

CANADA

PROVINCE OF QUEBEC
DISTRICT OF LONGUEUIL

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PROPOSAL
OF

Court No: 505-11-007944-064

le 30 novembre 2006
ACCORDE la requête
selon ses conclusions.

J. Les
Requêtant

COPIE CONFORME

M. J. Gamache
Officier autorisé
MICHELINE GAMACHE

AVESTOR LIMITED PARTNERSHIP, a
legal person duly constituted, and
having a place of business at 1560 de
Coulomb Street, in the city of
Boucherville, in the province of Quebec,
J4B 7Z7,

Debtor-Petitioner

And

RSM RICHTER INC., a legal person
duly constituted having a business place
at 2 Place Alexis Nihon, 22nd Floor,
Montreal, Quebec, H3Z 3C2, acting as
trustee to the proposal of AVESTOR
LIMITED PARTNERSHIP,

Trustee

**FIRST MOTION FOR AN EXTENSION OF TIME
TO FILE A PROPOSAL
(Article 50.4(9) Bankruptcy and Insolvency
Act)**

TO ONE OF THE HONOURABLE REGISTRARS OR JUDGES OF THE SUPERIOR
COURT, SITTING IN COMMERCIAL DIVISION IN AND FOR THE DISTRICT OF
LONGUEUIL, DEBTOR-PETITIONER RESPECTFULLY SUBMITS THAT:

1. Avestor Limited Partnership (hereinafter "**Avestor**") is a leading edge
manufacturer of large format Liquid Metal Polymer rechargeable standby
batteries operating from two buildings located in Boucherville and employ
presently approximately 260 individuals;

Procès-verbal de greffe
Gouvernement du Québec
Palais Justice LONGUEUIL
0000-J-0005-200609302711

2006-11-30

150,00

2. On October 31, 2006, Avestor filed a notice of intention to make a proposal in accordance with the *Bankruptcy and Insolvency Act* (hereinafter the "**BIA**"), the whole as more fully appears from the Court record;
3. The Trustee RSM Richter Inc. has consented to act as trustee under the proposal of Avestor, the whole as more fully appears from the Court record;
4. Since the filing of the Notice of Intention was made on October 31, 2006, Avestor is required to file a proposal at the latest on November 30, 2006;
5. On November 6, 2006, the Trustee sent to all known creditors of Avestor a copy of the Notice of Intention and the list of its creditors, the whole as further detailed in the Trustee's report produced herewith in support hereof as exhibit **R-1**;
6. Within the legal delays, Avestor filed with the Official Receiver a statement of its projected cash flow covering the period from October 31 to December 1, 2006 and the other necessary reports in the prescribed form;
7. As appears from the Trustee's report R-1, the Trustee has compared the actual results to those forecasted from October 31, 2006 to November 24, 2006 and to date the actual results have been favorable and Avestor has been paying its suppliers and employees on a timely basis, for goods and services provided subsequent to the date of the filing of the Notice of Intention the whole as further appears from the report R-1;
8. Prior to the filing of the Initial Order, the management of Avestor had initiated a process to find interested buyers for its business and/or assets. Moreover on November 22, 2006 RSM Richter Inc. was appointed by them to assist in carrying out a formal sale process of operating assets;
9. This sale process provided initially that all offers had to be submitted to the Trustee's office no later than December 11, 2006 however interested parties for a large portion of the assets have indicated that the deadline imposed was short and accordingly the deadline was extended to December 18, 2006;
10. Avestor is presently finalizing the terms of a financing that would allow it to make a proposal to the creditors and is also analyzing the different potential and contingent liabilities to assess the quantum of these claims and how they would impact the distribution to creditors in the context of a proposal;
11. Furthermore, certain of Avestor's assets are comprised of contracts, agreements, licences and other intangibles. In the event that the extension is not granted and a bankruptcy ensues, the rights associated with these intangible assets would be terminated therefore eliminating any potential realization value. Consequently, the creditors' best opportunity to maximize recovery in this matter is to allow Avestor time to continue its efforts to find a potential purchaser for its assets and to formulate a proposal;

12. Should the extension sought by the conclusions of the present motion be granted by this honorable Court, Avestor would likely be in a position to file a proposal acceptable to its creditors in virtue of the following:
- a) The financing that would allow Avestor to make a proposal to its creditors should be finalized;
 - b) The formal sale process will be concluded and by then the Trustee will know the market value of the assets of Avestor and the interested buyers;
 - c) All of these factors will enable Avestor to present a viable proposal to its creditors;

The whole as more fully appears from the trustee's report, Exhibit R-1;

13. If the extension is granted, Avestor as well as the Trustee are not aware that any creditor will be materially prejudiced;
14. We respectfully submit that it is in the interest of Avestor and its creditors that an extension of 43 days be granted for the filing of a proposal;
15. The present motion is well founded in fact and in law;

WHEREFORE, MAY IT PLEASE THE COURT:

- A. **GRANT** the present motion;
- B. **EXEMPT** Avestor from serving the motion to any parties and abridge the delay of presentation and filing of the present motion;
- C. **EXTEND** until January 12, 2007 at 4:30 p.m. the delay granted to Avestor to file its proposal with the Official Receiver;
- D. **AUTHORIZE** the trustee to notify the creditors accordingly.

THE WHOLE WITHOUT COSTS, save in the event of contestation.

Montreal, November 29, 2006


Borden Ladner Gervais LLP
Attorneys for Avestor Limited
Partnership