

#31-455107

200 - 1 Concorde Gate  
North York, ON M3C 4G4

T. 416.391.2900

F. 416.644.4303

Web site: [www.mintzca.com](http://www.mintzca.com)

## **To the Creditors of Distinctive Designs Furniture Inc.**

This is further to the Proposal of Distinctive Designs Furniture Inc. ("DDFI" or the "Company") filed with the Official Receiver on July 27, 2007 ("Proposal Date") pursuant to Subsection 50(1) of the **Bankruptcy and Insolvency Act** ("Act").

Enclosed are the following documents:

- Notice of Proposal to Creditors;
- Proposal under Part III, Division I, of the Act lodged with Mintz & Partners Limited by the Company and filed with the Official Receiver on July 27, 2007;
- a condensed statement of DDFI's assets and liabilities as at June 30, 2007;
- a listing of DDFI's creditors as at July 20, 2007;
- proof of claim form;
- voting letter; and
- general proxy.

The following is an outline of the background and financial position of the Company including relevant information that should be of assistance to the creditors in considering their position with respect to the Proposal.

### **Section A - Introduction and Background**

DDFI operates as a manufacturer of furniture for the middle and upper-middle market sectors out of a leased 137,000 square foot manufacturing and warehousing facility located in Toronto, Ontario. DDFI, which primarily sells its products under two brand names – Distinctive Designs and Kroehler – services major Canadian and US retailers as well as independent retailers.

Due in part to the rise of the Canadian dollar and increased price competition from foreign manufacturers, DDFI's sales and profitability have been negatively impacted. According to the Company's audited consolidated financial statements, the Company experienced losses of approximately \$2,015,000 and \$2,728,000 in 2006 and 2005, respectively. The Company informed the Trustee that in excess of 85% of these consolidated losses were losses of DDFI.

In order to address its market and financial difficulties, the Company has indicated that it undertook a number of restructuring steps. These included:

- (i) reducing its workforce by 70%;
- (ii) closing its unprofitable U.S. operations; and
- (iii) rationalizing its manufacturing operations.

As well, in view of the changing nature of the Company's competitive environment, DDFI recently commenced importing furniture to augment its line of manufactured products. The Company projects that the sales of imported inventory will increase from approximately 27% of its sales in 2008 to approximately 45% of its sales in 2012.

The Company indicates that all of those steps taken resulted in very significant restructuring costs that have proven to be too much of a burden for the Company.

On July 26, 2007, Consolidated Mercantile Incorporated ("CMI"), a secured creditor of DDFI, issued to the Company a Notice of Intention to Enforce Security. On July 27, 2007, CMI issued to the Company a Notice Pursuant to Section 63 of the **Personal Property Security Act (Ontario)** ("PPSA Notice") setting out that CMI intended to dispose of the collateral secured by a General Security Agreement that had been provided by the Company to CMI.

On July 27, 2007, 337572 Ontario Limited ("337572"), also a secured creditor of DDFI, issued to the Company a PPSA Notice and a Notice of Intention to Enforce Security.

On July 27, 2007, the enclosed Proposal of the Company, in which Mintz & Partners Limited ("MPL") is named the Trustee in the Proposal proceedings, was filed with the Official Receiver.

## **Section B - Summary of Proposal**

This section contains a brief summary of the Proposal, the terms of which would be effective if:

- i) all classes of creditors entitled to vote on the Proposal vote for the acceptance of the Proposal

by a majority in number and two thirds in value of each class of creditors present, personally or by proxy, at the general meeting of creditors and voting on the resolution; and

- ii) the Proposal is approved by the Court, in accordance with the provisions of the Act.

Capitalized terms in this Report have the meanings attributed to such terms in the Proposal.

The Proposal provides for the restructuring of the Company's liabilities through the distribution to Unsecured Creditors of either a monetary payment to be made within 60 days after the Implementation Date or as soon thereafter as is practical, or a Payment Certificate as further described below. The Proposal provides for the following:

1. The Proposal is not being made to the Secured Creditors. The Claims of Secured Creditors are to be dealt with in accordance with the agreements between the Company and the Secured Creditors or as otherwise agreed between the Secured Creditors and the Company.
2. The fees and expenses of the Trustee, including legal fees and expenses of the Trustee and the Company in connection with the preparation of and proceedings arising out of the Proposal, are to be paid by the Company in priority to all Proven Unsecured Claims of Ordinary Creditors in accordance with the scheme of distribution set forth in the Act.
3. Claims as at the Proposal Date that could be subject to a demand under subsection 224(1.2) of the **Income Tax Act** (Canada) (the "ITA"), any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the ITA, or any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, shall be paid within six months after issuance of the Order of the Court approving the Proposal or as otherwise agreed.
4. Any amounts owing to employees and former employees of the Company that they would qualify to receive as claims under paragraph 136(1)(d) of the Act if the Company became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after the Proposal Date but before Court approval of the Proposal, are to be paid on the Implementation Date, which is the date on which all appeal periods to the making of the Order approving the Proposal have expired. For greater certainty, amounts due or which

may become due do not include claims for severance or termination pay or any compensation in lieu of termination.

5. Unsecured Claims as at the Proposal Date are to be dealt with as follows:
- i) creditors having: a) Proven Unsecured Claims in an aggregate amount of \$1,500 or less; or b) creditors having Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and who provide to the Trustee an Election to Reduce Claim prior to the date which is two Business Days following the making of the Order approving the Proposal and who reduce the aggregate amount of their Proven Unsecured Claims to \$1,500, will receive within 60 days after the Implementation Date or as soon thereafter as is practicable, a dividend equal to the lesser of \$1,500 and the aggregate amount of such Creditor's Proven Unsecured Claims. A Person who receives a payment in accordance with this subsection will not be entitled to any other payment or consideration with respect to such Person's Proven Unsecured Claims;
  - ii) creditors with Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and who have not provided the Trustee with an Election to Reduce Claim on or before the date which is two Business Days following the making of the Order approving the Proposal, will within 90 days following the Implementation Date or as soon thereafter as is practicable, receive a Payment Certificate in an amount equal to 75% of the aggregate of all its Proven Unsecured Claims. The Payment Certificate will provide that the holder of the Payment Certificate is entitled to a *pro rata* share of the amount to be distributed by the Company in accordance with iii) below;
  - iii) within 180 days of the end of the calendar year for each year commencing 2008 and ending 2012, the Company (not the Trustee) will distribute to holders of Payment Certificates, on a *pro rata* basis based upon the face amount of the Payment Certificates, an amount equal to their *pro rata* share of a percentage of the Company's income after tax ("Profits") (calculated as set out below) which will be payable without interest, as follows:

<b>Profits for the year</b>	<b>Percent to Certificate Holders</b>	<b>Maximum Cumulative Payment to Holders</b>
\$0 to \$1.5 Million	20%	\$300,000
\$1.5 Million to \$2.0 Million	30%	\$450,000
\$2.0 Million to \$2.5 Million	40%	\$650,000
Greater than \$2.5 Million	50%	Balance of outstanding Payment Certificates

Profits will be calculated in accordance with generally accepted accounting principles on the basis of the Company's income after tax. The term of the Payment Certificates will be five years commencing with the 2008 calendar year. The Company will make distributions each year until the earlier of the distribution required for the December 31, 2012 year or such time as the amount of the distributions made equal the face amount of the Payment Certificates issued. If holders of the Payment Certificates have not received the total face amount of their Payment Certificate once the payments in respect of the 2012 year are made, then the Payment Certificates will be of no further force and effect and the Company will have no further obligation to the holders of the Payment Certificates.

All distributions made to Unsecured Creditors, either by way of cash or Payment Certificate, will be net of the Superintendent of Bankruptcy Levy payable pursuant to the Act.

6. The monetary payment provided for in Paragraph 5 i) above or the Payment Certificate will be distributed in full and final satisfaction of all Claims (other than Unaffected Claims) against the Company. On the Implementation Date, all Claims against the Company will be forever discharged and released, except only the obligations of the Company to make the monetary payments and distribute the Payment Certificates provided for in the Proposal.
7. On the Implementation Date, each Creditor (other than Unaffected Creditors) will be deemed to have given the consent, releases, assignments and waivers required to carry out the Proposal, and authorizations necessary to give effect to the terms of the Proposal.

8. All goods supplied and services rendered to the Company after the Proposal Date are to be paid in full in the ordinary course of business by the Company on terms agreed to between the Company and the relevant creditors.
9. On the Implementation Date, the Company, the Trustee and all of their respective affiliates, employees, agents, directors, former directors, officers, shareholders, advisors, consultants and solicitors are released and discharged from any and all claims relating to or arising out of any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Proposal Date relating to the Claims, the business and affairs of the Company or the Proposal.
10. Sections 91-101 of the Act do not apply.
11. Upon the distribution of the payments described in Paragraph 5 i) above, the Payment Certificates referred to in Paragraph 5 ii) above, the payment of the fees and disbursements described in Paragraph 2 above and the payment of the Claims described in Paragraphs 3 and 4 above, the Proposal will have been fully performed, and the Trustee will provide to the Company the certificate referred to in to Section 65.3 of the Act (Certificate of Full Performance of Proposal).
12. The implementation of the Proposal is conditional upon the fulfillment of all of the following conditions:
  - i) the Proposal being accepted by the Unsecured Creditors; and
  - ii) the Proposal being approved by the Court and the expiry of all appeal periods.

**The description of the Proposal in this Report is a summary only and is only provided for the assistance of the Creditors. In the event there is any inconsistency between this Report and the Proposal, the terms of the Proposal shall govern. Creditors are advised to read the Proposal.**

### Section C - Financial Position and Causes of Difficulties

The Company has informed the Trustee that its financial difficulties resulted from:

- i) the rise of the Canadian dollar; and
- ii) increased price competition due to the import of lower priced furniture manufactured by foreign manufacturers.

### Section D - Interim Receiver

Not applicable.

### Section E - Identification and Evaluation of Assets

According to DDFI's Condensed Statement of Assets and Liabilities as at June 30, 2007 ("Condensed Statement"), and information provided to the Trustee by the Company, the Company's assets consist of the following:

General	Amount as per Condensed Statement
Cash	\$ 3,086
Accounts Receivable	3,100,106
Inventory	4,415,219
Investments in Related Companies	1
Prepaid Expenses	312,999
Capital Assets (net book value)	1,022,726
<b>Total</b>	<b>\$ 8,854,137</b>

These assets are discussed in greater detail hereunder:

### **Cash**

According to the Company as at June 30, 2007, DDFI had \$3,086 in cash.

### **Accounts Receivable**

The Company has advised the Trustee that its accounts receivable are factored through Asset Engineering LLP ("AE"), the Company's primary secured lender, and that AE will make advances to DDFI based on its sales. Accounts receivable collected by AE are applied against DDFI's indebtedness to AE.

According to the Company, the accounts receivable balance of \$3,100,106 set out on the Condensed Statement is net of bad debts, unissued credit notes and volume rebates to be issued.

In a liquidation scenario, customers of the Company may claim offsets for product warranty, lack of continued supply, etc. against amounts owed to the Company. In addition, of the balance of \$3,100,106, the Company has advised that approximately 50% are from customers situated in the United States. As a result, the Trustee estimates that in a liquidation scenario, the realizable value of the accounts receivable is between \$1,200,000 – \$1,800,000.

### **Inventory**

The amount of \$4,415,219 represents the Company's book value of inventory. According to the Company, the inventory consists primarily of raw materials (\$2,783,508), work-in-process (\$313,125) and finished goods (\$1,318,586).

In order to estimate the realizable value of the inventory in a liquidation scenario, the Trustee engaged Corporate Assets Valuations ("CAV"), independent appraisers and auctioneers, to provide liquidation values of the inventory. Based on CAV's appraisal, which according to CAV did not include a thorough inspection or audit of DDFI's inventory, the Trustee estimates that the liquidation value of the inventory is between \$900,000 and \$1,100,000 after taking into account commissions and expenses of 30% that would be charged by an auctioneer.

### **Investment in Related Companies**

According to the Company's 2006 audited consolidated financial statements and the Trustee's discussions with management, subsidiaries of the Company include Lanark Furniture Inc., 1632247 Ontario Limited and Distinctive Designs Furniture USA Inc.

According to the Company, the operations of the aforementioned subsidiary companies have ceased.

In addition, DDFI has informed the Trustee that Distinctive Leather Furniture Inc. ("DLFI") is a subsidiary of the Company and that DLFI is the tenant of the premises where DDFI carries on operations.

According to the Company, there is no equity in these subsidiary companies.

### **Prepaid Expenses**

Prepaid expenses consist of prepaid rent/utility deposits (\$40,923), insurance including property insurance (\$140,278), financing costs (\$67,500), deposits (\$25,878) and other prepaid amounts (\$38,419). Due to the nature of these prepaid expenses, in a liquidation scenario, the Trustee estimates the estimated realizable value of the Prepaid Expenses is between \$Nil and \$50,000.

### **Capital Assets**

According to the Company's records, the net book value of the Company's capital assets as at June 30, 2006 is \$1,022,726. Capital assets consist of machinery and equipment, office furniture and leasehold improvements.

CAV has advised the Trustee that, in a forced liquidation scenario, the estimated value of DDFI's capital assets is approximately \$403,000. After taking into account commission and expenses estimated at 30%, the Trustee estimates that the realizable value of the Company's capital assets is between \$280,000 and \$350,000 in a forced liquidation scenario.

## Section F - Conduct of the Debtor

The Trustee has performed a preliminary review of the Company's bank statements and cancelled cheques for disbursements greater than \$20,000 for the period July 27, 2006 to June 30, 2007, and reviewed the Company's cheque register for the period July 1, 2007 to July 25, 2007, to identify any payments to unrelated/related creditors in the 3 months/12 months prior to July 27, 2007 which may be considered to be preferences or settlements and subject to review.

During its review, the Trustee did not identify any transactions that may be considered to be preferences or settlements and subject to review.

Based on above, for the purpose of this Report, the Trustee estimates that there would not be any realizations from potential preferences in a bankruptcy of the Company.

## Section G - Creditors' Claims

According to information provided to the Trustee by the Company, the Company's creditors are comprised of:

<b>Creditor classification</b>	<b>Amount</b>
Secured (as at June 30, 2007)	\$ 3,893,464
Preferred	Nil
Unsecured (as at July 20, 2007)	2,959,282
Contingent	Unknown
<b>Total</b>	<b>\$ 6,852,746</b>

According to the Company, its secured creditors are:

<b>Secured Creditor</b>	<b>Amount owing as at June 30, 2007</b>
Asset Engineering LP	\$ 2,518,732
337572 Ontario Limited	577,702
Consolidated Mercantile Incorporated	797,030
<b>Total</b>	<b>\$ 3,893,464</b>

The Company provided the Trustee with copies of the General Security Agreements issued or granted by it to each of AE, 337572 and CMI.

In order to assess the validity of the above-noted General Security Agreements against the Trustee, Aird & Berlis LLP, independent counsel retained by the Trustee, has provided its opinion to the Trustee that the security interests of 337572, CMI and AE in the collateral covered by their respective security are perfected and are valid and enforceable as against a Trustee in Bankruptcy.

#### **Section H - Previous Business Dealings with the Debtor**

The undersigned Trustee confirms that neither he nor the firm with which he is related has provided previous services to DDFI in any capacity other than as set out below.

On June 29, 2007, Lamerac Financial Corp., a company affiliated with Mintz & Partners LLP, was engaged by the Company to identify a buyer to acquire up to 100% of the business in an asset or in a share transaction.

The Trustee further confirms that he does not have any knowledge of any conflict of interest situation arising from the acceptance of this appointment as Trustee under the Proposal.

## **Section I - Informal Meeting with Major Creditors**

The Trustee has not had any informal meetings with major creditors.

## **Section J - Remuneration of Trustee**

Payment of the fees and expenses of the Trustee, including the legal fees and disbursements of the Trustee, are provided for in the Proposal. In addition, Mintz & Partners Limited has received a Third Party Guarantee Agreement from DLF. As at the date of this Report, the Trustee has received \$17,500, and \$5,000 has been paid to Aird & Berlis LLP.

## **Section K - Cash-flow statements prepared by DDFI**

In accordance with the Act, the Trustee reviewed the cash-flow statements for the periods July 30, 2007 to October 5, 2007, including assumptions, prepared by DDFI ("Cash-flows") and which were filed with the Office of the Official Receiver on July 27, 2007. In reviewing the Cash-flows, including the hypothetical and probable assumptions used to compile the Cash-flows, nothing has come to the Trustee's attention that leads the Trustee to believe that the hypothetical and probable assumptions used by DDFI in the preparation of the Cash-flows are inconsistent with the purpose of the Cash-flows.

## **Section L - Statement of Estimated Realizations**

### **Proposal Accepted**

According to the Proposal, Unsecured Creditors with Proven Unsecured Claims in aggregate of \$1,500 or less, and creditors having Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and who provide to the Trustee an Election to Reduce Claim prior to the date which is two Business Days following the making of the Order approving the Proposal reducing the aggregate amount of their Proven Unsecured Claims to \$1,500, will receive a cash dividend equal to the lesser amount of their Proven Unsecured Claims or \$1,500.

Creditors with Proven Unsecured Claims who are owed in excess of \$1,500 and who have not elected to receive a cash dividend of \$1,500 will receive a Payment Certificate which will afford those Creditors an opportunity to receive a dividend up to a maximum amount equal to 75% of their Proven Unsecured Claims against the Company. As set out earlier in this Report, payments against the Payment Certificates will be made by the Company based on the amounts of the Company's income after tax for its 2008 to 2012 calendar years ("Projection Period"). The Trustee points out that no payments will be made against the Payment Certificates if the Company does not have any income after taxes in the 2008 to 2012 calendar years.

The Trustee notes that according to the Company's income projections for the Projection Period, the Company is projecting income after taxes ranging from approximately \$1,100,000 to approximately \$2,000,000 per annum during the Projection Period. The increase in projected income is due in part to the increased contribution from the Company's sale of imported inventory. Based on the listing of creditors provided by the Company (excluding contingent creditors), and assuming that Unsecured Creditors with Proven Unsecured Claims of less than \$5,000 receive the monetary payment provided for in the Proposal, it is possible that the remaining Unsecured Creditors could receive full payment of the Payment Certificates if the Company achieves its projected income after taxes for the Projection Period. The Trustee has not reviewed the Company's projections for accuracy or completeness and provides no opinion thereon.

Distributions to creditors in respect of their Proven Unsecured Claims will be subject to the Superintendent of Bankruptcy's levy that will not exceed 5% of the dividend paid.

#### **Proposal Not Accepted**

If the Proposal is not accepted, DDFI would become bankrupt on August 16, 2007 and the Company's assets would vest with the Trustee in Bankruptcy, subject to the rights of the Company's secured creditors. The Trustee is of the view that in the event of a bankruptcy of the Company, at least one of AE, 337572 or CMI would appoint a Receiver and Manager to realize on the Company's assets. The estimated realizable value of the Company's assets in a liquidation scenario is outlined in Section E of this Report.

In the event of the Company's bankruptcy, and assuming DDFI's assets and liabilities as at August 16, 2007 would be substantially the same as the Company's assets and liabilities as at June 30, 2007, the Trustee estimates that based on the information set out in Section E and information contained in this Report, the realizations that would be available for distribution to the Company's Unsecured Creditors would be \$Nil calculated as follows:

	Estimated Realizable Value	
	Low	High
Cash	\$ 3,000	\$ 3,000
Accounts Receivable	1,200,000	1,800,000
Inventory	900,000	1,100,000
Investment in Related Companies	-	-
Prepaid expenses	-	50,000
Capital assets	280,000	350,000
<b>Estimated Gross Realizations (Note 1)</b>	<b>2,383,000</b>	<b>3,303,000</b>
<b>Less: Claims of Secured Creditors (Note 2)</b>	<b>(3,893,464)</b>	<b>(3,893,464)</b>
Source deductions (Note 3)	-	-
Estimated fees of Receiver and Manager and Trustee in Bankruptcy	(150,000)	(200,000)
Claims of Preferred Creditors (Note 4)	-	-
<b>Available for Distribution (Note 5)</b>	<b>\$ Nil</b>	<b>\$ Nil</b>

**Notes:**

1. This amount does not take into account the additional realizations, if any, from a sale of the assets of the Company on a "going concern" basis.
2. This amount represents the amounts owing to Secured Creditors as outlined in Section G of this Report and does not take into account amounts that may be owed to other Secured Creditors.
3. The Company has informed the Trustee that as at July 27, 2007, it had no source deductions liability as its payroll is processed by an outside service provider and that amounts owing for source deductions are paid by the Company concurrently with its payroll.

4. The Company has informed the Trustee that the amount owing to the Company's employees for claims that would be priority unsecured claims as at July 27, 2007 is \$Nil. The Company has also informed the Trustee that the monthly rent for the premises it is using is approximately \$30,000, however, the Company has advised the Trustee that the tenant of the premises is DLFi. Preferred claims of landlords comprise rental arrears for the three month period preceding the date of bankruptcy and accelerated rent for three months thereafter; the accelerated rent claim is reduced to the extent occupation rent is paid by the Trustee. According to the Company, as at the Proposal Date, there were no amounts owing to the landlord on account of arrears. Therefore, as it appears that any landlord claim in a bankruptcy would be against DLFi, for purposes of this Report, the Trustee estimates that the landlord's preferred claim for accelerated rent would be \$Nil. The Company has advised the Trustee that it is advancing funds to DLFi to enable it to pay the monthly rent.
5. This amount does not consider any preference or settlement transactions of the Company that may be challengeable in a bankruptcy.

### **Section M - Recommendation**

If DDFI becomes bankrupt, the Unsecured Creditors of DDFI would only receive a dividend if the net realizations from DDFI's assets were sufficient to pay DDFI's Secured Creditors (including all of their costs incurred in realizing on DDFI's assets) and Preferred Creditors plus the Trustee's fees and disbursements. Based on the Claims of the Secured Creditors and Preferred Creditors referred to in this Report and estimated professional fees of \$150,000 to \$200,000, the realizations from the Company's assets would likely have to be at least approximately \$4,000,000 in order for there to be any distribution to DDFI's Unsecured Creditors in a bankruptcy of the Company.

Based on the Company's assets as at June 30, 2007 set out on the Condensed Statement and the information set out herein, the amount available for distribution to DDFI's Unsecured Creditors with Proven Unsecured Claims of up to \$1,500, or those Creditors who file an Election to Reduce Claim in accordance with the terms of the Proposal, would be higher if the Proposal is accepted by DDFI's creditors and approved by the Court, and the required payments are made by the Company to the Trustee, than in a bankruptcy scenario. For those Creditors with Proven Unsecured Claims of greater than \$1,500 and who do not file an Election to Reduce Claim, acceptance of the Proposal affords those

Creditors the opportunity to receive a dividend of up to 75% of their Proven Unsecured Claims. Accordingly, the Trustee recommends that DDFI's Unsecured Creditors accept the Proposal in order to allow them to attempt to maximize their return from DDFI's indebtedness to them.

## **Section N - Procedures for Dealing with Proposal and Completing a Proof of Claim**

In completing the proof of claim form submitted herewith, **creditors should only include all amounts outstanding as at July 27, 2007.**

**It is expressly noted and should be clearly understood that Mintz & Partners Limited, in its capacity as Trustee, assumes no personal liability for any claims against DDFI before, on or after the date the Proposal was filed.**

Creditors may attend, in person or by proxy, the meeting to consider the proposal that will be held at the Office of the Official Receiver, 25 St. Clair Avenue East, 6<sup>th</sup> floor, Toronto, Ontario on the 16<sup>th</sup> day of August, 2007 at 10:30 o'clock in the forenoon.

**Please note that in order for your vote to count in connection with the Proposal, it is necessary that you complete and submit the enclosed documents prior to the meeting.**

Creditors who do not wish to attend or to be represented at the meeting but who wish to vote, may forward their proofs of claim and voting letters to the Trustee so as to be received prior to the meeting.

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If you have any questions on the Proposal or this report, please contact Mr. Adam Sherman at 416-644-4425 of our office or the undersigned.

Dated at North York, Ontario, the 2nd day of August, 2007.

**MINTZ & PARTNERS LIMITED**  
Trustee re: the Proposal of  
Distinctive Designs Furniture Inc.

Per:



Daniel R. Weisz, CA•CIRP, CIRP  
Senior Vice President

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Estate #31-455107

200 - 1 Concorde Gate  
North York, ON M3C 4G4

**IN THE MATTER OF THE PROPOSAL OF  
DISTINCTIVE DESIGNS FURNITURE INC.  
OF THE CITY OF TORONTO,  
IN THE PROVINCE OF ONTARIO**

T. 416.391.2900  
F. 416.644.4303  
Web site: [www.mintzca.com](http://www.mintzca.com)

**Notice of Proposal to Creditors**

Take notice that Distinctive Designs Furniture Inc. has lodged with Mintz & Partners Limited a Proposal under the **Bankruptcy and Insolvency Act**.

A copy of the debtor's Proposal, a condensed statement of the debtor's assets and liabilities and a list of creditors affected by the Proposal are enclosed herewith.

A general meeting of creditors of the debtor will be held on **Thursday, August 16, 2007 at 10:30 a.m. at the Office of the Superintendent of Bankruptcy, 25 St. Clair Avenue East, Suite 600, Toronto, Ontario.**

The creditors or any class of creditors qualified to vote at the meeting may by special resolution accept the Proposal made by the debtor, either as made or as altered or modified at the meeting. If so accepted and if approved by the Court, the Proposal is binding on all creditors or any class of creditors affected.

Proofs of claim, proxies and voting letters, intended to be used at the meeting must be lodged with the Trustee prior thereto.

Dated at Toronto, Ontario this 2<sup>nd</sup> day of August, 2007.

**MINTZ & PARTNERS LIMITED**  
Trustee re: the Proposal of  
Distinctive Designs Furniture Inc.

Per:



Daniel R. Weisz, CA•CIRP, CIRP  
Senior Vice President

AK/

Enc.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, as amended**

- and -

**IN THE MATTER OF THE PROPOSAL OF  
DISTINCTIVE DESIGNS FURNITURE INC.**

**PROPOSAL**

The Debtor hereby submits the following Proposal to all of its Unsecured Creditors pursuant to Part III of the BIA.

**ARTICLE I**

**DEFINITIONS**

**1.1 Definitions**

In this Proposal save and except as otherwise defined the following defined terms have the following meaning:

- (a) "Administrative Fees and Expenses" means the fees and expenses, including legal fees and disbursements, of the Trustee and the Debtor for and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal that remain outstanding and unpaid as at the Implementation Date;
- (b) "Approval Order" means an Order of the Court approving the Proposal;
- (c) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Proposal Date;

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- (d) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) "Canada Pension Plan" means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) "Claim" means any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Proposal Date or which is based on an event, act or omission which occurred in whole or in part prior to the Proposal Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of the Proposal Date;
- (g) "Court" means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (h) "Creditor" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (i) "Creditors' Meeting" means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (j) "Creditors' Meeting Date" means such date and time as may be called by the Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;
- (k) "Debtor" means Distinctive Designs Furniture Inc.;
- (l) "Election to Reduce Claim" means the form of election attached as Appendix I to this Proposal;
- (m) "Employment Insurance Act" means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (n) "Implementation Date" means the date upon which the conditions set forth in Article 7.4 have been satisfied;
- (o) "Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended;



- (p) "Inspectors" means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (q) "Official Receiver" shall have the meaning ascribed thereto in the BIA;
- (r) "Ordinary Creditors" means Creditors with Proven Unsecured Claims, except for those that are :
  - (i) Preferred Creditors; or
  - (ii) Unaffected Creditors;
- (s) "Payment Certificate" means a certificate issued in accordance with Article VI hereof;
- (t) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (u) "Preferred Creditors" means Creditors with Proven Unsecured Claims which are required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
  - (i) employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period. For greater certainty, amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay or any compensation in lieu of notice of termination; and
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Proposal Date and are of a kind that could be subject to a demand under,
    - (A) subsection 224(1.2) of the *Income Tax Act*;
    - (B) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or



- (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
  - (1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
  - (2) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (v) "Proof of Claim" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;
- (w) "Proposal" means this proposal together with any amendments or additions thereto;
- (x) "Proposal Date" means July 27, 2007;
- (y) "Proven Unsecured Claim" of a Creditor means the amount of the Claim of such Creditor (other than Unaffected Claims) finally determined in accordance with the provisions of the BIA;
- (z) "Secured Creditor" specifically includes Asset Engineering LP and Return on Innovation Advisors Ltd., as agent, and, with respect to the other Creditors, means a Creditor, the claim of which is secured by valid and perfected security against assets of the Debtor, but only to the extent of the amount of such secured Claim as agreed by the Debtor or as finally determined to be a secured Claim by the Court if challenged by the Debtor;
- (aa) "Trustee" means Mintz & Partners Limited or its duly appointed successor or successors;
- (bb) "Unaffected Claims" means the secured Claims of Unaffected Creditors;
- (cc) "Unaffected Creditors" means Secured Creditors in that capacity;
- (dd) "Unsecured Creditors" means, collectively, the Preferred Creditors and the Ordinary Creditors; and

- (ee) "Voting Letter" shall mean the voting letter required by section 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

## **1.2 Articles of Reference**

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

## **1.3 Interpretation Not Affected by Headings**

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

## **1.4 Date for Any Action**

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

## **1.5 Time**

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

## **1.6 Numbers**

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

## **1.7 Currency**

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

## **1.8 Statutory References**

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

AK

**1.9 Successors and Assigns**

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

**ARTICLE II**

**GENERAL INTENT**

**2.1 Effect of Proposal**

This Proposal provides for the restructuring of the liabilities of the Debtor through the distribution to Unsecured Creditors of either a monetary payment or a Payment Certificate (as more fully described in Article VI of this Proposal) that will be provided to the Trustee by the Debtor and distributed by the Trustee in accordance with the terms of this Proposal, in full and final satisfaction of all Claims (other than Unaffected Claims) against the Debtor.

**2.2 Persons Affected**

This Proposal will, as of the Implementation Date, be binding on the Debtor and all Creditors.

**2.3 Post-Proposal Goods and Services**

All goods supplied and services rendered to the Debtor subsequent to the Proposal Date shall be paid for in full in the ordinary course of business by the Debtor on terms agreed to between the Debtor and the relevant creditors.

**2.4 Assets Remain Vested in Debtor**

The assets of the Debtor shall not vest in the Trustee, but shall remain vested in the Debtor, and the Trustee shall have no liability whatsoever for the claims of creditors arising before, on or after the Proposal Date.

**ARTICLE III**

**CLASSIFICATION AND TREATMENT OF CREDITORS**

**3.1 Unaffected Creditors**

This Proposal is not being made to Unaffected Creditors and does not impact Unaffected Claims. Unaffected Claims shall be dealt with in accordance with the agreements between the relevant Unaffected Creditor and the Debtor or as otherwise agreed between the relevant Unaffected Creditor and the Debtor.

### **3.2 Classes of Creditors**

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class, as follows:

Unsecured Creditors.

### **3.3 Preferred Creditors**

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Trustee in full in priority to all Proven Unsecured Claims of Ordinary Creditors in accordance with the scheme of distribution set forth in the BIA. For greater certainty, the amounts referred to in Article 1.1(u)(i) shall be paid immediately after the making of the Approval Order and the amount referred to in Article 1.1(u)(ii) shall be paid within six (6) months of the Approval Order or as otherwise agreed.

### **3.4 Ordinary Creditors**

The Proven Unsecured Claims of Ordinary Creditors will be satisfied in accordance with Article VI.

### **3.5 Different Capacities**

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

## **ARTICLE IV**

### **PROCEDURE FOR VALIDATION OF CLAIMS**

#### **4.1 Filing of Proofs of Claim**

Each Unsecured Creditor must file a Proof of Claim to vote on, or to receive a distribution under, the Proposal.

#### **4.2 Allowance or Disallowance of Claims by the Trustee**

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The procedure for valuing Claims of Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.



## ARTICLE V

### MEETING OF CREDITORS

#### 5.1 Unsecured Creditors' Meeting

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' Meeting in order for the Unsecured Creditors to consider and vote upon the Proposal.

#### 5.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Trustee's notice of meeting to be mailed pursuant to the BIA.

#### 5.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are those Persons, including the holders of proxies, entitled to vote at the Creditors' Meeting, the Secured Creditors and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Unsecured Creditors.

#### 5.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

#### 5.5 Voting by Unsecured Creditors

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that Creditor's Proven Unsecured Claim.

#### 5.6 Approval by Creditors

In order that the Proposal be binding on all of the Unsecured Creditors of the Debtor in accordance with the BIA, it must first be accepted by the Unsecured Creditors by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Unsecured Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

#### 5.7 Appointment of Inspectors

At the Meeting of Creditors the Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to:



- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and
- (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspectors will terminate upon the discharge of the Trustee.

## ARTICLE VI

### DISTRIBUTION

#### 6.1 Implementation of Proposal

- (a) On the Implementation Date, the Debtor shall pay to the Trustee an amount sufficient to pay the Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors in accordance with Article 3.3 (the "Initial Proceeds"). The Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors shall be paid by the Trustee out of the Initial Proceeds in accordance with Article 3.3;
- (b) Each Ordinary Creditor which, on the Proposal Date, (x) holds Proven Unsecured Claims in an aggregate amount of \$1,500 or less or, (y) holds Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and, by providing an Election to Reduce Claim to the Trustee prior to the date which is two Business Days following the making of the Approval Order, reduces the aggregate amount of all such Ordinary Creditor's Proven Unsecured Claims to \$1,500, in either case, will receive in respect of its Proven Unsecured Claims, within 60 days after the Implementation Date or as soon thereafter as is practicable, in full and final satisfaction of those Proven Unsecured Claims, a dividend equal to the lesser of:
  - (i) \$1,500; and
  - (ii) the aggregate amount of such Creditor's Proven Unsecured Claims;

in all cases, subject to deduction of the Superintendent's Levy payable in respect thereof.

A Person who receives a payment in accordance with this Article 6.1(b) shall not be entitled to any other payment or consideration with respect to such Person's Proven Unsecured Claims and such Person's Proven Unsecured Claims shall be discharged and extinguished upon such Person's receipt of payment hereunder;



- (c) each Ordinary Creditor who, on the Proposal Date, holds Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and who has not provided to the Trustee an Election to Reduce Claim on or before the date which is two Business Days following the making of the Approval Order (which Approval Order is currently intended to be sought on or about September 11, 2007) shall, within 90 Days following the Implementation Date or as soon thereafter as is practicable, receive a certificate (a "Payment Certificate") in an amount equal to 75% of the aggregate of all its Proven Unsecured Claims, minus a *pro rata* portion of the total amount of the Superintendent's Levy required by the BIA to be paid in respect of all such distributions, in full and final satisfaction of its Proven Unsecured Claims. The Payment Certificate will provide that the holder of the Payment Certificate is entitled to a *pro rata* share of the amount to be distributed by the Debtor in accordance with paragraph (e) below;
- (d) The Trustee shall pay the Superintendent's Levy with respect to the cash dividends paid and distribute to the Superintendent of Bankruptcy a single Payment Certificate for the remaining amount of the Superintendent's Levy required by the BIA, calculated on the assumption that there will be dividends paid in an amount equal to the face amounts of the Payment Certificates;
- (e) Within 180 days of the end of the calendar year for each year commencing 2008 and ending 2012, the Debtor shall distribute to holders of Payment Certificates, on a *pro rata* basis based upon the face amount of the Payment Certificates, an amount equal to their *pro rata* share of a percentage of the Debtor's income after tax ("Profits") (calculated as set out below) which will be payable without interest, as follows:

Profits for the year	Percent to Certificate Holders	Maximum Cumulative Payment to Holders
\$0 to \$1.5 Million	20%	\$300,000
\$1.5 Million to \$2.0 Million	30%	\$450,000
\$2.0 Million to \$2.5 Million	40%	\$650,000
Greater than \$2.5 Million	50%	Balance of outstanding Payment Certificates

Profits shall be calculated in accordance with generally accepted accounting principles on the basis of the Debtor's income after tax. The term of the Payment Certificates shall be five years commencing with the 2008 calendar year. The Debtor will make such distributions until the earlier of: (i) the distribution required hereby for the year ended December 31, 2012, or (ii) such time as the amount of the distributions made by the Debtor equals the total face amount of the Payment Certificates issued pursuant hereto. Provided that the Debtor makes all distributions that it is required to make pursuant to this Article 6.1(e), then, even if

holders of the Payment Certificates have still not received aggregate payments equal to the total face amount of their Payment Certificates once the payments required to be made hereunder in respect of the 2012 calendar year are made, the Payment Certificates shall be of no further force and effect and the Debtor shall have no further obligation to the holders of the Payment Certificates and the holders of the Payment Certificates shall have no further right or recourse against the Debtor in respect thereof; and

- (f) The Debtor shall include with the distributions hereunder a report from a senior officer stating that, in his or her opinion, the computation of the Profits has been made in accordance with paragraph (e).

## **6.2 Discharge of Trustee**

Upon distribution of the amounts payable under Article 6.1(b), the Payment Certificates under Article 6.1(c), and payment of the Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor before, on or after the Proposal Date and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

## **6.3 Certificate of Full Performance**

Upon distribution of the amounts payable under Article 6.1(b) and the Payment Certificates, and payment of the Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors, this Proposal shall have been fully performed and the Trustee shall issue to the Debtor the certificate referred to in section 65.3 of the BIA.

# **ARTICLE VII**

## **MISCELLANEOUS**

### **7.1 Compromise Effective for all Purposes**

Upon the implementation of this Proposal on the Implementation Date, all Claims other than Unaffected Claims shall be forever discharged and released, excepting only the obligations of the Debtor to make distributions in respect of the Payment Certificates in the manner and to the extent provided for in this Proposal. The compromises contemplated hereunder will be binding upon each Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

### **7.2 Modification of Proposal**

The Debtor or any Unsecured Creditor may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal.



### **7.3 Consents, Waivers and Agreements**

As at 12:01 a.m. on the Implementation Date, each Creditor (other than Unaffected Creditors in respect of Unaffected Claims) shall be deemed:

- (a) to have executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Proposal Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Proposal Date (other than those entered into by the Debtor on, or with effect from, the Proposal Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) to have released and discharged the Debtor, the Trustee and all of their respective affiliates, employees, agents, directors, former directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set-off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Proposal Date, relating to or arising out of or in connection with Claims, the business and affairs of the Debtor, the Proposal or any of the matters herein.

### **7.4 Conditions to Proposal Implementation**

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors;
- (b) obtaining of the Approval Order and the expiry of all appeal periods.

### **7.5 Effect of Proposal Generally**

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall



constitute (a) a full, final and absolute settlement of all rights of Creditors (other than in respect of Unaffected Claims); and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of all Claims (other than Unaffected Claims).

**7.6 Section 91 to 101 of the BIA**

Sections 91 to 101 of the BIA shall not apply.

**7.7 Notices**

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, or by fax addressed to the respective parties as follows:

- (a) if to the Debtor:

Distinctive Designs Furniture Inc.  
600 Clayson Road  
Toronto, Ontario  
M9M 2H2  
**Attention: Jim McAloney**  
Fax: (416) 740-7776

with a copy to:

Bennett Jones LLP  
Suite 3400, One First Canadian Place  
Toronto, Ontario  
M5X 1A4  
**Attention: S. Richard Orzy**  
Fax: (416) 863-1716

- (b) if to an Unsecured Creditor, to the address or fax number for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and

- (c) if to the Trustee:

Mintz & Partners Limited  
200 – 1 Concorde Gate  
Toronto, Ontario  
M3C 4G4  
**Attention: Daniel R. Weisz**  
Fax: (416) 644-4303

or to such other address or fax number as any party may from time to time notify the others in accordance with this section. All such notices and communications will be deemed to have been received, in the case of notice by fax or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

#### **7.8 Foreign Currency Obligations**

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Proposal Date.

#### **7.9 Applicable Law**

This Proposal shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

#### **7.10 Severability of Proposal Provisions**

If, prior to the making of the Approval Order, any term or provision of this Proposal is held by the Court to be invalid, void or unenforceable, the Debtor reserves the right to apply to the Court to either (i) sever such term or provision from the balance of this Proposal and provide the Debtor with the option to proceed with implementation of the balance of this Proposal as of and with effect from the Implementation Date, or (ii) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, voiding, alteration or interpretation, and provided that the Debtor proceeds with the implementation of this Proposal, the remainder of the terms and provisions of this Proposal shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, voiding, alteration or interpretation.

#### **7.11 Deeming Provisions**

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

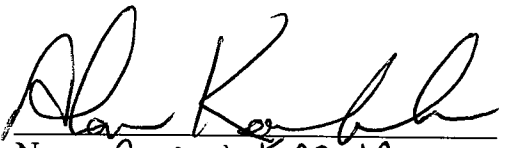
#### **7.12 Further Assurances**

Notwithstanding that the transactions and events set out in this Proposal shall occur without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done or executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be reasonably required by the Debtor in order to better implement this Proposal.



**DATED** at the City of Toronto, in the Province of Ontario, this 27<sup>th</sup> day of July, 2007.

**DISTINCTIVE DESIGNS FURNITURE  
INC.**

Per:   
Name: ALAN KORNBLUM  
Title: PRESIDENT

I have authority to bind the corporation.

**SCHEDULE I**

**ELECTION TO REDUCE CLAIM**

TO: MINTZ & PARTNERS LIMITED ("Mintz"), in its capacity as Trustee in re The Proposal of Distinctive Designs Furniture Inc. ("Distinctive Designs")

RE: THE PROPOSAL OF DISTINCTIVE DESIGNS FURNITURE INC. (the "Distinctive Designs Proposal")

**For Use by Unsecured Creditors of Distinctive Designs with aggregate Proven Unsecured Claims in excess of \$1,500 who wish to reduce their total Proven Unsecured Claims to \$1,500 and receive a cash payment.**

THE UNDERSIGNED CREDITOR with Proven Unsecured Claims against Distinctive Designs acknowledges that the total amount of its Proven Unsecured Claims exceeds \$1,500 and hereby:

- (a) reduces the aggregate of the undersigned's Proven Unsecured Claims to \$1,500;
- (b) releases all other Unsecured Claims of the undersigned; and
- (c) elects to receive payment in accordance with Section 6.1(b) rather than Section 6.1(c) of the Distinctive Designs Proposal.

Dated this \_\_\_\_ day of August, 2007.

\_\_\_\_\_  
Print Name of Unsecured Creditor

\_\_\_\_\_  
Signature of Unsecured Creditor or, if the Unsecured Creditor is a corporation, signature of an authorized signing officer of the corporation

\_\_\_\_\_  
Title of Authorized Signing Officer

**THIS ELECTION MUST BE PROVIDED TO THE TRUSTEE SO THAT IT IS RECEIVED BY THE TRUSTEE AT THE FOLLOWING ADDRESS ON OR BEFORE THE DATE WHICH IS TWO BUSINESS DAYS FOLLOWING THE MAKING OF THE APPROVAL ORDER (WHICH APPROVAL ORDER IS CURRENTLY INTENDED TO BE SOUGHT ON OR ABOUT SEPTEMBER 11, 2007).**

**Mintz & Partners Limited**  
(In its capacity as Trustee in re The Proposal of  
Distinctive Designs Furniture Inc.)  
200 - 1 Concorde Gate  
Toronto, ON M3C 4G4

**Attention: Daniel R. Weisz**  
**Telephone: (416) 644-4386**  
**Fax: (416) 644-4303**



**IN THE MATTER OF THE PROPOSAL OF DISTINCTIVE DESIGNS FURNITURE INC. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**Court File No.**

**SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**PROPOSAL**

**MINTZ & PARTNERS LIMITED  
TRUSTEE IN RE THE PROPOSAL OF  
DISTINCTIVE DESIGNS FURNITURE INC.**

1 Concorde Gate  
Suite 200  
Toronto, ON M3C 4G4

**DANIEL R. WEISZ**

Telephone: (416) 644-4386  
Facsimile: (416) 644-4303

IN THE MATTER OF THE PROPOSAL OF  
DISTINCTIVE DESIGNS FURNITURE INC.  
OF THE CITY OF TORONTO,  
IN THE PROVINCE OF ONTARIO

Condensed Statement of Assets and Liabilities  
as at June 30, 2007

**Assets**

Cash	\$ 3,086
Accounts receivable	3,100,106
Inventory	4,415,219
Investments in Related Companies	1
Prepaid Expenses	312,999
Capital Assets (net book value)	<u>1,022,726</u>

\$ 8,854,137

**Liabilities**

Bank Indebtedness	\$ 2,518,732
Accounts Payable	3,299,345
Due to Related Parties	1,374,732
Deferred Income Taxes	119,000
Capital Lease	<u>10,912</u>

\$ 7,322,721

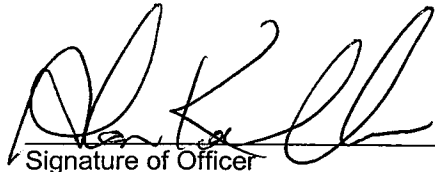
Note: The above figures represent book values.

I, Alan Kornblum, an officer of Distinctive Designs Furniture Inc. (the "Company"), do swear that this Condensed Statement of Assets and Liabilities ("Condensed Statement") is to the best of my knowledge, a full true and complete Condensed Statement and fully discloses all property of any description that is in the possession of the Company as at June 30, 2007 or that may devolve on it in accordance with Section 67 of the **Bankruptcy and Insolvency Act**.

SWORN before me in the City of Toronto in the Province of Ontario this 27<sup>th</sup> day of July, 2007.



A Commissioner, etc.,  
Province of Ontario,  
for Mitz & Partners Limited  
Trustee in Bankruptcy.  
Expires January 17, 2010.

  
Signature of Officer

**MINTZ & PARTNERS LIMITED**  
**IN THE MATTER OF THE PROPOSAL OF**  
**DISTINCTIVE DESIGNS FURNITURE INC.**  
**OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**  
**Mailing List**

---

ALAN KORNBLUM  
600 CLAYSON ROAD  
TORONTO, ON M9M 2H2

**Contingent**

1	CATERINA FABIANO 75 SHEPPARD AVE ALLISTON ON L9R 2G3	Unknown
2	EDMUN FAQUHARON 11 DAMASCUS ROAD CALEDON EAST ON L0N 1E0	Unknown
3	HAROLD CLARK P.O. BOX 520 HUDSON NC 28638	Unknown
4	JAMES MOORE 1 MEZANIE CRES P.O. BOX 1 WATERDOWN ON L0R 2H0	Unknown
5	RANDY MANNING 550 WEBB DRIVE #2605 MISSISSAUGA ON L5B 3Y6	Unknown

**Secured**

6	337572 ONTARIO LIMITED 6 TILLINGHAM KEEP TORONTO ON M3H 6A2	577702.00
7	ASSET ENGINEERING LP 8 STEELCASE ROAD WEST MARKHAM ON L3R 1B2	2518732.00
8	GMAC OF CANADA MS. NANCY PERRY-BODANIS 3250 BLOOR STREET WEST SUITE 800 ETOBICOKE ON M9A 5E3 (416) 207-4070	Unknown
9	RETURN ON INNOVATION ADVISORS, LTD. 43 COLBORNE STREET 3RD FLOOR TORONTO ON M5E 1E3	Unknown

**Unsecured**

10	1369630 ONTARIO INC. - SUNRISE PROPANE 54 MURRAY ROAD NORTH YORK ON M3K 1T2	570.20
11	1578800 ONTARIO INC. JANICE JOHNSON 8 CHILTERN HILL ROAD TORONTO ON M6C 3B3	1684.02
12	ABDULKADIR ADOW 20 FALSTAFF AVENUE #1611 TORONTO ON M6L 2C8	1438.01
13	AIR EQUIPMENT CO. 14 ARNOLD STREET ETOBICOKE ON M8Z 5A6	2744.02

**MINTZ & PARTNERS LIMITED**  
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14	ALAS MORA 55 EMMETT AVENUE #612 TORONTO ON M6M 2E4		6328.29
15	ALIA ZAHID 73 DOLPHIN SONG CRES BRAMPTON ON L6R 2A7		1963.54
16	ALPHA LASER INTERNATIONAL 9665 CLEMENT LA SALLE QB H8R 4B4		1089.63
17	ALTE-REGO CORPORATION 36 TIDEMORE AVENUE TORONTO ON M9W 5H4		28263.42
18	AMBRA AUTOMOTIVE 36072 CHIAMPO (vi) VIA ARZIGNANO, 74, ITALY		612.59
19	AMERICAN CENTURY HOME FABRICS INC. 5200 SOUTH MAIN STREET SALISBURY NC 28147	US\$	1125.16
20	AMERICAN DECORATIVE FABRICS BB&T FACTORS CORP. P.O. BOX 890011 CHARLOTTE NC 28289-0011	US\$	224.00
21	ANDREA HARMER 6282 CAMGREEN CIRCLE MISSISSAUGA ON L5N 4M6		6953.07
22	ANGELO SPINELLI 26 CALUMET CR. SCARBOROUGH ON M1H 1W5		8187.27
23	ARIA LEATHER SALES 200 GLEN CEDAR ROAD TORONTO ON M6C 3H1		13313.36
24	ART LEATHER 2491 ARMSTRONG DRIVE WINSTON-SALEM, NC 27103		7894.18
25	AVENUE INDUSTRIAL SUPPLY CO. 2-331 ALDEND ROAD MARKHAM ON L3R 3L4		226.86
26	BAHAR ABDI 325 BLEEKER STREET #715 TORONTO ON M4X 1M2		1799.15
27	BALACHANDRAN THAMPIAH 14 REVEL STOKE PLACE BRAMPTON ON L6R 3G3		1178.18
28	BARBARA JELONGKIEWICZ 21 PURDY CRESCENT WESTON ON M9N 3X8		5607.85
29	BARROW INDUSTRIES 3 EDGEWATER DRIVE P.O. BOX 9104 NORWOOD MA 02062	US\$	304.73
30	BARTSON FABRICS INC. 240 GLEN AVENUE, P.O. BOX 230	US\$	125.88

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	MIDLAND PARK NJ 07432-0230		
31	BELL CANADA (BUSINESS AND SYMPATICO) BUSINESS BANKRUPTCY GROUP (ONTARIO) 600, JEAN-TALON EAST SUITE 1006 MONTREAL PQ H2R 3A8 (800) 441-0119		76.89
32	BEVERLY HENRY 238 ALBION ROAD # 811 TORONTO ON M9W 6A7		7602.25
33	BICH TRAN 10 EDDYSTONE AVENUE #124 TORONTO ON M3N 2T2		3655.29
34	BUDSTER & CO P.O. BOX 188 ISSAQUAH WA 92827	US\$	87.04
35	BUREAU OF HOME FURNISHINGS P.O. BOX 942518 SACRAMENTO CA 94258-0518	US\$	750.00
36	CALDWELL FREIGHT LINE INC. P.O. BOX 1950 LENOIR NC 28645		111.16
37	CANADIAN FURNITURE 150 GREAT GULF DRIVE VAUGHAN ON L4K 5W1		64217.46
38	CANADIAN LINEN & UNIFORM SERVICE 20 ATOMIC DR. ETOBICOKE ON M8Z 5K8		231.02
39	CANSEW INC. 28 APEX ROAD TORONTO ON M6A 2V2		14785.16
40	CANTAR/POLYAIR INC. 258 ATWELL DRIVE ETOBICOKE ON M9W 5B2		2506.79
41	CARDINAL FASTENERS 120 VENTURE DRIVE SCARBOROUGH ON M1B 3L6		313.36
42	CAROL JOHNSON 2765 ISLINGTON AVENUE #1315 TORONTO ON M9V 5C2		1003.00
43	CARROLL COMPANIES INC. 1640 OLD 421 S BOONE NC 28607		521.37
44	CATAWBA LEATHER LLC P.O. BOX 1961 HICKORY NC 28603	USD	675199.32
45	CATHY HAMILTON 18 EMERY CIRCLE TORONTO ON M9P 2G6		923.00
46	CHANDRAVTHAY SELLATHURAI 1465 TYNEBURN CRESCENT		10200.00

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#102			
	MISSISSAUGA ON L4X 1P7		
47	CHATEAU IMPORT-EXPORT INC. 100 HOWDEN SCARBOROUGH ON M1R 3G1		4061.92
48	CHRISTINA HENN 1412-96TH AVENUE DALHOUSIE AB T2V 0Y4		6000.00
49	CHUNG YOO 322 THE WESTWAY ETOBICOKE ON M9R 1H2		5831.77
50	COATINGS & CLAIMS CONSULTANTS INC. P.O. BOX 14714 PORTLAND OR 97214		475.00
51	COATINGS CONSULTANTS INC. 61164 HILMER CREEK DRIVE BEND OR 97702	US\$	502.00
52	COLOR RESTORATION AND REPAIR 4641 OAKHURST LANE ALPHARETTA GA 30004		607.40
53	CONCERIA AMBRA SRL 36045 ALMISANO DILONIGO (vi) VIA CASSETTE 2 ITALY		6309.84
54	CONSOLIDATED MERCANTILE INCORPORATED 106 AVENUE ROAD TORONTO ON M5R 2G3		797030.00
55	COSTA BLANCA TEXTILE INDUSTRIES MKT SQUARE TEXTILE TOWER 9TH FL. 305 WEST HIGH AVE HIGH POINT NC 27260	US\$	1011.53
56	CRAFTMASTER CUSTOM UPHOLSTERY LTD. 28 PARKER AVE RICHMOND HILL L4E 2X3		1234.90
57	CROWNHILL PACKAGING LTD. 8905 GOREWAY DRIVE BRAMPTON ON L6T 0B7		10996.18
58	CULP INC. P.O.BOX 60760 CHAROLETTE NC 28260	US\$	1172.60
59	CYKLOP INTERNATIONAL 296 RICHMOND ST. WEST TORONTO ON M5V 1X2		543.04
60	DALJIT KALIRAI 512 RAVENVIEW WAY OAKVILLE ON L6H 6S9		6348.76
61	DAN-D OFFICE SUPPLIES LTD. 80 GOUGH ROAD, UNIT 1 MARKHAM ON L3R 6E8		908.01
62	DASCO COURIER INC. 544484 TOMKEN ROAD, UNIT 24 MISSISSAUGA ON L4W 2Z6		119.78
63	DAVID ROTHCHILD CO. INC.	US\$	365.82

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	BB&T FACTORS CORPORATION P.O. BOX 890011 CHARLOTTE NC 28289-0011		
64	DBA CERTIFIED FURNITURE DOCTORS 29 ELMWOOD STREET SALISBURY MA 01952	US\$	145.00
65	DBA GUARDSMAN FURNITURE PRO 1833 LAKE LANE ARDEN HILLS MN 55112	US\$	225.00
66	DE CUTTING EDGE COMPANY LTD. 1870 ALBION ROAD UNIT 2 ETOBICOKE ON M9W 5R8		50560.02
67	DU PAGE UPHOLSTERY 53 S. VILLA AVE VILLA PARK IL 60181	US\$	350.00
68	EASTERN MASS MOVERS 176 GROVE STREET FRANKLIN MA 02038	US\$	150.00
69	EDS CANADA INC. 33 YONGE ST. TORONTO ON M5E 1G4		912.00
70	EDWIN GUMPATIE 60 STARHILL CRES BRAMPTON ON L6R 2W1		6851.96
71	ELS DIVISION OF 646321 ONTARIO LTD. 114 GALAXY BLVD TORONTO ON M9W 4Y6		146.28
72	ENA WILLIAMS 161 OSLER STREET TORONTO ON M6N 2Y9		5438.72
73	EPIC EXPRESS 5425 DIXIE ROAD MISSISSAUGA ON L4W 1E6		10125.01
74	ERNST FURNITURE SERVICE INC. 6370 PAXTON WOODS DR. LOVELAND OH 45140	US\$	963.58
75	EROINA ALIKO 806-311 DIXON ROAD TORONTO ON M9R 1S3		1593.04
76	EUROLEATHER INC. 1994 INDUSTRIAL DRIVE NEWTON NC 28658	US\$	1165.19
77	EXPRESS PERSONNEL SERVICES INC. P.O. BOX 9245 POSTAL STN A TORONTO ON M5W 3M1		2047.57
78	FCI MOLDED PRODUCTS INC. 550 APPLEWOOD CRESCENT BLDG 1 CONCORD ON L4K 4B4		1228.96
79	FEDERAL EXPRESS CANADA LTD. REVENUE RECOVERY DEPARTMENT 5985 EXPLORER DRIVE MISSISSAUGA ON L4W 5K6		587.19
80	FEI ZHOU		8308.68

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	78 SENTINAL AVENUE DOWNSVIEW ON M3J 1S9		
81	FIBRENEW NORTH/OKANAGAN 10212 RUFFIAN LANE BERLIN MD 21811		371.00
82	FIBRENEW SIMCOE/MUSKOKA 314 PEEK-A-BOO TRAIL RR#2 PENETANG ON L9M 1R2		404.92
83	FIERRO PAPER INDUSTRIES LTD. 100 BETHRIDGE ROAD ETOBICOKE ON M9W 6N1		3690.09
84	FINAL TOUCH INC. 7 SOUND VIEW DRIVE WOODBIDGE ON 06525		116.60
85	FINK AND ASSOCIATES 466 DUPONT STREET TORONTO ON M5R 1W6		175.00
86	FOAMCO 198 FAIRBANK AVENUE TORONTO ON M6B 4C5		107856.04
87	FRANK BRASIER & SONS LIMITED 3 AUTOMATIC ROAD BRAMPTON ON L6S 4K6		1049.50
88	FURNITURE MEDIC ELDON D. TUFTS 21 LAUREL STREET BEVERLY MA 01915		242.95
89	FURNITURE MEDIC ELDON D. TUFTS 21 LAUREN STREET BEVERLY MA 01915	US\$	445.00
90	FURNITURE MEDIC 21 LAUREL STREET BEVERLY MA 01915	US\$	405.00
91	FYBON INDUSTREIS LTD. 202 FAIRBANK AVE TORONTO ON M6B 4C5		22440.80
92	GANESH RAATHNASIGNAM 21-122 ROUGE RIVER DRIVE SCARBOROUGH ON M1B 6E9		1557.08
93	GERBER TECHNOLOGY CANADA P.O. BOX 2015, STN "B" 1250 UNIVERSITY STREET MONTREAL QB H3B 4H4		5878.48
94	GRAND & TOY COLLECTIONS 33 GREEN BELT DR. NORTH YORK ON M3C 1M1		805.69
95	GREAT LAKES CUSTOMS BROKERAGE, INC. P.O. BOX 386 LEWISTON ON 14092-0386		1554.60
96	GREATEX MILLS 1625 CHABANEL STREET WEST	US\$	8403.46

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	SUITE 201 MONTREAL QB H4N 2S7		
97	GREGORY GOLDMAN C/O FURNITURE SERVICE CO 183 OAKWOODS AVENUE LONG BEACH NJ 07740	US\$	335.00
98	GRIP CLINCH CANADA LTD. 288 GARYRAY DRIVE WESTON ON M9L 1P4		1144.42
99	GROUPE V.A. INC. 156 BOUL, LAURIER QUEBEC G0S 1N0		366.08
100	GUARDSMAN FURNITURE PRO OF ROYAL OAK 227 AMELIA ROAYL OAK MI 48073	US\$	291.50
101	H. BREITER WINDOW CLEANING LTD. 12 BENTWORTH AVENUE NORTH YORK ON M6A 1P3		190.80
102	HARINDER SRA 27 JEWELL CRES BRAMPTON ON L6R 2P5		6385.58
103	HELEN LEE 40 NORTHOVER STREET TORONTO ON M3L 1W5		8902.22
104	HOA-MY VUONG 75 CAMEO CRESCENT TORONTO ON M6N 2K4		21454.44
105	HUDSON ELECTRIC LTD. 2901 STEELES AVENUE WEST UNIT 26 TORONTO ON M3J 3A5		6108.48
106	HUTTON TRANSPORT LTD. WAVERLY, BOWMANVILLE ONTARIO L1C 3R8		7839.85
107	HUYEN PHAM 36 SAWMILL ROAD TORONTO ON M3K 2M2		13622.08
108	ICA CANADA ON-LINE INC. 5155 SPECTRUM WAY BLDG 36 MISSISSAUGA ON L4W 5A1		315.88
109	INTEGRAL CONSLUTING INC. 7305 WOODBINE AVE BOX 48 MARKHAM ON L3R 3V7		341.32
110	INTERIOR EXPRESSIONS LLC 1485 TUSKEGEE PLACE, STE F COLORADO SPRINGS ON 80915	US\$	505.00
111	INTERNATIONAL TEXTILE GROUP INC. CONE MILLS CORPORATION P.O. BOX 75080 CHARLOTTE NC 28275		1877.41
112	IRIS MOORE		5738.35

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	43 GLENHAVEN ST. #6 TORONTO ON M6M 3M2		
113	IT IS FINISHED STEVE BURNHAM 3016 MORAIN DRIVE BRIGHTON MI 48114	US\$	230.00
114	J& A CARTAGE LTD. 20 MILLWICK DR., UNIT 6A WESTON ON M9L 1Y3		296.80
115	J&J WOODWORKING & FURNITURE SERVICE 21 DUNN COURT SAYVILLE, NEW YORK 11782	US\$	162.94
116	J. ENNIS FABRICS LTD. 12122-68 STREET EDMONTON AB T5B 1R1		1845.47
117	J. SECHKO FURNITURE SERVICE 46 FIRST AVE MASSAPEQUA PARK NEW YORK NY 11762	US\$	225.00
118	J.M. LANDSCAPE MAINTENANCE 420 ROYAL PARKWAY WOODBIDGE ON L4H 1K1		2056.40
119	JASVIR KANDOLA 7275 SIGSBEE DRIVE MISSISSAUGA ON L4T 3L6		4473.06
120	JASWINDER KAUR 112 WEST HUMBER BLVD. TORONTO ON M9W 3N1		5605.10
121	JAWAD SAHSHAB 1875 MARTINGROVE ROAD TORONTO ON M9V 3S8		1313.37
122	JEEVARAJAH ARIYASINGHTAM 20 WADE AVENUE, #606 TORONTO ON M6H 4H3		1342.81
123	JEOM JEONG 172 WRIGHT AVE WESTON ON M9N 3Z2		6038.96
124	JEYARATHA NIRANJAN #506- 3 GOLDFINCH COURT TORONTO ON M2R 2C1		1278.65
125	JIM JORDEN & ASSOCIATES 4535 FISH HAWK CT. CHESAPEKE BEACH MD 20732	US\$	240.00
126	JOHN RUCKER 12625 SW COLONY LANE #53 BEAVERTON OR		1784.47
127	JOSEPH CORY HOLDINGS LLC 888 NEWARK AVENUE P.O. BOX 6667 JERSEY CITY NJ 07306		1854.00
128	JOTHIKUMAR VISVALINGAM 505 FRED MCLAREN BLVD.		6508.48

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	MARKHAM ON L6E 2H7	
129	JU SZUTU 102 RANKIN CRES TORONTO ON M6P 4G6	9877.66
130	JUNG-OK KAY 65 EMMETT AVENUE #308 TORONTO ON M9M 2E5	5326.80
131	KANWALJIT JOSAN 28 FERNANDO ROAD NORTH YORK ON M9M 2P6	6917.50
132	KEN LY 126 VIA CASSIA DRIVE TORONTO ON M6M 5L3	2045.41
133	KENNETH CAINES 32 RUSHLEY DRIVE SCARBOROUGH ON M1P 3S5	4116.44
134	KING RECYCLING & WASTE DISPOSAL 86 SHORNCLIFFE ROAD ETOBICOKE ON M8Z 5K5	2216.47
135	KUGAN VISWANATHAN 103 FOXCHASE AVENUE #14 WOODBIDGE ON L4L 9K7	1429.74
136	LAURIE LEINO #67-8675 BAYVIEW AVENUE RICHMOND HILL ON L4B 3M5	7684.24
137	LEATHER GENIE 1 MCKINLEY COURT CALEDON ON L0N 1E0	2292.25
138	LENROD INDUSTRIES LTD. 5675 ROYALMOUNT AVENUE TOWN OF MONT ROYAL QB H4P 1K3	23296.83
139	LIZ RIDOUT 20 CRESTRIDGE DRIVE BOLTON ON L7E 2T7	17105.00
140	M FIBRES INC. 500 KEELE STREET UNIT 401 TORONTO ON M6N 3C9	413.56
141	MAHENDIRAN KANDIAH 2737 KIPLING AVENUE #311 TORONTO ON M9V 4C3	716.16
142	MARC REID ARIZONA FURNITURE REPAIR P.O. BOX 74343 PHOENIX AR 85087-4343	US\$ 350.00
143	MARIA BASTA 4673 JANE ST. #321 DOWNSVIEW ON M3N 2L1	5511.73
144	MARIA DESOUSA 444 BROCK STREET TORONTO ON M6H 3N3	3367.80
145	MARIA GOMEZ	20066.00

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	28 VIEWNORTH COURT WOODBRIDGE ON L4L 8S4	
146	MARLINE YOUSIF 370 DIXON ROAD #214 ETOBICOKE ON M9R 1T2	5777.31
147	MASTER CLEAN MAINTENANCE TORONTO ON M4Y 1T0	4181.97
148	MASTER FABRICS LTD. 7963 ALFRED VILLE D'ANJOU QB H1J 1J3	811.68
149	MASTERCRAFT FABRICS LLC 210 PARK STREET, P.O. BOX 125 SPINDALE NC 28160	US\$ 568.01
150	MASTROTTO ITALIA SPA 36071 ARZIGNANO VICENZA ITALY ZONE 55	156339.77
151	MCMAHOM CHEVROLET GEO OLDSMOBILE 1066 BROAD DUNNVILLE ON N1A 2Z1	3443.31
152	MEFTUH ABDULHAFIZ 1 FIRVALLEY COURT #603 TORONTO ON M1L 1N8	2858.94
153	MELCO LOGISTICS INC. 131 TELSON ROAD, UNIT 2 MARKHAM ON L3R 1E4	257705.40
154	METALCRAFT SHEET METAL INC. 250 REGINA ROAD., UNIT 17-18 WOODBRIDGE ON L4L 8N2	12517.94
155	MINIMAX TRANSPORTATION INC. P.O. BOX 92 CORNWALL ON K6H 5R9	302.46
156	MISSISSAUGA CARTONS 2364 HAINES ROAD, UNIT 1 MISSISSAUGA ON L4Y 1Y6	530.00
157	MO'S REFINISHING 64 UPPER HUMBER DRIVE ETOBICOKE ON M9W 7B6	169.60
158	MORGAN FABRICS CORPORATION 4265 EXCHANGE AVENUE P.O. BOX 58523 LOS ANGELES CA 90058-0523	10187.48
159	MPI MENTOR PARTNERS SERVICES INC. JUSTIN SUH 303 DE LA NOUE ST. MONTREAL QB H3E 1R8	Unknown
160	MULTI-WEB TECHNOLOGIES 98 RUTHERFORD ROAD SOUTH BRAMPTON ON L6W 3J5	19168.02
161	MUNRO FASTENINGS & TEXTILES INC. 134 SKYWAY ETOBICOKE ON M9W 4Y9	527.93

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162	MUSLIM FAZILA 21 REDWILLOW DR. BRAMPTON ON L6P 2A4		6748.41
163	MY DIEP 107-35 SUNNY GLENWAY TORONTO ON M3C 2Z5		3915.78
164	NARINDERPAL KAUR 548 MATISSE PLACE MISSISSAUGA ON L5W 1M2		5707.39
165	NATIONAL SAMPLE CARD CO. LTD. 11,500 ARMAND BOMBARDIER, MONTREAL QB H1E 2W9		1959.99
166	NESEL FAST FREIGHT 20 HOLLAND DRIVE BOLTON ON L7E 1G6		14514.37
167	NEWSTYLE FRAMES WOODWORKINGS LTD. 42 SHAFT ROAD UNIT # B REXDALE ON M9W 4M2		89116.21
168	NEWTOP CORP. 808 HALLA CLASSIC B/D 824 11 YOKSAM-DONG, KANGNAM KU SEOUL, KOREA	us\$	35208.00
169	NGHIM TRINH 33 RYEWOOD DRIVE TORONTO ON M3N 1B7		8249.05
170	NORAMPAC 1280 CALEDONIA NORTH YORK ON M6A 3B9		72550.70
171	NORTH AMERICAN PAPER INC. 16 AUTOMATIC ROAD BRAMPTON ON L6S 5N3		6778.70
172	NU TRAN 30 HIGHVIEW AVENUE TORONTO ON M3M 1C4		7232.02
173	OK-HEE KIM 3120 SHEPPARD AVENUE E. #74 SCARBOROUGH ON M1T 3J8		7653.13
174	OL'PRESTIGE FURNITURE CARE, INC. 8321 BRANDONWOOD DRIVE NORTH RICHLAND HILLS TX 76180	US\$	86.60
175	OMAR MCCORMACK 52 FAIRMEADOW PLACE WHITBY ON L1N 8W4		1980.00
176	OMNI INTERIOR FURNISHINGS 378 SOUTH LANE GRANVILLE MA 01034	US\$	125.00
177	ONTARIO FURNITURE MANUFACTURERS ASSOC. 6900 AIRPORT ROAD MISSISSAUGA ON L4V 1E8		1282.60
178	OSMAS OMAR 10 SAN ROMANOWAY #1606 TORONTO ON M3N 2Y2		2109.92
179	PARICIA PARRIS		6895.50

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	30 PLATINUM DRIVE ETOBICOKE ON M6M 5K2		
180	PARIS RESTORATIONS INC. 115-95 237TH STREET ELMONT NY 11003	US\$	225.00
181	PCO SERVICES CORPORATION 5840 FALBOURNE ST. TORONTO ON		802.42
182	PHENG LY 28 CENTREPARK DRIVE NORTH YORK ON M6M 5K3		6249.28
183	PINE VALLEY POLYMERS INC. 335 FLINT ROAD NORTH YORK ON M3J 2J2		3811.50
184	PITNEY BOWES LTD. P.O. BOX 190 ORANGEVILLE ON L9W 2Z6		254.78
185	PONNAMPALAM CEVVEL 52 BIG MOE CR. BRAMPTON ON L6P 1J7		1056.81
186	PRITCHARD PAPER PRODUCTS CO. LTD. 77 COURTLAND AVENUE UNIT #1 CONCORD ON L4K 3S9		7484.73
187	PRO-TRANS DELIVERY SERVICES UNIT 7 7581 JANE STREET CONCORD ON L4K 1X3		408.10
188	PURNELL FURNITURE SERVICES INC. 7890 NOTES DRIVE MANASSAS VA 20109	US\$	490.00
189	PUROLATOR COURIER LTD. P.O. BOX 1100 ETOBICOKE POSTAL STATION A ETOBICOKE ON M9C 5K2		3719.45
190	QUAKER FABRIC CORPORATION P.O. BOX 9429, STN A TORONTO ON M5W 4E1		2568.56
191	R.F. HOOD LIMITED 96 PITFIELD ROAD AGINCOURT ON M1S 1Y6		12524.95
192	R.F. HOOD LIMITED 96 PITFIELD ROAD AGINCOURT ON M1S 1Y6		7676.78
193	R.V.M. SEWING MACHINE CO 110-739 BIRCHMOUNT ROAD SCARBOROUGH ON M1K 1R6		786.60
194	REFLECTIONS FURNITURE IND. LTD. 610 HANLAN ROAD WOODBRIIDGE ON L4W 4Y1		667.80
195	RELCO INC. 78 SIGNET DRIVE NORTH YORK ON M9L 1T2		366.08
196	RICHARD CHOY 93 SCOVILLE SQUARE		1231.00

**MINTZ & PARTNERS LIMITED**  
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	SCARBOROUGH ON M1V 5M1	
197	RICHELIEU MONTREAL 7900 HENRI-BOURASSA OUEST VILLE ST. LAURENT QB H4S 1V4	208.31
198	RICHLOOM FABRICS GROUP INC. C/O ACCORD BUSN. CREDIT 3500 DE MAISONNEUVE W SUITE 1510 MONTREAL QB H3Z 3C1	3627.46
199	RICHMOND FIRE SYSTEMS LTD. 499 EDGELEY BLVD. CONCORD ON L4K 4H3	2575.24
200	RIDOL INC. 0405 6801 W. 66TH PLACE BEDFORD PARK IL 60638	US\$ 1643.12
201	ROBERT ALLEN FABRICS (CANADA) LTD. 170 BEDFORD ROAD TORONTO ON M5R 2K9	1319.68
202	ROBERT BRAKEL & ASSOCIATES LTD. 3 CONESTOGA DRIVE BRAMPTON ON L6Z 4N5	7617.34
203	ROCHESTER MIDLAND LTD. P.O. BOX 486 OAKVILLE ON L6J 3A8	1244.18
204	ROMA BEDDING CO. LTD. 135 WENDELL AVENUE TORONTO ON M9N 3K9	23025.32
205	ROY TURK INDUSTRIAL SALES LTD. 24 VULCAN ST. ETOBICOKE ON M9W 4M9	5953.07
206	RUTH LEON 2835 ISLINGTON AVENUE #308 TORONTO ON M9L 2K2	4916.59
207	SAFE-TECH ALARM SYSTEMS 121 WILLOWDALE AVENUE SUITE 202 NORTH YORK ON M2N 6A3	1352.98
208	SAKS FURNITURE 5863 FERRY STREET NIAGARA FALLS ON L2G 1S8	169.60
209	SAYID HUSSEIN 400 PARLIAMENT STREET #303 TORONTO ON M5A 2Z7	5238.39
210	SCHENKER STINNES LOGISTICS 6555 NORTHWEST DRIVE MISSISSAUGA ON L4V 1K2	1775.70
211	SENTHURAN GNANASUNDARAM 419 MARKHAM ROAD #301 SCARBOROUGH ON M1J 3E1	919.64
212	SHABBIR MAHIDA 320 DIXON ROAD, UNIT 1403 TORONTO ON M9R 1S8	1484.03

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213	SINCA FURNITURE & BEDDING SUPPLIES 802-2301 DERRY ROAD WEST MISSISSAUGA ON L5N 2R4	3862.05
214	SIVAMAYA SIVAPATHARATNAM 47 UNITED SQUARE SCARBOROUGH ON M1B 2B9	1344.90
215	SIVATHASAN KANTHAPPU 42 RED HAWK ROAD SCARBOROUGH ON M1B 6B3	3962.69
216	SRISKANTHAR SOMASUNDARAM 54 MILES FARM ROAD MARKHAM ON L3S 2B2	492.40
217	STEALTH CARTAGE LTD. 139 VIA CARMINE AVE WOODBIDGE ON L4H 1Z9	24491.30
218	STEINMAN TRANSPORTATION LIMITED 215 BELFEILD ROAD REXDALE ON M9W 1H2	260.50
219	STEVE WEGNER UPHOLSTERY P.O. BOX 124 UTTERSON ON P0B 1M0	74.10
220	SUGENTHIRAN KUNARATHINAM 18 WOODSMERE COURT BRAMPTON ON L6R 1V3	756.84
221	SUKHVIR KAUR 7 CHANNING PLACE TORONTO ON M9V 4M6	1857.68
222	SUNBURST FIRBREFILL INC. 80 FENMAR DRIVE TORONTO ON M9L 1A0	11755.95
223	SUNSHINE TRUCKING 20416 72ND AVE S P.O. BOX 1245 KENT WA 98035-1245	1784.47
224	SUPERIOR SEWING MACHINE CO. LTD. 1270 FINCH AVENUE WEST TORONTO ON M3J 3J7	1712.83
225	SWAVELLE FABRICS GMAC COMMERCIAL CREDIT LLC P.O. BOX 403058 ATLANTA GE 30384-3058	3248.72
226	THAMILINIYAN NANTHAKUMAR 14 MARY PEARSON DRIVE MARKHAM ON L3S 2Z5	1409.95
227	THARMAL KATHIRKAMATHAMBY 43 LAVERY TRAIL SCARBOROUGH ON M1C 4T3	9865.09
228	THOMAS LIFT TRUCK SERVICES LTD. 30 DEVON ROAD BRAMPTON ON L6T 5B5	742.03
229	TIETEX INTERNATIONAL LTD. P.O. BOX 934241 ATLANTA GE 31193-4241	3717.77

**MINTZ & PARTNERS LIMITED**  
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230	TIME DEVELOPMENT LTD. 4500 SHEPPARD AVE EAST UNIT #3 TORONTO ON M1S 3R6	US\$	90952.56
231	TORMON LTD. 136 SHORTING ROAD SCARBOROUGH ON M1S 3S6		15878.36
232	TRADITIONAL FRAME LTD. 16 NORTHWESTERN AVENUE TORONTO ON M6M 5E5		273.54
233	TRI-STAR WOOD PRODUCTS INC. 415 SIGNET DRIVE NORTH YORK ON M9L 1V4		77907.99
234	TRIDEN DISTRIBUTORS LIMITED 922 DILLINGHAM ROAD PICKERING ON L1W 1Z6		1427.54
235	TRIWASTE SERVICES 260 NEW TORONTO STREET TORONTO ON M8V 2E8		12275.49
236	TROJAN WOODWORKING LTD. 67 INGRAM TORONTO ON M6M 2L7		21924.67
237	UNIFIT FASTENING SYSTEMS INC. 9 PULLMAN COURT SCARBOROUGH ON M1X 1E4		10403.37
238	UNITED PARCEL SERVICE CANADA LTD. P.O. BOX #1085, TORONTO STATION B TORONTO ON M4T 3J3		47.81
239	UT HUYNH 42 FALVO ST. MAPLE ON L6A 4A5		5503.03
240	VALDESE WEAVERS P.O. BOX 60668 CHARLOTTE NC 28260	US\$	1021.85
241	VALLE FOAM INDUSTRIES INC. 4 WEST DRIVE BRAMPTON ON L6T 2H7		307253.62
242	VEERMA SATAR 31 FLOWER TRAIL BRAMPTON ON L6P 1P1		6954.54
243	VIKTORIJA MATIJA 25 BERGAMOT AVE #101 REXDALE ON M9W 1W4		7186.70
244	WAI TAN 544 TREE CREST CRES MISSISSAUGA ON L5R 3Z8		8472.29
245	WESTERN LOGISTICS 55 PAQUIN ROAD WINNEPEG MB R2J 3V9		1592.76
246	WONDERWORKS 60 GREENHALGH DRIVE SEAKONK MA 02771	US\$	75.00

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247	WORK-COMP CONSULTANTS INC. 1220 TILCROFT GATE OAKVILLE ON L6M 2H8	10699.46
248	Y.K.K. CANADA INC. 3939 BOUL. THIMENS VILLE ST. LAUREN QB H4R 1X3	7799.33

**Number of creditors printed = 248**

**Supplementary Mailing List – Distinctive Designs Furniture Inc.**

Industry Canada, Office of the Superintendent of Bankruptcy, Bankruptcy Branch, 25 St. Clair Avenue East,  
Toronto, Ontario, M4T 1M2

The Registrar in Bankruptcy, 393 University Avenue, 10<sup>th</sup> Floor, Toronto, Ontario, M5G 1E6

Canada Revenue Agency, Insolvency Unit, 1 Front Street West, Suite 100, Toronto, Ontario, M5J 2X6

Ministry of Revenue, P.O. Box 620, 33 King Street West, Oshawa, Ontario, L1H 8E9

Aird & Berlis LLP, BCE Place, 181 Bay Street, Suite 1800, Box 754, Toronto, ON, M5J 2T9  
**Attention: Mr. Richard Epstein**

Bennett Jones LLP, Suite 3400, 1 First Canadian Place, P.O. Box 130, Toronto Ontario, M5X 1A4  
**Attention: Mr. Rick Orzy**

Kronis, Rotsztain, Margles, Cappel, 700-25 Sheppard Avenue West, Toronto, Ontario, M2N 6S6  
**Attention: Mr. Paul Cancilla**

Goldman, Spring Kichler & Sanders LLP, Suite 700, 40 Sheppard Avenue West, Toronto, Ontario, M2N 6K9  
**Attention: Mr. Joseph B. Maierovits**

Chaitons LLP, 185 Sheppard Avenue West, Toronto, Ontario, M2N 1M9  
**Attention: Mr. Harvey Chaiton**

Forum Financial Corp., 106 Avenue Road, Toronto, Ontario, M5R 2H3  
**Attention: Mr. Fred Litwin**

**LIST OF CREDITORS AS COMPILED BY THE TRUSTEE WITHOUT ADMISSION  
AS TO ANY LIABILITY OR PRIVILEGE SHOWN**

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