

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**MOTION RECORD OF  
RETROCOM GROWTH FUND INC.  
(Motion Returnable October 13, 2006)**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

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# TAB 1

Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**NOTICE OF MOTION  
(Returnable October 13, 2006)**

Retrocom Growth Fund Inc. ("Retrocom") will make a motion to a judge of the Superior Court of Justice – Commercial List, on Friday October 13, 2006 at 10:00 a.m., or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

An Order in the form of Schedule "A" hereto:

1. Abridging the time for service of the Notice of Motion and Motion Record;
2. Extending the time for Retrocom to file a proposal for 45 days pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada);
3. Appointing RSM Richter Inc. ("Richter") interim receiver of Retrocom for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sale from Retrocom's properties and other assets, and associated matters thereto, pursuant to

subsection 47.1(1) of the *Bankruptcy and Insolvency Act* (Canada) and section 101 of the *Courts of Justice Act* (Ontario); and

4. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THIS MOTION ARE:**

1. Retrocom is insolvent and unable to meet its liabilities as they become due.
2. On August 1, 2006, Retrocom filed a notice of intention to make a proposal under section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) naming RSM Richter Inc. ("Richter") as the proposal trustee (the "Trustee").
3. On August 30, 2006, this Honourable Court granted Retrocom an extension of time to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) until October 16, 2006, so that Richter and Retrocom could continue to conduct and examine various purchase and sale agreements and merger options.
4. Three of Retrocom's real estate properties are subject to purchase and sale agreements scheduled to close in October and November of 2006. Another one of Retrocom's properties is subject to ongoing negotiations for sale. A bankruptcy at this time could have negative implications for these sales and the potential sale.
5. Retrocom is engaged in discussions/negotiations with two potential buyers/acquirers interested in its remaining assets and a potential transaction

involving Retrocom's significant tax losses. Any such transaction will require a successful culmination of these proceedings and likely would be compromised by a bankruptcy at this time.

6. From 2001 until 2006, Retrocom Investment Management Inc. ("RIMI") was the manager of Retrocom and had control of Retrocom's everyday business activities, including its books and records. In light of RIMI's refusal/failure to provide continuing administrative services to Retrocom, and in order to properly administer such transactions, it is necessary that Richter be appointed interim receiver of Retrocom for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and the proceeds of sale from Retrocom's properties and other assets, and associated matters thereto.
7. Retrocom has acted and is acting in good faith and with due diligence.
8. If Retrocom is granted an extension to make a proposal, Retrocom is hopeful that it will be able to make a viable proposal to its creditors within the extension period being sought.
9. No group of creditors will be materially prejudiced by the requested extension.
10. The appointment of Richter as interim receiver is necessary for the protection of Retrocom's properties and assets and in the interests of creditors generally.

11. Subsection 50.4(9) and subsections 47.1(1)-(3) of the *Bankruptcy and Insolvency Act* (Canada).
12. Section 101 of the *Courts of Justice Act* (Ontario).
13. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.
14. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The affidavit of Robert R. Blakely, sworn October 10, 2006 and the exhibits attached thereto;
2. The Second Report of Richter as Trustee dated October 10, 2006; and
3. Such further and other material as counsel may advise and this Honourable Court may permit.



October 11, 2006

**BENNETT JONES LLP**

One First Canadian Place  
Suite 3400, P.O. Box 130  
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Tel: 416.777.5737

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Tel: 416.777.4874  
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Solicitors for the Moving Party, Retrocom  
Growth Fund Inc.



3. THIS COURT ORDERS THAT RSM Richter Inc. is hereby appointed as interim receiver (the "Interim Receiver") of Retrocom, in addition to its role as proposal trustee pursuant to the *Bankruptcy and Insolvency Act* (Canada), for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sale from Retrocom's properties and other assets, and associated matters thereto. Retrocom's receipts, its books, records, and documents, and the proceeds of sale from Retrocom's properties and other assets are herein defined as the "Property".

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER**

4. THIS COURT ORDERS THAT (i) Retrocom, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

5. THIS COURT ORDERS THAT all Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of Retrocom, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall grant possession of such original Records to the

Interim Receiver and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS THAT if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

## **NO PROCEEDINGS AGAINST THE INTERIM RECEIVER**

7. THIS COURT ORDERS THAT no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

## **INTERIM RECEIVER TO HOLD FUNDS**

8. THIS COURT ORDERS THAT all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Interim Receivership Accounts") and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **LIMITATION ON THE INTERIM RECEIVER'S LIABILITY**

9. THIS COURT ORDERS THAT the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Interim Receiver by section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), or by any other applicable legislation.

## **INTERIM RECEIVER TO ENGAGE CONTRACTORS AND PERSONS**

10. THIS COURT ORDERS THAT the Interim Receiver is hereby expressly empowered and authorized to engage such contractors and other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order.

## **INTERIM RECEIVER'S ACCOUNTS**

11. THIS COURT ORDER THAT any expenditure or liability which shall properly be made or incurred by the Interim Receiver, including the fees and disbursements of the Interim Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Interim Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a charge on the Property (the "Interim Receiver's Charge").

12. THIS COURT ORDERS THAT the Interim Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Interim Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

13. THIS COURT ORDERS THAT prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, and against the fees and disbursements of counsel for Retrocom, provided that with respect to payments made to the Interim Receiver or its counsel, such amounts shall constitute advances against the remuneration and disbursements of the Interim Receiver when and as approved by this Court.

**GENERAL**

14. THIS COURT ORDERS THAT the Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

15. THIS COURT ORDERS THAT nothing in this Order shall prevent the Interim Receiver from acting as a trustee in bankruptcy of Retrocom.

16. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

17. THIS COURT ORDERS THAT the Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

18. THIS COURT ORDERS THAT any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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Schedule "A"

IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND INC. PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT  
(CANADA)

Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**ORDER**  
(Extension of Time to File Proposal and  
Appointment of Interim Receiver)

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**Robyn Ryan Bell (LSUC #28345F)**  
(416) 777-4874  
[ryanbellr@bennettjones.ca](mailto:ryanbellr@bennettjones.ca)



Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

**NOTICE OF MOTION**  
(Returnable October 13, 2006)

**BENNETT JONES LLP**  
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ryanbellr@bennettjones.ca

Solicitors for the Moving Party, Retrocom  
Growth Fund Inc.

TAB 2

Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

**AFFIDAVIT OF ROBERT R. BLAKELY  
(Sworn October 10, 2006)**

I, Robert R. Blakely, of the City of St. Albert, in the Province of Alberta, **MAKE OATH  
AND SAY:**

1. I have been a member of the board of directors (the "Board") of Retrocom Growth Fund Inc. ("Retrocom") since September 2001, and have been the Chairman of the Board since February 2006. As such, I have knowledge of the matters set forth below. Where I have obtained information from third parties, I state the source of that information and believe it to be true.

2. This affidavit is filed in support of a motion for an extension of time by Retrocom to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") and for the appointment of an interim receiver under subsection 47.1(1) of the BIA.

**Background**

3. Retrocom is a corporation amalgamated under the laws of Canada. Retrocom is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investments Funds Act* (Ontario) and a labour-sponsored venture capital corporation

under the *Income Tax Act* (Canada) and is a prescribed labour-sponsored venture capital corporation by regulation under the *New Brunswick Income Tax Act*.

4. On August 1, 2006, Retrocom filed a notice of intention under section 50.4(1) of the *BIA* (the "NOI") to file a proposal, naming RSM Richter Inc. as the proposal trustee (the "Trustee"). Attached as Exhibit "A" is a copy of the certificate of filing with attachments.

5. Retrocom does not have any employees.

6. Retrocom is insolvent and unable to meet its liabilities as they come due.

7. From 2001 until 2006, Retrocom Investment Management Inc. ("RIMI") was retained by Retrocom as a professional fund manager to provide investment and advisory services to Retrocom and to manage its business and affairs. As manager of Retrocom, RIMI had control over Retrocom's everyday business activities.

8. As stated in Note 1 to the Trustee's Second Report on Cash-Flow Statement dated October 10, 2006, the underlying assumption of the projection is that "the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur." A copy of the Trustee's Second Report is attached as Exhibit "B" to my affidavit.

9. On August 30, 2006, this Honourable Court granted Retrocom an extension of time to file a proposal pursuant to subsection 50.4(9) of the *BIA* until October 16, 2006, so that the Trustee and Retrocom could continue to conduct and examine various purchase and sale agreements and merger options.

### **The Ongoing Sale and Negotiation Process**

10. The sale process is ongoing and continues to be closely and diligently monitored by both the Trustee and the Board. Significant progress has been made in this regard. Efforts have been made to secure purchasers for Retrocom's real estate interests and Retrocom has also been, among other things, in the process of updating its records to determine the quantum of its non-capital tax losses.

11. Retrocom has negotiated the sale of three of its real estate interests. Two of these sales were previously expected to close in September, but as a result of issues that arose and have now been dealt with, or are currently being dealt with, or concerns arising from the underlying basis for these proceedings, one property is now scheduled to close in October, with the other expected to close in early November. The third property subject to a purchase and sale agreement is also expected to close in early November. Negotiations for the sale of one additional real estate interest are ongoing.

12. I am concerned that a bankruptcy at this time could have negative implications for these sales and potential sale as potential purchasers may refuse to complete such purchases or may attempt to force changes to such agreements to the detriment of Retrocom's creditors if Retrocom becomes bankrupt.

13. Further, the Trustee has had several discussions with parties expressing interest in Retrocom's remaining assets and its significant accumulated non-capital tax losses, which based on information provided by RIMI to the Trustee stand at approximately \$63 million. This stands as the major remaining possibility for obtaining a substantial recovery for the benefit of Retrocom's creditors.

14. Two parties have expressed significant interest in these tax losses, and are in the process of conducting due diligence that is expected to extend past October 16, 2006. A bankruptcy likely would negatively impact the progress of negotiations with these interested parties, and the prospect for a significant realization from the tax losses.

15. It is important to continue these proceedings in order to give Retrocom a sufficient opportunity to complete the sale of its real estate properties and to determine whether there can be a significant realization from the tax losses.

#### **Richter's Appointment as Limited Interim Receiver**

16. Retrocom has terminated its relationship with RIMI, which provided investment, advisory, and overall management services, to Retrocom, including the administration of Retrocom's books and records. Retrocom has requested that the Trustee serve in the additional capacity of interim receiver of Retrocom for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sale from Retrocom's properties and other assets, and associated matters thereto. This will ensure that these matters are managed in a timely, orderly and supervised manner. Retrocom does not have such ability, as in lieu of hiring its own employees, it formerly relied on RIMI to manage its affairs.

17. To accomplish this task, two former employees and one former independent contractor of RIMI, who had primary administrative responsibility for Retrocom within RIMI and who were not senior executives of RIMI, would be engaged by the Interim Receiver. The detailed administrative knowledge of Retrocom's business possessed by these individuals is considered valuable to Retrocom. These individuals also provide valuable services to Retrocom, without

which Retrocom's realization efforts would likely suffer. Steps have been taken by RSM Richter Inc. to retain these individuals as independent contractors on a monthly basis.

18. Retrocom has acted and is acting in good faith and with due diligence.

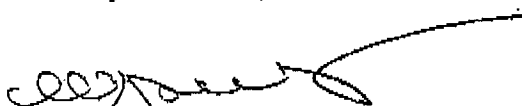
19. Retrocom requires an extension of time to file its proposal in order to complete the sale of its real estate properties, to further attempts at realizing value from its tax losses – losses that would be almost impossible to realize on in a bankruptcy – and to try to formulate a proposal that will be of greater benefit to its creditors than a bankruptcy. I am hopeful that Retrocom will be able to make a viable proposal to its creditors within the extension period being sought.

20. No creditor would be materially prejudiced if the extension being applied for is granted.

21. The Trustee supports Retrocom's request for an extension of 45 days to file its proposal.

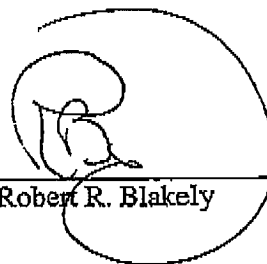
22. If this Honourable Court does not grant an extension to file a proposal, then Retrocom will be a bankrupt and the unsecured creditors are likely to incur substantial losses on their claims as detailed above. Such losses could be significantly reduced with a successful proposal.

SWORN BEFORE ME at the City of )  
Ottawa, in the Province of Ontario, this )  
10th day of October, 2006 )



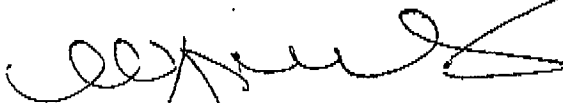
A Notary Public

**WILFRED F. PRACHTER LL.B.**



Robert R. Blakely

**THIS IS EXHIBIT "A" REFERRED TO IN THE  
AFFIDAVIT OF ROBERT R. BLAKELY  
SWORN THE 10<sup>TH</sup> DAY OF OCTOBER 2006**



A Notary Public

*Commission 1011*





Office of the Superintendent of Bankruptcy Canada Bureau du surintendant des faillites Canada

An Agency of Industry Canada Un organisme d'Industrie Canada

District of ONTARIO  
Division No. 08 - Toronto  
Court No. 31-452488  
Estate No. 31-452488

In the Matter of the Notice of Intention  
to make a proposal of

RETROCOM GROWTH FUND INC.

Insolvent Person

FSM RICHTER INC.

Trustee

Date of the Notice of Intention: August 1, 2006

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 68(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

ANDY THADANI

Official Receiver

25 St Clair Avenue East, 8th floor, Toronto, ONTARIO, M4T 1M2, 416/973-8488

Canada

AUG-01-DB 15:10 4188926200 P.000 P.000/000 P.210  
 AUG-01-DB 15:10 From-RSM RICHTER INC. 4188926200 P.000 P.000/000 P.210  
 62-28-2896 08-08 2896-01 HAWAIIAN ISLANDS

FORM 33

**Notice of Intention to Make a Proposal**  
**(Subsection 50-4(1))**

IN THE MATTER OF THE PROPOSAL OF HYDROCOM GROWTH FUND  
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

**TAKE NOTICE THAT:**

1. REINCOOM GROWTH FUND INC., an insolvent person, pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a proposal to its creditors.
2. RFM KRAMER INC. of 200 King Street West, Suite 1100, Toronto, Ontario, a licensed trustee, has consented to act as trustee under the proposal and a copy of the consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 50 of the *Bankruptcy and Insolvency Act*, all proceedings against Reincoom Growth Fund Inc. are stayed as of the date of filing this notice with the Official Receiver in the locality.

DATED at Toronto, Ontario this 31<sup>st</sup> day of July, 2006

~~RETROCORP GROWTH FUND INC.~~

Pet: \_\_\_\_\_  
 Name: Robert Blakely  
 Title: Director

Writing Date: Dec 1, 2005

Donald H. Hunt  
OFFICIAL RECEIVER

**CERTIFIED COPY OF A RESOLUTION OF THE DIRECTORS OF  
RETROCOM GROWTH FUND INC.**

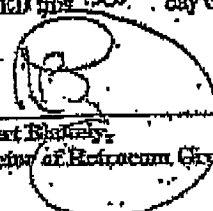
WHEREAS the Corporation is insolvent and is no longer able to meet its obligations generally as they fall due and, for this reason, it would be in the best interest of the Corporation that it file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada);

**BE IT RESOLVED THAT:**

The Corporation file a Notice of Intention to Make a Proposal and such ancillary documentation therein as may be or become necessary, with RSM Richter Inc. as Trustee thereunder, to file, if appropriate for an extension and to file, if appropriate, a Proposal to the creditors of the Corporation and for all the foregoing purposes does hereby authorize Robert Hinkely or such other person as he may direct to sign all documents necessary to give effect to the foregoing, all in accordance with arrangements to be finalized by Robert Hinkely in consultation with Bennett Jones LLP and RSM Richter Inc.

I, Robert Hinkely, Director of the Corporation, do hereby certify that the foregoing resolution is an extract from the minutes of a meeting of the board of directors of the Corporation, at which I acted as Chairman of the meeting, held on July 25<sup>th</sup> 2006, which resolution was passed at such meeting and remains in full force and effect, unamended as of the date hereof.

DATED this 28<sup>th</sup> day of July, 2006.

  
Robert Hinkely,  
Director of Retrocom Growth Fund Inc.

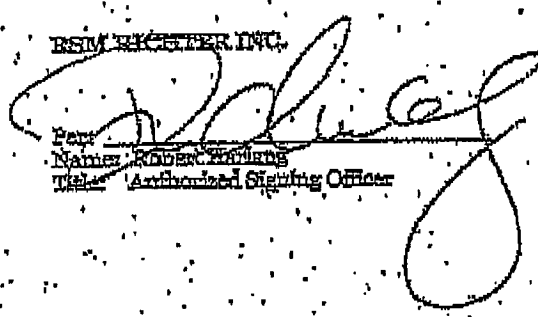
IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND  
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

CONSENT

REIM KITCHENER INC. hereby consents to act as Trustee under the Notice of Intention  
to Make a Proposal and/or Proposal to be filed by Retrocom Growth Fund Inc.

DATED at Toronto, Ontario this 26th day of July, 2006.

REIM KITCHENER INC.

  
Per: \_\_\_\_\_  
Name: Robert Matthews  
Title: Authorized Signing Officer



**RSM Richter**

August 1, 2006

RSM Richter Inc.  
200 King St. W., P.O. Box 48  
Toronto, ON M5H 1P4  
Tel: (416) 593-2000 Fax: (416) 593-2001  
www.rsmrichter.com

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

The attached statement of projected cash flow of Retrocon Growth Fund Inc., as of the 1st day of August, 2006, consisting of a Cash Flow Statement for the period August 1, 2006 to November 3, 2006, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of 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 for the probable assumptions and the 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 by management 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.

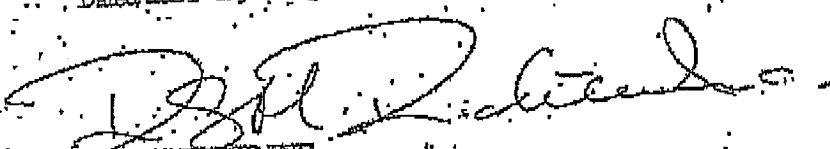
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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

Page 2

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 1<sup>st</sup> day of August, 2006.

  
KEITH RICHTER INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN HIS PERSONAL CAPACITY

Retrocon Growth Fund Inc.  
 Projected Statement of Cash Flow  
 For the Period August 1, 2006 through November 3, 2006  
 Unaudited

	Notes	Amount
<b>CASH INFLOWS</b>		
Retrocon MSH-Market REIT share sale	3	1,515,000
Retrocon MSH-Market REIT distribution	3	19,860
Sale of Real Estate Interests	4	3,584,500
<b>TOTAL CASH INFLOWS</b>		<u>5,119,360</u>
<b>CASH OUTFLOWS</b>		
Interest payments	5	47,473
Secured Debt Repayment	6	12,862,553
Professional Fees - Income	7	244,700
Professional Fees - Legal	7	161,000
Miscellaneous	8	5,538
<b>TOTAL CASH OUTFLOWS</b>		<u>13,321,264</u>
<b>NET CASH FLOW</b>		<u>1,976,371</u>
<b>OPENING CASH BALANCE</b>		<u>1,593,709</u>
<b>NET CASH FLOW</b>		<u>1,976,371</u>
<b>ENDING CASH BALANCE</b>		<u>3,569,580</u>

The above financial projections are based on management's assumptions detailed in Exhibit "A".  
 The notes refer to the corresponding numbers shown in Exhibit "A".

RETROCON GROWTH FUND INC.

For

Date

BSM ROOSTER INC.

For

Date

August 2, 2006



**Revised Growth Fund Ltd.**  
**Notice of Projected Disbursement of Cash Flow**  
**For the Period August 1, 2006 through November 30, 2006**  
**Unaudited**  
**(2)**

**Executive and General Assumptions**

1. The purpose of the projections is to present a forecast of the cash flow of Reinvest Growth Fund Inc. ("Fund") for the period August 1, 2006 to November 30, 2006 (the "Period") in support of its proposed proceedings under the Bankruptcy and Insolvency Act. The projected cash flow reflects the funds planned to be distributed during the Period. The underlying assumption is that the Fund will attempt to realize any remaining investments in the real estate market. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally determined in the two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

**Hypothetical Assumptions**

2. The sale of the Manitoba Real Estate ("MRE") shares is based on the assumption that the shares will sell at a price of \$5.45 per share which is expected to proceed initially commencing through to the time of the sale.

3. Income distribution from MRE LP shares are based on the assumed sale price and interest income distribution levels which are expected to proceed initially commencing through to the time of the share sale.

**Most Probable Assumptions**

4. Amount reflects the net proceeds of the sale of the MRE real estate properties, less of which are subject to purchase and sale agreements.

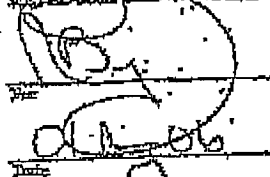
5. Interest payments are calculated based on the schedule of payments of interest. The dates of interest payments are subject to future changes based on negotiations between the Fund and the Trustee of the Investments.

6. Secured debt will be repaid as per proceeds from the sale of the investments become available.

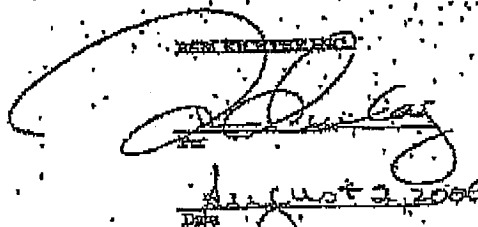
7. Professional fees include the fees of the proposed Trustee, and legal fees associated with the Fund's restructuring proceedings.

8. Miscellaneous costs included are financial results.

**FOR THE BOARD OF DIRECTORS OF FUND INC.**

  
 Date: August 2, 2006

**FOR THE TRUSTEE OF FUND INC.**

  
 Date: August 2, 2006

**THIS IS EXHIBIT "B" REFERRED TO IN THE  
AFFIDAVIT OF ROBERT R. BLAKELY  
SWORN THE 10<sup>TH</sup> DAY OF OCTOBER 2006**



A Notary Public

Commissioner for Oaths

# RSM! Richter

## **Second Report of RSM Richter Inc. In its capacity as the Proposal Trustee Re: Retrocom Growth Fund Inc.**

RSM Richter Inc.  
Toronto, October 10, 2006

Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF  
PROPOSAL OF  
RETROCOM GROWTH FUND INC.**

**SECOND REPORT OF  
RSM RICHTER INC.  
AS PROPOSAL TRUSTEE**

**October 10, 2006**

**1. INTRODUCTION**

This report is filed by RSM Richter Inc. ("Richter") in its capacity as Proposal Trustee ("Trustee") of Retrocom Growth Fund Inc. (the "Company"), pursuant to a Notice of Intention to Make a Proposal ("NOI") filed by the Company with the *Ontario Superior Court of Justice* (the "Court") on August 1, 2006 ("Filing Date") under the *Bankruptcy and Insolvency Act* ("BIA"). The Company was granted an extension of the time required to file its proposal to October 16, 2006 by the Court on August 30, 2006.

**1.1 Purpose of this Report**

This report ("Second Report") is filed in support of the Company's motion for an extension of the time required to file its proposal for a further forty-five (45) days. This report outlines the background information of the Company, the activities of the Company since the First Report of the Proposal Trustee dated August 25, 2006, and the anticipated transactions of the Company. This report also provides information to support the application for the appointment of Richter

as interim receiver pursuant to Section 47.1 of the BIA, with its powers limited to controlling the Company's receipts and disbursements, controlling the Company's books and records and engaging certain management personnel.

## **2. BACKGROUND OF THE COMPANY**

The Company was established to invest in small and medium-sized companies involved in innovative building technologies and construction and real estate development. The Company is amalgamated under the laws of Canada and is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), and as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

In lieu of hiring its own employees, the Company has relied on third parties to manage its affairs. As such, the Company previously entered into a management agreement with Retrocom Investment Management Inc. ("RIMI"), under which RIMI was engaged to manage the Company and to provide, among other things, investment and project advisory services and monitoring and promotional services to the Company.

## **3. ACTIVITIES OF THE COMPANY SINCE THE FILING DATE**

Since the Filing Date, the Company has worked towards realizing on its various investments. Efforts have been made to secure purchasers for the Company's real estate interests. The Company has also been in the process of updating its records to determine the quantum of its non-capital tax losses and to restore the operating status of one of its wholly-owned subsidiaries to facilitate the sale of one of its real estate interests.

As of September 18, 2006, the RIMI personnel who were providing the management and administration services for the Company were terminated by RIMI. The RIMI personnel were Paul Black Jr. and Jackie Loynd who provided services to RIMI as employees, and Blair Taylor

RSM Richter

who provided services to RIMI in the capacity of an independent contractor (collectively referred to as "Management Personnel"). The Management Personnel are considered to be valuable to the Company as it continues to realize on its investments. The Management Personnel are intimately familiar with the Company's investments and provide valuable services to the Company including compiling information on the Company's tax losses.

Subsequent to the termination of the Management Personnel, Richter retained the Management Personnel as independent contractors to assist in the Company's administration.

#### **4. PENDING REAL ESTATE DISPOSITIONS**

The Company has negotiated the sale of three of its real estate interests, the sales of which are scheduled to close in October and November, 2006.

The first property, which is owned by a wholly-owned subsidiary jointly with another party, is a mall located in Belleville, Ontario. An agreement of purchase and sale has been executed with a purchase price of \$13.3 million. The closing of the sale is scheduled to take place on or around October 19, 2006. Upon completion of this sale, the Company expects to receive approximately \$1.2 million after discharging encumbrances on the Property.

The second property is owned by Newton Building Corporation ("Newton") (a wholly-owned subsidiary of the Company) and is located in Midland, Ontario. An agreement of purchase and sale had been executed with a purchase price of \$1.9 million. As a result of non-filing of corporate tax returns in prior years, Newton's corporate charter had lapsed. As a result, the closing of this transaction has been delayed several times while the Company's counsel takes the steps necessary to have Newton's corporate charter reinstated, which is expected to occur in the later part of October, 2006. The purchaser and the Company previously agreed to extend the closing to the end of September, 2006, but it is now expected that the closing will not occur until

November, 2006. As a result of the delay, the purchaser has now requested a price abatement. Negotiations are still underway with regards to the closing of the transaction.

The third property is the Bowling Palace of Cornwall. A conditional agreement of purchase and sale has been accepted by the Company in the amount of \$2 million. The Purchaser has until October 18, 2006 to waive conditions. The sale would close on or around November 2, 2006 if the purchaser waives the conditions. The proceeds of this sale will be paid to the mortgage and taxes in arrears related to the property. It is expected that the sale will yield RGF approximately \$600,000 that can be used for general corporate purposes.

Negotiations for the sale of one additional real estate interest are ongoing. It is anticipated that this sale may close during November, 2006. The property is located at 220 Dundurn Street South, Hamilton, Ontario.

## **5. TAX LOSSES**

During the time immediately preceding the Filing Date and since that time, the Trustee has held several discussions with six parties that have expressed interest in the Company's tax losses through an acquisition of the Company. The tax losses are estimated to be approximately \$63 million. Discussions are ongoing with two parties who have expressed serious interest in the Company's tax losses and it is believed that discussions will continue past October 16, 2006. These parties are in the process of conducting due diligence and it is expected that their review will extend past October 16, 2006. An assignment in bankruptcy likely would negatively impact the progress of negotiations with these interested parties and likely would negatively impact the recovery in respect of the tax losses.

If the Company is able to realize value with respect to the tax losses, there is likely to be a significant portion of value ultimately available to creditors; the realization of such value would likely depend upon a successful proposal being made.

## **6. INTERIM RECEIVER**

As set out in Section 3 of the Second Report, the Management Personnel were terminated by RIMI. The Company has no employees of its own and its day-to-day administrative and managerial functions had been outsourced to RIMI. Specifically, RIMI personnel controlled the receipts and disbursements and maintained the Company's books and records. As a result, Richter is of the view that it would be beneficial to have the Management Personnel engaged to perform the functions formerly conducted by RIMI. It would be appropriate for Richter to engage the Management Personnel in the capacity of an Interim Receiver. The Board of Directors and Officers provide their services to the Company on a part-time basis. The basic function of controlling receipts and particularly disbursements is not currently efficiently managed. The appointment of an Interim Receiver with the powers to control receipts and disbursements would assist the Company's operations.

## **7. CASH FLOW**

The Company has updated its projected cash flow to December 1, 2006. The updated cash flow is attached as Exhibits "A" and "A-1".

## **8. CONCLUSION AND RECOMMENDATION**

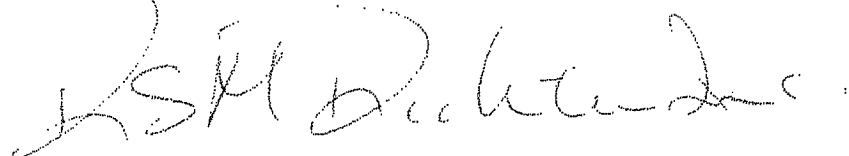
The Company is acting in good faith and with due diligence in taking steps to reorganize and put together a viable proposal to its creditors. It is the Trustee's view that an extension will not adversely affect any group of creditors. The extension would afford interested parties the time necessary to conduct due diligence on the Company's tax losses. If a transaction can be



negotiated for the tax losses, there would be an enhanced recovery for the Company's stakeholders. The Trustee is also of the view that it would be beneficial to appoint Richter as interim receiver for the purposes of engaging the Management Personnel, controlling receipts and disbursements and taking control of the Company's books and records.

Accordingly, the Trustee supports the Company's motion for an extension of the time required to file its proposal and the appointment of the interim receiver.

All of which is respectfully submitted,

A handwritten signature in dark ink, appearing to read "RSM Richter Inc.", is written over a horizontal line.

RSM RICHTER INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN ITS PERSONAL CAPACITY

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

The management of Retrocom Growth Fund Inc. ("RGF") has developed the assumptions and prepared the attached statement of projected cash flow of RGF for the period September 29, 2006 to December 1, 2006.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of RGF and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 9.

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 Note 1, using a set of probable and hypothetical assumptions set out in Notes 2 to 9. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 10th day of October, 2006.

RETROCOM GROWTH FUND INC.



Robert Blakely

## RSM Richter

October 10, 2006

RSM Richter Inc.  
200 King St. W., P.O. Box 48  
Toronto, ON M5H 3T4  
Tel: 416.932.8000 Fax: 416.932.5200  
www.rsmrichter.com

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

The attached statement of projected cash flow of Retrocom Growth Fund Inc., as of the 29<sup>th</sup> day of September, 2006, consisting of a Cash Flow Statement for the period September 29, 2006 to December 1, 2006, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 9.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of 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 for the probable assumptions and the 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:

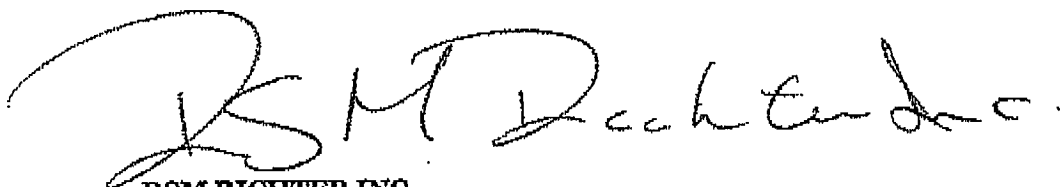
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the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

Page 2

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 10<sup>th</sup> day of October, 2006.

A large, stylized handwritten signature in black ink, appearing to read "RSM Richter Inc.", is written over the printed name.

**RSM RICHTER INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN ITS PERSONAL CAPACITY**

**EXHIBIT**  
**"A"**

Exhibit "A"

Retrocom Growth Fund Inc.  
**Projected Statement of Cash Flow**  
 For the Period September 29, 2006 through December 1, 2006  
 Unaudited  
 (\$)

	<u>Notes</u>	<u>Amount</u>
<b>CASH INFLOWS</b>		
Retrocom Mid-Market REIT share sale	2	1,044,000
Retrocom Mid-Market REIT distribution	3	14,000
Sale of real estate interests	4	3,905,000
<b>TOTAL CASH INFLOWS</b>		<u>4,963,000</u>
<b>CASH OUTFLOWS</b>		
Interest payments	5	20,000
Secured debt repayment	6	2,035,000
Professional fees - trustee	7	183,000
Professional fees - legal	7	240,000
Consulting fees	7	68,000
Miscellaneous	8	2,000
<b>TOTAL CASH OUTFLOWS</b>		<u>2,548,000</u>
<b>NET CASH FLOW</b>		<u>2,415,000</u>
<b>OPENING CASH BALANCE</b>	9	757,000
<b>NET CASH FLOW</b>		<u>2,415,000</u>
<b>ENDING CASH BALANCE</b>		<u>3,172,000</u>

The above financial projections are based on management's assumptions detailed in Exhibit "A-1"  
 The note references correspond to the assumption numbers shown in Exhibit "A-1"

RETROCOM GROWTH FUND INC.

Per 

October 10, 2006

Date

RSM RICHTER INC.

Per 

October 10, 2006

Date

Exhibit "A-1"

Retrocom Growth Fund Inc.  
**Notes to Projected Statement of Cash Flow**  
For the Period September 29, 2006 through December 1, 2006  
Unaudited  
(\$)

**Purpose and General Assumptions**

1. The purpose of the projection is to present a forecast of the cash flow of Retrocom Growth Fund Inc. (the "Fund or RGF") for the period September 29, 2006 to December 1, 2006 (the "Period") in regard to its proposal proceedings under the *Bankruptcy and Insolvency Act*. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

**Hypothetical Assumptions**

2. The sale of the Retrocom Mid-Market REIT ("RMMR.UN") shares is based on the assumption that the shares will sell for net proceeds of \$5.80 per share which is expected to remain materially consistent through to the time of the sale.

3. Income distributions from RMMR.UN shares are based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the share sale.

**Most Probable Assumptions**

4. Amount reflects the net proceeds of the sale of three RGF real estate properties, two of which are subject to purchase and sale agreements.
5. Interest payments are estimated based on the schedule of repayments of secured debt. The dates of these repayments are subject to minor changes based on negotiations between the Fund and the purchaser of the investments.
6. Secured debt will be repaid as the proceeds from the sale of the investments become available.
7. Professional fees include the fees of the Proposal Trustee, and legal fees associated with the Fund's restructuring proceedings. Legal fees include the fees of the Company's counsel and the fees of the Proposal Trustee's counsel. Consulting fees include payments to be made to the former personnel of RIMI to be retained by Richter on behalf of RGF.
8. Miscellaneous costs are based on historical results.
9. Approximately \$550,000 of the opening cash balance is pledged to support a guarantee and is not available for general corporate purposes.

RETROCOM GROWTH FUND INC.

Per October 10, 2006  
Date

RSM RICHTER INC.

Per October 10, 2006  
Date

IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND INC. PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT  
(CANADA)

Court File No. 31-452496

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

AFFIDAVIT OF ROBERT R. BLAKELY  
(Sworn October 10, 2006)

BENNETT JONES LLP  
Suite 3400, P.O. Box 130  
One First Canadian Place  
Toronto, Ontario  
M5X 1A4  
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Robyn Ryan Bell (LSUC #28345F)  
(416) 777-4874  
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# TAB 3

Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	FRIDAY, THE 13 <sup>TH</sup> DAY
	)	
	)	OF OCTOBER, 2006

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**ORDER  
(Extension of Time to File Proposal and Appointment of Interim Receiver)**

THIS MOTION made by Retrocom Growth Fund Inc. ("Retrocom") for an order substantially in the form as appended to the motion record herein was heard on this day at 393 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Robert R. Blakely (sworn October 10, 2006) and exhibits thereto, and upon hearing the submissions of counsel for Retrocom and counsel for RSM Richter Inc.:

1. THIS COURT ORDERS THAT the time for service of the notice of motion is hereby abridged.
  
2. THIS COURT ORDERS THAT the time by which Retrocom may file a proposal to its creditors is hereby extended by 45 days from its previous expiry date of October 16, 2006 to December 1, 2006.

3. THIS COURT ORDERS THAT RSM Richter Inc. is hereby appointed as interim receiver (the "Interim Receiver") of Retrocom, in addition to its role as proposal trustee pursuant to the *Bankruptcy and Insolvency Act* (Canada), for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sale from Retrocom's properties and other assets, and associated matters thereto. Retrocom's receipts, its books, records, and documents, and the proceeds of sale from Retrocom's properties and other assets are herein defined as the "Property".

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER**

4. THIS COURT ORDERS THAT (i) Retrocom, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

5. THIS COURT ORDERS THAT all Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of Retrocom, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall grant possession of such original Records to the

Interim Receiver and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS THAT if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

## **NO PROCEEDINGS AGAINST THE INTERIM RECEIVER**

7. THIS COURT ORDERS THAT no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

## **INTERIM RECEIVER TO HOLD FUNDS**

8. THIS COURT ORDERS THAT all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Interim Receivership Accounts") and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **LIMITATION ON THE INTERIM RECEIVER'S LIABILITY**

9. THIS COURT ORDERS THAT the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Interim Receiver by section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), or by any other applicable legislation.

## **INTERIM RECEIVER TO ENGAGE CONTRACTORS AND PERSONS**

10. THIS COURT ORDERS THAT the Interim Receiver is hereby expressly empowered and authorized to engage such contractors and other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order.

## **INTERIM RECEIVER'S ACCOUNTS**

11. THIS COURT ORDER THAT any expenditure or liability which shall properly be made or incurred by the Interim Receiver, including the fees and disbursements of the Interim Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Interim Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a charge on the Property (the "Interim Receiver's Charge").

12. THIS COURT ORDERS THAT the Interim Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Interim Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

13. THIS COURT ORDERS THAT prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, and against the fees and disbursements of counsel for Retrocom, provided that with respect to payments made to the Interim Receiver or its counsel, such amounts shall constitute advances against the remuneration and disbursements of the Interim Receiver when and as approved by this Court.

**GENERAL**

14. THIS COURT ORDERS THAT the Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

15. THIS COURT ORDERS THAT nothing in this Order shall prevent the Interim Receiver from acting as a trustee in bankruptcy of Retrocom.

16. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

17. THIS COURT ORDERS THAT the Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

18. THIS COURT ORDERS THAT any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**ORDER**  
(Extension of Time to File Proposal and  
Appointment of Interim Receiver)

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Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

**MOTION RECORD OF  
RETROCOM GROWTH FUND INC.**  
(Motion Returnable October 13, 2006)

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