

Vancouver

12-Apr-24

REGISTRY

No. S-237897
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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 AND ARRANGEMENT OF TEBO MILL
INSTALLATIONS INC., TEBO MILL CONSTRUCTION INC., ALGON HOLDINGS INC.,
FRASERVIEW FABRICATION AND MACHINING INC., PTOLEMYTECH CONSULTANTS INC.

PETITIONERS

FIRST REPORT OF THE MONITOR

CROWE MACKAY & COMPANY LTD.

April 12, 2024

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INTRODUCTION

1. On April 5, 2024 (the “**Filing Date**”), the Supreme Court of British Columbia (the “**Court**”) granted TEBO Mill Installations Inc. (“**TMI**”), TEBO Mill Construction Inc. (“**TMC**”), Algon Holdings Inc. (“**Algon**”), Fraserview Fabrication and Machining Inc. (“**FFM**”), and Ptolemytech Consultants Inc. (“**Ptolemytech**”) (collectively, the “**TEBO Group**”, or the “**Petitioners**”) protection under the *Companies’ Creditors Arrangement Act*. R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order of the same date (the “**Initial Order**”).
2. Among other things, the Initial Order provided that:
 - a. Crowe MacKay & Company Ltd. (“**Crowe**”) was appointed monitor of the Petitioners in these CCAA proceedings (in such capacity, the “**Monitor**”);
 - b. an initial stay of proceedings was granted up to and including April 15, 2024 (the “**Stay Period**”);
 - c. the following charges be granted on the Petitioners’ property and undertakings:
 - i. a charge in the amount of \$200,000 in favour of the Petitioners’ legal counsel, the Monitor, and its legal counsel (the “**Administration Charge**”); and
 - ii. a charge in the amount of \$65,000 in favour of the directors and officers of the Petitioners (the “**Director’s Charge**”), which charge would rank subordinate to both the Administration Charge as well as any perfected pre-filing secured debt.
3. On April 11, 2024, the Petitioners filed a Notice of Application returnable April 15, 2024 (the “**Comeback Application**”) seeking an amended and restated Initial Order (the “**ARIO**”) to provide for, among others, orders:
 - a. extending the Stay Period from April 15, 2024, up to and including May 6, 2024 (the “**Stay Extension**”); and
 - b. amending paragraphs 10(a) and 10(b) of the Initial Order (together, the “**Pre-filing Payment Amendments**”) so as to clarify that the Petitioners may:
 - i. make payments of interest to Royal Bank of Canada (“**RBC**”)—the Petitioners’ first-ranking secured and primary creditor—on account of its pre-filing indebtedness during the pendency of these proceedings; and
 - ii. make payments in respect of pre-filing financing leases, with the authorization of the Monitor.
4. This first report of the Monitor (the “**First Report**”) should be read in conjunction with the Comeback Application, and the various materials filed by the Petitioners in support of it and the Initial Order, including the affidavits of Alankar Khara sworn on November 20, 2023, February 23, 2024, and April 11, 2024 (together, the “**Khara Affidavits**”, and

collectively, the “**Comeback Application Materials**”). Certain information contained in the Comeback Application Materials has been omitted from this First Report so as to avoid unnecessary duplication.

5. The Monitor has established a website in respect of these CCAA proceedings, at: <https://crowemackayco.ca/corporate-engagements/> (the “**Monitor’s Website**”). All documents filed with the Court in these proceedings, and certain other documents relating thereto, have been and will be posted to the Monitor’s Website.

PURPOSE

6. The purpose of this First Report is to report to this Honourable Court and the Petitioners’ stakeholders on:
 - a. the Petitioners’ and the Monitor’s activities since the Initial Order;
 - b. the Petitioners’ background, including the causes of their insolvency and their assets and liabilities;
 - c. the Monitor’s investigations and attempts to verify: (i) the existence of funds in the amount of €4,997,955 (the “**Deutsche Funds**”) purported to be held on deposit by Dalocorp PTE Ltd. (“**Dalocorp**”) at the Deutsche Bank AG (“**Deutsche**”) Frankfurt AM Main branch located in Frankfurt, Germany (the “**Frankfurt Branch**”); and (ii) the reason why the Petitioners have been unable to forward the Deutsche Funds to the RBC;
 - d. the Petitioners’ statement of projected cash flow (the “**First Cash Flow Statement**”) for the period from April 6, 2024 to July 5, 2024 (the “**First Cash Flow Period**”), a copy of which (together with its underlying assumptions) is attached hereto as Appendix “A”; and
 - e. the Monitor’s comments and recommendations on the relief sought under the ARIO, including the Pre-filing Payment Amendments and the Stay Extension.

TERMS OF REFERENCE

7. In preparing this First Report, the Monitor has necessarily relied upon audited and unaudited financial information provided by the Petitioners, the Petitioners’ books and records, discussions with the Petitioners’ management, namely Mr. Khara (“**Management**”), as well as information from third-party sources (collectively, the “**Information**”).
8. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Monitor expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information used to prepare this First Report.

9. Certain of the information referred to in this First Report consists of financial forecasts and/or projections prepared by the Petitioners. An examination or review of the financial forecasts/projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed by the Monitor. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions of future events and conditions that are not ascertainable, actual results may vary and the variations could be material.
10. All monetary amounts contained in this First Report are expressed in Canadian dollars unless otherwise noted.

ACTIVITIES OF THE PETITIONERS SINCE THE INITIAL ORDER

11. Since the Filing Date and up to and including the date of this First Report, the Petitioners have, among other things:
 - a. continued their operations in the ordinary course, including by negotiating with suppliers for the continued supply of goods and services and by making payments to suppliers for amounts owing after the Filing Date;
 - b. worked with the Monitor to develop and implement procedures for the ongoing monitoring of the Petitioners' operations and receipts and disbursements during the pendency of these CCAA proceedings;
 - c. engaged and communicated with stakeholders regarding all aspects of these CCAA proceedings;
 - d. prepared the First Cash Flow Forecast; and
 - e. instructed their counsel to prepare the Comeback Application Materials.

MONITOR'S ACTIVITIES SINCE THE INITIAL ORDER

12. Since the Filing Date and up to and including the date of this First Report, the Monitor has, among other things:
 - a. completed its initial notice requirements pursuant to section 23(1)(a) of the CCAA and paragraphs 41 to 44 of the Initial Order. In particular, within five business days of the Filing Date, the Monitor:
 - i. delivered a notice (the "**Notice**") to every known creditor in the prescribed form advising them that the Initial Order, and other documents relating to these CCAA proceedings, are available on the Monitor's Website. A copy of the Notice is attached hereto as Appendix "C"; and
 - ii. worked with the Petitioners to prepare a list of creditors who are owed \$1,000 or more by each entity, including their names, addresses and

estimated amounts owed, as recorded in the Petitioners' books and records (the "**List of Creditors**");

- b. posted the List of Creditors, Initial Order, and all other materials filed with the Court in these CCAA proceedings on the Monitor's Website;
- c. published one notice of these CCAA proceedings in the Vancouver Sun on April 9, 2024, with the same advertisement to follow in the Vancouver Sun on April 16, 2024. Attached hereto as Appendix "D" are copies of the newspaper advertisements;
- d. completed and filed the requisite statutory documentation with the Office of the Superintendent of Bankruptcy;
- e. attended numerous meetings and engaged with Management, counsel for the Petitioners, and/or counsel for the Monitor to discuss, among other things, the Petitioners' ongoing operations, financial affairs, particulars of assets and liabilities, cash flows and other matters relating to the CCAA proceedings;
- f. contacted various representatives at Deutsche in order to ascertain the correct contact person through which to verify that the Deutsche Funds are in fact held on deposit by the Dalocorp at the Frankfurt Branch, or otherwise;
- g. worked with the Petitioners to develop and implement procedures for the ongoing monitoring of operations and receipts and disbursements during the pendency of these CCAA proceedings, including the review of the Petitioners cash flow projections;
- h. worked with the Petitioners to obtain information with respect to their ongoing projects in order to determine whether the continuation of those projects would preserve or enhance the value of TEBO Group's property or business;
- i. responded to various inquiries from stakeholders; and
- j. prepared this First Report.

BACKGROUND

(a) Ownership and corporate structure

13. The Petitioners are corporations incorporated under the *Business Corporations Act (British Columbia)* with a registered and records office at #300-15127 100th Avenue, Surrey, BC, V3R 0N9, a head office at 3230 Baird Street, North Vancouver, BC, V7K 2G7, (the "**Head Office**") and operating facility at 8086 Alexandra Road, Delta, BC, V4G 1G7.
14. The TEBO Group is a group of companies based primarily in Canada. Attached hereto as Appendix "E" is an organizational chart of the TEBO Group, which was supplied to the Monitor by Management.

15. The Monitor is advised by Management that the TEBO Group was initially established to service pulp and paper and sawmills, and is one of the oldest forestry construction and maintenance services providers in Western Canada. Since TEBO Group's establishment in 1986, it has served the needs of local mills including by providing overload services, millwrights, welders, carpenters, pipe fitters, maintenance supervisors, and installation project managers.
16. The Monitor is advised by Management that in or around 2021, a family trust of which Mr. Khara is a beneficiary (the "**Khara Family Trust**") purchased the TEBO Group from its three founders through a share purchase transaction. Two of the three original founders continued to work for TEBO Group in senior management positions after the transfer of ownership.
17. After the change in ownership, the TEBO Group divided its three primary business segments into three separate corporations: (i) installation (TMI); (ii) construction (TMC); and (iii) FFM.
18. Algon was also incorporated following the change of ownership, and the Monitor is advised that it exists mainly as a financing vehicle for the TEBO Group.
19. Algon, TMO, TMC, and FFM were incorporated on October 25, 2021, following the transfer of ownership. TMI was created as a result of an amalgamation with a predecessor corporation.
20. Ptolemytech was incorporated in 2017, and its sole director is another member of the Khara family, Jyoti Khara. It has a different registered and records office: 638 Derwent Way, Delta, BC, V3M 5P8. The Monitor is advised that Ptolemytech is related to the TEBO Group because it is also owed by the Khara Family Trust. Ptolemytech is currently dormant and does not have any ongoing operations. Management advises that Ptolemytech operated in the logistics business, and transferred its physical assets and operations into the other entities of the TEBO Group in about August 2023.

(b) Operations and current projects

21. The Monitor is advised by Management that, as at the date of this First Report, the TEBO Group employs approximately 25 employees on a part and full-time basis. This number is reduced as compared to the Khara Affidavits, which referred to the TEBO Group having approximately 132 employees. Management advises that the figure contained in the Khara Affidavits included subcontractors used by the TEBO Group, who are not under any employment agreement with the Petitioners.
22. The Monitor is advised by Management that, in recent years, there has been a downturn in the sawmill, pulp and paper industries due to, among other things:
 - a. a shortage of wood fibre and other supplies;
 - b. regulatory changes in respect of wood fibre quotas and stumpage rates; and
 - c. ongoing trade tensions regarding wood fibre exports to the United States and resulting antidumping and countervailing duties.

23. In response to these industry conditions, Management advises that the TEBO Group diversified into other industries and jurisdictions. In particular, the TEBO Group first tried to build on its previous work in other jurisdictions, namely in Europe and across North America, with limited success. Then, the TEBO Group expanded its international scope and successfully secured project work in Africa. However, this project work has proven difficult to finance. Locally, TEBO Group also diversified into other industries, such as road maintenance, and Management advised that the TEBO Group has been successful in doing so.
24. Management advises that each of the TEBO Group's three business segments has developed its own identity:
- a. TMI is a global leader in industrial plant installation. It provides industrial installation services to clients, and to the TEBO Group for its engineering, procurement, and construction projects. It is one of the largest and oldest industrial installation companies in Western Canada, and has completed several installations at the Port of Vancouver and Vancouver International Airport.
 - b. TMC is an industrial and commercial construction company completing projects both as a general contractor and as a subcontractor. TMC has managed projects with an average project budget of \$50 million.
 - c. FFM is a major manufacturer of steel structures used in industrial and commercial construction. It is the largest custom steel fabrication manufacturer in the Lower Mainland, and has developed structured steel parts for the Port Mann Bridge and BC Ferries' docking stations, among other projects.
25. Management advises that, collectively, the three business segments of the TEBO Group comprise a vertically integrated business enterprise, capable of fabricating, constructing and installing industrial plants and infrastructure on a global basis in a sustainable way.
26. The Monitor is advised by Management that the TEBO Group has completed projects globally, including in Canada, Ireland, Chile, Argentina, the USA, and the UK. These projects include the construction of a new sawmill with 100 bin sorters at Balcas Timber in Northern Ireland (the largest sawmill in the UK and Ireland) and the construction of a Trim/Sort/Stack system for Arauco Forest Products in Chile. Its construction and installation projects also include baggage handling systems at the Vancouver International Airport, Victoria Airport, and Saskatoon Airport.
27. In regard to current projects, Management advises that the Petitioners are presently under contract to complete the following projects:
- a. road maintenance and repairs to the Summit Lake Overhead on Trans-Canada Highway No. 1 near Revelstoke, BC, under a contract valued at \$2,575,000;
 - b. a wildlife overpass near Radium Hot Springs, BC, under a contract valued at \$5,895,000;
 - c. a warehouse extension project for Richmond Plywood in Richmond, BC, under a contract valued at \$1,500,000;

- d. fabrication on a gasification plant by Nexterra Systems at the University of British Columbia Point Grey campus in Vancouver, BC, under a contract valued at \$2,000,000;
- e. fabrication and construction on a proposed biogas facility in South Surrey, BC with Andion Global, funded by the Government of Canada in partnership with Semiahmoo First Nations, under a contract valued at \$35 million;
- f. various smaller (\$100,000 to \$500,000 in value) custom steel fabrication projects, mainly for other clean energy plants across various jurisdictions;
- g. over five years, a government housing project comprised of over five thousand affordable and mixed housing units in Kigali for the Rwanda Housing Authority in Rwanda;
- h. a design-build construction project of the YKN Pan African Library and William Ruto Leadership Centre in Uganda commissioned by the East African Investment Initiative, and the Ugandan government, in collaboration with the Kenyan government, with a budget of USD \$250,000,000; and
- i. a 32-storey residential development (City Center 100) in Surrey, BC (awaiting permitting).

PETITIONERS ASSETS AND LIABILITIES

- 28. Management has provided the Monitor with externally prepared financial statements for TMI, TMC, FFM, all of which are dated February 28, 2023. The Monitor also has financial statements for Algon dated February 28, 2022. These financial statements are appended at Exhibits “U” through “X” of the Affidavit #1 of Mr. Khara made November 20, 2023 (the “**First Khara Affidavit**”), which has been posted to the Monitor’s Website.
- 29. Management has also provided the Monitor with financial statements dated December 31, 2022, for an entity named Photis Systems (“**Photis**”), copies of which are attached hereto as Appendix “F”. Management advises that these are in fact the financial statements for Ptolemytech; Photis being its “doing business as” name.
- 30. In the First Khara Affidavit, at paragraph 78, Mr. Khara deposes that, as set out in their financial statements, the TEBO Group “has \$16,747,530 in total assets and total liabilities of \$13,810,838”. Based on the Monitor’s review of these financial statements, the TMI, TMC, FFM and Algon have in total assets of \$16,747,530, and total liabilities of \$14,977,730.
- 31. In respect of Ptolemytech/ Photis, the Monitor notes that its financial statements show total assets of \$1,738,963 and total liabilities of \$354,321, meaning that, at least according to the available, slightly dated, financial statements, the TEBO Group appears to have total assets and liabilities of \$18,486,493 and \$15,332,051, respectively.
- 32. The foregoing is not a marked departure from the state of the TEGO Group’s financial affairs as depicted in the First Khara Affidavit. Both show that the TEBO Group is not balance-sheet insolvent.

33. With the above said, the Monitor has requested from the Petitioners more recent copies of financial statements (either externally or management-prepared), and the Petitioners' most recent trial balances, which together would allow the Monitor to form a more complete and current picture of the Petitioners' assets and liabilities. As at the date of this First Report, the Petitioners have yet to provide the Monitor with this requested information, but have instead provided incomplete or dated information in response to its requests. Accordingly, the Monitor is not in a position to comment further on the Petitioners' state of affairs, but will continue to work with Management to gather the information necessary for it to make an appropriate review.

PETITIONERS' FINANCIAL DIFFICULTIES AND FINANCING EFFORTS

34. The Monitor is advised by Management that, in about 2020 and 2021, the TEBO Group completed two major projects (together, the "**Terminal Projects**") at Fibreco Export Inc.'s ("**Fibreco**") export terminal in North Vancouver, for Fibreco and Ag Growth International Engineering ("**AGI**").
35. On September 11, 2020, one of Fibreco's silos collapsed (the "**Silo Collapse**"). This impacted TEBO Group's financial position through delayed payment of accounts receivable ("**AR**") on those projects, and by way of unanticipated rental costs, which were incurred because the Silo Collapse damaged leased equipment and trapped a leased crane.
36. Management advises that in or around the time that the Khara Family Trust acquired the TEBO Group, they still expected to recover the Terminal Projects' AR, and they anticipated a pipeline of work in the sawmill, pulp and paper industries. Despite consistent efforts to have that AR paid, it took over a year for AGI and Fibreco to complete payment of the remaining \$1.6 million, which finally occurred in October 2022. Fibreco and AGI's delay in paying the AR materially affected the TEBO Group's liquidity in 2021 and 2022.

(a) RBC financing and diversification

37. To address its working capital constraints, TEBO Group entered into credit agreements with RBC on November 10, 2021, followed by amended and restated credit agreements on July 20, 2022 (collectively, the "**RBC Credit Agreements**").
38. In March 2023, Management advises that RBC locked TEBO Group out of its operating line of credit and ceased margining TEBO Group's AR. Accordingly, until it could secure more credit, TEBO had to operate on a cash basis. The TEBO Group continues to operate on a cash basis to this day.
39. Management advises that in response to the domestic circumstances described above, TEBO Group expanded into new markets internationally. In particular, Management advises that the Petitioners' work abroad since 2021 has been limited to performing design work (in Canada) for foreign entities, and fabricating products in Canada to be shipped abroad.

40. In May and June 2023, the TEBO Group was successful in its bids on two projects in Africa, specifically, the design-build construction of (together, the “**Africa Projects**”):
 - a. the YKN Pan African Library and William Ruto Leadership Centre in Uganda; and
 - b. a large housing relocation and construction project, which is intended to create over five thousand affordable and mixed residential units in Rwanda over five years, worth a combined value of €36 million.
41. The Monitor is advised by Management that the Africa Projects are of a much larger scope than TEBO Group’s previous projects, and project financing has correspondingly taken longer to secure. Such is further complicated by jurisdictional challenges.
42. The TEBO Group sought project financing with RBC for the Africa Projects. RBC referred TEBO Group to Export Development Canada, which was able to provide a bonding facility for approximately \$2 million. Details on the status of the financing of the African Projects is described in greater detail below.
43. Management further advises that, domestically, the TEBO Group has diversified into other types of construction as well as roadwork. Notably, the TEBO Group recently bid on, and was successfully awarded, two projects from the BC Ministry of Transportation and Infrastructure (“**MOTI**”), including (together, the “**MOTI Projects**”):
 - a. a \$2,575,000 contract awarded to TMI for maintenance and repairs to the Summit Lake Overhead on Trans-Canada Highway No. 1 near Revelstoke; and
 - b. a \$5,895,000 contract awarded to TMC for constructing a wildlife overpass on Highway Nos. 93/95 near Radium Hot Springs.
44. The Monitor is advised by Management that a significant amount of time can elapse between the beginning of the bidding process and receiving payment on such projects. For example, the TEBO Group worked for over a month on its bids, including completing a question-and-answer period, in June and July 2023 for the MOTI projects, and then submitted its bid in July 2023. It was not informed that it was successful until August 29, 2023 on one project, and September 13, 2023 on the other, and the project did not begin until October 2023. Moreover, compensation occurs through end-of-the-month invoicing with payment made within a month after the invoice is issued. This creates another temporal liquidity constraint within TEBO Group, with significant costs paid up-front and corresponding accounts receivable paid months thereafter.
45. Management advises that it was of the view that the RBC Facilities were not suited to TEBO Group’s new project financing requirements. As TEBO’s diversified projects proceeded, and the revenue and financing associated with them stalled, the TEBO Group could not service its debts while maintaining operations. Consequently, the TEBO Group found itself in default on its RBC Credit Agreements.
46. Management advises that the downturn in the sawmill, pulp and paper industries, the challenges in securing more credit to complete various construction projects, and the delays in payment, have all challenged the TEBO Group’s business.

(b) Refinancing efforts and the Receivership Application

47. To address its working capital deficiency and repay RBC, Management advises that the TEBO Group made efforts to obtain additional financing, refinance or restructure, including the following:
- a. On about May 26, 2023, TEBO entered into a forbearance agreement with RBC, pursuant to which RBC agreed to forbear from demanding repayment of the RBC indebtedness or enforcing on its security until June 30, 2023 (the “**Original Forbearance Agreement**”).
 - b. On July 17, 2023, TEBO executed a confidential investment agreement with a UK real estate investment company (the “**UK Investor**”) whereby the UK Investor agreed to invest USD \$50 million to partner with TEBO on certain projects. Management advises that ultimately RBC was not willing to accept any funds from the UK Investor on the basis that they were coming from outside of Canada. As a result, the potential additional financing from the UK Investor was not completed.
 - c. In or about the same time as negotiations with the UK Investor were ongoing, the Petitioners had lengthy discussions about obtaining additional financing from HSBC Canada (“**HSBC**”). HSBC eventually advised that due to its future plans to merge with RBC, there would be conflict issues. Accordingly, the Petitioners’ discussions with HSBC ceased.
 - d. On August 18, 2023, in light of the delayed but progressing financing efforts, the Original Forbearance Agreement was amended and extended on certain terms to September 15, 2023 (the “**Amending Forbearance Agreement**”, and together with the Original Forbearance Agreement, the “**Forbearance Agreements**”).
 - e. The TEBO Group also made efforts to obtain an asset-based lending facility by margining its AR on the MOTI Projects. These efforts were advanced with the Business Development Bank of Canada (“**BDC**”) for a \$2-3 million credit facility. Management advises that the BDC wanted to include all of the Petitioners’ global projects as security, while the TEBO Group only wanted to include its domestic projects. As a result negotiations with BDC ceased.
 - f. Further, the TEBO Group sought AR margining on its BC projects, particularly the MOTI Projects, in order to address the payment timing lag on those projects. Management advises that it was looking for solutions outside of BDC including private lenders; however, the interest rates provided were too high and sacrificed the Petitioners’ margins.
 - g. In about July of 2023, TEBO Group secured a commitment from Citibank NA (“**Citibank**”) to lead a USD \$50 million syndicated credit facility for project financing based on the security of the standby letter of credit, which would be led by Citibank as administrative agent. Management advises that the Petitioners ended up reneging on the agreement with Citibank on the basis that RBC found the risk profile of the Africa Projects too high, and accordingly would require as collateral the entire balance of the Citibank funds as collateral. Management advises that as a result, the financing terms with Citibank were no longer feasible.

- h. Finally, in about the fall of 2023, the TEBO Group entered discussions with a lender in the United Arab Emirates (the “**UAE Lender**”) for a bond facility to finance the Africa Projects. This facility involved the UAE Lender lending against the Africa Projects based on certain government guarantees to be obtained. The TEBO Group intended to repatriate a portion of this facility to repay its Canadian debts, including that of RBC and to address its Canadian operating needs.
48. Management advises that, to date, despite the efforts noted above (and further described below) to obtain additional financing, which may in part or whole be used to repay RBC, it has not been able to do so.
49. Accordingly on October 30, 2023, RBC filed a Notice of Application seeking to appoint a receiver over all of the assets, undertakings, and property of the TEBO Group (“**Receivership Application**”). Pursuant to the Receivership Application, RBC alleges that as of October 16, 2023, the balance on the RBC Credit Agreements was over \$5,541,000, plus interest (the “**RBC Indebtedness**”).
50. Ultimately, the Receivership Application was met with a competing application brought by the Petitioners under the CCAA, and, as a result, was adjourned on a number of occasions on the basis that the Deutsche Funds were in transit and would ultimately be paid to RBC. After a number of adjournments, the Receivership Application was reset for the Filing Date and dismissed at the Initial Order hearing.

(c) Dalocorp Loan Agreement and Deutsche Funds

51. On about March 30, 2024, the Monitor understands that TMI entered into a Share Collateral Loan Agreement with Dalocorp of even date (the “**Dalocorp Loan Agreement**”), whereby Dalocorp agreed to loan to TMI an amount of funds to be advanced in a number of tranches for the purposes of funding certain construction projects detailed in “annexes” to the Dalocorp Loan Agreement.
52. The Monitor understands that the “initial test tranche” of the loan funds amounted to the sum of €4,997,955 (i.e., the Deutsche Funds), which funds Mr. Khara deposes are “ready and available” in a Deutsche account. The Monitor has reviewed a “Swift Message” dated April 2, 2024, purportedly produced by Deutsche and in the MT-199 format (the “**SWIFT Message**”), appearing to show an attempt by Dalocorp to transfer the Deutsche Funds from an account at the Frankfurt Branch to an account held by TMI at RBC in Vancouver.
53. The Monitor is advised by Management that the Petitioners have made numerous attempts to transfer the Deutsche Funds, but have been met with various administrative roadblocks along the way. Management advises that it has encountered, among others, the following difficulties in its attempts to transfer the Deutsche Funds to RBC:
- a. under the Dalocorp Loan Agreement, Dalocorp requires RBC to follow certain procedures in order to transfer the Deutsche Funds, including that: (i) they be sent by MT-199 SWIFT transfer; and (ii) that prior to the transfer, RBC would be required to trace the MT-199 SWIFT code pre-advice. Management advises that tracing the SWIFT pre-advice is required by RBC in order to initiate the transfer of the Deutsche Funds and to establish that RBC is ready to receive the funds;

- b. RBC was not capable of, or refused to trace the MT-199 SWIFT code pre-advice; and
 - c. RBC had concerns as to the legitimacy of the Deutsche Funds, but did not work to address the concerns with Management, Dalocorp, or Deutsche.
54. Mr. Khara further advises that he is currently working with other major institutions to open bank accounts in the hopes that they can facilitate a transfer of the Deutsche Funds.
55. By email dated April 9, 2024, RBC's legal counsel informed the Monitor that, to the best of counsel's understanding:
- a. it is typical for most financial institutions, including RBC, to use a MT-103 SWIFT transfer;
 - b. RBC was advised that Dalocorp required that the Deutsche Funds be transferred using a MT-199 SWIFT transfer;
 - c. while RBC had concerns with the MT-199 SWIFT transfer given that, in its view it is highly unusual, it was still willing to facilitate the transfer of the Deutsche Funds;
 - d. Deutsche and/or Dalocorp advised RBC that a MT-199 SWIFT transfer had been sent; however, RBC had no record of same;
 - e. upon receipt of documentation from the Petitioners in support of the transfer by Dalocorp of the Deutsche Funds by MT-199 SWIFT transfer (i.e., the SWIFT Message), RBC provided same to a product specialist; and
 - f. RBC's product specialist advised of concerns as to the legitimacy of SWIFT Message. In particular, RBC had concerns about the language used surrounding the funds, and that the SWIFT Message was authenticated by the Chief Financial Officer of Deutsche Bank. Accordingly, RBC expresses concerns with respect to the existence of the Deutsche Funds.

MONITOR'S INVESTIGATIONS INTO THE DEUTSCHE FUNDS

56. The Monitor understands that the issue of the existence of the Deutsche Funds and the challenges with their transfer is longstanding as between the Petitioners and RBC. Accordingly, the Petitioners have requested that the Monitor assist the parties by conducting its own investigations with the intention of verifying:
- a. whether the Deutsche Funds are in fact on deposit at Deutsche to the credit of Dalocorp, either at the Frankfurt Branch, or otherwise;
 - b. whether either the SWIFT Message or the Deutsche Funds were sent and/or received by RBC; and

- c. if the SWIFT Message (but not the Deutsche Funds) was sent to RBC, what, if anything, is required to allow for the transfer of the Deutsche Funds to RBC, and can such be provided or facilitated between the parties.
57. Since the grant of the Initial Order, and further to its investigations into the above, the Monitor has:
- a. telephoned Deutsche Bank Canada's Canadian head office located in Toronto, Ontario (the "**Deutsche Canada Office**") in an attempt to reach a representative capable of assisting, and has left numerous telephone messages requesting a response;
 - b. sent a letter to the Deutsche Canada Office by registered mail requesting confirmation of the existence of the Deutsche Funds;
 - c. emailed Deutsche Bank Canada's Director of Finance, CFO, and COO requesting their assistance with confirming the existence of the Deutsche Funds; and
 - d. telephoned Deutsche's head office in Frankfurt Germany, but the telephone operator has refused to provide any information, or further contact information that the Monitor could use to reach a representative capable of assisting.
58. The Monitor has also invited Management to provide any assistance or support that would further its investigations. In addition to providing documents such as loan agreements, SWIFT confirmations and others (which materials the Monitor understands were provided to RBC), Management has advised that it will assist in introducing the Monitor to a senior banking official at Deutsche Bank, as well as to make an introduction to a representative at Dalocorp.
59. **To summarize:** As at the date of this First Report, the Monitor's investigations have not yielded substantial progress. With that said, the Monitor intends to continue its investigations, including through Management's suggested contacts, as well as to explore alternative ways to arrange for the transfer of funds (be they the Deutsche Funds, or otherwise) from Dalocorp to RBC pursuant to the Dalocorp Loan Agreement.
60. **Timeframe:** Regarding a timeframe for its investigations and efforts in this regard, the Monitor expects that, within three week's time, it will have determined either: (i) that the Deutsche Funds are, or are not, on deposit at Deutsche to the credit of Dalocorp, either at the Frankfurt Branch, or otherwise; or (ii) that it will not receive the cooperation required from Deutsche to make this determination.

FIRST CASH FLOW FORECAST

61. As mentioned above, Management has prepared a 13-week cash flow projection (i.e., the First Cash Flow Forecast) for the period from April 6, 2024 to July 5, 2024 (i.e., the First Cash Flow Period). A copy of the First Cash Flow Period is included as Exhibit "B" to Affidavit No. 3 of Mr. Alakar Khara, and also is attached hereto as Appendix "A".
62. The Monitor has now reviewed the First Cash Flow Forecast, which is summarized below:

	15 Week Total
Beginning Cash	\$ 89,345
Receipts	
Collection of Receivables	1,959,844
Collection of Holdbacks	653,281
New Sales Generated	-
Other Income Collections	950,000
	3,563,125
Disbursements	
Subcontractors	578,963
Management Salaries	500,423
Payroll Taxes	89,103
Employer Health Tax	-
Materials	1,009,973
Freight	9,750
Repair & Maintenance	85,275
Utilities	56,850
Telephone	6,500
Insurance Payments	48,315
Travel & Entertainment	13,000
Auto Lease & Insurance	28,200
Rent	127,118
Licenses & Fees	15,708
Debt Servicing	73,101
Water/Sewer/BCDES	8,125
Miscellaneous Expenses	6,500
GST	17,000
PST	13,000
Contingency	32,500
Professional Fees - General	39,000
Professional Fees - Restructuring	290,000
	3,048,403
Change in Cash	514,722
Closing Cash	\$ 604,067

63. The Monitor has the following comments regarding the First Cash Flow Forecast:

- a. Reasonableness: The Monitor has requested from the Petitioners certain documents that would allow it to assess the reasonableness of the Petitioners' notes in support of the cash flow forecast, including, but not limited to bank statements, general ledger accounts, project information, trial balances and other documents. As at the date of this First Report, the Monitor has received some information, but not all of the requested information, and, accordingly, cannot comment further on the reasonableness of the notes in support of the First Cash Flow Forecast at this time.

With the above said, of the information the Monitor has reviewed, none has as yet led it to conclude that the notes and assumptions on which the First Cash Flow Forecast are based are unreasonable.

- b. **Interest and Financing Leases:** The First Cash Flow Forecast contemplates the payment of approximately \$73,101 comprising interest-only payments on pre-filing indebtedness to RBC, as well as approximately \$28,200 in auto lease payments over the course the First Cash Flow Period. In the Monitor's view, the Initial Order appears to prohibit such payments under paragraphs 10(a) and (b). As mentioned above, at the Comeback Application the Petitioners are seeking the Pre-Filing Payment Amendments, which would clarify that such payments may be made.
- c. **Pre-filing Payments:** Under paragraph 10(a)(i) of the Initial Order, the Petitioners are authorized to pay pre-filing amounts on account of work and supplies completed or delivered on or to ongoing projects provided that the Monitor is satisfied that such projects will enhance the value of the Petitioners' property or business. The Monitor has, on numerous occasions, requested from the Petitioners—but has not yet received—documents that would allow it to analyze their ongoing projects to determine whether the payment of pre-filing amounts on such projects should be permitted under paragraph 10(a)(i). Accordingly, and although the payment of such pre-filing amounts is contemplated under the First Cash Flow Forecast the Petitioners will not be authorized to make such payments as forecast unless and until the Monitor has been provided with the above information.
- d. **Sufficient Liquidity:** The First Cash Flow Forecast projects that the Petitioners will not require additional financing in order to have sufficient liquidity to maintain ordinary course operations during the First Cash Flow Period. Further, it is projected that the Petitioners will have about \$604,000 cash on hand at the end of the 13-week period.
64. **Professional Fees:** At the request of RBC, the Monitor reports that as at the date of this First Report, Petitioners' legal counsel, the Monitor, and Monitor's legal counsel have accrued work in progress for fees and disbursements totaling approximately \$69,741.55, as set forth in the table below.

Firm	Role	WIP
Bennett Jones LLP	Petitioners' Counsel	\$ 24,000.00
Crowe MacKay & Company Ltd	Monitor	25,891.00
Fasken Martineau DuMoulin LLP	Monitor's Counsel	19,850.55
	TOTAL	\$ 69,741.55

65. **Qualifications:** The Monitor's review of the First Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by the Petitioners and Management. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. The Monitor has also reviewed the support provided by the Petitioners for the probable assumptions and the preparation and presentation of the projection.

66. Based on the Monitor's review of the First Cash Flow Forecast, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:
- a. the hypothetical assumptions are not reasonable and consistent with the purpose of the First Cash Flow Forecast;
 - b. as at the date of the this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the First Cash Flow Forecast, given the hypothetical assumptions; or
 - c. that the First Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
67. The Monitor's Report on the Cash Flow Statement required pursuant to section 23(1)(b) of the CCAA is attached hereto as Appendix "B".

PRE-FILING PAYMENT AMENDMENTS

68. The Monitor understands that the Petitioners wish to seek these amendments to the Initial Order and make the above-mentioned interest only and financing lease payments in order to, respectively:
- a. alleviate, in least in part, the prejudice to RBC of being unable to enforce on its security during these proceedings; and
 - b. keep current its secured obligations under financing leases on the expectation that these proceedings will be short-lived.
69. The Monitor is supportive of the Pre-Filing Payment Amendments, including because:
- a. it understands that RBC is supportive of the Petitioners' making the interest-only payments;
 - b. since RBC is the Petitioners' first-ranking secured creditor, and, moreover, its primary creditor, it is unaware of any other stakeholder that would be prejudiced by the Petitioners' making such payments; and
 - c. the Pre-Filing Payment Amendments provide that payments on account of financing leases may be made only with the Monitor's authorization, which it will determine on a case-by-case basis.

STAY EXTENSION PRE-FILING PAYMENT AMENDMENTS

70. The Stay Period currently expires on the date that the Comeback Application is returnable (i.e., April 15, 2024). The ARIO contemplates the Stay Extension to May 6, 2024, in order

to, among other things, allow for the Monitor to continue its investigations into the Deutsche Funds, and to otherwise allow the Petitioners time to repay RBC.

71. In spite of the Monitor's comments above regarding certain failings on the part of the Petitioners or Management to provide the financial and other documentation requested, in the Monitor's view the Petitioners have, on balance, acted in good faith and with due diligence to advance these CCAA proceedings. Further, and in particular, the Monitor notes that:
- a. it has been only four clear business days since its appointment under the Initial Order, and during that time it appears as though the Petitioners and Management have attempted provide the information and documentation requested of them. Most of the information the Monitor has received is from either Mr. Khara directly or his office coordinator who the Monitor understands is assisting him with finance functions. Although the Monitor cannot say for certain at this time given the short amount of time that has passed, it may be possible that the aforesaid failings are attributable to the lack of appropriate staff; and
 - b. based on the Monitor's (albeit limited) review of the First Cash Flow Forecast, it appears as though the Petitioners will have sufficient liquidity to maintain operations during the proposed Stay Extension.

CONCLUSIONS AND RECOMMENDATIONS

72. For the reasons stated herein, the Monitor recommends that this Honourable Court grant the ARIO in the form sought in the Comeback Application.

DATED AT the City of Vancouver, in the Province of British Columbia, the 12th day of April, 2024.

CROWE MACKAY & COMPANY LTD.

in its capacity as Court Appointed Monitor of
the TEBO Group and not its personal capacity

Per: 

Derek Lai, CPA, CMA, CIRP, LIT, CFE
Senior Vice President

APPENDIX A

In the Matter of TEBO Group et al.
Cash Flow Statement
For the 13 Week Period April 6, 2024 to July 5, 2024

	1	2	3	4	5	6	7	8	9	10	11	12	13
	04/06/24	04/13/24	04/20/24	04/27/24	05/04/24	05/11/24	05/18/24	05/25/24	06/01/24	06/08/24	06/15/24	06/22/24	06/29/24
	04/12/24	04/19/24	04/26/24	05/03/24	05/10/24	05/17/24	05/24/24	05/31/24	06/07/24	06/14/24	06/21/24	06/28/24	07/05/24
Cash Receipts													
Collection of Receivables	\$ 318,844	\$ 414,750	\$ 167,250	\$ 167,250	\$ 318,750	\$ 310,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Collection of Holdbacks	106,281	138,250	55,750	55,750	106,250	103,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
New Sales Generated	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income Collections	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077
	\$ 498,202	\$ 626,077	\$ 296,077	\$ 296,077	\$ 498,077	\$ 487,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077
Cash Disbursements													
Subcontractors	\$ 212,644	\$ -	\$ 96,960	\$ -	\$ 182,399	\$ -	\$ 21,740	\$ -	\$ 21,740	\$ -	\$ 21,740	\$ -	\$ 21,740
Management Salaries	71,489	-	71,489	-	71,489	-	71,489	-	71,489	-	71,489	-	71,489
Payroll Taxes	32,726	-	14,922	-	28,072	-	3,346	-	3,346	-	3,346	-	3,346
Employer Health Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials	164,311	213,735	86,190	86,190	164,263	160,011	19,325	19,325	19,325	19,325	19,325	19,325	19,325
Freight	750	750	750	750	750	750	750	750	750	750	750	750	750
Repair & Maintenance	17,944	17,944	17,944	17,944	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Utilities	11,963	11,963	11,963	11,963	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Telephone	500	500	500	500	500	500	500	500	500	500	500	500	500
Insurance Payments	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717
Travel & Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Auto Lease & Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208
Debt Servicing	-	24,367	-	-	-	-	24,367	-	-	-	24,367	-	-
Water/Sewer/BCDES	625	625	625	625	625	625	625	625	625	625	625	625	625
Miscellaneous Expenses	500	500	500	500	500	500	500	500	500	500	500	500	500
GST	-	-	-	-	-	-	-	-	-	-	-	-	-
PST	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Professional Fees - General	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
Professional Fees - Restructuring	-	40,000	-	65,000	-	40,000	-	55,000	-	40,000	-	50,000	-
	\$ 524,876	\$ 321,807	\$ 313,267	\$ 246,668	\$ 462,521	\$ 224,811	\$ 156,566	\$ 148,887	\$ 132,200	\$ 75,625	\$ 165,066	\$ 85,625	\$ 190,472
Opening Cash	\$ 89,345	\$ 62,671	\$ 366,940	\$ 349,750	\$ 399,159	\$ 434,714	\$ 696,980	\$ 663,491	\$ 637,670	\$ 628,548	\$ 676,000	\$ 634,010	\$ 671,462
Change in Cash	(26,674)	304,269	(17,190)	49,409	35,555	262,266	(33,490)	(25,820)	(9,123)	47,452	(41,990)	37,452	(67,395)
Ending Cash	\$ 62,671	\$ 366,940	\$ 349,750	\$ 399,159	\$ 434,714	\$ 696,980	\$ 663,491	\$ 637,670	\$ 628,548	\$ 676,000	\$ 634,010	\$ 671,462	\$ 604,067

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**TEBO MILL INSTALLATIONS INC., TEBO MILL CONSTRUCTION INC., ALGON HOLDINGS
INC., FRASERVIEW FABRICATION AND MACHINING INC., PTOLEMYTECH
CONSULTANTS INC.
(the “Petitioners”)**

**Notes in Support of the Cash Flow Statement
for the Period of April 6, 2024 to July 5, 2024**

Purpose

1. The purpose of the Cash Flow Statement is to comply with the provisions of the *Companies' Creditors Arrangement Act* (“**CCAA**”). The Cash Flow Statement has been prepared by management of the Petitioners (“**Management**”). The Cash Flow Statement has been prepared based on probable assumptions detailed below. Actual results may vary from the projections and such variation may be material.

General

2. The Petitioners have three (3) active business units being TEBO Mill Installations Inc., TEBO Mill Construction Inc., and Frasersview Fabrications and Machining Inc. (collectively, the “**Active Businesses**”). The Active Businesses each have weekly cash receipts and cash disbursements which are reflected on the Cash Flow Statement. The remaining two (2) business units of the Petitioners, being Algon Holdings Inc. and Ptolemytech Consultants Inc. are an inactive holding company and a dormant related party, respectively.

Cash Flow Statement Assumptions

Cash Receipts

3. Collection of Receivables

Cash receipts from collection of accounts receivable is based on receivable balances outstanding prior to April 6, 2024 that have already been invoiced. The timing and quantum of the anticipated collection of receivables is based on the contractual and historical payment terms from customers.

4. Collection of Holdbacks

Cash receipts from collection of holdbacks is based on receivable balances outstanding prior to April 6, 2024 that have already been invoiced, and the anticipated holdback amount. The Petitioner’s terms typically allow for a 10% holdback, however Management has included a 25% holdback in this Cash Flow Statements for conservative purposes. The timing and quantum of the anticipated collection of the holdback is based on the contractual and historical payment terms from customers.

5. New Sales Generated

As at the time of the filing of the Cash Flow Statement, the Petitioners did not know the quantum of the cash receipts and cash disbursements of the anticipated new sales generated. That said, Management is of the view that the new sales would all have a positive impact on the Petitioners' cash position. Accordingly, given the uncertainty of the quantum of the cash receipts and cash disbursements from new sales, Management has omitted any new sales from the Cash Flow Statement in order to be conservative,

6. Other Income Collections

Cash receipts from other income collections is based on historical averages of weekly collections from smaller and ad hoc projects.

Cash Disbursements

7. Subcontractors

Cash outflows from subcontractors is based on the projected contracted labour needs of the Petitioners' specific ongoing projects.

8. Management Salaries, Payroll Taxes, and Employer Health Tax

Cash outflows from management salaries are based on historical averages. The Petitioners have in or around 29 employees who are paid on salaried basis. Management salaries are paid on a bi-weekly basis. Wages and benefits are calculated assuming current workforce continues on at same number of employees same pay rate. Payroll taxes are remitted to the Canada Revenue Agency on a bi-weekly basis at the same time as payments are made to the employees. No employer health tax is required to be paid during the 13 week period contemplated by the Cash Flow Statement.

9. Materials

Cash outflows from materials is based on the projected costs of materials for the needs of the Petitioners' specific ongoing projects.

10. Operating Expenses

Cash disbursements from operating expenses such as freight, repair and maintenance, utilities, telephone, insurance, travel and entertainment, licenses and fees, water and sewer, miscellaneous expenses, and general professional fees are based on the Petitioner's historical averages.

11. Auto Lease and Insurance

The Petitioners have five (5) vehicles under lease. The total monthly lease payments for all five vehicles total in or around \$9,400 and are paid on the first day of the month.

12. Rent

Cash disbursements from rent relate to the Petitioners leased premises. The Petitioners' monthly rent costs in or around \$42,373, and is paid on the first day of the month.

13. Debt Servicing

The Petitioners plan to continue to service only the interest portion of the debt owing to their senior secured lender during these CCAA proceedings. The monthly debt servicing cost for interest is in or around \$24,367.

14. GST & PST

The Petitioners historically remit in or around \$8,500 for GST and \$6,500 for PST on a monthly basis.

15. Contingency

A cash disbursement of in or around \$2,500 has been included on a weekly basis as a contingency should any unforeseen costs arise.

16. Professional Fees – Restructuring

Represents fees paid to the Petitioners' legal counsel, the Monitor, and the Monitor's legal counsel. The professional fees relating to restructuring are conservative estimates, and accordingly are subject to change.

APPENDIX B

IN THE SUPREME COURT OF BRITISH COLUMBIA
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 AND ARRANGEMENT OF TEBO
MILL INSTALLATIONS INC., TEBO MILL CONSTRUCTION INC., ALGON HOLDINGS
INC., FRASERVIEW FABRICATION AND MACHINING INC., PTOLEMYTECH
CONSULTANTS INC.**

PETITIONERS

MONITOR'S REPORT ON THE CASH FLOW STATEMENT

TEBO Mill Installations Inc., TEBO Mill Construction Inc., Algon Holdings Inc., Frasersview Fabrication and Machining Inc., and Ptolemytech Consultants Inc. (collectively, the "**Petitioners**") has prepared, and provided the Monitor for review and filing a projected cash flow forecast (the "**Cash Flow Statement**"), as of the 4th of April, 2024, consisting of projected cash inflows and outflows for the period commencing on April 6, 2024 and concluding on July 5, 2024 (the "**Period**"), as attached hereto as Schedule "A".

The Cash Flow Statement has been prepared by management of the Petitioners ("**Management**") for the purposes of the above noted *Companies' Creditors Arrangement Act* ("**CCAA**") proceeding, using the probable and hypothetical assumptions as set out in the attached Notes in Support of the Cash Flow Statement.

The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by the insolvent person. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. The Monitor has also reviewed the support provided by the Petitioners for the probable assumptions and the preparation and presentation of the projection.

Based on the Monitor's review of the limited documents provided by the Petitioners, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:

- a) the hypothetical assumptions are not reasonable and consistent with the purpose of the Cash Flow Statement;

- b) as at the date of this report, the probable assumptions developed by management of the Petitioners are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or,
- c) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.

That said, the Monitor has requested from the Petitioners certain documents that would allow it to assess the reasonableness of the Petitioners' notes in support of the Cash Flow Statement, including, but not limited to, bank statements, general ledger accounts, project information, trial balances and other documents. As of the date of this report, the Monitor has received some information but not all of the requested information. Accordingly, the Monitor cannot comment further on the reasonableness of the notes in support of the Cash Flow Statement at this time.

Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the projection will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the report, relied upon by the Monitor in preparing this report.

The projection has been prepared for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

DATED AT the City of Vancouver, British Columbia, this 12th day of April, 2024.

Crowe MacKay & Company Ltd.

in its capacity as Monitor of TEBO Mill Installations Inc.,
TEBO Mill Construction Inc., Algon Holdings Inc.,
Fraserview Fabrication and Machining Inc., and Ptolemytech Consultants Inc.
and not in its personal capacity.

Per. 

Mr. Derek Lai, CPA, CMA, CIRP, LIT, CFE
(Chartered Insolvency & Restructuring Professional)

**TEBO MILL INSTALLATIONS INC., TEBO MILL CONSTRUCTION INC., ALGON HOLDINGS INC., FRASERVIEW FABRICATION AND MACHINING INC., PTOLEMYTECH CONSULTANTS INC.
(the "Petitioners")**

**Notes in Support of the Cash Flow Statement
for the Period of April 6, 2024 to July 5, 2024**

Purpose

1. The purpose of the Cash Flow Statement is to comply with the provisions of the *Companies' Creditors Arrangement Act* ("CCAA"). The Cash Flow Statement has been prepared by management of the Petitioners ("**Management**"). The Cash Flow Statement has been prepared based on probable assumptions detailed below. Actual results may vary from the projections and such variation may be material.

General

2. The Petitioners have three (3) active business units being TEBO Mill Installations Inc., TEBO Mill Construction Inc., and Frasierview Fabrications and Machining Inc. (collectively, the "**Active Businesses**"). The Active Businesses each have weekly cash receipts and cash disbursements which are reflected on the Cash Flow Statement. The remaining two (2) business units of the Petitioners, being Algon Holdings Inc. and Ptolemytech Consultants Inc. are an inactive holding company and a dormant related party, respectively.

Cash Flow Statement Assumptions

Cash Receipts

3. Collection of Receivables

Cash receipts from collection of accounts receivable is based on receivable balances outstanding prior to April 6, 2024 that have already been invoiced. The timing and quantum of the anticipated collection of receivables is based on the contractual and historical payment terms from customers.

4. Collection of Holdbacks

Cash receipts from collection of holdbacks is based on receivable balances outstanding prior to April 6, 2024 that have already been invoiced, and the anticipated holdback amount. The Petitioner's terms typically allow for a 10% holdback, however Management has included a 25% holdback in this Cash Flow Statements for conservative purposes.

The timing and quantum of the anticipated collection of the holdback is based on the contractual and historical payment terms from customers.

5. New Sales Generated

As at the time of the filing of the Cash Flow Statement, the Petitioners did not know the quantum of the cash receipts and cash disbursements of the anticipated new sales generated. That said, Management is of the view that the new sales would all have a positive impact on the Petitioners' cash position. Accordingly, given the uncertainty of the quantum of the cash receipts and cash disbursements from new sales, Management has omitted any new sales from the Cash Flow Statement in order to be conservative.

6. Other Income Collections

Cash receipts from other income collections is based on historical averages of weekly collections from smaller and ad hoc projects.

Cash Disbursements

7. Subcontractors

Cash outflows from subcontractors is based on the projected contracted labour needs of the Petitioners' specific ongoing projects.

8. Management Salaries, Payroll Taxes, and Employer Health Tax

Cash outflows from management salaries are based on historical averages. The Petitioners have in or around 29 employees who are paid on salaried basis. Management salaries are paid on a bi-weekly basis. Wages and benefits are calculated assuming current workforce continues on at same number of employees same pay rate. Payroll taxes are remitted to the Canada Revenue Agency on a bi-weekly basis at the same time as payments are made to the employees. No employer health tax is required to be paid during the 13 week period contemplated by the Cash Flow Statement.

9. Materials

Cash outflows from materials is based on the projected costs of materials for the needs of the Petitioners' specific ongoing projects.

10. Operating Expenses

Cash disbursements from operating expenses such as freight, repair and maintenance, utilities, telephone, insurance, travel and entertainment, licenses and fees, water and sewer, miscellaneous expenses, and general professional fees are based on the Petitioner's historical averages.

11. Auto Lease and Insurance

The Petitioners have five (5) vehicles under lease. The total monthly lease payments for all five vehicles total in or around \$9,400 and are paid on the first day of the month.

12. Rent

Cash disbursements from rent relate to the Petitioners leased premises. The Petitioners' monthly rent costs in or around \$42,373, and is paid on the first day of the month.

13. Debt Servicing

The Petitioners plan to continue to service only the interest portion of the debt owing to their senior secured lender during these CCAA proceedings. The monthly debt servicing cost for interest is in or around \$24,367.

14. GST & PST

The Petitioners historically remit in or around \$8,500 for GST and \$6,500 for PST on a monthly basis.

15. Contingency

A cash disbursement of in or around \$2,500 has been included on a weekly basis as a contingency should any unforeseen costs arise.

16. Professional Fees – Restructuring

Represents fees paid to the Petitioners' legal counsel, the Monitor, and the Monitor's legal counsel. The professional fees relating to restructuring are conservative estimates, and accordingly are subject to change.

SCHEDULE "A"

In the Matter of TEBO Group et al.
Cash Flow Statement
For the 13 Week Period April 6, 2024 to July 5, 2024

	1	2	3	4	5	6	7	8	9	10	11	12	13
	04/06/24	04/13/24	04/20/24	04/27/24	05/04/24	05/11/24	05/18/24	05/25/24	06/01/24	06/08/24	06/15/24	06/22/24	06/29/24
	04/12/24	04/19/24	04/26/24	05/03/24	05/10/24	05/17/24	05/24/24	05/31/24	06/07/24	06/14/24	06/21/24	06/28/24	07/05/24
Cash Receipts													
3 Collection of Receivables	\$ 318,844	\$ 414,750	\$ 167,250	\$ 167,250	\$ 318,750	\$ 310,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
4 Collection of Holdbacks	106,281	138,250	55,750	55,750	106,250	103,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
5 New Sales Generated	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Other Income Collections	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077	73,077
	\$ 498,202	\$ 626,077	\$ 296,077	\$ 296,077	\$ 498,077	\$ 487,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077	\$ 123,077
Cash Disbursements													
8 Subcontractors	\$ 212,644	\$ -	\$ 96,960	\$ -	\$ 182,399	\$ -	\$ 21,740	\$ -	\$ 21,740	\$ -	\$ 21,740	\$ -	\$ 21,740
9 Management Salaries	71,489	-	71,489	-	71,489	-	71,489	-	71,489	-	71,489	-	71,489
9 Payroll Taxes	32,726	-	14,922	-	28,072	-	3,346	-	3,346	-	3,346	-	3,346
9 Employer Health Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Materials	164,311	213,735	86,190	86,190	164,263	160,011	19,325	19,325	19,325	19,325	19,325	19,325	19,325
11 Freight	750	750	750	750	750	750	750	750	750	750	750	750	750
11 Repair & Maintenance	17,944	17,944	17,944	17,944	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
11 Utilities	11,963	11,963	11,963	11,963	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
11 Telephone	500	500	500	500	500	500	500	500	500	500	500	500	500
11 Insurance Payments	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717
11 Travel & Entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
12 Auto Lease & Insurance	-	-	-	9,400	-	-	-	9,400	-	-	-	-	9,400
13 Rent	-	-	-	42,373	-	-	-	42,373	-	-	-	-	42,373
11 Licenses & Fees	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208
14 Debt Servicing	-	24,367	-	-	-	-	24,367	-	-	-	24,367	-	-
11 Water/Sewer/BCDES	625	625	625	625	625	625	625	625	625	625	625	625	625
11 Miscellaneous Expenses	500	500	500	500	500	500	500	500	500	500	500	500	500
14 GST	-	-	-	-	-	8,500	-	-	-	-	8,500	-	-
14 PST	-	-	-	-	-	-	-	6,500	-	-	-	-	6,500
15 Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
10 Professional Fees - General	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
16 Professional Fees - Restructuring	-	40,000	-	65,000	-	40,000	-	55,000	-	40,000	-	50,000	-
	\$ 524,876	\$ 321,807	\$ 313,267	\$ 246,668	\$ 462,521	\$ 224,811	\$ 156,566	\$ 148,887	\$ 132,200	\$ 75,625	\$ 165,066	\$ 85,625	\$ 190,472
Opening Cash	\$ 89,345	\$ 62,671	\$ 366,940	\$ 349,750	\$ 399,159	\$ 434,714	\$ 696,980	\$ 663,491	\$ 637,670	\$ 628,548	\$ 676,000	\$ 634,010	\$ 671,462
Change in Cash	(26,674)	304,269	(17,190)	49,409	35,555	262,266	(33,490)	(25,820)	(9,123)	47,452	(41,990)	37,452	(67,395)
Ending Cash	\$ 62,671	\$ 366,940	\$ 349,750	\$ 399,159	\$ 434,714	\$ 696,980	\$ 663,491	\$ 637,670	\$ 628,548	\$ 676,000	\$ 634,010	\$ 671,462	\$ 604,067

Notes

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APPENDIX C

April 9, 2024

To: All Known Creditors

**RE: Proceedings under the Companies' Creditors Arrangement Act for Tebo Mill Installations Inc. ("TMI"), Tebo Mill Construction Inc. ("TMC"), Algon Holdings Inc. ("Algon"), Fraserview Fabrication and Machining Inc. ("FFM"), and Ptolemytech Consultants Inc. ("Ptolemytech") (collectively, the "TEBO Group" or the "Companies")
Court File No. S-237897**

On April 5, 2024, the Companies sought and obtained an initial order (the "**Initial Order**") from the Supreme Court of British Columbia (the "**Court**") for creditor protection under the *Companies' Creditors Arrangement Act (Canada)* R.S.C. 1985, C-36, as amended, ("**CCAA**"). pursuant to an order of the Supreme Court of British Columbia (the "**Court**") dated April 5, 2024 (the "**Initial Order**"). Crowe MacKay & Company Ltd. is the Court appointed monitor (the "**Monitor**") of the Companies.

The Initial Order granted the Companies various relief, including, inter alia, imposing a stay of proceedings until and including April 15, 2024 (the "**Stay Period**"). The Stay Period may be extended by the Court. During the Stay Period, all parties are prohibited from commencing or continuing legal action against the Companies, and all rights and remedies of any party against or in respect of the Companies or its assets are stayed and suspended pursuant to the terms set out in the Initial Order

The Initial Order prohibits the Companies from making payments of amounts relating to the supply of goods or services prior to April 5, 2024, except as provided in the Initial Order or further order of the Court.

Pursuant to the Initial Order, the Companies are to carry on business in a manner consistent with the commercially reasonable preservation of its respective business and assets. You are being given notice of the Initial Order as you are a creditor of the Companies or the Initial Order may affect your rights.

No claims procedure has been submitted to, or approved by, the Court. Accordingly, creditors are not required to file proofs of claim at this time. The Monitor will advise once a claims process has been approved by the Court.

We enclose herewith the following a Frequently Asked Questions document.

Further information with respect to this matter, including a copy of the Initial Order and a list of creditors and the amounts owing per the Companies' records can be found available on the Monitor's website <https://crowemackayco.ca/project/tebo-group-of-industries/>

Should you have any questions in this matter, please feel free to contact Mr. Nelson Allan at: nelson.allan@crowemackay.ca or by telephone at 604-697-5209.

Yours very truly,

Crowe MacKay & Company Ltd.

Acting in its capacity as Court-Appointed Monitor of
Tebo Group and not in its personal or corporate capacity

Per:



Derek Lai, CPA, CMA, CIRP, LIT, CFE
Partner & Senior Vice President

CCAA Frequently Asked Questions

Q: Who is Crowe MacKay & Company Ltd. (“**Crowe**”)?

A: Crowe has been appointed as Monitor in these CCAA proceedings pursuant to the initial order (the “**Initial Order**”) entered April 5, 2024. Crowe is licensed by the Office of the Superintendent of Bankruptcy as Licensed Insolvency Trustees.

Q: Are Tebo Mill Installations Inc. (“**TMI**”), Tebo Mill Construction Inc. (“**TMC**”), Algon Holdings Inc. (“**Algon**”), Fraserview Fabrication and Machining Inc. (“**FFM**”), and Ptolemytech Consultants Inc. (“**Ptolemytech**”) (collectively, the “**TEBO Group**” or the “**Companies**”) in receivership or bankrupt?

A: No. Tebo Group has filed under the Companies’ Creditor Arrangement Act for protection from its creditors, and is not currently in receivership or bankrupt. This is a legal process that provides the Companies with creditor protection until it develops a plan in the consideration of the affected creditors or exhausted all restructuring possibilities.

Q: What is a Stay of Proceedings?

A: Any amounts owed to you for services or goods that you supplied to the Companies before April 5, 2024 are subject to a court-ordered stay of proceedings. Accordingly, all collection proceedings, claims and court actions of creditors are stayed and no actions may be commenced against Tebo Group during this process without leave of the Court.

Pursuant to the terms of the Initial Order, creditors are prevented from terminating, amending or accelerating contracts or otherwise interrupting the supply of goods or services to the Companies.

Q: How much of the money owed to me from before April 5th, 2024 will be paid to me?

A: At this stage, it is uncertain what the payout may be on your claim. The actual balance available to a specific creditor will be determined following a claims process at a later point, as well as the outcome of these CCAA proceedings.

Currently, there is no need to file a claim. A claims process will be determined by the Court as part of the CCAA proceedings at a later point. At such time, creditors will receive a copy of a proof of claim to be filed with the Companies or the Monitor. The date on which these documents will be sent out is currently unknown.

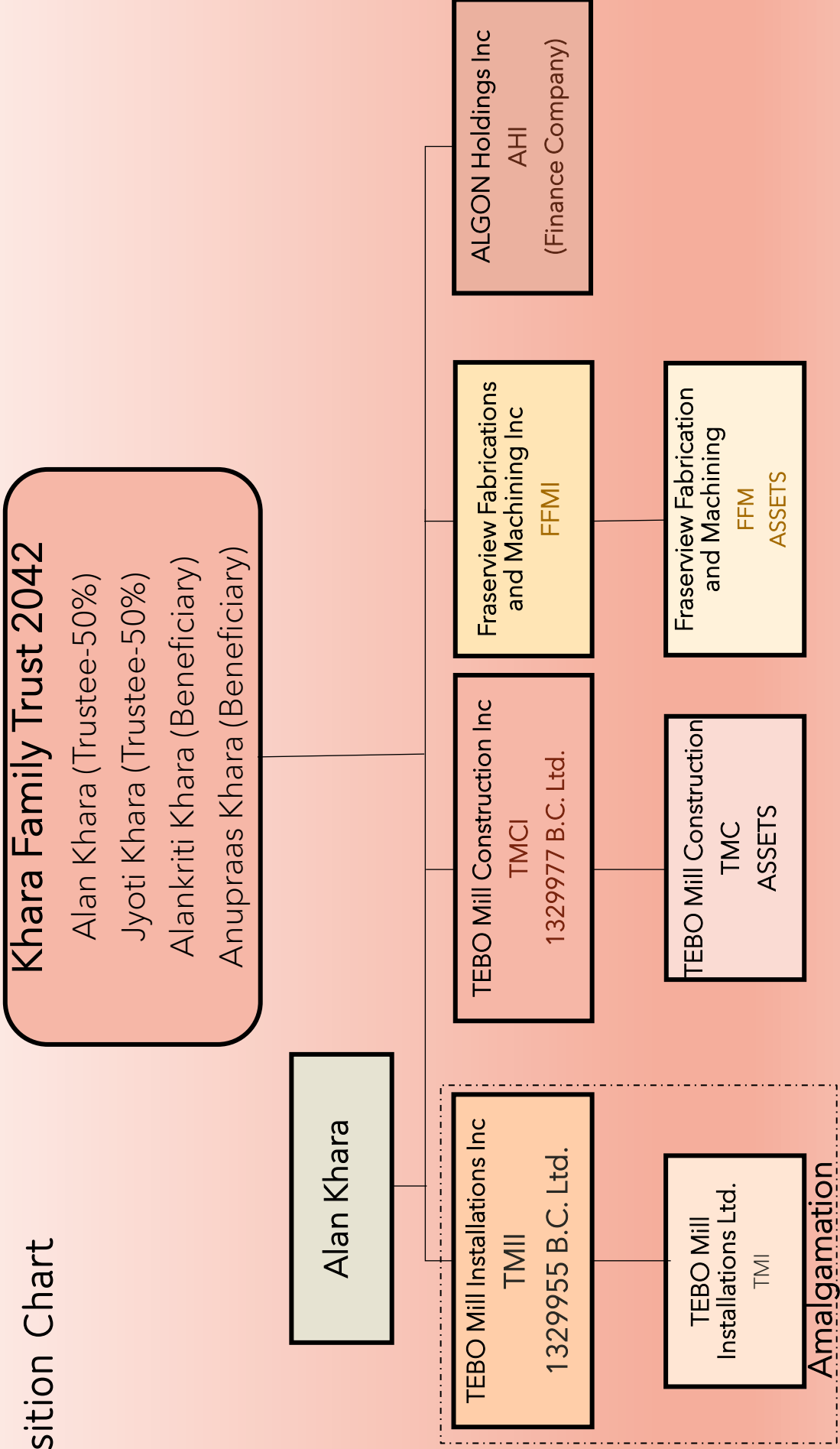
Disclaimer: If you are in any doubt about what action to take, please consult a professional advisor.

APPENDIX D

APPENDIX E

TEBO GROUP

Post Acquisition Chart



APPENDIX F

PHOTIS SYSTEMS
Compiled Financial Information
Year Ended December 31, 2022

PHOTIS SYSTEMS
Index to Compiled Financial Information
Year Ended December 31, 2022

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ARUN BANSAL & CO. INC.

CHARTERED PROFESSIONAL ACCOUNTANT

COMPILATION ENGAGEMENT REPORT

To the Management of Photis Systems

On the basis of information provided by management, I have compiled the balance sheet of Photis Systems as at December 31, 2022, and the statements of loss and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

I performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires me to comply with relevant ethical requirements. My responsibility is to assist management in the preparation of the financial information.

I did not perform an audit engagement or a review engagement, nor was I required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Surrey, British Columbia
March 27, 2024

Chartered Professional Accountant

PHOTIS SYSTEMS
Balance Sheet
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 175,078	\$ 89,348
Accounts receivable	21,825	8,955
Accounts receivable from employees	20,010	-
Goods and services tax recoverable	-	3,267
Loans receivable	195,000	575,000
Security deposit	15,000	15,000
	426,913	691,570
DUE FROM RELATED PARTIES	1,312,050	1,300,000
	\$ 1,738,963	\$ 1,991,570
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	\$ 13	\$ 19,578
Income taxes payable	47,420	140,577
Current portion of long term debt	30,000	-
Wages payable	-	100,000
Employee deductions payable	4,151	-
	81,584	260,155
LONG TERM DEBT	-	30,000
DUE TO SHAREHOLDERS	272,737	267,228
	354,321	557,383
SHAREHOLDERS' EQUITY		
Share capital	300	300
Retained earnings	1,384,342	1,433,887
	1,384,642	1,434,187
	\$ 1,738,963	\$ 1,991,570

APPROVED BY THE DIRECTOR

Jyoti Singh Director

See notes to financial information

PHOTIS SYSTEMS
Statement of Loss
Year Ended December 31, 2022

	2022	2021
REVENUES	\$ 19,610	\$ 1,721,450
DIRECT COSTS	<u>31,543</u>	405,793
GROSS PROFIT ((60.85)%; 2021 - 76.43%)	<u>(11,933)</u>	1,315,657
EXPENSES		
Advertising and promotion	1,171	4,581
Bank charges	1,425	1,035
Business taxes, licenses and memberships	477	3,110
Commissions	-	55,750
Equipment rentals	15,447	15,868
Interest and bank charges	537	13,247
Management salaries	-	194,867
Meals and entertainment	902	9,402
Office	7,033	14,970
Professional fees	236	35,102
Rental	-	14,568
Repairs and maintenance	974	40,345
Salaries and wages	19,712	714,251
Telephone	5,753	7,528
Travel	2,377	16,642
Uniforms	-	539
	<u>56,044</u>	1,141,805
INCOME (LOSS) FROM OPERATIONS	<u>(67,977)</u>	173,852
OTHER INCOME		
Gain on disposal of property, plant and equipment	-	659,593
Interest income	275	-
	<u>275</u>	659,593
INCOME (LOSS) BEFORE INCOME TAXES (RECOVERED)	<u>(67,702)</u>	833,445
INCOME TAXES (RECOVERED)	<u>(18,157)</u>	167,577
NET INCOME (LOSS)	<u>\$ (49,545)</u>	<u>\$ 665,868</u>

See notes to financial information

PHOTIS SYSTEMS
Statement of Retained Earnings
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 1,433,887	\$ 768,019
NET INCOME (LOSS)	<u>(49,545)</u>	<u>665,868</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 1,384,342</u>	<u>\$ 1,433,887</u>

See notes to financial information

PHOTIS SYSTEMS
Notes to Compiled Financial Information
Year Ended December 31, 2022
(Unaudited - See Notice To Reader)

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the balance sheet of Photis Systems as at December 31, 2022, and the statements of loss and retained earnings for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- Accounts receivable;
 - Revenues are recognized when products are invoiced;
 - Purchases are recognized when services are received.
-