

TAB 2

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 1484558 ONTARIO INC.,
TREKLOGIC INC., 4386396 CANADA INC., 4386370
CANADA INC. and PROTEC EMPLOYMENT
SERVICES LTD.

APPLICANTS

NINTH REPORT OF THE MONITOR

DATED AUGUST 20, 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**"). A copy of the Initial Order is attached as Exhibit "A".
3. 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. Raj Singh (the former President and CEO of the Company), 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 (the “**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 “**B**”.

4. 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 “**C**”.
5. In accordance with the Zylog Approval and Vesting Order, the Applicants changed their names following closing of the transaction under the Zylog APA as follows:
 - (a) Brainhunter Inc. changed to 1484558 Ontario Inc.;
 - (b) Brainhunter Canada Inc. changed to 4386396 Canada Inc.; and
 - (c) Brainhunter (Ottawa) Inc. changed to 4386370 Canada Inc.

Also in accordance with the Zylog Approval and Vesting Order, the style of cause in this proceeding was amended to reflect the foregoing name changes.

6. By Order of this Honourable Court dated February 16, 2010 (the “**Distribution Order**”), this Honourable Court directed that certain of the proceeds of sale under the Zylog APA be distributed to TD Bank, Roynat and counsel to the Noteholders in accordance with the Noteholders’ Advisor Charge. A copy of the Distribution Order is attached as Exhibit “**D**”.
7. The transaction under the Zylog APA was largely completed on February 17, 2010 (the “**Closing Date**”) and was finalized on February 18, 2010. Concurrent with closing of the Zylog APA, each of the officers and directors of the Applicants resigned their positions.

8. As a result of the resignation of the officers and directors, the Monitor sought to expand its powers and duties in order to finalize the estates of the Applicants. By Order of this Honourable Court dated February 26, 2010 (the "**Expansion of Powers Order**"), the Monitor was empowered to take certain administrative steps for and in the name of any of the Applicants including, without limitation, preparation of income tax returns and employee statements and records of employment. A copy of the Expansion of Powers Order is attached as Exhibit "**E**".
9. Pursuant to the Expansion of Powers Order, each of the KERP Charge, the DIP Charge, the Existing TD Security Charge, the Contractors' Charge and the Noteholder's Advisor Charge (each as defined in the Amended and Restated Initial Order) was released and discharged. Also pursuant to the Expansion of Powers Order, the Stay Period was extended to April 30, 2010.
10. By Orders of this Honourable Court dated April 29 and June 29, 2010 (the "**Stay Extension Orders**"), the Stay Period was extended to and including June 30 and August 31, 2010 respectively. Copies of the Stay Extension Orders are attached as Exhibits "**F**" and "**G**".
11. 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.
12. The purpose of this report ("**Ninth Report**") is to provide this Honourable Court with the following information regarding the Monitor's motion to (i) extend the Stay Period to December 31, 2010; (ii) approve the conveyance of the BBI Shares to the BBI Purchaser (each as defined below); (iii) approve the professional fees and disbursements of the Monitor for the period May 2, 2010 to June 30, 2010 and its independent counsel Thornton Grout Finnigan LLP ("**TGF**") for the period from May 12, 2010 to July 31, 2010; (iv) approve the Monitor's Statement of Receipts and Disbursements for the CCAA Fund and the Escrow Fund (each as defined below) for the period from June 19, 2010 to

August 23, 2010; and (v) approve this Ninth Report and the activities of the Monitor including:

- (a) Steps taken by the Monitor to finalize the estates of the Applicants, including the terms of the proposed conveyance of the BBI Shares;
 - (b) The accounts rendered by the Monitor and TGF in this proceeding;
 - (c) The Monitor's Statement of Receipts and Disbursements for the period from June 19, 2010 to August 23, 2010;
 - (d) Outstanding matters to be completed to finalize the estates of the Applicants within the CCAA Proceeding; and
 - (e) The Monitor's recommendations with respect to the relief sought.
13. Unless otherwise provided, capitalized terms not otherwise defined in this Ninth Report are as defined in the First Amended and Restated Initial Order or the Zylog APA.

TERMS OF REFERENCE

14. In preparing the Ninth 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 Ninth Report. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information referred to or relied upon in the Ninth 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.
15. Unless otherwise stated, all dollar amounts contained in the Ninth Report are expressed in Canadian dollars.

BACKGROUND

16. The Company is a Toronto-based corporation and was listed on the Toronto Stock Exchange with the ticker "BH." Brainhunter operated predominately in Toronto and Ottawa, Ontario, with limited affiliated operations in Hyderabad, India. By Order dated March 29, 2010 ("**Cease Trade Order**"), the Ontario Securities Commission directed that all trading in the securities of the Company, whether direct or indirect, shall cease until further order of the Director. No steps have been taken by any party to lift the Cease Trade Order. A copy of the Cease Trade Order is attached as Exhibit "**H**".
17. Brainhunter provided temporary staffing and related services, primarily in respect of information technology and engineering jobs, to a wide variety of industries. The largest sector served by Brainhunter was the public sector.
18. In accordance with the Zylog APA, on the Closing Date Zylog paid to the Monitor \$225,000 (the "Escrow Fund") which is held by the Monitor in escrow to satisfy any outstanding statutory priority claims in existence as at the Closing Date. As set out in the Monitor's Eighth Report to the Court, the Monitor has prepared and filed the Applicants' 2010 statutory returns and employee-related remittances for the period prior to the Closing Date under the Zylog APA, facilitated the preparation of the T4 Statements and Records of Employment for the Applicants' former employees and submitted the T4 Statements to Canada Revenue Agency. The Monitor has taken all steps within its control to identify claims against the Escrow Fund.
19. However, the Monitor will be unable to verify that there are no additional claims against the Escrow Fund and finalize the estates of the Applicants until such time as it obtains the necessary clearance certificates from the various government entities responsible for the statutory returns and employee-related remittances of the Applicants.

MONITOR'S ACTIVITIES

20. Since the date of the June 29, 2010 Stay Extension Order, the Monitor has undertaken the following activities to finalize the estates of the Applicants:
- (a) contacted the various government entities responsible for the statutory returns and employee-related remittances to obtain an audit of the Applicants' accounts or obtain clearance certificates to facilitate closing of the Applicants' accounts with each entity;
 - (b) reviewed the 2010 income tax returns for each of the Applicants prepared by the Applicants' external tax accountant;
 - (c) executed assignments of certain Crown Contracts to Zylog or as Zylog has directed for and in the name of certain of the Applicants;
 - (d) conveyed the shares of Siolink Solutions Inc. owned by the Company to Stanley Yu as authorized and directed by the April 29, 2010 Stay Extension Order;
 - (e) as described in more detail below, attempted to resolve the claim for unpaid vacation pay by a former employee of the Company;
 - (f) responded to inquiries and claims from secured and other creditors including former employees; and
 - (g) assisted in the settlement of certain litigation involving 4386370 Canada Inc. (formerly Brainhunter (Ottawa) Inc.).
21. Based upon the records of the Applicants made available to the Monitor, the Monitor is not aware of any potential claims against the Escrow Fund, other than the contingent claim by Breakwall for indemnification under the Breakwall Agreement as described in the Monitor's Sixth Report to the Court, the claim by a former employee described below and an assessment received from Revenu Quebec in the amount of approximately \$11,232 that appears to relate to employee payroll for the years 2007 and 2008. The Monitor is reviewing the validity of the assessment.

22. As described in the Monitor's Seventh and Eighth Reports to the Court, a former employee of the Company has made a claim against the Escrow Fund for unpaid vacation pay. Prior to the commencement of the Applicants' CCAA proceeding, the former employee commenced an action against the Company claiming constructive dismissal. An arbitrator appointed in that proceeding ruled in favour of the former employee and, amongst other relief, awarded the former employee salary and benefit continuance for a period of one year. The former employee took the position that he was entitled to vacation pay calculated with reference to the one-year salary continuance awarded by the arbitrator and claimed that he was entitled to be paid the amount of such vacation pay as a statutory prior claim from the Escrow Fund.
23. The Monitor disputed the former employee's claim on the basis that the arbitrator's reasons did not specifically award any vacation pay in connection with the one-year salary continuance. The arbitrator has since confirmed the Monitor's interpretation of his reasons and, accordingly, the Monitor has confirmed with the former employee's counsel that the former employee's claim against the Escrow Fund will not be allowed.

CONVEYANCE OF BALANCED BRAIN INITIATIVE SHARES

24. As described in the Monitor's Seventh Report to the Court, based upon the records of the Applicants made available to the Monitor, the only remaining tangible Property of the Applicants consists of the Applicants' corporate records as well as the shares of Brainhunter UK Limited, Brainhunter.com Inc., Balanced Brain Initiatives Inc. ("BBI") and Brainhunter Recruiting (India) Private Limited. As described in the Monitor's Sixth Report to the Court, the Monitor does not ascribe any value to the foregoing Property.
25. According to the corporate records maintained by Harris + Harris LLP, the former solicitors for the Company, the Company is the registered and beneficial owner of 400 issued Class "B" shares of BBI (the "BBI Shares"). Wall & Associates PC, the Company's former accounting firm (the "BBI Purchaser") also owns 400 Class "B" shares of BBI. The remaining 400 shares are divided equally between two individuals. The BBI Purchaser has advised the Monitor that it wishes to acquire control of the BBI Shares held by the Company.

26. According to BBI's June 30, 2010 financial statements, BBI does not carry on business and its assets have a book value of approximately \$500. Since the Monitor ascribes no value to the BBI Shares, the Monitor is agreeable to the foregoing request provided that it does not result in any additional costs to the estate of the Company. Accordingly, the Monitor recommends that it be authorized to convey the BBI Shares to the BBI Purchaser for nominal consideration in accordance with the Bill of Sale attached as Exhibit "I".

PROFESSIONAL FEES

27. The Monitor and TGF have maintained detailed records of their professional time and costs since the issuance of the Initial Order. Pursuant to paragraph 30 of the Initial Order, the Monitor and TGF were directed to pass their accounts from time to time before this Honourable Court. Pursuant to the June 29, 2010 Stay Extension Order, the Court authorized and approved the fees and disbursements of the Monitor for the period March 6, 2010 to May 1, 2010 and for TGF for the period April 1, 2010 to May 31, 2010.
28. The total fees of the Monitor during the period from May 2, 2010 to June 30, 2010 amount to \$30,430.00, together with expenses and disbursements in the sum of \$1,825.80 and goods and services tax ("GST") in the amount of \$1,612.79, totalling \$33,868.59 (the "Monitor Fees"). The time spent by the Monitor is more particularly described in the Affidavit of Bob Bougie of Deloitte & Touche Inc., sworn August 20, 2010 (the "Bougie Affidavit"), sworn in support hereof and attached hereto as Exhibit "J".
29. The total legal fees incurred by the Monitor during the period June 1, 2010 to July 31, 2010 for services provided by TGF as the Monitor's independent legal counsel amount to \$7,795.00, together with disbursements in the sum of \$253.25 and GST/HST in the amount of \$498.62, totalling \$8,546.87. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn August 17, 2010 (the "Moffat Affidavit") sworn in support hereof and attached hereto as Exhibit "K".
30. In accordance with the terms of the Zylog APA, Zylog paid to the Monitor \$250,000 on the Closing Date (the "CCAA Fund") to fund any post-closing fees and expenses in connection with administration of the Applicants' estates.

31. In accordance with the terms of paragraph 29 of the Initial Order, all invoices rendered by the Monitor and TGF to the Closing Date have been paid by the Applicants. The Monitor has periodically paid fees and disbursements incurred by the Monitor and TGF after the Closing Date from the CCAA Fund, subject to approval of such accounts by this Honourable Court.
32. Attached as Exhibit "L" is the Statement of Receipts and Disbursements for the CCAA Fund the period from June 19, 2010 to August 23, 2010.
33. Attached as Exhibit "M" is the Statement of Receipts and Disbursements for the Escrow Fund for the period from June 19, 2010 to August 23, 2010.

STAY EXTENSION

34. In the Eighth Report, the Monitor estimated that it would require until August 31, 2010 to finalize the estates of the Applicants. As noted above, the Monitor will be unable to complete the administration of the Applicants' estates by August 31, 2010 since the final audits in respect of GST, QST, EHT and WSIB liabilities and refunds owing by or to the Applicants will not be completed prior to that date. Based on information currently available to the Monitor, the Monitor expects that it should be in a position to obtain the necessary final audits and clearance certificates described above and finalize the estates of the Applicants by December 31, 2010.
35. The Monitor therefore requests that the Court approve an extension of the Stay Period from August 31, 2010 to December 31, 2010 to permit the Monitor to finalize the estates of the Applicants.

MONITOR'S RECOMMENDATIONS

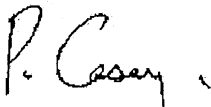
36. For the reasons set out above, the Monitor recommends that:
 - (a) the activities of the Monitor as described in the Ninth Report be approved;
 - (b) the Stay Period be extended to December 31, 2010;
 - (c) the conveyance of the BBI Shares to the BBI Purchaser be approved and the Monitor be authorized to convey the BBI Shares to the BBI Purchaser;

- (d) the professional fees and disbursements of the Monitor and TGF be approved and the Monitor be authorized to pay all such fees and disbursements from the CCAA Fund; and
- (e) the Monitor's Statement of Receipts and Disbursements for each of the Escrow Fund and the CCAA Fund for the period June 19, 2010 to August 23, 2010 be approved.

All of which is respectfully submitted at Toronto, Ontario this day of August, 2010.

DELOITTE & TOUCHE INC.
in its capacity as Monitor
of 1484558 Ontario Inc. (formerly
Brainhunter Inc.) and the other Applicants

Per:



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