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IN THE MATTER OF
The Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36 as amended
- and -
IN THE MATTER OF
A Plan of Compromise or Arrangement of the Applicant,
Canadian Sailing Expeditions Inc.

SEVENTH REPORT OF MONITOR
(Section 11.7(3)(b)(ii))
BDO DUNWOODY GOODMAN ROSEN INC.
January 27, 2009



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2008

S.H. No. 297999

IN THE MATTER OF:

The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

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A Plan of Compromise or Arrangement of the Applicant, Canadian Sailing Expeditions Inc.

SEVENTH REPORT OF MONITOR – BDO DUNWOODY GOODMAN ROSEN INC.

(Report Pursuant to Section 11.7(3)(b)(ii))

January 27, 2009

MONITOR'S SEVENTH COURT REPORT
(Section 11.7(3)(b)(ii))

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1. SEVENTH REPORT OF THE MONITOR – GENERAL COMMENTS

- 1.1. Pursuant to an Order (“Initial Order”) of the Supreme Court of Nova Scotia (“the Court”) dated June 27, 2008, BDO Dunwoody Goodman Rosen Inc. was appointed as the Monitor (“the Monitor”) pursuant to an application made by Canadian Sailing Expeditions Inc. (“CSE”) to seek protection under the Companies’ Creditors Arrangement Act (“CCAA”).
- 1.2. The following is a summary of the Orders granted by This Honorable Court which form the basis of the CCAA proceeding of CSE as has occurred to date:
 - Initial Order granted on June 27, 2008 by The Honorable Justice Gerald R.P. Moir;
 - First Debtor-in-Possession (“DIP”) Financing Order granted on July 4, 2008 by The Honorable Chief Justice Joseph P. Kennedy;
 - Consent Order extending the Stay of Termination Date from July 24, 2008 to July 25, 2008 granted on July 24, 2008 by The Honorable Justice John D. Murphy;
 - Order Extending the Stay of Termination Date to September 3, 2008 granted on July 25, 2008 by The Honorable Justice John D. Murphy;
 - Second Debtor-in-Possession (“DIP”) Financing Order granted on August 13, 2008 by The Honorable Justice Arthur W.D. Pickup;
 - Claims Process Order granted on August 13, 2008 by The Honorable Justice Arthur W.D. Pickup;
 - Order Extending the Stay of Termination Date to October 17, 2008 granted on September 5, 2008 by the Honorable Justice A. David MacAdam;
 - Order Extending the Stay of Termination Date to November 28, 2008 granted on October 17, 2008 by the Honorable Justice A. David MacAdam (attached as Exhibit 1);
 - Order Extending the Stay of Termination date to January 30, 2009 granted on November 3, 2008 by the Honorable Justice A. David MacAdam (attached as Exhibit 2);
 - Third Debtor-in-Possession (“DIP”) Financing Order granted on November 3, 2008 by the Honorable Justice A. David MacAdam, increasing the DIP by an additional \$600,000 (attached as Exhibit 3);
 - Order Adjourning the Filing of a Plan of Compromise or Arrangement and the Establishing of a Meeting Process to January 21, 2009 granted by the Honorable Justice A. David MacAdam on November 4, 2008;
 - Order Extending the Stay of Termination Date to April 30, 2009 granted on January 21, 2009 by The Honorable Justice A. David MacAdam;
 - Order Establishing the Process for the Giving Notice of, Receiving Votes, and Convening a Meeting of Creditors (“Meeting Order”) to Consider the Plan of Compromise or Arrangement.

The full text of the above Orders may be viewed on the Monitor's website at www.bdo.ca/canadiansailing.

1.3. This present report is the Monitor's Seventh (detailed) Report to the Court, however, to date, the Monitor has previously prepared and filed six (6) detailed reports and one supplementary report with the Court as follows:

- Monitor's First Report dated July 2, 2008;
- Monitor's Second Report dated July 21, 2008;
- Monitor's Supplementary Report dated July 24, 2008;
- Monitor's Third Report dated August 8, 2008;
- Monitor's Fourth Report dated August 28, 2008;
- Monitor's Fifth Report dated October 14, 2008;
- Monitor's Sixth Report dated January 19, 2009.

The full text of the above six reports of the Monitor may be viewed on the Monitor's website at www.bdo.ca/canadiansailing.

1.4. The main purpose of the Monitor's Seventh Report is to report to creditors pursuant to Section 11.7(3)(b)(ii) of the CCAA, which report is required to be delivered to creditors not less than seven (7) days before the Meeting of Creditors called to consider a Plan of Compromise or Arrangement.

A copy of this present Monitor's Seventh Report will be filed with the Court and will also be placed on the Monitor's website.

1.5. In each of the Monitor's Reports referred to in Paragraph 1.3, the Monitor provided the Court with a summary of our activities. Rather than list these activities herein, we invite readers of this present report to visit the Monitor's website (www.bdo.ca/canadiansailing) and review the earlier Monitor's Reports.

2. CASH FLOW, CASH FLOW PROJECTIONS, AND DEBTOR-IN-POSSESSION (“DIP”) FINANCING

- 2.1. Previous Monitor’s Reports have included the weekly Cash Flow Reports (Cash Receipts and Disbursements) for the most recent week with accumulation for the full CCAA period to the end of that weekly reporting period. As well, certain of the Monitor’s Reports also contained other Monthly Cash Flow Projections. The Monitor has commented on each of these documents as they had been presented at the time.
- 2.2. We also previously advised the Court that the Monitor has established a regime and timing related to the provision of the Cash Flow data and summarized the limited review procedures that we undertook on Weekly Cash Flow information as provided by CSE to the Monitor. This limited review consists primarily of comparison of various figures, continuity, and reconciliations. The Monitor does not audit the data provided by CSE, nor do we express any opinion as to the accuracy or completeness of the data.
- 2.3. Paragraph 3 of the Order of This Honorable Court dated November 3, 2008 directed the Monitor to reduce its reporting on Cash Flow to the creditors of CSE to once every two weeks until further Order of the Court. As a result of this direction of the Court, the Monitor and CSE agreed on a schedule of dates that the Cash Flow information would be provided by CSE to the Monitor. This timing has been met by CSE. Upon receipt of this information every two weeks from CSE, the Monitor reported by email to certain senior creditors and others.
- 2.4. In Paragraph 2.3, the Monitor advises on the status of the Cash Flow and provides a copy of the Cash Flow Report to the creditors and other parties who had requested this data. Because of the timing imposed by Paragraph 5 of the Meeting Order which sets the required timing for delivery of the Meeting Package to creditors, the Cash Flow Report for Weeks #29 and #30 is not available for distribution as part of this present report. The Cash Flow Report for Weeks #29 and #30 will be posted on the Monitor’s website at www.bdo.ca/canadiansailing when it is available and has been reviewed by the Monitor. Therefore, the most recent Weekly Cash Flow Report that is available is attached as Exhibit 1 and is the Weekly Cash Flow Report (Weekly Cash Receipts and Disbursements) for Weeks #27 and #28, being the period from December 29, 2008 to January 11, 2009 inclusive. It includes the cumulative position for the first 28 weeks of the CCAA proceeding through to January 11, 2009. The Monitor’s comments in summary with respect to Exhibit 1 are:
 - *The Caledonia* is laid up, so there is no revenue in Weeks #27 and 28.
 - For the 28 weeks to January 11, 2009, revenue is \$40,556 greater than plan.
 - Expenses for the two weeks were \$1,789 less than plan.
 - Expenses for the 28 weeks to January 11, 2009 are \$364,617 less than plan.

- DIP loans are \$1,155,725 with no DIP funds being drawn in Weeks #27 and 28.
- Trust funds for customer fares paid in advance continue to hold and have increased in recent weeks. Advance fare deposits held in trust at the end of Week 28 are:

Canadian advance fares deposits in trust	\$ 215,532.93
U.S. advance fares deposits in trust	\$ 42,314.76
- From the end of Week 26 to the end of Week 28, advance fare deposits in trust increased \$21,117 in mixed Canadian and U.S. dollars. There were no refunds given in the period.
- Trust funds on deposit in the form of cash and GICs slightly exceed the required liability reflected in the trust funds lists due to interest being earned on the GICs.
- The Monitor has been diligent in ensuring that CSE properly reconciles its general bank accounts and trust bank/investment accounts for each reporting period.

2.5. CSE's initial operating plan was to undertake sailings in the Caribbean in the December to February period. In October, that plan was altered and CSE laid up *The Caledonia*. In mid November, *The Caledonia* was moved to Charlotte, North Carolina where the vessel has been since that time. During the lay up period in Charlotte, CSE has undertaken certain refit and certification work on the vessel. The vessel has also been more readily available for inspection by prospective purchasers and/or investors. In Charlotte, the vessel appears to be better preserved and maintained and it is closer to the global marketplace which, we understand, has changed significantly due to the rapid decline in the worldwide economy.

2.6. The DIP loan financing as approved by the Court and provided by Growthworks Atlantic Venture Fund Limited ("Growthworks") is \$813,145 pursuant to DIP Orders 1 and 2 plus DIP Order 3 which increased the approved DIP loan by \$600,000 to \$1,413,145.

2.7. To the end of Week #28, \$1,155,725 was drawn by CSE against the DIP loan facility as reflected in Exhibit 1. We calculate the balance of the approved DIP loan financing available to be \$257,420 as follows:

Total DIP approved	\$ 1,413,145
DIP loan advanced to date	<u>1,155,725</u>
 Approved DIP loan financing room available	 <u>\$ 257,420</u>

2.8. CSE has prepared updated Cash Flow Projections through to May 1, 2009 based on the commencement of operations of *The Caledonia* in mid February, 2009. The Monitor has seen different versions of the forward projections, but the version attached hereto as Exhibit 2 appears to be plausible and reasonable to the Monitor.

- 2.9. Exhibit 2 appears to be prepared by CSE on a reasonably conservative basis. We have inquired as to certain items and obtained CSE's responses. Exhibit 2 indicates a revenue stream that is consistent with the rate of bookings reflected in the Sales and Cash Flow Summary attached as Exhibit 3. For example, for the two week cruise period in February, projected sales and cash flow in Exhibit 2 is \$109,075 and of this amount, Exhibit 3 indicates that \$112,167, or 103 percent, has already been booked by customers. Further, in February, Exhibit 2 reflects cash inflow, including DIP, is \$222,492 and expenses are \$242,687, including \$40,000 of CCAA professional costs. If one eliminates the non-operational CCAA professional costs, the cash flow from operations would be \$20,000 positive, including the DIP funding.
- 2.10. Exhibit 2 also indicates that the operations of *The Caledonia* should produce a cash positive position of \$188,655 by the end of April with no DIP funds being required after Week #32 in early February. The DIP draws projected for Week #30 (\$150,000) and Week #32 (\$107,420) exhaust the available remaining DIP loans approved at \$257,420 as discussed in Paragraph 2.7.
- 2.11. The level of bookings indicated in Exhibit 3 and discussed in Paragraph 2.9 appears to be consistent with the rate of receipt of advance fare deposits reflected in Paragraph 2.4. There is, of course, a timing difference between the time the booking is made by the customer and the fare advance is received by CSE, particularly where the trip is sold by an agent.
- 2.12. Readers of this present report may wish to consider the following analysis of the proposed operations on a cash basis for the months of February, March, and April as set out in Exhibit 2:

Cash revenue (excluding DIP)	\$ 761,551
Cash expenses (including professional fees of \$130,000)	<u>846,798</u>
Cash shortfall	85,247
Add: CCAA professional fees	<u>130,000</u>
Cash Flow Positive from Operations	<u>\$ 44,753</u>

- 2.13. The analysis in Paragraph 2.12 indicates that excluding the CCAA professional costs which would normally be incurred as the process continues, by operating, a \$44,753 cash positive contribution would be made. At the same time, the operational objectives that are required to conclude a sale and carry out a successful Plan of Compromise or Arrangement to its conclusion as discussed in Section 3 of this Report are being met.

3. STATUS OF THE PLAN OF COMPROMISE OR ARRANGEMENT UNDER COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

- 3.1. The reports of the Monitor which have been filed with the Court have noted that under Section 11(6) of the CCAA, the Monitor needs to be reasonably assured that CSE can meet the burden of proof to satisfy the Court on the granting of any application that:
- (a) circumstances exist that an Order is appropriate; and
 - (b) CSE has acted in good faith and are continuing to act in good faith and with due diligence.
- 3.2. Over the last number of months, the Monitor has met with Douglas Prothero, Chief Executive Officer of CSE, on a number of occasions and we have exchanged scores of email communications concerning various elements of a Plan of Compromise or Arrangement and a successful conclusion to the CCAA proceeding. We have received numerous confidential written updates which provide significant detail as to the progress made to complete a Plan of Compromise or Arrangement. We believe significant advances have been achieved to meet the CCAA objective.
- 3.3. The Monitor has over the last number of months received various versions of a Plan of Compromise or Arrangement that CSE intended to submit to its creditors for consideration at a creditors meeting. Notwithstanding the version of the Plan of Compromise or Arrangement which is included in the creditors' Meeting Package, we are advised by CSE's counsel that it is possible there may need to be some minor changes to the Plan of Compromise or Arrangement from the one that is included in the Meeting Package and which has been provided to creditors. We understand any such minor amendments will not be of a substantive nature.
- 3.4. The key element that will make the Plan of Compromise or Arrangement successful is the closing of an Asset Purchase Agreement for the purchase of all of the assets of CSE (except for a \$350,000 Promissory Note due from 3096000 Nova Scotia Limited) by Navigator Voyages Inc. ("Navigator"). In addition to the unsigned Asset Purchase Agreement, the Monitor is also in possession of a confidential Executive Summary of a business plan which supports the intentions of Navigator, including the financing required to carry out the purchase.
- 3.5. The most recent version of the Plan of Compromise or Arrangement which is included in the Meeting Package appears to provide a reasonable opportunity for creditors of all classes to attain significant recovery on their respective debt positions. The Monitor believes that in the present difficult and declining economy, full recovery of creditor claims is highly unlikely as purchasers and investors are not as plentiful and borrowings are not as available as they might have been a number of months ago.

- 3.6. The Monitor is advised by Mr. Prothero and others that the marine brokerage business is in stall and purchasers of vessels such as *The Caledonia* or, for that matter, the vessel *Hawk*, are not aggressively looking to make acquisitions in the marketplace.
- 3.7. Where timelines in previous Monitor's reports were blurred because the major elements of a Plan of Compromise or Arrangement were not as focused as they presently are, it is the Monitor's view that negotiations have progressed to a point where firm timelines could be established and have now been so fixed. It is the Monitor's understanding that significant discussions have been concluded between CSE, Growthworks Atlantic Venture Ltd. ("Growthworks"), and Caterpillar Financial Inc. ("CAT"), the senior secured creditors in CSE's CCAA proceeding. Further, we understand that the results of these discussions and negotiations are now set out in the Plan of Compromise or Arrangement that is in the Meeting Package, although there may be a need to make certain minor adjustments as "housekeeping" matters.
- 3.8. It is the Monitor's understanding from the reports provided to us by Mr. Prothero that Navigator is an excellent strategic fit in terms of owning and marketing *The Caledonia*. It is our understanding that Navigator has the experience and financing to make the future venture successful. Navigator has other cruise vessels to compliment *The Caledonia*.
- 3.9. It is the Monitor's understanding that Navigator has made a number of approaches for financing the acquisition in the international marketplace. It is further our understanding that Navigator's principals have been involved in other more significant marine ventures of a similar nature. The Monitor believes that there is a reasonable possibility that Navigator will be able to obtain the financing necessary to provide the funds to purchase the assets under the Asset Purchase Agreement and thus place CSE in a position to conclude the Plan of Compromise or Arrangement and settle creditors' claims as contemplated in the Plan of Compromise or Arrangement.
- 3.10. A critical element in the adoption of the Asset Purchase Agreement is the continued operation of *The Caledonia* from mid February forward. The Monitor has commented on the cash flow implications of the continuance of this facet of the business operation in certain paragraphs in Section 2 herein. Without the commencement of the operations of *The Caledonia* in mid February and the continuance thereafter, it is unlikely that the Asset Purchase Agreement with Navigator will be consummated. At the Court hearing on January 21, 2009, it was agreed by CSE, Growthworks, CAT, Nova Scotia Business Inc. ("NSBI"), and the Monitor, with the concurrence of the Court, that *The Caledonia* would be permitted to operate in accordance with the sailing schedule that gives rise to the Cash Flow Projections which are attached to this report as Exhibit 2.
- 3.11. The motor vessel *Hawk* continues to be laid up in Sheet Harbour, Nova Scotia. The costs of maintaining *Hawk* in this state are immaterial in the overall process of the

CCAA. In its present condition, the Monitor is of the view that *Hawk* has no value other than scrap value. *Hawk* would become part of the assets of CSE which would be purchased by Navigator.

- 3.12. In order to move the CCAA process further along to conclusion, the Meeting Process was established by the Meeting Order granted on January 21, 2009, a copy of which Order is included in the Meeting Package sent to creditors. For the record, Paragraph 5 of the Meeting Order prescribes that the Meeting Package include:
- The Plan of Compromise or Arrangement
 - The Report of the Monitor pursuant to Section 11.7(3)(b)(ii) of the CCAA
 - The Meeting Order granted by the Court on January 21, 2009
 - The Notice to Creditors of the Meeting to be held on February 17, 2009 to consider the Plan of Compromise or Arrangement
 - A form of Proxy and Voting Letter and attached Schedule 1 to enable creditors to vote in classes on the Plan of Compromise or Arrangement
 - Instructions to creditors on how to complete their vote
 - Enclosure letter from the Monitor (added by the Monitor and not prescribed in the Meeting Order).
- 3.13. It is the opinion of the Monitor that CSE has made considerable strides in the past number of months in forming a workable Plan of Compromise or Arrangement which contains all key elements required to bring about a successful conclusion to the CCAA process. As noted earlier, there may be certain items contained in the Plan of Compromise or Arrangement that will need to be “fine tuned”. We are of the opinion that CSE has acted and has continued to act in good faith and with due diligence to establish a workable Plan of Compromise or Arrangement to be considered by creditors under the CCAA process.
- 3.14. Given the extent of negotiations and the input of various key creditors and the fact that their discussions have successfully concluded, the Monitor is of the opinion that the Plan of Compromise or Arrangement, as included in the Meeting Package, has a reasonable chance of success and is not doomed to failure.
- 3.15. Paragraph 4.2 (Payment of Proceeds) of the Plan of Compromise or Arrangement sets out how the settlement arrangements or payments to creditors will be dealt with to conclude that part of the CCAA process. It is the Monitor’s estimate that the cash payments under Paragraph 4.2 of the Plan of Compromise or Arrangement will be as follows, where fixed, or approximately as follows where the final amounts for cash payment purposes need yet to be determined:

	<u>Maximum</u>	<u>Likely</u>
• 4.2(a) DIP lender	\$ 1,413,145	\$ 1,413,145
• 4.2(b) Unaffected claims (Note 1)	50,000	Nil
• 4.2(c) Statutory secured claims (Note 2)	35,000	Nil
• 4.2(d) CAT (fixed)	5,870,000	5,870,000
• 4.2(e) Growthworks (fixed) (Note 3)	1,800,000	1,800,000
• 4.2(f) Lease lenders (Note 4)	10,000	Nil
• 4.2(g) Unsecured creditors (fixed)	<u>250,000</u>	<u>250,000</u>
Total Cash Payments	<u>\$ 9,428,145</u>	<u>\$ 9,333,145</u>

Note 1 The Monitor understands that any unaffected claims, being primarily post-filing June 27, 2007 debts of CSE, will be paid out of the available cash flow or otherwise.

Note 2 Statutory claims consist of the claims of Canada Revenue Agency (“CRA”). The pre-filing claim of CRA has been reduced since the CCAA filing because CRA has retained CSE’s post-filing HST refunds and applied them to the pre-filing debt as an offset. The result appears to be that CRA will not have any pre-filing claim owing to CRA by the time the payments required by Paragraph 4.2(c) of the Plan of Compromise or Arrangement will be made.

Note 3 Growthworks also gets an assignment of a \$350,000 promissory note dated March 1, 2006 as issued to CSE by 3096000 Nova Scotia Limited.

Note 4 The Monitor understands that Navigator will assume all of the material leases of CSE.

3.16. Under Paragraph 2.1 of the Plan of Compromise or Arrangement, the current estimate of the proceeds arising from the Asset Purchase Agreement with Navigator is approximated at \$9,320,000. The cash required to meet the terms of the Plan of Compromise or Arrangement as set out in Paragraph 3.15 above is a range of \$9,333,145 to \$9,428,145, being shortfall positions. It is the Monitor’s understanding that the shortfall is minor and will be funded by CSE either out of the cash flow surplus or by Navigator’s adjusting the cash price proceeds by the necessary deficient amount.

3.17. The Claims Bar Process, which was conducted by the Monitor pursuant to the Claims Process Order of August 13, 2007, established the quantum of the pre-CCAA filing claims for both the purposes of voting on the Plan of Compromise or Arrangement and

receiving the settlement payments prescribed therein. Attached as Exhibit 4 is a Schedule of Proofs of Claim Filed Pursuant to the Claims Process (as Adjusted). This schedule reflects only those claims that are eligible to vote in their prescribed class at the Meeting of Creditors to be held on February 17, 2009 and ultimately receive the appropriate payment to settle their respective claims as provided for in the Plan of Compromise or Arrangement. All other possible claims against CSE are now claims barred and are not eligible to vote or receive any payment in satisfaction of any claim they may have otherwise had against CSE.

- 3.18. For the purpose of voting on the Plan of Compromise or Arrangement, the Monitor estimates the Class 1 quantum to be calculated as follows if all creditors vote at the meeting by personal attendance or Proxy and Voting Letter.

Unsecured claims list (24) – Exhibit 4		\$ 1,211,365
Add: Growthworks		
Total claim	\$ 4,616,200	
Less: secured portion – Class 3	<u>1,800,000</u>	
	2,816,200	
Less: promissory note	<u>350,000</u>	
Unsecured portion for voting as		
Growthworks Deficiency Claim	<u>\$ 2,466,200</u>	<u>2,466,200</u>
Estimated quantum of Class 1 creditors eligible to vote		<u>\$ 3,677,565</u>

- 3.19. The Monitor calculates that for payment purposes, the quantum of Class 1 Unsecured Creditors defined in Paragraph 3.1 of the Plan of Compromise or Arrangement, including the Growthworks Deficiency Claim for Payment established under Paragraph 4.4(c) of the Plan of Compromise or Arrangement, may approximate as follows and be the Unsecured Creditors Class 1 who would share the \$250,000 proceeds allotment set out in Paragraph 4.2(g) of the Plan of Compromise or Arrangement.

Unsecured Claims List (24) – Exhibit 4		\$ 1,211,365
Growthworks Deficiency Claim for Payment (being 50% of the Growthworks Deficiency Claim)		<u>1,233,100</u>
Estimated Quantum of Class 1 Creditors for Payment Purposes		<u>\$ 2,444,465</u>

- 3.20. Notwithstanding the large unsecured claim of Growthworks, the Monitor wishes to focus the other unsecured creditors on the scheme of payments which is proposed to be made under Paragraph 4.2(g) of the Plan of Compromise or Arrangement. In summary, there are eight (8) proved creditors with claims of less than \$1,000,

therefore, these eight (8) creditors will receive a 100 percent recovery. Further, there are another three (3) creditors whose claims range from the \$1,000 level to \$3,500, so these three (3) creditors will also receive a significant recovery of their claims.

4. COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROFESSIONAL FEES

- 4.1. As set out in previous reports of the Monitor to the Court, Paragraph 30 of the Initial Order provides for the payment of the reasonable fees and disbursements of the Monitor (including the reasonable solicitor and client fees and disbursements of any counsel retained by the Monitor) and the reasonable solicitor and client fees and disbursements of counsel to CSE.
- 4.2. Paragraph 31 of the Initial Order provides that the Monitor, counsel to the Monitor, and CSE's counsel, as security for their reasonable professional fees and disbursements incurred both before and after the making of the Initial Order in respect to the CCAA proceedings, were granted a charge against all present and future property of CSE in the form of an Administration Charge, such charge not to exceed \$300,000 without further Order of the Court. The Monitor believes that there is no reason to seek an increase in the Administration Charge.
- 4.3. For purposes of disclosure, the Monitor advises that the CCAA professional fees, including those which are subject to the Administration Charge where unpaid, are as follows as at the date of this report. The figures quoted are not just fees, but also include disbursements and HST.

<u>Professional</u>	<u>Position</u>	<u>Billings for Total Time, Disbursements, and HST</u>	<u>Amounts Unpaid and Subject to Administration Charge</u>
BDO Dunwoody Goodman Rosen Inc. (Paul G. Goodman, FCA, FCIRP, FIIC)	Court-Appointed Monitor	\$ 123,508.65	\$ 10,000.22
Wickwire Holm (Carl Holm, QC)	Legal Counsel to the Monitor	32,146.46	2,548.72
Cox & Palmer (Robert MacKeigan, QC and Gavin MacDonald)	Legal Counsel to CSE	<u>125,563.07</u>	<u>13,637.31</u>
Total Fees, Disbursements, and HST Billed to Date		<u>\$ 281,218.18</u>	<u>\$ 26,186.25</u>

The Monitor notes that due to timing differences in the receipt of payment for fees in relation to the preparation of this report, certain fees reflected as unpaid may indeed be paid. In addition, certain accounts may have been billed at the time this present report

was being prepared but may be unknown to the Monitor and hence not reflected herein. Such accounts would not be material.

- 4.4. Pursuant to Paragraph 19 of the DIP Order of July 4, 2008, and hence the Second DIP Order of August 13, 2008, and, further, the third DIP Order of November 3, 2008, the first priority of the Administration Charge referred to in Paragraph 3.3 therein is limited to \$75,000. As at the date of this present report, \$26,186.25 would be the amount secured as a first charge as the Administration Charge.

5. RECOMMENDATIONS

- 5.1. The Monitor recommends to all classes of creditor that they vote in favor of the Plan of Compromise or Arrangement as submitted by CSE, or as may be amended, to the betterment of creditor interests prior to the vote being taken. The Monitor is of the view that if the Plan of Compromise or Arrangement or any amendments to the Plan of Compromise or Arrangement do not receive the required statutory majority of the creditors voting in each class, then the Plan of Compromise or Arrangement will fail and the opportunity for all classes of creditors to receive a recovery which would be equal to that proposed in the Plan of Compromise or Arrangement will be lost and the likely resultant recovery will be less than the Plan of Compromise or Arrangement. In the case of the Unsecured Creditor Class, should the Plan of Compromise or Arrangement fail to receive the required statutory majority of creditors voting in each class or fail to receive the sanction of the Court, then it is likely that there will be no recovery to unsecured creditors in any other subsequent scenario.
- 5.2. Where the Plan of Compromise or Arrangement, as issued as part of the Meeting Package and as may be amended, receives the approval of the required statutory majority of creditors voting in each class, a hearing before the Court (“Sanction Hearing”) has been scheduled for 1:00 p.m., Halifax time, on March 5, 2009 at which time the Monitor will be recommending to This Honorable Court that it sanction the Plan of Compromise or Arrangement.

Dated at Halifax, Nova Scotia this 27th day of January, 2009.

Respectfully submitted

BDO DUNWOODY GOODMAN ROSEN INC.
Court-Appointed Monitor in the CCAA Proceeding of
Canadian Sailing Expeditions Inc.



Paul G. Goodman, FCA, FCIRP, FIIC
President

Canadian Sailing Expeditions Inc.						
Weekly Cash Receipts and Disbursements						
Weeks #27 & #28						
	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #27 & #28			Weeks 1 - 28		
	Dec 29 - Jan 11			Jun 30-Jan 11		
	2008			2008		
	Actual	Planned	Variance	Actual End	Planned End	Variance
CASH, BEGINNING OF PERIOD	129,271	(408,640)	537,912	58,767	58,767	-
CASH RECEIPTS:						
Caledonia Revenue	-	-	-	305,250	264,694	40,556
Charter Fees	-	-	-	269,696	246,548	23,148
Bar	-	-	-	11,676	6,946	4,730
Excursion (gross-see note below)	-	-	-	16,564	6,072	10,493
Merchandise	-	-	-	7,314	5,129	2,185
Tips Collected - to be disbursed	-	-	-	25,130	5,827	19,303
HST Collected	-	-	-	39,154	17,000	22,154
Accounts Receivable	-	-	-	3,414	-	3,414
Reconciling Item Prior Week #11	-	-	-	3,243	-	3,243
Joint Marketing	-	-	-	5,687	-	5,687
DIP Funds	-	-	-	1,155,725	1,075,000	80,725
	-	-	-	1,537,603	1,362,521	175,082
CASH DISBURSEMENTS:						
Accounts Payable	-	-	-	-	-	-
Uncleared Cheques	-	-	-	57,774	57,774	-
Credit Card Bill	-	-	-	2,000	2,000	-
Accrued Current Payroll Liabilities	-	-	-	134,601	65,326	69,275
General and Office	2,001	350	1,651	32,849	33,991	(1,142)
Postage/Courier	-	-	-	2,475	1,617	857
Office Supplies	-	350	(350)	1,918	2,725	(807)
Computer Supplies/Repairs	-	-	-	40	276	(236)
General	-	-	-	591	2,213	(1,621)
Professional Memberships	-	-	-	-	1,246	(1,246)
Licenses/Permits	-	-	-	607	456	152
Telephone equipment	-	-	-	1,727	1,074	654
Office Phones/Long Distance	1,799	-	1,799	9,484	8,260	1,224
Cell	202	-	202	5,993	6,939	(946)
Security	-	-	-	96	-	96
Rent	-	-	-	8,635	8,096	539
Computer Equipment	-	-	-	1,282	1,090	193
Salaries	3,856	1,523	2,333	136,028	197,320	(61,292)
Combined net pay (all office wk 1)	-	-	-	19,418	9,148	10,271
Management salaries	1,741	898	842	36,522	55,230	(18,709)
CEO	1,741	-	1,741	19,954	23,593	(3,638)
Director Operations	-	-	-	8,934	23,593	(14,659)
Benefits	-	898	(898)	7,634	8,045	(411)
Sales and Marketing Salaries	462	-	462	42,667	73,501	(30,834)
US Sales & Marketing	-	-	-	21,803	29,280	(7,477)
Corporate Sales	-	-	-	4,183	16,464	(12,281)
Marketing Associate	462	-	462	8,834	15,140	(6,307)
Full Time Consumer Sales	-	-	-	2,056	-	2,056
Full Time Consumer Sales	-	-	-	3,795	12,616	(8,822)
Part-time sales	-	-	-	1,996	-	1,996
Administration Salaries	1,653	625	1,028	37,421	59,441	(22,020)
Controller/Bookkeeper	455	625	(170)	18,369	25,303	(6,935)
Special Projects	1,198	-	1,198	16,721	27,414	(10,693)
Cruise Coordinator	-	-	-	2,331	6,724	(4,393)
Professional fees	3,531	7,500	(3,969)	263,151	516,231	(253,079)
Legals	490	-	490	161,995	76,027	85,968
Consultancy	3,041	7,500	(4,459)	98,246	422,404	(324,158)
Accounting (D.Smith Bai/Audit)	-	-	-	2,910	17,800	(14,890)
Insurance	626	-	626	54,091	94,377	(40,286)
Hull & Machinery Caledonia	-	-	-	32,101	57,800	(25,699)
Hull & Machinery Hawk	626	-	626	2,506	3,870	(1,364)
Protection & Indemnity	-	-	-	13,054	18,100	(5,046)
Loss of Use	-	-	-	-	-	-
Outstanding Builder's Risk	-	-	-	-	-	-
COFR	-	-	-	-	7,000	(7,000)
MII	-	-	-	1,907	3,082	(1,175)
Director's Insurance/Life/Office	-	-	-	4,524	4,525	(1)
Sales & Marketing	2,918	1,250	1,668	115,959	119,540	(3,581)
General	25	1,250	(1,225)	46,619	113,229	(66,610)
Travel	116	-	116	8,715	374	8,341
Refinancing	2,778	-	2,778	60,624	5,936	54,688
Hawk Mooring	-	-	-	4,940	3,740	1,200
Charter Cost	2,297	9,410	(7,113)	520,951	571,643	(50,692)
Variable Costs	-	-	-	100,948	75,021	25,928
Catering	-	-	-	25,708	26,459	(750)
Alcohol	-	-	-	1,088	1,834	(746)
Supplies	-	-	-	3,482	3,636	(154)
Merchandise	-	-	-	-	1,250	(1,250)
Commissions	-	-	-	9,643	13,427	(3,784)
Excursions	-	-	-	8,472	2,416	6,056
Petty Cash to Ship (see note below)	-	-	-	52,556	26,000	26,556
Fixed Costs	2,297	9,410	(7,113)	420,003	496,622	(76,619)
Crew Charter	2,243	4,485	(2,242)	224,595	258,987	(34,392)
Combined Net Pays	2,243	-	2,243	224,595	82,460	142,135
Master	-	-	-	-	14,909	(14,909)
First Mate	-	-	-	-	14,309	(14,309)

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Weeks #27 & #28

CURRENT WEEK
Weeks #27 & #28
Dec 29 - Jan 11
2008

ACCUMULATED POSITION
Weeks 1 - 28
Jun 30-Jan 11
2008

Bosun			-	-	3,565	(3,565)
Bosun Mate			-	-	5,003	(5,003)
Chief Engineer		2,990	(2,990)	-	38,453	(38,453)
Second Engineer			-	-	24,561	(24,561)
Chef			-	-	5,175	(5,175)
Sous Chef			-	-	2,875	(2,875)
Steward			-	-	7,015	(7,015)
Steward			-	-	9,660	(9,660)
Steward			-	-	7,689	(7,689)
Steward			-	-	3,491	(3,491)
Steward			-	-	3,163	(3,163)
Steward			-	-	3,327	(3,327)
Apprentice		805	(805)	-	10,580	(10,580)
Apprentice		690	(690)	-	9,430	(9,430)
Apprentice			-	-	6,999	(6,999)
Apprentice			-	-	2,300	(2,300)
Apprentice			-	-	2,013	(2,013)
Apprentice			-	-	2,013	(2,013)
Crew Provisions		300	(300)	11,488	22,033	(10,545)
Crew Changes			-	17,068	19,985	(2,916)
Pilot Fees			-	-	-	-
Fuel	48		48	96,855	120,995	(24,139)
Docking	6	1,250	(1,244)	51,199	32,873	18,327
Docking		1,125	(1,125)	47,665	25,035	22,630
Power	6		6	3,534	2,500	1,034
Garbage		125	(125)	-	5,338	(5,338)
Marine Operations	2,378	3,375	(997)	46,877	24,143	22,734
Management		2,875	(2,875)	3,833	14,375	(10,542)
Travel		500	(500)	708	6,375	(5,667)
Repositioning			-	14,256	21,000	(6,744)
Director Marine Operations			-	9,411	21,868	(12,457)
Lifeboat Lease	1,977		1,977	13,834	11,091	2,743
Caledonia POS System	401		401	2,835	3,855	(1,020)
Petty Cash to Ship			-	2,000	-	2,000
Repair and Maintenance	100	500	(400)	39,679	102,309	(62,630)
Repairs Electrical			-	2,197	6,905	(4,708)
Repairs Plumbing			-	239	5,100	(4,861)
Repairs Rigging			-	2,492	8,292	(5,799)
Repairs Mechanical			-	1,995	9,588	(7,592)
Repairs Paint			-	705	7,180	(6,475)
Repairs Drydock			-	-	-	-
Repairs Wetdock			-	-	50,000	(50,000)
Anchor Repair			-	75	-	75
Repairs General	100	500	(400)	31,975	15,246	16,729
Financing Related	66	50	16	26,862	31,865	(5,003)
Bank Charges	66	50	16	1,825	3,123	(1,298)
DIP Interest			-	25,037	23,542	1,495
Cash Management Charges			-	-	5,200	(5,200)
Line of Credit Interest			-	-	-	-
TO TRUST ACCOUNT/USD ACCOUNT			-	1,711	-	1,711
HST Paid on Expenses	1,021		1,021	67,216	17,582	49,634
	18,795	20,583	(1,789)	1,485,894	1,850,512	(364,617)
CASH, END OF PERIOD	110,476	(429,224)	539,700	110,476	(429,224)	539,700
US\$ Account Reconciled Balance	5,372					
CAD Account Reconciled Balance	104,420					
US\$ Exchange Difference (cumulative)	684					
TOTAL BALANCES - BANKS	110,476					

Canadian Sailing Expeditions Inc.
 Monthly Cash Receipts and Disbursements
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EXHIBIT 2

SECURARBY LEVEL FEBRUARY

					EQUIVALENT PAX			
	Week 28 Forecasted Jan 3 - 9 2009	Week 29 Forecasted Jan 10 - 16 2009	Week 30 Forecasted Jan 17 - 23 2009	Week 31 Forecasted Jan 24 - 30 2009	Forecasted January 2009	Week 32 Forecasted Jan 31-Feb 6	Week 33 Forecasted Feb 7 - 13	Week 34 Forecasted Feb 14 - 20
CASH, BEGINNING OF PERIOD	129,271	109,306	92,723	224,482	129,271	140,795	220,484	183,255
CASH, END OF PERIOD	109,306	92,723	224,482	140,795	140,795	220,484	183,255	188,856
CASH RECEIPTS:								
DIP Funds			150,000		150,000	107,420		
Cruise Revenue								54,838
Revenue - PAX Extras								2,998
HST								
TOTAL CASH RECEIPTS:			150,000		150,000	107,420		57,836
CASH DISBURSEMENTS:								
ADMINISTRATION								
General and Office	1,850	350	2,350	850	5,210	1,850	350	2,350
Telephones equipment				310	310			
Office Phones/Long Distance			1,000		1,000			1,000
Cell			1,000		1,000			1,000
General Office	350	350	350	350	1,400	350	350	350
Rent	1,500				1,500	1,500		
Office Salaries	2,781	1,523	2,781	625	7,710	6,666	1,523	6,666
CEO								2,875
Special Projects	2,158		2,158		4,312	2,158		2,158
Administration	625	625	625	625	2,500	625	625	625
Benefits		898			898		898	
Accrued Current Payroll Liabilities								
Professional fees	7,500	7,500	7,500	25,000	47,500	7,500	7,500	7,500
Legals								
Consultancy	7,500	7,500	7,500	25,000	47,500	7,500	7,500	7,500
Accounting (Audit)								
Insurance				11,700	11,700			
Hull & Machinery Caledonia				10,000	10,000			
Protection & Indemnity				1,700	1,700			
WQIS								
Sales & Marketing Operating Expenses	1,250	1,250	1,250	1,250	5,000	1,250	1,250	1,250
General	1,250	1,250	1,250	1,250	5,000	1,250	1,250	1,250
Travel								
Refinancing Costs								
Financing Related	50	50	50	21,013	21,163	50	50	50
Bank Charges	50	50	50	50	200	50	50	50
DIP Interest Payments				20,963	20,963			
Cash Management Charges								
SHIP OPERATIONS								
Crew	300	4,785	300	4,785	10,170	300	30,430	1,120
Combined Net Pays							30,130	
Master								
First Mate								
Tommy								
Ivo/Pierre		2,990		2,990	5,980			
Lee Lafontaine								
Cook								
1 Hospitality Staff								
Tanle Sear								
Sanders		805		805	1,610			
Peter Amyoony		690		690	1,380			
Nick Tabone								
Corey Deveau								
Sophie Martell								
Duncan								
Sylvain								
Lisa								
Crew Provisions	300	300	300	300	1,200	300	300	1,120
Crew Changes								
Marine Operations	5,109	1,000	3,875	13,834	24,818	11,000	16,000	1,500
Management	2,875		2,875		5,750			
Director Marine Operations								
Travel	500	500	500	500	2,000	500	15,500	500
Repositioning (Fuel)					10,000	10,000		
Fuel								
Repairs General	500	500	500	500	2,000	500	500	1,000
Caledonia POS System Lease								
Petty Cash to Ship					400			
Lifesaving Equipment Lease	2,234			2,234	4,468			
Caledonia Variable Op Expenses								11,110
Catering								3,830
Alcohol								511
Supplies								543
Guest Supplies								273
Commissions								5,454
Onboard Entertainment								500
Petty Cash to Ship (see note below)								
Communications								
Docking	125	125	125	2,625	3,000	125	125	1,800
Docking								850
Power				2,500	2,800			
Pilot Fees								500
Garbage	125	125	125	125	500	125	125	250
Hawk				2,408	2,408			
Hawk Mooring				1,700	1,700			
Container Storage				100	100			
Hull & Machinery Hawk				608	608			
HST								
TOTAL CASH DISBURSEMENTS	19,985	16,583	18,231	83,697	138,478	27,731	57,228	32,136
CASH, END OF PERIOD	109,306	92,723	224,482	140,795	140,795	220,484	183,255	188,856

Canadian Sailing Expeditions Inc.
 Monthly Cash Receipts and Disbursements
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	182		EQUIVALENT PAX					190	Forecasted March 2009
	Week 35 Forecasted Feb 21 - 27	Forecasted February 2008	Week 36 Forecasted Feb 28-Mar 6	Week 37 Forecasted Mar 7 - 13	Week 38 Forecasted Mar 14 - 20	Week 39 Forecasted Mar 21 - 27	Week 40 Forecasted Mar 28-Apr 3		
CASH, BEGINNING OF PERIOD	188,855	149,785	120,900	158,855	168,812	181,928	146,353	120,900	
CASH, END OF PERIOD	120,900	120,900	158,855	168,812	181,928	146,353	167,636	167,636	
CASH RECEIPTS:									
DIP Funds		107,420							
Cruise Revenue	64,536	109,075	68,172	68,172	68,172	68,172	68,172	340,860	
Revenue - PAX Extras	2,998	6,998	3,748	3,748	3,748	3,748	3,748	18,739	
HST									
TOTAL CASH RECEIPTS:	67,534	122,492	71,920	71,920	71,920	71,920	71,920	368,599	
CASH DISBURSEMENTS:									
Accounts Payable									
ADMINISTRATION									
General and Office	680	6,210	1,850	380	2,350	660	350	5,560	
Telephone equipment	310	310				310		310	
Office Phones/Long Distance	-	1,000	-	-	1,000	-	-	1,000	
Cel	-	1,000	-	-	1,000	-	-	1,000	
General Office	350	1,400	350	350	350	350	350	1,750	
Rent	-	1,500	1,500	-	-	-	-	1,500	
Office Salaries	625	13,460	6,856	1,523	6,856	625	6,856	19,118	
CEO		5,750	2,875		2,875		2,875	8,625	
Special Projects		4,312	2,156		2,156		2,156	6,468	
Administration	625	2,500	625	625	625	625	625	3,125	
Benefits		898		898				898	
Accrued Current Payroll Liabilities									
Professional fees	17,500	40,000	7,500	7,500	7,500	17,500	7,500	47,500	
Legals									
Consultancy	17,500	40,000	7,500	7,500	7,500	17,500	7,500	47,500	
Accounting (Audit)									
Insurance	11,700	11,700	-	-	-	11,700	-	11,700	
Hull & Machinery Caledonia	10,000	10,000				10,000		10,000	
Protection & Indemnity	1,700	1,700				1,700		1,700	
WQIS									
Sales & Marketing Operating Expenses	1,250	5,000	1,250	1,250	1,250	1,250	1,250	6,250	
General	1,250	5,000	1,250	1,250	1,250	1,250	1,250	6,250	
Travel									
Refinancing Costs									
Financing Related	21,332	21,482	50	50	50	21,332	50	21,532	
Bank Charges	50	200	50	50	50	50	50	250	
DIP Interest Payments	21,282	21,282				21,282		21,282	
Cash Management Charges									
SHIP OPERATIONS									
Crew	34,583	68,433	898	31,028	898	31,028	4,229	68,073	
Combined Net Pays	30,130	60,260		30,130		30,130		60,260	
Master									
First Mate									
Tommy									
Ivo/Fierre									
Lee Lafontaine									
Cook									
1 Hospitality Staff									
Tania Sear									
Sanders									
Peter Amyoony									
Nick Tabone									
Corey Deveau									
Sophie Martell									
Duncan									
Sylvain									
Lise									
Crew Provisions	1,120	2,840	898	898	898	898	898	4,480	
Crew Changes	3,333	3,333					3,333	3,333	
Marine Operations	22,325	50,825	3,000	3,000	25,739	5,634	25,239	62,612	
Management									
Director Marine Operations									
Travel	500	17,000	500	500	500	500		2,000	
Repositioning (Fuel)		10,000							
Fuel	18,191	18,191			22,739		22,739	45,478	
Repairs General	1,000	3,000	2,500	2,500	2,500	2,500	2,500	12,500	
Caledonia POS System Lease	400	400				400		400	
Petty Cash to Ship									
Lifesaving Equipment Lease	2,234	2,234				2,234		2,234	
Caledonia Variable Op Expenses	11,610	22,720	13,763	13,763	13,763	13,763	14,783	69,814	
Catering	3,830	7,861	4,788	4,788	4,788	4,788	4,788	23,940	
Alcohol	511	1,021	638	638	638	638	638	3,192	
Supplies	543	1,085	678	678	678	678	678	3,392	
Guest Supplies	273	545	341	341	341	341	341	1,704	
Commissions	5,454	10,908	6,817	6,817	6,817	6,817	6,817	34,086	
Onboard Entertainment	500	1,000	500	500	500	500	500	2,500	
Petty Cash to Ship (see note below)									
Communications	500	500					1,000	1,000	
Docking	1,800	3,450	1,800	1,800	1,800	1,800	1,800	8,000	
Docking	850	1,700	850	850	850	850	850	4,250	
Power									
Pilot Fees	500	1,000	500	500	500	500	500	2,500	
Garbage	250	750	250	250	250	250	250	1,250	
Hawk	2,408	2,408				2,408		2,408	
Hawk Mooring	1,700	1,700				1,700		1,700	
Container Storage	100	100				100		100	
Hull & Machinery Hawk	805	805				805		805	
HST									
TOTAL CASH DISBURSEMENTS	125,591	242,687	38,665	60,082	58,804	107,495	60,837	322,563	
CASH, END OF PERIOD	120,900	120,900	158,855	168,812	181,928	146,353	167,636	167,636	

Canadian Sailing Expeditions Inc.

Monthly Cash Receipts and Disbursements

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	EQUIVALENT PAX 190				Forecasted April 2009	Forecast Total OCI-Act
	Week 41 Forecasted Apr 4 - 10	Week 42 Forecasted Apr 11 - 17	Week 43 Forecasted Apr 18 - 24	Week 44 Forecasted Apr 25-May 1		
CASH, BEGINNING OF PERIOD	167,836	168,007	166,885	168,456	167,836	128,274
CASH, END OF PERIOD	168,007	165,885	198,455	162,968	162,968	162,968
CASH RECEIPTS:						
DIP Funds						1,171,201
Cruise Revenue	68,172	68,172	68,172	68,172	272,688	2,111,722
Revenue - PAX Extras	3,548	3,548	3,548	3,548	14,193	113,722
HST						
TOTAL CASH RECEIPTS:	71,720	71,720	71,720	71,720	286,881	6,16,724
CASH DISBURSEMENTS:						
Accounts Payable						
ADMINISTRATION						
General and Office	1,850	2,350	350	660	5,210	1,810
Telephone equipment				310	310	2,242
Office Phones/Long Distance		1,000			1,000	1,000
Cell		1,000			1,000	1,000
General Office	350	350	350	350	1,400	5,950
Rent	1,500				1,500	5,500
Office Salaries	1,623	5,666	625	5,666	13,460	63,747
CEO		2,875			5,750	20,225
Special Projects		2,156			4,312	18,684
Administration	625	625	625	625	2,500	10,525
Benefits	898				898	3,593
Accrued Current Payroll Liabilities						1,591
Professional fees	7,500	7,500	7,500	20,000	42,500	17,600
Legals						1,500
Consultancy	7,500	7,500	7,500	20,000	42,500	1,500
Accounting (Audit)						1,500
Insurance				11,700	11,700	48,800
Hull & Machinery Caledonia				10,000	10,000	45,000
Protection & Indemnity				1,700	1,700	24,800
WQIS						
Sales & Marketing Operating Expenses	1,250	1,250	1,250	1,250	5,000	12,250
General	1,250	1,250	1,250	1,250	5,000	23,250
Travel						
Refinancing Costs						
Financing Related	50	50	50	21,332	21,482	85,880
Bank Charges	50	50	50	50	200	1,850
DIP Interest Payments				21,282	21,282	91,118
Cash Management Charges						
SHIP OPERATIONS						
Crew	31,250	1,120	31,250	4,483	68,073	112,750
Combined Net Pays	30,130		30,130		80,260	180,780
Master						1,250
First Mate						1,250
Tommy						1,250
Ivo/Pierre						5,500
Lee Lafontaine						1,250
Cook						1,250
1 Hospitality Staff						1,250
Tania Sear						1,250
Sanders						1,250
Peter Amyoony						1,250
Nick Tabone						1,250
Corey Deveau						1,250
Sophie Martell						1,250
Duncan						1,250
Sylvain						1,250
Lee						1,250
Crew Provisions	1,120	1,120	1,120	1,120	4,480	13,000
Crew Changes				3,333	3,333	10,900
Marine Operations	2,500	20,691	2,500	23,326	48,017	187,074
Management						1,250
Director Marine Operations						1,250
Travel						1,250
Repositioning (Fuel)						1,250
Fuel		18,191		18,191	39,389	190,042
Repairs General	2,500	2,500	2,500	2,500	10,000	27,500
Caledonia POS System Lease				400	400	1,600
Petty Cash to Ship						1,250
Lifesaving Equipment Lease				2,234	2,234	1,170
Caledonia Variable Op Expenses	13,763	13,763	13,763	14,763	56,061	148,885
Catering	4,788	4,788	4,788	4,788	19,152	39,753
Alcohol	638	638	638	638	2,554	10,787
Supplies	678	678	678	678	2,713	17,190
Guest Supplies	341	341	341	341	1,363	3,813
Commissions	6,817	6,817	6,817	6,817	27,269	122,821
Onboard Entertainment	500	500	500	500	2,000	5,500
Petty Cash to Ship (see note below)						1,250
Communications				1,000	1,000	2,500
Docking	1,863	1,863	1,863	1,863	6,859	21,100
Docking	850	850	850	850	3,400	13,350
Power						1,250
Pilot Fees	500	500	500	500	2,000	5,500
Garbage	313	313	313	313	1,250	3,500
Hawk				2,408	2,408	1,250
Hawk Mooring				1,700	1,700	1,250
Container Storage				100	100	1,250
Hull & Machinery Hawk				605	605	1,250
HST						1,250
TOTAL CASH DISBURSEMENTS	61,348	54,043	58,960	107,207	281,548	996,274
CASH, END OF PERIOD	168,007	165,885	198,455	162,968	162,968	162,968

EXHIBIT 3**Sales and Cashflow Summary - January 20 09**

	<i>Forecasted Sales</i>	<i>Sales to Date</i>	<i>Balance to Budget</i>
February (2 weeks)	109075.2	112167	-3091.8
March (5 weeks)	340860	200787	140073
April (4 weeks)	272688	137463	135225
Total Sales to Meet Projection	722623.2	450417	272206.2
Total Sales Required to Break Even			109238.2
Net Sales in the last 14 Days			32,220

Year to Date Comparison on Sales

	2008	2009
Sales to January:	71381	418198
Sales Jan to May	79618	

CANADIAN SAILING EXPEDITIONS INC.
SCHEDULE OF PROOFS OF CLAIM FILED PURSUANT TO CLAIMS PROCESS (AS ADJUSTED)

EXHIBIT 4

Name of Creditor (By Class)	Amount Claimed	Amount Accepted	Comments
<u>CLASS 1 - UNSECURED CREDITORS</u>			
ACOA	628,403.47	628,403.47	2 claims, \$125,000.00 and \$503,403.47 Combined as one claim for voting
Atlantic Tractors & Equipment	918.41	918.41	
Bounty Print	3,171.34	3,171.34	
Braemar Pest Control Services	142.96	142.96	
David E. Smith	54,635.98	54,635.98	
Dominion Diving	6,780.00	6,780.00	
Douglas Prothero	303,547.50	303,547.50	2 claims, \$285,653.00 and \$17,894.50 Combined as one claim for voting
DSS Marine Incorporated	7,167.90	7,167.90	
Electro Marine Co. Inc.	26,620.89	5,656.98	Diff is related to additional invoices and work that CSE feels was not satisfactory - no dispute filed
Floors Plus	5,518.11	5,518.11	
Heddle Marine Service Inc.	26,376.90	26,376.90	Dispute resolved - notice rescinding revision sent Sept 26, 2008
Hour Courier (Xpressway Courier)	1,370.64	1,370.64	Claimed under Xpressway Courier
Integra International Inc.	405.22	382.06	Difference is exchange - no dispute
JAZZ FM91	450.00	450.00	
National Marine Fire Services Inc.	94,062.37	103,737.01	Difference reconciled - no dispute
Navimar Cruises	26,814.06	26,814.06	Dispute settled by decision of Claims Officer
Russell Metals Inc.	926.60	926.60	
Shambhala Sun Foundation	971.80	971.80	
Stellar Industrial Services Inc.	60.93	60.93	
Travel Trade	10,123.00	10,629.15	Difference is exchange - no dispute
United Rentals	337.43	30.47	
Waterfront Development Corporation	14,357.81	13,538.52	Difference re CSE books is invoice balance of \$4570, CSE accepts all but power charges that are not CSE's - no dispute
Zenitel Norway AS	6,442.60	6,799.26	Difference is exchange - no dispute
Ginit Sarl/TCS Guadeloupe	3,335.03	3,335.03	Not on CSE's list - invoice sent late
TOTAL CLASS 1 CREDITORS	1,222,940.95	1,211,365.08	

CANADIAN SAILING EXPEDITIONS INC.
 SCHEDULE OF PROOFS OF CLAIM FILED PURSUANT TO CLAIMS PROCESS (AS ADJUSTED)

EXHIBIT 4

Name of Creditor (By Class)	Amount Claimed	Amount Accepted	Comments
<u>CLASS 2 - CATERPILLAR FINANCIAL SERVICES INC.</u>			
Caterpillar Financial Services Inc.	5,806,859.64	5,511,998.00	Amended to \$5,870,000 in Paragraph 4.2(d) of Plan
TOTAL CLASS 2 CREDITORS	5,806,859.64	5,511,998.00	
<u>CLASS 3 - GROWTHWORKS ATLANTIC LTD.</u>			
GrowthWorks Atlantic Ltd.	4,616,199.69	4,616,199.69	May be subject to amendment in the Plan
TOTAL CLASS 3 CREDITORS	4,616,199.69	4,616,199.69	
<u>CLASS 4 - LEASE LENDERS</u>			
Bodkin Capital Corporation	93,911.25	93,911.25	Aug 29, amount accepted for voting only
Bodkin Capital Corporation	13,189.36	13,189.36	Aug 29, amount accepted for voting only
CIT Financial (East Coast Capital Inc.)	6,969.14	6,969.14	Accepted for voting only, filed under East Coast Capital Inc.
TOTAL CLASS 4 CREDITORS	114,069.75	114,069.75	
<u>CLASS 5 - STATUTORY SECURED CLAIMS</u>			
Canada Revenue Agency	80,676.28	35,139.79	\$11,654.12 secured, \$23,485.67 unsecured - CRA claim for both voting and payment purposes will be further reduced for offset of HST refunds not paid to CSE - post filing
TOTAL CLASS 5 CREDITORS	80,676.28	35,139.79	
<u>CONTINGENT CLAIMS</u>			
Nova Scotia Business Inc.	2,500,000.00	2,500,000.00	Contingent, only one of CFSL or NSBI can vote this amount, not both - Nil amount for voting purposes
TOTAL CONTINGENT CLAIMS	2,500,000.00	2,500,000.00	
TOTAL OF ALL CLASSES	\$14,340,746.31	\$13,988,772.31	