NBC was approximately \$1.906 million.

13. In addition, the Company's major shareholder and former president, Samuel Stupp, had provided financing to the Company which is also secured by a general security agreement. As of the Filing Date, the balance outstanding to Samuel Stupp was approximately \$584,000. Attached hereto and marked as **Exhibit "B"** is a copy of the search results in the Personal Property Security Act registration system with a currency date of August 8, 2018.

14. As of the Filing Date, the Company estimates the unsecured obligations to total approximately \$1,121,493, not including approximately \$500,000 owed to the Company's former employees for termination pay, severance pay, and accrued vacation.

REQUEST FOR EXTENSION OF TIME

15. The 30-day period after the Filing Date expires on August 19, 2018. The Company is seeking an extension of this time by which it must file a proposal for a period of 45 days to and including October 3, 2018 (the "**Extension**").

16. The Company requires the Extension to continue collecting on its accounts receivable, particularly from some of its major customers. In addition, the Company will be seeking to discontinue servicing certain types of customers that require greater investment of inventory. For these customers, the Company will seek to sellout the remaining stock of inventory that is specific to such customers in the ordinary course.

17. In addition, the Company is in the process of speaking with interested parties to determine whether there may be interest in a potential purchase of some or substantially all of the Company's assets. Additional time is required for the Company, and its advisors, to explore the potential sale of any of the assets.

18. The Company has also completed filing a tax return that, due to the significant losses in 2017, should result in a significant tax refund. Although the actual return will not be immediately available, the Company hopes to receive the assessed return so that it has certainty of the refund, which will assist the Company in making a viable proposal.

19. The Company has sufficient liquidity from available cash on hand and collection from accounts receivable that will fund its operations through this Proceeding, at least until the end of the Extension. I understand that the Trustee will be providing a copy of a cash flow forecast with its First Report to the Court.


20. Therefore, the Company requests an extension of time to file a proposal in order to undertake additional steps, including as described above, so as to increase the likelihood of making a viable proposal to the creditors.

21. The alternative to filing a proposal would be the bankruptcy and liquidation of the Company, which I believe would lead to a less favourable result for the creditors.

22. I am not aware of any creditor that would object to the extension of time requested, and I do not believe that the extension of time sought will prejudice any of the creditors.

23. I further believe that the Company is acting in good faith, with due diligence, and will likely be able to make a viable proposal if the extension applied for is granted.

SWORN BEFORE ME at the City)
of Toronto, in the Province)
of Ontario this 10th day)
of August 2018)



A Commissioner, etc.

PHILIP CHIU (456154)



SYDNEY STUPP

APPENDIX “C”

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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

In the matter of the proposal of
Process Products Limited
of the City of Vaughan, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
AIRTRONIC METAL & MACHINE	22 GOLDENGATE COURT SCARBOROUGH ON M1P 3A5		3,663.01
AJP LOGISTICS LTD	543 RODEBANK ROAD PICKERING ON L1W 2N6		275.00
ALL-RITE DOCK & DOOR SYSTEMS INC.	4 BAKER ROAD BRAMPTON ON L6T4E3		276.85
AMECA	260 ROUTE DU SAUVAGE 73410 MOGNARD France		337.88
AMMCO INC.	109 WOODBINE DOWNS BLV. UNIT 5 ETOBICOKE ON M9W 6Y1		359.06
ANTI-FRICTION ENTERPRISES	150 SUMMERLEA ROAD BRAMPTON ON L6T 4X3		9,635.13
ARDAVEN PLATERS LTD.	11 CARSON STREET TORONTO ON M8W 3R7		7,189.63
ASTRON INC.	21 Lomar Park Drive Pepperell MA 01463 USA		1,268.82
ATLANTA ROD & MFG	144 SCHOKBETON RD LAVONIA GA 30553 USA		6,575.52
AZTECH LOCKNUT CO.	2675 WHITE OAK CIRCLE AURORA IL 60502-9674 USA		2,755.76
BDI A DIVISION OF BELL MOBILITY	PO BOX 4100 PO A ETOBICOKE ON M9C 0A8		1,118.68
BDI CANADA INC.	PO BOX 57379 TORONTO ON M5W 5M5		20,423.34
BECK-CRESPEL	40 RUE DES FUSILLES, B.P 69 59427 ARMENTIERES-CEDEX FR France		31,368.57
BELL MOBILITY	PO BOX 5102 BURLINGTON ON L7R 4R7		2,061.02
BINDER METAL PRODUCT INC	14909 S.BROADWAY GARDENA CA 90248 USA		5,948.46

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of the City of Vaughan, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
BMR CANADA WEST	P.O BOX 1572 STETTLER AB T0C 2L0		3,864.00
BOLT PRODUCTS INC.	P.O. BOX 1325 CITY OF INDUSTRY CA 91749 USA		586.86
BRAD GREEN CONSULTING INC.	16 DALLIMORE CIRCLE TORONTO ON M3C 4C4		22,684.75
BRAMPTON WASHERS & STAMPING	30 INTERMODAL DR BRAMPTON ON L6T 5K1		7,124.56
BSI GROUP CANADA INC.	C/O TH1056 P.O. BOX: 4283 STATION A TORONTO ON M5W 5W6		5,288.03
CADEL	215 ADMIRAL BLVD. MISSISSAUGA ON L5T 2T3		15,752.44
CANADIAN BEARINGS LTD	1600 DREW ROAD MISSISSAUGA ON L5S 1S5		897.11
CANON CANADA INC	LOCKBOX 914820 TORONTO ON M5W 0E9		645.01
CAPS'N PLUGS	165 SUN PAC BLVD, UNIT# 4 BRAMPTON ON L6S 5Z6		318.66
CASCADES CONTAINERBOARD PACKAGING	M9075C & M9075U PO BOX 11790, DEPT 23 MONTREAL QC H3C 0C4		5,173.06
CBSC CAPITAL INC.	3450 SUPERIOR COURT, UNIT 1 OAKVILLE ON L6L 0C4		2,722.48
CDW CANADA	PO BOX 57720 TORONTO ON M5W 5M5		544.88
CHARLES JONES INDUSTRIAL	87 SINCLAIR BLVD BRANTFORD ON N3S 7X6		3,796.80
CHICAGO HARDWARE & FIXTURE CO.	9100 PARKLANE AVE. FRANKLIN PARK IL 60131-3066 USA		1,340.64
CINTAS THE UNIFORM PEOPLE	255 HARRY WALKER PKWY S. NEW MARKET ON L3Y 8Z5		1,960.00

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Notice of Intention To Make a Proposal
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In the matter of the proposal of
Process Products Limited
of the City of Vaughan, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CLAMPCO	P.O. BOX 72226 CLEVELAND OH 44192 USA		10,324.75
CLYDE FASTENERS LTD	5 HAWBANK RD COLLEGE MILTON EASTKILBRIDGE, GLASGOW UK Scotland		2,050.27
COLLISON-GOLL LIMITED	41 MILLWICK DRIVE TORONTO ON M9L 1Y4		20,008.97
CONTINENTAL-AERO	P.O. BOX 901 LYNDHURST NJ 07071-0901 USA		4,915.00
CO-OP CABS	128-130 RIVALDA ROAD TORONTO ON M9M 2M8		363.81
COOPER PLATING INC.	1150 NICHOLSON ROAD NEWMARKET ON L3Y 9C4		4,195.13
CORDS CANADA LTD.	62 DENSLEY AVENUE TORONTO ON M6M 5E1		1,366.59
D.B ROBERTS COMPANY	58 JONSPIN ROAD WILMINGTON MA 01887 USA		833.50
DFV DITCHTUNGS-, FERTIGUNGS-UND VERTRIEB	9AM JAGERBERG VELTEN 16227 GERMANY		1,024.87
DICKINSON WRIGHT LLP	199 BAY STREET TORONTO ON M5L 1G4		5,435.30
DOALL CANADA INC.	PO BOX 56522, STATION A TORONTO ON M5W 4L1		465.56
EARNEST MACHINE PRODUCTS COMPANY	DEPT 781567 DETROIT MI 48278-1567 USA		4,250.73
EASYLINE EXPRESS INC.	1020 DENISON ST, UNIT # 203 MARKHAM ON L3R 3W5		3,639.67
EC INTERNATIONAL (NANTONG) CO., LTD	1018, TAI PING BEI LU JIANGSU PROVINCE 226014 China		19,983.29
EJOT AFT FASTENERS DE MEXICO Y COMPANIA	S.EN C. SAN LUIS POTOSI, S.L.P MX 78395 Mexico		1,430.02

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ELAM M. MARTIN MACHINE SHOP	4024 TEMPERANCE ROAD WALLENSTEIN ON N0B 2S0		2,277.18
EMBREE INDUSTRIES LTD.	151 BIRGE STREET HAMILTON ON L8L 7V4		20,486.35
EMPIRE LIFE	259 KING STREET EAST KINGSTON ON K7L 3A8		11,073.81
EPICOR SOFTWARE CORPORATION Nancy Parkinson	804 LAS CIMAS PARKWAY Austin TX 78746 USA		8,616.10
EXCALIBUR INDUSTRIAL SALES INC.	2865 ARGENTIA ROAD UNIT # 2 MISSISSAUGA ON L5N 8G6		1,724.66
EXPORT DEVELOPMENT CORPORATION	150 SLATER OTTAWA ON K1A 1K3		967.46
FALL RIVER MANUFACTURING CO.	540 CURRANT ROAD FALL RIVER MA 02720 USA		1,605.18
FASTENAL CANADA, LTD	860 TRILLIUM DR. SUITE 117 KITCHENER ON N2R 1K4		4,971.25
FEDERAL EXPRESS CANADA LTD.	P.O. BOX 4626 STATION A TORONTO ON M5W 5B4		3,881.28
FINE RECYCLING AND DISPOSAL SERVICES	205-95 TRINITY STREET TORONTO ON M5A 3C7		678.98
FLINT PACKAGING	311 CALDARI ROAD VAUGHAN ON L4K 4S9		2,251.47
FRANK COX METROLOGY LTD.	40 WEST DR. BRAMPTON ON L6T 3T6		2,565.10
FULLER METRIC	9652 - 188TH STREET SURREY BC V4N 3M2		2,950.06
GH PRECISION PRODUCTS INC	1455 BRITANNIA ROAD EAST MISSISSAUGA ON L4W 1C7		9,869.31
GLENWOOD DISTRIBUTION CO.	1001 W.REPUBLIC DRIVE, UNIT# 5 ADDISON IL 60101 Mexico		1,870.31

District of: Ontario
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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
GO LLP	SUITE 710 200 YORKLAND BLVD. TORONTO ON M2J 5C1		55,637.00
GRANDEUR FASTENERS INC	18798 E STATE HWY 10 DANVILLE AR 72833 Mexico		12,221.00
GREEN LINE HOSE & FITTING LTD.	UNIT B-380 COURTNEYPARK DRIVE E. MISSISSAUGA ON L5T 2S5		744.21
H.PAULIN & CO. LTD	BANK OF AMERICA, NAT'L ASSOC, CANADA BRANCH C/O LBX 917290, PO BOX 4090, STATION A TORONTO ON M5W 0E9		27,255.69
HARTEC MANUFACTURING INC.	530 MASSEY ROAD GUELPH ON N1K 1B4		2,210.73
HEART LOGISTICS INC.	6975-D PACIFIC CIRCLE MISSISSAUGA ON L5T 2H3		1,012.80
HELICAL WIRE INC.	26 CASH DRIVE CARSON CITY NV 89706 Mexico		481.19
HORJAK-PRECISE D.O.O. DOMZALE	PRESERSKA C-8 RADOMLJE SLOVENIA		4,767.15
HOSTEDBIZZ INC.	1050 MORRISON DRIVE OTTAWA ON K2H 8K7		321.78
HRDOWNLOADS INC	195 DUFFERIN AVE., SUITE 500 LONDON ON N6A 1K7		3,382.09
HWA SHIN BOLT INDUSTRY COMPANY LTD	#980-1, JANGRIM 1-DONG, SAHA-GU BUSAN 604 842 South Korea		82,832.64
HYDROBOLT LIMITED	66 TALBOT ST GUELPH ON N1G 2E9		6,504.30
IGS INDUSTRIES	200 COUNTRY CLUB ROAD MEADOW LANDS PA 15347 USA		7,837.09
IMPERIAL COFFEE SERVICES INC.	12 KODIAK CRESCENT NORTH YORK ON M3J 3G5		1,793.63

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In the matter of the proposal of
Process Products Limited
of the City of Vaughan, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
IMPERIAL OIL ESSO	P.O. BOX 1700 DONMILLS ON M3C 4J4		548.01
INFASCO DISTRIBUTION	C/O T09366C PO BOX 9366 STATION A TORONTO ON M5W 3M2		8,069.05
INZANE VISUAL COMMUNICATIONS INC.	PO BOX 2022 TORONTO ON L0M 1G0		1,341.88
ITN TRANSBORDER SERVICES INC.	6975D PACIFIC CIRCLE MISSISSAUGA ON L5T 2H3		4,850.00
JAMAICA BEARING COMPANY	1700 JERICHO TURNPIKE NEW HYDE PARK NY 11040 USA		2,768.75
JM TOR PAR, S.A. DE C.V	AV AZCAPOTZALCO 75 MEXICO CITY 02090 Mexico		14,443.84
KEY BELLEVILLES INC.	100 KEY LANE LEECHBURG PA 15656-9531 USA		758.10
KEYPAK	4206 RANEY CRES. LONDON ON N6L 1C3		384.20
KINGSWAY TRANSPORT	6700 ST-FRANCOIS ROAD ST-LAURENT QC H4S 1B7		338.59
L & R MACHINERY CANADA INC.	2661 PITFIELD BLVD. ST. LAURENT QC H4S 1T2		43,886.88
LAVELLE INDUSTRIES, INC.	P.O Box # 78215 Milwaukee WI 53278-0215 USA		691.33
LEWIS BOLT & NUT	PO BOX 830 LA JUNTA CO 81050-9502 USA		20,482.00
LEYONG INDUSTRIAL (SHANGHAI) CO, LTD	NO. 2799 BUILDING# 15 SHANGHAI China		1,064.00
LINDSTROM FASTENER CANADA LTD	PO BOX 99231 TORONTO ON M5W 0J6		5,822.88
LINDSTROM METRIC LLC	2950 100th Court NE Blaine MN 55449 USA		18,050.53

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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In the matter of the proposal of
Process Products Limited
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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
LISLE CORPORATION	LB 395 OMAHA NE 68103-0395 USA		748.79
LONE STAR FASTENERS	24131 W HARDY RD SPRING TX 77373 USA		20,765.68
LONG-LOK CANADA	5 CROCKFORD BLVD. Scarborough ON M1L 4J9		463.29
M&M PLATING INC.	100-10 BARBADOS BLVD. SCARBOROUGH ON M1J 1K9		4,160.18
M&Z INDUSTRIAL SUPPLY LTD.	7823 - 25 ST NW EDMONTON AB T6P 1N4		4,542.26
MAGMA MACHINING PVT LTD	74-75, BARCELONA INDUSTRIAL ESTATE GUJRAT 382415 India		3,207.45
MAXGUARD ALARM & SECURITY CO. LTD.	8600 KEELE STREET, UNIT# 48 CONCORD ON L4K 4H9		305.10
MERCER GASKET & SHIM	110 BENIGNO BLVD. BELLMAWR NJ 08031 USA		633.08
METRIC & MULTISTANDARD COMPONENTS CO	120 OLD SAW MILL RIVER ROAD HAWTHORNE NY 10532 USA		343.42
MICHIGAN METAL COATINGS COMPANY	2015 DOVE ST PORT HURON MI 48060 USA		465.50
MILLEN MANUFACTURING INC.	400 MILLEN ROAD STONE CREEK ON L8E 2P7		2,874.72
MILLER THOMSON LLP	40 KING STREET WEST TORONTO ON M5H 3S1		29,230.83
National Bank Financial Group (bankruptcy) - c/o FCT Default Solutions	PO Box 2514, Stn B London ON N6A 4G9		1,906,650.80
NEAR NORTH CUSTOMS BROKERS	400 Essjay Rd., Suite # 200 WILLIAMSVILLE NY 14221 USA		1,686.20
NEAR NORTH CUSTOMS BROKERS INC.	20 ELLIOTT AVENUE BARRIE ON L4N 4V7		1,406.65

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

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Creditor	Address	Account#	Claim Amount
NELSON STUD WELDING CANADA INC.	P.O. BOX 57113,STATION A TORONTO ON M5W 5M5		3,601.31
NELSON STUD WELDING, INC.	P.O. BOX 504781 ST. LOUIS OH 63150-4781		81,249.97
NEOPHIX ENGINEERING COMPANY LIMITED	DEVONSHIRE HOUSE WEST YORKSHIRE BD21 2LP UK		682.29
ORKIN CANADA CORPORATION	5840 FALBOURNE ST MISSISSAUGA ON L5R 4B5		614.17
OTTAWA PRODUCTS CO. INC.	1602 NORTH CURTICE RD. CURTICE OH 43412 USA		912.27
PACER ALLOYS	8681 SCRANTON STREET HOUSTON TX 77075 USA		1,180.38
PANALPINA INC.	C/O CITIBANK TORONTO ON M5W 3T2		1,979.12
PARADYGM CONSULTING	505 HIGHWAY 7 EAST SUITE 284 THORNHILL ON L3T 7T1		1,130.00
PEERLESS TRAVEL	7117 BATHURST STREET THORNHILL ON L4J 2J6		4,395.63
PITNEY BOWES GLOBAL CREDIT SERVICE	P.O. BOX 278 ORANGEVILLE ON L9W 2Z7		373.21
PITNEYWORKS	P.O.BOX 280 ORANGEVILLE ON L9W 2Z7		253.76
PITTSBURGH PLUG & PRODUCTS CORP.	700 south washington Street Evans City PA 16033 USA		3,617.60
POWER STREAM	161 CITYVIEW BLVD. VAUGHAN ON L4H 0A9	6634400000	1,345.22
PRESSBOLT S.R.L.	VIA DELL' ARTIGIANATO, 12 TURATE IT 22078 Italy		2,097.48
PROMPER SPEZIALROHRHANDEL GMBH	D-40549 DUSSELDORF WILLSTATTERSRT 3 GERMANY		1,938.88

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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Creditor	Address	Account#	Claim Amount
PUROLATOR INC.	P.O. BOX 4800 STN MAIN CONCORD ON L4K 0K1		1,019.99
QUALITY AUTOMOTIVE SERVICES	1137 LAWRENCE AVE.W. NORTH YORK ON M6A 1E1		423.30
RATIONAL BUSINESS SOLUTIONS INC.	219 ROSE GREEN DRIVE THORNHILL ON L4J 4R3		4,234.11
REINEL, AROLDO	21 DIPLOMA DRIVE BRAMPTON ON L6P 1M3		3,500.00
RJB MACHINING LTD	668 COLBY DRIVE WATERLOO ON N2V 1A2		344.65
ROBERT HALF MANAGEMENT RESOURCES	P.O. BOX 57349/ FILE T57349C TORONTO ON M5W 5M5		12,114.18
ROTO-PRECISION	304 WATLINE AVE. MISSISSAUGA ON L4Z 1P4		14,042.30
RPM MECHANICAL INC.	2290 INDUSTRIAL STREET BURLINGTON ON L7P 1A1		2,644.20
RUSH FREIGHT GLOBAL	29 COSENS STREET SCARBOROUGH ON M1C 0A5		582.65
Samuel Stupp	55 Prince Arthur Ave Apt.1404 Toronto ON M5R 1B3		530,922.63
SANBORN A.S.	TREBICKA 1507/87 VELKE MEZIRICI 59401 CZECH REPUBLIC		1,261.26
SCALE SERVICES & SALES	28 CROWN STEEL DRIVE MARKHAM ON L3R 9Y1		1,150.35
SCHUSTER GMBH RAUBEN VAKUUMBAUTEILE	2 INDUSTRIES TRASSE BRACHBACH 57555 Germany		34,155.71
SEMS AND SPECIALS INC	6483 FALCON ROAD ROCKFORD IL 61109 USA		2,163.05
SERVICEMASTER OF VAUGHAN	122 GALAXY BOULEVARD ETOBICOKE ON M9W 4Y6		2,994.16

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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Creditor	Address	Account#	Claim Amount
SHANGHAI DONGLUO PRECISE MACHINE	INDUSTRIAL CO., LTD SHANGHAI CN 200092 China		11,655.67
SHANGHAI SHANGDIAN WASHER CO LTD	NO 51 XINLI ROAD SHANGHAI CN 201503 China		2,324.18
SHIMCO NORTH AMERICA INC.	75 HEROUX DEVTEK DRIVE CAMBRIDGE ON N3E 0A7		569.52
SHUR-KUT SUPPLY CORP.	7 MOUNT PLEASANT DRIVE ASTON PA 19014 USA		2,090.76
SIRIUS MACHINE	11 BUTTERMILL AVENUE CONCORD ON L4K 3X1		11,593.80
SOCKET SOURCE INC.	16412 BERWYN ROAD CERRITOS CA 90703 USA		1,596.00
SPAENAUER	P.O. BOX 544 KITCHENER ON N2G 4B1		3,715.62
SPRING BOLT AND NUT MFG. LTD.	13510 RALPH CULVER RD. HOUSTON TX 77086 USA		7,707.88
STAR STAINLESS SCREW INC.	P.O. BOX 48046 NEWARK NJ 07101-4843 USA		21,385.27
STAR STAINLESS SCREW LTD.	P.O. BOX 8846 TORONTO ON M5W 1P8		13,942.92
SUPER CHENG INDUSTRIAL CO., LTD	18 BEN GONG 2 ND ROAD KAOHSIUNG COUNTY TW Taiwan		11,903.85
TAYPCO INC.	20 MILLWICK DRIVE NORTH YORK ON M9L 1Y3		588.54
THE CFO CENTRE LIMITED	3280 BLOOR STREET WEST, CENTRE TOWER TORONTO ON M8X 2X3		11,696.00
TONG MING ENTERPRISES CO. LTD	88 CHANGSHENG ROAD EAST ZHEJANG CH China		22,137.17
TOTAL LIFT COMPANY LTD.	14 CONNIE CRES, UNIT 13 CONCORD ON L4K 2W8		1,705.21

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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Creditor	Address	Account#	Claim Amount
TRAMEC HILL FASTENER	P.O. BOX 11 IOLA KS 66749 USA		6,299.37
TRI STAR METALS, LLC	P.O BOX 75706 CLEVELAND OH 44101 USA		15,347.80
TRIO TECH INC	240 SHEARSON CRESCENT CAMBRIDGE ON N1T 1J6		3,905.28
TRIOINSPECTIONS PLUS INC & ELECTRICAL SERVICES	95 STONEYLAKE AVENUE BRAMPTON ON L6V 4T7		334.48
TRISTAR PLASTICS CORP	PO BOX 3065 BOSTON MA 02241-3065 USA		1,271.25
TS VERBINDUNGSTEILE GMBH	1 DIESELDTRABE BITBURG DE 54634 Germany		3,968.58
UPS FREIGHT	PO BOX # 4368 STATION A TORONTO ON M5W 3N8 USA		9,196.29
USINAGE AEROSPEC	924 MICHELIN LAVAL QC H7L 5C1		7,053.01
VERSA FITTINGS INC.	290 COURTNEY PARK DR.E MISSISSAUGA ON L5T 2S5		1,423.80
VERTEX DISTRIBUTION	PO BOX 844343 DALLAS TX 75284-4343 USA		17,215.55
WESCO AIRCRAFT CANADA INC.	2800 MATHESON BLVD. EA MISSISSAUGA ON L4W 4X5		2,614.25
WESTBURNE RUDDY	PO Box 1220 Station B Mississauga ON L4Y 3W5		6,035.37
WHITE PAPER CO.	9990 RIVER WAY DELTA BC V4G 1M9		1,165.13
WINGES AUTO SERVICE LTD.	155 WINGES ROAD, UNIT # 5 WOODBIDGE ON L4L 6C7		2,575.61
WINTEC PRECISION MACHINING CO., LTD.	NANHAI ROAD SHENZHEN 518054 China		385.70

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2402270
Estate No. 31-2402270

- FORM 33 -

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

In the matter of the proposal of
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Creditor	Address	Account#	Claim Amount
WORK AUTHORITY A DIVISION OF KODIAK GROUP HOLDINGS CO.	415 THOMPSON DRIVE CAMBRIDGE ON N1T 2K7		735.57
WORKPLACE SAFETY & INSURANCE BOARD	P.O. BOX 4115 TORONTO ON M5W 2V3		1,376.80
WROUGHT WASHER MFG., INC.	BOX 90337 CHICAGO IL 60696-0337 USA		1,517.98
WTE POWERBOLT S.R.O.	PRAZSKA 449 KOSTELEK NAD CERNYMI LESY 281 63 CZECH REPUBLIC		2,661.38
Total			3,556,636.68

Process Products Limited
Insolvent Person

APPENDIX “D”

Week Ended	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	

CASH FLOW FORECAST

RECEIPTS														
Collection of Existing A/R	72,656	76,121	72,708	37,112	50,842	34,983	104,474	36,525	14,118	29,680	27,515	36,986	2,877	596,594
Collection of New Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax Refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	72,656	76,121	72,708	37,112	50,842	34,983	104,474	36,525	14,118	29,680	27,515	36,986	2,877	596,594

DISBURSEMENTS

Payroll and Benefits	-	50,717	-	52,925	-	45,717	-	47,284	-	40,717	-	47,284	-	284,646
Insurance	10,531	-	1,491	7,589	5,381	-	1,491	7,589	5,381	-	1,491	4,604	5,740	51,289
Travel and Corporate Expenses	3,000	500	3,500	500	-	-	-	3,000	-	-	-	-	-	10,500
Rent	29,274	13,539	-	13,539	3,889	13,539	-	13,539	-	13,539	-	-	-	114,394
Utilities	4,000	2,000	-	-	2,000	-	-	-	2,000	-	-	-	-	10,000
Leases	896	-	-	-	-	-	-	-	-	-	-	-	-	896
Repairs & Maintenance	2,500	-	-	500	2,500	-	-	500	2,500	-	-	500	-	9,000
Freight	22,000	-	-	-	-	-	-	-	-	-	-	-	-	22,000
Computer Expense & Internet	2,050	-	-	2,050	-	-	-	-	2,050	-	-	-	-	6,150
Cell Phones	2,100	-	-	2,100	-	-	-	-	2,100	-	-	-	-	6,300
Office Expenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements Before Restructuring Costs	77,352	67,756	5,991	80,202	14,770	60,256	2,491	72,911	15,031	55,256	2,491	66,927	6,740	528,175
Professional Fees	10,000	-	-	15,000	20,000	-	-	15,000	20,000	-	-	-	15,000	95,000

Total Net Cash	(14,695)	8,365	66,716	(58,090)	16,072	(25,273)	101,982	(51,387)	(20,914)	(25,576)	25,023	(29,941)	(18,863)	(26,582)
Opening Cash Position	382,633	367,938	376,302	443,018	384,928	401,000	375,727	477,709	426,322	405,408	379,832	404,855	374,914	382,633
Closing Cash Position	367,938	376,302	443,018	384,928	401,000	375,727	477,709	426,322	405,408	379,832	404,855	374,914	356,051	367,938

**NOTES TO AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED
CASH FLOW FOR THE PERIOD AUGUST 6, 2018 – NOVEMBER 4, 2018**

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgment, but are consistent with the purpose of the cash-flow projection.

None.

PROBABLE ASSUMPTIONS

An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the revised cash-flow statement.

1. The Company's principal secured creditor will continue to support the restructuring efforts of the Company.
2. The Company is in the process of consolidating its Canadian location with its U.S. subsidiary location.
3. The Company will complete unfulfilled sales orders from its customers provided it has either inventory on hand to complete the order or alternatively can arrange for supply from its customer. In both cases, the Company's efforts to complete unfulfilled sales orders would need to be supported with favourable credit terms from its customers.
4. Collection of accounts receivable is based on management's estimate of customer payment histories and internal estimates. To be conservative, provision has been made for uncertainties relating to collection of receivables in a restructuring mode.
5. The Company is in the process of filing for a significant income tax refund. The Company does not expect this tax refund to be received during the period of this cash flow.
6. Only essential expenses will be paid, and suppliers will continue to supply the company all of its needs on a C.O.D. basis during the period covered by this cash flow. The payments are expected to relate to inventory, rent, utilities, insurance, supplies and professional fees.
7. The Company has been reducing its staff to reflect its current needs to support its business. The Company plans to continue staff reductions as certain locations are consolidated.
8. Management have estimated professional fees during the period of the cash flow, but

these fees will be dictated by the level of activity required by the Proposal Trustee and its legal counsel.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED, OF THE
CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

Estate No. 31-2402270

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

FIRST REPORT OF TRUSTEE

**A. FARBER & PARTNERS INC.
TRUSTEE IN BANKRUPTCY**

150 York Street, Suite 1600
Toronto, ON M5H 3S5

**Karen Kimel, MAcc, CPA, CA, CPA (IL),
CIRP, LIT**

Telephone: (647) 796-6022
Facsimile: (416) 496-3839

In its capacity as proposal trustee
for Process Products Limited and
not in its personal capacity