

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

DESTINATOR TECHNOLOGIES INC., et al.,¹

Foreign Applicants in Foreign Proceeding.

Chapter 15

Case No. 08-11003 (CSS)

Jointly Administered

ORDER FOR PROVISIONAL RELIEF

RSM Richter Inc. is the court-appointed monitor (the "**Monitor**") and the foreign-representative of Destinator Technologies Inc. (Canada), DESTINATOR TECHNOLOGIES INC., and Destinator Technologies Intellectual Properties Inc. (together the "**Foreign Applicants**"), in a proceeding (the "**Canadian Proceeding**") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pending before the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**"). On May 20, 2008, the Ontario Court entered the initial order (the "**Initial Order**") attached hereto as Exhibit 1.

By its Motion for Provisional Relief (the "**Motion**") pursuant to sections 105(a) and 1519 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**"), the Monitor requested the entry of three orders:

(i) on an *ex parte* basis, an emergency order (the "**Emergency Order**") which (A) imposes a stay of all proceedings against the Monitor, the Foreign Applicants, their business and property, and their former, current and future directors and officers, to the extent provided in the Initial Order of the Ontario Court, and (B) authorizes the

¹ The Foreign Applicants in these proceedings are: Destinator Technologies Inc. (Canada) (Tax ID No. XX-XXX4969); DESTINATOR TECHNOLOGIES INC. (Tax ID No. XX-XXX3351); and Destinator Technologies Intellectual Properties Inc. All three Foreign Applicants are located at 95 Mural Street, 6th Floor, Richmond Hill, Ontario L4B 3G2, Canada. Destinator Technologies Inc. (Canada) was formerly known as Homeland Security Technology Corporation Canada Inc. DESTINATOR TECHNOLOGIES INC. was formerly known as Homeland Security Technology Corporation. Destinator Technologies Intellectual Properties Inc. was formerly known as PRAV Intellectual Properties Inc. and HSTC Intellectual Properties Inc.

Foreign Applicants to incur a portion of the indebtedness authorized by the Initial Order in order to avoid immediate and irreparable harm to the Foreign Applicants' estates;

(ii) after notice and a hearing, this order (the "**Provisional Order**") enforcing the Initial Order in the United States, and thereby (A) approving the procedures leading to a sale of the Foreign Applicants' assets, (B) authorizing the Foreign Applicants to borrow the remainder of the financing authorized by the Initial Order, subject to the Monitor's supervision and control and (C) extending the stay obtained by the Emergency Order to the full extent set forth in the Initial Order (the "**Provisional Relief**"); and

(iii) after entry of a recognition order under section 1517 of the Bankruptcy Code and upon conclusion of the sale process, the entry of the proposed sale order (the "**Sale Order**") approving the sale of the Foreign Applicants' assets free and clear of all liens and encumbrances pursuant to sections 1520(a)(2) or 1521(a)(7), of the Bankruptcy Code.

This Court entered the Emergency Order on May 20, 2008, and scheduled a hearing for May 23, 2008 at 2:00 p.m. to consider the Monitor's request for the relief set forth in the proposed Provisional Order. The Court has considered and reviewed the Verified Petition filed by the Monitor under chapter 15 for each of the Foreign Applicants and the Affidavit of Ken Coleman sworn to May 19, 2008 and the exhibits thereto, including the First Report of RSM Richter Inc. as the CCAA Monitor of the Foreign Applicants, the Affidavit of Brian Barry sworn to May 16, 2008, the Affidavit of John Poptsis sworn to May 20, 2008, the Memorandum of Law and the Motion (collectively the "**Supporting Papers**"). The Court has also reviewed the Initial Order. Based on the foregoing, this Court finds and concludes as follows:

(A) This Court has jurisdiction over this matter pursuant to 28 U.S.C §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper in this District pursuant to 28 U.S.C. § 1410 (1) and (3).

(B) Notice of the hearing on the Motion was sufficient under the circumstances and no further notice of, or hearing on, the Motion is necessary or required.

(C) The relief sought by the Monitor is authorized under sections 1519(a)(1) and (3), and 1521(a)(7).

(D) The Monitor has demonstrated that the relief sought is justified pursuant to section 1519(e) because:

(i) the Monitor has demonstrated a reasonable probability that the Canadian Proceeding will be recognized as a foreign main proceeding;

(ii) The Monitor has demonstrated that the Foreign Applicants will be irreparably harmed in the absence of the relief requested in that:

The Stay

(a) The Monitor has demonstrated that unless the temporary restraining order is extended, there is a material risk that one or more parties in interest will take action against the Foreign Applicants or their assets, thereby interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, interfering with and causing harm to the Monitor's efforts to administer the Foreign Applicants' estates pursuant to the Canadian Proceeding, and undermining the Monitor's effort to conduct a sale and maximize the value of the Foreign Applicants' assets. As a result, the Monitor and the Foreign Applicants will suffer immediate and irreparable harm for which they will have no adequate remedy at law;

The Financing

(b) The Monitor has demonstrated that the borrowing authorized by the Initial Order is necessary to prevent irreparable harm to the Foreign Applicants because without such financing, the Foreign Applicants will be unable to continue operations which will significantly impair the value of their assets; and

(c) The Monitor has demonstrated that the terms of the financing are fair and reasonable and were entered into in good faith by ICS and the other Lenders, as defined in the Motion, and the Lenders would not extend financing without the protection provided by section 364(e) of the Bankruptcy Code as made applicable by section 1519 of the Bankruptcy Code.

The Sale Process, Bidding Procedures and Stalking Horse Bid

(d) The Monitor has demonstrated that the Foreign Applicants have insufficient capital to continue operations and that the sale of the Foreign Applicants' assets is the best way to preserve value for creditors;

(e) The Monitor has demonstrated that the bidding procedures set forth in the Motion substantially conform to the requirements of section 363 of the Bankruptcy Code; and

(f) The break-up fee and expense reimbursement each (1) were a material inducement for, and a condition of, the stalking horse bidder's entry into the asset purchase agreement described in the Motion, (2) are fair, reasonable and appropriate in view of the fact that such protections will increase the chances that the auction will be successful, (3) will preserve the value of the Foreign Applicants' estates, (4) were negotiated by the parties in good faith and at arm's length, and, thus, the Foreign Applicants and their estates will receive the

highest and/or best offer for their assets. The expense reimbursement payable in accordance with the bidding procedures is commensurate with the actual and necessary costs and expenses of preserving the Foreign Applicants' assets, and the real and substantial benefit conferred upon the Foreign Applicants' estates by the stalking horse bidder. It is therefore appropriate for this Court to enforce the Ontario Court's approval thereof pursuant to the Initial Order.

(iii) The Monitor has demonstrated that the relief will not cause or create an undue hardship to a party in interest that is not outweighed by the benefit to the Foreign Applicants.

(iv) The Monitor has demonstrated that entry of this Order is in the public interest because it will further the public policy of the United States as articulated in, *inter alia*, section 1501 of the Bankruptcy Code.

(E) The entry of this Order is in the best interest of the Foreign Applicants, their estates, and the creditors and other parties in interest.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Motion is granted in all respects except that the order approving the sale of the Foreign Applicants' assets will be entered ^{only following a subsequent hearing before this Court.} ~~upon a showing that the sale was conducted pursuant to the sale process approved by the Initial Order.~~
2. The Initial Order is hereby given full force and effect in the United States.
3. Nothing herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding.
4. The Lenders are hereby granted a first priority lien on all the Foreign Applicants' US assets, subject to the terms and conditions set forth in the Initial Order.
5. Pursuant to sections 1519(a)(3), 1521(a)(7), 364(e) and 105(a) of the Bankruptcy Code, the validity of the indebtedness, and the priority of the liens authorized by the Initial

Order and made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order on appeal or the entry of an order denying recognition to the Canadian Proceeding pursuant to section 1517 of the Bankruptcy Code.

6. The security provisions of Rule 65(c) of the Federal Rules of Civil Procedure, made applicable to this proceeding by Rule 7065 of the Federal Rules of Bankruptcy Procedure, are hereby waived.
7. Notice of this Order in the form annexed hereto as Exhibit 2 shall be served on or before May 27, 2008, in accordance with this Court's Order Specifying Form and Manner of Service and Related Relief dated May 20, 2008 (Docket No. 18).
8. Service in accordance with this Order shall constitute adequate and sufficient service and notice.
9. The Supporting Papers shall be made publicly available by the Monitor on its website at <http://www.rsmrichter.com> or upon request at the offices of Allen & Overy LLP, 1221 Avenue of the Americas, New York, New York 10020 to the attention of Tania Ingman, (212) 756-1199, Chapter15.Destinator@allenoverly.com.
10. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any request for additional relief or any adversary proceeding brought in and through these chapter 15 cases, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

Dated: Wilmington, Delaware
May 23, 2008


UNITED STATES BANKRUPTCY JUDGE