

A. Farber & Partners Inc. is pleased to present Farber Facts. We provide regular updates on statistics made available by the Office of the Superintendent of Bankruptcy as well as related commentary. In addition we may provide highlights of a particular theme. In this issue of Farber Facts we cover cross-boarder insolvency and the new US Bankruptcy Code. Archives of Farber Facts can be found at: <http://www.afarber.com/corporate/news.html>

**Farber Facts for October 2005
Canadian Business Bankruptcy Statistics Recap – as of August 31, 2005**

	August '05	August '04	% Change	YTD '05	YTD '04	% Change
Bankruptcies	553	595	-7.06%	5214	5577	-6.51%
Receiverships	67	54	24.07%	523	557	-6.10%
Total	620	649	-4.47%	5737	6134	-6.47%

*Proposals are not included as they may include individuals.

In August, Canadian business bankruptcies and receiverships (“filings”) trended upwards. Year to date however, filings remain down over 6% compared to the same period last year while year over year has experienced a decline of 4.47%. This was fueled primarily from Alberta as it experienced a significant decrease in filings (38%), while most other provinces were marginally up.

Provinces experiencing the highest numbers of filings are Ontario and Quebec. Those with the fewest bankruptcies are the Northwest Territories, Yukon and Nunavut. The industries most impacted in Ontario, with the highest level of filings, continue to be the construction, retail trade, and accommodation and food services sectors. This is consistent with one year ago. In Quebec, the retail trade sector continues to lead the way in filings with the manufacturing and construction sectors following close behind. We continue to expect that Ontario and Quebec will continue to have the highest level of filings due to their high reliance on the manufacturing sector and the continued consolidation that sector is experiencing.

US Bankruptcy Reform Legislation

October 17, 2005 is the big day. That is the day that the changes to the US Bankruptcy Code take effect. While it has been touted predominantly as consumer bankruptcy reform (resulting in a 50% jump in personal filings a day to upwards of 9,000), many provisions affect corporate and small business – in particular cross-boarder insolvencies. The United Nations Commission on International Trade Law developed the Model Law on Cross-Border Insolvency, which has substantively been adopted as the new Chapter 15 in the US. Very basically the Model Law is designed to facilitate US recognition of foreign insolvency proceedings and to increase international cooperation in multinational cases. Domestic Courts are directed to cooperate “to the maximum extent possible” with foreign insolvency representatives. This is important news given today’s global economy and the ever-growing multinational corporations.

These opinions and information have been made available by A. Farber & Partners Inc., a Toronto-based firm that has provided expert advice in the areas of insolvency and restructuring for over 25 years. Other specialty services provided by the Farber Group include forensic accounting, fraud investigations, corporate finance, mergers and acquisitions, turnarounds, and interim CFO services. www.afarber.com

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