

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

**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 BRAINHUNTER INC.,
BRAINHUNTER CANADA INC., BRAINHUNTER
(OTTAWA) INC., PROTEC EMPLOYMENT SERVICES
LTD., TREKLOGIC INC.**

Applicants

FIFTH REPORT OF THE MONITOR

Date: February 9, 2010

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ONTARIO
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(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
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AND IN THE MATTER OF A PLAN OF COMPROMISE
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LTD., TREKLOGIC INC.

APPLICANTS

FIFTH REPORT OF THE MONITOR
DATED FEBRUARY 9, 2010

INTRODUCTION

1. By Order of this Honourable Court dated December 2, 2009 (the "**Initial Order**"), Brainhunter Inc. (the "**Company**"), Brainhunter Canada Inc., Brainhunter (Ottawa) Inc., Protec Employment Services Ltd., and TrekLogic Inc. (collectively, the "**Applicants**" or "**Brainhunter**"), obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The CCAA proceeding with respect to the Applicants is referred to herein as the "**CCAA Proceeding**".
2. Pursuant to the Initial Order, Deloitte & Touche Inc. ("**Deloitte**") was appointed monitor of the Applicants as part of the CCAA Proceeding (the "**Monitor**"). Pursuant to the Initial Order, all proceedings against the Applicants were stayed until December 31, 2009, or such later date as this Court may order. A copy of the Initial Order is attached as Exhibit "A".
3. By Order dated December 11, 2009 (the "**Bid Process Order**"), this Honourable Court approved the Agreement of Purchase and Sale dated December 1, 2009 (the "**Stalking Horse APA**") between the Applicants as Vendors and TalentPoint Inc., 2223945 Ontario

Limited, 2223947 Ontario Limited and 2223956 Ontario Limited as purchasers (together, the "**Stalking Horse Purchasers**") and Raj Singh pursuant to which the Stalking Horse Purchasers agreed to purchase substantially all of the assets of the Vendors. Pursuant to the Bid Process Order, the Stalking Horse APA was approved as a stalking horse bid under the sale process and auction procedures (the "**Bid Process**") attached as Schedule "A" to the Bid Process Order. A copy of the Bid Process Order is attached as Exhibit "**B**".

4. Pursuant to the Bid Process Order, the Stay Period, as defined in paragraph 14 of the Initial Order, was extended until February 8, 2010 to permit the Applicants to carry out the Bid Process.
5. Pursuant to the Order of this Honourable Court dated December 11, 2009, the Initial Order was amended (as amended, "**First Amended and Restated Initial Order**") to address, among other things, the scope of the Directors' Indemnity referenced in paragraph 20 of the Initial Order, a reduction in the KERP payable to Mr. Singh, the scope of the Contractor's Charge referenced in paragraph 46 of the Initial Order and the creation of a charge in favour of the ad-hoc committee of noteholders in respect of reasonable legal costs and reasonable costs of any financial advisor retained by the committee. A copy of the First Amended and Restated Initial Order is attached as Exhibit "**C**".
6. By Order of this Honourable Court dated January 12, 2010 ("**Bid Deadline Extension Order**"), the deadline date to submit an offer to purchase the Applicants' Assets or sponsor a plan of arrangement pursuant to the Bid Process was extended from January 13, 2010 until 5:00 p.m. (Eastern Time) on Monday, January 18, 2010.
7. By Order of this Honourable Court dated January 22, 2010 ("**Auction Rules Order**"), the auction rules and procedures ("**Auction Rules**") attached as an exhibit to the Monitor's Third Report to the Court dated January 21, 2010 ("**Third Report**") were amended on the terms described therein and, in consideration of the closing date under the Stalking Horse APA being extended from February 5, 2010 until February 17, 2010, the terms of the Agreement between Zylog Systems (Canada) Ltd. and Zylog Systems (India) Limited (together, "**Zylog**"), the Stalking Horse Purchasers and Raj Singh were

approved. Raj Singh is the principal of the Stalking Horse Purchasers and the President and CEO of the Company. A copy of the Auction Rules Order is attached as Exhibit "D".

8. By Order of this Honourable Court dated February 1, 2010 ("**Zylog Approval and Vesting Order**"), the Agreement of Purchase and Sale between the Applicants, Vision2Hire Solutions Inc. and Brainhunter Recruiting (India) Private Limited (collectively, the "**Vendors**") and Zylog as Purchasers dated as of January 18, 2010 (the "**Zylog APA**") was approved and the Purchased Assets (as defined in the Zylog APA) were vested in and to Zylog upon closing of the transaction under the Zylog APA. A copy of the Zylog Approval and Vesting Order is attached as Exhibit "E". A copy of the Zylog APA is attached as Exhibit "F".
9. Also by Order of this Honourable Court dated February 1, 2010, the Stay Period was extended until March 1, 2010 to permit the Applicants to close the transaction under the Zylog APA.
10. The Orders in this proceeding, together with related Court documents, the Pre-Filing Report of Deloitte in its capacity as Proposed Monitor of the Applicants dated December 1, 2009, all subsequent reports of the Monitor to the Court and the Notice to Creditors dated December 2, 2009 have been posted on the Monitor's website at www.deloitte.com/ca/brainhunter (the "**Monitor's Website**"). The Monitor has also established a toll free number at 1-877-770-4554 for creditors and other interested parties to call with questions or concerns regarding the CCAA Proceeding.
11. The purpose of this report ("**Fifth Report**") is to provide this Honourable Court with the following information regarding the Applicants' motion for distribution to each of TD Bank and Roynat of certain of the cash consideration payable by Zylog under the Zylog APA:
 - (a) summary of claims ranking in priority to the indebtedness of the Applicants to TD Bank under the DIP Facility and the TD Facility and to Roynat pursuant to the Roynat Debt;

- (b) the Monitor's Statement of Receipts and Disbursements for the period between November 30, 2009 and January 29, 2010, including an updated Cash Flow Forecast for the period from January 30, 2010 to February 26, 2010;
 - (c) the Monitor's recommendation with respect to the proposed distribution to TD Bank and Roynat.
12. Unless otherwise provided, capitalized terms not otherwise defined in this Fifth Report are as defined in the First Amended and Restated Initial Order, the Bid Process, the Fourth Report or the Zylog APA.

TERMS OF REFERENCE

13. In preparing the Fifth Report and making the comments contained herein, Deloitte has been provided with and relied upon unaudited financial information, the Applicants' books and records, the financial information prepared by the Applicants and their advisors, and discussions with management of the Applicants. Deloitte has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, Deloitte expresses no opinion or other form of assurance on the information contained in the Fifth Report. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information referred to or relied upon in the Fifth Report is based on management's assumptions regarding future events and conditions that are not ascertainable. Accordingly, actual results achieved will vary from this information, and the variations may be material.
14. Unless otherwise stated, all dollar amounts contained in the Fifth Report are expressed in Canadian dollars.

BACKGROUND

15. The secured debt of the Company includes the following:

DIP Facility

- (i) As approved pursuant to the Initial Order, TD Bank is providing interim financing (the "**DIP Facility**") to Brainhunter during the course of the CCAA Proceeding.
- (ii) The DIP Facility is a revolving credit facility with a maximum total commitment of \$7.0 million and will expire on February 28, 2010. The total amount to be drawn under the DIP Facility is subject to certain working capital ratios being maintained.

TD Facility

- (iii) The Company has borrowed approximately \$18.0 million under a senior revolving term facility from TD Bank (the "**TD Facility**") pursuant to a credit agreement dated September 22, 2006. The Company has granted security to TD Bank upon all of the Company's assets, property and undertaking. Each of the Applicants other than the Company has guaranteed the obligations of the Company to the Bank and granted security to the Bank upon all of such Applicant's assets, property and undertaking.
- (iv) In connection with the DIP Facility, the TD Facility was capped on December 2, 2009.

Roynat Debt

- (v) Pursuant to a debenture dated November 14, 2005 (the "**Debenture**"), Roynat advanced to the Company the principal amount of \$5 million (the "**Roynat Debt**"). The Roynat Debt was due to be repaid on December 15, 2008.
- (vi) The Roynat Debt was subsequently amended to capitalize interest accrued. Approximately \$6.3 million remains outstanding with respect to the Debenture. The Company has granted security to Roynat upon all of the Company's assets, property and undertaking. Each of the Applicants other than the Company has guaranteed the obligations of the Company to the Bank and granted security to the Bank upon all of such Applicant's assets, property and undertaking.

16. Counsel to the Monitor, ThorntonGroutFinnigan LLP (“TGF”), has reviewed the security granted to TD Bank and Roynat by each of the Applicants. TGF has advised the Monitor that, subject to the assumptions and qualifications contained in its written opinion, each of the Bank and Roynat has a valid and enforceable security interest in all of the personal property, assets and undertaking of the Applicants (other than Crown debts to which the *Financial Administration Act*, R.S.C. 1985, c. F-11, as amended (“FAA”) applies) located within the Province of Ontario and referenced in each such party’s security agreements and in respect of which registrations have been made against the Applicants by each of TD Bank and Roynat in accordance with the provisions of the *Personal Property Security Act* (Ontario). A copy of the TGF opinion is attached as Exhibit “G”.
17. Brainhunter (Ottawa) Inc. (“BH Ottawa”) has entered into contracts with certain federal crown corporations and government agencies (each, a “**Federal Contract**”). Any debts due or becoming due by the federal Crown under a Federal Contract may be considered a “Crown debt” within the meaning of the FAA. The FAA provides that an assignment of a Crown debt is not effective unless:
 - (a) it is absolute, in writing and made under the hand of the assignor;
 - (b) it does not purport to be by way of charge only; and
 - (c) notice of the assignment has been given to the Crown as provided for in section 69 of the FAA.
18. An assignment of a Crown debt which complies with the foregoing provision of the FAA only becomes effective once the assignment has been acknowledged by the Crown. As noted above, TD Bank and Roynat hold security upon all of BH Ottawa’s assets.
19. Pursuant to the Standstill Agreement entered into with Roynat prior to the Initial Order, Brainhunter agreed to deliver to Roynat executed but uncompleted specific assignments of those accounts receivable of Brainhunter, BH Ottawa and the other subsidiaries of Brainhunter subject to the FAA (“**FAA Receivables**”), together with an authorization in favour of Roynat to complete the assignments and deliver same to the subject Crown corporation or government agency.

20. The Roynat Standstill Agreement provides that Roynat will pay to TD Bank any net proceeds collected in connection with the foregoing assignments, which shall be applied in reduction of amounts outstanding under the TD Facility until such time as the TD Facility is permanently repaid and cancelled.
21. Roynat and TD Bank have appointed Morrison Financial Services Limited ("**Morrison Financial**") as their agent to collect and receive the FAA Receivables pursuant to an agency agreement between Roynat, Morrison Financial, TD Bank and the Subsidiaries (the "**Agency Agreement**") dated November 20, 2009.
22. Under the terms of the Agency Agreement, Roynat and TD Bank have authorized and directed Morrison Financial to take all steps necessary in accordance with the assignment provisions of the FAA to properly implement the assignment of all FAA Receivables to Morrison Financial as agent and trustee for Roynat and TD Bank. Morrison Financial has agreed that, upon receipt, it will deposit the FAA Receivables to a trust account with TD Bank. All funds on deposit in the trust account are to be swept on a daily basis and will be applied in reduction of amounts outstanding under the DIP Facility, the TD Facility and the Debenture, respectively.
23. The Agency Agreement is to remain in full force and effect until such time as the Debenture has been permanently repaid, subject to the right of Roynat and TD Bank to terminate the Agency Agreement at any time. At closing of the Zylog APA, the Agency Agreement will be terminated. Upon termination of the Agency Agreement, Morrison Financial is required to pay any and all FAA Receivables assigned to Morrison Financial prior to such termination to TD Bank and Roynat or to such party as they may direct in writing.
24. The TGF opinion provides that subject to the assumptions and qualifications contained therein, the following assumptions have been made regarding the effect of the FAA upon the security held by TD Bank and Roynat based upon the case law reviewed in the TGF opinion, as well as the relevant provisions of the FAA:
 - (i) section 67 of the FAA should be interpreted to only render ineffective an assignment of a Crown debt within the meaning of the FAA, such that the security held by TD Bank and Roynat upon the Crown debts arising under the Federal

Contracts would not be effective and therefore not enforceable against either the Crown or a creditor representative such as a trustee in bankruptcy;

- (ii) section 67 of the FAA does not render ineffective the security interest granted to the Bank and Roynat in a payment instrument issued by the federal government in satisfaction of any Crown debts which exist pursuant to the Federal Contracts, or in any funds credited to BH Ottawa's account with TD Bank following the deposit of such instrument to that account; and
- (iii) although a Crown debt arising under a Federal Contract may not be assigned to a third party other than in accordance with Section 68 of the FAA, assuming that the consent of the relevant government department is required and is first obtained, the Federal Contract itself may be sold by BH Ottawa and assigned to a third party. The proceeds of sale of any Federal Contract should be subject to the security held by TD Bank and Roynat upon the personal property of BH Ottawa.

- 25. Given the conflicting case law that has developed in connection with the FAA, TGF is not in a position to provide an unqualified opinion regarding the effect of the FAA upon the proceeds of sale under the Zylog APA.
- 26. The management of the Company has advised the Monitor that acknowledgments of the assignment of a majority of the Federal Contracts have been received from the relevant Ministry or Agency of the Crown in accordance with the provisions of the FAA.
- 27. As of February 8, 2010, the balance owed to BH Ottawa pursuant to Federal Contracts is approximately \$6.7 million.

STATUS OF ZYLOG APA

- 28. As noted above, the Zylog APA and the transactions contained therein were approved by this Honourable Court pursuant to the terms of the Zylog Approval and Vesting Order. Closing under the Zylog APA is scheduled to take place on Wednesday, February 17, 2010.

29. As set out in paragraph 37 of the Fourth Report, the aggregate consideration payable by Zylog to the Vendors for the Purchased Assets consists of cash and non-cash consideration. Section 3.2 of the Zylog APA provides that certain of the consideration payable by Zylog to the Vendors at Closing shall be paid and satisfied as follows:
- (a) payment to TD Bank of (i) all amounts owing for principal, interest and costs due and owing pursuant to its credit agreement or security; and (ii) the amount outstanding under the DIP Facility up to \$7,000,000; and
 - (b) payment to Roynat of amounts owing for principal, interest and costs due and owing pursuant to its credit agreement or security.
30. The effect of the foregoing provisions of the Zylog APA will be to distribute certain of the proceeds of sale under the Zylog APA directly to TD Bank and Roynat.
31. The priority of the charges created by the First Amended and Restated Initial Order are set out in paragraph 47 thereof as follows:
- First – Administration Charge in an amount up to \$700,000;
 - Second – KERP Charge to a maximum of \$240,000;
 - Third – DIP Charge;
 - Fourth – Administration Charge for amounts in excess of \$700,000 up to \$1,000,000;
 - Fifth – the Existing TD Security;
 - Sixth – Director’s Charge; and
 - Seventh – Contractor’s Charge.
32. In addition, pursuant to paragraph 46.1 of the First Amended and Restated Initial Order, the assets of Brainhunter only are subject to the Noteholder’s Advisor Charge in an amount up to \$150,000, which charge ranks immediately behind all secured creditors of Brainhunter, other than the Noteholders. As set out in the Fourth Report, the cash consideration payable by Zylog at Closing will be sufficient to permanently repay all amounts outstanding under the Administration Charge, KERP Charge, DIP Charge and the Existing TD Security.

33. Pursuant to section 5.3 of the Zylog APA, Zylog shall assume the obligations of the Applicants under the Directors' Indemnity set out in the First Amended and Restated Initial Order limited to the amount of the Directors' Charge to a maximum of \$1,700,000, or such lesser amount as is outstanding in respect of the categories of indemnified obligations outlined in Schedule 12 to the Zylog APA as at the Closing Date. All of the obligations specified in Schedule 12 to the Zylog APA should be paid in full at or prior to Closing.
34. Pursuant to section 2.2 of the Zylog APA, Zylog was required to advise the Vendors of any Contractor Agreements that Zylog does not wish to assume ("**Excluded Contractor Agreements**") at least five (5) Business Days prior to the Closing Date. The Excluded Contractor Agreements do not form part of the Purchased Assets but instead form part of the Excluded Assets. Similarly, the Excluded Assets include all Accounts Receivable, Books and Records, Prepaid Expenses and Deposits and Work-in-Progress related to the Excluded Contractor Agreements, if any.
35. As set out in the First Amended and Restated Initial Order, any amounts payable to the Contractors under the Excluded Contractor Agreements will be subject to the Contractors' Charge under the First Amended and Restated Initial Order. As noted above, the Contractors' Charge ranks in priority to the Roynat Debt and the Roynat Security.
36. On February 8, 2010, Zylog informed the Monitor that they would be assuming all Contractor Agreements and accordingly, there will be no unassumed, residual liabilities owed to Contractors which will remain subject to the Contractors' Charge.

STATUS OF PRIOR PPSA REGISTRATIONS

37. Attached as Exhibit "**H**" is a summary of the PPSA registrations against each of the Applicants, as well as Vision2Hire.
38. The following is a summary of those parties which have made PPSA registrations against the Applicants prior in time to TD Bank and Roynat.

(i) **Brainhunter Inc.**

39. The following parties have registered under the PPSA against Brainhunter prior in time to both the TD Bank and Roynat registrations:

CBSC Capital Inc. (“CBSC”); and

Adam and Murial Jasek (collectively, the “Jaseks”).

40. The registration in favour of CBSC (the “CBSC Registration”) was made on July 27, 2005 for a period of six (6) years. The CBSC Registration is against the collateral classes “equipment” and “other”. The collateral description refers to “All goods supplied by the secured party pursuant to a lease...”.

41. The equipment lease between CBSC Capital Inc. and Brainhunter relates to photocopy machines and is an Excluded Asset under the Zylog APA and therefore not part of the Purchased Assets. The Monitor has been advised that Brainhunter will be disclaiming this and related leases prior to Closing.

42. The registration in favour of the Jaseks (the “Jasek Registration”) was made on October 13, 2005 for a period of five (5) years. The Jasek Registration is against all classes of collateral except consumer goods and motor vehicles. The collateral description refers to a “General Security Agreement”. As described in the TGF opinion, the Jaseks have subordinated the indebtedness and security held by the Jaseks from Brainhunter in favour of the indebtedness and security held by each of the Bank and Roynat from Brainhunter.

43. The Monitor has been advised by management of the Company that the Company’s obligations secured by the GSA subject to the Jasek Registration are obligations under two promissory notes, each dated October 11, 2005 and each in the amount of \$2,000,000. Management has also advised the Monitor that the foregoing promissory notes have been permanently repaid and cancelled by the Company, with the result that no further obligations are secured by the Jasek GSA.

44. The following parties have registered under the PPSA against Brainhunter subsequent in time to both the TD Bank and Roynat registrations:

46 individually named Noteholders;

8 individually named Noteholders;

CBSC;

13 individually named Noteholders; and

Gould Leasing Ltd. ("**Gould**").

45. Each of the three registrations made by the Noteholders are registered against the collateral classes "inventory", "equipment", "accounts", and "other".
46. CBSC has three subsequent registrations against Brainhunter each of which is registered against the collateral classes "equipment" and "other".
47. The registration in favour of Gould is against the collateral class "equipment" and does not contain a collateral description.

(ii) **Brainhunter Canada Inc.**

48. There are no registrations against Brainhunter Canada Inc. ("**BCI**") prior in time to the PPSA registrations made by TD Bank and Roynat. There is only one other PPSA registration against BCI, in favour of DCFS Canada Corp. made on September 5, 2007 for a period of 4 years, in respect of a 2006 Smart 42CPulse motor vehicle (the "**DCFS Registration**").
49. As described in the TGF opinion, iGate Mastech Ltd. ("**iGate**") changed its name to Brainhunter Integrated Staffing Solutions Inc. ("**BISSI**") on or about March 24, 2006. On September 29, 2006, Brainhunter Limited changed its name to Brainhunter Canada Inc. On October 1, 2006, Brainhunter Canada Inc. amalgamated with BISSI and continued as Brainhunter Canada Inc. Accordingly, TGF has reviewed the PPSA certificates issued by the Ministry in respect of BCI as well as each of Brainhunter Limited, iGate and BISSI.

(1) **Brainhunter Limited**

50. There are no PPSA registrations against Brainhunter Limited prior in time to the TD Bank and Roynat registrations. As noted above, the TD Bank and Roynat registrations were amended on February 7, 2007 and June 19, 2009 respectively to reflect the change of name from Brainhunter Limited to Brainhunter Canada Inc. There are no registrations against Brainhunter Limited subsequent in time to the TD Bank and Roynat registrations.

(2) iGate

51. The following party has registered under the PPSA against iGate prior in time to both the TD Bank and Roynat registrations:

PHH Canada Inc., now PHH Vehicle Management Services Inc. (“PHH”).

52. The registration in favour of PHH (the “PHH Registration”) was made on February 16, 1994 and expires on February 16, 2010. The PHH Registration is against the collateral classes “equipment”, “other” and “motor vehicles”. The collateral description refers to motor vehicles, trucks, trailers and other automotive equipment. PHH has not amended the PHH Registration to reflect the change of name of iGate to BISSI and subsequently to BCI. The Monitor has been advised by management of the Company that the vehicles which were the subject of this registration were returned to the lessor prior to the amalgamation of iGate with Brainhunter with the result that no further obligations are secured by the PHH Registration.

53. There are no registrations against iGate subsequent in time to the TD Bank and Roynat registrations.

(3) BISSI

54. There are no PPSA registrations against BISSI other than the registrations by TD Bank and Roynat, each of which was amended to reflect the change of name from iGate to BISSI.

(iii) Brainhunter (Ottawa) Inc.

55. There are no PPSA registrations against BH Ottawa prior in time to the registrations by the TD Bank and Roynat. BH Ottawa amalgamated with AJJA Information Technology Consultants Inc. (“AJJA”) on October 1, 2006 and continued as BH Ottawa. There is one PPSA registration against AJJA, in favour of the Jaseks, registered October 13, 2005 for a period of five (5) years against all classes of collateral other than “consumer goods” and “motor vehicles”. The registration has not been amended to reflect the change of name to BH Ottawa.

56. There are no registrations against AJJA or BH Ottawa subsequent in time to the TD Bank and Roynat registrations.

(iv) Protec Employment Services Ltd.

57. There are no PPSA registrations prior in time to the registrations by TD Bank and Roynat. There are also no registrations against Protec Employment Services Ltd. subsequent in time to the TD Bank and Roynat registrations.

(v) TrekLogic Inc.

58. There are no PPSA registrations prior in time to the registrations by TD Bank and Roynat. There are also no registrations against TrekLogic Inc. subsequent in time to the TD Bank and Roynat registrations.
59. Other than the obligations of the Applicants secured by the charges created under the First Amended and Restated Initial Order, the Monitor is not aware of any claims against the Assets of the Applicants which could rank in priority to the security held by TD Bank in connection with the TD Debt and the DIP Facility and which will not be paid in full at or prior to closing of the Zylog APA. As noted above, pursuant to the terms of the Zylog APA, all amounts secured by the charges created by the First Amended and Restated Initial Order which could rank in priority to the TD Debt and the DIP Facility will either be assumed or paid in cash at or prior to Closing.

AMOUNT OF THE TD DEBT AND ROYNAT DEBT

60. As noted above, the amount payable to each of TD Bank (other than pursuant to the DIP Facility) and Roynat under the Zylog APA is limited to amounts owing for principal, interest and costs due and owing pursuant to each such party's credit agreement or security. The amount owing to TD Bank and Roynat fluctuate on a daily basis. The Monitor has reviewed and agrees with the calculation of the amounts claimed by TD Bank to be owing on account of principal, interest and costs in respect of the TD Facility. The Monitor understands that Zylog has accepted the calculation of the principal, interest and costs owing under the TD Facility as at the Closing Date. The Monitor understands that, as at the writing of this Report, the Company and Zylog have accepted the calculation of the principal and interest, but not the costs, owing under the Roynat Facility as at the Closing Date.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

61. Attached as Exhibit "I" is the Statement of Receipts and Disbursements for the period between November 30, 2009 and January 29, 2010, including an updated Cash Flow Forecast for the period from January 30, 2010 to February 26, 2010. The actual DIP Facility balance was approximately \$1.1 million at January 29, 2010, as reported to TD Bank, and is forecasted by the Company to remain within the permitted availability until the closing date.

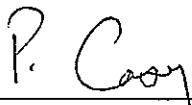
MONITOR'S CONCLUSION AND RECOMMENDATIONS

62. For the reasons set out above, the Monitor recommends that, in accordance with section 3.2 of the Zylog APA, all amounts owing by the Company to TD Bank pursuant to the TD Facility and the DIP Facility be paid to TD Bank from the cash consideration payable by Zylog at Closing.

63. Further in accordance with section 3.2 of the Zylog APA, Zylog is obligated to pay to Roynat the full amount of principal, interest and costs owing under the Roynat credit and security agreements and the Monitor recommends that the full amount of principal, interest and costs owing to Roynat pursuant to its credit and security agreements be paid to Roynat from the cash consideration payable by Zylog at Closing.

All of which is respectfully submitted at Toronto, Ontario this 9th day of February, 2010.

DELOITTE & TOUCHE INC.
in its capacity as Monitor
of Brainhunter Inc. and the other Applicants

Per: 

Paul M. Casey, CA, CIRP
Senior Vice-President