

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. c-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT OF W.C. WOOD CORPORATION, LTD., W.C. WOOD  
CORPORATION, INC. AND W.C. WOOD HOLDINGS, INC.  
(together the "Applicants")

**THIRD REPORT OF BDO DUNWOODY LIMITED IN ITS CAPACITY AS  
MONITOR**

Dated July 22, 2009

**INTRODUCTION**

1. By Order of this Honourable Court dated May 19, 2009 (the "Initial Order"), W.C. Wood Corporation Ltd., the Canadian operating company ("Wood Canada"), and W.C. Wood Corporation, Inc., the United States operating company and parent of WC Wood Canada, ("Wood US") ( together the "Companies"), obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, ("CCAA Proceedings").
2. On May 25, 2009, this Honourable Court issued an amendment to the Initial Order (the "Amended Initial Order") adding W.C. Wood Holdings, Inc. ("Wood Holdings") the parent of Wood US, to the CCAA Proceedings and approving a debtor in possession credit facility (the "DIP Facility") to be provided by the Applicants' current lenders (the "DIP Lenders") in order to finance the working capital requirements of the Companies.
3. On May 29, 2009, the Monitor filed petitions with the United States Bankruptcy Court (the "US Court") for each of the Applicants for the entry of an order recognizing the Canadian Proceedings as "foreign main proceedings," or in the alternative, "foreign non-main proceedings" pursuant to Chapter 15 of the United States Bankruptcy Code.
4. On June 18, 2009, the US Court entered an Order recognizing the Canadian Proceedings as foreign main proceedings, giving the Initial Order and the Amended Initial Order full force and effect in the US, including,
  - (a) approving of the DIP Facility; and

- (b) extending the stay of proceedings against the Monitor, the Applicants and the Applicants' former, current or future officers and directors in the US.
5. The purpose of this Report is to provide this Honourable Court with information in respect of the:
- (a) companies' cash flow results relative to forecast;
  - (b) companies' revised cash flow forecasts;
  - (c) sale of the Mexican Business; and
  - (d) revisions to the DIP Facility.

**CASH FLOW RESULTS RELATIVE TO FORECAST**

6. Attached as Schedule "A" is a detailed schedule of the Companies' cash receipts and disbursements for the period from May 19, 2009 to July 11, 2009 with a comparison to the cash flow forecasts filed with this Honourable Court in connection with the commencement of the CCAA Proceedings (the "Initial Cash Flow Forecasts"). A summary of the cash receipts and disbursements and DIP Facility loan balances for WC Wood Canada and WC Wood US for the period May 19 to July 11, 2009 is presented below.

Schedule of Cash Flow Compared to Forecast May 19 to July 11, 2009				
	CANADA		US	
	Actual	Forecast	Actual	Forecast
	(CDN\$000)		(US\$000)	
Total Receipts	\$ 5,848	\$ 7,688	\$ 7,328	\$ 9,834
Total Disbursements	<u>\$ (8,222)</u>	<u>\$ (9,565)</u>	<u>\$ (6,226)</u>	<u>\$ (10,256)</u>
Cash Surplus (Deficit)	<u>\$ (2,374)</u>	<u>\$ (1,877)</u>	<u>\$ 1,102</u>	<u>\$ (422)</u>
DIP Loan Balance	\$ 7,776	\$ 7,060	\$ 6,546	\$ 8,302

7. Overall net cash inflow was below forecast by \$496,000 in Canada, and exceeded forecast by US\$1,524,000 in the US. The material components of these overall variances are outlined below.

***Accounts Receivable Collections***

8. Collections from customers were below forecast by \$1,856,000 in Canada and US\$2,898,000 in the US. The majority of the variance is due to the forecast being overly optimistic. In addition, actual sales to date in the US have been significantly lower than forecast. Some customers have deducted pre-filing

rebates owed to them, however the Companies' management advise that they are not aware of any significant collection issues.

### ***Payroll***

9. Payroll has exceeded forecast by \$657,000 in Canada and was below forecast by US\$293,000 in the US. The negative variance in Canada is due to higher than anticipated hours as sales have exceeded forecast by \$1,570,000 for the period. The positive variance in the US is due to several plant shutdowns as raw material purchases have been deferred due to a lack of loan availability.

### ***Material purchases***

10. Payments for materials were below forecast by \$1,639,000 in Canada and US\$2,723,000 in the US. The majority of the variances are due to timing differences or material purchases which have not been required. Lower material purchases than forecast in the US also reflect the lack of loan availability.

### ***Overhead Costs***

11. Results were below forecast by \$268,000 in Canada and \$676,000 in the US. The majority of the variances are due to higher than expected freight costs, which were more than offset by projected warranty, variable marketing costs and rebates and royalty payments which were not required to be paid.

## **REVISED CASH FLOW FORECASTS**

12. The Initial Cash Flow Forecasts covered the 13 week period ending August 15, 2009. The CCAA stay period was extended to August 31, 2009 by order of this Honourable Court dated June 18, 2009. On July 1, 2009, the Companies' management prepared revised cash flow forecasts for Wood Canada and Wood US for the period ending October 3, 2009. On July 15, 2009, the Companies' management prepared a further revised cash flow forecast for Wood US for the period ending October 17, 2009, which includes estimated net proceeds from the sale of the Mexican Business (see below). Copies of the revised cash flow forecasts for Wood Canada for the 12 week period ending October 3, 2009, and for Wood US for the 14 week period ending October 17, 2009 (the "Revised Cash Flow Forecasts") are attached as Schedule "B".
13. The Monitor has reviewed the Revised Cash Flow Forecasts. The Companies' assumptions supporting projected cash receipts and disbursements are consistent with post filing results to date. However, projected cash receipts and disbursements related to operations are based on the Companies' projection of sales. Since the commencement of the CCAA Proceedings, sales in Wood Canada have exceeded forecast, however sales of Wood US have been significantly less than projected. Projected sales in the Revised Cash Forecasts for Wood US have been reduced from the Initial Cash Flow Forecasts but are forecast to be significantly higher than recent results. The higher sales reflect the Companies'

anticipated peak sales season over the next 12 weeks. The Companies' sales order book, which represents anticipated sales for the next 30 days, has increased over the past few weeks, however it is difficult to project that it will be sufficient for Wood US to meet its projected sales over the forecast period. In addition, the Companies' ability to meet its planned production will depend on maintaining sufficient loan availability pursuant with its DIP Facility to allow for the purchase of required raw materials.

## **SALE OF THE MEXICAN BUSINESS**

14. Wood US is the majority shareholder of W.C. Wood S.A. de C.V. (the Applicants' Mexican operating company, "Wood Mexico") and W.C. Wood Servicios S.A. de C.V. (the service company, which provides contract employees to the Mexican operating company), (collectively the "Mexican Business"). The minority ownership interest of the Mexican Business is held by Wood Mexico Holdings, LLC ("Wood Mexico Holdings"), which is a wholly owned subsidiary of Wood US.
15. The Mexican Business manufactures a complete line of compact chest and upright freezer and refrigerator products, and purchases larger units from Wood Canada and Wood US for sale to customers throughout Latin America. Nearly two-thirds of the sales of the Mexican Business are to Wood US and Wood Canada.
16. Paragraph 14 of the Initial Order ordered that "the sale process described in the Hadjinian Affidavit in relation to the sale of the Mexican Business is hereby approved and the Applicants are hereby permitted to take any and all steps that are necessary and appropriate to negotiate an Agreement of Purchase and Sale in relation to the Mexican Business in a manner that is generally in accordance with the terms described in the Hadjinian Affidavit subject to approval by this Court of any Agreement of Purchase and Sale."
17. As reported in the Second Report of the Monitor dated June 16, 2009 (the "Monitor's Second Report"), Wood US had negotiated an agreement of purchase and sale of the shares of the Mexican Business with a prospective purchaser. On June 24, 2009, Wood US and Wood Mexico Holdings (the "Sellers") executed an agreement (the "Share Purchase Agreement") with the Purchasers (as defined below) to sell their interests in the shares of the Mexican Business. In addition, Wood US and the Purchasers entered into a commercial supply agreement (the "Commercial Supply Agreement").
18. The Monitor has been advised by the Applicants that they have been attempting to sell the Mexican Business since early in 2009, and the Companies' management provided the Monitor with an analysis regarding the Mexican Business (the "Applicants' Mexican Business Report"), which included: a summary of operations, a valuation analysis, and a summary of the efforts to divest the Mexican Business. The Monitor believes that the details of the valuation analysis

included in the Applicants' Mexican Business Report should remain confidential at this time in case the Purchasers do not complete the proposed transaction and the sale process needs to be continued. The remainder of the Applicants' Mexican Business Report is summarized in the following paragraphs.

19. The Mexican Business has a history of operating losses since it was founded in 2004. The smaller sized products are highly susceptible to increases in raw material costs and there has been increasing competitive pressure from low cost overseas imports. The cash constraints of the Applicants prior to the CCAA Proceedings made it extremely difficult to fund the operations of the Mexican Business, and as a result, the amount of trade credit has significantly increased. Since the commencement of the CCAA Proceedings, the ability of the Mexican Business to fund its operations has not improved.
20. During February 2009, the Applicants identified known parties who they believed would have an interest in acquiring the Mexican Business, including its largest customer in Mexico. In March 2009, the Applicants engaged Lincoln Partners, a mid market transaction advisory firm, on an informal basis to solicit interest from larger strategic parties located overseas. No significant interest was received from any of the local or overseas parties who were contacted.
21. On March 26, 2009 the Applicants received an expression of interest from the current Director of Sales for the Mexican Business, and Automatizaciones Garco, S.A. de C.V. (collectively the "Purchasers"). During April and the first two weeks of May 2009, the Purchasers completed their due diligence review of the Mexican Business. On May 21, 2009, the Purchasers submitted a term sheet to acquire 100% of the shares of the two companies making up the Mexican Business.
22. On June 24, 2009, the Sellers executed the Share Purchase Agreement and Commercial Supply Agreement with the Purchasers.
23. The significant terms of the Share Purchase Agreement are summarized as follows:
  - Purchase price of US\$2.5 million
  - Conditions prior to closing:
    - i. obtaining approval of the sale from the DIP Lenders pursuant with the terms of the DIP Facility; and
    - ii. obtaining approval of the sale from both the Ontario Superior Court of Justice and the United States Bankruptcy Court for the District of Delaware.
  - Closing is to take place no later than two business days following the satisfaction or waiver of the above conditions (the "Closing Date").

- Net proceeds of the sale are to be paid to the Sellers by wire transfer on the Closing Date.
- The Purchasers acknowledge that the Sellers have made no representations or warranties regarding the shares or the status of the Mexican Business.
- All taxes related to the sale (except for income tax obligations of the Sellers) are to be paid by the Purchasers.
- The Purchasers agree to assume all of the Mexican Business's outstanding accounts payable obligations, and to pay down such balances by at least US\$2.5 million within 90 days. The Monitor understands that this represents a significant portion of the Mexican Business's trade debt.
- Intercompany balances are to be eliminated at the Closing Date. As at May 30, 2009, there was a net balance due from Wood Mexico totaling US\$712,000 made up as follows:

	US\$000
Due to Wood Holdings	\$ 988
Due to Wood US	<u>265</u>
	\$1,253
Less: Due from Wood Canada	<u>(541)</u>
Net Due from Wood Mexico	<u>\$ 712</u>

- Since May 30, 2009 the Companies' management advises that transactions between Wood Canada and Wood US with Wood Mexico have not been significant and therefore the intercompany balances have not changed significantly.
- The Purchasers will assume all severance payments relating to employees of the Mexican Business.

24. The Commercial Supply Agreement will be effective following the completion of the Share Purchase Agreement. Certain sections of the Commercial Supply Agreement contain sensitive financial information including pricing and product costs, and in order to protect competitive advantages for the ongoing operation of their businesses, the Companies requested that this information remain confidential pending further order of this Honourable Court. Except for these confidential sections, the significant terms of the Commercial Supply Agreement are summarized as follows:

- Wood Mexico will have exclusive rights to manufacture and sell their products and any products purchased from Wood US in the existing Latin American territory of Wood Mexico.

- Wood Mexico will be licensed to use Wood US's trademarks with no royalty fee for a ten year term subject to meeting certain minimum quality standards during the term of the license.
- Wood Mexico agrees to maintain a service network for sale of Wood US's licensed products.
- The Companies retain the rights to continue existing arrangements for direct sales and service to certain customers located in the territory of the Mexican Business.
- Wood US and Wood Mexico agree to specific terms for the setting of pricing for the sale and purchase of products and parts from each other.
- For a six month period, Wood Mexico will have the use of Wood US's existing website, current accounting system software, and telephone systems, which are currently in place with the Mexican Business.
- Wood US and Wood Mexico agree to indemnify each other from and against any and all third party claims relating to the use of each other's products as well as the covenants and obligations of the Commercial Supply Agreement.

## **ANALYSIS OF THE SALE**

25. Upon review of the information included in the Applicants' Mexican Business Report, and the terms of both the Share Purchase Agreement and the Commercial Supply Agreement, the benefits of the sale of the Mexican Business to the Purchasers are summarized as follows:

- Based on the valuation provided in the Applicants' Mexican Business Report, the purchase price is reasonable.
- It is unlikely that Wood Mexico would be in position to pay the net obligation of US\$712,000 in the foreseeable future. By proceeding with the sale and eliminating the intercompany balances with Wood Mexico, the net result will be that there will be intercompany balances due to Wood Holdings of US\$1 from Wood Canada and US\$988,000 from Wood US. This will allow the net proceeds from the sale to be paid to Wood US and available for operating purposes pursuant to revisions to the DIP Facility (see below).
- The majority of the larger trade creditors of the Mexican Business are also trade creditors of both Wood Canada and Wood US. The Purchasers' obligation to make a significant payment towards the outstanding trade debt of Wood Mexico will therefore be of benefit to the Companies' trade creditors in Canada and the United States.

- The Sellers' have been advised by their auditors that the income tax obligations resulting from the sale of the Mexican Business will not be significant.
- The Purchasers have provided a letter from their bank showing that they have the funds necessary to pay the sales proceeds on closing.
- Pursuant to the Commercial Supply Agreement, the sale of the Mexican Business will allow the Companies to continue to sell their larger freezer products in Latin America, and maintain a supplier for sale of compact freezer products to their customers in North America.
- As reported in the Monitor's Second Report, a legal opinion on the validity of the security granted by the Companies to the DIP Lenders pursuant to state or federal laws in the United States, was requested by the Monitor from Richards, Layton & Finger, P.A. ("RLF"), the Monitor's US counsel. RLF has advised the Monitor that the general security interest granted by Wood US, Wood Holdings and Wood Mexico Holdings (the "Delaware Companies") in favor of CIT Business Credit Canada Inc., as Agent (the "Agent"), pursuant to the Guaranty and Collateral Agreement, dated as January 14, 2008 (the "US Security Agreement") between the Delaware Companies, as grantors, and the Agent, as secured party has been properly perfected by registration made in the State of Delaware, and that searches reveal no competing security interests other than that in respect of security granted to Bank of Montreal over certain accounts receivable. RLF has also advised that, under Delaware law, the deposit account agreement between the Agent, the US Borrower and Harris Bank, N.A. is sufficient to perfect security in the bank account described in the schedules to the US Security Agreement. Because the US Security Agreement is governed by New York law, RLF assumed the enforceability of the security interest created thereby, but stated that perfection is governed by Delaware law.

## **REVISIONS TO THE DIP FACILITY**

26. The DIP Lenders have approved the sale of the Mexican Business, subject to the Applicants and the DIP Lenders agreement to revise the DIP Facility. Key revisions to the DIP Facility include the following:
- (a) net proceeds from the sale will be paid to Wood US and will be used to reduce its loan balance with the DIP Lenders.
  - (b) net proceeds will be made available to Wood US provided there is sufficient loan availability.
  - (c) total DIP Facility available to Wood US has been reduced from US\$12 million to US\$7.2 million.

- (d) the date to file a plan of reorganization was changed from July 1, 2009 to August 1, 2009 or such later date as the DIP Lenders may approve in writing.
- 27. These revisions are reasonable and will allow the Companies an opportunity to continue operations and at the same time undertake a process to attract investment capital and/or a sale of the business (the “Sales Process”), which is necessary to proceed with a reorganization of the Companies.

## **RECOMMENDATION**

- 28. This Honourable Court approved, in principle, the sale of the Mexican Business in the Initial Order.
- 29. The Companies were facing significant cash flow constraints at the date of commencement of the CCAA Proceedings. The Companies continue to face significant cash flow constraints and are unable to provide any funding required for the operations of the Mexican Business.
- 30. The DIP Lenders are supportive of the sale of the Mexican Business. Since the DIP Lenders have a valid and enforceable priority charge over the assets, property and undertaking of Wood US, the proceeds from the sale of the Mexican Business (net of closing costs and professional fees) will be paid to Wood US and will be made available for its use subject to the revised terms of the DIP Facility.
- 31. The proceeds from the sale of the Mexican Business will enhance the Companies’ ability to fund the operations of their businesses while they undergo the Sales Process.
- 32. Based on the benefits to the Companies’ ongoing operations and its unsecured creditors, as well as the potential availability of the proceeds, which will enhance the resources available to Wood US while the Sales Process is undertaken, and with the approval of the DIP Lenders, the Monitor recommends that the Share Purchase Agreement and the Commercial Supply Agreement for the sale of the Mexican Business, as well as the revisions to the DIP Facility be approved by this Honourable Court.

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Dated July 22, 2009

BDO DUNWOODY LIMITED,  
in its capacity as Court-Appointed Monitor of  
W.C. WOOD CORPORATION, LTD.,  
W.C. WOOD CORPORATION, INC. and  
W.C. WOOD HOLDINGS, INC.  
And not in its personal capacity

Per:

A handwritten signature in blue ink, appearing to read "Blair Davidson", written over a horizontal line.

Blair Davidson  
President

THIRD REPORT OF BDO DUNWOODY LIMITED  
SCHEDULE "A"

**WC WOOD - CANADA**  
**Schedule of Actual Cash Flow Compared to Forecast**  
**For the Period from May 19 to July 11, 2009**  
**(\$CDN)**

	Period to Date		
	Cumulative		Variance
	Actual	Forecast	\$
<b>Receipts</b>			
AR Collections	5,306,513	7,162,772	(1,856,260)
Non Operating Sources	26,774	-	26,774
Intercompany In-Out -- settlement for Prof Fees	(16,197)	-	(16,197)
Equity/LT Debt Funding	530,856	525,000	5,856
<b>Total Receipts</b>	<b>5,847,946</b>	<b>7,687,772</b>	<b>(1,839,826)</b>
<b>Disbursements</b>			
<b>Payroll</b>	<b>2,843,256</b>	<b>2,186,150</b>	<b>(657,106)</b>
<b>Material Purchases</b>			
Steel	598,505	600,000	1,495
Compressor	600,906	800,000	199,094
Paint	89,123	105,000	15,877
Plastic	317,935	360,000	42,065
Foams	256,801	347,500	90,699
CardBoard	141,476	39,000	(102,476)
All Other Vendors	1,449,192	2,841,048	1,391,856
<b>Total Material Purchases</b>	<b>3,453,939</b>	<b>5,092,548</b>	<b>1,638,610</b>
<b>Overhead Costs</b>			
Utilities	126,288	169,785	43,497
Real Estate and Property taxes	119,192	98,410	(20,782)
Maintenance	38,383	92,142	53,758
Manufacturing Supplies	26,337	30,104	3,768
Scrap	-	26,000	26,000
Warranty	111,178	179,714	68,536
Variable Marketing	53,599	192,940	139,341
Royalties - pd qrtly	-	21,733	21,733
Freight	558,859	291,518	(267,342)
Rebate	-	200,000	200,000
<b>Total Overhead Costs</b>	<b>1,033,836</b>	<b>1,302,345</b>	<b>268,509</b>
<b>Administrative</b>			
Travel	12,839	30,771	17,932
Professional Fees under Administration Charge	213,487	145,000	(68,487)
Professional Fees and Advisors	293,680	255,958	(37,722)
Marketing	-	101,689	101,689
PST/GST/QST	166,873	-	(166,873)
Other SGA	96,816	48,531	(48,285)
Interest expense	106,960	102,451	(4,509)
<b>Total Administrative</b>	<b>690,655</b>	<b>684,400</b>	<b>(206,255)</b>
Float - pre filing disbursements	-	300,000	300,000
<b>Total Disbursements</b>	<b>8,221,686</b>	<b>9,565,443</b>	<b>1,343,757</b>
<b>Net Cash Flow</b>	<b>\$ (2,373,740)</b>	<b>\$ (1,877,670)</b>	<b>\$ (496,070)</b>

WC WOOD - US  
Schedule of Actual Cash Flow Compared to Forecast  
For the Period from May 19 to July 11, 2009  
(\$US)

	Period to Date		
	Cumulative		Variance
	Actual	Forecast	\$
<b>Receipts</b>			
AR Collections	\$ 6,388,097	\$ 9,285,730	\$ (2,897,633)
Non-Oper Sources	439,522	48,000	391,522
Equity/LT Debt Funding	500,000	500,000	-
<b>Total Receipts</b>	<b>7,327,619</b>	<b>9,833,730</b>	<b>(2,506,111)</b>
<b>Disbursements</b>			
<i>Payroll</i>	1,794,670	2,087,735	293,065
<b>Material Purchases</b>			
Steel	311,154	375,000	63,846
Compressor	72,807	700,000	627,193
Paint	64,086	350,000	285,914
Plastic	224,709	375,000	150,291
Foams	253,600	528,000	274,400
CardBoard	155,703	200,000	44,297
All Other Vendors	1,487,530	2,764,342	1,276,812
<b>Total Material Purchases</b>	<b>2,569,589</b>	<b>5,292,342</b>	<b>2,722,753</b>
<b>Overhead Costs</b>			
Utilities	112,291	157,500	45,209
Real Estate and Property taxes	38,068	23,600	(14,468)
Maintenance	26,235	44,790	18,555
Manufacturing Supplies	21,553	37,988	16,435
Scrap	-	10,760	10,760
Warranty	103,368	477,888	374,520
Variable Marketing	185,018	312,474	127,456
Royalties - pd qrtly	14,135	237,971	223,836
Freight	541,278	381,145	(160,133)
Rebate	165,857	200,000	34,143
<b>Total Overhead Costs</b>	<b>1,207,803</b>	<b>1,884,116</b>	<b>676,313</b>
<b>Administrative</b>			
Travel	17,774	83,467	65,693
Professional Fees under Administration Charge	227,090	145,000	(82,090)
Professional Fees and Advisors	161,737	201,542	39,805
Marketing	10,569	168,053	157,484
Other SGA	111,965	60,763	(51,202)
Interest expense	124,796	132,767	7,971
<b>Total Administrative</b>	<b>653,931</b>	<b>791,593</b>	<b>137,662</b>
Float - Pre filing disbursements	-	200,000	200,000
<b>Total Disbursements</b>	<b>6,225,993</b>	<b>10,255,786</b>	<b>4,029,793</b>
<b>Net Cash Flow</b>	<b>\$ 1,101,626</b>	<b>\$ (422,055)</b>	<b>\$ 1,523,681</b>

THIRD REPORT OF BDO DUNWOODY LIMITED  
SCHEDULE "B"

WC WOOD - CANADA		1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	
Wk Cash Flow Forecast		ACTUAL	1	2	3	4	5	6	7	8	9	10	11	12
		11-Jul	18-Jul	25-Jul	01-Aug	08-Aug	15-Aug	22-Aug	29-Aug	05-Sep	12-Sep	19-Sep	26-Sep	03-Oct
<b>Cash Sources:</b>														
ARR Collections		328,026	829,457	694,643	392,214	1,157,218	779,963	1,298,410	1,104,315	1,320,706	957,816	881,781	979,756	1,469,635
Non-Oper Sources		1,754												
Intercompany IN & OUT		(16,197)												
Change in Intercompany Est.														
Equity/LT Debt Funding														
<b>Total Sources</b>		<b>311,583</b>	<b>829,457</b>	<b>694,643</b>	<b>392,214</b>	<b>1,157,218</b>	<b>779,963</b>	<b>1,298,410</b>	<b>1,104,315</b>	<b>1,320,706</b>	<b>957,816</b>	<b>881,781</b>	<b>979,756</b>	<b>1,469,635</b>
<b>Cash Uses:</b>														
Payroll Wages		426,365	198,231	407,381	198,231	407,381	198,231	407,381	108,231	407,361	198,231	407,381	198,231	407,381
Payroll Taxes					12,000					12,000				12,000
Benefits-Health +		16,800	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
EE Cash Trvl Exp		-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Employee subtotal		<b>443,165</b>	<b>218,231</b>	<b>427,381</b>	<b>230,231</b>	<b>427,381</b>	<b>218,231</b>	<b>427,381</b>	<b>218,231</b>	<b>439,361</b>	<b>218,231</b>	<b>427,381</b>	<b>218,231</b>	<b>429,381</b>
Material Disbursements		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Inventory Purchases</i>														
Dofasco - Steel		59,021	67,000	67,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Compressor		5,541	76,419	-	68,836	88,358	70,704	76,419	-	-	79,056	-	-	68,358
PPG - Paint		43,659	40,000	-	-	40,000	-	-	40,000	-	-	40,000	-	-
Slurries - Plastic		69,897	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Huntsman - Foams		48,917	85,000	-	85,000	-	85,000	-	-	85,000	-	85,000	-	85,000
Horampak - CarbBoard		18,468	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Mexico Inventory		-	-	-	-	32,315	32,315	32,315	32,315	24,667	24,667	24,667	24,667	24,667
All Other Vendors		110,889	261,783	261,783	261,783	258,141	258,141	258,141	258,141	232,039	232,039	232,039	232,039	232,039
Material subtotal		<b>398,392</b>	<b>890,202</b>	<b>568,763</b>	<b>538,719</b>	<b>488,814</b>	<b>546,160</b>	<b>466,675</b>	<b>518,456</b>	<b>356,706</b>	<b>530,702</b>	<b>396,706</b>	<b>441,706</b>	<b>425,064</b>
Production Risk Payment														
Anator		0			109,000					109,000				104,983
Compressor		0	108,875	72,375	75,000	0	0	74,850	70,800	34,875	0	75,000	145,800	
Other														
Production Risk Payment subTotal		-	<b>108,875</b>	<b>72,375</b>	<b>184,000</b>	-	-	<b>74,850</b>	<b>170,800</b>	<b>34,875</b>	-	<b>75,000</b>	<b>145,800</b>	<b>104,983</b>
<i>Factory and Channel Costs</i>														
Utilities		-		65,800					50,000				64,400	
Real Estate and Property taxes		-			60,000		15,000		60,000			15,000		60,000
Maintenance		3,427	13,092	13,092	13,092	12,592	12,592	12,592	12,592	10,673	10,673	10,673	10,673	10,673
Manufacturing Supplies		509	6,229	6,229	6,229	5,229	5,229	5,229	5,083	5,083	5,083	5,083	5,083	5,083
Warranty		-	22,000	22,000	22,000	21,000	21,000	21,000	21,000	16,000	16,000	16,000	16,000	16,000
Variable Marketing		-	37,547	37,547	37,547	33,680	33,680	33,680	33,360	33,360	33,360	33,360	33,360	33,360
Royalties - pd qtrly		-	-	-	-	15,000	-	-	-	-	-	15,000	-	-
Freight		71,839	72,178	72,178	72,178	71,270	71,270	71,270	71,270	65,548	65,548	65,548	65,548	65,548
GST and PST, EHT		-	-	-	-	-	-	-	-	-	-	-	-	-
Rebate		-	-	100,000	-	-	-	-	100,000	-	-	-	-	100,000
Subtotal Factory and Channel Costs		<b>76,776</b>	<b>151,045</b>	<b>316,845</b>	<b>211,045</b>	<b>148,771</b>	<b>173,771</b>	<b>143,771</b>	<b>359,771</b>	<b>130,665</b>	<b>130,665</b>	<b>160,665</b>	<b>195,065</b>	<b>290,665</b>
<i>Other Critical</i>														
Travel		3,058	4,396	4,396	4,396	3,148	3,148	3,148	3,148	3,148	3,148	3,148	3,148	3,148
Professional Fees		72,391	43,250	43,250	43,250	41,000	41,000	41,000	41,000	33,000	33,000	33,000	33,000	33,000
Marketing														
Other SGA		7,716	20,808	20,808	20,808	20,808	20,808	20,808	20,808	20,805	20,805	20,805	20,808	20,808
Interest expense		-	-	-	85,252	-	-	-	87,165	-	-	-	-	67,122
Subtotal Other Critical Costs		<b>83,163</b>	<b>68,454</b>	<b>68,454</b>	<b>133,705</b>	<b>64,954</b>	<b>64,954</b>	<b>64,954</b>	<b>132,119</b>	<b>56,954</b>	<b>56,954</b>	<b>56,954</b>	<b>56,954</b>	<b>124,075</b>
<b>Total Uses</b>		<b>958,515</b>	<b>1,137,807</b>	<b>1,273,818</b>	<b>1,285,790</b>	<b>1,138,900</b>	<b>1,003,116</b>	<b>1,177,811</b>	<b>1,405,377</b>	<b>1,018,561</b>	<b>926,611</b>	<b>1,116,686</b>	<b>1,057,756</b>	<b>1,384,149</b>
Opening Float														
<b>Cash Summary</b>		<b>958,515</b>	<b>1,137,807</b>	<b>1,273,818</b>	<b>1,285,790</b>	<b>1,138,900</b>	<b>1,003,116</b>	<b>1,177,811</b>	<b>1,405,377</b>	<b>1,018,561</b>	<b>926,611</b>	<b>1,116,686</b>	<b>1,057,756</b>	<b>1,384,149</b>
Beginning Cash														
Net Sources/(Uses)		(646,932)	(308,349)	(579,176)	(203,496)	17,310	(223,153)	120,600	(301,062)	302,146	31,205	(234,905)	(77,989)	85,486
<b>Opening Availability</b>														
Loan Balance		7,776,136	6,762,267	7,341,443	7,834,826	7,617,611	7,840,764	7,720,164	8,021,227	7,719,081	7,887,876	7,922,781	8,000,760	7,915,294
AVAILABILITY		1,029,990	1,072,200	621,649	385,682	410,218	357,787	404,788	143,732	328,633	390,452	245,930	143,552	74,710

W.C. Wood (USA)  
14 WEEK CASH FLOW

	Actual 11-Jul	1 18-Jul	2 25-Jul	3 01-Aug	4 08-Aug	5 15-Aug	6 22-Aug	7 29-Aug	8 05-Sep	9 12-Sep	10 19-Sep	11 26-Sep	12 03-Oct	13 10-Oct	14 17-Oct
<b>Cash Receipts</b>															
A/R collections	797,355	885,717	1,052,567	913,717	950,499	965,570	1,022,516	880,057	1,157,450	1,095,932	1,187,529	1,283,577	1,609,827	1,603,216	1,645,625
Non-operational sources	1,470	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset proceeds	-	-	2,200,000	-	-	-	-	-	-	-	-	-	-	-	-
Discounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity/Debt Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Disbursements</b>															
Payroll															
Wages	166,182	120,000	174,483	53,778	134,248	134,248	134,248	134,248	134,248	134,248	134,248	134,248	134,248	134,248	134,248
Taxes	74,538	-	109,924	110,880	84,576	84,576	84,576	84,576	115,576	84,576	84,576	84,576	84,576	84,576	84,576
Benefits	9,401	-	-	-	25,000	-	-	-	25,000	-	-	-	-	-	-
Other employee costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outsourcing	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Employee expenses	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Material															
Steel - ArcelorMittal (Dofasco)	26,262	-	-	10,223	30,055	21,393	23,624	33,654	32,579	44,663	43,369	46,369	47,182	47,613	52,154
Compressors	7,868	-	135,911	-	-	128,600	-	66,439	13,950	137,830	69,264	66,456	-	-	-
Paint - PPG	-	-	30,000	-	30,000	-	30,000	-	30,000	-	30,000	-	30,000	30,000	30,000
Plastic components - Sturge	29,383	10,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Foam - Huntsman	35,200	-	-	-	75,000	-	-	75,000	-	-	75,000	-	-	-	-
Shipping material - Norampac	25,964	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Mexico Newco	-	-	-	-	513,121	641,819	144,257	144,257	100,676	118,442	106,598	118,442	148,053	114,633	103,170
All other vendors	298,038	-	462,731	350,683	718,177	861,812	828,729	501,541	409,649	192,260	195,754	457,804	165,833	421,842	565,583
Production risk payments	422,716	10,000	698,642	430,906	-	-	-	-	656,854	563,196	589,985	759,071	461,068	684,089	820,907
Steel - ArcelorMittal (Dofasco)	-	-	208,791	-	-	208,791	-	-	100,000	100,000	-	-	-	-	-
Compressors	-	-	7,125	13,635	6,975	6,975	14,100	41,865	-	28,200	41,220	55,815	77,775	109,710	109,710
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Factory and channel costs															
Utilities	45,863	-	-	68,600	-	-	-	70,000	-	-	-	80,500	-	-	-
Real Estate Taxes and Insurance	-	-	47,000	32,000	7,500	3,000	-	-	32,000	7,500	-	3,000	32,000	7,500	44,000
Maintenance	10,596	-	4,883	4,883	4,883	4,883	4,883	4,883	3,907	3,907	3,907	3,907	3,907	3,907	3,907
Manufacturing Supplies	-	-	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350
Warranty	2,073	-	189,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Variable Marketing	-	-	44,921	-	70,729	70,729	70,729	-	57,432	57,432	57,432	57,432	-	57,432	-
Royalty	-	145,000	-	-	-	125,000	-	-	-	125,000	-	-	-	135,061	-
Freight	123,021	20,000	87,407	87,407	59,365	98,941	118,729	118,729	73,034	85,922	77,330	85,922	107,403	47,492	79,153
Rebates	-	-	-	125,000	-	-	-	-	100,000	-	-	-	100,000	-	-
SG&A	181,553	165,000	377,560	361,240	185,827	345,903	237,692	236,962	309,723	323,112	182,620	274,112	286,660	294,743	170,410
Travel	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	67,615	51,000	63,750	78,750	88,750	63,750	63,750	63,750	103,750	63,750	63,750	63,750	73,750	88,750	63,750
Marketing	-	-	2,654	2,654	27,900	2,404	36,952	2,404	2,123	2,123	2,123	2,123	2,123	2,123	2,123
Other SG&A	1,574	-	35,750	28,250	28,500	28,500	28,500	28,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Taxes (not income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	75,793	-	-	-	73,841	-	-	-	-	-	77,759	-
<b>Total Uses</b>	923,579	346,000	1,686,679	1,163,885	1,307,952	1,744,959	1,436,546	1,175,689	1,480,774	1,332,704	1,131,421	1,407,195	1,231,459	1,431,738	1,419,223
<b>Cash Summary</b>															
Receipts	798,825	885,717	3,252,567	913,717	950,499	965,570	1,022,516	880,057	1,157,450	1,095,932	1,187,529	1,283,577	1,609,827	1,603,216	1,645,625
Disbursements	923,579	346,000	1,686,679	1,163,885	1,307,952	1,744,959	1,436,546	1,175,689	1,480,774	1,332,704	1,131,421	1,407,195	1,231,459	1,431,738	1,419,223
Net source (use) of cash	(124,754)	539,717	1,565,888	(250,168)	(357,454)	(779,389)	(414,031)	(295,632)	(323,324)	(236,773)	56,108	(123,618)	378,368	171,478	226,401
<b>Summary</b>															
Loan balance	6,543,385	6,003,668	4,438,102	4,688,385	5,045,886	5,825,316	6,239,800	6,535,743	6,859,293	7,096,362	7,040,833	7,165,256	6,787,428	6,616,212	6,390,588
Availability	347,710	808,096	2,473,039	2,417,599	2,090,166	1,601,717	1,693,511	1,997,945	1,673,389	1,468,675	1,452,779	1,261,268	1,408,731	1,242,685	884,732