



Court File No. S-1610905

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C – 36 as amended

AND

IN THE MATTER OF
8640025 Canada Inc. and Telephone Data Centers Inc.
(the “Companies”)

MONITOR'S REPORT ON CASH FLOW STATEMENT
Pursuant to paragraph 23(1)(b) of the CCA
December 13, 2016.

1. The Companies have prepared, and provided to the Monitor for review and filing, an amended projected cash flow forecast (the “**Cash Flow Statement**”) for the period November 26, 2016 to March 31, 2016 (the “**Period**”), which is attached hereto as Appendix A. The Cash Flow Statement is an update of the weekly cash flow for 8640025 Canada Inc. which was attached as Exhibit “A” to the affidavit #3 sworn by Sandeep Panesar on November 28, 2016.
2. The Cash Flow Statement has been prepared by Management for purposes of the above noted *Companies' Creditors Arrangement Act* proceeding, using the probable and hypothetical assumptions set out in the attached Notes in Support of the Cash Flow Statement.
3. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have not been able to review all of the supporting documents used by

Management for the probable assumptions and the preparation and presentation of the projection. In particular, we have not reviewed the supporting documents as described in Notes 4, 7 & 8.

4. Based on our review as described herein, nothing has come to our attention that causes us to believe that, in all material respects:
 - a. the Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Statement;
 - b. as at the date of this report, the Probable Assumptions developed by management of the Companies are not suitably supported and consistent with the plan of the Respondents or do not provide a reasonable basis for the Cash Flow Statement, given the Hypothetical Assumptions; or
 - c. the Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.
5. Since the Cash Flow Statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.
6. The Cash Flow Statement has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Vancouver, British Columbia this 13th day of December, 2016.

Boale, Wood and Company
in its capacity as Monitor of
8640025 Canada Inc. and Telephone Data Centers Inc.

Per: John McEown, CPA, CA, CIRP

**8640025 Canada Inc. (the “Company”)
Notes in Support of the Cash Flow Statement
for the period November 26, 2016 to March 31, 2017**

Purpose

1. The purpose of the Cash Flow Statement is to comply with the provisions of the *Companies’ Creditors Arrangement Act* (“CCAA”). The Cash Flow Statement has been prepared by management of 8640025 Canada Inc. (“Management”). The Cash Flow Statement has been prepared based on probable assumptions detailed below. Actual results will likely vary from the projections and such variations maybe material.

General

2. The Monitor has reviewed the un-audited Cash Flow Statement for the period November 26, 2016 to March 31, 2016 as provided by Management (Exhibit “A”). The Monitor has not audited, or otherwise attempted to verify the accuracy or completeness of the information supplied.
3. 8640025 Canada Inc. (“864”) is one of the largest independent facilities-based Competitive Local Exchange Carriers in Canada. 864 provides voice, data, Internet broadband, IT support, Cloud computing, and IPTV service across Canada. Telephone Data Centers Inc. operates as a data centre and colocation service provider.
4. According to Management, the Company’s operations are managed through a related company, TNW Network Corp. (“TNW”) pursuant to a service/assignment agreement which to date has not been provided to the Monitor. TNW also manages the operations Telephone Data Centers Inc. and several other subsidiary companies of 8640025 Canada Inc. including Titan Communications Inc., Choicetel Networks Ltd. Cloud-Phone and Coastline Broadcasting Ltd. (the “Subsidiaries”)

Inflows

5. Cash inflows represent revenues received (plus applicable taxes) for all customers of TNW, 864 and the Subsidiaries and are based on historical levels adjusted for known changes to operations.

Outflows

6. Cash outflows represent post-CCAA expenses (plus applicable taxes) of the Companies, the Subsidiaries and are based on historical levels adjusted for known changes to operations with the exception of the cash outflows for TNW miscellaneous supplier/other expenses and Carrier Suppliers that are referred below.

TNW Miscellaneous Supplier/Other Expenses and Carrier Suppliers

7. According to Management TNW's miscellaneous supplier/other expenses and carrier suppliers are being paid in the ordinary course of business of TNW on terms arranged by TNW and its suppliers. The Cash Flow Statement assumes that the TNW suppliers continue to provide services.

Staffing Company

8. According to Management, all staffing is contracted out to an unrelated staffing company. At the date of this report although requested, the Monitor has not received or reviewed the terms of the contract with the staffing company nor has the Monitor confirmed if payroll source deductions have been remitted to Canada Revenue Agency for staff provided to TNW.

Secured Creditors

9. Secured creditors including, Bank of Nova Scotia, Bell Canada, Bond Capital and Cascade Divide Enterprises are being paid interest only monthly in arrears.

SBA Canada Inc.

10. The Cash Flow Statement assumes that the Company can continue to occupy the SBA towers even though the Cash Flow Statement has no provision for payments to SBA Canada Inc. due to a legal dispute between the parties relating to the ownership of the towers.

Restructuring Fees

11. The restructuring professional fees, including the costs of the Companies' counsel, the Monitor and the Monitor's counsel, will be covered in part by an initial payment of \$50,000 and subsequent weekly payments of \$15,000 to be made by Investel Capital Corporation which Management advises owns all of the issued shares in 8640025 Canada Inc..

Debtor In Possession Financing ("DIP")

12. The Cash Flow Statement assumes that the approved DIP financing (\$350,000) is provided to December 21, 2016 and further DIP financing (to a total of \$2,000,000) as described at paragraph 45 of Affidavit #1 of Sandeep Panesar is approved.

Telephone Data Centers Inc.

13. Based on the Monitor's review of the bank accounts and Management's advice, Telephone Data Centers Inc. does not operate a separate bank account and utilizes the same banking facilities as 864.

Telus/Bell Canada

14. The payments to Telus and Bell Canada (comprising Bell Canada, Bell Mobility, Bell Alliant and Northwestel) are based on historical levels adjusted for known changes to operations but do not include late penalty charges.

APPENDIX A

8640025 Canada Inc.
Statement of Projected Cash Flow
November 26, 2016 to March 31, 2017

	Dec 02 16	Dec 09 16	Dec 16 16	Dec 23 16	Dec 30 16	Jan 06 17	Jan 13 17	Jan 20 17	Jan 27 17	Feb 03 17	Feb 10 17	Feb 17 17	Feb 24 17	Mar 03 17	Mar 10 17	Mar 17 17	Mar 24 17	Mar 31 17	Total
Projected Cash Inflows																			
Base Revenue (Inc GST & PST etc)...	541,600	500,500	409,500	546,000	819,000	350,000	350,500	409,500	546,000	619,000	500,500	409,500	546,000	819,000	500,500	409,500	546,000	819,000	9,641,600
Wholesale Business (Net of Cost)		11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	195,000
Cash Inflow	541,600	511,971	420,971	557,471	830,471	361,471	361,971	420,971	557,471	630,471	511,971	420,971	557,471	830,471	511,971	420,971	557,471	830,471	9,836,600
Projected Cash Outflows																			
TNW Networks Corp- Supplier Cost																			
Staffing Company -HR Cost	230,320	-	258,222	-	258,222	-	338,222	-	258,222	-	258,222	-	258,222	-	258,222	-	258,222	-	2,376,098
Misc Supplier/Other Expenses	50,000	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	82,353	1,450,000
Carrier Suppliers		89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	89,412	1,520,000
Rent	-	291,500	-	-	-	291,500	-	-	-	291,500	-	-	-	291,500	-	-	-	-	1,166,000
Insurance	12,000	-	-	-	-	12,000	-	-	-	12,000	-	-	-	12,000	-	-	-	-	48,000
GST ,PST Payable	-	-	-	-	42,500	-	-	-	-	97,500	-	-	-	97,500	-	-	-	97,500	335,000
Bank Charges	2,000	-	-	-	10,000	-	-	-	-	10,000	-	-	-	10,000	-	-	-	10,000	42,000
Accounting Fees	1,400	1,647	-	3,294	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	29,400
Professional Fees	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	360,000
Telus	139,300	45,700	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	1,753,000
Bell Canada	100,000	30,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	70,588	1,260,000
Bell Mobility	4,000	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	4,706	84,000
Bell Alliant	2,000	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353	42,000
Northwestel	7,400	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	155,400
Interest Expense (Bond,Scotia and Cascade)	-	-	-	-	238,000	-	-	-	-	170,000	-	-	-	170,000	-	-	-	170,000	748,000
	568,420	576,965	634,340	379,412	926,487	681,265	715,987	377,765	635,987	958,765	635,987	377,765	635,987	958,765	635,987	377,765	635,987	655,265	11,368,898
Net Cash Inflow (Outflow)	(26,820)	(64,994)	(213,369)	178,059	(96,016)	(319,794)	(354,016)	43,206	(78,516)	(328,294)	(124,016)	43,206	(78,516)	(128,294)	(124,016)	43,206	(78,516)	175,206	(1,532,298)
Dip Financing	187,600	78,431	78,431	-	-	156,863	313,725	-	-	392,157	78,431	-	-	156,863	78,431	-	-	-	1,520,933
Shareholder Injection			50,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	275,000
Bank Account Opening Balance	26,560	187,340	200,777	115,839	308,898	227,882	79,950	54,659	112,865	49,349	128,212	97,627	155,832	92,316	135,885	105,300	163,505	99,989	26,560
Bank Account Closing Balance	187,340	200,777	115,839	308,898	227,882	79,950	54,659	112,865	49,349	128,212	97,627	155,832	92,316	135,885	105,300	163,505	99,989	290,195	290,195