

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF LAVAL

IN THE MATTER OF THE PROPOSAL OF:

NO.: 540-11-009942-170
Estate No. 41-2299455
District of Montreal No.

ARTEMANO CANADA INC., a legal person
having an office and principal place of business at
1816, Le Corbusier Blvd., Laval, Quebec, H7S
2K1

Debtor / Petitioner

-and-

KPMG INC., a legal person having an office and
principal place of business at 600, De
Maisonnette Blvd. West, Suite 1500, Montreal,
Quebec, H3A 0A3

Trustee

**DEBTOR'S FIRST (1st) APPLICATION FOR EXTENSION
OF THE DELAY TO FILE A PROPOSAL**
(Section 50.4(9) of the Bankruptcy and Insolvency Act ("**BIA**"))

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT IN AND FOR
THE DISTRICT OF LAVAL, SITTING IN COMMERCIAL DIVISION OR TO THE
REGISTRAR THEREOF, THE DEBTOR RESPECTFULLY REPRESENTS:**

1. The Debtor is an importer of modern solid wood furniture inspired by nature, having its head office at 1816, Le Corbusier Blvd., in the City of Laval, Province of Quebec, H7S 2K1 and operates twelve (12) retail locations which sell its products in Quebec and Ontario;
2. The Debtor filed a Notice of Intention to Make a Proposal under the BIA on September 29, 2017, (the "**NOI**"), and KPMG Inc. was named as Trustee thereunder, as appears from the present Court record;
3. The Debtor recently commenced discussions with its creditors and others for purposes of allowing the Debtor to reduce the number of its retail locations to six (6) stores and to continue its operations presently and for purposes of determining whether the funding of a proposal to its creditors will be possible;

4. The Debtor has entered into a forbearance agreement with its banker, the Royal Bank of Canada under date of September 26, 2017 allowing it to continue operations with a view to formulate a plan of reorganization;
5. The Debtor has sent six (6) notices to resiliate six (6) commercial leases for its retail locations under date of October 3, 2017;
6. The Debtor has, with the help of KPMG Inc., commenced the process of a solicitation of offers to determine if a proposal can be realized for the Debtor;
7. The Debtor requires a further period of forty-five (45) days to be in a position to analyse sales results for the present selling season, the results of its solicitation process and to be able to complete its negotiations with various creditors to determine if thereafter it can file a proposal;
8. The Debtor files en liasse, as **Exhibit P-1**, copy of the Trustee's and the Debtor's report on cash-flow statement, the original of which will be produced at presentation of the Application herein;
9. It is in the interest of the Debtor and its creditors that the present first extension of delay be granted in order that it be in a position to determine whether a proposal can be filed;
10. The Debtor has acted, and is acting in good faith and with due diligence;
11. No creditor would be materially prejudiced if the extension being applied for were granted, your Debtor is meeting its current obligations, and notice of the present Application is given to counsel for the Debtor's secured creditor, Royal Bank of Canada;
12. The Trustee consents to the present Application;

WHEREFORE, THE DEBTOR PRAYS THIS HONOURABLE COURT TO:

GRANT the Debtor's First (1st) Application for Extension of the Delay to File a Proposal;

SHORTEN the delays for service and presentation of the Debtor's First (1st) Application for Extension of the Delay to File a Proposal, if necessary;

EXTEND the delay for **ARTEMANO CANADA INC.'s** filing of a proposal for a further period of 45 days, namely until **December 13, 2017**;

ORDER provisional execution of the present order notwithstanding any appeal.

The whole without costs.

MONTREAL, October 24, 2017

(SGD) STEIN & STEIN INC.

STEIN & STEIN INC.
Attorneys for the Debtor

COPIE CONFORME/TRUE COPY

Stein & Stein Inc.

STEIN & STEIN INC.

AFFIDAVIT

I, the undersigned, Eyal Shoam, residing and domiciled at 1597 Cunard, Laval, Quebec, do solemnly say:

1. **THAT** I am the C.E.O. of the Debtor **ARTEMANO CANADA INC.** herein;
2. **THAT** the facts alleged in the foregoing Debtor's First (1st) Application for Extension of the Delay to File a Proposal are true and correct.

AND I HAVE SIGNED



Solemnly declared before me at Montreal
this 24th day of October, 2017



Lorenzo Salvaggio
Commissioner for Oaths
for the District of Montreal



COPIE CONFORME/TRUE COPY



STEIN & STEIN INC.

CANADA

**SUPERIOR COURT
(Commercial Division)**

**PROVINCE OF QUEBEC
DISTRICT OF LAVAL**

IN THE MATTER OF THE PROPOSAL OF:

**NO.: 540-11-009942-170
Estate No. 41-2299455
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having an office and principal place of business
at 1816, Le Corbusier Blvd., Laval, Quebec, H7S
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Debtor / Petitioner

-and-

KPMG INC., a legal person having an office and
principal place of business at 600, De
Maisonnette Blvd. West, Suite 1500, Montreal,
Quebec, H3A 0A3

Trustee

NOTICE OF PRESENTATION

TO: **Mr. Dev Coossa, CIRP, LIT**
KPMG Inc.
600 De Maisonnette W., Suite 1500
Montreal, Quebec, H3A 0A3

Me Christian Lachance
Davies Ward Phillips & Vineberg, LLP
1501, McGill College Ave., 26th Floor
Montreal, Quebec, H3A 3N9

TO: **Me. Marc-André Morin**
Fasken Martineau DuMoulin, s.e.n.c.r.l.
800, Place Victoria, Suite 3700
Montreal, Quebec, H4Z 1E9

TAKE NOTE that Debtor's First (1st) Application for Extension of the Delay to File a Proposal will be presentable before one of the Registrar of the Superior Court in and for the District of Montreal, sitting in Commercial Division, **in room 16.10 at 8:45 a.m. on October 27, 2017**, at the **Montreal Court House**, located at 1, rue Notre Dame Est, Montreal, Quebec, or as soon as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, October 24, 2017

(SGD) STEIN & STEIN INC.

STEIN & STEIN INC.
Attorneys for the Debtor

COPIE CONFORME/TRUE COPY


STEIN & STEIN INC.

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF LAVAL

NO.: 540-11-009942-170
Estate No. 41-2299455
District of Montreal No.

IN THE MATTER OF THE PROPOSAL OF:

ARTEMANO CANADA INC., a legal person
having an office and principal place of business
at 1816, Le Corbusier Blvd., Laval, Quebec, H7S
2K1

Debtor / Petitioner

-and-

KPMG INC., a legal person having an office and
principal place of business at 600, De
Maisonneuve Blvd. West, Suite 1500, Montreal,
Quebec, H3A 0A3

Trustee

LIST OF EXHIBITS

Exhibit P-1: Copy of the Trustee's and the Debtor's report on cash-flow statement.

MONTREAL, October 24, 2017

(SGD) STEIN & STEIN INC.

STEIN & STEIN INC.
Attorneys for the Debtor

COPIE CONFORME/TRUE COPY

Stein & Stein Inc.
STEIN & STEIN INC.



CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION: 01- LAVAL
S.C.: 540-11-009942-170
SUPER: 41-2299455

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PROPOSAL OF:

ARTEMANO CANADA INC., a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 1816, Le Corbusier Blvd., in the City of Laval, province of Quebec, H7S 2K1

Applicant

- and -

KPMG INC., a corporation duly incorporated under the *Canada Business Corporations Act* (Canada), having a place of business at 600, boul. De Maisonneuve Blvd. West, Suite 1500 Montreal, QC, H3A 0A3

Trustee

**TRUSTEE'S REPORT ON THE STATE OF
THE INSOLVENT PERSON'S BUSINESS AND FINANCIAL AFFAIRS
(paragraphs 50.4(7)(b) and 50.4(9)) IN REGARDS WITH THE DEBTOR'S FIRST (1st) APPLICATION FOR
EXTENSION OF THE DELAY TO FILE A PROPOSAL
AND ON THE APPLICATION TO TRANSFER FILE**

IN THE MATTER OF THE PROPOSAL OF **ARTEMANO CANADA INC.**:

I, Maxime Codere, CPA, CA, CIRP, LIT of the firm KPMG Inc. ("KPMG" or the "Trustee"), the trustee under the Notice of Intention to Make a proposal filed by **ARTEMANO CANADA INC.** (hereinafter the "**Artemano**" or the "**Company**"), hereby report to the Court as follows.

INTRODUCTION

1. On September 29, 2017, Artemano filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"), and KPMG was appointed as Trustee to the NOI. As a result of the filing of the NOI, all proceedings against the Company and its assets were stayed until October 29, 2017 (the "**Stay Period**");
2. On October 4, 2017, the Trustee filed with the official receiver (i) a projected cash-flow statement for the period of September 26, 2017 to November 6, 2017, (ii) the Company's report on its cash flow statement and (iii) The trustee report on said cash flow statement, in accordance with section 50.4(2) of the BIA and on October 5, 2017, the Trustee sent a copy of the NOI to all known creditors of Artemano;
3. On October 13, 2017, Artemano filed an Application to transfer file (the "**Application to transfer**");

4. On October 17, 2017, Artemano filed an Application for extension of the delay to file a proposal until December 13, 2017 (the "**Application for extension**");
5. The purpose of this report is to provide this Honourable Court with information regarding:
 - a) Background information on Artemano;
 - b) Artemano's activities since the filing of the NOI;
 - c) The Trustee's recommendation with respect to:
 - i) Artemano's Application to transfer; and
 - ii) Artemano's Application for extension.

BACKGROUND INFORMATION

6. Founded in 2002, Artemano is a privately owned company and an importer and retailer of modern wood furniture. Prior to the filing of the NOI, Artemano was operating eleven (11) retail stores and one (1) liquidation store;
7. At the date of this report, Artemano has approximately 125 part time and full time employees;
8. The NOI was filed in a context where:
 - a) For the past few years, retailers has seen an important downturn in Canada;
 - b) Several stores are unprofitable and the Company generated a loss of \$3,3M for the first seven (7) months of its current fiscal year;
 - c) August and September 2017 rents were not paid due to insufficient funds;
 - d) The Company faces significant pressures on its liquidities due to the increase in long term debt from \$1.4M as of January 31, 2015 to \$5.4M as of August 31, 2017 and the Company's line of credit is utilized up to its limit of \$5M with a deficit of margination of approximately \$1.9M as of August 31, 2017; and,
 - e) The Company entered into a Forbearance agreement with its primary lender Royal Bank of Canada ("**RBC**") on September 26, 2017.

ARTEMANO'S ACTIVITIES SINCE THE FILING OF THE NOI

9. On October 3rd, 2017, Artemano sent six (6) notices to disclaim or resiliate commercial leases pursuant to subsection 65.2 (1) of the BIA for its retail locations;
10. As part of its reducing cost efforts, the Company has met with all its remaining landlords in order to renegotiate leases;
11. The Company has met with its largest creditors in order to explain its current financial difficulties and to expose its preliminary turnaround / restructuring plan;
12. As part of its turnaround / restructuring plan, the Company has commenced to prepare a solicitation process to sell all of its assets (the "**Sale Process**") with the assistance and under the supervision of the Trustee;

CASH FLOW RESULTS RELATIVE TO PROJECTIONS

13. Cash receipts and disbursements for the 21 day period ended October 16, 2017 as compared to the cash flow projections, are summarized in the following table:

Actual vs. Forecast	Cumulative		
	Actual	Forecast	Variance
September 26 to October 16, 2017	\$	\$	\$
Opening balance	(4 816 625) \$	(4 816 625) \$	- \$
Receipts	1 376 919 \$	1 500 997 \$	(124 078) \$
Disbursements			
Purchases	273 861 \$	301 122 \$	(27 261) \$
Payroll	227 798 \$	239 946 \$	(12 148) \$
Rent	233 356 \$	293 432 \$	(60 076) \$
Duty and GST	59 915 \$	97 367 \$	(37 452) \$
GST/PST/HST	137 965 \$	81 519 \$	56 446 \$
Internal Freight	100 457 \$	110 000 \$	(9 543) \$
Consultants/Legal/Accountants/Trustees	9 886 \$	30 000 \$	(20 114) \$
Insurance	29 035 \$	27 298 \$	1 737 \$
Rental	16 820 \$	11 681 \$	5 139 \$
Utilities & Energy	320 \$	15 000 \$	(14 680) \$
Credit Cards	40 000 \$	75 000 \$	(35 000) \$
Other Expenses	48 887 \$	40 000 \$	8 887 \$
Interest & Capital	133 204 \$	105 119 \$	28 085 \$
Total	1 311 604 \$	1 427 483 \$	115 979 \$
Net cash flow	65 415 \$	73 514 \$	(8 099) \$
Ending balance	(4 751 210) \$	(4 743 111) \$	(8 099) \$
Balance withheld by Moneris	175 575 \$	- \$	175 575 \$
Ending balance (including withholding)	(4 575 635) \$	(4 743 111) \$	167 476 \$

14. As at October 16, 2017, Artemano's ending cash balance was of approximately \$4.8 million. However, the Company's payment processing provider Moneris has withhold between September 26 and October 16, 2017, approximately \$175,000 which is still withheld on October 16, 2017. Moneris informed the Company that based on their assessment of the Company's historical returns by customers and reimbursement policy, they were to keep this provision in case of Artemano defaults to reimburse customers.
15. The net cash flow during the period was of approximately \$8,000 lower than projected. The primary reasons for the favorable net cash flow variance are summarized below:
- Total cash receipts during the period were of approximately \$125,000 lower than forecasted mainly due to Moneris withholding approximately \$175,000; and
 - Total cash disbursements during the period were of approximately \$116,000 lower than forecasted mainly due to timing difference for Rent, Utilities & Energy and Consultants / Legal / Accountants / Trustee, less purchases and lower payroll disbursements.
16. Artemano has paid, and continues to pay for any goods and services received subsequent to the date of the filing of the NOI, including payroll, rent and new purchases.

UPDATED CASH FLOW PROJECTIONS

17. Artemano has prepared the updated cash flow projections for the period commencing October 17, 2017 and ending on December 25, 2017 (hereinafter the "**Projected Cash Flow**"). The Projected Cash Flow is summarized in the following table. A copy of the Projected Cash Flow as well as the statutory reports of the Company and the Trustee are attached to this report as **APPENDIX A**;

Projected Cash Flow	
October 17 to December 25, 2017	
	\$
Opening balance	(4 751 210) \$
Receipts	5 172 065 \$
Disbursements	
Purchases	549 055 \$
Payroll	878 066 \$
Rent	310 416 \$
Duty and GST	114 156 \$
GST/PST/HST	287 795 \$
Internal Freight	300 000 \$
Consultants/Legal/Accountants/Trustees	144 425 \$
Insurance	66 657 \$
Rental	14 683 \$
Utilities & Energy	50 000 \$
Credit Cards	250 000 \$
Other Expenses	150 000 \$
Interest & Capital	400 994 \$
Total	3 516 247 \$
Net cash flow	1 655 817 \$
Ending balance	(3 095 393) \$

18. The Trustee notes the following with respect to the Projected Cash Flow:
- The Company opening cash balance as at October 17, 2017 was of negative \$4.8 million;
 - The Projected Cash Flow reflect that the total cash receipts during the reference period is expected to be approximately of \$5.2 million;
 - The Projected Cash Flow reflect that the total cash disbursements during the reference period is expected to be approximately \$3.5 million;
 - The Projected Cash Flow reflect a positive net cash flow during the reference period of approximately \$1.7 million; and
 - The Projected Cash Flow reflect that the closing cash balance as at December 25, 2017 is expected to be of approximately \$3.1 million.
19. Based on the Projected Cash Flow, the Company has sufficient liquidity to fund its operating activities during the First Extension Period.

APPLICATION TO TRANSFER FILE

20. As appears from the Application to transfer, the Company is seeking the transfer of the present file to the commercial division of the superior court, district of Montreal;

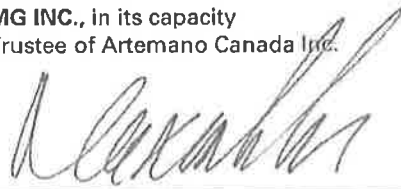
21. The Trustee supports the relief sought by the Company in its Application to transfer file for the following reason:
- a) Various proceedings of an urgent nature are likely to require court decisions;
 - b) In the view to minimise the professional fees for the Company and its creditors as:
 - i) The Company's secured creditors and largest unsecured creditors and their legal advisors are located in the district of Montreal;
 - ii) The Company's shareholders and legal counsels are located in the district of Montreal; and
 - iii) The Trustee's office is located in the district of Montreal.

APPLICATION FOR EXTENSION

22. As appears from the Application for extension, the Company is seeking a first extension of delay of 45 days to file a proposal as it believes it will allow it to:
- a) Complete the Sale Process;
 - b) Continue to sell its inventory in the ordinary course of business in order to maximize their value as opposed to simply liquidating them in the context of a "go-dark"/bankruptcy scenario, where their value would be substantially depleted; and
 - c) Continue to negotiate cost reductions with various suppliers.
23. The Trustee supports the relief sought by the Company in its Application for extension for the following reasons:
- a) The Company has acted, and is acting in good faith and with due diligence;
 - b) No creditor would be materially prejudiced if the extension being applied for were granted; and
 - c) Depending on the results of the Sale Process and the capacity of the Company to meet its sale targets in the coming weeks, the Company may be able to make a viable proposal if the extension being applied for was granted.

All of which is respectively submitted this 20th day of October 2017,

KPMG INC., in its capacity
of Trustee of Artemano Canada Inc.



Maxime Codere, CPA, CA, CIRP, LIT

**APPENDIX A
CASH-FLOW STATEMENT,
DEBTOR'S COMPANY REPORT ON CASH-FLOW STATEMENT
AND TRUSTEE'S REPORT ON CASH-FLOW STATEMENT**

**SUPERIOR COURT
COMMERCIAL DIVISION**

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION: 01-Level
S.C.: 540-11-009942-170
SUPER: 41-2299456

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

ARTEMANO CANADA INC., body politic and corporate, duly incorporated according to Law, and
having its head office and principal place of business at 1816, Le Corbusier Blvd., in the city of
Laval, province of Quebec, H7S 2K1.

Debtor

Cash Flow for the period:
October 17 to December 25, 2017

Week ending	Oct 23, 2017	Oct 30, 2017	Nov 6, 2017	Nov 13, 2017	Nov 20, 2017	Nov 27, 2017	Dec 4, 2017	Dec 11, 2017	Dec 18, 2017	Dec 25, 2017	TOTAL
Bank Balance - beginning of week	(4 751 210) \$	(4 652 260) \$	(4 260 131) \$	(4 039 321) \$	(4 039 321) \$	(4 033 471) \$	(3 531 245) \$	(3 730 639) \$	(3 455 557) \$	(3 289 493) \$	(4 751 210) \$
Receipts											
Proceeds from sales	638 987 \$	605 092 \$	478 687 \$	388 247 \$	388 247 \$	696 214 \$	520 135 \$	401 568 \$	460 010 \$	381 554 \$	5 172 065 \$
Total	638 987 \$	605 092 \$	478 687 \$	388 247 \$	388 247 \$	696 214 \$	520 135 \$	401 568 \$	460 010 \$	381 554 \$	5 172 065 \$
Disbursements											
Purchases	169 555 \$	62 700 \$	59 400 \$	59 400 \$	59 400 \$	59 400 \$	19 800 \$	19 800 \$	19 800 \$	19 800 \$	549 055 \$
Payroll	198 270 \$	- \$	198 598 \$	- \$	145 930 \$	- \$	192 301 \$	- \$	142 968 \$	- \$	878 066 \$
Rent	- \$	- \$	155 208 \$	- \$	- \$	- \$	155 208 \$	- \$	- \$	- \$	310 416 \$
Duty and GST	- \$	73 220 \$	- \$	- \$	- \$	20 438 \$	- \$	- \$	- \$	20 498 \$	114 156 \$
GST/FPST/HST	- \$	- \$	107 793 \$	- \$	- \$	- \$	180 000 \$	- \$	- \$	- \$	287 793 \$
Internal Freight	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	30 000 \$	300 000 \$
Consultants/Logist/Accountants/Trustees	19 885 \$	15 000 \$	19 885 \$	19 885 \$	19 885 \$	15 000 \$	14 885 \$	10 000 \$	9 885 \$	5 000 \$	144 425 \$
Insurance	1 804 \$	2 033 \$	3 259 \$	17 724 \$	9 371 \$	313 \$	4 380 \$	18 363 \$	7 567 \$	1 804 \$	66 657 \$
Rental	727 \$	- \$	5 660 \$	- \$	- \$	727 \$	2 519 \$	3 312 \$	500 \$	727 \$	14 643 \$
Utilities & Energy	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	50 000 \$
Credit Cards	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	25 000 \$	250 000 \$
Other Expenses	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	15 000 \$	150 000 \$
Interest & Capital	74 797 \$	5 110 \$	33 970 \$	32 399 \$	92 312 \$	5 110 \$	73 416 \$	- \$	38 235 \$	65 615 \$	400 994 \$
Total	540 037 \$	231 063 \$	658 815 \$	179 523 \$	402 397 \$	175 988 \$	717 519 \$	126 485 \$	293 256 \$	388 434 \$	3 516 247 \$
Excess of receipts over disbursements	88 950 \$	371 029 \$	(180 128) \$	(421 039) \$	(14 151) \$	(530 226) \$	(197 384) \$	(275 083) \$	(166 064) \$	(394 100) \$	(1 655 817) \$
Bank Balance - end of week	(4 662 260) \$	(4 260 231) \$	(4 039 359) \$	(4 039 321) \$	(4 033 471) \$	(3 533 245) \$	(3 730 639) \$	(3 455 557) \$	(3 289 493) \$	(3 095 393) \$	(4 662 260) \$

Dated October 19, 2017

ARTEMANO CANADA INC.

Per: Eyni Shoum

XPRMG INC.

Per: Maxime Codere, CMA, CA, CFP, UT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
Division N° : 01-Laval
Court N° : 540-11-009942-170
Estate N° : 41-2299455

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PROPOSAL OF :

ARTEMANO CANADA INC., body politic and corporate,
duly incorporated according to Law, and having its
head office and its principal place of business at 1816,
Le Corbusier Blvd., in the City of Laval, province of
Quebec, H7S 2K1.

**REPORT ON CASH-FLOW STATEMENT
BY THE PERSON MAKING THE PROPOSAL
(Paragraph 50(6)(c) and 50.4(2)(c) of the Act)**

The management of ARTEMANO CANADA INC. has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent person, as of the 18th day of October 2017, consisting of consisting of the period from October 17, 2017 to December 25, 2017.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection with regards to these proceedings, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection.

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

The projection has been prepared solely with regards to these proceedings, using a set of hypothetical and probable assumptions. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montreal, this 19th day of October, 2017.

ARTEMANO CANADA INC.

Eyal Shoam



CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
Division N° : 01-Laval
Court N° : 540-11-009942-170
Estate N° : 41-2299455

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PROPOSAL OF :

ARTEMANO CANADA INC., body politic and corporate,
duly incorporated according to Law, and having its
head office and its principal place of business at 1816,
Le Corbusier Blvd., in the City of Laval, province of
Quebec, H7S 2K1.

TRUSTEE'S REPORT ON CASH-FLOW STATEMENT
(Paragraphs 50(6)(b) et 50.4(2)(b) of the Act)

The attached statement of projected cash flow of ARTEMANO CANADA INC., as of the 18th day of October 2017, consisting of the period from October 17, 2017 to December 25, 2017, has been prepared by the management of the insolvent person for the purpose these proceedings, using the probable and hypothetical assumptions set out in the Notes.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

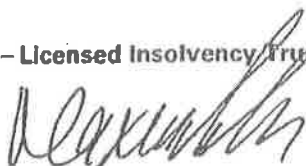
- a) the hypothetical assumptions are not consistent with the purpose of the projection;
- b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose of these proceedings, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Montreal, this 19th day of October 2017.

KPMG INC. – Licensed Insolvency Trustee
By :



Maxime Codere, CPA, CA CIRP, LIT
600, de Maisonneuve Blvd. West, Suite 1500
Montreal (Quebec) H3A 0A3
Phone : (514) 840-2100 Fax : (514) 840-2121

NO. 540-11-009942-170

SUPERIOR COURT
Commercial Division
PROVINCE OF QUEBEC
DISTRICT OF LAVAL

IN THE MATTER OF THE PROPOSAL OF:

ARTEMANO CANADA INC.

-VS- *Debtor/Petitioner*

KPMG INC. *Trustee*

EXHIBIT P-1

CODE NO. BS0327 FILE NO.12312-2

ME NEIL H. STEIN
nstein@steinandstein.com
STEIN & STEIN INC.
Avocats/Barristers & Solicitors
4101 ouest rue Sherbrooke Street West
MONTREAL, QUEBEC H3Z 1A7
TEL: 514-866-9806 / FAX: 514-875-8218

NO. 540-11-009942-170

SUPERIOR COURT
Commercial Division
PROVINCE OF QUEBEC
DISTRICT OF LAVAL

IN THE MATTER OF THE PROPOSAL OF:

ARTEMANO CANADA INC.

-VS-

Debtor/Petitioner

KPMG INC.

Trustee

**DEBTOR'S FIRST (1st) APPLICATION FOR
EXTENSION OF THE DELAY TO FILE A
PROPOSAL**

*(Section 50.4(9) of the Bankruptcy and
Insolvency Act ("BIA")), Affidavit, Notice of
Presentation, List of Exhibits & Exhibit P-1*

DUPLICATE COPY FOR SERVICE

CODE NO. BS0327 FILE NO.12312-2

ME NEIL H. STEIN

nstein@steinandstein.com

STEIN & STEIN INC.

Avocats/Barristers & Solicitors

4101 ouest rue Sherbrooke Street West

MONTREAL, QUEBEC H3Z 1A7

TEL: 514-866-9806 / FAX: 514-875-8218