



COURT FILE NUMBER **093560**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF WESTANA LEASING CORPORATION AND WESTANA
LEASE & MORTGAGE CORP.

DEFENDENTS SIGHTUS INC. AND 6442064 CANADA INC.

DOCUMENT FINAL REPORT TO THE COURT OF ERNST & YOUNG INC.
AS INTERIM RECEIVER

ADDRESS FOR SERVICE AND
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INTRODUCTION

1. This report is filed by Ernst & Young Inc. ("EY"), formerly RSM Richter Inc. ("Richter"), in its capacity as Interim Receiver (the "Interim Receiver"), appointed on March 6, 2007 pursuant to section 47.1 of the Bankruptcy and Insolvency Act ("BIA"), of all of the current and future assets, undertakings and properties of Sightus Inc. ("Sightus") and 6442064 Canada Inc. ("6442064") (collectively the "Debtors").
2. In February of 2007, Sightus filed a Notice of Intention to Make a Proposal to Creditors under Division I of Part III of the *Bankruptcy & Insolvency Act* (the "BIA"). In doing so, Sightus sought to obtain relief from Canada Revenue Agency garnishees and to identify what portion of its business could be salvaged. At the request of Westana Leasing Corporation ("Westana"), a secured creditor and Sightus' largest creditor, Richter was appointed Trustee under the Sightus Notice of Intention.
3. As interim receiver of Sightus, Richter filed a proposal to the creditors of Sightus under the BIA. At a creditors' meeting in July of 2007, the proposal was defeated by the creditors. As a result, Richter became trustee in bankruptcy of Sightus.
4. This purpose of this report is to:
 - a) Update the Court on the activities of the Interim Receiver since it last reported to this Honourable Court; and
 - b) Respectfully recommend that this Honourable Court grant an order approving:
 - The fees and disbursements of the Interim Receiver and its legal counsel incurred over the course of the interim receivership;
 - The final distribution of the funds held by the Interim Receiver; and
 - The discharge of the Receiver after distribution of all funds held and conclusion of all administrative matters.

ASSET REALIZATION

5. On March 4, 2008 a Court order (the "Sale Order") was granted which provided for, among other things, the sale of the Debtors' assets to 1166948 Alberta Ltd. and Mr. Shane Mooney (the "116/Mooney Sale"). The 116/Mooney Sale was effective January 15, 2008.
6. Prior to the 116/Mooney Sale, the Interim Receiver had incurred significant expenses to maintain the operations of Sightus and to preserve Sightus' customers. Sightus' expenses significantly exceeded its revenues and Westana advanced \$145,000 to the Interim Receiver to preserve Sightus' operations and the customer base. Westana has also advanced approximately \$97,000 to cover the Interim Receiver's fees and those of its legal counsel.

7. The Interim Receiver proceeded to close the sale. The purchase price totalled \$88,726 comprising a deposit of \$25,000 (the deposit comprised two payments, one payment of \$2,500 in respect of the intent to purchase the assets and one payment of \$22,500 upon execution of the purchase and sale agreement) with the balance of the purchase price to be paid in 24 equal monthly instalments of \$2,655.25.
8. The Sale Order also provided that any sale proceeds remaining after deducting the remuneration, expenses and disbursements of the Interim Receiver incurred in respect to the sale of assets, should be held in trust pending further order of the Honourable Court and would stand in the place and stead of the assets without any prejudice to any claims being advanced against the same as could have been advanced against the assets as if the sale of the assets had not occurred.
9. The fees and costs of the Interim Receiver and its legal counsel exceeded the quantum of funds received in the 116/Mooney Sale.

ADMINISTRATION

10. Attached as Exhibit "A" is a statement of receipts and disbursements ("SRD") outlining the administration of the receivership from its inception to October 31, 2014. The SRD reflects \$13,646.85 held by the Interim Receiver.

Receiver's Fees and Disbursements

11. The Interim Receiver has billed \$131,836.84 up to August 16, 2012 and been paid \$109,550.81 (including GST) in respect of the administration of the receivership. The Interim Receiver has work in progress of approximately \$6,500 and it will incur additional fees and expense of approximately \$3,500 in connection with this Final Report, finalizing all administrative matters and seeking its discharge. The accounts of the Interim Receiver are calculated based on hours spent at rates established by each professional based on their qualifications and experience.

Legal Fees and Disbursements

12. The Interim Receiver's counsel, MacPherson Leslie & Tyerman LLP ("MLT") has billed, and been paid \$65,575.90 (including GST) in the course of the receivership proceedings. The Interim Receiver's counsel will incur additional fees and expenses of approximately \$3,500 in connection with this matter and seeking the Interim Receiver's discharge. The Interim Receiver retained a second legal firm of Bennett Jones LLP to provide an independent legal opinion on Westana's security. Bennett Jones opined that Westana's security was good, valid and enforceable, and was properly registered in Alberta. The accounts of legal counsel are calculated based on hours spent at rates established by each professional based on their qualifications and experience.
13. The Receiver recommends that the remaining funds held in trust be distributed to the Interim Receiver to pay its fees and disbursements and to its legal counsel MLT to pay its fees and disbursements.

CONCLUSIONS/RECOMMENDATIONS

14. The Interim Receiver has received all funds pursuant to the 116/Mooney Sale.

15. The Interim Receiver has completed the majority of its administration of the receivership. Upon distribution of the remaining funds held by the Receiver, providing a final report to the Official Receiver and closing the Receiver's trust account, the Receiver is not aware of its services being required for any further purpose herein, and is therefore of the view that it should be discharged from its mandate.
16. The Interim Receiver respectfully recommends that this Honourable court:
- a) Approve the fees and disbursements of the Interim Receiver and the legal fees and disbursements of the Interim Receiver's legal counsel;
 - b) Authorize and direct the Interim Receiver to take whatever steps are necessary to finalize the administration of the receivership, including, but not limited to preparing a final report to the Official Receiver and closing the bank account, whereupon the Interim Receiver will be discharged;
 - c) Approve the Interim Receiver's actions and those of its legal counsel in respect of administering the receivership; and
 - d) Provide such further and other relief as this Honourable Court directs.

* * *

All of which is respectfully submitted this 10th day of November 2014.

**ERNST & YOUNG INC.
INTERIM RECEIVER OF
SIGHTUS INC. AND 6442064 CANADA INC.
AND NOT IN ITS PERSONAL CAPACITY**

Per: _____

Robert J. Taylor, FCA, CIRP

District of: Alberta
 Division No.: 02 - Calgary
 Estate No.: 25-093560
 Court No.: 25-093560

**IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
 SIGHTUS INC. AND 6442064 CANADA INC.
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 March 6, 2007 to October 31, 2014**

Receipts

Advances from secured creditor	\$ 283,362.09
Sale of assets	85,691.42
Realization of assets: book debts	56,309.89
Cash on hand and in bank	41,318.21
GST collected	3,837.14
Interest	962.60

Total Receipts

471,481.35

Disbursements

Bank charges	397.65
Casual labor	122,186.73
GST paid	13,421.24
Insurance	1,146.16
Consultant's expenses	3,819.98
Funds to bankruptcy	41,686.75
Operating expenses	81,195.34
Rent	8,192.00
Storage	6,455.05
Utilities	3,750.00
Telephone	5,315.83
Legal Fees	66,569.55
Receiver's fees and disbursements	103,698.22

Total Disbursements

457,834.50

Cash on hand, October 31, 2014

\$ 13,646.85