

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:

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 annexed hereto as **Exhibit "A"**.
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 annexed hereto as **Exhibit "B"**.
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 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 annexed hereto as **Exhibit "C"**.
4. 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.

5. The Trustee has compared the actual results to those forecasted from August 15, 2010 to September 3, 2010, which is annexed as **Exhibit "D"**. The actual results to date have been consistent with the Forecast and the Company has been paying its suppliers and employees, on a timely basis, for goods and services provided subsequent to the date of the filing of the Notice of Intention.
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. 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.
8. 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.
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.
10. NBC has been supporting the Debtor's 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.
11. 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.
12. On August 12, 2010, the Company has retained the services of Richter to assist the Company in its efforts to sell its business whether by a sale of assets or by way of an investment in the Company. This mandate includes the preparation of the necessary documentation and the development and implementation of a solicitation process with a view of preserving the business on a going concern. Accordingly, the following documents needed for search for potential investors or purchasers have been prepared:
 - Letter of solicitation;
 - Summary information ("Teaser");
 - Confidentiality Agreement;
 - Data Room table of contents.
13. The relevant information for the Data Room is presently being gathered and letters of solicitation with Teaser are ready to be sent to over 350 potential investors and purchasers that have been identified;
14. 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.

15. The Debtor has prepared an additional Cash Flow Forecast for the period ending November 6, 2010. Annexed hereto as **Exhibit "E"** is the Statement of Projection Cash Flow covering the period from September 5, 2010 to November 6, 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.
16. If the extension is granted, we are not aware that any creditor will be materially prejudiced.
17. NBC has been advised of the Company's Motion and does not oppose the extension sought herein.
18. 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 and to attempt to formulate a Proposal.
19. That given the foregoing, the Trustee hereby recommends the granting of the extension by the Court to October 22, 2010.

DATED AT MONTRÉAL, this 9th day of September 2010.

RSM Richter Inc.

Trustee



Benoit Gingues, CA, CIRP
Administrator