

IN THE MATTER OF THE RECEIVERSHIP OF

2031581 Ontario Ltd. o/a Furniture Direct
of the City of Cambridge in the Province of Ontario

INTERIM STATEMENT OF RECEIVER
Section 246(2) of the BIA

For the period ended August 31, 2007


On the 8th day of June 2007, BDO Dunwoody Limited ("BDO") was appointed Receiver in respect of the property of 2031581 Ontario Ltd. o/a Furniture Direct ("Furniture Direct") by 719299 Ontario Inc. cob as North London Plaza.

1. The company ceased operations on April 27, 2007. BDO Dunwoody Limited took possession of the assets on April 27, 2007 as Trustee in Bankruptcy.
2. Declared assets at April 27, 2007 included:

Inventory	\$ 1,196,000
Vehicles	\$ 100,000
Office equipment	\$ 10,000
3. An Interim Statement of Receipts and Disbursements is attached.
4. All inventory on the premises seized has been realized. Vehicles that were confirmed to be encumbered have been released to the secured creditors.
5. Inventory was sold that was located in three trucks held by a transport company. BDO executed the sale document in August 2007 and received the funds. Proceeds are being held in trust pending a resolution of the lien claim and secured creditor interests.
6. Assets to be realized or concluded – office and warehouse equipment – fixtures in four retail locations.
7. The secured creditor claim amounts are to be concluded prior to any distribution to creditors.
8. HSBC has filed a property claim to inventory and/or proceeds. Customers were provided with financing loans upon placing an order for furniture. HSBC funded Furniture Direct. It appears that funds were advance prior to the delivery of furniture. The Trustee disallowed the Section 81 property claim. The appeal of the disallowance is to be heard on September 25, 2007. The secured creditors and/or counsel will address the issue. The Trustee's counsel has confirmed that there is no status of the bankruptcy estate since there are no proceeds available for the general body of creditors.
9. There is no other significant information regarding the property, assets or the Receivership not disclosed within. The estimated date of completion and distribution is uncertain considering the HSBC matter.

Dated at Kitchener, this 5th day of September 2007.

BDO DUNWOODY LIMITED


Susan E. Taves, CA-CIRP
Senior Vice President

SET/mh

Estate No. 35-123181

IN THE MATTER OF THE RECEIVERSHIP OF

2031581 ONTARIO LTD. O/A FURNITURE DIRECT
OF THE CITY OF CAMBRIDGE, IN THE PROVINCE OF ONTARIO.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

Interim - August 31, 2007

Receipts

Sale of inventory	\$801,842.98
Cash on hand	6,885.66
Sale of furniture	6,871.58
Utility Reimbursement	2,989.92
Interest	38.95
Rental income	<u>-315.76</u>
Total Receipts	<u>\$818,313.33</u>

Disbursements

Fees Paid to Official Receiver	150.00
Creditor Meeting Costs	
Notice to creditors	8,775.00
Postage	4,352.40
Room fee	1,156.56
Local paper	836.86
Stocktaking and possession	
Occupation rent	357,912.58
Insurance	4,517.37
Site clean up	1,846.00
Change locks	961.42
Security	342.00
Miscellaneous	
G.S.T. paid	23,113.43
Freight	8,419.46
Utilities Expense	1,979.72
Storage	146.23
Bank charges	56.08
Travel	31.58
Receiver's Costs	
Receiver's fees	130,718.20
Legal	22,126.53
GST on Receiver's fees	7,843.09
Payment of Services/Labour	<u>3,372.50</u>
Total Disbursements	<u>578,657.01</u>

Amount Available for Distribution \$239,656.32

Notes

1. Date of Receivership June 8, 2007. Date of Bankruptcy April 27, 2007.
2. Occupation costs - Represents occupation rent for the period from April 27, 2007. One month rent for the warehouse is outstanding for approximately \$23,500.
3. Sale of Inventory - The above amount represents the value for all inventory in the retail and warehouse locations sold to a third party. There were two sale transaction dates being June 27 and July 20, 2007.
4. Sale of Furniture - Represents amounts paid by customers for property claims filed, items identified and released from the warehouse and retail locations. The unclaimed/remaining items were included in the sale per note 3 above.
5. Remaining assets - There is equipment and furnishings to be realized for the estate. Some intellectual property may also be realizable.
6. The freight costs noted above of \$8,400 relate to three trucks of inventory that were held by the shipper at April 27. In August, a sale was completed on behalf of the secured creditor and the shipper charging a lien claim. The proceeds of \$66,000 are being held separately as they are subject to the lien and secured claim. The freight charges will be allocated to the proceeds once the right to the proceeds is concluded.
7. Creditor distribution - No amount is anticipated to be available for preferred or unsecured creditors. The secured creditor claims are being quantified and the Proof of Claim filed amounts are as follows:

CRA - property claim	185,447 - as at July 19
PST	127,858 - as at June 11
Danbury	5,595 - as at May 28
719299 Ontario Inc.	50,000 - as at May 25
719299 Ontario Inc.	150,000 - as at May 25

The 719299 Ontario Inc. claim of \$150,000 is being reviewed for validity of the secured position. The first \$50,000 has been accepted as a valid charge.

August 31, 2007



BDO Dunwoody Limited