

CANADA

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors Arrangement Act

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-034815-080

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE
OF:

KOMUNIK CORPORATION

-and-

KOMUNIK DATAMARK INC.

-and-

KOMUNIK INTRAMEDIA INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

PETITION FOR THE EXTENSION OF THE STAY PERIOD
(Section 11 of the *Companies' Creditors Arrangement Act* R.S.C. (1985), c. C-36, as amended ("CCAA"))

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING
IN THE COMMERCIAL CHAMBER AND FOR THE JUDICIAL DISTRICT OF
MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

I. INTRODUCTION

1. On November 18, 2008, the Honourable Justice William Fraiberg, J.S.C issued an order (the "Initial Order") granting Komunik Corporation ("Komunik"), Komunik Datamark Inc. ("Datamark") and Komunik Intramedia Inc. ("Intramedia") (collectively, the "Company"), protection under the CCAA until December 18, 2008;
2. On December 15, 2008, the Honourable Justice Fraiberg issued an order (the "First Extension Order"), granting the Petitioners' Petition for the

Extension of the Stay Period, the Approval of the Appointment of a Chief Restructuring Officer, the Approval of a Key Employees' Retention Plan and other conclusions";

3. Pursuant to the First Extension Order, the CCAA protection provided under the Initial Order was continued, and the Stay Period under the Initial Order was extended until January 30, 2009;
4. On January 28, 2009, the Honourable Justice Fraiberg issued an order (the "**Second Extension Order**"), granting the Petitioners' Petition for the Extension of the Stay Period and for the Approval of a Transaction for the Sale of the Konversation Division of Komunik Corporation;
5. By way of the Second Extension Order, the CCAA protection provided under the Initial Order was continued, and the Stay Period under the Initial Order was extended until February 25, 2009;
6. The Company hereby respectfully seeks from this Court an order for:
 - (i) the extension of the Initial Order;
 - (ii) the extension of the Stay Period and the Stay Termination Date (as defined in the Initial Order), to March 31, 2009;
 - (iii) the approval of additional forbearance agreements entered into by Komunik and its lenders;
7. Petitioners refer the Court to the *Fourth Report of RSM Richter Inc.* (the "**Monitor's Fourth Report**") filed in support hereof as **Exhibit P-1**, which provides a detailed update regarding the Company's recent financial performance, the Sale Process (as defined in the Initial Order) and the Company's activities;

II. THE COMPANY'S OPERATIONS AND ACTIVITIES

8. The Company has operated with minimal disruption since the date of the Initial Order;
9. While continuing to operate in the normal course, the Company has, with the assistance of the Monitor, in the period subsequent to the Monitor's Second Report:
 - (i) negotiated with suppliers and service providers regarding the terms on which goods and services are to be provided to the Company and paid for by the Company during the CCAA Proceedings;
 - (ii) continued to communicate with major customers with regard to the Company's restructuring efforts;

- (iii) corresponded with and reported to HSBC Capital (Canada) Inc. ("HSBC Capital"), HSBC Bank Canada ("HSBC Bank") and its consultant, PricewaterhouseCoopers LLP;
- (iv) corresponded with the employees' representatives to provide them with information related to the CCAA proceedings;
- (v) addressed various issues and inquiries made by creditors of the Company and closed the transaction for the sale of the Konversation division of Komunik (the "**Konversation Transaction**"); and
- (vi) assisted with the Sale Process (as defined in the Initial Order);

III. THE COMPANY'S SALE PROCESS

- 10. A Sale Process was approved by the Court pursuant to the Initial Order;
- 11. Since the date of the Second Extension Order, the Monitor and the Company have worked together to perform the various activities related to the Sale Process, as set out below;
- 12. As of January 15, 2009 (the deadline for receipt of offers), a number of offers had been received, which offers were examined and analyzed by the Monitor and the Company;
- 13. Offers received included bids for the entire Company as a going concern, as well as bids for certain divisions, notably Konversation;

(A) THE KONVERSATION TRANSACTION

- 14. In the *Third Report of RSM Richter Inc.* (the "**Monitor's Third Report**"), filed with this Honourable Court on or about February 17, 2009, the Monitor advised that the Konversation Transaction closed on February 12, 2009;
- 15. The Monitor subsequently sought and obtained approval of this Honourable Court to distribute the proceeds of the Konversation Transaction to the Company's secured creditors;

(B) SALE OF THE COMPANY

- 16. With regard to the other offers received in the context of the Sale Process, each of them required further diligence;
- 17. The Company and the Monitor therefore extended the deadline for receipt of such offers until February 6, 2009;

18. Various offers were received on such revised date, and the Monitor sought to have such offers clarified and improved by way of discussions with the offering parties;
19. As set out in the Monitor's Fourth Report, such discussion resulted in the finalization of a transaction for the sale of substantially all the Company's assets to a Quebec-based purchaser (the "Company Transaction");
20. The Monitor, HSBC Bank and HSBC Capital have all conveyed their support for the Company Transaction;
21. As further appears from the Monitor's Fourth Report, the Company Transaction received the approval of the Company's Board of Directors on February 19, 2009, and an Agreement of Purchase and Sale was signed by the Company on February 20, 2009;
22. The Company Transaction is subject to certain conditions which, as set out in the Monitor's Fourth Report, may take up to three weeks for the prospective purchaser to satisfy and/or waive;
23. The Company is therefore seeking an extension of the Stay Period in order to allow all conditions to be satisfied and/or waived, at which time the Company shall seek approval of the Company Transaction from this Honourable Court;

IV. THE FORBEARANCE AGREEMENTS

24. On November 18, 2008, this Court approved the HSBC Bank Forbearance Agreement (as defined in the Initial Order) and the HSBC Capital Forbearance Agreement (as defined in the Initial Order);
25. Such forbearance agreements expired on December 19, 2008;
26. In the context of the First Extension Order, this Court approved new forbearance agreements with the HSBC Bank and HSBC Capital, which agreements were executed on December 15, 2008 and expired on January 30, 2009;
27. In the context of the Second Extension Order, this Court approved the HSBC Bank Fourth Forbearance Agreement and the HSBC Capital Second Forbearance Agreement, which agreements were executed on January 27, 2009 and expire on February 25, 2009;
28. HSBC Bank and HSBC Capital have given their conditional support to the filing of the present Petition and the Company' continued restructuring process;
29. As such, Komunik and:

- (a) HSBC Bank agreed on the terms of a new forbearance agreement executed on February 24, 2009, a copy of which is filed in support hereof as **Exhibit P-2** (the "**HSBC Bank Fifth Forbearance Agreement**"), provided that the HSBC Bank Fifth Forbearance Agreement is approved by this Court and that no default occurs thereunder; and
- (b) HSBC Capital agreed on the terms of a new forbearance agreement executed on February 24, 2009, a copy of which is filed in support hereof as **Exhibit P-3** (the "**HSBC Capital Third Forbearance Agreement**"), provided that the HSBC Capital Third Forbearance Agreement is approved by this Court and that no default occurs thereunder;

V. THE COMPANY'S REQUEST OF AN EXTENSION

- 30. The current stay of proceedings expires on February 25, 2009;
- 31. The Company hereby seeks an extension of the stay of proceedings and renewal of the Initial Order to March 31, 2009.
- 32. The Company's cash flow projection for the extension period is filed in support hereof as **Exhibit P-4**;
- 33. The cash flow projection reflects that the Company will be in compliance with the terms of both the HSBC Bank Fifth Forbearance Agreement and the HSBC Capital Third Forbearance Agreement through to March 31, 2009.
- 34. Given that, as described in the present petition, the circumstances are such that an order should be rendered, and given that the Company has acted and is acting in good faith and with due diligence, the Company respectfully submits that the petition should be granted as per its conclusions;

WHEREFORE, MAY IT PLEASE THIS COURT TO:

GRANT the present *Petition for the Extension of the Stay Period* (the "**Petition**");

EXEMPT Komunik Corporation, Komunik Datamark Inc. and Komunik Intramedia Inc. (collectively, the "**Company**") from having to serve the Petition and from any notice of presentation;

EXTEND the Stay Period and the Stay Termination Date (as defined in the Order rendered on November 18, 2008 by the Honourable William Fraiberg, S.C.J., (the "**Initial Order**")), up to and including March 31, 2009;

RENEW, in full, subject to any necessary adaptations, the Initial Order until March 31, 2009;

APPROVE and **ORDER** the implementation of the terms and conditions of the HSBC Bank Fifth Forbearance Agreement (Exhibit P-2 to this Petition);

APPROVE and **ORDER** the implementation of the terms and conditions of the HSBC Capital Third Forbearance Agreement (Exhibit P-3 to this Petition);

APPROVE the Monitor's activities, as described in the Monitor's Fourth Report (Exhibit P-1 to this Petition), as well as in the Monitor's Third Report (previously filed with the Court);

ORDER the provisional execution of the order to be rendered herein notwithstanding any appeal;

THE WHOLE, without costs, save in case of contestation.

Montreal, this 24th day of February 2009

TRUE COPY

[sgd] Stikeman Elliott LLP


STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

AFFIDAVIT

I, the undersigned, **CLAUDE PERROTTE**, am the Chief Restructuring Officer of Komunik Corporation, doing business at 1500 St. Patrick Street, in the city and district of Montréal, Province of Québec, H3K 0A3, do solemnly declare as follows:

1. I am duly authorized by Komunik Corporation, Komunik Datamark Inc. and Komunik IntraMedia Inc. to sign the present affidavit;
2. All the facts contained in the *Petition for the Extension of the Stay Period* dated February 24, 2009, are true.

AND I HAVE SIGNED:

[sgd] Claude Perrotte

CLAUDE PERROTTE

SOLEMNLY DECLARED before me, at
Montreal, this 24th day of February 2009

[sgd] Marie-Chantal Casey (172,390)

Commissioner of Oaths for all judicial
districts of the Province of Quebec

TRUE COPY

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

NOTICE OF PRESENTATION

TO: Mr. Robert Kofman Fax: (514) 875-6246
Mr. Shawn Travitsky Fax: (514) 934-3504
RSM RICHTER INC.
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H3Z 3C2

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AND TO: Mtre. Mara Greenstone Fax: (514) 283-5626
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AND TO: Mr. Aaron Welch Fax: (250) 387-0700
**MINISTRY OF ATTORNEY
GENERAL OF BRITISH COLUMBIA**

TAKE NOTICE that the foregoing "*Petition for the Extension of the Stay Period*" shall be presented before one of the Honourable Judges of the Superior Court for the District of Montreal, on **February 25th, 2009 at 2:00 p.m., room 16.01**, in the Montreal Courthouse, located at 1 Notre-Dame Street East, in the City of Montreal, Province of Quebec, or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 24th day of February 2009

TRUE COPY

[sgd] Stikeman Elliott LLP


STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors
Arrangement Act

N^o. 500-11-034815-080

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION

-and-
KOMUNIK DATAMARK INC.

-and-
KOMUNIK INTRAMEDIA INC.

Petitioners

- and -
RSM RICHTER INC.

Monitor

BS0350

File: 121414-1014

PETITION FOR THE EXTENSION OF THE
STAY PERIOD

(Section 11 of the *Companies' Creditors
Arrangement Act* R.S.C. (1985), c. C-36, as
amended ("CCAA"))

COPY

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CANADA

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors Arrangement Act

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-034815-080

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE
OF:

KOMUNIK CORPORATION

-and-

KOMUNIK DATAMARK INC.

-and-

KOMUNIK INTRAMEDIA INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

LIST OF EXHIBITS

EXHIBIT P-1: *Fourth Report of RSM Richter Inc. dated February 23, 2009;*

EXHIBIT P-2 HSBC Bank Fifth Forbearance Agreement dated February 24, 2009;

EXHIBIT P-3 HSBC Capital Third Forbearance Agreement dated February 24, 2009;

EXHIBIT P-4 The Company's cash flow projection for the extension period.

Montreal, this 24th day of February 2009

TRUE COPY

[sgd] Stikeman Elliott LLP


STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors
Arrangement Act

N° 500-11-034815-080

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

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-and-
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LIST OF EXHIBITS

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RSM Richter

**Fourth Report of
RSM Richter Inc. Re:
Komunik Corporation,
Komunik Datamark Inc. and
Komunik Intramedia Inc.**

RSM Richter Inc.
Toronto, February 23, 2009

RSM Richter is an independent member firm of RSM International,
an affiliation of independent accounting and consulting firms.

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Appendix "A" Cash Flow Projection

**QUEBEC
SUPERIOR COURT
- COMMERCIAL DIVISION -**

**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
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.
AND KOMUNIK INTRAMEDIA INC.**

**FOURTH REPORT OF RSM RICHTER INC.
IN ITS CAPACITY AS MONITOR OF
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.
AND KOMUNIK INTRAMEDIA INC.**

February 23, 2009

1. INTRODUCTION

This report is filed by RSM Richter Inc. ("Richter") in its capacity as monitor ("Monitor") of Komunik Corporation ("Komunik"), Komunik Datamark Inc. ("Datamark") and Komunik Intramedia Inc. ("Intramedia") (collectively, the "Company").

Pursuant to an order (the "Initial Order") of the Quebec Superior Court - District of Montréal (Commercial Division) (the "Court") made on November 18, 2008, the Company was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") and Richter was appointed as the Monitor in the CCAA proceedings (the "CCAA Proceedings").

On December 15, 2008, this Honourable Court made an order ("First Extension Order") approving, *inter alia*, an extension of the stay of proceedings to January 30, 2009.

On January 28, 2009, this Honourable Court made an order ("Second Extension Order") approving an extension of the stay of proceedings to February 25, 2009.

1.1 Purposes of this Report

The purposes of this report (“Fourth Report”) are to:

- a) Provide background information concerning the Company and the CCAA Proceedings;
- b) Provide an update regarding the Company’s restructuring efforts, including the sale process authorized pursuant to the Initial Order (“Sale Process”); and
- c) Recommend that this Honourable Court make an order:
 - Granting the Company’s request for an extension of its stay of proceedings from February 25, 2009, the date that the stay of proceedings expires, to March 31, 2009;
 - Approving the further amended forbearance agreements entered into with HSBC Bank Canada (“HSBC Bank”) and HSBC Capital (Canada) Inc. (“HSBC Capital”);
 - Approving the Monitor’s Third Report to Court (“Third Report”), drafted to recommend a distribution to HSBC Bank in the amount of approximately \$412,000;
 - Approving the Monitor’s activities since January 26, 2009, the date of the Monitor’s second report (“Second Report”), to February 20, 2009, as described in this Report; and
 - Approving this Fourth Report.

1.2 Currency

Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Terms of Reference

In preparing this Fourth Report, the Monitor has relied upon unaudited financial information prepared by the Company’s management, the Company’s books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company’s financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been

performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Fourth Report.

2. BACKGROUND

The Company is a provider of integrated document management and printing services. The Company focuses on business forms, pressure sensitive labels, tags, short-to-medium run commercial printing and digital printing.

Further background information concerning the Company and these proceedings is provided in the Company's petition for the Initial Order dated November 18, 2008, the first report of the Monitor dated December 12, 2008 ("First Report"), the Second Report and the Third Report. Copies of these documents can be found on the Monitor's website at www.rsmrichter.com.

3. THE COMPANY'S ACTIVITIES

The Company's business has operated with minimal disruption since the date of the Initial Order, during which time the Company has eliminated non-core portions of its business (principally outside of Quebec) and reduced costs. Cost-cutting initiatives continue, including headcount reductions in certain portions of the business, primarily in those segments which are to be discontinued (Mississauga, Ontario and Winnipeg, Manitoba). The restructuring process has also seen the execution of the Sale Process, which has been conducted by the Monitor.

The Company's activities since the date of the Second Report include:

- Negotiating with suppliers and service providers regarding the terms on which goods and services are to be provided to the Company and paid for by the Company during the CCAA Proceedings;
- Communicating with major customers;
- Corresponding with and reporting to HSBC Bank, HSBC Capital and their consultant, PricewaterhouseCoopers LLP ("PWC");
- Corresponding with employees and their representatives;
- Addressing various issues and inquiries from creditors;
- Completing the transaction for the Company's Konversation division ("Konversation Transaction"); and
- Working with the Monitor to advance the Sale Process, which is detailed in Section 4 below.

4. SALE PROCESS

The Sale Process was carried out in accordance with the terms of the Initial Order.

As discussed in the Second Report, the original offer deadline was January 15, 2009, on which date a number of offers were received, all of which required further diligence to be performed so that offers could be submitted on a less conditional basis. In order to provide these offerors with the additional time they required, the deadline for offers was extended to February 6, 2009. All parties resubmitted offers on that date. The Monitor then discussed the terms of each offer with each bidder to clarify and improve the terms of the offers. Those discussions resulted in the finalization of a transaction ("Transaction") with a Quebec-based purchaser (the "Prospective Purchaser") and the completion of an Agreement of Purchase and Sale ("Agreement"). The Transaction was approved by the Company's Board of Directors ("Board") on February 19, 2009 and is supported by HSBC Bank and HSBC Capital. The Company signed the Agreement on February 20, 2009.

The Transaction is subject to certain conditions which the Monitor expects will take up to three weeks for the Prospective Purchaser to satisfy. Once those conditions have been satisfied, the Company will bring an application for approval of the Transaction, including approval of the Agreement, by the Court. The Monitor is optimistic that the Prospective Purchaser will be able to satisfy (or that it will waive) its conditions within the time frames required in the Agreement. An extension of the stay of proceedings to the end of March, 2009 should be sufficient to allow the Monitor to seek approval of the Transaction by the Court and to close the Transaction.

On February 20, 2009, the Company issued a press release concerning the Transaction.

5. FORBEARANCE AGREEMENTS

The Company has entered into forbearance agreements with HSBC Bank and HSBC Capital throughout these proceedings. The forbearance agreements establish the terms pursuant to which HSBC Bank and HSBC Capital have agreed to support the business during these proceedings. The present agreements expire on February 25, 2009. The Company has entered into new forbearance agreements with HSBC Bank and HSBC Capital, the terms of which are substantially similar to the prior agreements in these proceedings. The new forbearance agreements expire on March 31, 2009. The Monitor recommends that the new forbearance agreements be approved by this Honourable Court.

6. CASH FLOW

The Company's cash flow projection for the extension period is attached as Appendix "A". The Company is projected to have funding sufficient to operate its business through to that date. The cash flow projection reflects that the Company will be in compliance with the terms of the forbearance agreements with HSBC Bank and HSBC Capital through the stay extension period.

7. COMPANY'S REQUEST FOR AN EXTENSION

The current stay of proceedings expires on February 25, 2009. The Company is seeking an extension of the stay of proceedings to March 31, 2009.

The Monitor supports the Company's request for an extension of the stay of proceedings for the following reasons:

- The Company is acting in good faith and with due diligence in its restructuring efforts;
- The granting of the extension should not prejudice any employee or creditor. Arrangements are in place to pay for post-filing services and supplies;
- HSBC Bank and HSBC Capital have advised that they support the requested extension; and
- It will provide the opportunity to complete the Transaction.

8. OVERVIEW OF THE MONITOR'S ACTIVITIES

The Monitor's activities from November 18, 2008 to January 26, 2009 were approved pursuant to the First and Second Extension Orders. Since January 26, 2009, the Monitor's activities include:

8.1 Court Matters

- Attending at Court on January 28, 2009, in respect of, among other things, the Company's request for an extension of its stay of proceedings;
- Drafting the Third Report in respect of the Monitor's motion for an order approving a distribution to HSBC Bank of the cash proceeds from the Konversation Transaction and reviewing materials to be filed therewith;
- Placing on its website copies of all court materials filed in these proceedings; and
- Drafting this Fourth Report.

8.2 Cash Monitoring and Reporting

- Reviewing and commenting on the Company's financial projections, weekly margin position and other financial information;
- Monitoring receipts and disbursements in accordance with the provisions of the Initial Order;
- Reviewing on a daily basis receipts, disbursements, purchase orders and bank statements;
- Corresponding extensively with Company representatives regarding their reporting to the Monitor, particularly in respect of disbursements and accounts receivable collections;
- Corresponding with HSBC Bank, HSBC Capital and PWC, including providing cash flow variance analyses and update memoranda;
- Assisting the Company, on a weekly basis, to prepare rolling 13-week cash flow projections provided to HSBC Bank, HSBC Capital and PWC; and
- Corresponding regularly with PWC regarding weekly cash monitoring and reporting.

8.3 Sale Process

- Corresponding with the Company regarding information required for the data room;
- Posting in the data room updated financial information and informing prospective purchasers of these updates;
- Drafting update emails to stakeholders outlining the Sale Process developments;
- Scheduling meetings among potential purchasers, management and the Monitor;
- Attending at meetings and conference calls with potential purchasers;
- Assisting the Company to respond to numerous information requests from potential purchasers;
- Communicating with prospective purchasers;
- Negotiating the Agreement;
- Drafting recommendation memoranda regarding the Transaction to HSBC Bank, HSBC Capital and the Board;
- Dealing with the Company, its legal counsel and the Monitor's legal counsel extensively regarding the Sale Process, the Transaction and the Agreement;
- Attending a Board meeting on February 18, 2009;
- Assisting the Company to negotiate and close the Konversation Transaction; and
- Distributing the cash proceeds of the Konversation Transaction to the Bank.

8.4 Administration

- Attending at the Company's premises in order to carry out its mandate in accordance with the Initial Order;
- Assisting the Company to deal with numerous post-filing issues, including those related to banking, suppliers, customers and employees;
- Attending at meetings with the Company's management;
- Corresponding with certain of the Company's lessors;
- Responding to numerous creditor inquiries regarding the CCAA Proceedings; and
- Other matters pertaining to the administration of this mandate.

9. CONCLUSION AND RECOMMENDATION

Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,



**RSM RICHTER INC.
IN ITS CAPACITY AS CCAA MONITOR OF
KOMUNIK CORPORATION, KOMUNIK DATAMARK INC.
AND KOMUNIK INTRAMEDIA INC.
AND NOT IN ITS PERSONAL CAPACITY**

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors
Arrangement Act

N° 500-11-034815-080

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

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KOMUNIK DATAMARK INC.

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KOMUNIK INTRAMEDIA INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

BS0350

File: 121414-1014

EXHIBIT P-1

COPY

Mtre. Jean Fontaine

(514) 397-3337

Fax: (514) 397-3487

STIKEMAN ELLIOTT LLP

BARRISTERS & SOLICITORS

1155 René-Lévesque Blvd. West, 40th Floor

Montréal, Québec, Canada, H3B 3V2

FIFTH AMENDMENT TO THE FORBEARANCE AGREEMENT

This Fifth Amendment to the Forbearance Agreement (this “**Agreement**”) is entered into as of February 24, 2009 amongst Komunik Corporation (the “**Borrower**”) and HSBC Bank Canada (the “**Bank**”).

RECITALS

WHEREAS the Borrower is a corporation resulting from the statutory arrangement under the provisions of section 192 of the *Canada Business Corporations Act* which effected the acquisition by Komunik Corporation (the “**Predecessor**”) of all of the issued and outstanding common shares of Datamark Systems Group Inc. (“**Group**”) and the amalgamation (the “**Amalgamation**”) of the Predecessor and Group.

WHEREAS the Bank and the Predecessor entered into a facility letter dated February 1, 2007 as amended by letters dated March 22, 2007 and May 1, 2007 (collectively, the “**Facility Letter**”) with respect to certain credit facilities.

WHEREAS by guarantees granted on June 12, 2007 by each of Komunik Datamark Inc. (formerly Datamark Systems Inc./Datamark Systèmes Inc. and hereinafter referred to as “**DSI**”) and Komunik Intermedia Inc. (formerly Les Impressions Intra-Media Inc. and hereinafter referred to as “**Intra-Media**”), DSI and Intra-Media agreed to guarantee the payment of all obligations of the Predecessor to the Bank (collectively, the “**Guarantees**”).

WHEREAS the obligations of DSI and Intra-Media in favour of the Bank, including without limitation the obligations of the Predecessor to the Bank payable by each of DSI and Intra-Media under the Guarantees, were secured by the security and hypothecs described in Schedule A hereto (collectively, the “**Schedule A Security**”).

WHEREAS the Bank has expressed to the Borrower its dissatisfaction in relation to the Borrower’s account and the operating losses being incurred and failure of the Borrower to comply with several of its financial covenants under the Facility Letter.

WHEREAS the Borrower has incurred losses of approximately \$6.2 million as at April 30, 2008 and \$3.8 million for the seven (7) month period ended November 30, 2008.

WHEREAS the Borrower is insolvent and cannot meet its obligations as they generally become due.

WHEREAS such defaults and operating losses of the Borrower (“**Existing Defaults**”) are continuing and have not been cured.

WHEREAS the Bank has advised the Borrower that it wishes to discontinue financing the Borrower and the Borrower has confirmed its intentions to seek re-financing.

WHEREAS, the Bank has now engaged the services of PricewaterhouseCoopers LLP (“PWC” or the “**Consultant**”) to review elements of the Borrower’s business without any intervention thereto or partaking in any managerial decisions of the Borrower.

WHEREAS the Borrower has now engaged the services of RSM Richter Inc. (“**Richter**”) to advise it in the restructuring.

WHEREAS the Bank has issued a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* and the Borrower has waived any delay in relation to such notice.

WHEREAS the Borrower has sought an order (the “**Initial Order**”) pursuant to the *Companies Creditors Arrangement Act* (“**CCAA**”).

WHEREAS the Initial Order was rendered on November 18, 2008 and Richter was appointed as Monitor.

WHEREAS, with a view to permit the Borrower to evaluate its alternatives and continue the sale process already undertaken, the Bank is willing to forbear from enforcing its rights that arise because of the Existing Defaults for a limited period of time, provided that the Borrower complies with the terms of this Agreement.

WHEREAS the parties have entered into a Forbearance Agreement dated July 30, 2008 (the “**Original Agreement**”).

WHEREAS the parties have entered into a First Amendment to the Forbearance Agreement dated October 15, 2008 (the “**First Amendment**”).

WHEREAS the parties have entered into a Second Amendment and Restated Forbearance Agreement dated November 17, 2008 (the “**Second Amendment**”).

WHEREAS the parties have entered into a Third Amendment to the Forbearance Agreement dated December 15, 2008 (the “**Third Amendment**”).

WHEREAS the parties have entered into a Fourth Amendment to the Forbearance Agreement dated January 27, 2008 (the “**Fourth Amendment**”).

WHEREAS the parties wish to further amend the Original Agreement, (the Original Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and this Agreement are together referred to as the “**Forbearance Agreement**”) in the manner set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1
INTERPRETATION

- 1.1 The introductory paragraph and recitals hereof and all schedules attached hereto form an integral part of this Agreement.
- 1.2 All capitalized terms used herein (including in the introductory paragraph and recitals set forth above) and not otherwise defined herein shall have the meanings assigned to such terms in the Facility Letter and in the Original Agreement.

SECTION 2
CONFIRMATION OF OBLIGATIONS

- 2.1 The Borrower acknowledges and agrees that as of the date hereof:
- (a) the Borrower is without right of compensation, offset, defence, or counterclaim with respect to any of the Obligations;
 - (b) it is in default by virtue of the Existing Defaults;
 - (c) the amount of outstanding loans and advances as at February 23, 2009 due to the Bank is \$16,095,195.61.

The aforesaid sums are subject to adjustment for items in circulation, fees, costs and accessories.

SECTION 3
ACNOWLEDGEMENTS AND AMENDMENTS

- 3.1 The reference to "5:00 p.m. Montreal time on February 25, 2009" in item (a) of the definition of "Termination Date", set forth in Section 1 of the Fourth Amendment is hereby extended to 5:00 p.m. Montreal time on March 31, 2009;
- 3.2 Except as specifically provided herein, all other terms and conditions of the Forbearance Agreement shall remain in full force and effect;

SECTION 4
REPRESENTATIONS AND WARRANTIES

In consideration of the limited agreement of the Bank to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby represents and warrants to the Bank, as at the date hereof as follows:

- 4.1 The Borrower has made full disclosure to the Bank of all existing defaults and all other disclosures as is required under the Facility Letter, the Security Documents and the Original Agreement;

- 4.2 The execution, delivery and performance of this Agreement by the Borrower is within such person's power and have been duly authorized by all necessary action.
- 4.3 This Agreement constitutes a valid and legally binding agreement enforceable against the Borrower, in accordance with its terms subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.
- 4.4 The Facility Letter, the Security Documents and the Forbearance Agreement constitute valid and legally binding obligations of the Borrower enforceable in accordance with the terms thereof subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.

SECTION 5

COVENANTS OF THE BORROWER

In order to induce the Bank to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby covenants and agrees with the Bank as follows:

- 5.1 Except as for Existing Defaults, the Borrower shall continue to perform and observe all terms and conditions contained in the Facility Letter, the Security Documents and the Forbearance Agreement and particularly but without restriction to the generality of that which precedes there shall be no default of the margin requirements contained in the Facility Letter.
- 5.2 The Borrower shall deliver to the Bank in a timely fashion each of the following items in form and substance acceptable to the Bank:
 - (a) upon the Bank's request, forecasts, reports and financial information, as may be specified by the Bank from time to time;
 - (b) by no later than the end of business day on Friday of each week, the updated Weekly Cash Flow Projections for a thirteen (13) week period, beginning on the previous Monday;
 - (c) by no later than the end of business day, on each day, the daily borrowing base position for the previous business day.
- 5.3 The Borrower and Richter shall fully collaborate with PWC for the Monitoring and PWC shall have unrestricted access to the information required, the personnel of the Borrower and of Richter and to the reports prepared or being prepared by Richter. The Borrower and Richter will co-operate with PWC and allow PWC to continue ongoing monitoring of borrowing base and the Borrower's financial progress measured against the first Weekly Cash Flow Projection with periodic reports to the Bank as requested by the Bank.
- 5.4 On each Thursday (based on the close of business of the preceding Friday) an aged list of the Borrower's accounts receivable (including the name and address of each debtor and the amount owing by such debtor) and estimate of the inventory and the margining base calculation.

- 5.5 The Borrower shall reimburse the Bank for all costs and expenses incurred by the Bank in connection with the negotiation, preparation and enforcement of this Agreement, in connection with the management of the Borrower's account (including, without limitation, the Bank's fees and expenses, the Bank's attorneys' and Consultant's reasonable fees and expenses), as well as the enforcement and protection of its rights pursuant to the Facility Letter, the Security Documents, the Forbearance Agreement or otherwise and the Bank is hereby authorized to debit the Borrower's account to pay all said fees and expenses.
- 5.6 The Borrower undertakes to operate its business in a manner that will allow it to cure the Defaults (including any Existing Default). However, such tolerance by the Bank is subject to the condition that the charges created by the Security Documents do legally and factually charge all the assets described therein in order to guarantee the repayment of all Obligations of the Borrower to the Bank.
- 5.7 The Borrower unconditionally undertakes not to have any Margin Deficit, at any time. In addition, the Borrower undertakes to meet the margin projections shown in the cash-flow attached.
- 5.8 Should there be a Margin Deficit, in addition to being a Forbearance Default, the Bank may refuse to honour any cheque drawn on the accounts or any payment request of any nature whatsoever.
- 5.9 The Borrower, with the assistance of the Monitor, shall complete the transaction described in this Agreement of Purchase and Sale dated as of the 19th day of February 2009 with 4488385 Canada Inc. (the "**Transaction**"), accepted by the Borrower on February 20th, 2009. In particular, the Borrower shall meet and respect each and every of the delays set forth for the Transaction and more particularly, without limitation, those set forth in Sections 1.1 (k), 4.1 (d), 4.2 (b), 4.2 (d), 5.1 (c), 5.1 (d) and 5.3 (a). Again, the process and documentation have to be agreed upon by the Bank.
- 5.10 If any of the delays set forth in paragraph 5.9 hereinabove are not met to the satisfaction of the Bank, or if it appears that the purchase price will not be sufficient to repay in full the Obligations of the Borrower to the Bank, then the Forbearance Agreement shall immediately terminate without any further notice or delay.
- 5.11 The Borrower acknowledges that no transaction can be completed without the prior written consent of the Bank.
- 5.12 In addition, Richter, as Court-appointed Monitor pursuant to the Initial Order, shall monitor and review the receipts and disbursements of the Borrower, on a daily basis and shall report to the Bank and PWC.
- 5.13 Subject to the Administration Charge and the Director's Charge, the Bank shall continue to be an unaffected and an excluded creditor for all intent and purposes and for any and all of the indebtedness and Obligations of the Borrower to the Bank;

- 5.14 The Borrower reaffirms that the Bank will be at liberty to discuss this account and exchange information regarding the Borrower with HSBC Capital (Canada) Inc.

SECTION 6 **COURT APPROVALS**

It is understood and agreed that this Agreement is strictly subject to and conditional on the occurrence of all of the following, by no later than February 25, 2009:

- (a) the issuance of an Order by the Superior Court of Quebec, Commercial Division, District of Montreal, pursuant to the *Companies Creditors' Arrangement Act*, in the form of the draft order attached hereto as Schedule "A";
- (b) the approval of this Agreement by the Superior Court of Quebec, Commercial Division, District of Montreal;

The Bank expressly reserves its rights to seek any Court Order it may deem required or appropriate during the Initial Order. In the event that any one or all of the foregoing do not occur then the Bank at its option, may cancel this Agreement upon simple written notice to such effect to be given to the Borrowers.

SECTION 7 **MISCELLANEOUS**

- 7.1 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 7.2 Governing Law and Language. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein. The parties hereto have expressly required that this Agreement be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention soit rédigée en anglais.*
- 7.3 Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- 7.4 Continued Effectiveness. Except as expressly set forth in this Agreement, the terms of the Facility Letter, the Security Documents and the Original Agreement remain unchanged, and all such documents shall remain in full force and effect and are hereby confirmed and ratified.
- 7.5 No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Facility Letter or of any of the Security Documents or, except as expressly provided herein, a waiver by the Bank of any of its rights and remedies under the Facility Letter or the Security Documents, or at law or in equity.

- 7.6 Article 1594 C.C.Q. The Borrower shall be “*en demeure*” by the mere lapse of time for performing its obligations hereunder, as contemplated in Article 1594 of the *Civil Code of Quebec*.
- 7.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties hereto pertaining to the subject matter hereof.
- 7.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 7.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to the Bank, prior to 4:30 p.m. Montreal time on February 24, 2009, this Agreement shall be deemed to be null and void, and the Bank shall not be bound by this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first set forth above.

KOMUNIK CORPORATION

HSBC BANK CANADA

per: _____

Name: CLAUDE FERROTTE

Duly authorized pursuant to a
resolution of the Board of Directors

dated February 24th 2009

per: _____

Name:

Duly authorized

Schedule A

1. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$35,000,000 granted by DSI in favour of the Bank and registered at the Register of Personal and Movable Real Rights (the “**RPMRR**”) under number 07-0327581-0003;
2. the general security agreement dated June 12, 2007 granted by DSI in favour of the Bank;
and
3. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$35,000,000 granted by Intra-Media in favour of the Bank and registered at the RPMRR under number 07-0327581-0004.

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors
Arrangement Act

N°. 500-11-034815-080

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION

-and-

KOMUNIK DATAMARK INC.

-and-

KOMUNIK INTRAMEDIA INC.

Petitioners

- and -

RSM RICHTER INC.

Monitor

BS0350

File: 121414-1014

EXHIBIT P-2

COPY

Mtre. Jean Fontaine

(514) 397-3337

Fax: (514) 397-3487

STIKEMAN ELLIOTT LLP

BARRISTERS & SOLICITORS

1155 René-Lévesque Blvd. West, 40th Floor

Montréal, Québec, Canada, H3B 3V2

THIRD AMENDMENT TO THE FORBEARANCE AGREEMENT

This Third Amendment to the Forbearance Agreement (this "**Agreement**") is entered into as of February 24, 2009 amongst Komunik Corporation (the "**Borrower**") and HSBC Capital (Canada) Inc. ("**Capital**").

RECITALS

WHEREAS the Borrower is a corporation resulting from the statutory arrangement under the provisions of section 192 of the *Canada Business Corporations Act* which effected the acquisition by Komunik Corporation (the "**Predecessor**") of all of the issued and outstanding common shares of Datamark Systems Group Inc. ("**Group**") and the amalgamation (the "**Amalgamation**") of the Predecessor and Group.

WHEREAS Capital and the Predecessor entered into a Credit Agreement dated as of June 12, 2007 ("**Credit Agreement**") with respect to certain credit facilities.

WHEREAS by guarantees granted on June 12, 2007 by each of Komunik Datamark Inc. (formerly Datamark Systems Inc./Datamark Systèmes Inc. and hereinafter referred to as "**DSI**") and Komunik Intermedia Inc. (formerly Les Impressions Intra-Media Inc. and hereinafter referred to as "**Intra-Media**"), DSI and Intra-Media agreed to guarantee the payment of all obligations of the Predecessor to Capital (collectively, the "**Guarantees**").

WHEREAS the obligations of DSI and Intra-Media in favour of Capital, including without limitation the obligations of the Predecessor to Capital payable by each of DSI and Intra-Media under the Guarantees, were secured by the security and hypothecs described in Schedule A hereto (collectively, the "**Schedule A Security**").

WHEREAS Capital has expressed to the Borrower its dissatisfaction in relation to the Borrower's account and the operating losses being incurred and failure of the Borrower to comply with several of its financial covenants under the Credit Agreement was communicated.

WHEREAS the Borrower has incurred losses of approximately \$6.2 million as at April 30, 2008 and \$3.8 million for the seven (7) month period ended November 30, 2008.

WHEREAS the Borrower is insolvent and cannot meet its obligations as they generally become due.

WHEREAS such defaults and operating losses of the Borrower ("**Existing Defaults**") are continuing and have not been cured.

WHEREAS Capital has advised the Borrower that it wishes to discontinue financing the Borrower and the Borrower has confirmed its intentions to seek re-financing.

WHEREAS, Capital has now engaged the services of PricewaterhouseCoopers LLP (“**PWC**” or the “**Consultant**”) to review elements of the Borrower’s business without any intervention thereto or partaking in any managerial decisions of the Borrower.

WHEREAS the Borrower has now engaged the services of RSM Richter Inc. (“**Richter**”) to advise it in the restructuring.

WHEREAS Capital has issued a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* and the Borrower has waived any delay in relation to such notice.

WHEREAS the Borrower has sought an Order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**”).

WHEREAS the Initial Order was rendered on November 18, 2008 and Richter was appointed as Monitor.

WHEREAS, with a view to permit the Borrower to evaluate its alternatives and continue the sale process already undertaken Capital is willing to forbear from enforcing its rights that arise because of the Existing Defaults for a limited period of time, provided that the Borrower complies with the terms of this Agreement.

WHEREAS the parties have entered into a Forbearance Agreement dated November 17, 2008 (the “**Original Agreement**”).

WHEREAS the parties have entered into a First Amendment to the Forbearance Agreement dated December 15, 2008 (the “**First Amendment**”).

WHEREAS the parties have entered into a Second Amendment to the Forbearance Agreement dated January 27, 2009 (the “**Second Amendment**”).

WHEREAS the parties wish to amend the Original Agreement (the Original Agreement, the First Amendment, the Second Amendment and this Agreement are together referred to as the “**Forbearance Agreement**”) in the manner set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 **INTERPRETATION**

The introductory paragraph and recitals hereof and all schedules attached hereto form an integral part of this Agreement.

All capitalized terms used herein (including in the introductory paragraph and recitals set forth above) and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

SECTION 2
CONFIRMATION OF OBLIGATIONS

The Borrower acknowledges and agrees that as of the date hereof:

- (a) the Borrower is without right of compensation, offset, defence, or counterclaim with respect to any of the Obligations;
- (b) it is in default by virtue of the Existing Defaults;
- (c) the amount of outstanding loans and advances as at February 24, 2009 due to Capital are as follows:

| | | | |
|-----|-------------------|---|--------------------|
| i | Principal | - | \$3,750,000 |
| ii | Deferred Interest | - | \$321,519.46 |
| iii | Current Interest | | <u>\$26,701.41</u> |
| | TOTAL: | | \$4,098,220.87 |

The aforesaid sums are subject to adjustment for items in circulation, fees, costs and accessories.

SECTION 3
ACNOWLEDGEMENTS AND AMENDMENTS

- 3.1 The reference to "5:00 p.m. Montreal time on February 25, 2009" in item (a) of the definition of "Termination Date", set forth in Section 1 of the First Amendment to the Forbearance Agreement is hereby extended to 5:00 p.m. Montreal time on March 31, 2009.
- 3.2 Except as specifically provided herein, all other terms and conditions of the Forbearance Agreement shall remain in full force and effect;

SECTION 4
REPRESENTATIONS AND WARRANTIES

In consideration of the limited agreement of Capital to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby represents and warrants to Capital, as at the date hereof as follows:

- 4.1 The Borrower has made full disclosure to Capital of all existing defaults and all other disclosures as is required under the Credit Agreement, the Security Documents and the Original Agreement;
- 4.2 The execution, delivery and performance of this Agreement by the Borrower is within such person's power and have been duly authorized by all necessary action.

- 4.3 This Agreement constitutes a valid and legally binding agreement enforceable against the Borrower, in accordance with its terms subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.
- 4.4 The Credit Agreement, the Security Documents and this Agreement constitute valid and legally binding obligations of the Borrower enforceable in accordance with the terms thereof subject to the effects of bankruptcy, insolvency and other laws affecting creditors' rights generally.

SECTION 5
COVENANTS OF THE BORROWER

In order to induce Capital to forbear from the exercise of its rights and remedies as set forth above, the Borrower hereby covenants and agrees with Capital as follows:

- 5.1 Except as for Existing Defaults, the Borrower shall continue to perform and observe all terms and conditions contained in the Credit Agreement, the Security Documents and this Agreement and particularly but without restriction to the generality of that which precedes there shall be no default of the margin requirements contained in the Credit Agreement.
- 5.2 The Borrower shall deliver to Capital in a timely fashion each of the following items in form and substance acceptable to Capital:
 - (a) upon Capital's request, forecasts, reports and financial information, as may be specified by Capital from time to time;
 - (b) by no later than the end of business day on Friday of each week, the updated Weekly Cash Flow Projections for a thirteen (13) week period, beginning on the previous Monday;
- 5.3 The Borrower and Richter shall fully collaborate with PWC for the Monitoring and PWC shall have unrestricted access to the information required, the personnel of the Borrower and of Richter and to the reports prepared or being prepared by Richter. Likely, The Borrower and Richter will co-operate with PWC and allow PWC to continue ongoing monitoring of borrowing base and the Borrower's financial progress measured against the first Weekly Cash Flow Projection with periodic reports to Capital as requested by Capital.
- 5.4 On each Thursday (based on the close of business of the preceding Friday) an aged list of the Borrower's accounts receivable (including the name and address of each debtor and the amount owing by such debtor) and estimate of the inventory and the margining base calculation.
- 5.6 The Borrower shall reimburse Capital for all costs and expenses incurred by Capital in connection with the negotiation, preparation and enforcement of this Agreement, in connection with the management of the Borrower's account (including, without limitation, Capital's fees and expenses, Capital's attorneys' and Consultant's reasonable

fees and expenses), as well as the enforcement and protection of its rights pursuant to the Credit Agreement, the Security Documents, this Agreement or otherwise and Capital is hereby authorized to debit the Borrower's account to pay all said fees and expenses.

- 5.7 The Borrower undertakes to operate its business in a manner that will allow it to cure the Defaults (including any Existing Default). However, such tolerance by Capital is subject to the condition that the charges created by the Security Documents do legally and factually charge all the assets described therein in order to guarantee the repayment of all Obligations of the Borrower to Capital.
- 5.8 The Borrower undertakes to meet the margin projections shown in the cash-flow attached.
- 5.9 The Borrower, with the assistance of the Monitor, shall complete the transaction described in this Agreement of Purchase and Sale dated as of the 19th day of February 2009 with 4488385 Canada Inc. (the "**Transaction**"), accepted by the Borrower on February 20th, 2009. In particular, the Borrower shall meet and respect each and every of the delays set forth for the Transaction and more particularly, without limitation, those set forth in Sections 1.1(k), 4.1(d), 4.2(b), 4.2(d), 5.1(c), 5.1(d) and 5.3(a). Again, the process and documentation have to be agreed upon by the Bank.
- 5.10 If any of the delays set forth in paragraph 5.9 hereinabove are not met to the satisfaction of Capital, or if it appears that the purchase price will not be sufficient to repay in full the Obligations of the Borrower to Capital, then Capital may choose to terminate the Forbearance Agreement without any further notice or delay.
- 5.11 The Borrower acknowledges that no transaction can be completed without the prior written consent of Capital.
- 5.13 In addition, Richter, as Court-appointed Monitor pursuant to the Initial Order, shall monitor and review the receipts and disbursements of the Borrower, on a daily basis and shall report to Capital and PWC.
- 5.14 Subject to the Administration Charge and the Director's Charge, Capital shall continue to be an unaffected and an excluded creditor for all intent and purposes and for any and all of the indebtedness and Obligations of the Borrower to the Bank;
- 5.15 The Borrower reaffirms that Capital will be at liberty to discuss this account and exchange information regarding the Borrower with HSBC Bank Canada.

SECTION 6

COURT APPROVALS

It is understood and agreed that this Agreement is strictly subject to and conditional on the occurrence of all of the following, by no later than February 25, 2009:

- (a) the issuance of an Initial Order by the Superior Court of Quebec, Commercial Division, District of Montreal, pursuant to the *Companies Creditors' Arrangement Act*, in the form of the draft order attached hereto as Schedule "A";
- (b) the approval of this Agreement by the Superior Court of Quebec, Commercial Division, District of Montreal;

Capital expressly reserves its rights to seek any Court Order it may deem required or appropriate during the Initial Order. In the event that any one or all of the foregoing do not occur then Capital at its option, may cancel this Agreement upon simple written notice to such effect to be given to the Borrowers.

SECTION 7 **MISCELLANEOUS**

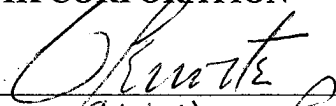
- 8.1 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 8.2 Governing Law and Language. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein. The parties hereto have expressly required that this Agreement be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention soit rédigée en anglais.*
- 8.3 Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- 8.4 Continued Effectiveness. Except as expressly set forth in this Agreement, the terms of the Credit Agreement, the Security Documents and the Original Agreement remain unchanged, and all such documents shall remain in full force and effect and are hereby confirmed and ratified.
- 8.5 No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Credit Agreement or of any of the Security Documents or, except as expressly provided herein, a waiver by Capital of any of its rights and remedies under the Credit Agreement or the Security Documents, or at law or in equity.

- 8.6 Article 1594 C.C.Q. The Borrower shall be “*en demeure*” by the mere lapse of time for performing its obligations hereunder, as contemplated in Article 1594 of the *Civil Code of Quebec*.
- 8.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties hereto pertaining to the subject matter hereof.
- 8.8 Amendments. This Agreement may not be modified or amended except by written agreement of the parties hereto.
- 8.9 Execution. In the event that a copy of this Agreement duly signed by the Borrower is not delivered to Capital, prior to 4:30 p.m. Montreal time on February 24, 2009, this Agreement shall be deemed to be null and void, and Capital shall not be bound by this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first set forth above.

KOMUNIK CORPORATION

per:


Name: CLAUDE FERROTTE
Duly authorized pursuant to a
resolution of the Board of Directors
dated

February 24th 2009

HSBC CAPITAL (CANADA) INC.

per:

Name:
Duly authorized

per:

Name:
Duly authorized

Schedule A

1. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$6,300,000 granted by DSI in favour of Capital registered at the Register of Personal and Movable Real Rights (the “**RPMRR**”) under number 07-0327587-0003;
2. a general security agreement granted by DSI in favour of Capital on June 12, 2007; and
3. a movable hypothec without delivery dated June 8, 2007 in the principal amount of CDN\$6,300,000 granted by Intra-Media in favour of Capital registered at the RPMRR under number 07-0327587-0004.

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors
Arrangement Act

N°. 500-11-034815-080

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION

-and-

KOMUNIK DATAMARK INC.

-and-

KOMUNIK INTRAMEDIA INC.

Petitioners

- and -

RSM RICHTER INC.

Monitor

BS0350

File: 121414-1014

EXHIBIT P-3

COPY

Mtre. Jean Fontaine

(514) 397-3337

Fax: (514) 397-3487

STIKEMAN ELLIOTT LLP

BARRISTERS & SOLICITORS

1155 René-Lévesque Blvd. West, 40th Floor

Montréal, Québec, Canada, H3B 3V2

Komunik Corporation

Cash Flow Forecast

For the period ending April 3, 2009
(C\$, 000's)

| | 27-Feb-09 | 06-Mar-09 | 13-Mar-09 | 20-Mar-09 | 27-Mar-09 | 03-Apr-09 | Total |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| <u>Cash Receipts</u> | | | | | | | |
| Accounts Receivable | 1,589 | 1,653 | 1,653 | 1,653 | 1,653 | 1,446 | 9,645 |
| GST/QST Collected on Sales | 191 | 198 | 198 | 198 | 198 | 173 | 1,157 |
| Total Cash Receipts | 1,780 | 1,851 | 1,851 | 1,851 | 1,851 | 1,619 | 10,803 |
| <u>Operating Disbursements</u> | | | | | | | |
| Direct Material and Labour | 613 | 673 | 658 | 756 | 741 | 726 | 4,167 |
| Factory Expenses | 204 | 283 | 206 | 283 | 206 | 261 | 1,442 |
| Selling | 124 | 196 | 316 | 195 | 151 | 195 | 1,177 |
| Administration | 141 | 263 | 141 | 173 | 141 | 253 | 1,112 |
| GST/QST Paid on Purchases | 101 | 100 | 99 | 109 | 103 | 100 | 612 |
| GST/QST Remittances | 178 | - | - | 50 | - | 235 | 463 |
| Total Operating Disbursements | 1,361 | 1,515 | 1,420 | 1,566 | 1,342 | 1,769 | 8,972 |
| Net Cash Flow From Operations | 419 | 336 | 431 | 285 | 509 | (150) | 1,831 |
| Vacation Pay | 20 | - | - | - | 75 | - | 95 |
| Restructuring Costs | 240 | 150 | 150 | 150 | 100 | 100 | 890 |
| Net Cash Flow Before Debt Service | 159 | 186 | 281 | 135 | 334 | (250) | 846 |
| Interest | - | 80 | 20 | - | - | 80 | 180 |
| Secured Debt Repayments | - | - | - | 550 | - | - | 550 |
| Total Net Cash Flow (note) | 159 | 106 | 261 | (415) | 334 | (330) | 116 |

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IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

KOMUNIK CORPORATION

-and-

KOMUNIK DATAMARK INC.

-and-

KOMUNIK INTRAMEDIA INC.

Petitioners

- and -

RSM RICHTER INC.

Monitor

BS0350

File: 121414-1014

EXHIBIT P-4

COPY

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Montréal, Québec, Canada, H3B 3V2

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LIST OF EXHIBITS AND
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ORIGINAL

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