

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

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

**AND IN THE MATTER OF
A PLAN OF COMPROMISE OR ARRANGEMENT
OF THE MANDERLEY CORPORATION,
1310500 ONTARIO INC., LEO BEAL LTD. AND
MANDERLEY NATURAL TURF SYSTEMS INC.**

the Applicants

**FOURTH REPORT OF THE MONITOR AND INTERIM RECEIVER
DOYLE SALEWSKI INC.
August 11, 2005**

DOYLE SALEWSKI INC.
404 Bank Street
Ottawa, ON K2P 1Y5

Phone: (613) 569-4444

Fax: (613) 569-1116

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

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

**AND IN THE MATTER OF
A PLAN OF COMPROMISE OR ARRANGEMENT
OF THE MANDERLEY CORPORATION,
1310500 ONTARIO INC., LEO BEAL LTD. AND
MANDERLEY NATURAL TURF SYSTEMS INC.**

the Applicants

**FOURTH REPORT OF THE MONITOR AND INTERIM RECEIVER
DOYLE SALEWSKI INC.
August 11, 2005**

I. INTRODUCTION, PURPOSE AND QUALIFICATIONS

(a) Introduction

1. On March 18, 2005, the Applicants filed an application with the court under the *Companies' Creditors Arrangement Act* (the "CCAA"). Doyle Salewski Inc. ("DSI") was appointed as monitor (the "Monitor") and interim receiver (the "Interim Receiver") of the Applicants by order of the Honourable Mr. Justice C. Campbell dated March 23, 2005 (the "Initial Order").

2. By order dated April 22, 2005 (the "April 2005 Order") of the Honourable Mr. Justice Farley, the Initial Order was amended to, *inter alia*, include Manderley Natural Turf Systems Inc., as an applicant, authorize the Applicants to develop a marketing plan and to provide Royal Bank of Canada and Farm Credit Corporation (collectively, the "Senior Lenders") with certain financial information on a bi-weekly basis.

3. By order dated June 8, 2005 (the "June 2005 Order") of the Honourable Mr. Justice Farley, the Initial Order was amended to extend the terms of that order to August 3, 2005

and to approve the marketing plan as set out in the second report of the Monitor/Interim Receiver dated June 2, 2005 (the "Second Report"). The marketing/sale process stipulates that (a) offers were to be received on or before July 15, 2005; and (b) the Applicants were to return to Court before July 31, 2005 to obtain approval of a transaction.

4. By order dated July 26, 2005 (the "July 2005 Order") of the Honourable Justice Echlin, the terms of the Initial Order including the stay of proceedings were extended August 19, 2005. The July 2005 Order also changed the deadline for Court approval of a transaction from July 31, 2005 to August 12, 2005. By the Order of Justice Hoy dated August 10, 2005 the time to obtain court approval of a transaction was extended to August 19, 2005. Mr. Justice Echlin's endorsement further stipulated that the parties were to return to court at a 9:30 a.m. appointment on August 10, 2005 to advise the Court on the status of the marketing process.

5. Further background information is outlined in the first report of the Monitor/Interim Receiver dated April 19, 2005, the supplement to the First Report dated April 18, 2005; the Second Report; and, the Third Report and the Supplement to the Third Report dated July 22, 2005 (collectively, the "Reports"). Copies of the Reports, the court orders and other motion material issued to date, except those portions which have been ordered sealed by the Court are available on the Monitor/Interim Receiver's website www.doylegroup.ca.

(b) Purpose

6. The purpose of the Fourth Report is to provide information to the court on the results of the marketing efforts of the assets of the Applicants.

(c) Qualifications

7. The information contained in this report has been obtained from the records of the Applicants and is based on discussions with, and representations made by, management of the Applicants and other professional advisors retained in this matter.

8. The financial information of the Applicants has not been audited, reviewed or otherwise verified by the Monitor/Interim Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters concerning the Applicants. Accordingly, the Monitor/Interim Receiver does not express an opinion or any other form of assurance on the financial or other information presented herein. The Monitor/Interim Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.

9. The Monitor/Interim Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use that any party makes of this report or any reliance on or

decisions that are made based on this report is the sole responsibility of such party. All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified.

II. RECENT DEVELOPMENTS

(a) *Letters of Intent (“LOI’s”) to Acquire Assets*

10. Pursuant to the marketing plan a dual track investor/sale process was initiated. In its Third Report, the Monitor/Interim Receiver advised of two Letters of Intent (“LOI’s”), which had been received to purchase the assets of the Applicants.

11. At the return of the July 26, 2005 hearing, the Applicants and the Monitor advised the Court that additional time was required to allow for the completion of the prospective purchasers' due diligence and to complete a transaction. Accordingly, the deadline to obtain approval of a transaction was extended from July 31, 2005 to August 12, 2005 which has now been extended to August 19, 2005. On August 8, 2005, revised LOI's were received from each potential purchaser. Copies of the LOI's will be presented to the Court under separate cover in a supplemental report and have also been provided to the Applicants' senior lenders, Royal Bank of Canada and Farm Credit Canada. To preserve the integrity of the marketing process the Monitor/Interim Receiver is requesting that this supplemental report be sealed.

All of which is respectfully submitted on this 11th day of August, 2005.

DOYLE SALEWSKI INC.

**In its capacity as Monitor/Interim Receiver
and not in its personal capacity**



**Paul E. Salewski, CA• CIRP
Senior Vice-President**

