

**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 RENIN CORP., RENIN CORP. US
AND KINGSTAR PRODUCTS (WESTERN) INC.**

APPLICANTS

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC.
DATED DECEMBER 8, 2011**

December 9, 2011

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Court File No. _____

Renin Corp.
Renin Corp. US
Kingstar Products (Western) Inc.

**PRE-FILING REPORT TO THE COURT SUBMITTED BY
FTI CONSULTING CANADA INC., IN ITS CAPACITY AS
PROPOSED MONITOR**

December 8, 2011

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RENIN CORP., RENIN CORP. US and KINGSTAR PRODUCTS (WESTERN) INC.

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS PROPOSED MONITOR**

INTRODUCTION

1. FTI Consulting Canada Inc. ("**FTI Consulting**" or the "**Proposed Monitor**") has been informed that Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc. (collectively, the "**Applicants**") intend to make an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an initial order (the "**Initial Order**") granting, *inter alia*, a stay of proceedings against the Applicants until January 11, 2012, (the "**Stay Period**") and appointing FTI Consulting as monitor (the "**Monitor**"). The proceedings to be commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. FTI Consulting is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. FTI Consulting was engaged by the Applicants on November 9, 2011 to assist in the preparation for a filing under the CCAA in the event that such a filing became necessary and to undertake such review and analysis as may be required in order to report on the Applicants' cash flow forecast and proposed plan of arrangement in the event that FTI Consulting is appointed as Monitor under CCAA. FTI Consulting has provided its consent to act as Monitor.
3. The purpose of this report is to inform the Court on the following:
 - (a) The state of the business and affairs of the Applicants and the causes of their financial difficulty and insolvency;
 - (b) The independent opinion prepared by counsel to the Proposed Monitor on the validity and enforceability of the various security interests granted by the Applicants to the following parties:
 - (i) GE Canada Finance Holding Company (the "**First Lien Canadian Agent**") for itself and as agent for the Canadian lenders in connection with the Credit Agreement dated as of October 18, 2007 (as amended from time to time, the "**First Lien Credit Agreement**") among the Applicants, the First Lien Canadian Agent, General Electric Capital Corporation (the "**First Lien US Agent**", and together with the First Lien Canadian Agent, the "**First Lien Agents**") and the lenders party thereto (the "**First Lien Lenders**");
 - (ii) The First Lien US Agent for itself and as agent for the US lenders in connection with the First Lien Credit Agreement; and

- (iii) Caledon Trust Company (the “**Second Lien Agent**”) as agent, in connection with the Credit Agreement dated as of November 21, 2007 (as amended from time to time, the “**Second Lien Credit Agreement**”) among the Applicants, Goldman Sachs Credit Partners L.P. (predecessor to the Second Lien Agent) and the lenders party thereto (the “**Second Lien Lenders**”);
 - (c) The Applicants’ weekly cash flow forecast to March 4, 2012 (the “**December 8 Forecast**”);
 - (d) The Applicants’ request for approval of the Accommodation Agreement dated as of December 8, 2011 between Renin Corp., Renin Corp. US and the First Lien Agents (the “**Accommodation Agreement**”);
 - (e) The plan of arrangement dated December 12, 2011 filed by the Applicants (the “**Plan**”) in connection with the application for the Initial Order;
 - (f) The Applicants’ request for an Order (the “**Claims Procedure and Creditors’ Meeting Order**”):
 - (i) Approving a process for the adjudication of Affected Claims, as defined in the Plan; and
 - (ii) Convening a meeting of Affected Creditors to consider and vote on the Plan;
- and the Proposed Monitor’s recommendation thereon;

- (g) The Applicants' request for approval of a charge securing the fees and expenses of the Monitor, the Monitor's counsel and counsel to the Applicants in the amount of \$750,000 (the "**Administration Charge**") and the Proposed Monitor's recommendation thereon.
4. In preparing this report, the Proposed Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management. The Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Proposed Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the affidavit of Kevin Campbell, President and Chief Executive Officer of Renin Corp., sworn December 8, 2011, and filed in support of the CCAA application (the "**December 8 Affidavit**").
6. This report should be read in conjunction with the December 8 Affidavit as certain information contained in the December 8 Affidavit has not been included herein in order to avoid unnecessary duplication.

THE APPLICANTS' BUSINESS & AFFAIRS AND CAUSES OF INSOLVENCY

7. The Applicants are in the business of manufacturing closet doors, wall décor, systems and hardware and fabricated glass. The Applicants have four manufacturing facilities, three Canadian facilities located in Brampton, Concord and Vancouver and one U.S. facility located in Tupelo, Mississippi. General administration and accounting functions are carried out at Brampton, Ontario. Sales and customer service personnel are located at Concord, Ontario.
8. The business and affairs of the Applicants and the causes of their insolvency are described in the December 8 Affidavit. The Proposed Monitor has reviewed the December 8 Affidavit and has discussed the business and affairs of the Applicants and the causes of their insolvency with senior management personnel of the Applicants and the Applicants' advisors and believes that the December 8 Affidavit provides a fair summary thereof.

INDEPENDENT SECURITY OPINION

9. The Proposed Monitor requested that its counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") conduct a review of the security granted by the Applicants to the First Lien Agents, for and on behalf of the First Lien Lenders, and to the Second Lien Agent, for and on behalf of the Second Lien Lenders.
10. In connection therewith, Osler has rendered a security opinion for the Province of Ontario, which contains as schedules, security opinions from Clarke Wilson LLP for the Province of British Columbia and from Osler for the States of New York and Delaware (collectively, the "**Opinions**"). The Opinions provide that, subject to the assumptions, exceptions, limitations and qualifications therein, the security granted by the Applicants to the First Lien Agents and to the Second Lien Agents, in each case, is valid and perfected.

11. The Amended and Restated Intercreditor Agreement dated September 16, 2009 among the First Lien Agents, the Second Lien Agent and the Applicants governs the priorities between the First Lien Lenders and the Second Lien Lenders notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any encumbrances, security, any first lien obligations or second lien obligations, and notwithstanding the provisions of the *Personal Property Security Act* (Ontario), Uniform Commercial Code (New York) or any other applicable law or any financing agreements. Pursuant to the Amended and Restated Intercreditor Agreement, the First Lien Lenders rank ahead of the Second Lien Lenders on the Applicants' assets other than plant and equipment and cash advanced by certain Second Lien Lenders that is held in a reserve account and is available for use by the Applicants for working capital purposes (the "**Investor Advance Account**").

THE APPLICANTS' CASH FLOW FORECAST

12. The December 8 Forecast, together with management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA, is attached hereto as Appendix A. The December 8 Forecast shows a negative net cash flow from operations of approximately \$0.9 million in the period December 6 to February 27, 2011 and is summarized below:

	\$000
Receipts:	
Accounts Receivable	14,417.0
Other	371.9
Total Receipts	14,788.9
Disbursements:	
Accounts Payable	10,020.4
Payroll	3,050.4
Benefits	476.6
First Lien Interest	212.4
Rent & Utilities	1,527.8
Legal & Professional Fees	414.7
Other	33.0
Total Disbursements	15,735.3
Net Cash Flow	(946.4)
Opening Cash¹	1,876.2
First Lien Draw/(Repayment)	200.0
Net Cash Flow	(946.4)
Closing Cash	1,129.8

¹Including Investor Advance Account

13. The Applicants are proposing that the only creditors that will be affected by the CCAA Proceedings will be the Second Lien Lenders (also referred to herein and in the Plan as the “**Affected Creditors**”), and that all amounts owing to the Applicants’ creditors, including without limitation landlords and suppliers, whether pre- or post-filing, will continue to be paid in the normal course, other than payments due under or related to the Second Lien Credit Agreement. Furthermore, it is proposed that the Applicants will, pursuant to the Accommodation Agreement, continue to repay and draw on the revolving credit facilities provided to them pursuant to the First Lien Credit Agreement (the “**GE Facility**”). The December 8 Forecast has been prepared by the Applicants on that basis.

14. Section 23(1)(b) of the CCAA states that the Monitor shall:

“review the company’s cash-flow statement as to its reasonableness and file a report with the court on the monitor’s findings”

15. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1 (“CAIRP SOP 09-1”), the Proposed Monitor hereby reports as follows:

- (a) The December 8 Forecast has been prepared by the management of the Applicants for the purpose described in Note 1 thereto, using the Probable and Hypothetical Assumptions set out in Notes 2 to 6 thereto.
- (b) The Proposed Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Applicants. Since Hypothetical Assumptions need not be supported, the Proposed Monitor’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the December 8 Forecast. The Proposed Monitor has also reviewed the support provided by management of the Applicants for the Probable Assumptions, and the preparation and presentation of the Cash-Flow Statement.
- (c) Based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
 - (i) The Hypothetical Assumptions are not consistent with the purpose of the December 8 Forecast;
 - (ii) As at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the December 8 Forecast, given the Hypothetical Assumptions; or

- (iii) The December 8 Forecast does not reflect the Probable and Hypothetical Assumptions.
- (d) Since the December 8 Forecast 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, the Proposed Monitor expresses no assurance as to whether the December 8 Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Proposed Monitor in preparing this report.
- (e) The December 8 Forecast has been prepared solely for the purpose described in Note 1 on the face of the December 8 Forecast and readers are cautioned that it may not be appropriate for other purposes.

THE ACCOMMODATION AGREEMENT

- 16. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Accommodation Agreement, a copy of which is attached as Exhibit K to the December 8 Affidavit.
- 17. The Applicants are seeking approval of the Accommodation Agreement pursuant to which and subject to the conditions contained therein, the First Lien Agents and the First Lien Lenders have agreed to:
 - (a) Forbear during the Accommodation Period from exercising their rights and remedies in respect of Existing Defaults and further Events of Default that will occur during the Accommodation Period as a consequence of the commencement by the Applicants of the CCAA Proceedings; and

- (b) Continue to make Revolving Loans to the Applicants and to extend the maturity of the Loans to January 6, 2012 while the Applicants seek to implement a plan of arrangement under the CCAA.
18. The Accommodation Agreement becomes effective on the date that the conditions set out in section 6 of the Accommodation Agreement are satisfied or waived by the Required Lenders. Those conditions include the following
- (a) That the Borrowers have applied for and obtained an initial order under the CCAA, in form and content satisfactory to the First Lien Agents and the First Lien Lenders (in their sole discretion), providing that, among other things:
 - (i) The Accommodation Agreement is approved and that the Borrowers are authorized and directed to perform their obligations thereunder;
 - (ii) The First Lien Agents and the First Lien Lenders will be unaffected creditors and that the Obligations may not be compromised or otherwise subject to or affected by any plan of compromise or arrangement in the CCAA Proceedings;
 - (iii) The stay of proceedings under the CCAA, the Initial Order and any other order in the CCAA Proceedings will not apply to any of the First Lien Agents and the First Lien Lenders (save for notice requirements specified in the Initial Order);

- (iv) The fees of the Monitor and its counsel and the Borrowers' counsel in connection with the CCAA Proceedings and all other amounts secured by the Administration Charge will be paid first using the funds in the Investor Advance Account and thereafter by using such other funds as the Borrowers may have, and to the extent required, the Agents and the Lenders hereby consent and agree that such amounts can be paid as described herein;
 - (v) If an Accommodation Termination Event occurs, the First Lien Agents and the First Lien Lenders will have the immediate right (a) to cease making further Revolving Loans or other financial accommodations without notice or observance of any other formality and (b) subject to any notice periods specified in the Initial Order, to terminate the Commitments and the Accommodation Period; and
 - (vi) If the Accommodation Period ends, subject to any notice periods specified in the Initial Order, the First Lien Agents and the First Lien Lenders will have the immediate right to enforce any and all remedies available to them thereunder, under the other Loan Documents, at law and in equity; and
- (b) The Investor Advance Account contains not less than US\$1.4 million as of the date of the Initial Order and the Borrowers are in compliance with Reserve requirements.
19. There are a number of Accommodation Termination Events set out in section 5 of the Accommodation Agreement, including the following
- (a) At any time:

- (i) Less than US\$1,000,000 (or such lesser amount as may be approved from time to time by the Lenders upon request of the Borrowers) of Investor Advance Funds is on deposit in the Investor Advance Account; or
- (ii) The Borrowers are no longer entitled to withdraw and use the Investor Advance Funds in accordance with section 5.23 of the Term Loan B Loan Agreement (as it existed on September 16, 2009);
- (b) The Borrowers make any payment of a kind that is not contemplated by the Budget;
- (c) The Affected Creditors do not approve the Plan in accordance with the provisions of the CCAA;
- (d) The Court dismisses the motion for or otherwise declines to grant the Sanction Order;
- (e) On or before January 6, 2012 the Borrowers fail to implement the Plan;
- (f) Any Person is successful in a proceeding to lift the stay of proceedings in respect of the Applicants;
- (g) An order is issued terminating the CCAA Proceedings or successfully appealing the Initial Order, the Claims Procedure and Creditors' Meeting Order or the Sanction Order;
- (h) Any order is made in the CCAA Proceedings that the First Lien Agents determine in their sole discretion is adverse to the First Lien Agents or the First Lien Lenders;

- (i) Any of the Applicants is not in compliance with any order made in the CCAA Proceedings;
 - (j) Any step is taken by any Person to commence an Insolvency Proceeding in respect of a Credit Party in any jurisdiction outside Canada; or
 - (k) The Required Lenders determine, in their sole discretion, that a material adverse change has occurred in the business, assets, liabilities, prospects, financial conditions or results of operations of the Borrowers.
20. Section 10 of the Accommodation Agreement provides for broad releases by the Applicants of the First Lien Agents and the First Lien Lenders and each of their respective affiliates, partners, subsidiaries, officers, employees, agents, attorneys, principals, directors, trustees and advisors and shareholders, and their respective heirs, legal representatives, successors and assigns. Similar releases were previously given by the Applicants in the Forbearance Agreement among the Applicants, the First Lien Agents and the First Lien Lenders dated October 30, 2011. Accordingly, the releases provided for in the Accommodation Agreement relate only to any claims that may have arisen in the period since October 30, 2011. The Applicants have informed the Proposed Monitor that they are not aware of any actual claims that have arisen in that period.

21. The Accommodation Agreement provides for the ongoing support and co-operation of the First Lien Agents and First Lien Lenders during the CCAA Proceedings and the continued operation of the Revolving Loans. While the December 8 Forecast suggests that, with access to accounts receivable collections, the Applicants would not need additional funding during the Stay Period, the ongoing support and co-operation of the First Lien Agents and First Lien Lenders is important to ensure the minimum of disruption and access to an exit financing facility that might otherwise be difficult and costly to obtain. Accordingly, the Proposed Monitor believes that the request for approval of the Accommodation Agreement is appropriate and justified.

THE PLAN

22. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Plan, a copy of which is attached as Schedule A to the proposed Claims Procedure and Creditors' Meeting Order.
23. The purpose of the Plan is to restructure the indebtedness and obligations of the Applicants under or in connection with the Second Lien Credit Agreement, in accordance with the Amendment to Original Credit Agreement, in order to enable the business of the Applicants to continue as a going concern in the expectation that a greater benefit will be derived by the Applicants and their stakeholders, including suppliers, customers, shareholders, secured creditors and employees, from the continued operation of the business of the Applicants and the implementation of the Plan than would result from the sale or forced liquidation of the Applicants' assets.
24. The key terms of the Plan are summarized as follows:

- (a) On the Plan Implementation Date, the Affected Claim of each Affected Creditor will be governed by and subject to the Second Lien Credit Agreement as amended by the Amendment to Original Credit Agreement and the Amendment to Original Credit Agreement shall be effective and enforceable against all Affected Creditors as a compromise and arrangement of their Affected Claims. The Amendment to Original Credit Agreement:
- (i) Provides the consent of the Second Lien Lenders to the Fourth Amendment to the GE Credit Agreement (the “**Exit Amendment**”);
 - (ii) Extends the Scheduled Maturity Date of the Applicants’ Obligations under the Second Lien Credit Agreement by two years to November 21, 2014;
 - (iii) Extends the payment-in-kind arrangement for interest (“**PIK Interest**”) agreed by the parties in September 2009 until the new Scheduled Maturity Date; and
 - (iv) Reinstates until the new Scheduled Maturity Date the higher applicable margin rate for all LIBOR rate loans base rate loans which had been in place from September 1, 2010 to August 31, 2011;
- (b) The only Affected Creditors are the Second Lien Lenders;
- (c) The Plan does not compromise, release or otherwise affect Excluded Claims, being Claims of all Persons other than the Affected Creditors;
- (d) For the purposes of considering and voting on the Plan, the Affected Creditors are grouped into a single class;

- (e) The Plan provides for the payment of certain Crown Claims, as required by Section 6(3) of the CCAA;
- (f) The Plan provides for the payment of amounts outstanding of the type required to be paid pursuant to Section 6(5) of the CCAA;
- (g) As the Applicants do not participate in a pension plan, the Plan does not need to provide for the payment of amounts described in Section 6(6) of the CCAA;
- (h) The Plan provides for releases effective as of the Plan Implementation Date as follows:

- (i) In consideration for the obligations of the Applicants under the Plan, each holder of an Affected Claim, for itself and its respective successors and assigns, transferees, current and former officers, directors, agents and employees, in each case in their capacity as such, shall be deemed to have released (i) the Applicants; (ii) the Monitor; (iii) subject to section 5.1(2) of the CCAA, any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) affiliates and their respective property, and (iv) any person who may claim contribution or indemnification against or from the Applicants or the Monitor, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan, the CCAA Proceedings or the GE Facilities;

- (ii) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) the Monitor and (ii) any of the Monitor's directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;

(iii) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) each Affected Creditor who has voted in favour of the Plan or Amended Plan, in accordance with the Claims Procedure and Creditors' Meeting Order (a "**Released Affected Creditor**"), and (ii) any of the Released Affected Creditors' respective directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;

- (i) The releases expressly do not release:
- (i) Any Person from fraud, gross negligence, wilful misconduct, or criminal conduct;
 - (ii) Any Excluded Claim; or

- (iii) Any Person's right to enforce the Applicants' obligations under the Plan or the Second Lien Credit Agreement as amended by the Amendment to the Second Lien Credit Agreement;
25. The implementation of the Plan is conditional upon fulfilment or waiver, where applicable, of the following conditions:
- (a) The Plan shall have been approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting;
 - (b) The Sanction Order shall have been granted by the Court in a form acceptable to the Applicants, the Monitor and the GE Parties, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;
 - (c) The Applicants shall have executed and delivered to each of the Affected Creditors the Amendment to Original Credit Agreement;
 - (d) All approvals, orders, determinations or consents required pursuant to applicable law, if applicable, shall have been obtained on terms and conditions satisfactory to the Applicants and the Monitor, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date. The Applicants have informed the Monitor that they are not aware of any such approvals, orders, determinations or consents that would be required;
 - (e) All necessary corporate action and proceedings of the Applicants shall have been taken to approve this Plan and to enable the Applicants to execute, deliver and perform their obligations under the agreements, documents and other instruments to be executed and delivered by them pursuant to the Plan;

- (f) Arrangements satisfactory to the Applicants have become effective, subject only to the occurrence of the Plan Implementation Date, to amend and extend, repay, refinance or replace the GE Facilities; and
 - (g) All agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by any shareholder, director or officer of the Applicants in order to implement this Plan and perform their obligations under this Plan shall have been executed and delivered.
26. The Applicants have the option of terminating the Plan if the Plan Implementation Date has not occurred prior to January 6, 2012.
27. In accordance with Section 23(1)(d.1) of the CCAA, if the Applicants' requested relief is granted and the Proposed Monitor is appointed as Monitor, the Monitor will provide a report on the Plan together with its recommendation to Affected Creditors in respect thereof.
28. As stated in the December 8 Affidavit, four of the five Affected Creditors under the Plan, holding in aggregate over 80% of the Affected Claims, have agreed to support the Plan. As at the date of this report, nothing has come to the Proposed Monitor's attention that would suggest that the conditions precedent to Plan implementation cannot be met.

THE CLAIMS PROCEDURE AND MEETING ORDER

29. In conjunction with the commencement of the CCAA Proceedings, the Applicants seek the granting of the Claims Procedure and Creditors' Meeting Order in the form contained in the Applicants' application record. Defined terms used in this section of this report not otherwise defined are as defined in the Claims Procedure and Creditors' Meeting Order.

30. As previously discussed, the Plan as proposed would only affect the five Second Lien Lenders and would do so only by extending the maturity and payment-in-kind interest arrangements under the Second Lien Credit Agreement by two years. The Applicants have informed the Proposed Monitor that the Applicants have been in discussions with the Affected Creditors for some time in an effort to obtain such extension on a consensual basis, but have only been able to obtain the support of four of the five Second Lien Lenders. Given the very limited constituency of Affected Creditors, the nature of their Affected Claims (being amounts owing under the Second Lien Credit Agreement) and the previous negotiations, the Applicants propose a very streamlined claims procedure to quantify and, if necessary, adjudicate Affected Claims (the “**Claims Procedure**”) and timetable for the meeting of creditors and the Sanction Hearing.

THE CLAIMS PROCEDURE

31. The key steps of the Claims Procedure, which if approved will apply only to the five Affected Creditors, are summarized as follows:
- (a) The Affected Claim of each of the Affected Creditors will be as set out in Schedule B to the Claims Procedure and Creditors’ Meeting Order (each, a “**Deemed Affected Claim**”), subject to the Affected Creditor’s right to dispute its Deemed Affected Claim in accordance with the Claims Procedure Order. The Applicants have informed the Proposed Monitor that the amounts of the Affected Claims have been calculated based on the provisions of the Second Lien Credit Agreement;
 - (b) Any Affected Creditor wishing to dispute the amount of its Deemed Affected Claim must file a Notice of Dispute by the Claims Bar Date of 5:00 p.m. (Toronto time) on December 16, 2011;
 - (c) In the event that the Monitor in consultation with the Applicants is unable to resolve a dispute regarding any Disputed Claim:

- (i) The Monitor shall serve and file a motion in the CCAA Proceedings requesting the Court's determination of the value of the Disputed Claim on the disputing Affected Creditor and the Applicants by no later than December 19, 2011, with the motion to be returnable on the Sanction Hearing date; and
 - (ii) Any objections to such motion must be filed by no later than December 21, 2011.
- 32. Given that the proposed Plan affects only the five Affected Creditors, the Proposed Monitor concurs with the Applicants' view that there is no need to publish a call for claims or notify creditors unaffected by the Plan of the Claims Procedure and to do so would cause unnecessary confusion and expense.
- 33. Given the nature of the Affected Claims, the Proposed Monitor concurs with the Applicants' view that confirming the amount of an Affected Claim and filing a Notice of Dispute, if necessary, should not be an onerous or time consuming task for Affected Creditors and that it is not unreasonable to believe that the proposed Claims Bar Date provides Affected Creditors sufficient time to file a Notice of Dispute if they wish to do so.
- 34. Given the nature of the Affected Claims, the Proposed Monitor concurs with the Applicants' view that the proposed timetable for the filing of materials for adjudication by the Court of a Disputed Claim, if such adjudication becomes necessary, is achievable.
- 35. Accordingly, the Proposed Monitor believes that the Claims Procedure is appropriate and reasonable in the circumstances.

MEETING OF CREDITORS AND SANCTION HEARING

36. Pursuant to the Claims Procedure and Creditors' Meeting Order, a meeting of Affected Creditors would take place at 9:00 a.m. (Toronto time) on December 19, 2011 at the offices of the Proposed Monitor.
37. Affected Creditors would be sent a copy of the Proxy form, a notice of the Creditors' Meeting and of the Sanction Hearing, a copy of the Plan and the Monitor's report thereon within one business day of the granting of the Claims Procedure and Creditors' Meeting Order being granted. These documents will also be posted to the Monitor's Website. The Proposed Monitor is informed by the Applicants that the Affected Creditors have each been given advance notice of the application to commence the CCAA Proceedings and of the proposed timetable for the meeting of creditors and Sanction Hearing.
38. The Claims Procedure and Creditors' Meeting Order directs that a representative of the Monitor will preside as the chair of the Creditors' Meeting and will decide all matters relating to the rules and procedures at, and the conduct of, the Creditors' Meeting. The Chair may also adjourn the Creditors' Meeting at its discretion.
39. Only Affected Creditors with Affected Claims will be eligible to attend the Creditors' Meetings and vote on the resolution to approve the Plan. The votes of creditors holding Disputed Claims will be separately tabulated, and Disputed Claims will be expeditiously resolved in accordance with the dispute resolution mechanism set out in the Claims Procedure and Creditors' Meetings Order and summarized above.

40. If the Plan is approved by Affected Creditors at the Creditors' Meeting, the Applicants will seek Court sanctioning of the Plan at the Sanction Hearing which would be held on December 22, 2011. In that regard, the Proposed Monitor notes that the Applicants have already received Proxies in the proposed form voting in favour of the Plan from four of five Affected Creditors representing over 80% of the Affected Claims.
41. In the view of the Proposed Monitor and given the structure and intent of the Plan:
 - (a) The Claims Procedure and Creditors' Meeting Order provides for reasonable and sufficient notice of the Meeting of Creditors to be provided to Affected Creditors;
 - (b) Pursuant to the Claims Procedure and Creditors' Meeting Order, Affected Creditors would be provided adequate information with which to assess the Plan and determine whether to cast their vote for or against the Plan; and
 - (c) The provisions of the Claims Procedure and Creditors' Meeting Order governing the conduct of the Meeting of Creditors are reasonable and appropriate in the circumstances.
42. Accordingly, the Proposed Monitor respectfully recommends that the Applicants' request for the Claims Procedure and Creditors' Meeting Order be granted.

THE PROPOSED ADMINISTRATION CHARGE

43. The Applicants are seeking an Administration Charge in the amount of \$750,000. The Applicants are seeking an order giving the Administration Charge priority over all encumbrances against the Applicants' assets except for "secured creditors" as defined in the CCAA that have not been given notice of the application for an Initial Order and are likely to be affected by the Administration Charge, with the proviso that any claims under the Administration Charge must be paid first from the Investor Advance Account. The beneficiaries of the Administration Charge, if granted, would be the Monitor and its counsel and counsel to the Applicant.
44. Based on the facts of this case, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge, the Monitor believes that a limit of \$750,000 for the Administration Charge is reasonable in the circumstances.
45. The requirement that any claims under the Administration Charge must be paid first from the Investor Advance Account is consistent with the provision in the Accommodation Agreement that the fees and expenses of the legal and professional advisors related to the CCAA Proceedings be paid first from the Investor Advance Account.
46. Pursuant to the Accommodation Agreement, the First Lien Agents, on behalf of themselves and the First Lien Lenders, have consented to the granting of the Administration Charge in priority to their respective security interests.
47. The Proposed Monitor has been informed by the Applicants that four of the five Second Lien Lenders, representing over 80% of the indebtedness, have also consented to the granting of Administration Charge.

48. The Proposed Monitor believes that it is appropriate that the proposed beneficiaries of the Administration Charge have the benefit of and be entitled to rely on the Administration Charge as they are playing a necessary and integral role in the restructuring of the Applicants.

CONCLUSION

49. The Proposed Monitor is of the view that the relief requested by the Applicants is necessary, reasonable and justified. The Proposed Monitor is also of the view that granting the relief will provide the Applicants the best opportunity to undertake a viable restructuring and preserve the ability to ultimately maximize recoveries for the Applicants' stakeholders.
50. Accordingly, the Proposed Monitor respectfully recommends that the Applicants' request for an initial order pursuant to the CCAA and the ancillary relief described in this Report be granted by this Honourable Court.

The Proposed Monitor respectfully submits to the Court this Pre-Filing Report.

Dated this 8th day of December, 2011.

FTI Consulting Canada Inc.
The Proposed Monitor of
Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc.



Nigel D. Meakin
Senior Managing Director



Jodi Porepa
Director

Appendix A

The December 8 Forecast

Remin Corp.
WEEKLY CASH FLOW FORECAST

	12/1/2011	12/19/2011	12/26/2011	1/2/2012	1/9/2012	1/16/2012	1/23/2012	1/30/2012	2/6/2012	2/13/2012	2/20/2012	2/27/2012	Total
	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	Ending (Monday)	
Operating Cash Flows													
Cash Inflows		1,254,892	1,239,835	1,265,517	1,270,915	1,093,599	1,287,425	1,188,429	1,192,137	1,080,195	1,209,103	1,251,833	14,416,987
ART Collections - Regular		100,000			171,894				100,000				
Other													
Total Cash Inflows	1,092,516	1,364,892	1,239,835	1,265,517	1,442,809	1,093,599	1,287,425	1,198,429	1,292,137	1,080,195	1,209,103	1,251,833	14,788,881
Cash Outflows													
AP Trade	630,185	1,223,564	825,381	656,253	905,900	1,008,472	1,007,666	637,459	789,990	857,294	778,048	820,163	10,020,375
Payroll	461,898	67,597	420,000	87,597	461,598	67,597	420,000	67,597	420,000	106,195	420,000	67,597	3,050,378
Benefits	48,798	13,519		98,545		60,317		98,545		60,317		98,545	475,588
GE													
Rent/Utilities/Taxes		32,799		70,799				70,799					212,397
Restructuring Fees	165,600	107,500	151,700	388,654		32,759		459,216		32,759		459,216	1,527,920
Others	5,000			500	5,000	500	5,000	500	5,000	500	5,000	500	414,650
Total Cash Outflows	1,289,181	1,445,289	1,224,681	1,282,328	1,372,498	1,089,246	1,232,866	1,341,116	1,194,990	1,160,066	1,203,048	1,316,820	15,735,309
Net Operating Cashflow	(206,665)	(90,397)	(285,026)	(18,812)	70,311	(76,046)	(165,241)	(134,687)	97,148	(79,871)	8,055	(65,187)	(946,417)
GE Facility													
Opening Cash Balance	369,792	217,728	134,660	101,354	84,542	154,853	78,807	13,567	78,880	176,027	96,156	102,212	369,792
Net Cashflow	(51,065)	(16,953)	(133,326)	(16,812)	70,311	(76,046)	(165,241)	(134,687)	97,148	(79,871)	8,055	(65,187)	(631,767)
Draw/Repayment	(134,650)	(100,000)	(100,000)	(100,000)			100,000	200,000					200,000
Ending Cash Balance	217,728	134,660	101,354	84,542	154,853	78,807	13,567	78,880	176,027	96,156	102,212	37,024	37,024
Investor Advance Account													
Opening Cash Balance	1,507,371	1,351,771	1,244,421	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,507,371
Net Cashflow	(155,600)	(107,350)	(151,700)										(414,650)
Draw/Repayment													
Ending Cash Balance	1,351,771	1,244,421	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721	1,092,721
Total Cash													
Opening Cash Balance	1,876,162	1,589,497	1,379,100	1,194,074	1,177,263	1,247,573	1,171,538	1,108,287	1,171,600	1,286,746	1,168,877	1,164,892	1,876,162
Net Cashflow	(51,065)	(16,953)	(133,326)	(16,812)	70,311	(76,046)	(165,241)	(134,687)	97,148	(79,871)	8,055	(65,187)	(531,767)
Draw/Repayment	(255,600)	(207,350)	(51,700)				100,000	200,000					(255,600)
Ending Cash Balance	1,569,497	1,379,100	1,194,074	1,177,263	1,247,573	1,171,538	1,108,287	1,171,600	1,286,746	1,188,877	1,184,932	1,129,705	1,129,705
Available to Borrow													
Actual Borrowed	8,235,223	8,298,691	8,371,710	8,945,314	9,894,602	9,048,994	9,120,965	9,203,194	9,218,158	9,215,911	9,213,922	9,199,548	
GE Revolver available	(2,870,112)	(2,770,112)	(2,770,112)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	(2,824,443)	
	365,111	528,579	601,598	1,120,871	1,070,202	1,172,692	1,159,853	1,053,062	1,048,044	1,048,799	1,043,810	1,029,435	

- Notes
- The purpose of this Cash Flow Forecast is to determine the liquidity requirements for Remin Corp. during the CCAA Proceedings.
 - The forecast is based on the current course of business based on management's historical analysis as well as an understanding of the Company's customer base under the current economic conditions and the present market.
 - A/P Trade is based on historical DPO and management forecast.
 - Payroll costs and benefit costs, rent, utilities and taxes, interest costs and other operating expenses are forecast based on historical analysis, current price levels and management forecast.
 - Based on historical purchasing patterns and management forecast, management does not forecast any capital expenditures for the period during the CCAA Proceedings.
 - Estimated restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA Proceedings. Professional fees estimates are based on the assumption that the Plan will be voted on and accepted by creditors, sanctioned by Court and implemented by week ending December 23, 2011.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985, c.C-36,
AS AMENDED

Court File No: CV11-9509-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF RENIN CORP.,
RENIN CORP. US AND KINGSTAR PRODUCTS (WESTERN) INC.

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PRE-FILING REPORT OF
FTI CONSULTING CANADA INC.
DATED DECEMBER 8, 2011**

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