

**CANADA**  
Province of Quebec  
District of: Quebec  
Division No.: 01-Montréal  
Court No.: 500-11-039459-108  
Estate No.: 41-1393389

**SUPERIOR COURT**  
**In Bankruptcy and Insolvency**  
**(Commercial Division)**

**In the matter of the Notice of Intention to Make a Proposal of:**

**BATTERIE UNIVERSELLE LTÉE,**  
a corporation duly incorporated having its  
head office at 6290 des Grandes Prairies,  
St-Leonard, Quebec H1P 1A2

**Debtor**

- and -

**RSM Richter Inc.**

**Trustee**

---

**TRUSTEE'S REPORT ON THE STATE OF THE INSOLVENT PERSON'S  
BUSINESS AND FINANCIAL AFFAIRS  
(Pursuant to 50.4(7)(b)(ii) and 50.4(9) of the Bankruptcy and Insolvency Act)**

I, Benoit Gingues, CA, of RSM Richter Inc. ("Richter"), Trustee, with respect to the Notice of Intention to Make a Proposal ("Notice of Intention") filed by Batterie Universelle Ltée (the "Company" or "Debtor"), an insolvent person, do hereby report to the Court the following:

**INTRODUCTION**

1. On August 12, 2010, the Debtor filed a Notice of Intention to Make a Proposal in accordance with the *Bankruptcy and Insolvency Act* ("the Act"), a copy of which has been previously filed with the Court.
2. On August 19, 2010, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's Notice of Intention, as previously filed with the Court.
3. On August 20, 2010, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Forecast") together with his report pursuant to Section 50.4(2)(c) of the Act, covering the period from August 15, 2010 to September 25, 2010, which included the major Assumptions used in the preparation of the afore-noted Forecast. Concurrently therewith, the Trustee filed its Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act, all of which have been previously filed with the Court.

4. On September 9, 2010, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Forecast") together with his report pursuant to Section 50.4(2)(c) of the Act ("Debtor's Report"), covering the period from September 5, 2010 to November 6, 2010, which included the major Assumptions used in the preparation of the afore-noted Forecast. Concurrently therewith, the Trustee filed its Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act ("Trustee's Report"), all of which have been previously filed with the Court.
5. On September 9, 2010, an extension to October 22, 2010 was granted to the Debtor by the Court for the filing of a Proposal.
6. On October 22, 2010, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Forecast") together with his report pursuant to Section 50.4(2)(c) of the Act ("Debtor's Report"), covering the period from October 17, 2010 to December 4, 2010, which included the major Assumptions used in the preparation of the afore-noted Forecast. Concurrently therewith, the Trustee filed its Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act ("Trustee's Report"), all of which have been previously filed with the Court.
7. On October 22, 2010, an extension to November 26, 2010 was granted to the Debtor by the Court for the filing of a Proposal.

#### **OPERATIONS**

8. The Debtor forms part of a corporate group including its parent, Power Batteries (Iberville) Ltd. ("PBI"), PBI's parent, Power Battery Co., Inc. ("PBCI" - a New Jersey corporation), and an affiliated company, Power Canada Cables Ltd. ("PCC") (collectively, the "Group"). There have historically been a significant number of intercompany transactions and balances owing between the various entities which comprise the Group.
9. Given the interrelationship between the legal entities within the Group, PCC and PBI have also filed Notices of Intention to Make a Proposal with Richter acting as Trustee there under.
10. The Company's principal secured lender is National Bank of Canada ("NBC"). The NBC has a universal first ranking charge on all of the assets (except real estate and certain equipment) of each corporate entity within the Group.
11. The Debtor's business activities consist of operating a battery retail and service outlet. The Company employs 9 people and operates out of a leased 15,000 square foot facility located in St-Leonard, Quebec.

#### **MONITORING**

12. In order to monitor the affairs and finances of the Debtor, we have been provided with access to the books, records and other important documents of the Company.
13. The Trustee has compared the actual results to those forecasted from October 17, 2010 to November 20, 2010, which is annexed as **Exhibit "A"**. The actual results for the period October 17, 2010 to November 20, 2010 are consistent with the Forecast for the same period, save for some timing differences.
14. The Debtor has adjusted the level of its operations in order to maintain its cash flow requirements within the line of credit level authorized by the NBC.
15. NBC has been supporting the Debtor's scaled down cash flow requirements during the restructuring process, so far, and the Trustee believes that, as long as the Debtor complies with the standstill conditions to be agreed upon between the Debtor and NBC, NBC shall continue to maintain its support for the duration of the extension sought herein.

## RESTRUCTURING INITIATIVES

16. The Company has incurred operating losses in the past two fiscal years (ending March 31, 2009 and 2010) due to a combination of extraordinary factors such as absentee management due to illness and a downturn in the global economy. In the current fiscal year, a significant number of restructuring measures have been taken, including the hiring of a new President and Chief Executive Officer ("CEO") and the initiation of these proceedings.

## SOLICITATION PROCESS

17. On August 12, 2010, the Company has retained the services of Richter to assist in its efforts to sell its business whether by a sale of assets or by way of an investment in the Company ("Sale Process"). As part of its mandate, Richter has assisted the Company in preparing a virtual data room ("Data Room") to assist potential buyers in making an investment decision. The Data Room includes the following information:
  - Corporate background and history;
  - Organizational chart;
  - Historical financial information;
  - Financial projections for the next two fiscal periods;
  - A description and listing of the assets at the various locations; and
  - Key contractual agreements.
18. The following documents related to the search for potential investors or purchasers (collectively "Potential Purchasers") for the Company's operations or assets have been prepared by Richter ("Information Package"):
  - Letter of solicitation;
  - Summary information ("Teaser"); and
  - Confidentiality Agreement ("CA").
19. On October 5, 2010 the Information Package was sent to approximately 375 Potential Purchasers (both strategic and financial).
20. Following the mailing of the Information Package, Richter contacted the Potential Purchasers to follow up on their level of interest. These efforts resulted in the receipt of 22 signed CA's from Potential Purchasers. All parties who have signed a CA were given access to the Data Room.
21. In order to accelerate the process, Richter contacted the Potential Purchasers in order to provide them with additional information, schedule conference calls with Management and organize site visits, all with the view of providing the potential buyers or investors with the opportunity to thoroughly evaluate an acquisition or investment transaction on a timely basis.
22. A number of teleconferences were organized by Richter and attended by several Potential Purchasers and Management.
23. While assisting the Potential Purchasers with their analysis of this business opportunity, Richter finalized the terms and conditions and offer form related to the Sale Process ("Terms and Conditions"). The Terms and Conditions stipulated that a deadline of November 23, 2010 was set to receive offers.
24. On November 23, 2010, one (1) offer and three (3) letters of intent ("LOI") were received. The offer was for the purchase of certain of the Group's assets. Of the three LOI's, two were for the purchase of the Group's assets as a whole. The third LOI was received from a group of investors ("Investor Group") and contemplates a private placement in the Company (the "Investors LOI").

25. The Investors LOI is conditional on, among other things:
- The approval of a Proposal by the unsecured creditors of the Company and the Court;
  - A successful restructuring of the Company's equity whereby the Investor Group would become the Debtor's sole shareholder; and
  - A successful restructuring by the Company of its indebtedness owing to its secured creditor, namely the NBC.
26. The Company, with the assistance of Richter is presently in the process of negotiating the terms and conditions of the transaction contemplated with the Investor Group, which requires additional time.

#### **EXTENSION OF DELAY TO FILE A PROPOSAL**

27. The Debtor has filed a Motion to Extend the Delay for the Filing of a Proposal ("Motion"), in order to enable it to complete the Sale Process and formulate a Proposal to its creditors.
28. The Debtor has prepared an additional Cash Flow Forecast for the period ending January 8, 2011. Annexed hereto as **Exhibit "B"** is the Statement of Projected Cash Flow covering the period from November 21, 2010 to January 8, 2011 which includes the major Assumptions used in the preparation of the aforementioned Forecast, the Trustee's Report on the reasonableness of the Forecast in accordance with Section 50.4(2)(b) of the Act and the Debtor's Report pursuant to Section 50.4(2)(c) of the Act.
29. If the extension is granted, we are not aware that any creditor will be materially prejudiced.
30. NBC has been advised of the Company's Motion and does not oppose the extension sought herein.
31. In the event that the extension is not granted and a Bankruptcy ensues, any reorganization efforts of the Company would cease and the piecemeal disposition of its assets would likely result in a substantial shortfall to the creditors. Consequently, the creditors' best opportunity to maximize recovery in this matter is to allow the Company time to continue its efforts to consummate a transaction with the Investor Group, enter into agreements with its secured creditor, recapitalize its equity and attempt to formulate a Proposal to its unsecured creditors.
32. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court to January 9, 2011.

DATED AT MONTRÉAL, this 25<sup>th</sup> day of November 2010.

**RSM Richter Inc.**  
Trustee

  
Benoit Gingues, CA, CIRP  
Administrator

# **EXHIBIT A**

Batterie Universelle Ltée.

Exhibit "A"

District: Quebec

Division: 01-Montreal

Court # 500-11-039459-108

Estate # 41-1393389

<b>Cash Flow Statement</b>			
<b>Actual vs Projected for the period from October 17 to November 20, 2010</b>			
	<u>Actual</u>	<u>Projections</u>	<u>Variance</u>
<b>Cash Receipts</b>			
Collection of Accounts Receivable	\$ 245,099	\$ 191,800	\$ 53,299
<b>Cash Disbursements</b>			
Purchases	81,036	35,000	(46,036)
Payroll	40,405	42,000	1,595
Total Cash Disbursements	121,441	77,000	(44,441)
Net Cash Flow	123,658	114,800	8,858
Opening Bank Balance	134,890	134,890	-
<b>Ending Bank Balance</b>	<b>\$ 258,548</b>	<b>\$ 249,690</b>	<b>\$ 8,858</b>

# **EXHIBIT B**

District of: Quebec  
Division No. 01- Montréal  
Court No. 500-11-039459-108  
Estate No. 41-1393389

-- FORM 29 --

Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of  
Batterie Universelle Ltée  
Of the City of Saint-Leonard  
In the province of Quebec

The attached statement of projected cash flow of Batterie Universelle Ltée, as of the 24th day of November 2010, consisting of the period from November 21, 2010 to January 8, 2011, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  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 also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, 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 projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

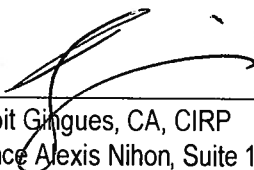
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 24th day of November 2010.

RSM Richter Inc. - Trustee

Per:

  
Benoit Gingues, CA, CIRP  
2 Place Alexis Nihon, Suite 1820  
Montréal QC H3Z 3C2  
Phone: (514) 934-3497 Fax: (514) 934-3504



District of: Quebec  
Division No. 01 - Montréal  
Court No. 500-11-039459-108  
Estate No. 41-1393389

-- FORM 29 -- Attachment -  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)  
In the Matter of the Proposal of  
Batterie Universelle Ltée  
Of the City of Saint-Leonard  
In the province of Quebec

Purpose:

Batterie Universelle Ltée filed a Notice of Intention to Make a Proposal on August 12, 2010. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of Batterie Universelle Ltée (the "Company"), for the period November 21, 2010 to January 8, 2011, relating to the filing of an extension to delay the filing of a Proposal. This Statement of Projected Cash Flow has been prepared by management on November 24, 2010 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period November 21, 2010 to January 8, 2011, considering the economic conditions that are considered the most probable by Management. As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

Consist of projected accounts receivable collection which are based on management's best estimate and historical data.

(b) Projected Cash Disbursements

The projected cash disbursements are based on historical data adjusted to reflect the current level of activity and the filing of the Notice of Intention; and

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montréal in the Province of Quebec, this 24th day of November 2010.

RSM Richter Inc. - Trustee

Per:

  
Benoit Gingués, CA, CIRP  
2 Place Alexis Nihon, Suite 1820  
Montréal QC H3Z 3C2  
Phone: (514) 934-3497 Fax: (514) 934-3504

District of: Quebec  
Division No. 01- Montréal  
Court No. 500-11-039459-108  
Estate No. 41-1393389

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Batterie Universelle Ltée  
Of the City of Saint-Leonard  
In the province of Quebec

The Management of Batterie Universelle Ltée, has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 24th day of November 2010, consisting of the period from November 21, 2010 to January 8, 2011.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

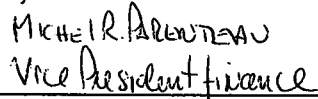
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 24th day of November 2010.



\_\_\_\_\_  
Batterie Universelle Ltée  
Debtor



\_\_\_\_\_  
Name and title of signing officer

District of: Quebec  
Division No. 01- Montréal  
Court No. 500-11-039459-108  
Estate No. 41-1393389

- FORM 30 - Attachment -  
Report on Cash-flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Batterie Universelle Ltée  
Of the City of Saint-Leonard  
In the province of Quebec

Purpose:

Batterie Universelle Ltée filed a Notice of Intention to Make a Proposal on August 12, 2010. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of Batterie Universelle Ltée (the "Company"), for the period November 21, 2010 to January 8, 2011, relating to the filing of an extension to delay the filing of a Proposal. This Statement of Projected Cash Flow has been prepared by management on November 24, 2010 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period November 21, 2010 to January 8, 2011, considering the economic conditions that are considered the most probable by Management. As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

Consist of projected accounts receivable collection which are based on management's best estimate and historical data.

(b) Projected Cash Disbursements

The projected cash disbursements are based on historical data adjusted to reflect the current level of activity and the filing of the Notice of Intention; and

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montréal in the Province of Quebec, this 24th day of November 2010.



---

Batterie Universelle Ltée  
Debtor

Batterie Universelle Ltée  
 District: Quebec  
 Division: 01-Montreal  
 Court # 500-11-039459-108  
 Estate # 41-1393389

**Statement of Projected Cash Flow**  
**For the Period November 21 to January 8, 2011**

Week ending:

	27-Nov-10	4-Dec-10	11-Dec-10	18-Dec-10	25-Dec-10	1-Jan-11	8-Jan-11	Total
<b>Cash Receipts</b>								
Collection of Accounts Receivable	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 34,500	\$ 750	\$ 32,250	\$ 187,500
<b>Cash Disbursements</b>								
Purchases	24,000	2,000	12,000	12,000	12,000	12,000	12,000	86,000
Payroll	-	12,000	-	12,000	-	12,000	-	36,000
Total Cash Disbursements	24,000	14,000	12,000	24,000	12,000	24,000	12,000	122,000
Net Cash Flow	6,000	16,000	18,000	6,000	22,500	(23,250)	20,250	65,500
Opening Bank Position	258,548	264,548	280,548	298,548	304,548	327,048	303,798	258,548
Ending Bank Position	\$ 264,548	\$ 280,548	\$ 298,548	\$ 304,548	\$ 327,048	\$ 303,798	\$ 324,048	\$ 324,048

*Michel Parenteau*  
 Michel Parenteau, CFO

