

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.

OPERATIONS

6. 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.
7. 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.
8. 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.
9. 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

10. 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.
11. The Trustee has compared the actual results to those forecasted from September 5, 2010 to October 16, 2010, which is annexed as **Exhibit "A"**. The actual results for the period September 5, 2010 to October 16, 2010 are consistent with the Forecast for the same period, save for some timing differences.
12. 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.
13. 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

14. 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 recent hiring of a new President and Chief Executive Officer ("CEO") and the initiation of these proceedings.

SOLICITATION PROCESS

15. 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 is continuously being updated and includes the following information:
 - Corporate background and history;
 - 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.
16. The following documents related to the search for potential investors or purchasers have been prepared by Richter ("Information Package"):
 - Letter of solicitation;
 - Summary information ("Teaser"); and
 - Confidentiality Agreement.
17. On October 5, 2010, the Information Package was sent to approximately 375 potential purchasers.
18. Since having sent the Information Package, Richter has received signed Confidentiality Agreements ("CA") from 14 potential purchasers who have been granted access to the Data Room.
19. Representatives of Richter and of the Debtor have been responding to various queries from prospective purchasers and are in the process of arranging site visits and meetings between the prospective purchasers and the Debtor's management.
20. Richter is presently finalizing the terms and conditions related to the Sale Process with the Debtor and its secured lender. Although a deadline to receive offers has not yet been set, prospective purchasers have been advised that the Debtor is seeking to consummate a transaction in an expedited time frame.

EXTENSION OF DELAY TO FILE A PROPOSAL

21. The Debtor has filed a Motion to Extend the Delay for the Filing of a Proposal ("Motion"), in order to enable it to continue to rationalize and restructure its operations, complete the solicitation process and formulate a Proposal to its creditors.
22. The Debtor has prepared an additional Cash Flow Forecast for the period ending December 4, 2010. Annexed hereto as **Exhibit "B"** is the Statement of Projection Cash Flow covering the period from October 17, 2010 to December 4, 2010 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.
23. If the extension is granted, we are not aware that any creditor will be materially prejudiced.
24. NBC has been advised of the Company's Motion and does not oppose the extension sought herein.

25. In the event that the extension is not granted and a Bankruptcy ensues, any reorganization efforts of the business would cease and the piecemeal disposition of the Company's 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 find investors or purchasers for its business or assets as a going concern and to attempt to formulate a Proposal.
26. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court to December 6, 2010.

DATED AT MONTRÉAL, this 21st day of October 2010.

RSM Richter Inc.

Trustee



Benoit Gingues, CA, CIRP
Administrator

EXHIBIT A

Batterie Universelle Ltée.

Exhibit "B" A

District: Quebec

Division: 01-Montreal

Court # 500-11-039459-108

Estate # 41-1393389

Cash Flow Statement			
Actual vs Projected for the period from September 5 to October 16, 2010			
	<u>Actual</u>	<u>Projections</u>	<u>Variance</u>
Cash Receipts			
Collection of Accounts Receivable	\$ 220,413	\$ 188,845	\$ 31,568
Cash Disbursements			
Purchases	39,626	141,155	101,529
Payroll	37,045	41,364	4,319
Total Cash Disbursements	76,671	182,519	105,848
Net Cash Flow	143,742	6,326	137,416
Opening Bank Position	70,814	70,814	-
Ending Bank Position	\$ 214,556	\$ 77,140	\$ 137,416

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 20th day of October 2010, consisting of the period from October 17 to December 4, 2010, 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 20th day of October 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 October 17 to December 4, 2010, relating to the filing of a Motion to extend the delay to file a proposal on October 22, 2010. This Statement of Projected Cash Flow has been prepared by management on October 20, 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 October 17 to December 4, 2010, 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 20th day of October 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 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 20th day of October 2010, consisting of the period from October 17 to December 4, 2010.

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 20th day of October 2010.

Michel Blumenthal

Batterie Universelle Ltée
Debtor

Vice president finance

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 October 17 to December 4, 2010, relating to the filing of a Motion to extend the delay to file a proposal on October 22, 2010. This Statement of Projected Cash Flow has been prepared by management on October 20, 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 October 17 to December 4, 2010, 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 20th day of October 2010.



Batterie Universelle Ltée
Debtor

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

Exhibit "C" B

Statement of Projected Cash Flow								
For the Period October 17 to December 4, 2010								
Week ending:								
	23-Oct-10	30-Oct-10	6-Nov-10	13-Nov-10	20-Nov-10	27-Nov-10	4-Dec-10	Total
Cash Receipts								
Collection of Accounts Receivable	\$ 35,000	\$ 37,550	\$ 38,750	\$ 40,250	\$ 40,250	\$ 11,200	\$ 14,000	\$ 217,000
Cash Disbursements								
Purchases	7,000	7,000	7,000	7,000	7,000	7,000	7,000	49,000
Payroll	14,000	-	14,000	-	14,000	-	14,000	56,000
Total Cash Disbursements	21,000	7,000	21,000	7,000	21,000	7,000	21,000	105,000
Net Cash Flow	14,000	30,550	17,750	33,250	19,250	4,200	(7,000)	112,000
Opening Bank Position	134,890	148,890	179,440	197,190	230,440	249,690	253,890	134,890
Ending Bank Position	\$ 148,890	\$ 179,440	\$ 197,190	\$ 230,440	\$ 249,690	\$ 253,890	\$ 246,890	\$ 246,890

Michel Parenteau
 Michel Parenteau, CFO

