

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 200-11-019127-102
OFFICE No.: 908322-1000001

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT AND
REORGANIZATION OF:**

DAVIE YARDS INC., a legal person duly constituted under the *Canada Business Corporations Act*, having its head office and principal place of business at 22 George-D.-Davie Street, Lévis, Québec G6V 8V5.
Applicant

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC., a legal person duly constituted under the *Canada Business Corporations Act*, having a place of business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec H3B 4T9

Court-Appointed Monitor

**FIFTH REPORT TO THE COURT
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR**
(*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. On February 25, 2010, this Court issued an order (the “**Initial Order**”) under the *Companies' Creditors Arrangement Act* (“**CCAA**”) in respect of Davie Yards Inc. (“**Davie**” or the “**Company**”).
2. On March 26, 2010, the Stay Period was extended until May 25, 2010, pursuant to an order of the Court (“**First Stay Period Extension Order**”).
3. The present report (“**Fifth Report**”) covers:
 - (i) The Company’s request for an Order adjourning and postponing the Annual General Meeting of shareholders of Davie, which is scheduled to be held before June 30, 2010 (the “**AGM**”).
4. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, the Company’s records and its discussions with the management of the Company and its financial and

legal advisors. While the Monitor has reviewed the information, some in draft format, submitted in the abridged time available, the Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Report is based on assumptions of the Company's management regarding future events, and actual results may vary from this information and such variations may be material.

5. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars. Capitalized terms not defined in this Fifth Report are as defined in the previous Reports of the Monitor submitted to the Court and in the Initial Order.
6. A copy of this Fifth Report, of the motions filed in the CCAA Proceeding and of further reports of the Monitor will be available on the Monitor's website at www.deloitte.com/ca/davieyards. The Monitor has also established a hotline number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the Company's restructuring or the CCAA proceedings.

REQUEST TO ADJOURN AND POSTPONE THE AGM

7. The previous AGM was held by Davie on June 18, 2009.
8. In accordance with the *Canada Business Corporations Act* ("CBCA"), Davie should convene its shareholders to an AGM at the latest on June 30, 2010.
9. As indicated in our previous reports, the Company retained Rothschild as its financial advisor and investment banker in connection with a potential transaction. The representatives of Rothschild have advised that it is likely that the process to close a transaction could take several months from receipt of preliminary indications of interest. In due time, the potential transaction will be presented to this Honourable Court for approval.
10. It is Davie's position that allowing to proceed to the AGM at this juncture would likely only lead to a disruption of the orderly restructuring process that the Company has commenced and is proceeding before this Honourable Court.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

11. It is the Monitor's view that the Company has acted in accordance with the Initial Order and related Orders of the Court.
12. It is the Monitor's opinion that to proceed to the AGM would likely only lead to a disruption of the orderly restructuring process that the Company has commenced and is proceeding before this Honourable Court.
13. Based on our discussions with the Company's representatives, it is the Monitor's opinion that the Company has acted and continues to act in good faith and with due diligence, and will likely be able to develop a plan of arrangement during or at the expiry of the extension period.

The Monitor respectfully submits to the Court this Fifth Report.

DATED IN MONTREAL, this 7th day of June 2010.



SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
In its capacity as Court-Appointed Monitor of
Davie Yards Inc.