

Court File No. CV-12-9545-00CL

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 VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., AND
A-Z Foam SPONGE & FOAM PRODUCTS LTD.

APPLICANTS

THIRD REPORT OF THE MONITOR
DATED MARCH 13, 2012

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EXHIBITS

EXHIBIT A:	Initial Order
EXHIBIT B:	Provisional U.S. Recognition Order
EXHIBIT C:	Sale Process Order
EXHIBIT D:	Extension Order
EXHIBIT E:	U.S. Recognition Order of the CCAA
EXHIBIT F:	Redacted A-Z Sale Agreement
EXHIBIT G:	Redacted Domfoam Sale Agreement

EXHIBIT H: Redacted Valle Foam Sale Agreement

EXHIBIT I: Affidavit of Robert Bougie of Deloitte & Touche Inc., sworn March 13, 2012

EXHIBIT J: Affidavit of Grant Moffat of Thornton Grout Finnigan LLP, sworn March 9, 2012

INTRODUCTION

1. By Order of the Court dated January 12, 2012 (the “**Initial Order**”), Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”) and A-Z Foam Sponge & Foam Products Ltd. (“**A-Z Foam**”) (collectively, the “**Applicants**” or the “**Companies**”), obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The CCAA proceeding with respect to the Applicants is referred to herein as the “**CCAA Proceeding**”.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. (“**Deloitte**”) was appointed monitor of the Applicants as part of the CCAA Proceeding (the “**Monitor**”). Pursuant to the Initial Order, all proceedings against the Applicants were stayed until February 10, 2012, or until such later date as this Court may order (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Exhibit “**A**”.
3. On January 23, 2012, the Monitor in its capacity as foreign representative of the Companies in the CCAA Proceeding, filed with the United States Bankruptcy Court, Northern District of Ohio (Western Division) (the “**U.S. Bankruptcy Court**”) a petition for recognition of the CCAA Proceeding as a foreign main proceeding pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.
4. By Order of the U.S. Bankruptcy Court dated January 27, 2012 (the “**Provisional U.S. Recognition Order**”), all litigation in the United States against the Companies was stayed on a provisional basis (the “**U.S. Litigation Stay**”) until February 10, 2012, provided that the U.S. Litigation Stay will be automatically extended to correspond to any extension of the Stay Period in the CCAA Proceeding. A hearing in the U.S. Bankruptcy Court was scheduled for February 23, 2012 to consider permanent relief with respect to recognition of the CCAA Proceeding as a foreign main proceeding. A copy of the Provisional U.S. Recognition Order is attached as hereto as Exhibit “**B**”.
5. By Order of the Court dated January 27, 2012 (the “**Sale Process Order**”), the Court authorized and approved the process (the “**Sales Process**”) pursuant to which the Companies invited offers to purchase some or all of the Applicants’ assets (the “**Property**”). The deadline for delivering an

offer to purchase some or all of the Property was February 22, 2012. A copy of the Sale Process Order is attached hereto as Exhibit “C”.

6. By Order of the Court dated February 8, 2012 (the “**Extension Order**”), the Court extended the Stay Period from February 10, 2012 to March 30, 2012. A copy of the Extension Order is attached hereto as Exhibit “D”
7. By Order of the U.S. Bankruptcy Court dated February 24, 2012 (the “**U.S. Recognition Order**”), the CCAA Proceeding was recognized as a foreign main proceeding. A copy of the U.S. Recognition Order is attached hereto as Exhibit “E”.
8. The Initial Order together with related Court documents, the Notice to Creditors dated January 19, 2012, the Monitor’s First Report to the Court dated January 25, 2012 (“**First Report**”) and the Monitor’s Second Report to the Court dated February 7, 2012 (“**Second Report**”), have been posted on the Monitor’s website at www.deloitte.com/ca/vallefoam (the “**Monitor’s Website**”). The Monitor has also established a toll free number at 1-855-601-6415 and a dedicated e-mail address at vallefoam@deloitte.ca for creditors and other interested parties to contact the Monitor with questions or concerns regarding the CCAA Proceeding.
9. The purpose of this report (the “**Third Report**”) is to update the Court with respect to the status of the Sale Process and to provide the Court with the Monitor’s recommendation with respect to the Companies’ motion for approval of the agreements to sell the Companies’ assets described in more detail below and for an extension of the Stay Period.

TERMS OF REFERENCE

10. In preparing the Third Report, the Monitor has relied upon unaudited financial information, the Companies’ books and records, the financial information prepared by the Companies, and discussions with management (“**Management**”) and legal counsel for the Companies. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in the Third Report.

11. Unless otherwise stated, all dollar amounts contained in this Third Report are expressed in Canadian dollars.
12. Capitalized terms not otherwise defined in this Third Report are as defined in the Initial Order, and the First Report and Second Report.

BACKGROUND

13. The Companies operate together as one of Canada's leading and largest manufacturers and distributors of flexible polyurethane foam products from facilities located in Ontario, Quebec and British Columbia. The operations of Valle Foam and Domfoam have historically comprised substantially all of the Companies' operations. A-Z Foam and Valle Foam are wholly owned subsidiaries of Domfoam.
14. Mr. Anthony Vallecoccia is the President and Chief Executive Officer of Domfoam, President of Valle Foam, and the sole officer and director of A-Z Foam.
15. Other than security interests which may be claimed by certain equipment lessors, the Monitor is not aware of any secured creditors of the Companies. As at January 11, 2012, the total liabilities of Valle Foam, Domfoam and A-Z Foam, not including any claims pursuant to the Class Actions (as defined below), amounted to approximately \$11,218,000, \$11,339,000 and \$368,000 respectively.

The Competition Bureau (Canada) Fines and Related Litigation

16. As set out in the First Report, both Domfoam and Valle Foam were recently charged with, and on January 5, 2012, pled guilty to, certain offences under the *Competition Act*, R.S.C. 1985, c C-34 (the "*Competition Act*") arising from collusion with other manufacturers of slab foam and carpet underlay within Canada to lessen competition in the sale or supply of these products and by conspiring with other manufacturers to fix or control the price for these products.
17. Domfoam was fined a total of \$6.0 million and Valle Foam was fined a total of \$6.5 million. No fine was assessed against A-Z Foam as no charges were laid against A-Z Foam. In accordance

with the terms of the sentence imposed, Valle Foam paid \$500,000 in partial payment of the fines imposed against it on the same day the guilty pleas were entered.

18. As a result of the foregoing, each of Valle Foam and Domfoam has an outstanding liability of \$6.0 million in fines payable to the Crown.
19. In accordance with the terms of the sentences imposed, Domfoam and Valle Foam are to each pay \$1.0 million on the 1st of January of each year, commencing 2013 and ending in 2018.
20. As set out in the Affidavit of Tony Vallecoccia sworn January 11, 2012, (“**Vallecoccia Affidavit**”), the Applicants disclosed their financial difficulties to the Crown prior to the entry of their guilty pleas and advised of the Applicants’ intention to file for protection under the provisions of a Canadian insolvency regime.

CLASS ACTIONS

21. The Monitor has been advised by the Applicants that some or all of the Applicants have been named as defendants in at least five class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (together, the “**Class Actions**”), based upon allegations of price fixing by certain of the Applicants and other manufacturers in the slab foam industry.
22. Settlements have been reached with virtually all of the Plaintiffs in both the Canadian and U.S. Class Actions. Under the settlements, the Class Actions will be discontinued as against the Companies, provided that the Plaintiffs in the Class Actions may still assert their claims as creditors within the CCAA Proceeding in amounts to be determined. The settlement agreements are still subject to separate Court approvals in Ontario, British Columbia, Quebec and the United States.

ACTIVITIES OF THE MONITOR

23. The Monitor has undertaken the following activities since the date of the Monitor’s Second Report:

- (a) reviewed the Companies' cash flow statement as to its reasonableness as described in more detail below;
- (b) assisted the Companies in carrying out the Sale Process, described in more detail below; and
- (c) monitored the business and financial affairs of the Applicants, and prepared this Third Report.

OPERATIONS OF THE COMPANIES

24. As set out in the Vallecoccia Affidavit and as described further in the First Report, it was originally intended that Valle Foam would cease operations immediately following the date of the Initial Order. Management of Valle Foam determined that continuing to operate Valle Foam would preserve the going concern value of its business and that the costs of maintaining such going concern value was worthwhile, provided that the Sale Process as it related to Valle Foam was conducted on an expedited basis in accordance with the Sale Process.
25. In order to reduce costs while still preserving the going concern value of Valle Foam's business, its location at 317 Orenda Road in Brampton was closed and staff from its 11 Finley Road, Brampton location were relocated to its 4 West Drive, Brampton location. It also suspended manufacturing of its underlay products on or about January 19, 2012.

STATUS OF SALE PROCESS

26. Following approval of the Sale Process pursuant to the Sale Process Order, the following steps were taken by the Companies and/or the Monitor:
- (a) an advertisement regarding the Sale Process was placed in the national edition of The Globe and Mail newspaper on January 31, 2012;
 - (b) a marketing flyer (the "**Flyer**") was prepared by the Companies with the assistance of the Monitor identifying the opportunity to purchase the Property;

- (c) the Monitor's Website was updated to include links to the Sale Process Order, a description of the Sale Process, the Terms and Conditions of Sale approved pursuant to the Sale Process Order, the template form of offer to be utilized by a prospective purchaser, the Flyer and the form of confidentiality agreement required to be executed to gain access to the data room described below;
 - (d) Management and the Monitor developed a list of potential purchasers for the Property and the Monitor distributed a copy of the Flyer to all such parties. Forty-seven (47) Flyers were distributed to potential purchasers;
 - (e) those parties that signed the confidentiality agreement posted on the Monitor's Website were provided access to the electronic data room maintained by the Monitor which contains detailed information regarding the Companies' assets and businesses to permit interested parties to conduct their due diligence via secure web access. A total of sixteen (16) potential purchasers signed the confidentiality agreement;
 - (f) the Monitor responded to questions regarding the Sale Process and to information requests from interested parties and has assisted the Companies in coordinating site visits to the Companies' business premises; and
 - (g) the Monitor received and reviewed appraisals of the Companies' equipment.
27. Pursuant to the Sale Process Order, the deadline date to submit offers to purchase some or all of the Companies' Property was 4:00 p.m. Eastern Standard Time on February 22, 2012.
28. The Monitor reviewed the terms of all offers with the Companies. Following consultation with the Monitor, A-Z Foam's counsel invited each party that submitted an offer to re-submit an offer with an improved purchase price, provided that no other changes to such party's initial offer would be permitted.
29. A-Z Foam also reserved its right to accept each offer in its current form which, under the terms of the Sale Process, remained irrevocable until March 6, 2012. Revised offers were requested to be submitted by 4:00 p.m. Toronto time on March 2, 2012.
30. A Supplemental Report (the "**Supplemental Report**") will be submitted by the Monitor providing a summary of its analysis of all offers received by the Companies, including both the

original offers received with respect to A-Z Foam and the revised offers as described above. In the event that the Companies are unable to close the transactions described below, the Monitor recommends that the Supplemental Report remain sealed from the public record until the earlier of the termination of the CCAA Proceeding or the closing of the sale of all of the Companies' Property so as not to prejudice the Sale Process.

SALE OF A-Z FOAM ASSETS

31. A-Z Foam has accepted the offer from 0932916 B.C. Ltd. (the "**A-Z Foam Purchaser**"). A redacted copy of the Agreement of Purchase and Sale between A-Z Foam and the A-Z Foam Purchaser (the "**A-Z Sale Agreement**") is attached hereto as Exhibit "**F**". As authorized by the Sale Process Order, A-Z Foam has executed the A-Z Sale Agreement subject to approval of the Court. The A-Z Sale Agreement is more fully described in the Supplemental Report.
32. Pursuant to the A-Z Sale Agreement, A-Z Foam has agreed to sell substantially all of its Property to the A-Z Foam Purchaser. In accordance with the terms of the Sale Process, the transaction will proceed on an "as is, where is" basis. The A-Z Sale Agreement contains no material amendments to the form of template sale agreement prepared by the Companies in accordance with the Sale Process.
33. The transaction contemplated in the A-Z Sale Agreement will result in the continuation of A-Z Foam's business as a going concern. Under the terms of the A-Z Sale Agreement, the A-Z Foam Purchaser has agreed to offer employment to all of A-Z Foam's existing employees on substantially the same terms and conditions of employment as currently exist. As described in more detail in the Supplemental Report, the Monitor has determined that the A-Z Sale Agreement represents the highest and best offer to purchase the A-Z Foam Property. The Monitor recommends that the Court authorize and direct A-Z Foam to carry out the terms of the A-Z Sale Agreement.

SALE OF DOMFOAM ASSETS

34. Domfoam has accepted an offer from 4037057 Canada Inc. (the “**Domfoam Purchaser**”). A redacted copy of the Agreement of Purchase and Sale between Domfoam and the Domfoam Purchaser (the “**Domfoam Sale Agreement**”) is attached hereto as Exhibit “G”. The Domfoam Sale Agreement is more fully described in the Supplemental Report.
35. Pursuant to the Domfoam Sale Agreement, Domfoam has agreed to sell substantially all of its Property to the Domfoam Purchaser. In accordance with the terms of the Sale Process, the transaction will proceed on an “as is, where is” basis.
36. Although the Domfoam Sale Agreement is not in the form of the template sale agreement prepared by the Companies in accordance with the Sale Process, the material terms of the Domfoam Sale Agreement substantially conform with that of the template sale agreement. As authorized by the Sale Process Order, Domfoam has accepted the offer from the Domfoam Purchaser and executed the Domfoam Sale Agreement subject to approval of the Court.
37. The transaction contemplated in the Domfoam Sale Agreement will result in the continuation of Domfoam’s business as a going concern. Under the terms of the Domfoam Sale Agreement, the Domfoam Purchaser has agreed to offer employment to all of Domfoam’s unionized employees and substantially all of its non-unionized employees. The terms of employment for the unionized employees shall be governed by the applicable collective bargaining agreement and the terms of employment for non-unionized employees shall be as agreed between the Domfoam Purchaser and such employees.
38. As described in more detail in the Supplemental Report, the Monitor has determined that the Domfoam Sale Agreement represents the highest and best offer to purchase the Domfoam Property. The Monitor recommends that the Court authorize and direct Domfoam to carry out the terms of the Domfoam Sale Agreement.

SALE OF VALLE FOAM ASSETS

39. Valle Foam has accepted an offer from 4037057 Canada Inc. (the “**Valle Foam Purchaser**”). A redacted copy of the Agreement of Purchase and Sale between Valle Foam and the Valle Foam Purchaser (the “**Valle Foam Sale Agreement**”) is attached hereto as Exhibit “**H**”. The Valle Foam Sales Agreement is more fully described in the Supplemental Report.
40. Pursuant to the Valle Foam Sale Agreement, Valle Foam has agreed to sell substantially all of its Property to the Valle Foam Purchaser. In accordance with the terms of the Sale Process, the transaction will proceed on an “as is, where is” basis.
41. Although the Valle Foam Agreement is not in the form of the template sale agreement prepared by the Companies in accordance with the Sale Process, the material terms of the Valle Foam Agreement substantially conform with that of the template sale agreement. As authorized by the Sales Process Order, Valle Foam has accepted the offer from the Valle Foam Purchaser and executed the Valle Foam Sale Agreement subject to approval of the Court.
42. The transaction contemplated in the Valle Foam Sale Agreement will result in the continuation of Valle Foam’s business as a going concern. Under the terms of the Valle Foam Sale Agreement, the Valle Foam Purchaser has agreed to offer employment to all of Valle Foam’s unionized employees and substantially all of its non-unionized employees. The terms of employment for the unionized employees shall be governed by the applicable collective bargaining agreement and the terms of employment for non-unionized employees shall be as agreed upon between the Valle Foam Purchaser and such employees.
43. As described in more detail in the Supplemental Report, the Monitor has determined that the Valle Foam Sale Agreement represents the highest and best offer to purchase the Valle Foam Property. The Monitor recommends that the Court authorize and direct Valle Foam to carry out the terms of the Valle Foam Sale Agreement.

COMPLIANCE WITH SUBSECTION 36(3) OF THE CCAA

44. Section 36 of the CCAA provides that a debtor company under CCAA protection may not sell or otherwise dispose of its assets outside the ordinary course of business unless authorized to do so by the Court. The factors to be considered by the Court in granting such authorization are set out in subsection 36(3) of the CCAA. Subsection 36(4) of the CCAA sets out additional factors to be considered by the Court if the proposed sale involves a person related to the debtor company.
45. The Monitor has considered the various factors set out in CCAA subsection 36(3) in connection with the approval of the A-Z Foam, Domfoam and Valle Sale Agreements (collectively, the “**Sale Agreements**”).

S.36(3)(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances

46. The Monitor believes that the process leading to each proposed sale was reasonable in the circumstances for the following reasons:
- (a) the Sale Agreements were obtained in accordance with the Sale Process approved pursuant to the Sale Process Order; and
 - (b) The Monitor is satisfied that the Companies have complied with the terms of the Sale Process. The opportunity to acquire the Companies’ Property was exposed to a significant number of arm’s-length third parties following issuance of the Sale Process Order. In the Monitor’s view, the time provided to interested parties to carry out due diligence and formulate an offer to purchase the Companies’ Property was reasonable given that the going concern value of the Companies’ Property could only be preserved by carrying out the Sale Process as quickly as possible. Accordingly, in the Monitor’s view, the process leading to the proposed sale of the Property pursuant to the Sale Agreements was reasonable in the circumstances.

S.36(3)(b) whether the Monitor approved the process leading to the proposed sale or disposition

47. The sale of the Property pursuant to the Sale Agreements has been carried out in accordance with the terms of the Sale Process. The Monitor participated in developing the Sale Process and approved the Sale Process as set out in the First Report.

S.36(3)(c) *whether the Monitor filed with the Court a report stating that in their opinion, the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy*

48. In the Monitor's view, the proposed transactions under the Sale Agreements would be more beneficial to the creditors than a sale or disposition under a bankruptcy scenario for the following reasons:

- (a) the continued operation of the Companies' businesses and therefore their value is dependent upon the continued supply of goods to their customers. If the Companies were to become bankrupt and their business interrupted, there is a significant risk that customers would resource their business elsewhere, eliminating the value inherent in the Companies' business as a going concern to the prejudice of all stakeholders;
- (b) the proceeds of sale payable under the Sale Agreements compare favourably to the liquidation values for the Companies' assets as disclosed pursuant to appraisals obtained by the Companies and reviewed by the Monitor; and
- (c) the sale of the Companies' businesses as a going concern preserves a significant number of jobs and will result in little or no disruption to the Companies' employees and customers.

S.36(3)(d) *the extent to which the creditors were consulted*

49. Other than certain equipment lessors, there are no secured creditors of the Companies. Although the Companies' unsecured creditors were not specifically consulted with respect to the terms of the Sale Agreements, the Sale Process leading to the Sale Agreements was approved by the Court on notice to all interested parties. The Monitor also notes that the Companies' creditors received an update as to the status of the Sale Process pursuant to the Second Report.

S.36(3)(e) *the effects of the proposed sale or disposition on the creditors and other interested parties*

50. In addition to continuation of the Companies' businesses as a going concern, the proposed transactions under the Sale Agreements are expected to have the following impact on the Companies' creditors and other interested parties:

- (a) the transactions under the Sale Agreements will generate three separate pools of funds that will be available for distribution to the respective creditors of A-Z Foam, Domfoam

and Valle Foam as determined by a claims process which will be developed by the Companies in consultation with the Monitor. The Companies will return to Court for approval of that claims process as soon as possible;

- (b) the transactions under the Sale Agreements will result in the sale of virtually all of the Companies' Property, with the result that the operational costs associated with the Companies' continued operations will be eliminated;
- (c) the employment of substantially all of the Companies' employees will continue; and
- (d) as noted above, the proceeds of sale under the Sale Agreements will be more beneficial to the Companies' creditors than a liquidation in a bankruptcy scenario.

S.36(3)(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value

51. The Monitor is of the view that the consideration to be received under each of the Sale Agreements is reasonable and fair for the following reasons:

- (a) each of the Sale Agreements was identified as the highest and best offer for that part of the Property subject to that Sale Agreement pursuant to the Court approved Sale Process;
- (b) as noted above, the consideration payable under the Sale Agreements is superior to the estimated liquidation values for the Property which would be obtained in a bankruptcy scenario; and
- (c) the Monitor notes that under the terms of the Sale Agreements, all payments required to be made pursuant to Section 36(7) of the CCAA will either be paid by the purchasers under the Sale Agreements or there will be sufficient funds available from the proceeds of the transactions under the Sale Agreements to fund such payments, being certain remittances due to the Crown and payments to employees as set out in Section 136 of the BIA and compensation to employees for services rendered after the CCAA Proceeding commenced.

FIRST REVISED CASH FLOW FORECAST AND RESULTS COMPARED TO FORECAST

52. The Companies' respective cash receipts and disbursements for the interim period from February 18, 2012 to March 2, 2012 (the "**Variance Period**"), are presented below with a comparison to the Companies' cash flow forecast filed with this Court on February 7, 2012 the (the "**First Revised Cash Flow Forecast**").
53. These cash flow statements were prepared by Management. For the purposes of reporting cash receipts and disbursements, as well as for future cash flow forecasts, the Companies have since made revisions to various line items.
54. As at March 2, 2012, Valle Foam, Domfoam and A-Z Foam had ending cash balances of approximately \$1.5 million, \$284,000, and \$305,000, respectively.

Valle Foam

55. Overall, there is a \$50,000 unfavourable net cash flow variance between the actual and First Revised Cash Flow Forecast during the Variance Period. During the Variance Period, Valle Foam had an overall net cash outflow of \$261,000. As set out earlier in the Monitor's First and Second Reports, Management did not originally intend on continuing operations at Valle Foam beyond the date of the Initial Order. For the Variance Period, the material components of this overall variance are set out below:

VALLE FOAM INDUSTRIES (1995) INC.
Schedule of Actual Versus Forecasted Cash Flows
(Unaudited)
 (All amounts in SCAD)

Description	Cumulative Amount for the 5-Week Period January 28 to March 2, 2012		
	Actual	Forecast	Variance - Favourable (Unfavourable)
Cash Receipts			
Collection of Accounts Receivable - Third Party	3,708,530	3,400,000	308,530
Collection of Accounts Receivable - Intercompany	58,942	-	58,942
Other Receipts	4,974	-	4,974
Total Receipts	3,772,446	3,400,000	372,446
Cash Disbursements			
Purchases - Chemicals	1,525,763	1,330,000	(195,763)
Purchases - Other Raw Materials and Supplies	450,669	225,000	(225,669)
Payment of Pre-Filing Accounts Payable (Nov 30, 2011 Onwards COD)	-	-	-
Payroll Costs (including agency)	982,633	765,000	(217,633)
Non-Inventory Purchases and Overhead	163,394	360,000	196,606
Sales Taxes	316,341	245,000	(71,341)
Rent	140,618	101,000	(39,618)
Utilities	26,183	225,000	198,817
Restructuring Professional Fees	191,162	136,100	(55,062)
Legal Fees	151,204	150,000	(1,204)
Other Disbursements	85,024	73,000	(12,024)
Total Disbursements	4,032,991	3,610,100	(422,891)
Net Cash Flow	(260,545)	(210,100)	(50,445)
Opening Cash Balance	2,442,349	2,442,349	-
Intercompany Loan from Valle Foam - (Advance) Repayment	(700,000)	(330,265)	(369,735)
Closing Cash Balance	1,481,804	1,901,984	(420,180)

56. Collections of third party accounts receivable were \$309,000 higher than forecast during the Variance Period, as Management had assumed a delay in collection efforts due to customer uncertainty arising from the previously planned closure of the business following the date of the Initial Order.
57. There was an unfavourable variance of \$196,000 with respect to chemical purchases during the Variance Period as Management experienced sales ahead of forecast that required the purchase of more chemicals to continue operations.

58. There was an unfavourable variance of approximately \$226,000 with respect to the purchases of other raw materials and supplies largely relating to the \$187,000 purchase of products from Domfoam for sale to Valle Foam customers.
59. There was an unfavourable variance of approximately \$218,000 as Valle Foam did not include contributions to employee RSP's, and monthly workers compensation costs in its forecast.
60. There was a favourable variance of approximately \$197,000 in Non-Inventory Purchases and Overhead as a result of Management's efforts to control costs, and as such Valle Foam has experienced lower repair, maintenance, and general and administrative costs.
61. There was a favourable variance of approximately \$199,000 with respect to utilities, which is a timing difference. Utility payments were projected weekly, and invoices are being paid as they come due
62. There was an unfavourable variance of \$369,735 for the intercompany loan to Domfoam.

Domfoam

63. Overall there is an unfavourable net cash flow variance of approximately \$86,000 between the actual and the First Revised Cash Flow Forecast during the Variance Period. During the Variance Period, Domfoam had an overall net cash outflow of approximately \$676,000. The material components of this overall variance are set out below:

DOMFOAM INTERNATIONAL INC.
Schedule of Actual Versus Forecasted Cash Flows
(Unaudited)
 (All amounts in \$CAD)

Description	Cumulative Amount for the 5-Week Period January 28 to March 2, 2012		
	Actual	Forecast	Variance - Favourable (Unfavourable)
Cash Receipts			
Collection of Accounts Receivable - Third Party	3,299,345	3,420,000	(120,655)
Collection of Accounts Receivable - Intercompany	-	-	-
Other Receipts	2,196	-	2,196
Total Receipts	3,301,541	3,420,000	(118,459)
Cash Disbursements			
Purchases - Chemicals	1,032,414	1,329,992	297,578
Purchases - Other Raw Materials and Supplies	1,050,465	885,899	(164,566)
Payment of Pre-Filing Accounts Payable (Nov 30, 2011 Onwards COD)	-	-	-
Payroll Costs (including agency)	942,270	782,678	(159,592)
Non-Inventory Purchases and Overhead	355,659	182,440	(173,219)
Sales Taxes	87,481	85,000	(2,481)
Rent	283,294	293,037	9,743
Utilities	225,939	100,000	(125,939)
Restructuring Professional Fees	-	201,100	201,100
Legal Fees	-	150,000	150,000
Other Disbursements	-	-	-
Total Disbursements	3,977,522	4,010,146	32,624
Net Cash Flow	(675,982)	(590,146)	(85,836)
Opening Cash Balance	259,881	259,881	-
Intercompany Loan from Valle Foam - Advance (Repayment)	700,000	330,265	369,735
Closing Cash Balance	283,899	-	283,899

64. There was an overall unfavourable variance of approximately \$118,000 during the Variance Period primarily from rebates of approximately \$124,000 claimed in the week ending February 24, 2012.
65. Purchases of chemicals used in the production of foam products were \$298,000 lower than forecast. This variance was primarily due to the purchase of \$224,000 of chemicals being postponed to the week ending March 9, 2012.
66. Purchases of other raw materials and supplies were approximately \$165,000 higher than forecasted during the Variance Period. Management incurred these expenses as required

throughout the normal course of business, however, the forecast did not accurately reflect the company's historical purchasing patterns.

67. The unfavourable variance of \$160,000 in payroll was due to the payment of \$118,000 in group insurance which was not included in the forecast, and \$5,000 not forecast for an employment standards assessment on the filing of year end T4's.
68. Non-inventory purchases and overhead were approximately \$173,000 higher than forecast primarily due to higher shipping and delivery costs, as well as to other higher than forecasted administrative, repair and maintenance costs.
69. There was an unfavourable variance of \$126,000 with respect to utility costs due primarily to the pre-payment of \$116,300 to Gaz Metro covering the period January 15, 2012 to February 29, 2012.
70. No restructuring professional or legal fees were paid by Domfoam during the Variance Period resulting in a \$201,000 and \$150,000 favourable variance respectively.
71. Domfoam borrowed an additional \$369,735 from Valle Foam to pay for non-inventory purchases, pre-payment to Gaz Metro and group insurance. In the First Revised Cash Flow Forecast, Domfoam had forecast a further borrowing of \$214,138 for the week ending March 9, 2012 which did not occur.

A-Z Foam

72. Overall there is a \$108,000 favourable net cash flow variance between the actual and the First Revised Cash Flow Forecast during the Variance Period. During the Variance Period, A-Z Foam had an overall net cash outflow of \$107,000. For the Variance Period, the material components of this overall variance are set out below:

A-Z SPONGE AND FOAM PRODUCTS LTD.
Schedule of Actual Versus Forecasted Cash Flows
(Unaudited)
 (All amounts in \$CAD)

Description	Cumulative Amount for the 5-Week Period January 28 to March 2, 2012		
	Actual	Forecast	Variance - Favourable (Unfavourable)
Cash Receipts			
Collection of Accounts Receivable - Third Party	372,348	494,892	(122,544)
Collection of Accounts Receivable - Intercompany	-	-	-
Other Receipts	-	-	-
Total Receipts	372,348	494,892	(122,544)
Cash Disbursements			
Purchases - Chemicals	-	-	-
Purchases - Other Raw Materials and Supplies	6,957	171,666	164,709
Payment of Pre-Filing Accounts Payable (Nov 30, 2011 Onwards COD)	-	-	-
Payroll Costs (including agency)	215,760	218,040	2,280
Non-Inventory Purchases and Overhead	42,012	17,750	(24,262)
Sales Taxes	27,209	29,114	1,905
Rent	32,789	49,500	16,711
Utilities	4,884	13,000	8,116
Restructuring Professional Fees	150,000	180,000	30,000
Legal Fees	-	30,000	30,000
Other Disbursements	-	1,000	1,000
Total Disbursements	479,611	710,070	230,459
Net Cash Flow	(107,263)	(215,178)	107,915
Opening Cash Balance	412,257	412,257	-
Intercompany Loan from Valle Foam - Advance (Repayment)	-	-	-
Closing Cash Balance	304,994	197,079	107,915

73. There was an unfavourable variance of cash receipts of \$123,000 during the Variance Period. This variance is due to the lag in collecting on accounts from customers, including \$43,000 from a major customer who was unable to pay A-Z Foam on time as they were late in receiving payment from their customers.
74. There is a favourable variance of \$165,000 with respect to the purchases of other raw materials and supplies as A-Z Foam relied on a drawdown of related inventory during the Variance Period.

PROFESSIONAL FEES

75. The Monitor and its independent legal counsel, Thornton Grout Finnigan LLP (“TGF”) have maintained detailed records of their professional time and costs since the issuance of the Initial Order. Pursuant to paragraph 29 of the Initial Order, the Monitor and TGF were directed to pass their accounts from time to time before this Court.
76. The total fees of the Monitor during the period from January 29, 2012 to March 2, 2012 amount to \$171,873.00, together with expenses and disbursements in the amount of \$4,084.59 and harmonized sales tax (“HST”) in the amount of \$22,874.48, totalling \$198,832.07 (the “Monitor Fees”). The time spent by the Monitor is more particularly described in the Affidavit of Robert Bougie of Deloitte & Touche Inc., sworn March 13, 2012, sworn in support hereof and attached hereto as Exhibit “I”.
77. The total legal fees incurred by the Monitor during the period January 28, 2012 to February 29, 2012 for services provided by TGF as the Monitor’s independent legal counsel amount to \$25,490.00, together with disbursements in the amount of \$1,076.44 and HST in the amount of \$3,403.58, totalling \$29,970.02. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn March 9, 2012 in support hereof and attached hereto as Exhibit “J”.

EXTENSION OF THE STAY PERIOD

78. The Companies have asked the Court to approve an extension of the Stay Period from March 30, 2012 to June 30, 2012. The basis for this request is to allow for the closing of the Sale Agreements and to permit the Companies the opportunity to develop a claims process for later approval by the Court.
79. The Companies will not continue operating beyond the closing dates under the Sale Agreements, currently targeted for March 30, 2012. The funds generated from closing of each of the Sale Agreements will be held by the Monitor pending a further order of this Court. Since the Companies will no longer be operating after the closing of the Sales Agreements and therefore will not be incurring any further cash receipts or disbursements, the Companies will not be filing

any further cash flow forecasts with the Court. The Monitor believes that the Companies are acting in good faith and with due diligence and the Monitor therefore supports the stay extension to June 30, 2012.

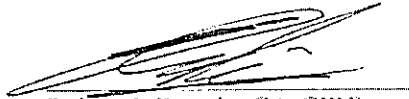
MONITOR'S RECOMMENDATIONS

80. For the reasons set out above, the Monitor recommends that:
- (a) the A-Z Sale Agreement be approved;
 - (b) the Valle Foam Sale Agreement be approved;
 - (c) the Domfoam Sale Agreement be approved;
 - (d) the Stay Period be extended until June 30, 2012.
 - (e) the Third Report and the activities of the Monitor as described in the Third Report be approved; and
 - (f) the professional fees and disbursements of the Monitor and TGF be approved and the Companies be authorized to pay all such fees and disbursements.

All of which is respectfully submitted at Toronto, Ontario this 13th day of March, 2012.

DELOITTE & TOUCHE INC.,
in its capacity as the Monitor
of the Companies (as defined herein)

Per:



Robert J. Bougie, CA•CIRP
Senior Vice-President

EXHIBIT "A"



Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

THURSDAY, THE 12th

JUSTICE NEWBOULD)

DAY OF JANUARY, 2012

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 VALLE
FOAM INDUSTRIES (1995) INC., DOMFOAM
INTERNATIONAL INC., and A-Z SPONGE & FOAM
PRODUCTS LTD.

(the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (hereinafter, collectively referred to as the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn January 11, 2012 and the exhibits thereto (the "Vallecoccia Affidavit"), and on hearing the submissions of counsel for the Applicants, no one else appearing although duly served as appears from the affidavit of service of Victoria Stewart sworn January

11, 2012, and on reading the consent of Deloitte & Touche Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that one or more of the Applicants, individually or collectively, shall have the sole authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their respective businesses (collectively, the "Business") and

Property. The Applicants shall each be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, appraisers, accountants, counsel and such other persons (collectively, "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, compensation, salaries, employee and pension benefits, vacation pay and expenses (including, but not limited to, employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans, and employee assistance programs and employee or employer contributions in respect of pension and other benefits), and similar pension and/or retirement benefit payments, commissions, bonuses and other incentive payments, payments under collective bargaining agreements, and employee and director expenses and reimbursements, payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers are subsequently dishonoured due to the commencement of these proceedings; and

- (c) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings; and
- (d) amounts owing for goods and services actually supplied to the Applicants, or to obtain the release of goods contracted for prior to the date of this Order by other suppliers, solely where such goods were ordered by the Applicants or any of them after November 30, 2011 on the express understanding that such goods or services were to be paid for on a cash on delivery basis and in respect of which such payment has not been made by the Applicants or any of them.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the Applicants following the date of this Order;

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed, terminated, repudiated or resiliated in accordance with the CCAA, the Applicants

shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of non-profitable, redundant or non-material assets and operations, and to dispose and sell such assets or operations not exceeding \$100,000.00 in any one transaction or \$1 million in the aggregate;

- (b) terminate the employment of such of their employees or lay off or temporarily or indefinitely lay off such of their employees as the relevant Applicant deems appropriate on such terms as may be agreed upon between the relevant Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan
- (c) in accordance with paragraphs 10 (a) and (d), vacate, abandon, resiliate, or quit any leased premises and/or disclaim, cancel, terminate or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicants and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) disclaim, terminate, repudiate or resiliate, in whole or in part, with the prior consent of the Monitor or further Order of the Court, such of their arrangements, agreements or contracts of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with Section 32 of the CCAA, with such disclaimers, repudiation, termination, or resiliations to be on such terms as may be agreed upon between the relevant Applicants and such counter-parties, or failing such agreements, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring or winding down of some or all of the respective Business (the "Restructuring").

11. **THIS COURT ORDERS** that the Applicants shall each provide each of the relevant landlords with notice of the relevant Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Applicant, or by further Order of this Court upon application by the relevant Applicant on at least two (2) days notice to such landlord and any such secured creditors. If an Applicant disclaims, resiliates, repudiates or terminates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer, termination or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a lease is repudiated or if a notice of disclaimer or termination or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, termination, repudiation or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant's and the Monitor 24 hours' prior written notice, and

(b) at the effective time of the disclaimer or termination or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including February 10, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the

Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, authorization, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all waste disposal service providers, all computer software, information technology services, communication and other data services, programming supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be

entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers (or their estates) of the Applicants with respect to any claim against such directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment, performance or breach of such obligations, acts, or actions until a compromise or arrangement in respect of

the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicants shall jointly indemnify their directors and officers from and against all claims, costs, charges, expenses, obligations and liabilities that they may incur as directors or officers of the Applicants, after the date hereof except to the extent that, with respect to any officer or director, such claim, cost, charge, expense, obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1 million as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraph 32 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that Deloitte & Touche Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist and advise the Applicants in their development of the Plan or winding down, downsizing and any amendments to the Plan, any restructuring steps taken pursuant to paragraphs 5 and 10 hereof, and the implementation of the Plan;
- (d) advise the Applicants in the preparation of their cash flow statements;

- (e) assist and advise the Applicants, to the extent required by the Applicants, with the negotiations with creditors and the holding and administering of creditors' (or shareholders' meetings) for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (h) consider, and if deemed advisable by the Monitor, prepare a report as an assessment of the Plan;
- (i) assist the Applicants with their continuing restructuring activities, including the assessment and analysis of any proposed sale of assets or closure of facilities;
- (j) advise and assist the Applicants, as requested, in their negotiations with suppliers, customers and other stakeholders; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder,

be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential,

the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, including completing and implementation of the settlements with the class action plaintiffs. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on an hourly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the amounts of \$150,000.00 and \$50,000.00, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, including completing the settlements with the class action plaintiffs. The Administration Charge shall have the priority set out in paragraph 32 hereof.

31. **THIS COURT ORDERS** that Valle Foam Industries (1995) Inc. ("Valle Foam") shall be authorized to advance funds up to, but not exceeding \$1 million to either of A-Z Sponge & Foam Products Ltd. ("A-Z") or Domfoam International Inc. ("Domfoam") to be used for operating purposes of Domfoam or A-Z, as the case may be, provided that i) no such loan shall be advanced without the prior written consent of the Monitor, ii) that any such loan shall be properly documented and subject to such terms, including rates of interest, if any, which the Monitor deems reasonable in the circumstances, and iii) that any such loan shall be secured by way of a general security agreement which shall provide a first in priority charge on the assets of Domfoam subject only to the priority of the charges granted hereunder. The Applicants may, prior to the advance of any funds, attend to seek a further order of this court to grant a specific charge if the Applicants or the Monitor deem it appropriate or necessary to do so.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$●); 500,000 ✓

Second – Directors' Charge (to the maximum amount of \$●). \$1,000,000 ✓

mt ✓

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge or the Administration Charge, (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that each of the Directors' Charge or the Administration Charge, (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge or Administration Charge, unless the Applicants also obtains the prior written consent of the Monitor, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

36. **THIS COURT ORDERS** that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s)

for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers, settlements at undervalue, oppressive conduct, or other challengeable or void or voidable transactions or reviewable transactions under any applicable law.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ ^{the Globe and Mail} a notice containing the information

prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.deloitte.com/ca/vallefoam.

GENERAL

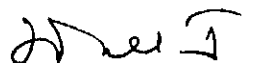
41. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
42. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
43. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
44. **THIS COURT ORDERS** that the Monitor is hereby authorized, as the foreign representative of the Applicants, to apply for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.
45. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this

Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

46. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

47. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

#1832803 | 4079509



RECEIVED
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LE D'ORDRE DE LA MINISTRE NOU

JAN 12 2012

RECEIVED: 

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 VALLE FOAM INDUSTRIES
(1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

INITIAL ORDER

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Lawyers for the Applicants

EXHIBIT "B"

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below. This document has been entered electronically in the record of the United States Bankruptcy Court for the Northern District of Ohio.



Mary Ann Whipple
United States Bankruptcy Judge

Dated: January 27 2012

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

_____)	
In re:)	Case No. 12-30214
)	(Jointly Administered)
VALLE FOAM INDUSTRIES (1995))	
INC., et. al. ¹)	Chapter 15
)	
Foreign Applicants in Foreign)	Judge Mary Ann Whipple
Proceedings.)	
_____)	

ORDER GRANTING PROVISIONAL RELIEF

This matter is before the Court on the *Ex Parte* Motion for Provisional Relief Pursuant to Section 1519, 362 and 105 of the Bankruptcy Code (the “**Motion**”)² filed by Deloitte & Touche Inc., the court appointed Monitor (the “**Monitor**”) and foreign

¹ The Foreign Applicants include Valle Foam Industries (1995) Inc., Domfoam International, Inc., and A-Z Sponge & Foam Products Ltd.

² Capitalized terms not defined herein shall have the meanings given to them in the Motion.

representative of Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”), and A-Z Sponge & Foam Products Ltd. (“**A-Z**” and, together with Valle Foam and Domfoam, the “**Valle Foam Group**”) in proceedings (the “**Canadian Proceedings**”) 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**”). The Monitor commenced the above-captioned Chapter 15 cases (the “**Chapter 15 Cases**”) ancillary to the Canadian Proceedings.

The Court has considered and reviewed the Motion, the Memorandum in Support of Chapter 15 Petitions for Recognition of Foreign Proceedings and *Ex Parte* Motion for Provisional Relief, the verified Chapter 15 Petitions filed in the Chapter 15 Cases (the “**Verified Petitions**”) including the certified copy of the Initial Order entered by the Ontario Court on January 12, 2012 (the “**Canadian Order for Relief**”), the various exhibits filed by the Monitor, and the affirmations contained therein. A hearing on the Motion was held on Wednesday, January 25, 2012 at 1:30 p.m. at which James W. Ehrman appeared for the Monitor and Andrew R. Vara appeared telephonically for the United States Trustee. Based on the foregoing, and after due deliberation,

THE COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent that any of

the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any conclusions of law constitute finds of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 11 U.S.C. §§ 1334 and 157(a) of the Bankruptcy Code and General Order 84 entered on July 16, 1984 by the United States District Court for the Northern District of Ohio. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper before this Court pursuant to 28 U.S.C. § 1410(2).

C. The Monitor has demonstrated that the relief requested in the Motion is urgently needed to protect the assets of the Valle Foam Group and the counterparties to various Settlements described in the Motion.

D. The Monitor has demonstrated a substantial likelihood of success that the Valle Foam Group is subject to a foreign main proceeding—the Canadian Proceedings—and that the Monitor is the foreign representative of the Valle Foam Group.

E. The Monitor has demonstrated that unless there is a stay of all pending litigation in the United States against the Valle Foam Group, there is a material risk that the Valle Foam Group and the counterparties to the Settlements³ will suffer irreparable harm including, but not limited to, unrecoverable litigation costs.

³ Capitalized terms not defined herein shall have the meanings given to them in the Motion for Provisional Relief.

F. The Monitor has demonstrated that the limited relief granted in this Order will result in no injury to any other party that is greater than the harm to the Valle Foam Group and the counterparties to the Settlements in the absence of such relief.

G. The Monitor has demonstrated that the public interest and international comity will be served by granting the relief requested by the Monitor.

H. The Ontario Court has granted to the Valle Foam Group a stay of proceedings in Canada (the “**Canadian Stay**”), which provides for a stay of (i) any proceedings or enforcement process (Canadian Order for Relief ¶ 13); (ii) all rights and remedies against or in respect of the Monitor and [each member of the Valle Foam Group] and their Business or the Property as defined in ¶ 4 (*Id.*, ¶ 14); (iii) any interference with the rights of the [Valle Foam Group] in contracts, agreements, authorizations, licenses or permits (*Id.* ¶ 15); and (iv) the termination of oral or written agreements with the [Valle Foam Group], such as waste disposal services and information technology services (*Id.* ¶ 16). The Canadian Stay is in effect “until and including February 10, 2012, or such later date as this Court may order” (*Id.* ¶ 13).

NOW, THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:

1. Pursuant to sections 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, the stay only to the extent of section 362(a)(1) of the Bankruptcy Code (the “**U.S. Litigation Stay**”) is made applicable to all entities with respect to the Valle Foam Group; provided, however,

- (a) The U.S. Litigation Stay shall not stay any act pertaining to finalizing the Settlements.
- (b) The U.S. Litigation Stay shall not stay the filing of a new complaint against any member of the Valle Foam Group, but shall stay any act to continue such litigation after the filing of the complaint, including service of process on any member of the Valle Foam Group;
- (c) The U.S. Litigation Stay shall expire on February 10, 2012 unless the Ontario Court extends the Canadian Stay in which event the U.S. Litigation Stay shall be automatically extended to correspond to the extension of the Canadian Stay.
- (d) Notwithstanding any extension of the U.S. Litigation Stay, the U.S. Litigation Stay shall terminate upon the expiration of the Canadian Stay or by a decision by this Court to recognize or to dismiss these Chapter 15 Cases.

2. A copy of this Order, conformed to be true and correct, shall be served, within three business days of its entry by attaching it to and filing a suggestion of stay through the United States District Court electronic noticing system upon counsel or record for all parties in the U.S. Actions, and by facsimile, electronic mail (including electronic service by the Bankruptcy Court) or by overnight express delivery to the Monitor, the Monitor's attorneys, the United States Trustee, and such other entities as the Court may direct. The parties in the U.S. Actions are the

entities against whom provisional relief was granted under section 1519 of the Bankruptcy Code, and therefore, such service as is here provided for shall be good and sufficient service and adequate notice for present purposes.

3. The Chapter 15 Petitions and any supporting papers shall be made available by the Monitor through its website at <http://deloitte.com> or upon request at the offices of Kohrman Jackson & Krantz P.L.L., One Cleveland Center, 20th Floor, 1375 East 9th St., Cleveland, Ohio, 44114, to the attention of Mary K. Whitmer or James W. Ehrman, (216) 686-8700, mkw@kjk.com or jwe@kjk.com.

4. This Court shall have continuing jurisdiction with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for further or additional relief or any adversary proceeding filed by the Monitor or any other party in interest; and (iii) any request by a person or entity for relief from the provisions of this Order, for cause shown.

5. This Order shall be immediately effective and enforceable upon its entry, and upon its entry shall become final and appealable, notwithstanding Bankruptcy Rule 7062 made applicable to chapter 15 cases by Bankruptcy Rule 1018.

###

Prepared and Submitted by:

KOHRMAN JACKSON & KRANTZ P.L.L.

/s/ James W. Ehrman

Mary K. Whitmer (0018213)

James W. Ehrman (0011006)

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1375 East 9th Street

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Email: mkw@kjk.com

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*Counsel for Deloitte & Touche Inc.,
the Foreign Representative of Valle
Foam Industries (1995) Inc.,
Domfoam International Inc., and A-Z
Sponge & Foam Products Ltd.*

EXHIBIT “C”

Court File No. CV-12-9545-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 27th DAY
MR. JUSTICE BROWN) OF JANUARY, 2012

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 VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM
PRODUCTS LTD.

(the "Applicants")

ORDER
(Approval of Sale Process)

THIS MOTION made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (the "Applicants") for an Order authorizing and approving the Sale Process (as defined below) and certain ancillary relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn January 25, 2012, and the exhibits thereto (the "Vallecoccia Affidavit"), the First Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated January 25, 2012, and the appendices attached thereto (the "First Report"), and on hearing the submissions of counsel for the Applicants, counsel for

the Monitor, counsel for 631400 Ontario Limited and counsel for Bayer Inc., and no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn January 25, 2012,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the First Report.
3. **THIS COURT ORDERS** that the First Report and the actions, decisions and conduct of the Monitor as set out in the First Report are hereby approved.
4. **THIS COURT ORDERS** that the sale process for the Property as described in the Vallecoccia Affidavit, (the "Sale Process") is approved.
5. **THIS COURT ORDERS** that the terms and conditions of sale ("Terms of Sale") attached as an exhibit to the First Report be and the same are hereby approved, together with any amendments thereto deemed necessary and appropriate by the Applicants with the consent of the Monitor.
6. **THIS COURT ORDERS** that notwithstanding paragraph 4 of this Order the Applicants are authorized to return to Court on or before February 22, 2012 to seek the approval of a sale or sales of some or all of the Property should the Applicants and the Monitor determine it necessary to do so.
7. **THIS COURT ORDERS** that the Applicants are authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the Sale Process, and any step taken by the Applicants in

connection with the Sale Process prior to the date hereof is hereby approved and ratified.

8. **THIS COURT ORDERS** that, in accordance with the Terms of Sale, the Applicants are not obligated to accept any offer or offers to purchase some or all of the Property.

9. **THIS COURT ORDERS** that the Monitor shall have no personal or corporate liability in connection with the Sale Process including, without limitation:

- (a) by advertising the Property and/or the Sale Process;
- (b) by exposing the Property to any and all parties, including, but not limited to, those who have made their interests known to the Monitor;
- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Property;
- (d) through the disclosure of any and all information regarding the Applicants or the Property arising from, incidental to, or in connection with the Sale Process;
- (e) pursuant to any and all offers received by the Applicants in accordance with the Sale Process; and
- (f) pursuant to any agreements of purchase and sale entered into by any of the Applicants in respect of the sale of any of the Property.

10. **THIS COURT ORDERS** that pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants shall disclose personal information of identifiable individuals to prospective

purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such information is provided shall limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants or the Monitor, or ensure that all other personal information is destroyed.

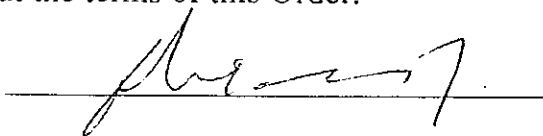
11. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

#1844631 v3 | 4079509

JAN 27 2012

A handwritten signature in black ink, appearing to be "J. Smith", is written over a horizontal line.

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 VALLE FOAM INDUSTRIES
(1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER
(Approval of Sale Process)**

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Lawyers for the Applicants

EXHIBIT "D"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) WEDNESDAY, THE 8th DAY
JUSTICE NEWBOULD) OF FEBRUARY, 2012

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 VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM
PRODUCTS LTD.

(the "Applicants")

**ORDER
(Extension Order)**

THIS MOTION made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (the "Applicants") for an Order authorizing and approving the Sale Process (as defined below) and certain ancillary relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn February 7, 2012, and the exhibits thereto (the "Vallecoccia Affidavit"), the Second Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated February 7, 2012, and the appendices attached

thereto (the "Second Report"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor,

, and no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn February 7, 2012,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the Second Report.
3. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 13 of the Order of Justice Newbould in these proceedings dated January 12, 2012) is hereby extended from February 10, 2012 to March 30, 2012.
4. **THIS COURT ORDERS** that the Second Report and the actions, decisions and conduct of the Monitor as set out in the Second Report are hereby approved.
5. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Second Report and the Bougie Affidavit and the Moffat Affidavit attached as exhibits thereto, are hereby authorized and approved.
6. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay the fees and disbursements of the Monitor and of its legal counsel and agents in the amounts set out in the Second Report.

7. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



#1844631 v3 | 4079509

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 8 2012

NB

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 VALLE FOAM INDUSTRIES
(1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER
(Approval of Sale Process)**

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Lawyers for the Applicants

EXHIBIT “E”

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below. This document has been entered electronically in the record of the United States Bankruptcy Court for the Northern District of Ohio.



Mary Ann Whipple
United States Bankruptcy Judge

Dated: February 24 2012

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

_____)	
In re:)	Case Nos. 12-30214
)	(Jointly Administered)
VALLE FOAM INDUSTRIES (1995))	
INC., et. al. ¹)	Chapter 15
)	
Foreign Applicants in Foreign)	Judge Mary Ann Whipple
Proceedings.)	
_____)	

ORDER GRANTING RECOGNITION OF FOREIGN MAIN PROCEEDINGS AND OTHER CHAPTER 15 RELIEF

Upon the Verified Chapter 15 Petitions (the “Chapter 15 Petitions”) filed by Deloitte & Touche Inc., the court appointed Monitor (the “Monitor”) of Valle Foam Industries (1995) Inc. (“Valle Foam”), Domfoam International Inc. (“Domfoam”), and A-Z Sponge & Foam Products Ltd. (“A-Z” and, together with

¹ The Foreign Applicants include Valle Foam Industries (1995) Inc., Domfoam International, Inc., and A-Z Sponge & Foam Products Ltd.

² Capitalized terms not defined herein shall have the meanings given to them in the Declaration

{K0289088.1}

Valle Foam and Domfoam, the “**Valle Foam Group**”) in proceedings (the “**Canadian Proceedings**”) 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**”), and upon the statements and affirmations made and contained therein, and the Court having reviewed the Chapter 15 Petitions and the Declarations filed contemporaneously with the Chapter 15 Petitions and the exhibits attached thereto, including a certified copy of the Initial Order entered by the Ontario Court on January 12, 2012 (the “**Canadian Order for Relief**”); and a hearing having been held on the 23rd day of February, 2012 (the “**Recognition Hearing**”); and upon the oral statements of counsel for the Monitor; and the Court having reviewed the Notice of the filing of the Chapter 15 Petitions and of the Recognition Hearing and its certificate of service [Dkt No. 15], which notice is deemed adequate for all purposes such that no other or further notice need be given; and the Court having determined that the legal and factual bases set forth in the Chapter 15 Petitions and all other pleadings and proceedings in this case establish just cause to grant the relief ordered herein, and after due deliberation therefore,

THE COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as

such. To the extent that any conclusions of law constitute finds of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 11 U.S.C. §§ 1334 and 157(a) of the Bankruptcy Code and General Order 84 entered on July 16, 1984 by the United States District Court for the Northern District of Ohio. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper before this Court pursuant to 28 U.S.C. § 1410(2).

C. The Monitor is a “person” within the meaning of section 101(41) of the Bankruptcy Code and is the duly appointed “foreign representative” of the Valle Foam Group within the meaning of section 101(24) of the Bankruptcy Code.

D. The Chapter 15 cases of Valle Foam, Domfoam and A-Z (the “**Chapter 15 Cases**”) were properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

E. The Monitor has satisfied the requirements of section 1515 of the Bankruptcy Code and Rule 2002(q) of the Federal Rules of Bankruptcy Procedure.

F. The Canadian Proceedings are a “foreign proceeding” within the meaning of section 101(23) of the Bankruptcy Code.

G. The Canadian Proceedings are entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

H. The Canadian Proceedings are pending in Canada, which is the location of each member of the Valle Foam Group’s center of main interests, and

accordingly, the Canadian Proceedings are a “foreign main proceeding” pursuant to section 1502(4) of the Bankruptcy Code and are entitled to recognition as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

I. The Monitor is entitled to all the automatic relief provided by section 1520 of the Bankruptcy Code, without limitation.

J. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to sections 1517, 1520, and 1521 of the Bankruptcy Code.

NOW, THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:

1. The Canadian Proceedings are hereby recognized as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code.

2. All relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to each member of the Valle Foam Group, including, without limitation, the stay under section 362 throughout the duration of these Chapter 15 Cases or until otherwise ordered by this Court.

3. The stay pursuant to section 362(a)(1) of the Bankruptcy Code is hereby modified and limited in the following respects:

- (a) The stay shall not stay any act pertaining to finalizing the Settlements;² and
- (b) The stay shall not stay the filing of a new complaint against any member of the Valle Foam Group, but shall stay any act to continue such litigation after the filing of the complaint, including service of process on any member of the Valle Foam Group.

4. The Canadian Order for Relief (and any extensions, amendments or modifications thereof as may be granted from time to time by the Ontario Court) shall be granted comity and is hereby given full force and effect in the United States to the same extent that it is given effect in Canada.

5. The Monitor is hereby recognized as the “foreign representative” in these bankruptcy proceedings, and may exercise the rights and powers of a trustee under and to the extent provided by section 1520 of the Bankruptcy Code.

6. The Monitor, the members of the Valle Foam Group, and each of their successors, agents, representatives, advisors or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

7. A copy of this Order, conformed to be true and correct, shall be served, within three business days of the entry of this Order, by facsimile, electronic mail or overnight express delivery, upon all persons or bodies authorized to administer foreign proceedings of the Valle Foam Group, all

² Capitalized terms not defined herein shall have the meanings given to them in the Declaration in Support of the Chapter 15 Petitions [Dkt. No. 2].

entities against whom provisional relief was granted under section 1519 of the Bankruptcy Code, all parties to litigation pending in the United States in which any member of the Valle Foam Group was a party at the time of the filing of the Chapter 15 Petitions, the United States Trustee, and such other entities as the Court may direct. Such service shall be good and sufficient service and adequate notice for present purposes.

8. The Chapter 15 Petitions and any supporting papers shall be made available by the Monitor through its website at <http://www.deloitte.com/ca/Vallefoam> or upon request at the offices of Kohrman Jackson & Krantz P.L.L., One Cleveland Center, 20th Floor, 1375 East 9th St., Cleveland, Ohio, 44114, to the attention of Mary K. Whitmer or James W. Ehrman, (216) 686-8700, mkw@kjk.com or jwe@kjk.com.

9. This Court shall have continuing jurisdiction to the fullest extent permitted by law with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for further or additional relief or any adversary proceeding filed by the Monitor or any other party in interest; and (iii) any request by a person or entity for relief from the provisions of this Order, for cause shown.

10. This Order shall be immediately effective and enforceable upon its entry, and upon its entry shall become final and appealable, notwithstanding Bankruptcy Rule 7062 made applicable to chapter 15 cases by Bankruptcy Rule 1018.

###

Prepared and Submitted by:

KOHRMAN JACKSON & KRANTZ P.L.L.

/s/ Mary K. Whitmer

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the Foreign Representative of Valle
Foam Industries (1995) Inc.,
Domfoam International Inc., and
A-Z Sponge & Foam Products Ltd.*

EXHIBIT "F"

REDACTED

THIS ASSET PURCHASE AGREEMENT is made this 21st day of February, 2012

BETWEEN:

A-Z SPONGE & FOAM PRODUCTS LTD. ("AZ"),

(the "Vendor")

- and -

~~0932916430 Ltd.~~ a company governed by the Laws of British Columbia. (the "Purchaser").

RECITALS:

- A. By an order of the Honourable Mr. Justice Newbould dated January 12, 2012 (the "CCAA Order") of the Superior Court of Justice (Ontario) (Commercial List) (the "Court") each of Domfoam, Valle and AZ were granted creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA").
- B. By an Order of the Honourable Mr. Justice Brown (the "Sale Approval Order") of the Court dated January 27, 2012, the Vendor was authorized to market and sell, subject to obtaining the Vesting Order (as defined herein) from the Court, all or any part of the assets, undertakings and properties of the Vendor.
- C. The Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, all of the Vendor's right, title and interest in and to the Purchased Assets (as defined herein).

THEREFORE the parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement the following words and terms shall have the meanings set out below:

"**Agreement**" means this asset purchase agreement, including all schedules, and all amendments or restatements, as permitted, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article or Section of, or Schedule to, this Agreement.

"**Assumed Employees**" has the meaning given in Section 2.6.

"**Assumed Obligations**" has the meaning given in Section 2.79.

"AZ Assets" means all of the assets, properties and undertakings of AZ acquired for, or used in relation to the business conducted by AZ at 811 Cundy Avenue New Westminster BC including, without limitation, the AZ Equipment, the AZ Inventory, the AZ Accounts Receivable and the AZ Assumed Contracts, each as described in Schedule "C" hereto.

"AZ Accounts Receivable" means all accounts receivable, choses in action, book debts and any other amounts due, owing or accruing due to AZ in connection with any of the AZ Assets and the benefit of all security (including cash deposits), guarantees and any other collateral held by AZ in respect of any AZ Accounts Receivable.

"Books and Records" means books and records of AZ relating to the Purchased Assets, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media.

"Business" means the business conducted by the Vendor prior to the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

"CCAA Order" has the meaning given in Recital A.

"Claims" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes.

"Closing" means the completion of the transactions described in Section 2.1.

"Closing Date" has the meaning given in Section 4.1.

"Closing Time" has the meaning given in Section 2.5.

"Confidential Information" means any information described as confidential under the Confidentiality Agreement.

"Confidentiality Agreement" means the confidentiality agreement dated [date] granted by the Purchaser in favour of the Vendor.

"Contracts" means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which the Vendor is a party or by which the Vendor is bound or under which the Vendor has, or will have, any liability or

contingent liability (in each case, whether written or oral, express or implied) relating to the Purchased Assets, as same may be amended and/or restated, and including any and all related quotations, orders, proposals or tenders which remain open for acceptance, warranties and guarantees and documents ancillary thereto.

"Court" has the meaning given in Recital A.

"Deposit" has the meaning given in Section 2.3.

~~"Domfoam Assets" means all of the assets, properties and undertakings of Domfoam acquired for, or used in relation to the business conducted by Domfoam at [specify location if necessary] including, without limitation, the Domfoam Equipment, the Domfoam Inventory, the Domfoam Accounts Receivable and the Domfoam Assumed Contracts, each as described in Schedule "A" hereto.~~

~~"Domfoam Accounts Receivable" means all accounts receivable, choses in action, book debts and any other amounts due, owing or accruing due to Domfoam in connection with any of the Domfoam Assets and the benefit of all security (including cash deposits), guarantees and any other collateral held by Domfoam in respect of any Domfoam Accounts Receivable.~~

"Encumbrances" means liens, charges, security interests, pledges, leases, title retention agreements, mortgages, restrictions on use, development or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever.

"Employee Liabilities" means any liability imposed upon the Vendor, or the Purchaser pursuant to any federal or provincial legislation pursuant to which such party shall be deemed to be a successor employer, related employer or otherwise responsible for or liable for payment of any amounts owing to any of the current or former Employees (including but not limited to the Assumed Employees), whether pursuant to the *Labour Relations Act*, 1985, S.O. 1995, c.L.1, Schedule A, as amended, the *Employment Standards Act*, 2000, S.O. 2000, c.41, the *Pay Equity Act*, R.S.O. 1990, c.P.7, the *Workplace Safety and Insurance Act*, 1997, S.O. 1997, c.16, Sch. A, or the *Pension Benefits Act*, R.S.O. 1990, c.P.8. Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions and other compensation (including accrued but unpaid vacation pay and any retroactive pay) and all liabilities under employee pension and benefit plans relating to employment of the current or former Employees;
- (b) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Vendor of the current or former Employees; and

- (c) all liabilities for claims for injury, disability, death or workers' compensation arising from or relating to employment in the Business.

"**Employees**" means those individuals employed by AZ who provide services in respect of the operations of AZ at those facilities to which those Purchased Assets directly relate, as listed in Schedule "D" hereto, together with their date of hire, length of credited service if different, hourly wage rate and/or annual salary or commission arrangements, title, accrued vacation and annual vacation accrual rate and status as full, part-time or other.

"**Excluded Assets**" means any and all assets of AZ other than the Purchased Assets.

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power and "Governmental Authority" means any one of them.

"**Laws**" means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Authority having the force of law.

"**Parties**" means the Vendor and the Purchaser collectively, and "Party" means any one of them.

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

"**Premises**" means all of the leased premises from which the Vendor conducted the Business

"**Prepaid Expenses**" means all liabilities, including all operating expenses, with respect to the Purchased Assets referable in whole or in part to the period from and after the Closing Date which have been prepaid by the Vendor as at the Closing Date.

"**Purchase Price**" has the meaning given in Section 2.2.

"**Purchased Assets**" means all of the Vendor's right, title and interest in, to and under, or relating to, the following assets and properties:

(a) the AZ Assets;

and for greater certainty, the Purchased Assets shall not include the Excluded Assets.

“Sale Approval Order” has the meaning given in Recital B.

“Vesting Order” has the meaning given in Section 4.1.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) Currency – All references to money amounts are to lawful currency of Canada.
- (b) Governing Law – This Agreement is a contract made under and shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable in the Province of Ontario.
- (c) Headings – Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (d) Including – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.
- (e) No Strict Construction – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (f) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (g) Severability – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.
- (h) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.3 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchaser shall acquire the Purchased Assets on an "as is, where is" basis subject to the benefit of the representations and warranties in this Agreement. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to the Purchaser or any of its affiliates, subsidiaries, agents or representatives are not and shall not be deemed to be representations or warranties of the Vendor or any of its affiliates, subsidiaries, agents, employees or representatives.

1.4 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule	Description
Schedule "C"	AZ Assets
Schedule "D"	Assumed Employees
Schedule "E"	Purchase Price Allocation
Schedule "F"	Vesting Order

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

On the Closing Date, subject to the issuance of the Vesting Order and the other terms and conditions of this Agreement:

- (a) the Vendor shall transfer, sell, convey, assign and deliver unto the Purchaser, and the Purchaser shall acquire and accept, all of the Vendor's right, title and interest in and to the Purchased Assets; and
- (b) the Purchaser shall pay the Purchase Price as provided in Section 2.2.

2.2 Purchase Price

The amount payable by the Purchaser for the Purchased Assets, exclusive of all applicable sales and transfer taxes, shall be:

- (a) in respect of the AZ Assets, [REDACTED]

the sum of such amounts, [REDACTED] (the "Purchase Price"). All such applicable sales and transfer taxes shall be paid by the Purchaser by certified cheque or bank draft, subject to the terms hereof and the availability of any exemptions or elections under any applicable legislation for such applicable sale and transfer taxes. As between the Vendor and the Purchaser, acting reasonably, the Purchase Price shall be allocated among the Purchased Assets at least two (2) Business Days prior to the Closing Date and such allocation shall be appended as Schedule "E" hereto.

2.3 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price as follows:

- (a) by paying to the Monitor, upon acceptance of this Agreement by the Vendor, a deposit of [REDACTED] (equal to 10% of the Purchase Price) (the "Deposit"), which shall be dealt with on the basis set out in Section 6.3 hereof and which shall be held by the Monitor until the Closing Time and credited towards the Purchase Price upon Closing; and
- (b) by paying to the Monitor, at the Closing Time, an amount equal to \$[balance], representing the balance of the Purchase Price after crediting the Deposit.

Unless otherwise agreed by the Parties, all amounts payable to the Vendor or the Monitor, either by way of Deposit or at the Closing Time, shall be paid to the Vendor by bank draft drawn upon a Canadian chartered bank or by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company or by wire transfer of immediately available funds to an account specified by the Vendor.

2.4 Sales and Transfer Taxes

- (a) The Purchaser shall pay direct to the appropriate Governmental Authority all sales and transfer taxes, registration charges and transfer fees, other than the goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) and any similar value-added or multi-staged tax imposed under any applicable provincial or territorial legislation, payable by it in respect of the purchase and sale of the Purchased Assets and, upon the reasonable request of the Vendor, the Purchaser shall furnish proof of such payment.
- (b) Subject to Section 2.4(c), the Purchaser shall be liable for and shall pay to the Vendor an amount equal to any goods and services tax and harmonized sales tax payable by the Purchaser and collectible by the Vendor under the *Excise Tax Act* (Canada), plus an amount equal to any similar value added or multi-staged tax

imposed by any applicable provincial or territorial legislation, in connection with the purchase and sale of the Purchased Assets under this Agreement.

- (c) To the extent permitted under subsection 221(2) of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Purchaser shall self-assess and remit directly to the appropriate Governmental Authority any goods and services tax and harmonized sales tax imposed under the *Excise Tax Act* (Canada) and any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation payable in connection with the transfer of any of the Purchased Assets that constitute real property for purposes of the *Excise Tax Act* (Canada). The Purchaser shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation.
- (d) The Purchaser shall indemnify and save the Vendor harmless from and against all claims and demands for payment of the taxes referenced in this Section, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

2.5 Closing

Closing shall take place at 10:00 a.m. (the "Closing Time") on the Closing Date at the offices of the Vendor's solicitors, or such other time and location as the Parties may agree upon in writing. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or upon the solicitors acting for the Party on whom tender is desired.

2.6 Employees

Not later than 10 Business Days before the Closing Date, the Purchaser shall offer employment to all Employees, effective from and after the Closing Date, on substantially the same terms and conditions of employment as are then applicable to such Employees including providing equivalent benefits. The Employees who accept offers of employment from the Purchaser are referred to as the "Assumed Employees". The Purchaser shall be responsible for all Employee Liabilities with respect to the Assumed Employees for the period both before and after the Closing Date. The Vendor shall not be responsible for payment of, and there shall be no adjustment to the Purchase Price for, any Employee Liabilities with respect to the Assumed Employees other than as provided for in Section 2.7.

2.7 Payment of Pre-Closing Payroll

Within five (5) Business Days of the Closing Date, the Vendor shall process the payroll for, and pay (or cause to be paid), the base wages, base salary and ordinary course sales commissions accrued during the payroll period ending on the day prior to the Closing Date, as well as all unused and outstanding vacation, sick days, personal days or leave earned and/or accrued with respect to each Assumed Employee. The Vendor shall withhold and remit all applicable payroll taxes as required by applicable Laws for each Assumed Employee for the payroll period ending on the day prior to the Closing Date.

2.8 Post-Closing Payroll

Following the Closing, the Purchaser shall process the payroll for, and pay (or cause to be paid), with respect to each Assumed Employee, all compensation and benefits (including base wages, base salary, sales commission, vacation pay, sick days, personal days and/or leave) payable to each such Assumed Employee in respect of services rendered by the Assumed Employee on and after the Closing Date.

2.9 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the "Assumed Obligations". The Assumed Obligations shall consist of the following:

- (a) all Employee Liabilities payable to or related to any Assumed Employees;
- (b) the Vendor's liabilities and obligations under any of the AZ Assumed Contracts, as applicable; and
- (c) all liabilities arising or accruing from the use of the Purchased Assets from and after the Closing Date.

If so required by the Vendor, the Purchaser shall enter into such specific indemnity agreement(s) and assumption agreement(s) as the Vendor may reasonably require with respect to any Assumed Obligations.

2.10 No Assumption of Liabilities

Except for the Assumed Obligations, the Purchaser is not assuming, and shall not be deemed to have assumed, any liabilities, obligations, contracts (written or unwritten) or commitments of the Vendor (collectively, the "Excluded Liabilities"), whether pursuant to this Agreement or as a result of the transactions described in this Agreement. For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) except as otherwise agreed in this Agreement, all taxes payable by the Vendor referable to the period up to the Closing Date including present or future federal and provincial income taxes, municipal business taxes, realty taxes and school taxes;
- (b) any sales commissions payable by the Vendor with respect to the transaction described in this Agreement;
- (c) any liabilities associated with any of the Excluded Assets; and
- (d) all Employee Liabilities with respect to any former or current Employees, except the Assumed Employees.

2.11 Adjustments to the Purchase Price

(i) **Adjustment Date.** The Purchase Price shall not be adjusted for any cause, matter, or thing, save and except for the following, each of which shall be apportioned and allowed to the Closing Date and the Closing Date itself shall be apportioned to and be the responsibility of the Purchaser. The Vendor shall be entitled to all revenues accrued from the Business for the period ending on the day before the Closing Date and shall be responsible for all operating expenses relating to the Business for the period ending on the day before the Closing Date. From and including the Closing Date, the Purchaser shall be responsible for all expenses and shall be entitled to all revenues accruing from the Purchased Assets. The Purchase Price shall be adjusted in accordance with a Statement of Adjustments which shall include:

- (a) the Prepaid Expenses which shall be added to the Purchase Price;
- (b) interest if any on the Deposit which shall be credited towards the Purchase Price upon Closing;
- (c) all applicable taxes, including transfer taxes, which shall be added to the Purchase Price;
- (d) the cost, if any, of dismantling or removing the Purchased Assets from their present location and restoring such location to a neat and clean condition which shall be added to the Purchase Price;
- (e) the cost of repairing any damage caused by dismantling or removal of the Purchased Assets from their present location which shall be added to the Purchase Price; and
- (f) the cost of any additional AZ Inventory received or paid for by the Vendor after the date of this Agreement but prior to the Closing Date, which shall be added to the Purchase Price. Notwithstanding the foregoing, there shall not be any adjustment to the Purchase Price for any non-material changes in the quantity of the Inventory between the date of this Agreement and the Closing Date.

(ii) **Statement of Adjustments.** A statement of adjustments shall be delivered to the Purchaser by the Vendor at least 5 Business Days prior to the Closing Date and shall have annexed to it details of the calculations used by the Vendor to arrive at all debits and credits on the statement of adjustments.

(iii) **Re-Adjustment.** If the final cost or amount of an item that is to be adjusted cannot be determined at Closing, then an initial adjustment for such item shall be made at Closing, such amount to be estimated by the Parties, acting reasonably, as of the Closing Date on the basis of the best evidence available at the Closing as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined, the Vendor or Purchaser, as the case may be, shall, within 30 days of determination, provide a complete statement thereof to the other and within 30 days thereafter the Parties shall make a final adjustment as of the Closing Date for the item in question. In the absence of agreement by the parties, the final cost or amount of an item shall be determined by auditors appointed jointly by the Vendor and the Purchaser, with the cost of such auditors' determination being shared equally between the Parties. All re-adjustments shall be requested in a detailed manner on or before the 180th day

after the Closing Date after which time neither Party shall have any right to request re-adjustment.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

3.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser the matters set out below:

- (a) Subject to the Sale Approval Order, the issuance of the Vesting Order and such other authorization as is required by the Court, the execution, delivery and performance by the Vendor of this Agreement:
 - (i) has been duly authorized by all necessary corporate action on the part of the Vendor;
 - (ii) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constituting documents or by-laws; and
 - (iii) will not result in the violation of any Law.
- (b) This Agreement has been duly executed and delivered by the Vendor and, subject to the issuance of the Sale Approval and Vesting Order and such other authorization as is required by the Court, constitutes a legal, valid and binding obligations of the Vendor, enforceable against it in accordance with its terms subject only to any limitation under applicable Laws relating to (a) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights, and (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
- (d) The Vendor is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada).

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor the matters set out below. Subject to the Sale Approval order and the issuance of the Vesting Order and such other authorization as is required by the Court:

- (a) The Purchaser has been duly incorporated and is validly subsisting under the Laws of the jurisdiction of its incorporation, and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets and is qualified to carry on business under the Laws of the jurisdictions where it carries on a material portion of its business.
- (b) The execution, delivery and performance by the Purchaser of this Agreement:
 - (i) has been duly authorized by all necessary corporate action on the part of the Purchaser;
 - (ii) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected; and
 - (iii) will not result in the violation of any Law.
- (c) This Agreement has been duly executed and delivered by the Purchaser and constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under applicable Laws relating to (a) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights, and (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (d) The Purchaser is, or will be on Closing, a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada).
- (e) The Purchaser has, and will have at Closing, all funds on hand necessary to pay the Purchase Price.

ARTICLE 4
VESTING ORDER;
PURCHASED ASSETS ACQUIRED ON AN "AS IS, WHERE IS" BASIS

4.1 Vesting Order

Unless otherwise agreed by the Parties, Closing shall occur two (2) Business Days after the issuance by the Court of a vesting or other appropriate order by the Court (the "Vesting Order") *inter alia*, approving this Agreement and authorizing and directing the Vendor to complete the terms of this Agreement and providing for the vesting of title and/or transfer of the Purchased Assets in and to the Purchaser on Closing free and clear of all Claims, liabilities and Encumbrances pursuant to the terms and conditions of this Agreement (such Closing date, the "Closing Date").

4.2 **Acquisition of Assets on "As Is, Where Is" Basis**

The Purchaser hereby acknowledges and agrees as follows:

- (a) the Purchased Assets are purchased on an "as is, where is" basis at the Closing Date;
- (b) it has conducted or will conduct its own searches and investigations relating to the Purchased Assets;
- (c) it has conducted such inspections of the Purchased Assets as it deemed appropriate, satisfied itself with respect to the Purchased Assets and all matters connected with or related to the Purchased Assets, and relied entirely upon its own investigations and inspections in entering into this Agreement to acquire the Purchased Assets without regard to any information made available or provided by the Vendor or its officers, directors, employees or agents;
- (d) it will accept the Purchased Assets in their state, condition and location as at the Closing Time and except as expressly set forth in this Agreement, the Vendor makes no representations, warranties, statements or promises in favour of the Purchaser concerning the Purchased Assets, which the Purchaser acknowledges are being acquired on an as-is where is basis, or the uses or applications of the Purchased Assets, whether express or implied, statutory or collateral, arising by operation of Law or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (Ontario) do not apply to the sale of the Purchased Assets and are hereby waived by the Purchaser;
- (e) the Vendor is not providing and has made no representations, warranties, covenants, agreements, statements, acknowledgments, inducements or promises whatsoever with respect to the presence, absence, nature and/or extent of Hazardous Substances on, in, under, about or migrating from any of the Premises; the discharge of such Hazardous Substances from, on, or in relation to any of the Premises; the existence, state, nature, identity, extent or effect of any administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under the Environmental Protection Act (Ontario), the Ontario Water Resources Act (Ontario) or any other applicable law in relation to any of the Premises; nor, the existence, state, nature, kind, identity, extent or effect of any liability on the Purchaser to fulfil any obligations with respect to the environmental condition or quality of any of the Premises. The Purchaser acknowledges that it accepts the Premises and the Purchased Assets subject to the environmental condition and any Hazardous Substances, whether or not such environmental condition or Hazardous Substance is known by the Vendor prior to the completion date, and acknowledges that the Purchaser will have no recourse against the Vendor for any such pre-existing environmental conditions or Hazardous Substances. "Hazardous Substances" means (i) any substance or

material that is prohibited, controlled or regulated by any governmental authority pursuant to the Environmental Laws, including contaminants, pollutants, dangerous goods, liquid wastes, industrial wastes, hauled liquid wastes, radioactive wastes, toxic substances, hazardous wastes, hazardous materials or hazardous substances as defined in any Environmental Laws, (ii) asbestos and urea formaldehyde, and (iii) petroleum products. "Environmental Laws" means all applicable laws, by-laws, rules, regulations, orders, judgments, decrees, decisions or other requirements having the force of law concerning Hazardous Substances or protection of the environment or otherwise relating to the environment (including the air within any structure or underground space) or to environmental aspects of occupational health and safety, including applicable laws pertaining to (i) reporting, licensing, permitting, investigating, removing, treating or otherwise remediating the presence of Hazardous Substances, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, release and disposal of Hazardous Substances. "Release" means, in addition to the meaning given to it under any applicable Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement; and

- (f) without limiting the generality of foregoing, it acknowledges and accepts that the description of the Purchased Assets and any portion thereof contained in the Schedules hereto is for the purpose of identification only; and that no representation, warranty or condition has or will be given by the Vendor or any other party concerning completeness or the accuracy of such descriptions or with respect to any data room set up by the Vendor.

4.3 Title and Risk

The Purchased Assets shall remain at the risk of the Vendor, to the extent of its interest, until Closing. If there occurs any material damage to the Purchased Assets prior to Closing, then the Purchaser may, at its option: (a) complete the Closing without reduction of the Purchase Price, in which event all applicable proceeds of insurance or compensation shall be payable to the Purchaser; or (b) terminate the Agreement, with the result that the Parties shall be released from all obligations and liabilities arising under this Agreement.

4.4 Transfer and Delivery of Purchased Assets

The Purchaser acknowledges that it shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances which may be required to carry out the terms of this Agreement, including in respect of any Purchased Assets subject to lease or any Purchased Assets which are not assignable without the consent or other action of a third party or parties. Notwithstanding the foregoing, the Vendor shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be reasonably necessary to effectively transfer to the Purchaser, or as the Purchaser may direct, all the Vendor's right, title and interest in, to and under, or in respect of, the Purchased Assets, provided that any such

documents shall contain no representations or warranties of the Vendor except for those provided herein; the Vendor shall deliver up or cause to be delivered up to the Purchaser, or as the Purchaser may direct, the Purchased Assets, free and clear of all Encumbrances by way of the Vesting Order and shall execute and deliver such documents to effect registrations, recordings and filings with public authorities as may be reasonably required in connection with the transfer of ownership to the Purchaser of the Purchased Assets.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions Precedent of the Purchaser

The obligations of the Purchaser to complete the purchase of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by it in whole or in part):

- (a) all of the representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and correct at the Closing Time and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Purchaser shall have received a certificate from a senior officer of the Vendor confirming to his knowledge, without personal liability, the truth and correctness of such representations and warranties;
- (b) the Vendor shall have performed or complied with, in all material respects, all its obligations, covenants and agreements under this Agreement;
- (c) the Vendor shall have executed and delivered, or caused to be executed and delivered, to the Purchaser on or prior to the Closing Date the documents required to complete the transactions contemplated in this Agreement as may reasonably be required by the Purchaser or its solicitors;
- (d) there shall be no order issued by a Governmental Authority delaying, restricting or preventing, and no pending or threatened Claim or judicial or administrative proceeding, or investigation against any Party by any Person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the transactions contemplated in this Agreement or otherwise claiming that this Agreement or the consummation of such transactions is improper or would give rise to proceedings under any Laws;
- (e) the Vesting Order shall have been issued and entered by a court of competent jurisdiction and such orders shall not have been stayed, varied, vacated or subject to pending appeal and no order shall have been issued which restrains or prohibits the completion of the transaction contemplated hereby; and

- (f) all consents, approvals and authorizations of any Person required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement, the Closing or the performance of any of the terms and conditions of this Agreement, shall have been obtained at or before the Closing Time on terms acceptable to the Purchaser, acting reasonably.

If any of the foregoing conditions in this Section 5.1 has not been fulfilled by the Closing Time, the Purchaser may terminate this Agreement by notice to the Vendor, in which event the Purchaser is released from all obligations under this Agreement, and unless the Purchaser can show that the condition relied upon could reasonably have been performed by the Vendor, the Vendor is also released from all obligations under this Agreement. However, the Purchaser may waive compliance with any condition in this section in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages, if any, for the breach of any representation, warranty, covenant or condition contained in this Agreement.

5.2 Conditions Precedent of the Vendor

The obligations of the Vendor to complete the sale of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Vendor and may be waived by it in whole or in part):

- (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct at the Closing Time and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Vendor shall have received a certificate from a senior officer of the Purchaser confirming to his knowledge, without personal liability, the truth and correctness of such representations and warranties;
- (b) the Purchaser shall have performed or complied with, in all material respects, all its obligations, covenants and agreements under this Agreement;
- (c) the Purchaser shall have executed and delivered or caused to be executed and delivered to the Vendor on or prior to the Closing Date the documents required to complete the transactions contemplated in this Agreement as may reasonably be required by the Vendor or its solicitors, including, without limitation, an indemnity in respect of applicable sales and transfer taxes as contemplated by Section 2.4 hereof;
- (d) there shall be no order issued by a Governmental Authority delaying, restricting or preventing, and no pending or threatened Claim or judicial or administrative proceeding, or investigation against any Party by any Person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the transactions contemplated in this Agreement or otherwise claiming that this

Agreement or the consummation of such transactions is improper or would give rise to proceedings under any Laws; and

- (e) all consents, approvals and authorizations of any Person required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement, the Closing or the performance of any of the terms and conditions of this Agreement, shall have been obtained at or before the Closing Time on terms acceptable to the Vendor, acting reasonably.

If any of the foregoing conditions in this Section 5.2 has not been fulfilled by the Closing Time, the Vendor may terminate this Agreement by notice to the Purchaser, in which event the Vendor is released from all obligations under this Agreement, and unless the Vendor can show that the condition relied upon could reasonably have been performed by the Purchaser, the Purchaser is also released from all obligations under this Agreement. However, the Vendor may waive compliance with any condition in this section in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages, if any, for the breach of any representation, warranty, covenant or condition contained in this Agreement.

5.3 Conditions in favour of both – Issuance of Vesting Order

The following conditions in favour of the Vendor and the Purchaser must be fulfilled on or before the Closing Time, provided that such date may be extended by the mutual agreement of each of the Purchaser and the Vendor, and which conditions are inserted for the benefit of each of the Vendor and the Purchaser and may be waived only by both of the Vendor and Purchaser on or before the Closing Date:

- (a) on or before the Closing Date, the Vesting Order shall have been obtained, the terms of the Approval & Vesting Order shall not differ materially from the form of Order at Schedule "F", and such Order shall not have been stayed, reversed or dismissed;
- (b) as of the Closing Date, no order shall have been made and no motion, action or proceeding shall be pending, threatened or commenced by any person, government, Governmental Authority, regulatory body or agency in any jurisdiction which seeks to restrain or prevent the sale of the Purchased Assets under this Agreement or seeks to restrict, prohibit or direct the Vendor not to complete the transaction contemplated by this Agreement;
- (c) as at the Closing Date, the Purchased Assets shall not have been removed from the control of the Vendor by any means or process; and
- (d) as at the Closing Date, no person shall have taken any action to redeem any of the Purchased Assets.

In the event that any of the foregoing conditions are not waived by the Vendor and the Purchaser or fulfilled as required on or before the Closing Date, then this Agreement may be terminated by the Vendor or the Purchaser in accordance with Section 6.

**ARTICLE 6
TERMINATION**

6.1 Termination by the Parties

This Agreement may be terminated upon the occurrence of any of the following:

- (b) upon the mutual written agreement of the Vendor and the Purchaser;
- (c) by the Purchaser pursuant to Section 5.1, 5.3, or 7.3;
- (d) by the Vendor pursuant to Section 5.2 or 5.3; and
- (e) by either of the Parties following April 23, 2012, unless the Closing has taken place.

6.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation, warranty, covenant or obligation of a Party, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination.

6.3 Vendor's Right to Retain Deposit

If the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, the Deposit and any other payments made by the Purchaser shall be forfeited to the Vendor on account of its liquidated damages (and not as a penalty), and the Purchased Assets may be resold and/or reassigned by the Vendor. In addition, the Purchaser shall pay to the Vendor on demand the deficiency, if any, arising upon such resale and reassignment (after deducting the expenses of resale and reassignment) together with interest and all other damages or charges occasioned by or resulting from the default by the Purchaser.

6.4 Termination If No Breach of Agreement

If this Agreement is terminated other than as a result of a breach of a representation, warranty, covenant or obligation of a Party, then:

- (a) all obligations of each of the Vendor and the Purchaser hereunder shall be at an end;
- (b) the Vendor shall return the Deposit to the Purchaser, together with any accrued interest thereon;
- (c) the Purchaser shall destroy or return to the Vendor any Confidential Information in its possession;

- (d) the Purchaser's obligations with respect to the Confidentiality Agreement shall continue; and
- (e) neither party shall have any right to specific performance, to recover damages or expenses or to any other remedy or relief other than as provided herein.

**ARTICLE 7
DAMAGE TO PURCHASED ASSETS**

7.1 Risk of Loss

The Purchased Assets shall be and remain at the risk of the Vendor, as its interests may appear, until the earlier of 12:01 a.m. on the date immediately following the Closing Date or the Closing Time. From and after such date and time, the Purchased Assets shall be at the risk of the Purchaser.

7.2 Removal of Purchased Assets from Vendor's Control

If, prior to the Closing Time, the Purchased Assets are removed from the Vendor's control by government action, civil commotion or by order of the Court, or any other cause beyond the Vendor's control, then this Agreement shall automatically be terminated in accordance with Section 6.

7.3 Purchaser's Right to Close or Terminate

If, prior to the Closing Date, the Purchased Assets are substantially damaged or destroyed by fire, flood, the elements or other casualty, then by written notice to the Vendor within seven (7) days after notification to the Purchaser by the Vendor of the occurrence of such loss or damage, the Purchaser may exercise an option to complete the transaction contemplated in this Agreement. In such event, the Purchaser shall be entitled to an assignment of the Vendor's and the right, title and interest in, and the proceeds payable under, the existing insurance policies of the Vendor for the Purchased Assets in full settlement of any obligation of the Vendor. If the Purchaser does not exercise such option within such 7 day period, then this Agreement shall be automatically terminated in accordance with Section 6.

7.4 Abatement if No Insurance

In the event that there is material damage to any of the Purchased Assets in respect of which no insurance is payable, the Vendor and the Purchaser, acting reasonably, shall agree upon a reduction in the Purchase Price to reflect such material insured damage or loss.

**ARTICLE 8
OTHER COVENANTS OF THE PARTIES; GENERAL**

8.1 No Third Party Beneficiaries

This Agreement shall be binding upon and enure solely to the benefit of each of the parties hereto and its permitted assigns and nothing in this Agreement, express or implied, is

intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Nothing in this Agreement shall be construed to create any rights or obligations except between the parties, and no person or entity shall be regarded as a third party beneficiary of this Agreement. Each of the parties agrees that all provisions of this Agreement, and all provisions of any and all documents and security delivered in connection herewith, shall not merge and except where otherwise expressly stipulated herein, survive the closing of the transactions contemplated by this Agreement.

8.2 Post-Closing Receipts

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Vendor, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Vendor or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Vendor or the Purchaser, as the case may be.

8.3 Books and Records

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of two (2) years from the Closing Date or for any longer period as may be required by any applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Vendor and, in the event the Vendor is adjudged bankrupt, any trustee of the estate of either of the Vendor and its representatives reasonable access during normal business hours, and a licence free of charge, to use the books, records and documentation included in the Purchased Assets relating up to the Closing Date, including, without limitation, any employment records of the Assumed Employees relating to the period up to the Closing Date and any Employees engaged by the Vendor at or in respect of the Purchased Assets up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

8.4 Injunctive Relief

Each of the parties hereto acknowledges and agrees that the rights acquired by each party hereunder are unique and that irreparable damage would occur in the event that any of the provisions of this Agreement to be performed by the other party were not performed in accordance with their specific terms or were otherwise breached. Accordingly, in addition to any other remedy to which the parties hereto are entitled at law or in equity, each party hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement by the other party and to enforce specifically the terms and provisions hereof in any court to which the parties have agreed hereunder submit to jurisdiction.

8.5 Confidentiality

The Purchaser acknowledges and agrees that the Purchaser has entered into and remains bound by the Confidentiality Agreement and that the terms of the Confidentiality Agreement continue to apply in respect of the transactions contemplated hereunder. From and after Closing, the Confidentiality Agreement shall be terminated and be of no further force and effect.

8.6 Survival of Representations, Warranties and Covenants

All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive the Closing, and the execution and delivery of this Agreement.

8.7 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

- (a) in the case of a notice to the Vendor at:

AZ Sponge & Foam Ltd.

811 Cundy Ave., New Westminster, BC

Attention: Mr. Jim Sprolle
Fax No.: 604-525-1081

with a copy to :

Minden Gross LLP
145 King Street West
Suite 2200
Toronto, Ontario
M5H 4G2

Attention: Timothy R. Dunn
Fax No.: (416) 864-9223

- (b) in the case of a notice to the Purchaser at:

~~#101A, 466-64 Avenue~~ Surrey, BC

Attention: Mr. Navjot Gill
Fax No.: 604-590-3681

With a copy to:

~~John Lenos Inc.~~

Attention: John Lenos
Fax No.: 604-599-6556

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or

transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

8.8 Assignment

The Purchaser may at any time assign any of its rights or obligations arising under this Agreement to any affiliate of the Purchaser; provided, however, that in the event of any such assignment, the Purchaser shall not be released from liability in respect of any assigned obligations. Subject to the foregoing, no Party may assign this Agreement or any rights or obligations arising under this Agreement without the prior written consent of the other Party.

8.9 Expenses

Each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

8.10 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

8.11 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

8.12 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

8.13 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the

reasonable costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

8.14 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

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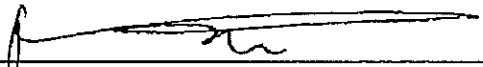
IN WITNESS OF WHICH the Parties have executed this Agreement.

A-Z SPONGE & FOAM PRODUCTS LTD.

By: _____
Name:
Title:

INSERT NAME OF PURCHASER

0932916 BC Ltd.

By:  _____
Name: Navjot Gill
Title: President

SCHEDULE "C"

AZ ASSETS

The Cambridge Facility Assets are comprised of the following:

- 1.
2. The "AZ Equipment", being:
 - (a) *TO BE PROVIDED*
3. The "AZ Inventory", being:
 - (a) *TO BE PROVIDED*
4. The "AZ Assumed Contracts", being:
 - (a) *TO BE PROVIDED*

SCHEDULE "D"
ASSUMED EMPLOYEES
TO BE PROVIDED

SCHEDULE "E"
PURCHASE PRICE ALLOCATION
TO BE PROVIDED

EXHIBIT “G”

ASSET PURCHASE AGREEMENT

Made as of the 8th day of March, 2012

Between

4037057 CANADA INC.

- and -

DOMFOAM INTERNATIONAL INC.

REDACTED

ASSET PURCHASE AGREEMENT

This Agreement is made as of the 8th day of March, 2012,

BETWEEN:

4037057 CANADA INC., a corporation existing under the laws of Canada

(hereinafter referred to as the "Purchaser")

- and -

DOMFOAM INTERNATIONAL INC., a corporation existing under the laws of Canada

(hereinafter referred to as the "Vendor")

RECITALS

- A. The Vendor carries on the Business and is willing to sell the Purchased Assets to the Purchaser;
- B. The Vendor has commenced proceedings in the Ontario Superior Court of Justice of the judicial district of Toronto (the "CCAA Court") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") pursuant to which, among other things, Deloitte has been appointed as the monitor (the "Monitor"); and
- C. The Vendor has agreed to sell and transfer and assign to the Purchaser and, subject to the issuance of the Approval Vesting Order, the Purchaser has agreed to purchase from the Vendor, subject to the conditions contained herein, all of the Vendor's interest in and to the Purchased Assets;

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each party to the other, the parties agree as follows:

Section 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "Agreement" means this asset purchase agreement;
- (b) "Allocation of Purchase Price" has the meaning set out in Section 2.12;
- (c) "Approval and Vesting Order" means an Order of the CCAA Court, in form and content satisfactory to both the Purchaser and the Vendor, acting reasonably, which approves the

Vendor entering into this Agreement and the Transactions contemplated hereunder and vesting the Purchased Assets in the Purchaser free and clear of all liens, charges, pledges, security interests and other encumbrances;

- (c.1) "Assigned Contracts" has the meaning set out in Section 2.3;
- (d) "Assumed Employees" has the meaning set out in Section 2.5;
- (e) "Assumed Obligations" has the meaning set out in Section 2.6;
- (e.1) "BASF Receivables" has the meaning set out in Section 2.9;
- (f) "Books and Records" means all books and records and the data contained therein, whether in paper or electronic form, in the possession of the Vendor relating to the Purchased Assets or the Assumed Obligations (other than accounting records and books and records required by applicable law to be retained by the Vendor, copies of which shall be provided to the Purchaser at the Vendor's cost), including all policies, plans, audit reports, all personnel, employment, payroll and training records relating to the Assumed Employees, customer lists, Customer Contracts, sales records, price lists, and all other related files, records and information in the possession of the Vendor relating to the Purchased Assets or the Assumed Obligations, but, for certainty, not including (i) such books, records and data relating to any of the Excluded Assets or the Excluded Obligations or (ii) the corporate minute books of the Vendor or any of its Subsidiaries;
- (g) "Business" means collectively the business, affairs and operations of the Vendor, which for greater certainty, excludes the Subsidiaries businesses; the Vendor is in the business of manufacturing and selling polyurethane foam in Canada and, to a minimum extent, in the United States of America, for the bedding, carpet underlay, furniture and industrial industries;
- (h) "Business Day" means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (i) "CCAA" has the meaning set out in the recitals hereof;
- (j) "CCAA Court" has the meaning set out in the recitals hereof;
- (k) "Closing" means the successful completion of the Transaction;
- (l) "Closing Date" means March 26th, 2012 or such other date as the parties may agree to in writing;
- (m) "Contracts" means the agreements as described in Schedule 1.1(m), as the same may be modified by the Purchaser from time to time pursuant to Section 2.8;
- (n) "Customer Contracts" means the Vendor's contracts, agreements, instruments and other legally binding commitments or arrangements, written or oral, concerning the provision of services by the Vendor to its customers including but not limited to those contracts listed in Schedule 1.1(n) attached hereto;
- (o) "Deposit" has the meaning set out in Section 2.11(a);

- (p) "DIP Financing" has the meaning set out in Section 5.1(n);
- (q) "Email" has the meaning set out in Section 7.4;
- (r) "Equipment" means all of the Vendor's equipment (including the Vendor's computer and computer accessories), office equipment, furniture, fixtures, furnishings and supplies of all kinds in the possession or control of the Vendor on the Closing Date, whether owned by the Vendor or in which the Vendor has an interest pursuant to an equipment operating lease or a security agreement;
- (r.1) "Equipment Operating Leases" means all operating leases of equipment or other personal property used by the Vendor as a lessee or under which the Vendor has rights as lessee and listed on Schedule 1.1(r.1) attached hereto;
- (s) "ETA" means the *Excise Tax Act* (Canada);
- (t) "Excluded Assets" has the meaning set out in Section 2.2;
- (u) "Excluded Employees" has the meaning set out in Section 2.5;
- (v) "Excluded Obligations" has the meaning set out in Section 2.7;
- (w) "Initial Order" means the Order of the CCAA Court obtained on January 12, 2012 in the CCAA Court file no. CV-12-9545-00CL;
- (x) "Intellectual Property" means the following intellectual property:
 - (i) all designs, graphics, slogans and other commercial symbols and all registrations and applications therefor;
 - (ii) all patents, patent rights (including divisions, reissues, renewals, re-examinations, continuations, continuations in part and extensions) and all applications therefor;
 - (iii) all copyrights, writings and other copyrightable works of authorship, including computer programs, databases and documentation therefor, integrated circuit topographies, industrial designs and other industrial property rights and all applications and registrations therefor and all renewals or extensions of such applications and registrations;
 - (iv) all proprietary and non-public business information, including know-how, trade secrets, improvements, concepts, ideas, technical data, drawings, specifications therefor, business methodologies and processes, confidential information and any licensed property or technology; and
 - (v) all goodwill and trademarks in whatever format, including without limitation, registered and unregistered trademarks, trade names, brand names, service marks, logos, copyrights, certification marks, drawings, permits, internet and electronic email addresses, URLs, telephone, telex and facsimile numbers, content of websites and domain names related to or connected with the business carried on by the Vendor, all related software and electronic code to the extent assignable and other similar intellectual property or intangibles of the Vendor;

- (y) "**Interim Period**" means the period between the date of acceptance of this Agreement by the Vendor and the Closing Date;
- (z) "**Leased Premises**" means the premises leased and occupied by the Vendor at:
 - (i) 8785 Langelier Blvd., (Saint-Leonard) Montreal, Québec, H1P 2C9;
 - (ii) 5675 Des Grandes-Prairies Blvd., (Saint-Leonard) Montreal, Québec, H1R 1B3;
 - (iii) 7525 Henri Bourassa East, Montreal, Québec, H1E 1N9;
- (aa) deleted;
- (bb) "**Monitor**" has the meaning set out in the Recitals;
- (cc) "**Objection Notice**" has the meaning set out in Section 2.10;
- (dd) "**Offer Date Inventory Value**" has the meaning set out in Section 2.9;
- (ee) "**Offer Date Receivable Value**" has the meaning set out in Section 2.9;
- (ff) "**Order**" means any order, directive, judgment, decree, award or writ of any tribunal;
- (gg) "**Purchase Price**" has the meaning set out in Section 2.9;
- (hh) "**Purchased Assets**" means the right, title and interest of the Vendor in and to the assets described in Schedule 1.1(hh), provided that the Purchased Assets shall not include any Excluded Assets;
- (ii) "**Purchased Inventories**" has the meaning set out in Section 2.9;
- (jj) "**Purchased Receivables**" has the meaning set out in Section 2.9;
- (kk) "**Purchased Working Capital**" has the meaning set out in Section 2.10;
- (ll) "**QSTA**" means an *Act respecting the Quebec Sales Tax*.
- (mm) *Withdrawn*;
- (nn) "**Schedules**" means any and all schedules referred to in this Agreement and attached thereto;
- (oo) "**Subsidiary(ies)**" means each of (i) Valle Foam Industries (1995) Inc. having its registered office at 4 West Drive, Brampton (Ontario) L6T 2H7, and (ii) A-Z Sponge & Foam Products Ltd. having its registered office at 811 Cundy Ave., Annacis Island, Delta (British Columbia) V3M 5P6. Those corporations being referred to individually as a "**Subsidiary**" and collectively as "**Subsidiaries**";
- (pp) "**Taxes**" has the meaning set out in Section 2.13;
- (qq) "**Tax Return**" means a report, return or other information or form required to be supplied to a governmental entity with respect to any Taxes;

- (rr) "**Time of Closing**" means 2:00 p.m. (Toronto Time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (ss) "**Transaction**" means the transaction of purchase, sale, assignment and assumption contemplated by this Agreement;
- (tt) "**Unionized Employees**" has the meaning set out in Section 2.5; and
- (uu) "**Vendor's Intellectual Property** " means all Intellectual Property used by the Vendor as at the Closing Date, including any Intellectual Property listed in Schedule 1.1(uu) attached hereto.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

[Section 1.4 follows on next page]

1.4 Schedules

The following schedules are incorporated in and form part of this Agreement:

Schedule 1.1(m)	Contracts
Schedule 1.1(o)	Customer Contracts
Schedule 1.1(r.1)	Equipment Operating Leases
Schedule 1.1(hh)	Purchased Assets
Schedule 1.1(uu)	Vendor's Intellectual Property
Schedule 2.2	Excluded Assets
Schedule 2.6	Assumed Obligations
Schedule 2.9(A)	Purchased Receivables
Schedule 2.9(B)	Purchased Inventories
Schedule 2.9(E)	Excess rebates to customers
Schedule 4.1(c)	Confidentiality Agreement
Schedule 5.1(o)	List of assets to be acquired from Valle Foam Industries (1995) Inc.

[Section 2 follows on next page]

Section 2 – SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor the Purchased Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Vendor other than the Purchased Assets. The Purchaser acknowledges and agrees that this Agreement contains a condition (not capable of waiver) that, prior to the Closing, the Vendor shall have obtained the Approval and Vesting Order, as provided in this Agreement. If the Vendor shall not have obtained the Approval and Vesting Order after making application for the same, this Agreement shall automatically terminate without any further action on the part of any of the Vendor or the Purchaser and neither party hereto shall be under any further obligation to the others to complete the Transactions and each party hereto shall be released immediately of all of its obligations hereunder, other than as set forth in Sections 6.6(b) (return of the Deposit), 4.1(c) (Confidentiality Agreement) and 7.3 (Cost and Expenses).

2.2 Excluded Assets

The Purchased Assets shall not include (i) any assets of the Vendor other than the Purchased Assets or (ii) those assets of the Vendor that are listed or described in Schedule 2.2 on the date hereof and those assets of the Vendor which are added to such Schedule 2.2 by the Purchaser during the Interim Period (collectively, the "Excluded Assets"). If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and proceeds shall be held by the Purchaser in trust for the benefit of the Vendor. Within fifteen (15) Business Days from the date on which the Purchaser, or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the Vendor and the Monitor in accordance with the provisions hereof, so advise the Vendor and the Monitor, and (b) forthwith account and deliver over to the Vendor or the Monitor any such assets or proceeds, less any reasonable costs incurred by the Purchaser in executing said obligations.

2.3 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendor and the Purchaser agree to work cooperatively and to use their commercial best efforts to obtain the consents or approvals to the assignment of the Customer Contracts and the Contracts or any other contract that the Purchaser may require to be added to Schedule 1.1(m) during the Interim Period (collectively the "Assigned Contracts"), as requested by the Purchaser acting reasonably, on terms and conditions satisfactory to the Purchaser. Except for any administration fee required to be paid to the person whose consent or approval has been requested in respect of any such Assigned Contract, the Vendor shall not be required to pay any amount or fee whatsoever in connection with the Vendor's covenant to attempt to obtain such consent or approval for such Assigned Contracts. The Purchaser agrees to supply all such information to the Vendor and the person whose consent or approval has been requested (including, without limitation, credit and financial information) as may be reasonably requested by the Vendor or the person whose consent or approval has been requested and to otherwise cooperate, acting reasonably, with the Vendor and the person whose consent or approval has been requested in connection with the foregoing. Notwithstanding any other provision of this Agreement, the failure of the Vendor or the Purchaser to have obtained any such consents or approvals requested by the Purchaser shall not entitle the Purchaser to terminate this Agreement or reduce the Purchase Price and shall not operate to release the Purchaser from any of its obligations hereunder.

To the extent the assignment of any of the Assigned Contracts assigned to the Purchaser pursuant to the provisions hereof shall require the consent or approval of any person and such consent or approval is not obtained at or prior to the Time of Closing, this Agreement shall not constitute a contract to assign such Assigned Contract if an attempted assignment would constitute a breach thereof. The Vendor shall co-operate with the Purchaser in any reasonable arrangement designed to provide the Purchaser with the benefit of such Assigned Contract including enforcement of any and all rights of the Vendor (if any) against the other party thereto arising out of any breach or cancellation thereof by such party or otherwise. Nothing contained herein shall be construed to negate or diminish, as between the Vendor and the Purchaser, the Vendor's covenants and obligations to transfer and deliver to the Purchaser the Purchased Assets as provided in this Agreement.

2.4 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling and the Purchaser is purchasing the Purchased Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and the title to the Purchased Assets as it has deemed appropriate and has satisfied itself with regard to these matters. Without limiting the generality of the foregoing, the Purchaser acknowledges that there are no representations, warranties, terms, conditions, undertakings or collateral agreements, express or implied, statutory or otherwise, with respect to the Purchased Assets or with respect to any other matter or thing whatsoever except as otherwise expressly stated herein, including as to existence, title, encumbrances, description, fitness for purpose and merchantability concerning the Purchased Assets. The description of the Purchased Assets contained in the Schedule 1.1(hh) is for the purpose of identification only. The Purchased Assets are being purchased as they exist at execution hereof and, except as provided in Section 2.10, no adjustment will be allowed to the Purchaser for any change in condition, value, or quality of the Purchased Assets.

2.5 Employees

The Vendor shall provide to the Purchaser within five (5) Business Days of the acceptance of this Agreement a list of the names of the individuals of the Vendor that are full-time, part-time or casual employees or individuals engaged on contract to provide services to the Vendor together with all recruitment agencies' employees actually working for the Vendor. The Purchaser agrees that it shall offer employment to (i) all the unionized employees employed by the Vendor (the "**Unionized Employees**") and (ii) substantially all other employees of the Vendor other than those employees or individuals that the Purchaser has identified in writing to the Vendor ("the "**Excluded Employees**"), and in any event at least 60% of the non-unionized employees, five (5) Business Days prior to the Closing Date (the "**Unionized Employees**" and such other employee or individual who accepts the Purchaser's offer, the "**Assumed Employees**"), effective as at the Time of Closing, on terms and conditions of employment as may be agreed between the Purchaser and the Assumed Employees (except in the case of the Unionized Employees whose employment terms shall be governed by the applicable collective bargaining agreement). Until the Closing Date, the Vendor shall be responsible for all wages, outstanding claims for severance prior to the Closing Date, workers compensation contributions, any amount owed under the *Pay Equity Act* (R.S.Q., chapter E-12.001) and any regulation adopted under such Act, and other remuneration and benefits as may be payable, or related, to the employees of the Vendor. It is expressly understood that the Vendor shall not be responsible for any accrued vacation which may be owing to the Assumed Employees at or before the Time of Closing. After the Closing Date, the Vendor shall remain responsible for all such amounts payable, or related to, the Excluded Employees.

2.6 Assumed Obligations

In connection with the acquisition of the Purchased Assets, the following obligations and liabilities ("**Assumed Obligations**") shall be assumed by the Purchaser as of the Time of Closing:

- (a) all obligations related to the Assumed Employees for the period beginning immediately after the Time of Closing;
- (b) all obligations and liabilities of the Vendor as of the Time of Closing under the Customer Contracts and the Contracts;
- (c) all obligations and liabilities in connection with the Purchased Assets and related to the period after the Time of Closing;
- (d) such other liabilities as the Purchaser advises the Vendor prior to the Time of Closing that the Purchaser will assume;
- (e) those obligations listed on Schedule 2.6 hereto;
- (f) all obligation related to the Assumed Employees for any outstanding accrued vacation pay outstanding as at the Time of Closing.

The Purchaser shall indemnify and hold harmless the Vendor with respect to any claim which may, from time to time, be asserted against the Vendor relating to the Assumed Obligations after the Time of Closing and from any and all costs (including all reasonable legal costs on a solicitor and its own client basis), actions, losses, claims, damages and liabilities whatsoever which the Vendor may suffer or incur by virtue of the failure of the Purchaser to pay, perform and discharge the Assumed Obligations.

2.7 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendor (the "**Excluded Obligations**").

2.8 Purchaser's Right to Exclude

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets, other than any of the Equipment, from the Transaction prior to the Closing Date, whereupon such Purchased Assets shall be Excluded Assets, provided, however, that there shall be no corresponding reduction in the Purchase Price. For greater certainty, the Purchaser shall be entitled to exclude any of the Contracts described in Schedule 1.1(m) hereto (with the exception of the collective bargaining agreement relating to the Unionized Employees) and any of the Customer Contracts described in Schedule 1.1(n) hereto.

2.9 Purchase Price

The Purchase Price for the Purchased Assets would be, calculated as described hereinafter, the aggregate amount of [REDACTED] said Purchase Price to be established as of the Closing Date (the "**Purchase Price**").

The Purchase Price is divided as follow:

- (A) Purchased Receivables: [REDACTED]
- (B) Purchased Inventories: [REDACTED]
- (C) *Withdrawn*
- (D) All other Purchased Assets: [REDACTED]
- (E) Excess rebates to customers [REDACTED]

For more clarity, the Purchase Price has been established on the following method of calculation as for the Purchased Receivables and the Purchased Inventories, and same method of calculation shall be used to establish the final amount of the Purchase Price as of the Closing Date:

(A) Purchased Receivables

As of January 31, 2012, the total amount of all the Vendor's accounts receivable (the "Purchased Receivables") is five million nine hundred ninety six thousand six hundred and ninety two dollars (\$ 5,996,692) (the "Offer Date Receivable Value"), and is detailed in Schedule 2.9(A) – Section 1.

[REDACTED]

(B) Purchased Inventories

As of January 11, 2012 (and for Chemicals (majors) and Small Chemicals, as of January 31, 2012), the total amount of all the Vendor's inventory (raw material, work in progress and finished goods inventory) (the "Purchased Inventories") is three million fifty six thousand and eleven dollars (\$3,056,011) (the "Offer Date Inventory Value") in Schedule 2.9(B) – Section 1.

[REDACTED]

(C) BASF Receivables

Withdrawn

(D) Other Purchased Assets

[REDACTED]

(E) Excess rebates to customers

[REDACTED]

[REDACTED]

2.10 Settlement of the Purchase Price

The Vendor and the Purchaser agree that the Purchase Price shall be adjusted as for the Purchased Receivables and the Purchased Inventories (collectively, the "Purchased Working Capital") as follows:

(A) Re: Accounts receivable:

[REDACTED]

(B) Re: Inventory:

[REDACTED]

On or before the fifth (5) Business Day after the Closing Date, the Vendor shall deliver to the Purchaser a statement setting forth a detailed calculation of the Purchased Working Capital as of the Closing Date, with all the relevant supporting evidence, and prepared by the Vendor with the same parameters as used for the evaluation of the Purchase Price as for the Purchased Receivables and the Purchased Inventories as detailed in Schedules 2.9(A) and 2.9(B).

The value of the Purchased Inventories shall be based on a physical inventory count and valued on a basis consistent with the Vendor's costing methodologies used for the establishment of the Offer Date Inventory Value. The physical inventory count will be jointly supervised by the Vendor, the Purchaser and the Monitor.

The Purchaser may dispute the value of the Purchased Working Capital as presented by the Vendor by notice in writing (the "Objection Notice") given to the Vendor within ten (10) Business Days after the delivery of the Vendor's statement as to the amount of the Purchased Working Capital. Such Objection Notice shall specify, in detail, the basis for the dispute and the Vendor's adjustments to the value of the Purchased Working Capital shown by the Vendor in its statement.

If the Purchaser and the Vendor cannot agree on the value of the Purchased Working Capital within five (5) Business Days after the delivery of the Objection Notice, then either the Purchaser or the Vendor may make a motion to the CCAA Court to resolve this dispute.

Forthwith after agreement as to the amount of the Purchased Working Capital or forthwith upon the decision of the CCAA Court as to the amount of the Purchased Working Capital, then, as the case may be, the Vendor shall refund to the Purchaser such portion of the Purchase Price which is equal to the amount by which the respective Purchased Working Capital values are less than the respective Offer Date Receivable Value and Offer Date Inventory Value, or alternatively, the Purchaser shall pay to the Vendor, by way of certified cheque or wire transfer, such additional amount which is equal to the amount by which the respective Purchased Working Capital values are higher than the respective Offer Date Receivable Value and Offer Date Inventory Value.

The Monitor and the Vendor agree that they shall not make a motion to the CCAA Court for distribution of any funds received by either of them under this Agreement, or otherwise distribute any such funds, unless the Purchase Price adjustments contained in this Section have been completed and the covenant contained in Section 4.2(b) has been fulfilled. However, in the event that the Purchase Price adjustments have not been settled by the date that is ninety (90) days following the Closing Date, the Monitor shall be entitled to bring a distribution motion on appropriate notice to the Purchaser and the Vendor and each of the Purchaser, the Vendor and the Monitor shall be entitled to make submissions to the CCAA Court in this regard.

2.11 Method of Payment

The Purchase Price shall be satisfied as follows:

- (a) a deposit in the amount of [REDACTED] (the "Deposit") by bank draft or certified cheque payable to the Monitor, in trust, to be held in trust by the Monitor until the Time of Closing and then credited towards the Purchase Price, or in accordance with any other provision herein;
- (b) the amount of [REDACTED] by certified cheque or wire transfer payable to the Monitor at the Time of Closing;
- (c) the amount of [REDACTED] to be paid no later than a sixty (60) days following the Closing Date; and
- (d) by the assumption of the Assumed Obligations.

The Purchaser shall have the ability to offset any portion of the Holdback against any downward adjustment of the Purchase Price per Section 2.10 herein. The Purchaser shall also have the ability to offset any portion of the Holdback against any claim made against the Purchaser from any of the Vendor's employees for any period up to the Closing Time. In such case, the Purchaser shall have the right to retain the Holdback as long as final judgments have not been rendered vis à vis such claim.

2.12 Allocation of Purchase Price

The Purchaser and the Vendor shall, acting reasonably, agree on the allocation of Purchase Price (other than for the Purchased Receivables and the Purchased Inventories) on or before the Closing Date, and they shall execute and file any Tax Returns required on the basis of such allocation.

2.13 Taxes

The Purchaser shall be liable for and shall pay any and all federal, provincial and other sales, goods and services, value added, and other transfer taxes which are properly payable by the Purchaser in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser, together with all duties, registration fees or other charges properly payable by the Purchaser upon or in connection with the conveyance or transfer of the Purchased Assets (collectively, the "Taxes").

2.14 Value Added Tax

- (a) The Purchaser shall be liable for and shall pay any Taxes which may be exigible under Part IX of the ETA;
- (b) The Vendor hereby declares that it is duly registered under Subdivision (d) of Division V of Part IX of the ETA;
- (c) The Vendor hereby declares that it is duly registered under the QSTA;
- (d) Without limiting the Purchaser's indemnity obligations under Section 2.13, the Vendor and the Purchaser will on the Closing Date jointly execute and deliver to each other an election, in the prescribed form and containing the prescribed information, pursuant to subsection 167(1) of the ETA and the corresponding provision of the QSTA so that no tax is payable under any such laws in respect of the sale and purchase of the Purchased Assets hereunder, and the Purchaser shall file any joint election in accordance with the ETA and QSTA.

2.15 Section 22 Election — Accounts Receivable

The Purchaser and the Vendor agree to elect jointly in the prescribed form under Section 22 of the *Income Tax Act* (Canada) as to the sale of the accounts receivable and other applicable Purchased Assets described in Section 22 of the *Income Tax Act* (Canada) and the corresponding provision of the statute that is the provincial equivalent thereof and to designate in such election an amount equal to the portion of the Purchase Price allocated to such assets pursuant to Section 2.12 as the consideration paid by the Purchaser therefor.

2.16 Risk of Loss

During the Interim Period, up to the Time of Closing, the Purchased Assets shall be and remain at the risk of the Vendor. If, prior to the Closing Date, all or substantially all of the Purchased Assets or any plant operated by the Vendor is destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by any governmental entity or other lawful authority, the Purchaser shall have the option, at its absolute discretion, exercisable by notice in writing given within fifteen (15) Business Days after the Purchaser receives notice in writing from the Vendor of such destruction, damage, appropriation, expropriation or seizure:

- (a) In the event of damage or destruction, to complete the Transaction subject to a reduction of the Purchase Price to be mutually agreed to by the parties;

- (b) In the event of appropriation or expropriation, to complete the Transaction without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for appropriation, expropriation or seizure shall be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid on the Closing Date shall be assigned to the Purchaser; or
- (c) In either event, to terminate this Agreement, receive a refund of the Deposit and not complete the Transaction, in which case all obligations of the Purchaser shall terminate forthwith upon the Purchaser giving notice as required herein.

[Section 3 follows on next page]

Section 3 – REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated herein and have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (e) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*; and
- (f) the Purchaser is or will be prior to Closing Date registered under Part IX of the ETA and under the QSTA.

3.2 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in completing this Agreement:

- (a) the Vendor is a corporation duly incorporated, organized and subsisting under the laws of Canada;
- (b) the Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated herein and have been duly authorized by all necessary corporate action on the part of the Vendor;
- (c) the Vendor is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter, by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;

- (d) this Agreement and all other documents contemplated hereunder to which the Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Vendor and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Vendor, as the case may be, enforceable in accordance with the terms hereof or thereof; and
- (e) the Vendor is a registrant for the purposes of Part IX of the ETA.

3.3 Survival of Representations and Warranties

The representations and warranties of the Vendor shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Purchaser (which term for the purposes of this Section 3.3 shall include the Purchaser's directors and officers) for a period of nine (9) months from the Closing Date.

The representations and warranties of the Purchaser shall survive the completion of the Transaction and shall continue in full force and effect for the benefit of the Vendor (which term for the purposes of this Section 3.3 shall include the Vendor's respective directors and officers) for a period of nine (9) months from the Closing Date.

[Section 4 follows on next page]

Section 4 – RESPECTIVE COVENANTS OF THE PARTIES

4.1 Covenants of the Purchaser

- (a) The Purchaser agrees that from and after the Time of Closing, it shall preserve the Books and Records actually received from the Vendor at the Time of Closing, and at the reasonable request of the Vendor, the Monitor or another party acting in a court-appointed capacity (such as a receiver, interim receiver, receiver and manager or bankruptcy trustee, or any of their respective authorized representative) (a "Requestor") from time to time, the Purchaser shall co-operate fully with the Requestor and make available to the Requestor in a reasonable timely fashion during normal business hours (i) such Books and Records, (ii) the premises of the Purchaser for the Requestor's review of the Books and Records, and (iii) at the Requestor's expense, the personnel of the Purchaser, in each case to the extent the Requestor reasonably consider necessary (A) to permit the Requestor to prepare and file necessary Tax Returns and any other statutory documents relating to the operation by the Vendor of its business up to the Time of Closing, (B) to properly fulfil the Vendor's obligations in bankruptcy, as the case may be, (C) for the preparation by any Requestor of any Tax Returns or in connection with any assessment, reassessment or other form of document assessing liability of the Vendor for taxes under applicable tax legislation in respect of any taxation year, (D) in connection with the restructuring proceedings, or (E) to ensure compliance by the Vendor with applicable law;
- (b) The Purchaser agrees that from and after the Time of Closing, it shall permit the Requestor to make copies, at the Requestor's expense, of the Books and Records actually received by the Purchaser from the Vendor at the Time of Closing and shall provide reasonable assistance to the Requestor, at the Requestor's expense, to prepare T4 forms and records of employment for the employees of the Vendor who accept offers of employment from the Purchaser. In the case of the Books and Records actually received from the Vendor at the Time of Closing, the Purchaser agrees to preserve same for a minimum of 6 years from the Closing Date;
- (c) Until the Time of Closing, and in the event of the termination of this Agreement without consummation of the Transaction, the Purchaser shall keep confidential any information obtained from the Vendor in accordance with the confidentiality agreement executed between S.P. Holdings or Nominee and the Vendor on November 25, 2011 (the "Confidentiality Agreement") and attached hereto as Schedule 4.1(c) as if the Purchaser was a party thereto, and the Purchaser hereby agrees in favour of the Vendor to be bound by the terms of such confidentiality agreement as if it were an original signatory thereto. If this Agreement is terminated without consummation of the Transaction contemplated, promptly after termination, all documents, work papers and other written material obtained in connection with this Agreement and not made public (including all copies), shall be returned to the Vendor.

4.2 Covenants of the Vendor

- (a) The Vendor shall allow the Purchaser to have reasonable access to the Vendor's management team, on a daily basis, and the Vendor's management team shall answer Purchaser's questions about the operation of the Business, the management of the Business and the decisions to be taken by the Vendor's management team during the Interim Period;

- (b) The Vendor shall provide the Purchaser, within fifteen (15) Business Days following the Closing Date, confirmation that all wages, outstanding claims for severance prior to the Closing Date, workers compensation contribution, any amount owed under the *Pay Equity Act* (R.S.Q., chapter E-12.001) and any regulation adopted under such Act, and other remuneration and benefits as may be payable, or related, to the employees of the Vendor, immediately before the Closing Date, have been paid up to and including the Closing Date. The Vendor shall not terminate any employees during the Interim Period without cause. The Vendor shall give 48 hours notice to the Purchaser of any termination with cause of an employee during the Interim Period.
- (c) The Vendor shall use its best efforts to obtain such releases as may be required by the Purchaser, acting reasonably, regarding the termination of management employees, a list of which shall be provided by the Purchaser no later than ten (10) Business Days prior to the Closing Date; and
- (d) The Vendor agrees that during the Interim Period, it shall continue to conduct its Business in the ordinary course and, without limiting the generality of the foregoing, continue to serve its customers on a daily and normal basis without interruption, purchase inventory to satisfy the needs of the Business and deliver the finished goods on the timely manner as done in the past year.

[Section 5 follows on next page]

Section 5 – CONDITIONS

5.1 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed by the Vendor or prior to the Time of Closing:

- (a) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) deleted;
- (c) *Withdrawn*;
- (d) the Vendor shall not be bankrupt as at the Time of Closing;
- (e) the obtaining of the Approval and Vesting Order to the entire satisfaction of the Purchaser;
- (f) the Vendor shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (g) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction;
- (h) *Withdrawn*;
- (i) the Vendor shall not have transferred any inventory or equipment to any of its Subsidiaries, shall not have assigned any of its Contracts to its Subsidiaries or have sold to its Subsidiaries any of the Purchased Assets without having obtained from the Purchaser a prior written approval of said transaction which the Purchaser may refuse at its complete discretion;
- (j) *Withdrawn*;
- (k) the Vendor shall have paid all rent due under the Lease for the period from January 12, 2012 up to and throughout the Interim Period;
- (l) the Vendor shall have filed, before the Closing Date, articles of amendment to change its corporate name "Domfoam International Inc." to a numbered corporation, and shall have sought an order of the Court authorizing the change of name required herein if such Order is determined to be necessary by the Purchaser, and shall provide to the Purchaser, at the Time of Closing, (a) with a copy of the certificate of amendment evidencing said change and (b) a written authorization for the Purchaser to use said corporate name and any derivative of it;
- (m) deleted;
- (n) *Withdrawn*;
- (o) In the event that any or all of the assets of Valle Foam Industries (1995) Inc., listed in Schedule 5.1(o) are not, as at the Closing Date, subject to an agreement of purchase and sale and otherwise remain the assets of Valle Foam Industries (1995) Inc., the Vendor

shall have acquired said assets from Valle Foam Industries (1995) Inc., prior to the Closing Date, which assets will therefore form part of the Purchased Assets. The inclusion or exclusion of the assets on Schedule 5.1(o) will not adjust the Purchase Price payable hereunder by the Purchaser; and

- (p) the obtaining on or before the date which is fifteen (15) Business Days from acceptance of this Agreement by the Vendor of a commitment letter from the actual general manager of the Vendor (John C. Howard) on the terms and conditions of a three (3) year employment agreement with the Purchaser.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any such condition (except 5.1(e)) may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

5.2 Conditions – Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of the Vendor. Any such condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

5.3 Mutual Conditions

The obligations of the Vendor on the one hand, and the Purchaser on the other hand are subject to the conditions that:

- (a) the Approval and Vesting Order shall have been made by the CCAA Court on or before the 28th day of March, 2012 (or such later date as the parties may agree to, acting reasonably); and
- (b) the Approval and Vesting Order shall not have been stayed, varied or vacated, and no order shall have been issued which restrains or prohibits the completion of the Transaction.

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

5.4 Actions to Satisfy Closing conditions

Each of the parties agrees to diligently take all actions as are within its power to control, and to use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with the conditions set forth in sections 5.1, 5.2 and 5.3 and, generally, the conditions set forth in this Agreement.

5.5 Non-Satisfaction of Conditions

If any condition set out in this Section 5 is not satisfied or performed on or prior the Closing Date, or at any date provided for herein, then the Vendor or the Purchaser, depending whose benefit the condition is inserted, may:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) choose to give the other party an additional delay for said condition to be satisfied or performed; or
- (c) elect on written notice to the other party to terminate this Agreement before Closing.

[Section 6 follows on next page]

Section 6 – CLOSING

6.1 Closing

The completion of the Transaction shall take place on the Closing Date at the Time of Closing at a location to be determined by the mutual agreement of the parties in writing or at such other time as otherwise determined by mutual agreement of the parties in writing.

6.2 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute and deliver to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment of the portion of the Purchase Price payable at the Time of Closing;
- (b) payment or evidence of payment of applicable federal and provincial Taxes or alternatively, appropriate exemption certificates, as required by this Agreement;
- (c) general conveyance and assumption of liabilities agreement pursuant to Subsection 2.6 duly executed by the Purchaser, in form and substance mutually satisfactory to the Vendor and the Purchaser;
- (d) the Allocation of Purchase Price pursuant to Section 2.12;
- (e) an assignment or assignments of Intellectual Property agreements, in form and substance mutually satisfactory to the Vendor and the Purchaser, duly executed by the Purchaser;
- (f) an assignment or assignments of Customer Contracts and Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendor, duly executed by the Purchaser;
- (g) an assignment of leases for the Leased Premises, in form and substance mutually satisfactory to the Vendor and the Purchaser, duly executed by the Purchaser;
- (h) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (i) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (j) such further and other documentation as is referred in this Agreement or as the Vendor may reasonably require to give effect to this Agreement including pursuant to Sections 2.2, 2.6 and 2.8.

6.3 Vendor's Deliveries on Closing

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale pursuant to which the Vendor shall assign, sell, transfer and convey all of its right, title and interest in and to its Purchased Assets, in form and substance mutually satisfactory to the Vendor and the Purchaser, duly executed by the Vendor;
- (b) an assignment or assignments of Intellectual Property agreements, in form and substance mutually satisfactory to the Vendor and the Purchaser, duly executed by the Vendor;
- (c) an assignment of leases for the Leased Premises, in form and substance mutually satisfactory to the Vendor and the Purchaser, duly executed by the Vendor;
- (d) an assignment or assignments of Customer Contracts and Contracts, in form and substance mutually satisfactory to the Purchaser and the Vendor, duly executed by the Vendor;
- (e) the Approval and Vesting Order in form and substance satisfactory to the Purchaser, acting reasonably;
- (f) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (g) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 5.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement which shall be prepared by the Purchaser at its sole expense and in form and substance satisfactory to the Vendor, acting reasonably.

6.4 Possession of Assets

The Vendor shall remain in possession of the Purchased Assets until the Time of Closing. On Closing, the Purchaser shall take possession of the Purchased Assets which shall be located in the Leased Premises. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 6.2.

6.5 Access to Assets

deleted

6.6 Termination

If either the Vendor on the one hand, or the Purchaser on the other hand, validly terminates this Agreement pursuant to the provisions of Sections 5.5, or 2.16,

- (a) all the obligations of the Vendor and Purchaser pursuant to this Agreement shall terminate;
- (b) the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder returned immediately with any interest earned thereon, as the case may be, but without deduction provided; and
- (c) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

6.7 [Break Fee] *Withdrawn*

[Section 7 follows on next page]

Section 7 – GENERAL

7.1 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, promptly take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

7.2 Obligations to Survive

Notwithstanding the completion of the transactions contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations, covenants, representations and warranties of the parties hereto shall survive such completion and shall remain in full force and effect and shall not merge as a result thereof.

7.3 Costs and Expenses

Each party hereto shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants and other advisors) incurred by it in connection with this Agreement and the transactions contemplated herein.

7.4 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax or electronic mail (“Email”), addressed to:

in the case of the Purchaser, as follows:

4037057 CANADA INC.
8600 Decarie Blvd. Suite 200
Mont-Royal, QC
H4P 2N2

Attention: Terry Pomerantz
Telephone No.: (514) 341-8600
Fax No.: (514) 340-1389
Email: tpomerantz@trasmgmt.com

With a copy to:

Lamarre Perron Lambert Vincent g.p.
480 Saint-Laurent Blvd. Suite 200
Montreal, QC
H2Y 3Y7

Attention: Jacques Vincent
Telephone No.: (514) 798-0990
Fax No.: (514) 798-5599
Email: j.vincent@plv.com

and in the case of the Vendor, as follows:

DOMFOAM INTERNATIONAL INC.
8785, boul. Langelier
Montréal, QC
H1P 2C9

Attention: Tony Vallecoccia
Telephone No.: (514) 325-8120
Fax No.: (514) 325-6477
Email: tvallecoccia@vallefoam.com

with a copy to:

Minden Gross LLP
145 King Street West
Suite 2100
Toronto, ON
M5H 4G2

Attention: Raymond M. Slattery
Telephone No.: (416) 369-4149
Fax No.: (416) 864-9223
Email: rslattery@mindengross.com

and to:

the Monitor

DELOITTE & TOUCHE INC.
181 Bay Street
Suite 1400
Toronto, ON
M5J 2V1

Attention: Robert J. Bougie
Telephone No.: (416) 601-4509
Fax No.: (416) 601-6690
Email: rbougie@deloitte.ca

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West
Suite 3200
Toronto, ON, M5K 1K7

Attention: Grant B. Moffat
Telephone No.: (416) 304-0599
Fax No.: (416) 304-1313
Email: gmoffat@tgf.ca

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax or Email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax or Email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

7.5 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

7.6 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

7.7 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.8 Third Party Beneficiaries

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

7.9 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

7.10 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

7.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Quebec. Notwithstanding the foregoing, the parties acknowledge that the Approval and Vesting Order will be sought before the Ontario Superior Court in Toronto and that any disputes related thereto as it relates to court approval or the current *Companies' Creditors Arrangement Act* proceedings of the Vendor shall be determined by the said Ontario Court. The parties acknowledge that any disputes related to the interpretation of this Agreement (including but not limited to its interpretation or its execution) shall be sought before the Quebec Superior Court in Montreal.

7.12 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

7.13 Commission – No Broker

The Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction. It is understood and agreed that no broker, agent or other intermediary has acted for the Vendor in connection with the sale of the Purchased Assets and the Purchaser shall not be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Vendor.

7.14 Assignment

Except as hereinafter provided, no party may assign this Agreement without the prior written consent of the other parties, which consent may not be unreasonably withheld or delayed. This Agreement enures to the benefit of and binds the parties and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns. Notwithstanding the foregoing, this Agreement shall be assignable by the Purchaser if the assignee is a “related entity” to the Purchaser within the meaning of that expression under the *Income Tax Act* (Canada). In the event of such assignment, the Purchaser shall remain liable to the Vendor in respect of its obligations hereunder.

7.15 Counterparts

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by facsimile or by Email of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement by facsimile or by Email shall forthwith deliver an originally executed copy to the other party or parties.

7.16 Language

The parties acknowledge that they have requested and are satisfied that the foregoing be drawn up in English. Les parties reconnaissent qu'elles ont exigé que ce qui précède soit rédigé en anglais et s'en déclarent satisfaites.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

The Vendor shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:

LPLV
c/o: Mtre. Jacques Vincent
Fax: (514) 798-5599
Email: j.vincent@lplv.com

by no later than 3:00 pm, on March 9, 2012, after which time this Agreement shall be considered null and void as to the Purchaser.

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on March 8, 2012 at 5:30 p.m.

4037057 CANADA INC.

By: _____

Name: Terry Pomerantz

Title: President

I have authority to bind the Purchaser.

IN WITNESS WHEREOF the Vendor has duly executed this Agreement on March 7, 2012 at Blainville, Qc

DOMFOAM INTERNATIONAL INC.

By: _____

Name: ANTONIO VALECCO CIA

Title: CEO

I have authority to bind the Vendor.

The Vendor shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:

LPLV
c/o: Mtre. Jacques Vincent
Fax: (514) 798-5599
Email: j.vincent@lplv.com

by no later than 3:00 pm, on March 9, 2012, after which time this Agreement shall be considered null and void as to the Purchaser.

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on March 8, 2012 at 5:30 p.m.

4037057 CANADA INC.

By: _____

Name: Terry Pomerantz

Title: President

I have authority to bind the Purchaser.

IN WITNESS WHEREOF the Vendor has duly executed this Agreement on March ____, 2012 at ____:____.

DOMFOAM INTERNATIONAL INC.

By: _____

Name:

Title:

I have authority to bind the Vendor.

Schedule 1.1(m)

Contracts

1. Subject to Section 2.3, the following Contracts shall form part of the Purchased Assets:
 - 1.1. All lease agreements in relation with the Leased Premises;
 - 1.2. Collective bargaining agreement with the Unionized Employees for the period of 2009-2014 (Teamsters Québec, Local 1999);
 - 1.3. All Equipment Operating Leases, to the extent that the Purchaser wishes to avail itself thereof and are not part of the Excluded Assets;
 - 1.4. Exclusive agreement for the Canadian use of specific chemical and formula for Gel Visco;
 - 1.5. All contractual arrangements with the suppliers to the extent that the Purchaser wishes to avail itself thereof;
 - 1.6. The annual Microsoft maintenance contract with PYA Solutions Inc.;
 - 1.7. Microsoft (Navision) Licence agreement;
 - 1.8. Insurance policy re: Property and Liability;
 - 1.9. Insurance policy re: 2002 Ford;
 - 1.10. Coface (receivables);
 - 1.11. Insurance policy re: Directors and Officers liability;
 - 1.12. CN non freight – leases for tracks; and
 - 1.13. Canadiens hockey tickets.

Schedule I.I(ii)

Customer Contracts

1. Subject to Section 2.3, the following Customer Contracts shall form part of the Purchased Assets:
 - 1.1. Customer bearing number #U11771 in the Books and Records;
 - 1.2. Customer bearing number #11682 in the Books and Records;
 - 1.3. Customer bearing number #10005 in the Books and Records;
 - 1.4. Customer bearing number #10072 in the Books and Records;
 - 1.5. Customer bearing number #U12129 in the Books and Records;
 - 1.6. Customer bearing number #10020 in the Books and Records;
 - 1.7. Customer bearing number #10244 in the Books and Records;
 - 1.8. Customer bearing number #11665 in the Books and Records;
 - 1.9. Customer bearing number #11924 in the Books and Records;
 - 1.10. Customer bearing number #11164 in the Books and Records;
 - 1.11. Customer bearing number #10413 in the Books and Records;
 - 1.12. Customer bearing number #10585 in the Books and Records;
 - 1.13. Customer bearing number #U12164 in the Books and Records;
 - 1.14. Customer bearing number #11209 in the Books and Records;
 - 1.15. Customer bearing number #11982 in the Books and Records;
 - 1.16. Customer bearing number #U11429 in the Books and Records;
 - 1.17. Customer bearing number #11177 in the Books and Records;
 - 1.18. Customer bearing number #11268 in the Books and Records;
 - 1.19. Customer bearing number #11848 in the Books and Records;
 - 1.20. Customer bearing number #00202 in the Books and Records;

DOMFOAM INTERNATIONAL INC.
 LEASE COMMITMENTS WORKSHEET
 Dec. 31, 2011
 (for fiscal year ended Apr. 30th)

Lease No.	Description of Property	Lease Expiry M/M/YYYY	2011 Current Yr. Expenses	Minimum Future Lease Commitments					2017 Balance
				2012 1st Year	2013 2nd Year	2014 3rd Year	2015 4th Year	2016 5th Year	
Ryder	332467 1FUJA6CK97LY49529	05/2013	21,204	21,204	1,767	-	-	-	-
Ryder	332468 1FUJA6CK57LY49530	05/2013	21,204	21,204	1,767	-	-	-	-
Ryder	332469 1FUJA6CK77LY49531	05/2013	21,204	21,204	1,767	-	-	-	-
Ryder	329316 1FUJA6CK37LY49526	11/2013	20,964	20,964	12,220	-	-	-	-
Ryder	329317 1FUJA6CK57LY49527	11/2013	20,148	20,148	11,753	-	-	-	-
Ryder	329318 1FUJA6CK77LY49528	11/2013	20,148	20,148	11,753	-	-	-	-
Ryder	336256 1HTSCAAMPXHP27868	11/2013	20,148	20,148	11,753	-	-	-	-
Ryder	336257 1FUJA6CK97LY61325	11/2013	20,148	20,148	11,753	-	-	-	-
Ryder	336256 1FUJA6CK77LY61324	11/2013	20,148	20,148	11,753	-	-	-	-
Ryder	325651 1FUJA6CK87LY48523	05/2012	26,952	26,952	-	-	-	-	-
Ryder	325652 1FUJA6CKX7LY49524	05/2012	26,952	26,952	-	-	-	-	-
Ryder	324854 1FUJA6CK47LY49521	05/2013	24,780	24,780	2,065	-	-	-	-
Ryder	324855 1FUJA6CK67LY49522	05/2013	24,780	24,780	2,065	-	-	-	-
Hewlett	13423 Rental # A4EC380620	09/2014	14,220	14,220	14,220	5,925	-	-	-
Hewlett	13424 Rental # A3EC380443	09/2014	14,220	14,220	14,220	5,925	-	-	-
Hewlett	13422 Rental # A3EC380225	09/2014	14,220	14,220	14,220	5,925	-	-	-
Tri Source	344371-21272 Rental # A4EC380738	09/2016	12,900	1,176	1,176	1,176	1,176	1,176	490
Toshiba	2550814 Water dispenser Plant	09/2016	-	1,512	1,512	1,512	1,512	1,512	504
Toshiba	344371-205533 Main Photocopier	11/2016	-	9,085	9,912	8,912	9,912	9,912	5,782
Toshiba	344371-205455 Plant & Sales Photocopier	11/2016	-	8,582	9,144	9,144	9,144	9,144	5,334
	TOTALS		344,840	303,772	144,829	39,519	21,744	21,744	12,110

PREPARED BY: LS DATE: 2011-07-11

REVIEWED BY: DATE:

Schedule 1.1(hh)

Purchased Assets

1. All assets, undertakings and properties of the Vendor of every nature and kind whatsoever, and wherever situated, including without limitation the following:
 - 1.1. The Purchased Receivables;
 - 1.2. The Purchased Inventories;
 - 1.3. All goods other than goods listed in section 1.2 hereinabove that are held for sale, lease or rental (whether such goods are saleable, obsolete or damaged) in relation to the Business carried on by the Vendor including, materials and supplies;
 - 1.4. The Contracts;
 - 1.5. The Customer Contracts;
 - 1.6. The Equipment;
 - 1.7. The Vendor's Intellectual Property;
 - 1.8. All customer lists and lists of prospective customers and marketing and sales materials and databases not already included in the Vendor's Intellectual Property;
 - 1.9. All corporate names used by the Vendor;
 - 1.10. All rights, title and interest in orders on hand and other contractual arrangements with the customers to the extent that they can be assigned and that the Purchaser wishes to avail itself thereof;
 - 1.11. All the benefit of all unfulfilled orders received by and in favour of the Vendor;
 - 1.12. All other tangible and intangible assets and property used in connection with the Business;
 - 1.13. The exclusive right of the Purchaser to represent itself as carrying on such business in continuation of and in succession to the Vendor;
 - 1.14. All Books and Records;
 - 1.15. All plans, sketches and other documents related to (i) the operations of the Business and (ii) the customers of the Vendor;
 - 1.16. all other property, assets and rights, real or personal, tangible or intangible, owned by the Vendor or to which they are entitled to but excluding the Excluded Assets;

- 1.17. All R & D receivables, income tax receivables, tax refunds, deposit and deposit letters;
- 1.18. All the prepaid amounts related to:
 - 1.18.1. Insurance - Property and Liability
 - 1.18.2. Insurance - 2002 Ford
 - 1.18.3. Coface (receivables)
 - 1.18.4. Directors and Officers liability
 - 1.18.5. All the taxes (municipal, business and school) for all the Leased Premises.
 - 1.18.6. CN non freight - tracts
 - 1.18.7. Canadiens hockey tickets
 - 1.18.8. Microsoft (Navision Licence)
- 1.19. The season tickets from Club de Hockey Canadien for the seats 104-J, #13 and #14 together with all the rights attached to said season tickets and any renewal thereof;
- 1.20. All the Equipment Operating Leases that the Purchaser wishes to avail itself thereof and not specifically an Excluded Assets as per Schedule 2.2 attached to this Agreement; and
- 1.21. The assets described in Schedule 5.1(o) of this Agreement.

Schedule 1.1 (uu)
Vendor's Intellectual Property

Canadian Trademarks

*See document attached
Total of three (3) pages*

US Trademarks

*See document attached
Total of one (1) page*

CANADIAN REGISTERED TRADEMARKS: DOMIFOAM

Trademark	Registration or application number	date of application ("A") or registration ("B")	Name of the current owner or applicant	Expiry date	Name of the agent	Status
1 SPRINGFLEX FOAM	1531270	A: 2011-06-10	Domifoam International Inc.		N/A	formalized on 2010-06-15
2 CONTOUR-MATIC	LMC641555	R: 2005-06-02	Domifoam International Inc.	2020-05-07	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
3 VILLA	LMC203073	R: 1974-11-08	Domifoam International Inc.	2019-11-08	Sikeman Elliott LLP	renewed on 2004-11-08
4 CUPDLE FOAM	LMC570986	R: 2002-11-20	Domifoam International Inc.	2017-11-20	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
5 VEIVAFDAM	LMC722311	R: 1982-08-27	Domifoam International Inc.	2012-08-27	Sikeman Elliott LLP	renewed on 1997-08-27
6 ComyGel	LMC521917	R: 2004-10-26	Domifoam International Inc.	2019-10-26	N/A	registered
7 SPECTRUM	LMC288288	R: 1984-02-24	Domifoam International Inc.	2014-02-24	Sikeman Elliott LLP	renewed on 1999-02-24
8 INSULGARD	LMC271131	R: 1982-07-16	Domifoam International Inc.	2012-07-16	Sikeman Elliott LLP	renewed on 1997-07-16
9 CELCOR	LMC292308	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Sikeman Elliott LLP	renewed on 1999-06-22
10 PRO-BOND	LMC205857	R: 1975-03-14	Domifoam International Inc.	2020-03-14	Sikeman Elliott LLP	renewed on 2005-03-14
11 DOMIFOAM	LMC145585	R: 1956-05-30	Domifoam International Inc.	2025-05-30	Sikeman Elliott LLP	renewed on 2011-05-30
12 CODGE	LMC208958	R: 1975-03-14	Domifoam International Inc.	2020-03-14	Sikeman Elliott LLP	renewed on 2005-03-14
13 CHATEAU	LMC202908	R: 1974-11-01	Domifoam International Inc.	2019-11-01	Sikeman Elliott LLP	renewed on 2004-11-01
14 RoyalGel	LMC624909	R: 2004-11-08	Domifoam International Inc.	2019-11-08	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
15 EXCALBUR	LMC289023	R: 1984-03-16	Domifoam International Inc.	2014-03-16	Sikeman Elliott LLP	renewed on 1999-03-16
16 BIVIERA	LMC202509	R: 1974-11-01	Domifoam International Inc.	2019-11-01	Sikeman Elliott LLP	renewed on 2004-11-01
17 PERMA-BOND	LMC180813	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Sikeman Elliott LLP	renewed on 2001-12-24
18 SnyGel-Pedic	LMC544665	R: 2005-07-19	Domifoam International Inc.	2020-07-19	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
19 VELTEX	LMC75284	R: 1982-12-31	Domifoam International Inc.	2012-12-31	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
20 FREEDOM FOAM	LMC729834	R: 2008-12-01	Domifoam International Inc.	2023-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
21 BLOT LUSH	LMC729995	R: 2008-12-01	Domifoam International Inc.	2023-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
22 Hug-A-Pedic	LMC667748	R: 2008-06-06	Domifoam International Inc.	2021-06-06	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
23 NORTHERN TREASURE	LMC583221	R: 2004-04-25	Domifoam International Inc.	2020-04-25	Sikeman Elliott LLP	registered
24 LA COLLECTION ZODIAC	LMC294245	R: 1984-08-17	Domifoam International Inc.	2014-08-17	Sikeman Elliott LLP	renewed on 1999-08-17
25 WUNDER-BOND	LMC180310	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Sikeman Elliott LLP	renewed on 2001-12-24
26 BONDIX	LMC198857	R: 1985-02-11	Domifoam International Inc.	2015-02-11	Sikeman Elliott LLP	renewed on 2000-02-11
27 QUANTUM	LMC292311	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Sikeman Elliott LLP	renewed on 1999-06-22
28 MAGNUM	LMC265857	R: 1982-02-26	Domifoam International Inc.	2027-02-26	Sikeman Elliott LLP	renewed on 2012-02-26
29 VISCO-MAGIC Memory Fo	LMC688655	R: 2007-05-31	Domifoam International Inc.	2022-05-31	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
30 Cuddle-Pedic	LMC644418	R: 2005-07-14	Domifoam International Inc.	2020-07-14	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
31 ZODIAC COLLECTION	LMC190646	R: 1984-05-11	Domifoam International Inc.	2024-05-11	Sikeman Elliott LLP	renewed on 1999-05-11

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CANADIAN CANCELLED OR ABANDONED TRADEMARKS: DOMFOAM

	Trademark	Registration or application number	date of A or R	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1	DOMFOAM MAPLE LEAF & DESIGN	LMC375554	R: 1990-11-09	Domfoam International Inc.	2005-07-05	Stikeman Elliott LLP
2	VISCOPELUSH	1460194	A: 2009-11-19	Domfoam International Inc.	2010-12-17	Jim Sprybe, A-Z Springs & Foam Products Ltd.
3	SECURIFOAM & DESIGN	852300	A: 1998-12-20	Domfoam International Inc.	2001-01-10	Stikeman Elliott LLP
4	NIMBUS	495427	A: 1982-11-26	Domfoam Inc.	1983-01-28	Seal, Shapostnick
5	PROTECT-A-RUG	LMC377017	R: 1974-07-23	Domfoam Inc.	1985-06-10	Seal, Shapostnick
6	STRATUS	495428	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapostnick
7	FLAREX	LMC205782	R: 1975-03-07	Domfoam Inc.	1990-04-27	Seal, Shapostnick
8	CFC & DESIGN	LMC203884	R: 1974-12-05	Domfoam International Inc.	2005-07-21	Stikeman Elliott LLP
9	HABITAT	500121	A: 1983-03-11	Domfoam Inc.	1986-08-22	Seal, Shapostnick
10	UROCELL HK	LMC203776	R: 1974-12-06	Domfoam International Inc.	2005-07-21	Stikeman Elliott LLP
11	Domfoam & design	LMC375553	R: 1990-11-09	Domfoam International Inc.	2006-07-05	Stikeman Elliott LLP
12	SUNRISE	LMC264104	R: 1984-11-06	Domfoam International Inc.	1997-07-08	Stikeman Elliott LLP
13	ALTO-CUMULUS	495425	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapostnick
14	CUMULUS	495425	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapostnick
15	EVER-BOND	LMC184974	R: 1972-08-18	Domfoam Inc.	1987-10-02	Seal, Shapostnick
16	VISCOAIRE	1204369	A: 2004-01-22	Domfoam International Inc.	2005-02-14	N/A
17	FlexCel	1198594	A: 2003-12-02	Domfoam International Inc.	2005-03-08	Jim Sprybe, A-Z Springs & Foam Products Ltd.
18	PINK PANTHER	LMC216726	R: 1979-10-19	Domfoam Inc.	1990-09-16	Seal, Shapostnick
19	GIRBUS	495429	A: 1982-11-26	Domfoam Inc.	1984-01-06	Seal, Shapostnick

CANADIAN SEARCH OF TRADEMARKS: DOMFIAM

Trademark	Application number	date	Name of the applicant	Status
GELFEX	1518007	2011-09-07	Domfiam International Inc.	Notice of approval sent on 2011-10-31

US REGISTERED TRADEMARK : DOMFOAM

Trademark	Serial number	Registration date	Name of the current owner or applicant	Expiry date	Name of the agent	Status
1. NORTHERN TREASURE	78508999	2005-12-13	Domfoam International Inc.	2015-12-13	Lawrence H. Meier	registered

US CANCELLED TRADEMARK : DOMFOAM

Trademark	Serial number	date of application	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1. CUDDLE FOAM	78219889	2003-02-27	Domfoam International Inc.	2004-02-11	N/A
2. SECURIFOAM & DESIGN	75311511	1997-06-19	Domfoam International Inc.	2000-10-12	Jess M. Collen

Schedule 2.2

Excluded Assets

-
1. The Purchaser acknowledges and agrees that the following assets shall be considered excluded of the Transaction:
 - 1.1. The accounts payable, except as otherwise provided in this Agreement;
 - 1.2. The tax losses, except as otherwise provided in this Agreement;
 - 1.3. The cash on hand or on deposit with banks or other depositaries;
 - 1.4. The debts due to the Vendor from any shareholder, director, officer or employee of the Vendor or any other person who does not deal at arm's length with the Vendor;
 - 1.5. The following Equipment Operating Leases:
 - 1.5.1. Ryder - Lease No. 332467 - 1FUJA6CK97LY49529
 - 1.5.2. Ryder - Lease No. 332468 - 1FUJA6CK57LY49530
 - 1.5.3. Ryder - Lease No. 332469 - 1FUJA6CK77LY49531
 - 1.5.4. Ryder - Lease No. 329316 - 1FUJA6CK37LY49526
 - 1.5.5. Ryder - Lease No. 329317 - 1FUJA6CK57LY49527
 - 1.5.6. Ryder - Lease No. 329318 - 1FUJA6CK77LY49528
 - 1.5.7. Ryder - Lease No. 336256 - 1HTSCAAMXXH227668
 - 1.5.8. Ryder - Lease No. 336257 - 1FUJA6CK97LY61325
 - 1.5.9. Ryder - Lease No. 336256 - 1FUJA6CK77LY61324
 - 1.5.10. Ryder - Lease No. 325581 - 1FUJA6CK87LY49523
 - 1.5.11. Ryder - Lease No. 325582 - 1FUJA6CKX7LY49524
 - 1.5.12. Ryder - Lease No. 324854 - 1FUJA6CK47LY49521
 - 1.5.13. Ryder - Lease No. 324855 - 1FUJA6CK67LY49522
 - 1.5.14. Toshiba - Lease No. 344371-205533 - Main photocopier
 - 1.5.15. Toshiba - Lease No. 344371-205455 - Plant & Sales Photocopier
 - 1.6. The shares issued and outstanding of the capital of "VALLE FOAM INDUSTRIES (1995) INC." registered in the name of the Purchaser; and
 - 1.7. The shares issued and outstanding of the capital of "A-Z SPONGE & FOAM PRODUCTS LTD." registered in the name of the Purchaser.

Schedule 2.6

Assumed Obligations

1. The obligation of the Vendor under the Contracts as of the Time of Closing; and
2. The obligation of the Vendor under the Customer Contracts as of the Time of Closing;

Schedule 2.9(A)

Purchased Receivables

Section 1

List of Purchased Receivables as of January 31, 2012.

*See document attached
Total of four (4) pages*

Section 2

Calculation of the Purchase Price attributed to the Purchased Receivables.

*See document attached
Total of fourteen (14) pages.*

SCHEDULE 2.9(A)
SECTION 1

DOMFOAM INTERNATIONAL LIMITED
Aged Accounts Receivable as of 01-31-2012

Customer No.	Balance Due	Current	31-60 Days	61-90 Days	Over 90 Days
00157	704.58	704.58	-	-	-
00202	25,631.17	25,431.85	199.32	-	-
00291	5,362.49	1,032.48	3,320.06	1,009.95	-
00308	4,316.16	4,316.16	-	-	-
00316	1,952.01	1,736.65	215.36	-	-
10005	511,571.37	303,779.87	180,349.98	27,441.52	-
10020	128,444.89	128,444.89	-	-	-
10024	2,028.58	-	2,028.58	-	-
10052	7,668.75	6,949.67	719.08	-	-
10072	528,925.52	258,533.73	155,454.72	114,937.07	-
10080	41,326.70	41,326.70	-	-	-
10120	1,158.95	1,158.95	-	-	-
10136	17,679.48	17,679.48	-	-	-
10145	5,746.68	3,072.41	2,674.27	-	-
10222	1,004.61	1,004.61	-	-	-
10244	101,343.87	101,343.87	-	-	-
10273	16,318.86	13,356.08	2,962.78	-	-
10305	6,438.19	3,402.81	2,141.95	893.43	-
10331	2,254.11	2,254.11	-	-	-
10351	3,754.38	-	3,754.38	-	-
10358	29,970.58	11,593.52	10,024.90	8,412.16	-
10371	32,216.28	19,133.32	1,056.44	11,342.99	683.53
10378	7,105.73	1,598.57	1,859.97	-	3,647.19
10379	3,680.61	3,680.61	-	-	-
10384	45,107.85	27,771.01	16,306.37	1,030.47	-
10385	10,927.29	10,927.29	-	-	-
10387	7,615.54	-	1,173.56	410.29	6,031.69
10413	153,635.36	42,935.08	19,370.39	55,168.67	36,161.22
10426	3,529.98	3,529.98	-	-	-
10465	833.89	833.89	-	-	-
10494	32,749.54	32,749.54	-	-	-
10502	11,893.25	3,266.84	1,087.18	3,549.67	3,989.56
10509	1,729.11	1,729.11	-	-	-
10510	18,715.15	18,715.15	-	-	-
10521	2,826.31	2,826.31	-	-	-
10545	28,034.38	28,034.38	-	-	-
10547	15,568.17	5,498.67	10,069.50	-	-
10551	74,572.24	74,572.24	-	-	-
10570	6,278.42	6,278.42	-	-	-
10585	221,166.00	55,233.52	32,888.35	65,818.84	67,225.29
10595	344.24	344.24	-	-	-
10737	1,249.53	1,249.53	-	-	-

Customer No.	Balance Due	Current	31-60 Days	61-90 Days	Over 90 Days
10785	6,075.15	6,075.15	-	-	-
10848	3,937.95	-	1,580.27	2,357.68	-
10864	284.40	284.40	-	-	-
11049	9,484.48	6,739.35	2,745.13	-	-
11150	3,850.31	-	3,850.31	-	-
11155	2,615.92	2,615.92	-	-	-
11164	48,779.05	51,488.31	(2,709.26)	-	-
11177	89,437.38	30,746.66	25,400.93	24,863.69	8,426.10
11197	626.81	626.81	-	-	-
11209	29,097.79	29,097.79	-	-	-
11210	1,778.75	1,115.72	663.03	-	-
11268	36,681.28	36,681.28	-	-	-
11272	672.18	1,034.89	(362.71)	-	-
11276	15,524.84	-	15,524.84	-	-
11289	16,671.06	5,017.77	5,249.62	4,461.72	1,941.95
11399	80,315.23	6,706.11	9,359.14	7,755.01	56,494.97
11415	11,174.61	9,312.23	1,862.38	-	-
11421	15,293.34	905.43	8,702.70	5,685.18	-
11457	26,525.81	26,525.81	-	-	-
11558	3,646.51	3,121.23	525.28	-	-
11577	5,027.53	4,979.82	-	-	47.71
11580	442.19	442.19	-	-	-
11627	1.80	1.80	-	-	-
11665	387,973.57	138,756.63	112,323.23	117,018.61	19,875.10
11676	42,927.94	19,314.91	17,404.97	6,208.06	-
11682	254,229.37	253,895.10	-	334.27	-
11684	5,358.46	5,758.76	(400.30)	-	-
11714	8,989.08	8,715.63	353.56	-	(81.11)
11760	885.20	-	885.20	-	-
11779	10,301.45	10,301.45	-	-	-
11811	18,946.71	18,946.71	-	-	-
11828	4,191.55	4,191.55	-	-	-
11833	1,682.72	1,098.94	-	583.78	-
11844	5,903.05	5,903.05	-	-	-
11848	93,242.34	24,928.53	30,248.93	22,139.94	15,924.94
11859	6,694.80	6,694.80	-	-	-
11871	1,171.60	1,171.60	-	-	-
11914	36,917.36	23,905.21	9,420.51	3,591.64	-
11924	231,421.59	30,900.74	31,178.08	73,739.94	95,602.83
11927	42,533.30	25,496.59	17,036.71	-	-
11948	3,133.52	3,133.52	-	-	-
11974	(11.50)	(11.50)	-	-	-
11976	23,398.27	11,558.30	11,839.97	-	-
11979	29,254.14	27,397.56	1,856.58	-	-
11982	42,209.54	42,500.44	-	(290.90)	-

Customer No.	Balance Due	Current	31-60 Days	61-90 Days	Over 90 Days
12021	6,359.25	5,618.26	740.99	-	-
12101	965.55	-	965.55	-	-
12102	71,175.61	27,028.49	13,870.53	30,276.59	-
12104	40,670.61	20,573.97	20,181.29	(84.65)	-
12122	(32.80)	(32.80)	-	-	-
12140	17,913.60	17,913.60	-	-	-
12146	20,962.95	4,908.38	5,781.24	5,890.81	4,382.52
12158	17,823.38	17,823.38	-	-	-
12230	6,506.76	4,144.61	2,362.15	-	-
12242	9,119.76	8,420.15	699.61	-	-
12253	5,080.77	1,217.35	3,863.42	-	-
12256	17,887.78	17,887.78	-	-	-
12270	4,819.79	-	4,819.79	-	-
12277	2,346.65	1,225.63	747.35	373.67	-
12282	5,362.13	5,338.88	-	23.25	-
12290	2,002.76	2,002.76	-	-	-
12291	596.03	596.03	-	-	-
12296	29,232.85	384.08	15,929.32	10,499.91	2,425.54
12298	59,795.77	25,619.87	14,419.36	17,458.72	2,297.82
12301	13,668.05	9,923.90	3,744.15	-	-
12303	1,184.25	1,184.25	-	-	-
12308	12,344.90	12,344.90	-	-	-
12314	2,330.86	1,275.30	1,055.56	-	-
12326	916.76	524.35	392.41	-	-
12330	4,543.77	-	-	1,005.11	3,538.66
12331	23,556.06	7,529.09	6,507.75	8,366.47	1,152.75
12334	3,620.86	3,620.86	-	-	-
12341	1,179.80	1,179.80	-	-	-
12343	28,957.45	19,659.45	9,079.05	209.90	9.05
12353	1,131.12	1,131.12	-	-	-
12355	4,681.06	4,681.06	-	-	-
12357	11,881.35	1,573.48	-	2,016.81	8,291.06
12358	1,294.39	1,294.39	-	-	-
12367	9,722.17	9,722.17	-	-	-
12373	5.00	5.00	-	-	-
12380	1,454.04	1,454.04	-	-	-
12390	3,304.57	3,304.57	-	-	-
U11429	15,044.90	15,044.90	-	-	-
U11771	1,079,755.37	556,732.35	358,231.67	164,791.35	-
U12129	544,154.40	168,733.64	160,191.76	178,981.57	36,247.43
U12164	75,413.54	20,979.01	53,559.58	874.95	-
U12171	8,393.63	7,170.44	1,223.19	-	-
U12180	3,884.22	190.10	3,694.12	-	-
U12183	236.00	-	-	236.00	-
U12184	12,578.70	12,578.70	-	-	-

Customer No.	Balance Due	Current	31-60 Days	61-90 Days	Over 90 Days
U12187	12,428.10	12,428.10	-	-	-
U12188	17,757.90	17,757.90	-	-	-
Total	5,998,691.62	3,208,741.60	1,434,256.08	979,378.14	374,315.80

AGED ACCOUNTS RECEIVABLE
DOMPOAN INTERNATIONAL INC.

Dated: Jan 31, 2018

SCHEDULE 2.9(A)
SECTION 2

CDN	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
1457 VENTREZ PRODUITS	60 \$	25 000.00 \$	704.58 \$				704.58	
202 BUGATTI DESIGN INC.	60 \$	25 000.00 \$	25 431.85 \$	169.92 \$			25 601.77	
231 DINE ART INC.	60 \$	15 000.00 \$	1 092.48 \$	9 920.05 \$	1 009.95 \$		5 852.48	
306 POSTECH INNOVATION INC.	30 \$	7 000.00 \$	4 316.16 \$				4 316.16	
318 LIND FURNITURE (CANADA) LT.	60 \$	825 000.00 \$	1 755.65 \$	215.35 \$			1 972.01	
10020 LBC CANADA INC.	60 \$	850 000.00 \$	128 444.66 \$				128 444.66	
10024 AIRWAY SURSICAL APPLICAN	60 \$	5 000.00 \$		2 028.58 \$			2 028.58	
10052 ALPHAVIC INC.	60 \$	30 000.00 \$	6 949.67 \$	718.03 \$			7 667.70	
10072 KRAUS CANADA INC (FO)	45 \$	975 000.00 \$	258 833.73 \$	158 454.72 \$	116 937.07 \$		628 925.52	
10080 QUALITY RUGS OF CANADA LI	30 \$	725 000.00 \$	41 326.70 \$				41 326.70	
10120 BEAVER CARPET LITEE	30 \$	25 000.00 \$	1 158.95 \$				1 158.95	
10155 BOBLEN INC.	60 \$	50 000.00 \$	17 679.48 \$				17 679.48	
10148 MATELAS BOURCQ ENRG.	60 \$	50 000.00 \$	5 072.41 \$	2 674.27 \$			7 746.68	
10222 MATELAS CONDOR ENRG.	60 \$	25 000.00 \$	1 004.61 \$				1 004.61	
10244 MATELAS DAUPHIN INC.	30 \$	175 000.00 \$	101 943.97 \$				101 943.97	
10273 DOUBLETEX INC.	30 \$	175 000.00 \$	18 965.08 \$	2 962.78 \$			21 927.86	
10305 BENNETT FLEET (QUEBEC) IN	60 \$	175 000.00 \$	2 402.81 \$	2 141.95 \$	856.43 \$		6 486.19	
10331 MATELAS THERAPEPIC	60 \$	40 000.00 \$	2 254.11 \$				2 254.11	
10351 IDEALCHEST INC.	60 \$	5 000.00 \$		3 764.38 \$			3 764.38	
10358 COURT 1 SPORTS INC	60 \$	30 000.00 \$	11 593.82 \$	10 024.90 \$	8 412.16 \$		29 970.88	
10378 LITERIE LAVAL	45 \$	10 000.00 \$	1 599.87 \$	1 859.07 \$		3 847.18	7 105.73	
10379 MATELAS LAVIQUETTE INC.	60 \$	50 000.00 \$	3 690.61 \$				3 690.61	
10384 TEXTILES LETOURNEAU	45 \$	75 500.00 \$	27 771.01 \$				27 771.01	
10385 MATELAS LION D'OR INC.	20 \$	75 000.00 \$	10 927.29 \$	16 906.87 \$	1 090.47 \$		45 107.95	
10426 CANADEL	20 \$	35 000.00 \$	3 829.99 \$				3 829.99	
10465 COUPONS PARENT INC.	60 \$	6 000.00 \$	693.89 \$				693.89	
10494 REMBOURAGE A.N.P.	60 \$	50 000.00 \$	32 749.54 \$				32 749.54	
10502 LITERIE PROVINCIALE LITEE	60 \$	50 000.00 \$	3 268.64 \$				3 268.64	
10508 AMEUBLEMENT RENAISSANC	60 \$	15 000.00 \$	1 729.11 \$	1 087.46 \$	3 549.67 \$		11 693.25	
10510 MATELAS PERE INC.	30 \$	50 000.00 \$	18 715.15 \$				18 715.15	
10581 REME LOUIS ROUSSEAU INC.	60 \$	15 000.00 \$	2 826.31 \$				2 826.31	
10645 SEAWAY PLASTICS LITEE	60 \$	60 000.00 \$	28 034.38 \$				28 034.38	
10547 SEBY CORR. DU CANADA	60 \$	35 000.00 \$	5 698.67 \$				5 698.67	
10570 SPORT MASKA INC.	30 \$	20 000.00 \$	6 276.62 \$	10 068.50 \$			16 345.12	
10595 TRANS-CANADA INDUSTRIES	90 \$	8 000.00 \$	344.24 \$				344.24	
10737 FUTON 7TH HEAVEN UTOPIA I	15 \$	5 000.00 \$	1 546.53 \$				1 546.53	
10785 GROUPE GIBO INC.	60 \$	50 000.00 \$	5 075.16 \$				5 075.16	
10848 PRINCESS	60 \$	50 000.00 \$		1 580.27 \$	2 357.68 \$		3 937.95	
10864 2 D TEXTILES ENRG.	40 \$	4 000.00 \$	284.40 \$				284.40	
11049 LITERIE SEDUCTION INC	30 \$	40 000.00 \$	6 739.83 \$	2 745.33 \$			9 485.16	
11150 PROFOM INC.	60 \$	15 000.00 \$	5 890.31 \$				5 890.31	
11155 JARDIN DE VILLE INC.	60 \$	27 000.00 \$	2 816.52 \$				2 816.52	
11157 MSCM INC.	70 \$	2 000.00 \$	666.91 \$				666.91	
11200 REMI CARRIER INC.	45 \$	100 600.00 \$	29 097.79 \$				29 097.79	
11210 PROGVAL INC.	60 \$	25 000.00 \$	1 115.72 \$	683.03 \$			1 798.75	
11268 ROULLARD INC.	60 \$	85 000.00 \$	35 681.28 \$				35 681.28	
11272 INTER CONFORT	60 \$	25 000.00 \$	1 034.65 \$				1 034.65	
11276 STEERS GROUP LIMITED	20 \$	60 000.00 \$		15 624.84 \$			15 624.84	
11289 MATELAS SIESTA	75 \$	85 000.00 \$	5 017.77 \$	5 249.62 \$	4 461.72 \$		16 671.05	
11415 ROCKLAND TEXTILES INC.	60 \$	30 000.00 \$	9 312.23 \$	1 862.38 \$			11 174.61	
11457 MATELAS PRESTIGE	15 \$	75 000.00 \$	26 525.81 \$				26 525.81	
11558 QUATRO TECHNOLOGIES INC.	45 \$	10 000.00 \$	3 121.33 \$				3 121.33	
11577 ARTOPLEX PLUS INC.	30 \$	35 000.00 \$	4 978.82 \$				4 978.82	
11660 FUTON DESIGN	60 \$	20 000.00 \$	442.18 \$			4 771	5 214.06	

Company Name	Account	60	90	120	150	180	210	240	270	300	360	Total
11627 PRO TAC INDUSTRIES INC.		\$ 3,000.00										\$ 3,000.00
11676 LITBIE DORMATEX INC.		\$ 50,000.00										\$ 50,000.00
11689 FOUMSTAR CANADA INC		\$ 10,000.00										\$ 10,000.00
11714 TRICA		\$ 75,000.00										\$ 75,000.00
11760 VERANDA JARDIN INC		\$ 2,000.00										\$ 2,000.00
11779 MANUFACTURE DE MATELAS		\$ 30,000.00										\$ 30,000.00
11811 BRONJAN DISTRIBUTORS LTD.		\$ 25,000.00										\$ 25,000.00
11828 COMFORT FOAM & FIBRE		\$ 50,000.00										\$ 50,000.00
11833 MAYELAS SELECT		\$ 25,000.00										\$ 25,000.00
11844 PEL INTERNATIONAL LITEE		\$ 45,000.00										\$ 45,000.00
11846 INDUSTPAC INC.		\$ 100,000.00										\$ 100,000.00
11859 WESTBROOK FLOORING INC		\$ 7,000.00										\$ 7,000.00
11871 MILLENAIRE WILLIAM INC.		\$ 30,000.00										\$ 30,000.00
11914 EXOEL RSVQ MOUSSE FOAMH		\$ 60,000.00										\$ 60,000.00
11927 MEUBLES BEAUJULE INC.		\$ 95,000.00										\$ 95,000.00
11974 STELITEC INC.		\$ 10,000.00										\$ 10,000.00
11976 MATELAS ORTHOPEDIQUE		\$ 7,000.00										\$ 7,000.00
11979 BELPRO MEDICAL INC		\$ 60,000.00										\$ 60,000.00
11982 DIAMOND DIVERSIFIED IND. I		\$ 35,000.00										\$ 35,000.00
12021 SEARS CANADA INC.		\$ 75,000.00										\$ 75,000.00
12101 CRE-O-PACK INTERNATIONAL		\$ 45,000.00										\$ 45,000.00
12104 AD MATS CORPORATION		\$ 65,000.00										\$ 65,000.00
12122 ATLANTIC FABRICS LIMITED		\$ 40,000.00										\$ 40,000.00
12140 DOWNEAST PLASTICS LTD.		\$ 20,000.00										\$ 20,000.00
12146 MATELAS BEAU REVE INC		\$ 50,000.00										\$ 50,000.00
12150 REMBOURAGE J A MARTINE		\$ 60,000.00										\$ 60,000.00
12150 BARRY SUPPLIES & FABRIC I		\$ 80,000.00										\$ 80,000.00
12250 WESCO NA INC		\$ 175,000.00										\$ 175,000.00
12242 SPORT SYSTEMS CANADA IN		\$ 40,000.00										\$ 40,000.00
12253 BEAULIEU CANADA		\$ 10,000.00										\$ 10,000.00
12258 TEC INNOVATIONS		\$ 175,000.00										\$ 175,000.00
12270 COUTURE CARLYLE INC. CW		\$ 30,000.00										\$ 30,000.00
12277 DOMINION LIFTING SERVICE		\$ 15,000.00										\$ 15,000.00
12282 VICLINE ZOOB INC.		\$ 50,000.00										\$ 50,000.00
12280 LOGIFLEX MOB DE BUREAU		\$ 20,000.00										\$ 20,000.00
12291 PAKTEX INC.		\$ 5,000.00										\$ 5,000.00
12296 PAVAR FURNITURE INC.		\$ 25,000.00										\$ 25,000.00
12298 S. ROMANO INC.		\$ 60,000.00										\$ 60,000.00
12303 WES INDUSTRIES INC.		\$ 60,000.00										\$ 60,000.00
12308 PYRA MEDIC INC. (N)		\$ 6,000.00										\$ 6,000.00
12314 GROUPE SM PELLETER		\$ 20,000.00										\$ 20,000.00
12325 HASWELL EMBALLAGE W NL		\$ 70,000.00										\$ 70,000.00
12330 GREAT TECH INC. 80690744 QUE		\$ 7,900.00										\$ 7,900.00
12331 ORTREX CANADA ENR W		\$ 25,000.00										\$ 25,000.00
12334 SHOLA INC		\$ 16,000.00										\$ 16,000.00
12341 REVOLUTION SANTE 9198445		\$ 5,000.00										\$ 5,000.00
12343 JAYMAR ENR		\$ 75,000.00										\$ 75,000.00
12353 EQUIPMENT SANITAIRE GHER		\$ 10,000.00										\$ 10,000.00
12355 ADI ART DESIGN INTERNATIO		\$ 30,000.00										\$ 30,000.00
12357 VALENTINO INC W		\$ 1,573.43										\$ 1,573.43
12358 LINEA P. INTERNATIONAL INC		\$ 1,234.39										\$ 1,234.39
12373 CONFORT EXCELFLEX INC		\$ 10,000.00										\$ 10,000.00
12373 PFR FOAM SOLUTION INC.		\$ 10,000.00										\$ 10,000.00
12390 DISTRIBUTION SECURI-SPOR		\$ 15,000.00										\$ 15,000.00
12397 CONQUEST CARPET CORP.		\$ 3,304.37										\$ 3,304.37

SUB TOTAL CDN

S	6,790,500.00	S	1,951,121.06	S	420,847.54	S	2,214,638.67	S	47,567.64	S	2,033,974.91
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AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

Date: Jan. 31, 2012

1005 ELRAN	15 \$	300 000,00 \$	803 779,87 \$	180 349,96 \$	27 441,52 \$	889,53 \$	611 671,37 \$	350 000,00
10371 SYLCO INC.	75 \$	50 000,00 \$	19 103,32 \$	1 056,44 \$	11 342,89 \$	6 031,59 \$	32 216,28 \$	50 000,00
10387 LITERIE DRUMMOND LTEE	60 \$	30 000,00 \$	\$	1 172,56 \$	410,29 \$	\$	7 815,54 \$	14 000,00
10551 GESCO LTD PARTNERSHIP	30 \$	800 000,00 \$	74 572,24 \$	\$	\$	\$	74 572,24 \$	20 000,00
11184 D & R FOAM	60 \$	175 000,00 \$	51 488,61 \$	(2 709,26) \$	\$	\$	48 779,05 \$	75 000,00
11399 SIEGES DUCHARME INTERNA	75 \$	150 000,00 \$	6 709,11 \$	9 359,14 \$	7 755,01 \$	56 494,97 \$	80 315,23 \$	75 000,00
11421 LES MEUBLES VANTAGE 1000	60 \$	38 000,00 \$	905,43 \$	870,70 \$	5 685,10 \$	\$	16 293,31 \$	25 000,00
11924 MATELAS D'OR 5053-2884-0C	75 \$	200 000,00 \$	30 960,74 \$	31 170,08 \$	73 739,94 \$	85 002,83 \$	231 421,59 \$	200 000,00
12301 L. DAVIS TEXTILES (1987) INC	45 \$	25 000,00 \$	9 823,60 \$	3 744,15 \$	\$	\$	13 668,05 \$	35 000,00
SUB TOTAL CDN Insured		\$ 1 773 000,00	497 409,92	282 854,79	126 374,93	459 813,02	1 015 452,60	844 000,00
10613 MATELAS MARTIN	90 \$	375 000,00 \$	42 865,04 \$	19 370,38 \$	55 168,67 \$	59 161,22 \$	153 635,26 \$	80 000,00
10585 SUDAR	90 \$	225 000,00 \$	55 253,52 \$	32 380,35 \$	65 818,84 \$	47 228,29 \$	227 166,00 \$	75 000,00
11177 TISSUS MORICO INC.	90 \$	150 000,00 \$	30 746,68 \$	25 400,93 \$	24 883,69 \$	9 426,10 \$	88 437,98 \$	100 000,00
11665 BOZANTO INC.	90 \$	400 000,00 \$	138 756,63 \$	112 323,23 \$	117 018,61 \$	19 875,10 \$	387 973,57 \$	25 000,00
SUB TOTAL CDN Insured Net 90		\$ 1 250 000,00	267 671,69	189 982,80	282 869,81	131 697,71	852 212,91	280 000,00
SUB TOTAL GANNA COUNT								
TOTAL GROSS			2 116 202,87	843 485,23	503 693,41	338 099,27	3 901 693,99	

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AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
U11771 JEFECO FIBRES INC.	45 \$	2,030,325.00 \$	556,732.85 \$	359,231.67 \$	164,791.05 \$	- \$	1,079,755.57 \$
U12164 OTIS BED MANUFACTURING C	60 \$	408,655.00 \$	20,979.01 \$	53,559.50 \$	874.05 \$	- \$	76,413.56 \$
U12171 FRANKLIN AUGUST TRADING	30 \$	7,889.00 \$	7,170.44 \$	1,223.19 \$	- \$	- \$	8,393.63 \$
U12163 FOAM FACTORY INC.	60 \$	9,892.00 \$	- \$	- \$	235.00 \$	- \$	235.00 \$
U12164 GREAT NORTHERN ASSOCIAT	60 \$	69,172.00 \$	12,578.70 \$	- \$	- \$	- \$	12,578.70 \$
U12187 QUINN DISTRIBUTORS	30 \$	49,910.00 \$	12,428.70 \$	- \$	- \$	- \$	12,428.70 \$
U12188 KRAUS USA INC.	45 \$	73,554.00 \$	17,757.90 \$	- \$	- \$	- \$	17,757.90 \$
U12180 LATEX INTERNATIONAL	30 \$	10,030.00 \$	190.70 \$	3,694.12 \$	- \$	- \$	3,884.82 \$
SUB-TOTAL USD		\$ 2,045,787.00 \$	\$ 27,836.90 \$	\$ 418,708.58 \$	\$ 155,902.30 \$	- \$	\$ 1,210,447.68 \$
U11429 NRP DISTRIBUTORS INC.	30 \$	255,410.00 \$	15,044.90 \$	- \$	- \$	- \$	15,044.90 \$
SUB-TOTAL USD Insured		\$ 255,410.00 \$	\$ 15,044.90 \$	- \$	- \$	- \$	\$ 15,044.90 \$
U12129 WCW INC.	90 \$	1,090,871.00 \$	108,733.84 \$	160,191.78 \$	178,991.87 \$	36,247.43 \$	544,154.40 \$
SUB-TOTAL USD Insured Net 90		\$ 1,090,871.00 \$	\$ 108,733.84 \$	\$ 160,191.75 \$	\$ 178,881.57 \$	\$ 36,247.43 \$	\$ 544,154.40 \$
SUB-TOTAL CANADA COUNT							
TOTAL GROSS			\$ 811,616.14 \$	\$ 576,900.32 \$	\$ 344,883.87 \$	\$ 36,247.43 \$	\$ 1,769,646.76 \$

Insurante

NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
60 \$	25,000.00					(14,505.00)
60 \$	25,000.00	(14,808.66)	(199.32)			
60 \$	15,000.00					
60 \$	7,000.00					
60 \$	825,000.00					
60 \$	350,000.00	(24,268.08)				
60 \$	5,000.00					
60 \$	80,000.00					
45 \$	975,000.00		(12,892.92)	(114,937.67)		(127,799.59)
60 \$	725,000.00					
30 \$	25,000.00	(1,159.95)				(1,159.95)
60 \$	25,000.00					
30 \$	175,000.00					
60 \$	40,000.00			162.69		162.69
60 \$	5,000.00					
60 \$	30,000.00					
45 \$	10,000.00					
60 \$	50,000.00					
45 \$	75,000.00	(1,403.14)				(1,403.14)
60 \$	75,000.00		(6,108.61)	(1,039.47)		(7,189.28)
20 \$	35,000.00					
60 \$	50,000.00					
60 \$	50,000.00					
60 \$	150,000.00					
60 \$	50,000.00					
60 \$	15,000.00	(4,601.00)				(4,601.00)
60 \$	60,000.00					
60 \$	35,000.00					
60 \$	20,000.00					
60 \$	5,000.00					
15 \$	5,000.00					
60 \$	50,000.00					
60 \$	45,000.00					
60 \$	4,000.00					
30 \$	40,000.00					
60 \$	15,000.00					
60 \$	27,000.00	(2,615.92)				(2,615.92)
20 \$	2,000.00					
45 \$	100,000.00	(16,268.75)				(16,268.75)
60 \$	25,000.00					
60 \$	85,000.00					
60 \$	25,000.00					
30 \$	50,000.00					
75 \$	35,000.00					
60 \$	30,000.00				(1,541.95)	(1,541.95)
15 \$	7,000.00					
46 \$	10,000.00					
30 \$	35,000.00					
60 \$	25,000.00					
60 \$	25,000.00					
60 \$	35,000.00					
60 \$	35,000.00					
60 \$	35,000.00					

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Révisé

AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012.

11627 PRO TAC INDUSTRIES INC.	60 \$	3 000,00			
11675 LITERIE DORMATEX INC.	60 \$	50 000,00			
11684 FUJISATA CANADA INC.	75 \$	10 000,00			
11714 TRICA	60 \$	75 000,00			
11760 VERANDAJARDIN INC	30 \$	2 000,00			
11778 MANUFACTURE DE MATELAS	31 \$	30 000,00			
11811 BRULAIN DISTRIBUTORS LTD.	45 \$	50 000,00			
11828 COMFORT FOAM & FIBRE	60 \$	25 000,00			
11838 MATELASSELEOT	30 \$	45 000,00			
11844 PEL INTERNATIONAL LITEE	75 \$	100 000,00			
11848 INDUSTPAQ INC.	31 \$	35 000,00			
11859 WESTBORO FLOORING INC.	30 \$	20 000,00			
11871 MILLENAIRE WILLIAM INC.	60 \$	60 000,00			
11914 EXCEL-RSVC-MOLIESE FOAM I	60 \$	85 000,00			
11927 MEUBLES BELSILE INC.	30 \$	10 000,00			
11948 MEUBLES TONALI INC.	30 \$	7 000,00			
11974-STYLTEC INC.	60 \$	50 000,00			
11978 MATELAS ORTHOPEDIQUE	30 \$	35 000,00			
11979 BELPRO MEDICAL INC	30 \$	75 000,00			
11992 DIAMOND DIVERSIFIED IND.L	60 \$	45 000,00			
12021 SEARS CANADA INC.	60 \$	15 000,00			
12101 CRE O PAK INTERNATIONAL	75 \$	55 000,00			
12104 AD MATS CORPORATION	75 \$	40 000,00			
12122 ATLANTIC FASRICS LIMITED	60 \$	20 000,00			
12140 DOWNEAST PLASTICS LTD.	60 \$	20 000,00			
12146 MATELAS BEAU REVE INC.	60 \$	30 000,00			
12160 REMBOURRAGE J A MARTINE	75 \$	175 000,00			
12188 BARRY SUPPLIES & FABRIE J	60 \$	40 000,00			
12230 WESCO NA INC.	60 \$	10 000,00			
12242 SPORT SYSTEMS CANADA IN	30 \$	175 000,00			
12259 BEAUJEU CANADA.	30 \$	30 000,00			
12266 TEC INNOVATIONS	75 \$	7 500,00			
12270 OCCURE CARLYLE INC. GW	45 \$	50 000,00			
12277 DOMINION CUTTING SERVICE	30 \$	20 000,00			
12282 VIGLINE 2008 INC.	30 \$	5 000,00			
12290 LOGIFLEX MOB DE BUREAU	60 \$	25 000,00			
12281 PAKTEK INC.	60 \$	60 000,00			
12286 PAVAR FURNITURE INC.	30 \$	5 000,00			
12298 S. ROMANO INC.	60 \$	60 000,00			
12308 WESS INDUSTRIES INC.	30 \$	6 000,00			
12308 PYRA MEDIC INC. (W)	60 \$	20 000,00			
12314 GROUPE SM PELLETIER	60 \$	10 000,00			
12326 HARWELL EMBALLAGE VNL	60 \$	7 500,00			
12330 CREATECH INC. 9080744 QUE	60 \$	25 000,00			
12331 ORTHIEX CANADA ENR W	60 \$	15 000,00			
12334 SHOLA INC.	30 \$	7 000,00			
12341 REVOLUTION SANTE 9198445	30 \$	75 000,00			
12343 JAYMAR BROS	60 \$	10 000,00			
12353 EQUIPMENT SANITARECHER	60 \$	10 000,00			
12355 ADLART DESIGN INTERNATIO	60 \$	30 000,00			
12357 VALETRNO INC W	60 \$	20 000,00			
12358 LINEA P. INTERNATIONAL INC	30 \$	10 000,00			
12367 COMFORT EXCEL FLEX INC	45 \$	10 000,00			
12373 PRD FOAM SOLUTION INC.	45 \$	15 000,00			
12380 DISTRIBUTION SECURI-SPOR					
12390 CONQUEST CARPET CORP.					

(5 903,05) (11 128,04) (6 559,25) (3 822,25) (3 606,89) (4 682,93)

(5 903,05) (11 128,04) (6 559,25) (3 822,25) (3 606,89) (4 682,93)

\$ 9 790 500,00 \$ (115 269,52) \$ (60 230,59) \$ (122 356,27) \$ (1 941,95) \$ (289 820,73)

SUB TOTAL CDN

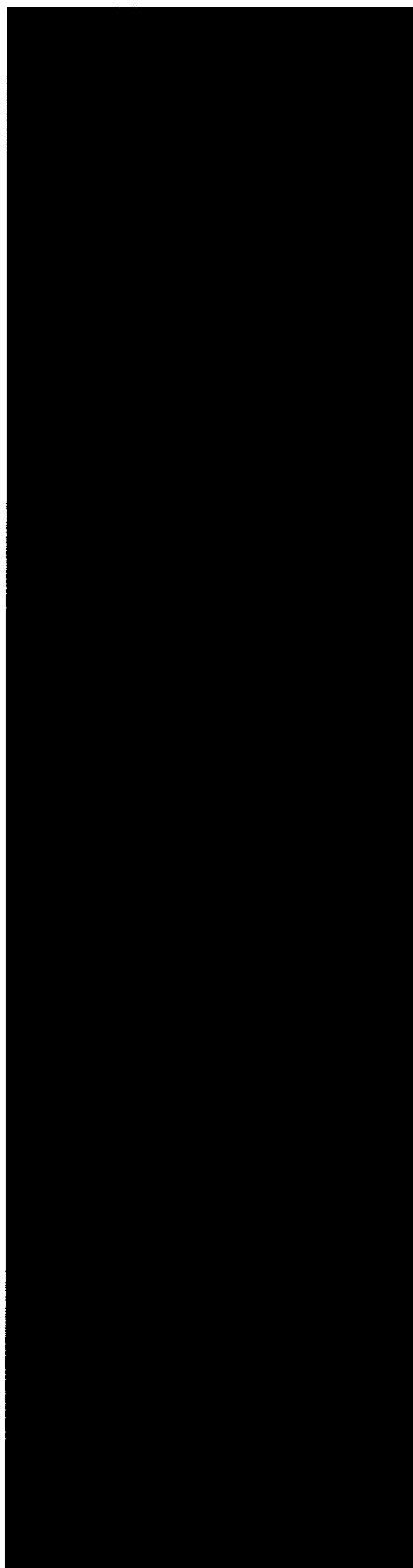
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P&Bates

AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

10006 ELRAM	15 \$	500 000.00	\$	(143,702.06)	\$	(27,441.52)	\$	(171,143.56)	\$	350,000.00
10371 SYLCO INC.	75 \$	55 000.00	\$						\$	50,000.00
10987 LIBERIE PRU/MOND LITEE	60 \$	20 000.00	\$						\$	14,000.00
10551 GESCO LTD PARTNERSHIP	30 \$	600 000.00	\$	(13,833.96)				(18,833.96)	\$	20,000.00
11184 D & R FOAM	60 \$	175 000.00	\$	(48,892.73)				(48,892.73)	\$	75,000.00
11280 SIEGES D'ICHARME INTERNA	75 \$	150 000.00	\$						\$	75,000.00
11421 LES MEUBLES VANTAGE 1000	60 \$	88 000.00	\$						\$	25,000.00
11924 MATELAS D'OR 5053-9834 00	75 \$	200 000.00	\$						\$	200,000.00
12301 L. DAVIS TEXTILES (1991) INC	75 \$	25 000.00	\$						\$	25,000.00
SUB TOTAL CON insured		\$ 1,773,000.00	\$	(67,855.69)	\$	(27,441.52)	\$	(17,760.30)	\$	844,000.00
10413 MATELAS MARTIN	90 \$	375 000.00	\$						\$	10,000.00
10505 SUBAR	90 \$	325 000.00	\$						\$	75,000.00
10177 TISSUS MORICCO INC.	03 \$	150 000.00	\$						\$	100,000.00
11065 BOZANTO IND.	50 \$	400 000.00	\$						\$	25,000.00
SUB TOTAL CON insured Not 90		\$ 1,250,000.00	\$	-	\$	-	\$	(10,577.79)	\$	260,000.00
SUB TOTAL GANNA COUNT		\$	\$	(193,933.05)	\$	(7,497,990.79)	\$	(30,280.00)	\$	(555,950.05)
TOTAL GROSS		\$	\$	(182,955.21)	\$	(30,280.00)	\$	(555,950.05)		



Rebates

AGED ACCOUNTS RECEIVABLE
DOWFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	
USD								
U11771 JEFFCO FIBRES INC	45 \$	2,030,325.00						
U12164 OTIS BED MANUFACTURING C	60 \$	465,065.00						
U12171 FRANKLIN AUGUST TRADING	30 \$	7,089.00						
U12193 FOAM FACTORY INC.	60 \$	9,862.00						
U12184 GREAT NORTHERN ASSOCIAT	60 \$	59,172.00						
U12187 QUINN DISTRIBUTORS	30 \$	49,310.00						
U12188 KRAUS USA INC.	45 \$	73,564.00						
U12180 LATEX INTERNATIONAL	30 \$	10,000.00						
SUB TOTAL USD	\$	2,645,787.00	\$	(260,018.00)	\$	(164,791.35)	\$	(444,809.35)
U11429 NRF DISTRIBUTORS INC.	30 \$	258,410.00	(3,825.04)					
SUB TOTAL USD Insured	\$	258,410.00	(3,825.04)					
U12128 WICW INC.	90 \$	1,360,671.00						
SUB TOTAL USD Insured Net 90	\$	1,360,671.00						
SUB TOTAL GAINA COUNT								
TOTAL GROSS	\$	(3,625.04)	\$	(260,018.00)	\$	(164,791.35)	\$	(448,435.39)

AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
157 VEM REZ PRODUCTS	60	25,000.00	704.58				704.58	
202 BUGATTI DESIGN INC	60	25,000.00	10,823.17				10,823.17	
281 GINE ART INC.	60	15,000.00	1,032.46	3,320.06	1,089.55		5,442.07	
308 POSITTECH INNOVATION INC.	60	7,000.00	4,316.16				4,316.16	
816 LIND FURNITURE (CANADA) LT	60	825,000.00	1,736.65	215.56			1,952.21	
10020 LEO CANADA INC.	60	350,000.00	103,576.01				103,576.01	
10024 AIRWAY SURGICAL APPLICAN	60	5,000.00	8,945.67	2,028.58			10,974.25	
10052 ALPHA VIC INC.	60	30,000.00	719.03				719.03	
10072 KRAUS CANADA INC (HO)	45	975,000.00	258,533.73	142,651.80			401,185.53	
10080 QUALITY ROPS OF CANADA LI	60	725,000.00	41,326.70				41,326.70	
10120 BEAVER CARPET LTEE	30	25,000.00	17,579.48				17,579.48	
10186 BOBLEN INC.	30	50,000.00	3,072.41	2,674.27			5,746.68	
10145 MATELAS BOURCK ENRG.	60	25,000.00	1,004.61				1,004.61	
10222 MATELAS CONDOR ENRG.	60	175,000.00	101,343.87				101,343.87	
10244 MATELAS CONDOR ENRG.	60	175,000.00	13,356.08	2,982.78			16,338.86	
10273 DOUBLET EX INC.	60	40,000.00	3,402.81	2,141.95	1,056.12		6,600.88	
10335 BENNETT FLEET (QUEBEC) IN	60	5,000.00	2,254.11				2,254.11	
10331 MATELAS THERAPEUC	60	5,000.00	11,533.52	3,754.38			15,287.90	
10351 IDEALCHEST INC.	60	30,000.00	1,598.57	10,024.80	6,857.72		18,481.09	
10358 COURT 1 SPORTS INC	45	10,000.00	2,277.47	1,859.97			4,137.44	
10378 LITERIE LAVALL	60	50,000.00	2,777.47				2,777.47	
10378 MATELAS LAVIOLETTE INC.	60	75,000.00	10,927.29	10,197.59			21,124.88	
10384 TEXTILES LETOURNEAU	60	35,000.00	3,529.98				3,529.98	
10385 MATELAS LION D'OR INC.	60	6,000.00	833.89				833.89	
10426 CANADEL	60	50,000.00	32,749.64				32,749.64	
10465 COUPOONS PARENT INC.	60	50,000.00	3,266.84	1,087.19	3,549.67		7,903.70	
10484 REMBOURAGE A.M.P.	60	15,000.00	1,729.11				1,729.11	
10592 LITERIE PROVINCIALE LTEE	60	15,000.00	14,114.15				14,114.15	
10599 AMEUBLEMENT RENAISSANC	60	50,000.00	2,826.31				2,826.31	
10510 MATELAS HIENE INC.	60	15,000.00	21,840.31				21,840.31	
10521 REMB LOUIS ROUSSEAU INC.	60	35,000.00	15,498.67	10,089.50			25,588.17	
10545 SEAWAY PLASTICS LTEE	60	20,000.00	6,278.42				6,278.42	
10547 SERV. CORR. DU CANADA.	60	5,000.00	344.24				344.24	
10570 SPORT MASKA INC.	60	50,000.00	1,245.93				1,245.93	
10585 TRANS-CANADA INDUSTRIES	60	50,000.00	6,075.15				6,075.15	
10787 PUTON 7TH HEAVEN UTOPIA I	60	45,000.00	284.40	1,580.27	1,843.67		3,708.34	
10785 GROUPE GIBO INC.	60	45,000.00	5,739.35				5,739.35	
10848 PRINCESSE	60	2,000.00	526.81				526.81	
10864 2 D TEXTILES ENRG.	60	100,000.00	12,628.03				12,628.03	
10493 LITERIE SEDUCTION INC.	60	25,000.00	1,115.72	663.03			1,778.75	
1150 PROFOM INC.	60	35,000.00	31,497.06	(382.71)			31,114.35	
11155 JARDIN DE VILLE INC.	60	2,000.00	1,034.89				1,034.89	
11203 REMI CARRIER INC.	45	100,000.00	5,017.77				5,017.77	
11210 PRODUJA INC.	60	25,000.00	3,312.23				3,312.23	
11288 ROULLARD INC.	60	25,000.00	1,892.08				1,892.08	
11272 INTER CONFORT	60	35,000.00	5,123.93				5,123.93	
11289 MATELAS SIESTA	60	30,000.00	3,312.23				3,312.23	
11415 ROCKLAND TEXTILES INC.	60	75,000.00	3,121.23	525.21			3,646.44	
11457 MATELAS FRESHTE	45	10,000.00	4,979.82				4,979.82	
11558 QUATRO TECHNOLOGIES INC.	60	35,000.00	442.19				442.19	
11577 ARTOPEX PLUS INC.	60	20,000.00				47.71	47.71	
11580 PUTON DESIGN	60	20,000.00						

(9)

AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL INC.

11627 PRO TAC INDUSTRIES INC;	60	\$	3,000.00	1,60	\$	17,404.97	\$	6,205.05	\$	1,80	42,927.94
11676 LITERIE DORMATEX INC.	60	\$	50,000.00	18,915.91	\$	(400.00)	\$		\$		5,305.46
11684 FLUJSTAR CANADA INC	35	\$	10,000.00	5,758.76	\$	358.58	\$		\$	(81.11)	6,989.09
11714 TRIO	60	\$	75,000.00	8,716.63	\$	886.20	\$		\$		885.20
11760 VERANDA JARDIN INC	60	\$	2,000.00	10,801.45	\$		\$		\$		10,801.45
11779 MANUFACTURE DE MATELAS	31	\$	30,000.00	18,946.71	\$		\$		\$		18,946.71
11811 BRCLAN DISTRIBUTORS LTD.	31	\$	125,000.00	4,191.55	\$		\$		\$		4,191.55
11828 COMFORT FOAM & BIERE	45	\$	50,000.00	1,098.94	\$		\$	583.76	\$		1,682.72
11833 MATELAS SELECT	60	\$	25,000.00		\$		\$		\$		
11844 PEL INTERNATIONAL LTEE	60	\$	45,000.00		\$		\$		\$		
11846 INDUSPAC INC.	75	\$	100,000.00	24,928.53	\$	30,248.83	\$	22,159.94	\$	15,924.54	93,242.34
11859 WESTBORD FLOORING INC	31	\$	35,000.00	6,594.89	\$		\$		\$		6,594.89
11871 MILLENAIRE WILLIAM INC.	30	\$	30,000.00	1,171.60	\$		\$		\$		1,171.60
11914 EXCEL RSVQ MOUSSE FOAM I	60	\$	60,000.00	23,905.21	\$	9,420.51	\$	3,551.04	\$		26,917.36
11927 MEUBLES BELUSLE INC.	30	\$	95,000.00	25,456.59	\$	5,508.67	\$		\$		31,405.26
11949 MEUBLES TOMALI INC.	30	\$	10,000.00	3,153.52	\$		\$		\$		3,153.52
11974 STYLTEG INC.	30	\$	7,000.00	(1,150)	\$		\$		\$		(1,150)
11976 MATELAS ORTHOPEDIQUE	60	\$	50,000.00	11,558.30	\$		\$		\$		11,558.30
11978 BELPRO MEDICAL INC	30	\$	35,000.00	27,397.56	\$	1,856.68	\$		\$		29,254.24
11982 DIAMOND DIVERSIFIED IND. L	60	\$	75,000.00	42,500.44	\$		\$	(250.90)	\$		42,249.54
12101 CRE O PACK INTERNATIONAL	60	\$	15,000.00	20,573.07	\$	965.55	\$		\$		21,538.62
12122 ATLANTIC FABRICS LIMITED	75	\$	65,000.00	20,181.29	\$		\$	(84.65)	\$		19,896.64
12140 DOWNEAST PLASTICS LTD.	60	\$	40,000.00	(82.80)	\$		\$		\$		(82.80)
12146 MATELAS BEAU-REVE INC	60	\$	20,000.00	17,813.60	\$		\$		\$		17,813.60
12160 RENOUVEAU RAGAGE J.A. MARTINE	60	\$	50,000.00	4,808.39	\$		\$		\$		4,808.39
12186 BARRY SUPPLIES & FABRIC I	75	\$	175,000.00	9,001.13	\$		\$		\$		9,001.13
12280 WESCO NA INC.	60	\$	40,000.00	4,144.84	\$	2,582.16	\$		\$		6,726.99
12242 SPORT SYSTEMS CANADA IN	60	\$	10,000.00	8,420.15	\$	899.61	\$		\$		9,319.76
12253 BEAULIEU CANADA	30	\$	175,000.00	1,217.35	\$	257.04	\$		\$		1,474.39
12286 TECHNOINOVATIONS	30	\$	30,000.00	17,887.78	\$	4,819.79	\$		\$		22,707.57
12270 COUTURE CARLYLE INC. CW	75	\$	7,600.00	7,600.00	\$	747.35	\$	373.67	\$		8,021.02
12277 DOMINION CUTTING SERVICE	45	\$	50,000.00	676.20	\$		\$		\$		676.20
12282 VIGLINE 2006 INC.	30	\$	20,000.00	2,002.76	\$		\$		\$		2,002.76
12290 LOGIFLEX MOB DE BUREAU	30	\$	5,000.00	595.03	\$		\$		\$		595.03
12281 PAKTEK INC.	60	\$	25,000.00	384.08	\$	15,920.02	\$	10,493.91	\$	2,425.54	29,298.65
12285 PAVAR FURNITURE INC.	75	\$	60,000.00	29,619.87	\$	14,419.38	\$	17,498.72	\$	2,287.82	59,795.77
12258 G. ROMANO INC.	30	\$	5,000.00	1,184.25	\$		\$		\$		1,184.25
12303 WES INDUSTRIES INC.	30	\$	6,000.00	12,344.90	\$		\$		\$		12,344.90
12306 PYRA MEDIC INC. (W)	60	\$	20,000.00	1,275.30	\$	1,055.56	\$		\$		2,330.86
12308 HARWELL EMBALLAGE W AL	60	\$	10,000.00	524.35	\$	392.41	\$		\$		916.76
12330 CREATECH INC 90890744 QUE	60	\$	7,500.00	7,620.09	\$	6,607.75	\$	1,005.11	\$	8,538.66	15,158.37
12331 ORTHEX CANADA ENR W	60	\$	25,000.00	26,000.00	\$		\$	8,368.47	\$	1,182.75	28,556.06
12334 GROUPE SM PELLETER	60	\$	15,000.00	3,820.86	\$		\$		\$		3,820.86
12341 REVOLUTION SANTE 919846	30	\$	5,000.00	1,179.80	\$		\$		\$		1,179.80
12343 JAYMAR INC.	60	\$	75,000.00	19,659.45	\$		\$		\$		19,659.45
12363 EQUIPMENT SANITAIRE CHER	60	\$	10,000.00	1,151.12	\$		\$		\$		1,151.12
12355 ADL ART DESIGN INTERNATIO	60	\$	50,000.00	4,681.05	\$		\$		\$		4,681.05
12357 VALENTINO INC W	60	\$	20,000.00	1,579.48	\$		\$	20,165.81	\$	8,281.05	11,861.35
12358 LINEA: INTERNATIONAL INC	30	\$	10,000.00	9,722.17	\$		\$		\$		9,722.17
12373 PRD FOAM SOLUTIONS INC.	45	\$	10,000.00	5.00	\$		\$		\$		5.00
12380 DISTRIBUTION SECURI - SPOR	45	\$	15,000.00	1,464.04	\$		\$		\$		1,464.04
12389 CONQUEST CARPET CORP.	30	\$	3,304.57	3,304.57	\$		\$		\$		3,304.57

\$ 6,790,500.00 \$ 1,223,631.54 \$ 370,416.55 \$ 98,280.40 \$ 45,625.69 \$ 1,744,154.19

SUB TOTAL CDN



Consolidated

AGED ACCOUNTS RECEIVABLE
DOMIFOAM INTERNATIONAL INC.

Dated: Jan 31, 2012

10005 ELRAN	15 \$	500 000,00 \$	303 779,87 \$	36 847,92 \$	1 056,74 \$	11 942,99 \$	- \$	- \$	340 427,79 \$	350 000,00
10371 SYLCO INC.	75 \$	55 000,00 \$	19 133,62 \$	1 173,56 \$	1 056,74 \$	410,29 \$	663,53 \$	8 091,69 \$	52 215,26 \$	50 000,00
10907 LITERIE DRUMKOND LITEE	60 \$	20 000,00 \$	- \$	- \$	- \$	- \$	- \$	- \$	7 815,54 \$	14 000,00
10851 GESCO LTD PARTNERSHIP	90 \$	600 000,00 \$	55 798,28 \$	(2 709,26) \$	- \$	- \$	- \$	- \$	55 798,28 \$	20 000,00
11164 D & R FOAM	60 \$	175 000,00 \$	2 695,59 \$	6 706,11 \$	8 359,14 \$	7 755,01 \$	- \$	- \$	(53,66) \$	75 000,00
11299 SIEGES DUCHARME INTERNA	75 \$	150 000,00 \$	6 706,11 \$	8 359,14 \$	8 702,70 \$	5 885,18 \$	56 494,97 \$	- \$	80 315,23 \$	75 000,00
11421 LES MEUBLES VANTAGE 1000	60 \$	38 000,00 \$	905,43 \$	31 178,00 \$	3 744,15 \$	73 739,84 \$	77 842,53 \$	- \$	15 253,31 \$	28 000,00
11924 MATELAS D'OR 9053-9824CG	75 \$	200 000,00 \$	30 900,74 \$	8 925,90 \$	- \$	- \$	- \$	- \$	218 067,29 \$	200 000,00
12301 L. DAVIS TEXTILES (1991) INC	95 \$	25 000,00 \$	8 925,90 \$	- \$	- \$	- \$	- \$	- \$	13 669,35 \$	35 000,00
SUB-TOTAL CDN Insured		\$ 1 773 000,00	\$ 429 743,23	\$ 69 152,73	\$ 93 933,41	\$ 93 933,41	\$ 141 052,72	\$ -	\$ 758 052,09	\$ 844 021,00
10413 MATELAS MARTIN	90 \$	375 000,00 \$	42 995,08 \$	19 370,39 \$	55 150,67 \$	55 150,67 \$	36 151,22 \$	- \$	153 635,36 \$	80 000,00
10965 SUBAR	80 \$	325 000,00 \$	55 233,52 \$	32 889,35 \$	65 816,84 \$	65 816,84 \$	67 225,28 \$	- \$	221 165,00 \$	75 000,00
11777 TISSUS MORICO INC.	100 \$	150 000,00 \$	30 746,68 \$	25 400,93 \$	24 853,69 \$	24 853,69 \$	8 426,10 \$	- \$	89 457,38 \$	100 000,00
11665 BOZANTO INC.	90 \$	400 000,00 \$	138 786,63 \$	112 363,53 \$	117 018,61 \$	117 018,61 \$	9 297,35 \$	- \$	377 896,92 \$	25 000,00
SUB-TOTAL CDN Insured Net 90		\$ 1 250 000,00	\$ 267 071,89	\$ 159 982,90	\$ 252 669,81	\$ 252 669,81	\$ 121 109,56	\$ -	\$ 841 634,56	\$ 920 000,00
SUB TOTAL GANNA COUNT										
TOTAL GROSS			\$ 3 933 245,66	\$ 649 552,18	\$ 454 683,62	\$ 454 683,62	\$ 307 768,17	\$ -	\$ 3 244 670,83	

Consolidated

AGED ACCOUNTS RECEIVABLE
DOMFOAM INTERNATIONAL, INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
UT11771 JEFFCO FIBRES INC	45 \$	2,030,325.00 \$	556,732.35 \$	78,213.87 \$	- \$	- \$	634,946.22
UT12164 OTIS BED MANUFACTURING C	60 \$	406,063.00 \$	20,979.01 \$	53,559.58 \$	874.95 \$	- \$	75,413.54
UT12171 FRANKLIN AUGUST TRADING	60 \$	7,093.00 \$	7,170.44 \$	1,220.19 \$	- \$	- \$	8,390.63
UT12189 FOAM FACTORY INC.	60 \$	9,824.00 \$	- \$	- \$	286.00 \$	- \$	286.00
UT12184 GREAT NORTHERN ASSOCIAT	60 \$	59,172.00 \$	12,578.70 \$	- \$	- \$	- \$	12,578.70
UT12187 QUINN DISTRIBUTORS	60 \$	48,310.00 \$	12,423.10 \$	- \$	- \$	- \$	12,423.10
UT2186 KRAUS DSA INC.	45 \$	73,684.00 \$	17,757.90 \$	- \$	- \$	- \$	17,757.90
UT12183 LATEX INTERNATIONAL	60 \$	10,000.00 \$	150.10 \$	3,594.12 \$	- \$	- \$	3,744.22
SUB-TOTAL USD	\$	2,645,707.00 \$	627,826.60 \$	136,590.56 \$	1,110.95 \$	- \$	765,528.11
UT11429 NRF DISTRIBUTORS INC.	60 \$	256,410.00 \$	114,168.88 \$	- \$	- \$	- \$	114,168.88
SUB-TOTAL USD Insured	\$	256,410.00 \$	114,168.88 \$	- \$	- \$	- \$	114,168.88
UT12129 WCVW INC.	90 \$	1,380,671.00 \$	168,753.64 \$	160,191.76 \$	178,981.67 \$	36,247.43 \$	544,154.40
SUB-TOTAL USD Insured Net 90	\$	1,380,671.00 \$	168,753.64 \$	160,191.76 \$	178,981.67 \$	36,247.43 \$	544,154.40
SUB-TOTAL GAINNA COUNT							
TOTAL GROSS	\$	807,969.10 \$	296,882.32 \$	180,082.62 \$	36,247.43 \$	- \$	1,921,211.37

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE
DOWFOAM INTERNATIONAL INC.

GROSS

Amount Before Rebates (AR)	CDN	USD	USD to CDN	Total
SUB TOTAL	2,033,974.91	1,210,447.46		3,244,422.37
SUB TOTAL Insured	1,015,452.66	15,044.90		1,030,497.56
SUB TOTAL Insured Net 90	852,212.31	544,154.40		1,396,366.71
SUB TOTAL GAINNA COUNT				
TOTAL GROSS	3,901,639.88	1,769,646.76		5,671,286.64

VALLEFOAM INDUSTRIES INC.
AZ SPONGE & FOAM

	\$	254,229.37
	\$	71,175.61

MISC: EXCHANGE RATE

	\$	
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TOTAL GROSS

	\$	5,996,691.62
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Rebate Amount (Rebates)

	CDN	USD	USD to CDN	Total
SUB TOTAL	(289,820.73)	(444,809.35)		(734,630.08)
SUB TOTAL Insured	(256,570.57)	(3,626.04)		(260,196.61)
SUB TOTAL Insured Net 90	(10,577.75)			(10,577.75)
SUB TOTAL GAINNA COUNT				
TOTAL GROSS	(556,969.05)	(448,435.39)		(1,005,404.44)

Combined Amount (Combined)

	CDN	USD	USD to CDN	Total
SUB TOTAL	1,744,154.18	765,638.11		2,509,792.29
SUB TOTAL Insured	758,882.09	11,418.86		770,300.95
SUB TOTAL Insured Net 90	841,634.56	544,154.40		1,385,788.96
SUB TOTAL GAINNA COUNT				
TOTAL GROSS	3,344,670.83	1,321,211.37		4,665,882.20

AGED ACCOUNTS RECEIVABLE
DOMIFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

Schedule 2.9(B)

Purchased Inventories:

Section 1

List of Purchased Inventories as of January 11, 2012

(and for some items as of January 31, 2012).

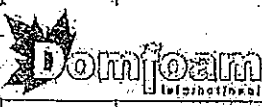
See document attached
Total of one (1) page

Section 2

Calculation of the Purchase Price attributed to the Purchased Inventories

See document attached
Total of two (2) page

SCHEDULE 2.9(B)
SECTION 1

Schedule 2.9(B) - Section 1			
			
		SEC.	January 11, 2012
RAW MATERIAL			
SCRAP		1	155 026
FILM		2	52 547
UNDERLAY TUBING		3	36 551
NON CHEMICALS		5	26 656
BONDED CHEMICAL		6	7 354
CHEMICALS (MAJORS)		7	810 266 (1)
OTHERS		8	86 756
SMALL CHEMICALS		9	505 644 (1)
POLYESTER FIBRE			0
		sub total:	1 680 800
			1 680 800
WORK IN PROCESS			
BONDED BLOCKS square		11	10 372
BONDED BUNS round		12	0
SQUARE BLOCK / ETHER BLOCKS		13	1 010 428
ROUND ESTER BUNS		14	25 374
ROUND ETHER UNDERLAY BUNS		15	0
POLY ETHER BUNS		16	143 382
		sub total:	1 189 556
			1 189 558
TOTAL R.M & W. IN P.		total:	2 870 356
			2 870 358
FINISHED GOODS			
BONDED UNDERLAY		17	0
SHIPPING INVENTORY (GOODS)		18,23	113 574 (2)
		sub total:	113 574
			113 574
TOTAL INVENTORY:		TOTAL:	2 983 930
			2 983 930
SECTION 1	SUPPLIES:	1	33 407
SECTION 2	FIBER	2	3 763
SECTION 3	BLOCS:	3	13 286
SECTION 4	BUN ENDS	4	1 827
SECTION 5	COMMANDES/sloc	5	19 798
TOTAL INVENTORY:		TOTAL:	72 081
OVERALL VALUE			3 056 011
(1) As per the document added in the Data Room on Feb. 14, 2012.			
(2) There is no count for the latex inventory on page 107 of the "Equipment and Inventory" document in the Data Room.			

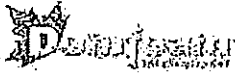
Schedule 2.9(B) - Section 2

	SEC.	January 11, 2012	
RAW MATERIAL			
SCRAP	1	155 026	
FILM	2	52 547	
UNDERLAY TUBING	3	36 551	
NON CHEMICALS	5	26 656	
BONDED CHEMICAL	6	7 354	
CHEMICALS (MAJORS)	7	810 266	
OTHERS	8	86 756	
SMALL CHEMICALS	9	505 644	
POLYESTER FIBRE		0	
	sub total:	<u>1 680 800</u>	
		1 680 800	
WORK IN PROCESS			
BONDED BLOCKS Equated	11	10 372	
BONDED BUNS round	12	0	
SQUARE BLOCK / ETHER BLOCKS	13	1 010 428	
ROUND ETHER BUNS	14	25 374	
ROUND ETHER UNDERLAY BUNS	15	0	
POLY ETHER BUNS	16	143 382	
	sub total:	<u>1 189 556</u>	
		1 189 556	
TOTAL R.M. & W. IN P.	total:	<u>2 870 356</u>	
		2 870 356	
FINISHED GOODS			
BONDED UNDERLAY	17	0	
SHIPPING INVENTORY (GOODS)	18/20	113 574	
	sub total:	<u>113 574</u>	
		113 574	
TOTAL INVENTORY	TOTAL:	<u>2 983 930</u>	
		2 983 930	
SECTION 1 SUPPLIES			
SECTION 1	SUPPLIES	1	33 407
SECTION 2	FIBER	2	3 703
SECTION 3	BLOCKS	3	13 286
SECTION 4	BUN ENDS	4	1 827
SECTION 5	COMMANDES/stock	5	19 793
TOTAL INVENTORY	TOTAL:		<u>72 016</u>

Add purchase of uncounted items with no specific price above.

OVERALL VALUE 3 056 011

** Designates counted inventory



Sauf sur indication contraire, tout le matériel compté est bon et disponible immédiatement.

SIGNATURE

21 (LAST SHEET)

LATEX INVENTORY

TYPE	QUANTITY	COST	TOTAL
Single Soft (TXL 65)		\$ 115.30	\$ -
Single Medium (TXL 75)		\$ 135.30	\$ -
Single Firm (TXL 85)		\$ 204.95	\$ -
Single XTRA FIRM (TXL 95)		\$ 185.00	\$ -
Twin Soft (T 65)		\$ 115.30	\$ -
Twin Medium (T 75)		\$ 135.30	\$ -
Twin Firm (T 85)		\$ 204.95	\$ -
Twin XTRA FIRM (T 95)		\$ 185.00	\$ -
Double Soft (F 65)		\$ 216.21	\$ -
Double Medium (F 75)		\$ 230.40	\$ -
Double Firm (F 85)		\$ 236.40	\$ -
Double XTRA FIRM (F 95)		\$ 256.00	\$ -
Queen Soft (Q 65)		\$ 185.85	\$ -
Queen Medium (Q 75)		\$ 198.45	\$ -
Queen Firm (Q 85)		\$ 315.31	\$ -
Queen XTRA FIRM (Q 95)		\$ 352.40	\$ -
King Soft (K 65)		\$ 235.20	\$ -
King Medium (K 75)		\$ 250.95	\$ -
King Firm (K 85)		\$ 284.55	\$ -
King XTRA Firm (K 95)		\$ 330.75	\$ -
CK SOFT (CK 65)		\$ 325.00	\$ -
CK MED (CK 75)		\$ 325.00	\$ -
CK FIRM (CK 85)		\$ 360.00	\$ -
CK XTRA FIRM (CK 95)		\$ 390.00	\$ -
5 ZONE		\$ 390.00	\$ -
7 ZONE		\$ 400.00	\$ -
PILLOW		\$ 20.00	\$ -

Schedule 2.9(E)

Excess rebates to customers

*See document attached
Total of two (2) pages*

Dated Jan 31, 2012

GROSS REBATES AVAILABLE

CDN Rebates Available	\$	591,556.45
US Rebates Available in (CDN)	1 \$	448,435.39
TOTAL REBATES AVAILABLE	\$	1,039,991.84

GROSS REBATES APPLIED

	CDN	USD	USD to CDN	Total
SUB TOTAL	\$ (289,820.73)	\$ (444,809.35)	\$ -	\$ (734,630.08)
SUB TOTAL Insured	\$ (256,570.57)	\$ (3,626.04)	\$ -	\$ (260,196.61)
SUB TOTAL Insured Net 90	\$ (10,577.75)	\$ -	\$ -	\$ (10,577.75)
SUB TOTAL GANNA COUNT	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS	\$ (556,969.05)	\$ (448,435.39)	\$ -	\$ (1,005,404.44)

EXCESS UNAPPLIED REBATES

	\$	34,587.40
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Domfoam International
 Rebates
 As of Jan 27 2012.

CUST #	REBATE AMOUNT OUTSTANDING, OFFSET AGAINST ACCOUNTS. RECEIVABLE
10072	\$127,739.99
10120	\$1,769.76
10192	\$591.27
10485	\$22,390.75
10551	\$18,833.96
11207	\$2,249.62
U11429	\$3,626.04
12000	\$7,267.85
12253	\$3,606.38
00202	\$14,808.00
10005	\$171,143.58
1020	\$24,868.08
10305	-\$162.69
10358	\$1,554.44
10379	\$4,939.56
10384	\$7,139.28
10510	\$4,601.00
10545	\$6,193.47
10848	\$514.01
11155	\$4,186.45
11164	\$65,036.80
11209	\$16,269.76
11268	\$5,184.22
11289	\$6,523.36
11457	\$13,380.06
11666	\$10,577.75
11771	\$444,809.35
11844	\$5,922.65
11924	\$17,760.30
11927	\$11,128.04
12158	\$8,822.25
12282	\$5,716.50
	\$1,039,991.84

Schedule 4.1(c)
Confidentiality Agreement

*See document attached
nine (9) pages*

CONFIDENTIAL

Domfoam International Inc.
8785 Langelier Blvd.
St. Leonard, QC
H1P 2C9

Attention John Howard

Re: Domfoam International Inc., Valic Foam Industries (1995) Inc. and A-Z Sponge & Foam Products Ltd. (collectively, the "Corporation") - Proposed Sale of Assets ("Proposed Transactions")

We have requested that the Corporation provide us (the "Interested Party") with the Confidential Information (defined below) to assist in determining for ourselves the desirability and feasibility of proceeding with the Proposed Transactions pursuant and subject to the terms and conditions set by the Corporation (the "Permitted Purpose") and contained herein.

It is acknowledged that but for delivery of this letter the Corporation would not provide the Interested Party such Confidential Information.

Upon acceptance of this letter by the Corporation and subject to the provisions thereof, the Corporation shall provide or cause to be provided to the Interested Party such Confidential Information as the Corporation in the exercise of its unfettered discretion may determine.

"Confidential Information" means all financial statements and information and all data, compilations, analysis, documentation, and other information and every part thereof, whether in electronic form or otherwise, which now or hereafter comes into the possession or under the control of the Interested Party or its Representatives (defined below) including, without limitation, that relating to the Corporation's business organization, business operations and systems, Know-how, business plans, Research Information, Customer Information, suppliers, financial structure, Financial Information, Supplied Information, Marketing Information, assets, employees, employee relationships, Software and other information of any kind relating to any of the foregoing and includes all data, compilations, analysis, and other documents and information prepared by or on behalf of the Interested Party or by any of the Representatives based, in whole or in part, on any of the foregoing, but expressly excluding any reports or analysis of the Corporation conducted by any professionals retained by or with respect to the Corporation, including, without limitation, Deloitte LLP, in connection with the current financial state of the Corporation, any restructuring scenarios available to the Corporation, and any analysis of the value of the Corporation or its assets.

For the purposes of this letter:

- (a) "Corporation" shall include and extend to each subsidiary of the Corporation, each partnership controlled by the Corporation or their

respective subsidiaries, each of whom shall be entitled to directly enforce the provisions of this letter against the Interested Party notwithstanding that this letter is not directly addressed to or required to be accepted by any one or more of such subsidiaries and partnerships;

- (b) "Customer Information" includes any information pertaining to the Corporation's customers; prospective customers, customer base and markets, prospective customer base and markets, including customer or prospective customer names and addresses and the names of employees of customers or prospective customers with whom the Corporation is in contact in its business, or proposes to contact, customer or prospective customer requirements and the Corporation's contracts with its customers or prospective customers, including details as to pricing, supply of services, and royalty and/or commission rates;
- (c) "Financial Information" includes any and all information pertaining to the Corporation's actual or anticipated sales, income, projections, profit, profitability, pricing, salaries and wages;
- (d) "Know-how" includes the accumulated skills, experience, knowledge, patents, intellectual property, information, data, patterns, designs, engineering specifications, schematics and other information with respect to the design, production and provision of the products and/or services offered by the Corporation's business or proposed business and of the Software related thereto;
- (e) "Marketing Information" includes information including but not limited to the Corporation's marketing programs, plans, strategies and proposed future products, services, advertising and promotions;
- (f) "person" shall be broadly interpreted to include, without limitation, any individual, corporation, limited liability corporation, company, group, partnership, limited liability partnership or other entity;
- (g) "Representatives" means, collectively, each of the directors, officers, employees, agents and other representatives of the Interested Party or the Corporation (as the case may be) including, without limitation, their respective lawyers, accountants, consultants and financial advisors;
- (h) "Research Information" includes information pertaining to any research, development, investigation, study analysis, experiment or test, carried on or proposed to be carried on by the Corporation;
- (i) "Software" includes all methods, programs, techniques and other information and materials relating to the handling or treatment of data by computers and all other necessary information utilized in order to provide the services offered by the Corporation's business or proposed business and all documentation thereto, and includes all computer programs, including

Supplement and

HTML, JAVA, UNIX, LINUX, GNU, C++, and other internet-oriented computer programs, systems software and application programs; and all related manuals, documentation and materials relating to the systems software and application programs;

- (j) "Supplied Information" includes all business information, computer software and technology which is proprietary to any other person doing business with the Corporation and which is made available to the Corporation under conditions of confidentiality.

At the request of the Corporation and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Interested Party covenants and agrees with the Corporation as follows:

1. **Deemed Confidential Property:** As between the Corporation and the Interested Party, the Confidential Information, and every part thereof, is and shall at all times be deemed to be the confidential property and constitute valuable trade secrets of the Corporation, whether or not, but for this paragraph, the same would otherwise be considered confidential and/or trade secrets and whether or not it is marked or otherwise expressed on its face to be confidential.
2. **Ownership:** The Confidential Information is and shall be deemed to be owned solely by the Corporation and the right to maintain confidential the Confidential Information constitutes an exclusive proprietary right of the Corporation which it is entitled to protect. The Interested Party does not and shall be deemed not to have any right to or proprietary interest in the Confidential Information. All of the Confidential Information which is disclosed to or otherwise comes into the possession or under the control of the Interested Party shall, subject to paragraph 5 below, be received and held by the Interested Party in trust solely for the Corporation notwithstanding the Interested Party's right to use it for the Permitted Purpose.
3. **Permitted Use:** The Confidential Information shall only be used directly by the Interested Party and its Representatives for the Permitted Purpose. Except as otherwise provided for herein, the Confidential Information will be kept strictly confidential by the Interested Party, whether or not such Confidential Information is marked or otherwise expressed on its face to be confidential. Other than as permitted herein, the Interested Party will not, directly or indirectly, without the prior written consent of the Corporation (which consent may be arbitrarily withheld) disclose, publish, reproduce or otherwise disseminate or communicate the Confidential Information, nor will it permit, cause or acquiesce in such disclosure or other dissemination or communication of the Confidential Information by the Representatives of the Interested Party or by any other person, all in any manner whatsoever, in whole or in part.

The Interested Party agrees to restrict the disclosure, dissemination or other communication of the Confidential Information solely to such of the Interested Party's Representatives who need to know the Confidential Information for the Permitted Purpose and the Interested Party shall inform its Representatives of the ownership and strict confidential nature of the Confidential Information.

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Suppressed in writing by the interested Party

Suppressed and who agree in writing with the Interested Party to be bound by the terms of this letter

4. Disclosure List & Responsibility for Representatives: The Interested Party shall maintain a current listing of each of its Representatives to whom any of the Confidential Information has been disclosed or otherwise disseminated or communicated and on each and every request of the Corporation, the Interested Party shall without delay deliver to the Corporation a complete and accurate copy of such list. The Interested Party shall similarly deliver on request, the following information:

- (a) name of the any law firms, accounting firms and consulting firms (the "Firms") involved with the Interested Party as its Representatives;
- (b) name of the person in charge for each Firm;
- (c) business address and telephone number to reach the person in charge for each Firm.

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The Interested Party shall be responsible and liable to the Corporation for any and all acts or omissions of each of its Representatives which if done or omitted directly by the Interested Party would be a breach of the provisions of this letter.

The Interested Party shall safeguard the Confidential Information from disclosure or other dissemination or communication to any person other than as expressly permitted herein.

5. Exceptions to Prohibited Use: The obligations and limitations imposed on the Interested Party and its Representatives hereunder shall not apply to any Confidential Information:

- (a) which is or becomes generally available to the public other than as a result of its disclosure or other dissemination or communication by the Interested Party or its Representatives; or
- (b) which becomes available to the Interested Party or its Representatives on a non-confidential basis from a source other than the Corporation or its Representatives, provided that such source is not then bound by a confidentiality agreement with the Corporation or otherwise prohibited from transmitting the Confidential Information to the Interested Party or its Representatives by contractual, legal or fiduciary obligation; or
- (c) which is already in possession of the Interested Party, provided that such Confidential Information is not subject to another confidentiality agreement or non-disclosure agreement with the Corporation.

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In addition, the obligations and restrictions imposed on the Interested Party and its Representatives hereunder shall not extend to prohibit the Interested Party from discussing the Proposed Transactions with and disclosing any of the Confidential Information to:

- (i) any other person who has signed a confidentiality agreement with the Corporation in substantially the form of the agreement constituted by this letter regarding any of the Proposed Transactions; and

- (ii) any governmental or regulatory body in Canada having jurisdiction over the operations of the Corporation or any part thereof or over the Interested Party in connection with its participation in any of the Proposed Transactions, provided that the disclosure, dissemination or other communication of any of the Confidential Information to such governmental or regulatory body is made on a confidential basis and such confidential basis is either provided for by applicable law or recognized in writing by the relevant body.

Notwithstanding the foregoing provisions of this paragraph 5, in the event that the Interested Party or its Representatives are required by law or governmental action to disclose any of the Confidential Information, the Interested Party and/or its Representatives will, on a best effort basis, deliver to the Corporation prompt prior notification of such requirement(s) so that the Corporation may seek an appropriate protective order and/or waive compliance by the Interested Party or its Representatives with the provisions of this letter. If, failing the obtaining of a protective order or the delivery of such a waiver, the Interested Party is, in the opinion of its legal counsel, compelled to disclose, disseminate or otherwise communicate the Confidential Information, the Interested Party may disclose, disseminate, or otherwise communicate the Confidential Information, but only to the extent so compelled, without liability hereunder.

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6. **Return of Information:** The Interested Party shall, on receipt of the written request of the Corporation, promptly deliver to the Corporation all of the Confidential Information which is in recorded form (whether such form be in writing or in electronically retrievable form or electronically stored data or otherwise) and each of the Interested Party and its Representatives shall not retain any copies thereof.
7. **No Liability for Information:** At the time(s) any of the Confidential Information is delivered to the Interested Party, the Corporation will attempt to include in such Confidential Information such materials which the Corporation considers to be reliable and relevant for the Permitted Purpose; however, the Corporation shall not have or incur any, and the Interested Party hereby waives any right to claim any, liability to the Interested Party or its Representatives in connection with or arising from the Confidential Information and the use thereof by the Interested Party or its Representatives.

The Interested Party acknowledges and agrees for itself and its Representatives that neither the Corporation nor any of its Representatives in providing the Confidential Information has or will be taken to have made either expressly or impliedly any representations or warranties as to the accuracy or completeness of the Confidential Information and the Interested Party confirms that it is not relying on any representations or warranties of the Corporation or its Representatives in making use of the Confidential Information.

8. **Indemnity:** The Interested Party hereby unconditionally indemnifies and shall forever save harmless the Corporation from and against any and all losses, damages, liabilities (whether actual, contingent or otherwise), proceedings, costs and expenses including, without limitation, legal fees (on a scale as between a solicitor and his own client), which the Corporation or its Representatives may suffer, incur or sustain in

connection with or as a result of a breach by the Interested Party or any of its Representatives of any of the provisions contained in this letter;

All of the provisions contained herein are reasonable in the circumstances and valid and the Interested Party hereby waives all defenses, equities and rights to and against the strict enforcement thereof by the Corporation and its Representatives;

Supplies rights of set off.

9. **Continuity of Agreement:** The prohibitions, limitations and obligations of the Interested Party herein contained shall continue in full force and effect notwithstanding the Interested Party ceasing to proceed with any of the Proposed Transactions and will survive any termination or cancellation of its involvement, if any, in the Proposed Transactions.

10. **Use of Information Post Involvement:** The Interested Party shall not, at any time after it ceases to proceed with or be involved in, the Proposed Transactions and except as otherwise expressly provided for herein: (i) use any of the Confidential Information in furtherance of the business of the Interested Party or the business of any other person; (ii) interfere in any way with any contractual or other business relationship of the Corporation; (iii) disclose, disseminate or otherwise communicate the Confidential Information or any part thereof to any person or utilize the Confidential Information in any way which is adverse to the Corporation; or (iv) directly or indirectly solicit for employment any person who is now employed by the Corporation, unless the Corporation otherwise agrees in writing prior to such solicitation for employment.

11. **Right to Enjoin:** It is acknowledged that the provisions of this letter are essential for the protection of the Corporation and, in the event of the non-performance of any provisions hereof in strict accordance with their specific terms or any breach of any provisions of this letter, the same would cause immediate and irreparable harm and damage to the Corporation for which monetary relief would be inadequate or impossible to ascertain. The Interested Party agrees that upon any breach or threatened breach of the provisions hereof, the Corporation shall be entitled to obtain from any court of competent jurisdiction, interim and permanent injunctive relief or other appropriate form of equitable relief to effectively enforce the provisions hereof, and an accounting of all profits and benefits which may have been or which may be derived both directly or indirectly, as a direct or indirect result of such breach by the Interested Party or any of its Representatives who have committed or who have threatened to commit such breach, which rights and remedies shall be cumulative and, in addition to any other rights or remedies to which the Corporation may be entitled.

No failure or delay by the Corporation in exercising or taking steps to enforce any of its rights or entitlements under the provisions of this letter shall operate as a waiver thereof, unless such waiver is in writing and signed by the Corporation, nor shall any single or partial exercise thereof preclude any other or future exercise of any other right or entitlement of the Corporation hereunder.

12. **Notices:** Any notice desired, contemplated or required by this letter to be given shall be delivered by hand or facsimile to:

(a) the Corporation at:

8785 Langelier Blvd.
St. Leonard, QC H1P 2C9

Attention: John Howard
Telephone No. 514-325-8120
Facsimile No. 514-325-6477

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(b) the Interested Party at:

8600 Decarie Blvd
Suite 200
Town of Mount Royal, QC H4P 2N2

Attention: Frank J. Galtinger
Telephone No. 514-341-8600
Facsimile No. 514-340-1389

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With copy to:

Laurie Perron Lambert Vincent
480 Saint-Lauront Blvd.,
Suite 200
Montreal, QC H2Y 3Y7

Attention: Jacques Vincent
Telephone No. 514-798-0990
Facsimile No. 514-798-5599

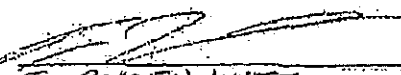
13. Applicable Law: The provisions of this letter shall be governed by and construed and enforced exclusively in accordance with the laws of Quebec and the federal laws of Canada applicable therein.

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The Corporation is requested to evidence its agreement and acceptance of the provisions of the letter by signing and returning the enclosed copy thereof which has been signed by the Interested Party, whereupon this letter will constitute the binding agreement between the Interested Party and the Corporation with respect to the subject matter thereof.

Yours very truly,

S.P. Holdings Canada Inc. or Nominee

Per: 
T. J. ROYERMANITZ

Supprimé
Per: []

| TO: S.P. Holdings Canada Inc, or Nominee

Accepted and agreed to with effect as of the date set out above.

DOMFOAM INTERNATIONAL INC.

Per:

John C. Howard

Per:

JOHN C. HOWARD

| NW 320

Per: _____

Schedule 5.1(o)

List of assets to be acquired by the Vendor

From Valle Foam Industries (1995) Inc.

Prior to the Closing Date

*See document attached
one (1) page*

Equipment to be Acquired From Valle Foam

Bonded foam peeler and boring machine
Foam shredding line c/w blower
2 shredded foam storage bins c/w fluffer arms, gearboxes and drives (2 units @ \$5,000 each)
Baumer contour saw c/w infeed and outfeed conveyors
Wyntec contour saw c/w infeed and outfeed conveyors
Convoluter - Edge Saw 88" capacity
Garfouel (of Chinese manufacture)
Automatic wrapping machine (built at Domfoam in 1996)
Automatic vertical saw
Zwick foam tester

Dismantle, transport and reassemble at Domfoam

Additional Items

Foam shredding line c/w blower
floor scale
Laminator unwind set-up
Laminator heating system
Underlay sealer
Web align unit
Air compressor
H.P. boiler 50 HP

Dismantle, transport and reassemble at Domfoam

EXHIBIT "H"

REDACTED

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made as of the 22nd day of February, 2012.

BETWEEN:

FYBON INDUSTRIES LIMITED

In trust for a company to be incorporated
(the "Purchaser")

and

VALLE FOAM INDUSTRIES (1995) INC.

An Ontario corporation
(the "Vendor")

A. The Vendor carries on the business of the manufacture of foam products under the name Valle Foam industries (the "Business").

B. The Purchaser wishes to purchase, and the Vendor wishes to sell, substantially all of the assets, property and undertaking of the Business on the terms and conditions herein contained.

C. The sale by the Vendor is subject to a court approval sale process under *The Companies Creditors Arrangement Act*, R.S.C. 1985 whereby Deloitte & Touche Inc. has been appointed monitor and any asset purchase agreement is subject to and requires the approval of the Court.

The Parties agree as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

In this Agreement and in the schedules, the following terms and expressions will have the following meanings:

- (a) "Agreement" means this share purchase agreement and all instruments amending it; "hereof", "hereto" and "hereunder" and similar expressions mean and refer to this Agreement and not to any particular Article, Section, or other subdivision; "Article", "Section" or other subdivisions of this Agreement followed by a number means and refers to the specified Article, Section or other subdivision of this Agreement;

- (b) "Business" means the business carried on by the Vendor at the Closing Date which primarily involves the manufacture of foam products and all operations related thereto;
- (c) "Business Day" means any day other than a Saturday, a Sunday or a statutory holiday in the Province of Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours;
- (d) "Closing" means the completion of the Transactions pursuant to this Agreement at the Closing Time;
- (e) "Closing Date" means the later of 5 days after the approval of the court of this Agreement or March 30, 2012 such other date as the Parties may agree upon;
- (f) "Closing Time" means 10:00 a.m. in the City of Toronto on the Closing Date or such other time on the Closing Date as the Parties may agree upon as the time at which the Closing shall take place;
- (g) "Conditions of Sale" means the relevant conditions set out in Schedule 'D' hereto imposed on the sale of the Business by the court;
- (h) "Consent" means a license, permit, approval, consent, certificate, registration or authorization (including, without limitation, those made or issued by a court);
- (i) "Contract" means any agreement, understanding, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral;
- (j) "Court" means the Ontario Court of Justice, Commercial List;
- (k) "Deposit" has the meaning ascribed in Section 2.3;
- (l) "ETA" means the *Excise Tax Act* (Canada);
- (m) "Excluded Assets" means:
 - (i) all cash on hand or in banks or other depositories held by or for the account of the Vendor;
 - (ii) all income tax instalments paid by the Vendor and the right to receive any refund of income taxes paid by the Vendor under the ITA, including the right to claim scientific research and experimental development credits under the ITA for expenses incurred by the Business up to the Closing Date; and
 - (iii) all corporate, financial, taxation and other records of the Vendor not pertaining exclusively or primarily to the Business or Purchased Assets;

- (iv) inter-company loans and security relating thereto
- (n) "Finished Goods" shall be all inventory that is not raw materials or scrap that can either be sold as is or converted by further processing into goods that may be sold.
- (o) "Interim Period" means the period from and including the date of this Agreement to and including the Closing Date;
- (p) "ITA" means the *Income Tax Act* (Canada);
- (q) "Law" or "Laws" means all requirements imposed by statutes, regulations, rules, ordinances, by-laws, decrees, codes, policies, judgments, orders, rulings, decisions, approvals, notices, permits, guidelines or directives of any Regulatory Authority;
- (r) "Leased Premises" means the premises leased or subleased by the Vendor at 4 West Drive, Brampton, Ontario;
- (s) "Parties" means the Vendor, the Purchaser and any other person that may become a party to this Agreement, and Party means any one of them;
- (t) "person" includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency and any other form of entity or organization;
- (u) "Purchased Assets" means all of the following property and assets used in connection with or otherwise relating to the Business (other than the Excluded Assets) whether real or personal, tangible or intangible, of every kind and description and:
 - (i) Equipment – all machinery, equipment, fixtures, furniture, furnishings, parts, tooling molds, dies, jigs or patterns and other fixed assets of the Vendor wherever located including but not limited to the equipment set out in Schedule "A";
 - (ii) Vehicles – all trucks, cars and other vehicles of the Vendor;
 - (iii) Inventories – all inventories, including, without limitation, raw materials, work-in-process, finished goods and replacement parts;
 - (iv) All phone numbers and facsimile numbers of the Vendor;
 - (v) Prepaid Expenses – all prepaid expenses relating to the Leased Premises;
 - (vi) Agreements – all rights under leases of personal property, orders or Contracts for the provision of goods or services (whether as buyer or seller), distribution and agency agreements.

- (vii) Intellectual Property – all trade or brand names, business names, trade marks, trade mark registrations and applications, service marks, service mark registrations and applications, copyright registrations and applications, patents, patent registrations and applications and other patent rights (including any patents issued on such applications or rights), trade secrets, proprietary manufacturing information and know-how, equipment and parts lists and descriptions, instruction manuals, inventions, inventors' notes, research data, unpatented blue prints, drawings and designs, formulae, processes, technology and other intellectual, industrial or proprietary rights, together with all rights under licences, registered user agreements, technology transfer agreements and other agreements or instruments relating to any of the foregoing including those listed in Schedule "B";
 - (viii) Computer Hardware and Software – all computer hardware and software, including all rights under licenses and other agreements or instruments relating thereto;
 - (ix) Records – all Records (other than those required by law to be retained by the Vendor, copies of which will be made available to the Purchaser); and
 - (x) Goodwill – all goodwill, together with the exclusive right for the Purchaser to represent itself as carrying on the Business in succession to the Vendor and the right to use any words indicating that the Business is so carried on, including the exclusive right to use the name Valle Foam, or any variation thereof, as part of the name or style under which the Business or any part thereof is carried on by the Purchaser;
- (v) "Purchase Price" has the meaning ascribed in Section 2.2;
- (w) "Records" means all technical, business and financial records relating to the Business, including, without limitation, customer lists, operating data, files, financial books, correspondence, credit information, research materials, contract documents, title documents, leases, surveys, records of past sales, supplier lists, employee documents, inventory data, accounts receivable data, financial statements and any other similar records in any form whatsoever (including written, printed, electronic or computer printout form), but not including those records which are part of the Excluded Assets;
- (x) "Regulatory Authority" means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances and any person acting under the authority of any of the foregoing and any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances;

- (y) “Transactions” means the purchase and sale of the Purchased Assets and all other transactions contemplated by this Agreement

1.2 Currency

Unless otherwise indicated, all references to dollar amounts in this Agreement are expressed in Canadian currency.

1.3 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Number and Gender

In this Agreement, unless the context otherwise requires, any reference to gender shall include both genders and words importing the singular number shall include the plural and vice-versa.

1.6 Time of Essence

Time shall be of the essence of every provision of this Agreement.

1.7 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.8 Accounting Terms

All accounting terms not specifically defined in this Agreement shall be construed in accordance with GAAP.

1.9 Calculation of Time Periods

Where a time period is expressed to begin or end at, on or with a specified day, or to continue to or until a specified day, the time period includes that day. Where a time period is expressed to begin after or to be from a specified day, the time period does not include that day. Where anything is to be done within a time period expressed after, from or before a specified day, the

time period does not include that day. If the last day of a time period is not a Business Day, the time period shall end on the next Business Day.

1.10 Statutory Instruments

Unless otherwise specifically provided in this Agreement, any reference in this Agreement to any Law shall be construed as a reference to such Law as amended or re-enacted from time to time or as a reference to any successor thereto.

1.11 Incorporation of Schedules

The following are the schedules attached to and incorporated by reference into this Agreement:

Schedule "A"	Equipment List
Schedule "B"	Intellectual Property
Schedule "C"	Purchase Price Allocation
Schedule "D"	Conditions of Sale

ARTICLE 2 PURCHASE AND SALE

2.1 Purchased Assets

On the terms and subject to the fulfilment of the conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase from the Vendor at the Closing Time on the Closing Date, all of the Purchased Assets.

2.2 Purchase Price

The aggregate purchase price (the "Purchase Price") payable by the Purchaser to the Vendor for the Purchased Assets shall be [REDACTED], subject to adjustment in accordance with Section 2.4.

2.3 Payment of Purchase Price

The Purchase Price shall be paid and satisfied, subject to adjustment in accordance with Section 2.4 as follows:

(1) Concurrently with the execution of this Agreement, the Purchaser will pay to Deloitte & Touche Inc., in trust, by certified cheque or bank draft or other means of immediately available funds, the sum of [REDACTED] as a deposit. The Deposit will be deposited in an interest-bearing account of a Canadian chartered bank or trust company in the City of Toronto in the name of the Purchaser and will be dealt with in accordance with the following provisions.

- (a) If the Transactions are completed at the Closing Time, the Deposit plus all interest earned thereon will be released from trust to the Vendor and applied toward satisfaction of the Purchase Price.

- (b) If the Transactions are not completed for any reason at the Closing Time, other than the failure of the Purchaser to satisfy its obligations (which have not been waived in writing) set out in Section 4.3, the Deposit plus all interest earned thereon will be released from trust and returned to the Purchaser.
- (c) If the Transactions are not completed at the Closing Time due to the failure of the Purchaser to satisfy its obligations (which have not been waived in writing) set out in Section 4.3, then the Deposit plus all interest thereon will be released from trust and forfeited and paid to the Vendor.
- (d) The release from trust and payment of the Deposit to either Party in accordance with this Section 2.3(1) shall not prejudice the enforcement of any rights either Party may otherwise have under this Agreement.

(2) At the Closing Time, the Purchaser will pay to the Vendor, by certified cheque, bank draft or other means of immediately available funds, the balance of the Purchase Price.

2.4 Adjustment of Purchase Price

The Purchase Price to be allocated for inventory shall be subject to adjustment to reflect the value of inventory at the Closing Date calculated as follows:

The Purchaser and the Vendor, through their authorized agents, will take an inventory count as at the closing of business on the business day immediately preceding the Closing Date and will value the same on the following basis:

- (i) [REDACTED]
- (ii) [REDACTED]

The allocation of the Purchase Price as per inventory as set out in the Purchase Price Allocation Schedule shall be adjusted accordingly and the Purchase Price shall also be adjusted to reflect any change in value allocated to inventory.

2.5 Allocation of Purchase Price

The Vendor and Purchaser agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule "C" and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation, and shall not dispute such allocation in connection with any audit or other proceeding.

2.6 ETA Election

The Vendor and Purchaser shall, on the Closing Date, elect jointly under subsection 167(1) of the ETA, in the form prescribed for the purposes of that subsection, in respect of the sale and

transfer of the Purchased Assets hereunder. The Purchaser shall file such election with the Canada Revenue Agency not later than the day on which it is required to file its GST return for its reporting period which includes the Closing Date and shall provide evidence of such filing to the Vendor.

2.7 Transfer Taxes

The Purchaser shall be liable for and shall pay all federal and provincial sales taxes (including any retail sales taxes and land transfer taxes) and all other taxes, duties, fees or other like charges of any jurisdiction properly payable in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser.

2.8 Accounts Receivable

The Purchaser shall be appointed by the Vendor as agent to collect all Accounts Receivable of the Vendor outstanding as at the Closing Date. The Purchaser shall collect such Accounts Receivable on behalf of the Vendor and shall remit to the Vendor or to whomever the court shall direct on a monthly basis all amounts received on account of the said Accounts Receivable less a collection fee of [REDACTED] per cent to be retained by the Purchaser. The Purchaser shall provide to the Vendor and/or the monitor on a monthly basis an accounting of all Accounts Receivable paid during the month. The Purchaser shall not be required to take any court action or other collection procedures with regard to the Accounts Receivable. At the end of ninety (90) days after the Closing Date the Vendor shall resume all collection responsibilities for the Accounts Receivable and the Purchaser shall cease any collection efforts with regard to then uncollected Accounts Receivable. The Purchaser shall not settle any of the Accounts Receivable for amounts less than the full amount outstanding without the prior written approval of the Vendor or the monitor.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Purchaser

The Purchaser hereby makes the following representations and warranties to the Vendor and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and completing the Transactions:

(1) Incorporation and Existence The Purchaser is a corporation incorporated and existing under the laws of the Province of Ontario.

(2) Validity of Agreement

(a) The Purchaser has all necessary corporate power to own the Purchased Assets. The Purchaser has all necessary corporate power to enter into and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement.

- (b) The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transactions have been duly authorized by all necessary corporate action on the part of the Purchaser.
 - (c) This Agreement or any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (3) No Violation The execution and delivery of this Agreement by the Purchaser, the consummation of the Transactions and the fulfilment by the Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both):
- (a) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Purchaser, under:
 - (i) any applicable Law;
 - (ii) any judgment, order, writ, injunction or decree of any Regulatory Authority having jurisdiction over the Purchaser;
 - (iii) the articles, by-laws or any resolutions of the board of directors or shareholders of the Purchaser;
 - (iv) any Consent held by the Purchaser; or
 - (v) the provisions of any Contract to which the Purchaser is a party or by which it is, or any of its properties or assets are, bound.
- (4) Investment Canada Act The Purchaser is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada).
- (5) Consents There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any Consent from any Regulatory Authority as a condition to the lawful consummation of the Transactions.
- (6) GST Registration The Purchaser is a registrant for the purposes of the ETA under registration number TBA

3.2 Survival of Covenants, Representations and Warranties of the Purchaser

To the extent that they have not been fully performed at or prior to the Closing Time, and unless otherwise provided, the covenants, representations and warranties of the Purchaser contained in

this Agreement and in any agreement, instrument, certificate or other document delivered pursuant to this Agreement shall survive the Closing and shall continue for the benefit of the Vendor and the Shareholder for a period of One (1) Year notwithstanding such Closing, nor any investigation made by or on behalf of the Vendor or the Shareholder or any knowledge of the Vendor or the Shareholder, except that:

(1) the representations and warranties set out in Sections 3.1(1) and 3.1(2), and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 5.3(1), shall survive the Closing and shall continue in full force and effect without limitation of time;

(2) a claim for breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this Section 3.2, provided that a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Law; and

(3) no claim for any breach of any of the covenants, representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement may be made after the applicable expiration time set out in this Section 3.2 notwithstanding that such breach was not objectively discoverable.

ARTICLE 4 COVENANTS

4.1 Conduct During Interim Period

During the Interim Period, without in any way limiting any other obligations of the Vendor and the Shareholder in this Agreement:

(1) Conduct Business in the Ordinary Course The Vendor shall conduct the Business only in the ordinary course of the Business consistent with past practice and any court order, and the Vendor shall not, without the prior written consent of the Purchaser, enter into any transaction or refrain from doing any action that would constitute a breach of any covenant or other obligation of the Vendor contained herein, and provided further that, without limiting the generality of the foregoing, the Vendor shall not:

- (i) transfer, lease, license, sell or otherwise dispose of any of the Purchased Assets except for inventory, or permit any Encumbrance to attach to or affect any of the Purchased Assets

(2) Continue Insurance The Vendor shall continue to maintain in full force and effect all policies of insurance or renewals now in effect, and shall take out, at the expense of the Purchaser, such additional insurance as may be reasonably requested by the Purchaser, and shall give all notices and present all claims under all policies of insurance in a timely fashion.

(3) Preserve Goodwill Except as provided for herein and with the restrictions of any court order, the Vendor shall use its best efforts to preserve intact the Business and the Purchased Assets and to carry on the Business as currently conducted, and to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Vendor.

(4) Corporate Action The Vendor shall take all necessary court action, steps and proceedings to approve or authorize, validly and effectively, the execution and delivery of this Agreement and the other agreements and documents contemplated by this Agreement and to complete the transfer of the Purchased Assets to the Purchaser free and clear of all Encumbrances except for the Permitted Encumbrances.

4.2 Access to Information

The Vendor shall at all times during the Interim Period make available to the Purchaser and its representatives and advisers for examination all of the Records in the Vendor's possession or under its control, including environmental and health and safety reports. The Vendor shall at all times during the Interim Period give the Purchaser and its representatives and advisers access to the Purchased Assets during normal business hours and upon reasonable notice, in order to make such investigations as the Purchaser shall deem necessary or advisable, including for purposes of conducting any environmental audits, environmental site assessments (including soil and groundwater testing) or other investigations. The Vendor shall give such persons all means necessary to effect such examinations and investigations and shall cause its agents, employees, officers and directors to use their best efforts to aid such persons in such examinations and investigations. The Vendor authorizes and consents to the release by any Regulatory Authority having jurisdiction of any information, and shall sign any documents or forms of consent incidental thereto. The exercise of any rights of access, inspection or examination by or on behalf of the Purchaser shall not affect or mitigate the Vendor's covenants, representations and warranties in this Agreement. The Vendor shall provide the Purchaser and its representatives and advisers at all times during the Interim Period with an opportunity to meet with the auditors and any employees, advisers or personnel of the Vendor.

4.3 Satisfaction of Closing Conditions

The Vendor agrees to use its best efforts to ensure that the conditions set forth in Section 5.1, and the Purchaser agrees to use its best efforts to ensure that the conditions set forth in Section 5.3, are fulfilled at or prior to the Closing Time. Each of the Parties agrees use its best efforts to ensure that the conditions set forth in Section 5.5 are fulfilled at or prior to the Closing Time.

4.4 Delivery of Records

At the Closing Time, the Vendor shall deliver to the Purchaser all the Records (unless part of the Excluded Assets). The Purchaser agrees that it will preserve such Records so delivered to it for a period of six years from the Closing Date, or for such longer period as is required by any applicable Law, and will permit the Vendor or its authorized representatives reasonable access thereto in connection with the affairs of the Vendor, but the Purchaser shall not be responsible or

liable to the Vendor for or as a result of any accidental loss or destruction of or damage to any such Records.

4.5 Access to Purchased Assets

After the Closing Date the Purchaser to be allowed 30 days in which to remove the Purchased Assets from any location in which they are located except the premises at 4 West Drive and the Vendor shall assist with purchaser with any consents required to complete such removal. Upon court approval and before Closing Purchaser shall be allowed access to the premises to prepare for removal.

4.6 Employees

The Purchaser shall be free to offer employment to such of the current employees as it sees fit on terms it sees fit without assuming any obligation with regard to any other employees of the Vendor and the Vendor shall save the Purchaser harmless with regard to any of the employees the Purchaser has not arranged to hire. Such employees shall be terminated by the Vendor as at the Closing Date. The Purchaser shall upon execution of this agreement be provided with full details of all current employees of the Vendor and the Purchaser shall be allowed to interview any such employees as it see fit and to offer employment to those it wishes to hire. The Purchaser currently believes that it will require up to 125 employees for its operations. The Purchaser shall, five (5) days prior to the Closing Date, submit to the Vendor a list of the employees with whom it has entered into hiring arrangements. Between the signing of this Agreement and the Closing date no changes shall be made to the terms of employment of any employees of the Vendor by the Vendor without the prior approval of the Purchaser.

4.7 Change of Name

The Vendor agrees that within Ninety (90) days from the Closing Date it shall change its name to a name that does not include the words Valle Foam or any part thereof or any similar words.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the Transactions will be subject to the fulfilment of the following conditions at or prior to the Closing Time:

(1) Covenants The Vendor shall have complied with all covenants and agreements in this Agreement to be performed or caused to be performed by it at or prior to the Closing Time. In addition, the Vendor shall have delivered to the Purchaser a certificate confirming the foregoing. The receipt of such certificate and the completion of the Transactions shall not be deemed to constitute a waiver of any of the covenants of the Vendor contained in this Agreement.

(2) No Material Adverse Change Except as has been specifically permitted in this Agreement, since the date of this Agreement there shall not have been any damage, destruction

or loss, or other event, development or condition of any character (whether or not covered by insurance) which would have a material adverse effect on the Purchased Assets or the Business.

(3) No Action to Restrain/No Adverse Law No Law shall have been made, and no action or proceeding shall be pending or threatened, which is likely to result in an order, decision or ruling imposing any limitations or conditions which may have a material adverse effect on the Transactions or the right of the Purchaser to own the Purchased Assets.

(4) Consents All Consents required to permit the change of ownership of the Purchased Assets contemplated hereby without resulting in the violation of or a default under or any termination, amendment or acceleration of any obligation under any licence, permit, lease, or material Contract affecting the Business or otherwise adversely affecting the Business, shall have been made, given or obtained on terms acceptable to the Purchaser acting reasonably.

(5) The obligations of the Purchaser to complete the transaction are conditional upon the Purchaser obtaining from the Landlord at 4 West Drive agreement to enter into a new lease with the Purchaser on terms satisfactory to the Purchaser acting reasonably for a Ten (10) year term, with two Five (5) year options to extend, at a base rent of Three Dollars and Fifty Cents (\$3.50) per square foot for the initial term and further upon the Purchaser satisfying itself that the said premises at 4 West Drive comply with all current environmental requirements necessary to continue the operations of the Vendor at this location and that any environmental issues with the property existing as at the Closing date remain the responsibility of the landlord.

(6) Deliveries The Vendor shall have delivered to the Purchaser the following in form and substance satisfactory to the Purchaser:

- (b) all Records (unless part of the Excluded Assets) of the Vendor and other documents referred to in this Agreement or any Schedule;
- (c) all documentation and other evidence reasonably requested by the Purchaser in order to establish the due authorization and consummation of the Transactions, including the taking of all corporate proceedings by the boards of directors and shareholders of the Vendor required to effectively carry out the obligations of the Vendor pursuant to this Agreement; and
- (d) all necessary deeds, conveyances, bills of sale, discharges, assurances, transfers, assignments and any other documentation necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title, free and clear of all Encumbrances whatsoever except for the Permitted Encumbrances.

5.2 Satisfaction of Conditions

The condition set out in subsections 5.1 (5) are conditional until 5:00 o'clock p.m. on the 15th day of March, 2012 upon the Purchaser satisfying itself in its unfettered discretion as to such condition. The Purchaser shall be entitled to terminate this Agreement by written notice to the Vendor at any time prior to the expiration of the condition date set out above and unless the

Purchaser delivers written notice to the Vendor prior to the expiration time on such date that such conditions have been waived this Agreement shall be automatically terminated effective as at the expiration of such time on such date and in either case the parties hereto shall be released from all obligations and liabilities hereunder and the deposit and deposit Interest shall be returned to the Purchaser forthwith without deduction.

5.3 Waiver or Termination by the Purchaser

The conditions contained in Section 5.1 are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 5.1 are not fulfilled or complied with by the time provided for, the Purchaser may, at or prior to the Closing Time, terminate this Agreement by notice in writing after such time required to the Vendor and the Shareholder. In such event the Purchaser shall be released from all obligations in this Agreement (except as set out in Section 5.6) and, unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Vendor or the Shareholder, then the Vendor and the Shareholder shall also be released from all obligations in this Agreement (except as set out in Section 5.6).

5.4 Conditions for the Benefit of the Vendor

The obligations of the Vendor to complete the Transactions will be subject to the fulfilment of the following conditions at or prior to the Closing Time:

(1) Representations, Warranties and Covenants The representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and accurate at the Closing Time with the same force and effect as though such representations and warranties had been made as of the Closing Time. The Purchaser shall have complied with all covenants and agreements in this Agreement to be performed or caused to be performed by it at or prior to the Closing Time. In addition, the Purchaser shall have delivered to the Vendor a certificate confirming the foregoing. The receipt of such certificate and the completion of the Transactions shall not be deemed to constitute a waiver of any of the representations, warranties or covenants of the Purchaser contained in this Agreement. Such representations, warranties and covenants shall continue in full force and effect as provided in Section 3.4.

5.5 Waiver or Termination by the Vendor and Shareholder

The conditions contained in Section 5.3 are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time without prejudice to any of their rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 5.3 are not fulfilled or complied with by the time provided for, the Vendor may, at or prior to the Closing Time, terminate this Agreement by notice in writing after such time to the Purchaser. In such event the Vendor shall be released from all obligations in this Agreement (except as set out in Section 5.6) and, unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to

be fulfilled by the Purchaser or the Vendor, then the Purchaser shall also be released from all obligations in this Agreement (except as set out in Section 5.6).

5.6 Conditions Precedent

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled at or prior to the Closing Time, which conditions are true conditions precedent to the completion of the Transactions:

(1) No Legal Action No action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit any of the Transactions or the right of the Purchaser to conduct the Business after Closing on substantially the same basis as heretofore conducted.

(2) The Conditions of Sale attached hereto as Schedule "D" have been compiled with and approval of the Court to the sale has been obtained provided that where the Conditions of Sale conflict with any of the provisions of this Agreement the provisions of this Agreement shall prevail.

(3) The Purchaser and the Vendor acknowledge and agree that, in accordance with Schedule "D" this Agreement is subject to and conditional upon the issuance by the Court of a vesting or other appropriate order by the Court (the "Vesting Order") *inter alia*, approving this Agreement and vesting title in and to the Purchased Assets in the Purchaser on Closing pursuant to the terms and conditions of this Agreement on or before the Closing Date.

5.7 Survival following Termination

In the event of termination of this Agreement at or prior to the Closing Time pursuant to Sections 5.2, 5.4 or 5.5, the provisions of Articles 1, 6 and 7 and Sections 2.3(1), 5.2, 5.4 or 5.5 shall survive such termination indefinitely. Upon such termination, the Purchaser shall promptly deliver to the Vendor all copies of all Records (unless part of the Excluded Assets) of the Vendor and other written material obtained by the Purchaser from the Vendor or the Shareholder in connection with this Agreement.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Place of Closing

The Closing shall take place at the Closing Time at the offices of Minden Gross LLP, 145 King Street West, Suite 2200, Toronto, Ontario.

6.2 Deliveries at the Closing

At the Closing Time, upon fulfillment of all the conditions set out in Article 5 that have not been waived in writing by the Purchaser or the Vendor, as applicable, the Vendor shall deliver such documents as are required or contemplated to be delivered by the Vendor or Vendor's counsel pursuant to this Agreement, the relevant portions of the Purchase Price shall be paid or delivered

in the manner provided in Section 2.3, and the Purchaser shall deliver such documents as are required or contemplated to be delivered by the Purchaser or Purchaser's counsel pursuant to this Agreement.

**ARTICLE 7
GENERAL**

7.1 Confidentiality

The Purchaser covenants and agrees that, except as otherwise authorized by the Vendor, neither the Purchaser nor its representatives, agents or employees will disclose to third parties, directly or indirectly, any confidential information or confidential data relating to the Vendor or the Business discovered or received by the Purchaser or its representatives, agents or employees as a result of the Vendor making available to the Purchaser and its representatives, agents or employees the information requested by them in connection with the Transactions.

7.2 Notices

(1) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(a) if to the Vendor:

c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario, M5J 2V1
Attention: Catherine A. Hristow
Fax No.: 416-601-6690
With a copy to:
Minden gross LLP
145 King Street West
Suite 2200
Toronto, Ontario
M5H 4G2
Attention: David Ullmann
Fax: 416-

(b) if to the Purchaser:

202 Fairbank Avenue
Toronto, Ontario, M6B 4C5
Attention: Steven Knapp
Fax No.: 416-787-2077
With a copy to:

Ricketts Harris LLP

181 University Avenue
Suite 816
Toronto, Ontario
M5H 2X7
Attention: R. D. Preston
Fax: 416-364-1697

(2) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as described.

(3) Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 7.2.

7.3 Public Announcements and Disclosure

The Parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the Transactions and, except as required by any applicable Law or stock exchange having jurisdiction, no Party shall issue any such press release or make any such public announcement without the prior written consent of the others, which consent shall not be unreasonably withheld or delayed. Prior to any such press release or public announcement, none of the Parties shall disclose this Agreement or any aspect of the Transactions except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with the Transactions and counsel to such institution, or as may be required by any applicable Law or stock exchange having jurisdiction.

7.4 Assignment

The Purchaser may assign its rights under this Agreement in whole or in part to any other person; provided, however, that any such assignment shall relieve the Purchaser from any of its obligations hereunder. The Vendor may not assign its rights under this Agreement.

7.5 Best Efforts

The Parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any Party to use its "best efforts" to obtain any waiver, Consent or other document shall not require such Party to make any payment to any person for the purpose of procuring the same, other than payments for amounts due and payable to such person, payments for incidental expenses incurred by such person and payments required by any applicable law or regulation.

7.6 Expenses

Unless otherwise provided, each of the Vendor and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transactions. In the event of termination of this Agreement, the obligation of each Party to pay its own expenses will be subject to any rights of such Party arising from a breach of this Agreement by another Party.

7.7 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time after Closing at the expense of the requesting Party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

7.8 Entire Agreement

This Agreement, including all Schedules, constitutes the entire agreement between the Parties with respect to the subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter except provided in this Agreement. No reliance is placed by any Party on any warranty, representation, opinion, advice or assertion of fact made by any Party or its directors, officers, employees or agents, to any other Party or its directors, officers, employees or agents, except to the extent that it has been reduced to writing and included in this Agreement.

7.9 Waiver. Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

7.10 Rights Cumulative

The rights and remedies of the Parties are cumulative and not alternative.

7.11 Counterparts

This Agreement may be executed in any number of counterparts, and/or by facsimile or e-mail transmission of Adobe Acrobat files, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. Any Party executing this Agreement by fax or Adobe Acrobat file shall, immediately following a request by any other

Party, provide an originally executed counterpart of this Agreement provided, however, that any failure to so provide shall not constitute a breach of this Agreement except to the extent that such electronic execution is not otherwise permitted under the *Electronic Commerce Act, 2000* (Ontario).

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

FYBON INDUSTRIES LIMITED,
In trust for a company to be incorporated

Per: _____

VALLE FOAM INDUSTRIES (1995) INC.

Per: _____

SCHEDULE "A"
EQUIPMENT LIST
SEE ATTACHED

January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
1)	3	Carbon Steel 20,000 Gallon Horizontal Bulk Storage Tanks
2)	4	Carbon Steel 15,000 Gallon Horizontal Bulk Storage Tanks
3)	3	Viking 10 HP & 15 HP Distribution and Transfer Pumps
4)	3	Graco Pneumatic Vacuum Pumps
5)	1	Carbon Steel 4,000 Gallon Horizontal Bulk Storage Tank w/ 3-Way Pneumatic Valve
6)	1	Kral 15 HP Distribution and Transfer Pump
7)	1	Dunham-Bush 20-Ton Chiller
8)	1	Berg "AS-80-2/1R" 80-Ton Chiller w/ Roof Mount Condensers and Cooling Towers
9)	1	Alfa Laval Plate Type Heat Exchanger
10)	6	Carbon Steel 5,000 Gallon Vertical Bulk Storage Tanks
11)	2	Vicking 7.5 HP Distribution Transfer Pumps
12)	1	Bosch Metering Pump w/ Mass Flow Meter
13)	1	Rex-Roth 60 HP High Pressure Metering Pump
14)	1	Witte 80 HP High Pressure Metering Pump
15)	1	Mac-Air 10 HP Air Compressor
16)	1	SMC "PDE75-S" Refrigerated Air Dryer

January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
17)	1	Hennecke "Nova Flex Flat Con" High Pressure Polyurethane Foam Production Forming Line 95"W x 54"H, Allan Bradley PLC Controls, w/ Mixing and Metering, Colour Additives, Exhaust and Scrubber, Upgraded in 2006
18)	1	Carbon Steel 5,000 Gallon Jacketed Bulk Storage Tank w/ Vicking Metering Pump
19)	1	Air Flo 100 CSF Dessicant Air Dryer
20)	1	Para-Flex 48" Diameter Poly-Urethane Foam Production Forming Line w/ Exhaust Chamber
21)	1	Carbon Steel 5,000 Gallon Jacketed Bulk Storage Vertical Tank
22)	1	Carbon Steel 8,000 Gallon Jacketed Bulk Storage Vertical Tank
23)	1	Carbon Steel 2,000 Gallon Jacketed Bulk Storage Vertical Tank
24)	1	Discharge Hopper w/ Auger Feed
25)	1	Carbon Steel 8,000 Gallon Jacketed Bulk Storage Horizontal Tank
26)	1	Carbon Steel 8,000 Gallon Jacketed Bulk Storage Horizontal Tank
27)	1	Webster 30 HP Rotary Screw Air Compressor
28)	1	Carbon Steel 5,000 Gallon Jacketed Bulk Storage Vertical Tank
29)	1	Weil-McLain Low Pressure Gas Fired Boiler w/ Condensate Tank and Water Softener
30)	1	Piqua "Series 30" Hydraulic Vertical Baler
31)	1	Baumer "SMW1040 120" Foam Peeling Machine S/N: 5338
32)	1	APC 40 KW UPS System

January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
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January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
33)	Lot	Miscellaneous Factory Support Equipment: <ul style="list-style-type: none">• Pallet Racking• Hydraulic Pallet Trucks• Motorized Belt Conveyor• Roller Conveyor• Boom Extension• Material Handling Carts• Scales• Scissor Lift Tables• Electric Pallet Trucks• Storage Cabinets• Open Side Spray Booths• Adhesive Pumps and Guns• Pedestal Fans• Work Benches• Hand Trucks
34)	1	Hydraulic Garbage Compactor w/ Bin
35)	1	Genie Z-34/22 Electric Telescoping Man Lift
36)	1	Electric/Hydraulic Scissor Lift Platform
37)	3	5,000 LBS Double Trolley Overhead Bridge Cranes
38)	3	Custom 50' Long Foam Handling Units
39)	1	Semi-Automatic Horizontal Bandsaw
40)	1	McNeil Femco 4-Head Foam Block Vertical Slitter
41)	1	McNeil Femco Horizontal Bandsaw
42)	1	McNeil Femco Vertical Bandsaw
43)	1	Vertical Bandsaw
44)	1	Edge-Sweets "HT-51-88" Automatic Horizontal Bandsaw

January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
45)	1	Falls Engineering 4-Head Vertical Slitter
46)	1	Edge-Sweets 64" Vertical Bandsaw
47)	1	Edge-Sweets "HCC-51-118" Carousel Type Horizontal Bandsaw
48)	1	CFM "02C" Carousel Type Horizontal Bandsaw
49)	1	Edge-Sweets "RSS-C-92" 84" Roll Type Convolute Cutting Machine
50)	1	Max-Pak Automatic Horizontal Hydraulic Baler
51)	1	Economy Vertical Hydraulic Baler
52)	1	Wintech "DOZ2000" CNC Dual Blade Profiler S/N: DOZ362
53)	1	2000 Baumer "OFS-VT" CNC Gantry Style Vertical Contour Cutting Machine S/N: 11471
54)	1	24" Vertical Bandsaw
55)	1	Fecken-Kirfel 46" Vertical Bandsaw
56)	1	54" Vertical Bandsaw
57)	2	Edge-Sweets "EL-3" Vertical Bandsaws S/N: 1657, 1658
58)	1	Hyma "ASL" Automatic 84" Vertical Bandsaw
59)	1	Femco "Ferry B-600" Automatic 68" Vertical Bandsaw
60)	1	48" Horizontal Bandsaw
61)	1	Custom L-Bar Packaging Machine
62)	1	Baumer "OFS-VE" CNC Vertical Contour Cutting Machine S/N: 7720

January 2012

Valle Foam Industries (1995) Inc.
4 West Drive, Brampton, Ontario L6T 2H7

ITEM #	QTY.	ITEM DESCRIPTION
63)	1	Dynacut 48" Vertical Bandsaw
64)	1	Edge-Sweets "AV-3" Automatic Vertical Bandsaw
65)	1	48" Vertical Bandsaw
66)	1	1998 Baumer "OFS-VE-Q" CNC Vertical Contour Cutting Machine S/N: 7857
67)	2	Delta 16" Vertical Bandsaws
68)	Lot	Complete Maintenance Department
69)	1	Macro 7.5 HP Rotary Screw Air Compressor
70)	1	Canadian Automation 72" Foam Inserting Machine
71)	1	1999 Fecken-Kirfel D5 Automatic Horizontal Bandsaw S/N: M110.266
72)	Lot	Office Equipment and Furnishings
73)	1	Carbotech 22-Ton Vertical CO ² Storage Tank w/ 10-Ton Chiller
74)	83	Trailmobile, Fruehauf, Strick, Manac and Stoughton 48' and 53' Tandem Axle Flat Bed and Enclosed Trailers
75)	20	Fruehauf, Manac, Trailmobile and Fontaine Tandem Axle Storage Trailers

January 2012

Valle Foam Industries (1995) Inc.
317 Orenda Road, Brampton, Ontario L6T 1G8

ITEM #	QTY.	ITEM DESCRIPTION
1)	3	Wide Opening, Blending and Filling Lines
2)	1	Edge-Sweets "Convoluter 84" Roll Type Convolute Cutting Machine S/N: 8041
3)	1	84" Hydraulic Press
4)	Lot	Factory Support Equipment <ul style="list-style-type: none">• Pallet Racking• Shop Vacuums• Motorized Conveyor• Pedestal Fans• Pallet Trucks• Grommet Machine• Maintenance Area• Stacking Bins• Security Maintenance Cage• Beam Scale• Layout Tables• Hand Trucks• Sewing Department
5)	1	Philadelphia Hydraulic Vertical Baler
6)	3	Koger 125 HP Hydraulic Shredding Lines w/ Blowers and Bulk Storage Bins
7)	1	2007 Baumer "SHW-104D" Peeler S/N: 115569
8)	1	Fecken-Kirfel "RII-8" Peeler S/N: M4250
9)	1	Hydraulic Boring Machine
10)	1	76" Laminating Line w/ Slitting Heads, Cut-Off and Take-Up
11)	1	Mac-Air 25 HP Air Compressor

January 2012

Valle Foam Industries (1995) Inc.
317 Orenda Road, Brampton, Ontario L6T 1G8

ITEM #	QTY.	ITEM DESCRIPTION
12)	1	Foam Forming/Molding Station w/ 2 x 48" Molding Cylinders, Steam Heat Boilers and Vacuum Forming
13)	1	Krauss & Reickert "R8M/R" Vertical Bandsaw S/N: 99495
14)	1	Aline "HO-48ME" Side Seal Machine
15)	1	Pneumatic 28" x 60" Platen Press

January 2012

Valle Foam Industries (1995) Inc.
11 Finley Road, Brampton, Ontario L6T 1B1

ITEM #	QTY.	ITEM DESCRIPTION
1)	1	44" Horizontal Bandsaw w/ Motorized Return Conveyor S/N: n/a
2)	1	Delta 16" Vertical Bandsaw
3)	1	Hyma "ASL-UL" Vertical Bandsaw S/N: 914032-01
4)	1	Atom "T-55" Die Cutting Press S/N: 7638
5)	1	Fox "Model 7" Auto Pallet Wrapping Machine (Not in service)
6)	Lot	Miscellaneous Factory Support Equipment • Factory Trucks • Hydraulic Pallet Trucks • Mezzanine • Shop Vacuums • Roller Conveyor • Pallet Racking • Pedestal Fans
7)	1	Edge Saw "5088-PVT" Horizontal Bandsaw S/N: 5144
8)	1	Femco 72" Vertical Bandsaw 40° Head
9)	1	Frank Edge 60" Vertical Bandsaw S/N: 1162
10)	1	Supacut 50" Vertical Bandsaw S/N: 1213

January 2012

Valle Foam Industries (1995) Inc.
11 Finley Road, Brampton, Ontario L6T 1B1

ITEM #	QTY.	ITEM DESCRIPTION
11)	1	Edge Saw "E2" Vertical Bandsaw S/N: 1248
12)	1	McNeil Femco "B-30-114-125-40" Vertical Bandsaw S/N: 6795-74
13)	1	National "HY60A" Vertical Hydraulic Baler S/N: 1-686
14)	Lot	Miscellaneous Production Machinery (not in service)
15)	1	Fox "Series 7" Auto Pallet Wrapper S/N: 7RT-08060430 (not in service)

January 2012

Valle Foam Industries (1995) Inc.
170 Glidden Road, Brampton, Ontario L6W 3L2

ITEM #	QTY.	ITEM DESCRIPTION
1)	1	2004 Edge-Sweets "G-60" Vertical Bandsaw S/N: E-3789
2)	1	2003 Edge-Sweets "HT-51-88 UBA" Horizontal Bandsaw S/N: E-3657
3)	1	Edge Saw "Model 90" 4-Head Dual Knife Slitter S/N: 4045
4)	1	84" Dual Knife Vertical Bandsaw
5)	Lot	Miscellaneous Factory Support Equipment <ul style="list-style-type: none">• Roller Conveyor• Mezzanine• Pedestal Fans• Foam Clamp Carriers• Shop Vacuums• Security Man Lift Cage• Factory Trucks• Motorized Conveyor• Open Side Spray Booths• Hydraulic Scissor Lift Tables• Hydraulic Pallet Trucks• Hand Trucks• Layout Tables• Manual Cutters• Pinch Rolls• Stencil Machines• Beam Scale• Dock Plates
6)	1	Edge-Sweets 84" Horizontal Bandsaw
7)	1	1998 Edge-Sweets "72-108" Peeler S/N: 6281
8)	1	Edge-Sweets "72-108" Peeler
9)	1	Supacut 48" Vertical Bandsaw

January 2012

Valle Foam Industries (1995) Inc.
170 Glidden Road, Brampton, Ontario L6W 3L2

ITEM #	QTY.	ITEM DESCRIPTION
10)	1	Fecken-Kirfel 80" Roll Type Convolute Cutting Machine
11)	1	Max-Pak "HCE-4860-FOAM" Automatic Horizontal Baler S/N: 07024866
12)	1	Hydraulic Vertical Baler
13)	1	48" Vertical Bandsaw
14)	Lot	1982 Fecken-Kirfel "V-IIC" Vertical Bandsaw S/N: M181
15)	1	Compair "128 Hydrovane" Rotary Screw Compressor
16)	1	Compair Air Dryer
17)	1	Baumer Horizontal Contour Cutting Bandsaw
18)	2	McNeil & Femco "Stackmaster" Horizontal Bandsaws
19)	1	Krauss & Reickert "RBMR-98" Vertical Bandsaw S/N: 198176
20)	1	1982 Fecken-Kirfel "VII-A" Vertical Bandsaw S/N: M-167
21)	1	48" Vertical Bandsaw
22)	1	Fecken-Kirfel "V-24" Vertical Bandsaw S/N: M-5210 (not in service)
23)	1	1971 Fecken-Kirfel "V-11" Vertical Bandsaw S/N: M4414
24)	1	Dynacut 48" Vertical Bandsaw
25)	1	1996 Edge-Sweets "A-2" Vertical Bandsaw S/N: 2816
26)	1	Husky "PRO" 5 HP Tank Mount Air Compressor
27)	1	Supacut 48" Vertical Bandsaw

January 2012

Valle Foam Industries (1995) Inc.
170 Glidden Road, Brampton, Ontario L6W 3L2

ITEM #	QTY.	ITEM DESCRIPTION
28)	1	1977 McNeil Femco "B30-114-125-40" Vertical Bandsaw S/N: 7269
29)	2	40" Horizontal Bandsaws w/ Motorized Return Conveyors
30)	1	Samco "Series 70" Hydraulic Die Cutter
31)	1	20" Vertical Bandsaw (not in service)
32)	1	48" Blade Buffer

SCHEDULE "B"
INTELLECTUAL PROPERTY

BioPlush foams
Green Urethanes

SCHEDULE "C"

ALLOCATION OF PURCHASE PRICE

[REDACTED]

[REDACTED]

SCHEDULE "D"
CONDITIONS OF SALE
SEE ATTACHED

CONDITIONS OF SALE

1. The vendors are Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”) and A-Z Sponge & Foam Products Ltd. (“**A-Z**”) (each a “**Vendor**” and collectively, the “**Vendors**”). In connection with the sale process (the “**Sale Process**”) undertaken by the Vendors with respect to the Property (as defined below) and with any and all matters arising under or in connection with these Conditions of Sale, Deloitte & Touche Inc. acts solely in its capacity as the Court-appointed Monitor (the “**Monitor**”) in the *Companies’ Creditors Arrangement Act* (Canada) proceeding involving the Vendors bearing Court File No. CV-12-9545-00CL.
2. Pursuant to these Conditions of Sale, the Vendors are inviting offers to purchase all of the assets, properties and undertakings of each of Valle Foam (the “**Valle Foam Property**”), Domfoam (the “**Domfoam Property**”) and A-Z (the “**A-Z Property**”). Each of the Valle Foam Property, Domfoam Property and A-Z Property (collectively, the “**Property**”) comprises a separate parcel (each, a “**Parcel**”) of the Property.
3. The Vendors with the assistance of the Monitor have prepared a flyer identifying the opportunity to purchase the Property (the “**Flyer**”). All information contained in the Flyer, including without limitation, any description of the Property, has been prepared solely for the convenience of the party submitting an offer (each, an “**Offer**”) to purchase some or all of the Property (each, an “**Offeror**”) and is not warranted to be complete or accurate and does not form part of these Conditions of Sale.
4. Each of the Vendors may carry on its business prior to closing and the quantity of inventory included in each Parcel may be reduced during such period. The inventory

included in each Parcel will be that on hand and available on the Closing Date (as defined below) of any Approved Sale Agreement (as defined below).

5. Offers may be submitted for individual Parcels or en bloc, provided that en bloc Offers must stipulate a separate price for each Parcel. Offers submitted for more than one Parcel will be considered as a separate Offer for each Parcel unless the Offeror specifically states that the acceptance of one Parcel is conditional upon the acceptance of one or more other Parcels.
6. Sealed Offer marked "Offer – [name of Vendor as applicable: **Valle Foam Industries (1995) Inc./Domfoam International Inc./A-Z Sponge & Foam Products Ltd.**]" shall be delivered or mailed postage prepaid to Deloitte & Touche Inc., 181 Bay Street, Brookfield Place, Suite 1400, Toronto, Ontario, M5J 2V1, to the attention of Catherine Hristow. All Offers must be received by Deloitte & Touche Inc. by 12:00 p.m. Eastern Standard Time on February 22, 2012 (the "Offer Date"). The Vendors reserve the right to extend the Offer Date with respect to same or all of the Property at any time for any reason.
7. Every Offer submitted should be in the Form of Offer attached hereto. Offers received by the Vendors which are not in such form may be rejected. Offers shall be opened by the Vendors in the presence of, and reviewed with, representatives of the Monitor. No Offeror or creditor of the Vendors shall be entitled to be present for the opening of Offers.
8. The Vendors shall have no obligation, at law or in equity or otherwise, to any Offeror or any other person or party, to:

- (a) consider any Offer which:
 - (i) specifies a purchase price as an amount or percentage in excess of any other Offer or otherwise as a function of the purchase price offered by any other Offeror;
 - (ii) has not been fully completed and duly executed;
 - (iii) is not accompanied by the Deposit (as defined below) required hereunder;
 - (iv) has not been delivered to and received at the offices of the Monitor as required hereunder; or
- (b) negotiate with any Offeror after the Offer Date with respect to any provision of the Offer or request or agree to any changes therein,

but nothing in these Conditions of Sale shall preclude any of the Vendors from taking any of the foregoing steps if, in its sole and unfettered discretion but with the consent of the Monitor, the applicable Vendor believes that it is in its best interests to do so; however the taking of any such step shall not constitute a waiver by that Vendor of the provisions of this paragraph or an obligation on the part of that Vendor or any of the other Vendors to take any further or other steps referred to above with the same or any other Offeror. The Vendors will be under no obligation to negotiate identical terms with, or extend identical terms to, each Offeror.

9. Each Offeror shall, with its Offer, deliver to the Vendor of that part of the Property subject to the Offer the following:

- (a) an amount equal to 10% of the purchase price specified in the Offer which shall be held in a non-interest bearing account by the Monitor. If the Offer is accepted by the Vendor said cheque shall be deemed to be a cash deposit (the “**Deposit**”) against the aggregate offered purchase price (the “**Purchase Price**”) and, subject to Court approval of the Offer, the Offeror (hereinafter called the “**Purchaser**”) under an Approved Sale Agreement (as defined below) shall pay the balance of the Purchase Price to the Monitor, in cash, wire transfer or by bank draft issued by a schedule 1 Canadian chartered bank on the closing date of the transaction under the Approved Sale Agreement;
- (b) an executed copy of the template agreement of purchase and sale prepared by the Vendor (“**Template Sale Agreement**”), amended to reflect that part of the Property subject to the Offer (the Template Sale Agreement as amended, the “**Offeror Sale Agreement**”) and any other matters specific to the Offer, which shall be binding and irrevocable until March 6, 2012. The Vendors require each Offeror to include in its Offeror Sale Agreement transitional provisions regarding the proposed transfer of the Purchased Assets (defined below) to the Offeror including, without limitation, any employees of the Vendors to be hired by the Offeror, assumption of existing contracts and prepaid expenses;
- (c) a comparison of the Template Sale Agreement to the executed and amended Offeror Sale Agreement;
- (d) a representation of the Offeror and written evidence of available cash and/or a commitment for financing to evidence the Offeror’s ability to close the proposed transaction as the Vendor may reasonably request;

- (e) a copy of a board resolution or similar document demonstrating authority to make an irrevocable Offer and to execute the transaction contemplated by the Offeror Sale Agreement; and
 - (f) disclosure of the identity of each entity (including its ultimate shareholders) that has submitted the Offer.
10. Following the Offer Date, each of the Vendors specifically reserves its right to negotiate with any Offeror with respect to any provision of its Offer or to request or agree to any changes in any such Offer. The Vendors may choose to take such steps with respect to one or more Offers but the Vendors shall have no obligation to negotiate identical terms with, or extend identical terms to, each Offeror. Each of the Vendors reserves its right to request some, but not all, Offerors to submit a revised Offer reflecting improved terms or other amendments requested by the Vendor. Each of the Vendors will be under no obligation to provide to each Offeror the opportunity to improve the terms of any Offer submitted to the Vendor following the Offer Date.
11. If a Vendor accepts an Offer and the subject Offeror Sale Agreement, the Vendor shall seek an order of the Court (the “**Approval and Vesting Order**”) approving such Offeror Sale Agreement and vesting title to the Purchased Assets (as defined below) in and to the Purchaser upon closing of the transaction under the Offeror Sale Agreement free and clear of all claims, liabilities and encumbrances. Any Offeror Sale Agreement accepted by the Vendor and approved by the Court is referred to hereafter as an “**Approved Sale Agreement**”.

12. If a Vendor accepts an Offer but the terms of that Offer or the Offeror Sale Agreement are not approved by the Court or if the Court declines to issue the Approval and Vesting Order, then the Vendor may, in its sole and unfettered discretion, terminate the proposed transaction and any Offeror Sale Agreement accepted by the Vendor, whereupon the Deposit shall forthwith be returned to the Offeror without credit for any accrued interest thereon and the Vendor may then accept any other Offer to purchase that part of the Property subject to the terminated Offeror Sale Agreement.
13. Notwithstanding any other provision contained in these Conditions of Sale, nothing herein shall constitute an assignment or attempted assignment of any of the Property subject to an Approved Sale Agreement (“**Purchased Assets**”) which is not assignable without the consent of any person if such consent is not obtained by the Purchaser. It shall be the Purchaser’s sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances which may be required to carry out the terms of the sale of the Purchased Assets, including, without limitation, any approvals with respect to the assignment of any of the Purchased Assets not assignable without the consent or action of a third party or parties. Specifically, and without limiting the generality of the foregoing, by submitting an Offer, an Offeror acknowledges that it has conducted its own investigations with respect to any licences, approvals or third party consents which are necessary to purchase any of the Property or to carry on any business or any other activity utilizing or in connection with any of the Property.
14. Bank drafts accompanying Offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its Offer or made

available for pick up not later than fourteen days following the opening of Offers unless otherwise arranged with the Offeror.

15. The closing of each Approved Sale Agreement shall take place at the office of the Vendors' solicitors Minden Gross LLP, 145 King Street West, Suite 2200, Toronto, Ontario, M5H 4G2, at 11:00 a.m. on or before the 45th day after approval by the Court of the Approved Sale Agreement accepted by the Vendor (the "**Closing Date**") or such other date as the Vendor and the Purchaser may agree.
16. Upon closing of the sale of the Purchased Assets contemplated by the Approved Sale Agreement, (the "**Closing**"), the Purchaser shall be entitled, upon receipt by the Monitor of the Purchase Price, to possession of the Purchased Assets and to such bills of sale or assignments as may be considered necessary by the Vendor to convey the Purchased Assets to the Purchaser provided that the Purchaser shall remain liable under the Approved Sale Agreement. Any such deeds, bills of sale or assignments shall contain only a release of the Vendor's interest in the Purchased Assets and shall not contain any covenants.
17. The Purchaser shall pay on closing in addition to the Purchase Price:
 - (a) all applicable federal and provincial taxes;
 - (b) costs, if any, of dismantling or removing the Purchased Assets from their present location and restoring such location to a neat and clean condition;
 - (c) the cost of repairing any damage caused by dismantling or removal of the Purchased Assets from their present location; and

- (d) the costs of obtaining mechanical fitness certificates, if necessary, for any motor vehicle(s).
18. The Purchaser shall assume at the Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as same apply to the Purchased Assets and the use thereof by the Purchaser.
19. The Vendors shall not be required to produce any abstract of title, title deed, or documents or copies thereof or any evidence as to title, other than those in their possession.
20. Prior to the Closing, the Purchased Assets shall be and remain in the possession of and at the risk of the applicable Vendor and each Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event of "substantial damage" to the Purchased Assets occurring on or before Closing, the Purchaser may either have the proceeds of the insurance and complete the Approved Sale Agreement or may cancel such Approved Sale Agreement and have all monies paid thereunder, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever. For the purpose of this paragraph, "substantial damage" to the Purchased Assets means damage which renders unusable at least 50% by value of the Purchased Assets.

21. All adjustments of such taxes and other items as are specified herein will be made as of Closing under the Approved Sale Agreement. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance.
22. No adjustments will be allowed by either the applicable Vendor or the Purchaser for changes in the condition or quantity of any of the Property comprising the Purchased Assets. The applicable Vendor shall remain in possession of the Purchased Assets until the Purchase Price therefor has been paid in full. The Purchaser will take possession of the Purchased Assets at Closing.
23. If the Purchaser fails to comply with the Approved Sale Agreement, the Purchaser's Deposit shall be forfeited to the applicable Vendor and the Purchased Assets may be resold by the Vendor and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Approved Sale Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Approved Sale Agreement.
24. By submitting an Offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "as is, where is" basis at the time of Closing and that no representation, warranty or condition is expressed or implied as to existence, title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and each Purchaser

shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser.

25. Deloitte & Touche Inc. acts solely in its capacity as the Court-appointed Monitor of the Vendors in the proceeding bearing Court file no. CV-12-9545-00CL and shall have no personal or corporate liability hereunder, under the Sale Process or under any Offer, Offeror Sale Agreement or Approved Sale Agreement.
26. The highest or any Offer will not necessarily be accepted.
27. The acceptance of any Offer and any Offeror Sale Agreement entered into by the applicable Vendor shall be subject to the condition that the sale and the terms thereof be approved by the Court.
28. No Offeror shall be at liberty to withdraw, vary or countermand an Offer once received by the Vendor. Each Offer shall be irrevocable until March 6, 2012
29. Each of the Vendors, at its sole discretion, may waive or vary any or all of the terms and conditions hereof as such relates to its Property. The terms and conditions contained herein shall not merge on the Closing of the transaction contemplated by any Approved

Sale Agreement but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

30. These Conditions of Sale and the validity and interpretation of any Offer, Offeror Sale Agreement or Approved Sale Agreement shall be governed by the laws of Ontario, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.
31. The submission of an Offer by a resident of the province of Quebec shall be deemed to constitute the declaration and acknowledgement by the Offeror that it has requested the Conditions of Sale, the form of the Offer referred to herein, any Offeror Sale Agreement and all other documentation relating to its Offer and to the acceptance thereof to be drawn up in the English language only.
32. All stipulations as to time are strictly of the essence.
33. Any offer of documents or money hereunder may be made upon the Vendor, the Monitor or the Purchaser, or their respective solicitors. Money may be paid by wire transfer or bank draft issued by a schedule 1 Canadian chartered bank or trust company.
34. The obligations of the applicable Vendor to complete an Approved Sale Agreement shall be relieved if, on or before the Closing of such sale, the Order of the Court approving the subject Approved Sale Agreement is subject to appeal or if any of the Purchased Assets subject to the sale have been removed from the control of the Vendor by any means or process, whereupon the only obligation of the Vendor shall be to return the applicable Deposit, without interest, costs or compensation.

35. The Vendors shall not be bound to sell any of the Property until the applicable Vendor is authorized by the Court to accept and enter into an Approved Sale Agreement. The Vendors reserve the right to enter into one or more agreements to sell any or all of the Property at any time prior to the Offer Date or an arrangement to the contrary and to withdraw any or all of the Property from the invitation for offers to purchase such Property. If a Vendor enters into an agreement to sell any of the Property prior to the Offer Date, then the Monitor shall promptly advise any party which has received a Flyer with respect to the Property subject to such agreement that such Property is no longer available to be purchased.

EXHIBIT "I"

**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 VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., AND
A-Z SPONGE & FOAM PRODUCTS LTD.**

APPLICANTS

**AFFIDAVIT OF ROBERT BOUGIE
(Sworn March 13, 2012)**

I, **ROBERT J. BOUGIE**, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Chartered Accountant and Chartered Insolvency and Restructuring Professional qualified to practice in the Province of Ontario and am a Senior Vice President of Deloitte & Touche Inc. ("Deloitte"), the Court-Appointed monitor (the "Monitor") of Valle Foam Industries (1995) Inc. ("**Valle Foam**"), Domfoam International Inc. ("**Domfoam**") and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**" or the "**Companies**") and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit "A" are true copies of the invoices for fees and disbursements incurred by Deloitte in the course of the CCAA administration of the Company between January 29, 2012 to February 24, 2012 and February 25, 2012 to March 2, 2012 (the "Passing of Accounts Period").

3. The total fees of the Monitor during the Passing of Accounts Period amount to \$171,873, together with expenses and disbursements in the amount of \$4,084.59 and harmonized sales tax ("HST") in the amount of \$22,874.48 totalling \$198,832.07.

4. To the best of my knowledge, the rates charged by Deloitte throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Toronto market for the provision of similar services.

5. The hourly billing rates outlined in Exhibit "A" to this affidavit are comparable to the hourly rates charged by Deloitte for services rendered in relation to similar proceedings.

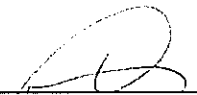
6. Attached as Exhibit "A" to the Affidavit of Grant Moffat sworn and filed in support of the within motion are the full particulars of the fees and disbursements of Thornton Grout Finnigan LLP, counsel to the Monitor, which have been incurred during the period January 28, 2012 to February 29, 2012.

7. Thornton Grout Finnigan LLP rendered services throughout these proceedings in a manner consistent with instructions from the Monitor. The Monitor has approved all such accounts and I verily believe that the fees and disbursements of ThorntonGroutFinnigan LLP are fair and reasonable in the circumstances.

8. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor.

SWORN BEFORE ME
at the City of Toronto, in the
Province of Ontario this
day of March 13, 2012.

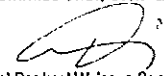
)
)
)
) 
) Robert J. Bougie)



A commissioner for taking oaths, etc.

Daniel Raphael Weisz, a Commissioner, etc.,
Province of Ontario
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

This is Exhibit " A " referred to
In the Affidavit of Robert Bougie
Sworn before me this 13 day of
March 20 12
A Commissioner, etc.



Daniel Raphael Weisz, a Commissioner, etc.
Province of Ontario
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

EXHIBIT "A"

REFERRED TO IN THE AFFIDAVIT OF ROBERT BOUGIE
(Sworn March 13, 2012)

Commissioner



Deloitte & Touche Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto ON M5J 2V1
 Canada

Tel: 416-601-8077
 Fax: 416-601-6610
 www.deloitte.ca

Valle Foam Industries (1995) Inc.
 4 West Drive
 Brampton, ON L6T 2H7

Attention: Mr. Tony Vallecoccia

Date: March 2, 2012
 Invoice No: 3020533
 Client/Mandate No: 921001/1000000
 Partner: Robert Bougie

HST Registration No: 122893605

Invoice for professional services rendered in connection with Deloitte & Touche Inc. acting as Court-Appointed *Companies' Creditors Arrangement Act* (R.S.C., 1985, c. C-36) ("CCAA") Monitor of Valle Foam Industries (1995) Inc, ("Valle Foam") Domfoam International Inc. ("Domfoam") and A-Z Sponge & Foam Ltd. ("A-Z") (collectively the "Companies") for the period January 29, 2012 to February 24, 2012.

Date	Professional	Description
1/30/2012	Zailer, Anna	Update CCAA Monitor's website; research a list of potential purchasers to obtain contact information for the CEO/CFOs.
1/30/2012	Margulis, Ilya	Attendance at A-Z to review cash flow and variance analysis.
1/30/2012	McKie, Melinda	Various emails regarding cash flow support and appraisal.
1/30/2012	Bougie, Robert	Update meeting with C. Hristow; review court materials; review and respond to email correspondence.
1/30/2012	Damiani, Stefano	On-site attendance at the Domfoam head office; email correspondence with R. Brown and C. Hristow regarding proofs of claim received from creditors; review of email by C. Hristow to senior management of the Companies with respect to cash reporting and cash flow matters; discussions with J. Howard and G. Ross; email correspondence with C. Hristow with respect to reporting and file matters; review of the daily reporting analysis for the Companies as prepared by G. Ross; review of Domfoam's variance analysis for the thredataweek period ending January 27, 2012, and email correspondence and meeting with G. Ross regarding same; review of correspondence regarding the Valle Foam bank reconciliations; review of the Domfoam banking activity report; commence the initial draft of the Second Report of the Monitor; review email correspondence from G. Ross to A. Lin regarding bank reconciliations and other reports; review email correspondence from the A. Lin with respect to sales, accounts receivable and accounts payable; email to Lin regarding accounts receivable.
1/30/2012	Hristow, Catherine	Correspondence with S. Wolpert regarding meeting with Bayer; correspondences with J. Sproule, J. Howard and T. Vallecoccia regarding finalization of flyer; correspondence with D. Phillips of Counsel RB Capital; correspondence with L. Royal of Bayer; review quotation from Firmex regarding secure data-room; review updated confidentiality agreements; correspondence and telephone

Date	Professional	Description
		attendance with R. Slattery; status update with B. Bougie; review daily cash reporting; correspondence with M. McKie regarding attendance at A-Z; correspondence with T. Vallecoccia, J. Sproule and J. Howard regarding variance analysis, cash flow forecasts, bank reconciliations and other matters; discussions with A. Zailer regarding website, dataroom, and flyer and distribution of same; telephone attendance with D. Ullmann of Minden Gross LLP ("Minden Gross"); review A-Z appraisal; correspondence with S. Damiani.
1/31/2012	Zailer, Anna	Various discussions with S. Damiani and C. Hristow on documents to be prepared and uploaded to the electronic data-room and website; research executives to obtain email addresses and send email correspondence regarding Asset Acquisitions; edit marketing flyer as per client comments; draft branded email for sending acquisition pitch; update sales process spreadsheet and link fax confirmations; email correspondence to prospects including the marketing flyer and confidentiality agreement; update website by updating documents/layout and creating a new pointer website (www.deloitte.com/ca/valle) to correspond to the newspaper advertisement.
1/31/2012	Brown, Rosc	Obtain copy of sale newspaper advertisement, PDF and email to S. Damiani.
1/31/2012	Bougie, Robert	Review and respond to email correspondence; review appraisals for A-Z and Valle Foam; discussion with C. Hristow.
1/31/2012	Damiani, Stefano	On-site attendance at the Domfoam head office; review correspondence by I. Margulis enclosing banking reports for A-Z ; email correspondences with A. Zailer and C. Hristow regarding the Monitor's website; review of the Companies' invitation for offers, and emails with team members regarding same; email from A. Lin regarding the aging of accounts receivable at A-Z; email correspondences from A. Lin and C. Hristow regarding fuel supplier to A-Z; update the draft Second Report of the Monitor; meetings with J. Howard regarding the sales flyer, status of any visits, and other matters; various correspondence with C. Hristow; meeting with G. Ross with respect to the variance analysis, general operations, cash flow, other; review email correspondence from C. Hristow to the Companies' controllers regarding liabilities for Court reporting purposes; email correspondences with A. Lin regarding A-Z deposits; review email from G. Ross and the attached schedule of Bayer purchases; review email from C. Hristow to Minden Gross LLP regarding the confidentiality agreement; review comments by C. Hristow to the Second Report of the Monitor; review of the Domfoam cheque register and email correspondence with G. Ross regarding same.
1/31/2012	Hristow, Catherine	Attendance at Valle Foam; various correspondences and discussions with S. Damiani; meeting with D. McNeill and a supplier; meeting with S. Knapp of Fybon; discussions with T. Vallecoccia; correspondence with J. Howard regarding finalization of flyer; telephone attendances with A. Zailer regarding updates to website

Date	Professional	Description
		and finalization of flyer and distribution of same; correspondence with R. Slattery and D. Ullmann regarding A-Z appraisal; correspondence with M. McKie regarding A-Z appraisal; correspondence with D. Ullmann regarding notice in newspaper; discussion with A. Zailer regarding linking of website in Globe and Mail notice to the Monitor's website and advise D. Ullmann of same; correspondences with A. Lin regarding Chevron; correspondence with S. Wolpert regarding Bayer meeting; discussions with B. Robb regarding information requirements; email correspondence to A. Lin, G. Ross and B. Robb; review analysis from I. Margulis; telephone attendance with G. Moffat of Thornton Grout Finnigan LLP ("TGF"); correspondence and discussions with B. Bougie; revisions to the Second Report of the Monitor; correspondence with J. Masotti of Perry Videx; conference call with B. Robb and G. Ross.
2/1/2012	Weber, Haley	Review of accounts payable ledgers, payroll support and HST returns to determine amounts owing at Jan 11, 2011.
2/1/2012	Zailer, Anna	Various correspondences with C. Hristow regarding the confidentiality agreement and developing a fillable PDF form and posting same on the Monitor's website.
2/1/2012	Brown, Rose	Prepare accounting requisition for payment of newspaper advertisement.
2/1/2012	Bougie, Robert	Discussion with C. Hristow throughout day; review and revise affidavit of fees for the Second Report; telephone discussion with a potential purchaser.
2/1/2012	Damiani, Stefano	On-site attendance at the Domfoam head office; update the Second Report of the Monitor; email to C. Hristow regarding legal fees paid by Domfoam; correspondence with C. Hristow on general file matters; email to G. Ross regarding the variance analysis; summarize representation letters and submit recommendation to C. Hristow; review email by J. Sproule and C. Hristow regarding A-Z vacation pay; email correspondence with C. Hristow regarding sales taxes; review of the A-Z bank activity report and emails from A. Lin and C. Hristow on same; telephone discussions with C. Hristow with respect to various file and reporting matters; meeting with G. Ross and review of the revised variance analysis for Domfoam; instructions to H. Weber regarding the liability chart for the Companies; email correspondence to the Companies' Controllers regarding sales taxes; telephone discussion with H. Weber; review of sales tax information for Valle Foam, and email correspondences with B. Robb regarding same; discussions with J. Howard; review of the November and December 2011 sales tax returns, and period up to January 12, 2012 for Domfoam and correspondence with G. Ross and H. Weber regarding same; review of A-Z sales tax information and emails with A. Lin and H. Weber on same; review of emails by A. Lin regarding daily sales and accounts receivable.
2/1/2012	Hristow, Catherine	Correspondence with L. Robertson of Sharefile regarding secure electronic data room; various discussions with A. Zailer regarding distribution of flyer, website and secure dataroom; review

Date	Professional	Description
		<p>information on outstanding Bayer accounts for Valle Foam and Domfoam; correspondence with S. Damiani regarding cash flows and variance analyses; correspondences with G. Moffat regarding the flyer, Globe and Mail notice and Bayer information; attendance at a meeting with M. Abramowitz and S. Wolpert of KRMC, G. Moffat, T. Vallecoccia; D. McNeill, R. Slattery, D. Ullmann, and M. Fust, E. Springolo and N. D'Mello of Bayer; subsequent meeting with T. Vallecoccia, D. McNeill, R. Slattery, D. Ullmann and G. Moffat; subsequent meeting with G. Moffat; status update with B. Bougie; draft affidavit of fees and review same with B. Bougie; correspondence with D. Ullmann and R. Slattery regarding letters to be signed by T. Vallecoccia; correspondence with J. Sproule, T. Vallecoccia and J. Howard regarding notice in the Globe and Mail; correspondence with D. Philips of Counsel R.B Capital; telephone attendances with S. Damiani.</p>
2/2/2012	Weber, Haley	<p>Review of variance analysis' for Valle Foam, Domfoam and A-Z, review of bank reconciliations for all three companies; review of accruals listing for AZ; correspondence with A. Lin regarding vacation accrual in A-Z; review of initial cash flows to current projections; telephone attendances with S. Damiani.</p>
2/2/2012	Zailer, Anna	<p>Correspondence with FileShare regarding establishing a secure electronic data-room; set up and customize the secure dataroom including formatting and uploading of documents; continue obtaining email addresses for prospects and email correspondence including flyer and confidentiality agreements; format legal correspondence and send same to C. Hristow; scan and post documents to secure data-room.</p>
2/2/2012	Damiani, Stefano	<p>On-site attendance at the Domfoam head office; update the Second Report of the Monitor; review of the bank reconciliation for Domfoam and emails with G. Ross regarding same; telephone attendances with H. Weber regarding liabilities and variance analysis for the Companies; telephone attendance with C. Hristow; discussion with Domfoam clerk regarding outstanding vacation pay, and email to H. Weber regarding same; meetings with G. Ross; various emails with A. Lin with respect to A-Z banking matters; email correspondence with G. Ross regarding rebates; review of the variance analysis for Valle Foam and proved comments on same to G. Ross; emails with controllers on payroll liabilities; meeting with J. Howard, G. Ross and C. Hristow.</p>
2/2/2012	Hristow, Catherine	<p>Attendance at Domfoam; meeting with J. Howard; respond to query from J. Sproule; various correspondence with S. King of GolIndustry; review signed PPL confidentiality agreement; telephone attendances with A. Zailer regarding website and data room; subsequent meetings and discussions with J. Howard, G. Ross and S. Damiani regarding cash flows and other matters.</p>
2/3/2012	Zailer, Anna	<p>Load documents in the data room; prepare separate confidentiality agreements per entity and update website with same; update sales process tracking spreadsheet based on responses received from the marketing email; grant access to prospects who have executed a</p>

Date	Professional	Description
		confidentiality agreement.
2/3/2012	Weber, Haley	Review revised variance analysis for Domfoam and AZ.
2/3/2012	Hristow, Catherine	Email correspondences to D. Ullmann regarding appraisal and confidentiality agreement; attendance at Domfoam; review and forward various documents to A. Zailer to be uploaded into the data room; review draft variance analyses and discuss same with D. Damiani; review revised cash flows and discuss same with G. Ross and J. Howard; telephone attendance with B. Bougie regarding cash flows and status update; telephone attendances with D. Ullmann regarding cash flows, funding and other matters; telephone attendances with G. Moffat; correspondences with A. Lin; review aged accounts receivable; review correspondence received into Valle Foam dedicated mailbox; email correspondence to D. Ullmann regarding confidentiality agreement for A-1 Sponge; respond to correspondence from Carpenter Co.; email correspondence to D. McNeill regarding chemical purchases; various meetings and discussions with J. Howard. S. Damiani and G. Ross regarding updates to the cash flows.
2/3/2012	Bougie, Robert	Ongoing telephone discussions with C. Hristow regarding revised cash flows; telephone discussion with potential purchaser.
2/3/2012	Damiani, Stefano	On-site attendance at the Domfoam head office; review of the Valle Foam cheque listing and correspondence with B. Robb and G. Ross regarding same; review of the variance analysis for A-Z and email correspondence with A. Lin and G. Ross with respect to same; discussions with C. Hristow; correspondence/discussions with G. Ross regarding accounts receivable collection; review of the cash flow forecast for A-Z and email correspondences with A. Lin, J. Sproule and G. Ross regarding same; meeting with J. Howard, G. Ross and C. Hristow with respect to the draft cash flow forecasts for Valle Foam and A-Z; email draft Court Report to G. Moffat of TGF; review of accounts receivable sub-ledgers; emails to Weber with respect to liabilities; review of disbursement information from Robb regarding Valle Foam.
2/5/2012	Hristow, Catherine	Attendance at meeting and discussions with S. Damiani regarding information for the Second Report of the Monitor.
2/5/2012	Damiani, Stefano	Review of the updated Domfoam rebate schedule and email correspondences with G. Ross regarding same; email correspondence to A. Zailer with respect to the Monitor's website; review of the Valle Foam cheque listing and email queries to B. Robb and G. Ross; email correspondence to G. Ross with respect to deposits; revisions to the Second Report of the Monitor.
2/6/2012	Zailer, Anna	Update website with updated Creditor listing for Valle Foam; grant access to the data room to various individuals who have provided executed confidentiality agreements; update the sales process tracking spreadsheet; call prospects to obtain email addresses for granting data room access; upload documents into the data room as provided.
2/6/2012	Weber, Haley	Review of variance analysis and cash flows for all three Companies for accuracy.

Date	Professional	Description
2/6/2012	Bougie, Robert	Attendance at update meeting with C. Hristow; review revised cash flow forecast and comment thereon.
2/6/2012	Hristow, Catherine	Telephone attendance with D. Ullmann; telephone attendance with J. Howard; meeting with B. Bougie; correspondences with S. Nassabi regarding confidentiality agreements; correspondence with A. Lin and J. Sproule regarding chemical purchases; correspondence with A. Lin regarding payment of rent; correspondences with G. Ross regarding cash flow; correspondence with D. Ullmann regarding allocation of professional fees; correspondences with S. Kling and P. Shoniker of GoIndustry; correspondences with J. Sproule, T. Vallecoccia and J. Howard regarding confidentiality agreements; various discussions/meetings with S. Damiani regarding cash flows and the Second Report of the Monitor; continue with revisions to the Second Report of the Monitor.
2/6/2012	Damiani, Stefano	Email correspondence with G. Ross with respect to variances and certain deposits; comments on certain purchases and classifications regarding the Valle Foam variance analysis, and comments to B. Robb and G. Ross regarding same; review of the latest version of the Second Report of the Monitor and provide comments on same, review of the revised cash flow forecast for A-Z and provide comments to J. Sproule, A. Lin, G. Ross and S. Hristow; discussions with C. Hristow; email correspondence to G. Ross with respect to other payables and accrued liabilities for Domfoam; review email from A. Lin regarding confidentiality agreement for A-Z; discussions with H. Weber regarding variance analysis and cash flow forecast; review of the Domfoam and Valle Foam cash flow forecasts and provide comments to B. Robb, G. Ross and J. Howard; review email from A. Lin regarding A-Z sales; review emails by J. Sproule and C. Hristow regarding A-Z cash flow matters; voicemail message to J. Sproule; email correspondences to J. Sproule, A. Lin, B. Robb, G. Ross and J. Howard with respect to cash flow forecasts for the Companies.
2/7/2012	Bougie, Robert	Review and edit revised Monitor's Second Report to the court; review and execute affidavit of fees; discussion with C. Hristow; review motion materials received from Minden Gross; review court materials received from US Bankruptcy court regarding Chapter 15 proceedings; finalize and issue Monitor's Second Report to the court; telephone discussions with G. Moffat.
2/7/2012	Casey, Paul	Quality assurance second Partner review of CCAA Monitor's Second Report to Court.
2/7/2012	Hristow, Catherine	Review control sheet regarding confidentiality agreements; review draft Second Report and discuss same with B. Bougie; revisions to the draft Second Report and forward same to G. Moffat and P. Casey for review and comment; review draft promissory note; review correspondence regarding representation on cash flows; correspondence with D. McNeill; telephone attendances with D. Ullmann regarding cash flows and Monitor's report; review cash flow received from Minden Gross and respond to same; review draft extension order and respond to same; review affidavit of T.

Date	Professional	Description
		Vallecoccia; correspondence with J. Sproule regarding confidentiality agreement; review G. Moffat's comments on draft Second Report; review orderly liquidation value for Valle Foam; correspondence with J. Howard regarding asset listing; review P. Casey's comments on the draft Second Report; various discussions/meetings with S. Damiani; continue with analysis and completion of the Second Report; telephone attendances with G. Moffat.
2/7/2012	Damiani, Stefano	Obtain information with respect to the Sales Process for the Second Report; review of the Companies' cash flow forecasts as emailed by Minden Gross, and discussions with C. Hristow on same; update the Second Report; emails with A. Lin regarding A-Z cash flow matters; various discussions with C. Hristow; email Affidavit of Fees to G. Moffat; prepare cash analysis for Valle Foam and email same to C. Hristow.
2/8/2012	Zailer, Anna	Load new files onto the CCAA Monitor's website; telephone correspondence with Prospects regarding access to data room; email correspondence from C. Hristow enclosing Confidentiality Agreements; update tracking schedule to reflect additional confidentiality agreements received and access granted to the secured data-room; update secure data room to reflect the additional confidentiality agreements received.
2/8/2012	Hristow, Catherine	Telephone attendance with J. Howard regarding sale process; telephone attendance with G. Moffatt regarding additional information for the Stay Extension hearing; telephone attendances with representatives of Hydro Quebec regarding request for deposits; finalize arrangements with Hydro Quebec and advise J. Howard and G. Ross regarding same; discussions with B. Bougie; correspondence and discussions with A. Zailer regarding updating the Monitor's website and data room; correspondence with a potential purchaser; correspondence with A. Lin regarding potential bidders and process; correspondence with S. Nassabi; telephone attendance with Lenrod Industries; correspondence with R. Slattery regarding Acura; correspondence with M. McKie regarding potential interested parties; telephone attendance with J. Howard regarding on-site attendance by potential purchaser.
2/8/2012	Bougie, Robert	Attendance in Court for Extension Order.
2/8/2012	Damiani, Stefano	Review email with respect to hydro payment plan for Domfoam; review of the Extension Order and Endorsement of Justice Newbould dated February 8, 2012; review of the Companies' motion record returnable February 8, 2012.
2/9/2012	Zailer, Anna	Various telephone and email correspondence with C. Hristow; review of signed confidentiality agreements received for completeness; update tracking schedule; update Monitor's website; upload documents and edit the secure dataroom.
2/9/2012	Hristow, Catherine	Correspondence with D. McNeill regarding sale of surplus equipment; correspondence with Minden Gross regarding confidentiality agreements; various correspondence and discussions with A. Zailer regarding the dataroom; review correspondence and

Date	Professional	Description
		<p>telephone attendance with J. Ehrman of Kohrman Jaskson & Krantz; correspondence with J. Howard regarding confidentiality agreement; correspondence with A. Lin regarding obtaining pictures of the equipment from the appraiser; correspondences with S. Kling and P. Shoniker of GoIndustry; correspondence with D. McNeill regarding confidentiality agreement to be signed; review aged accounts receivable from A-Z; review daily deposits from Valle Foam; review correspondence from J. Howard enclosing signed confidentiality agreement; correspondence with G. Moffat regarding draft template sales agreement; correspondences with S. Pauley and H. Claiborne of Carpenter; review draft promissory note and general security agreement; correspondence with J. Howard and D. McNeill regarding site visit by GoIndustry.</p>
2/10/2012	English, Jennifer	<p>Review and comparison of two executed confidentiality agreements to the standard one prepared by the Companies legal counsel</p>
2/10/2012	Hristow, Catherine	<p>Correspondence with S. Pauley of Carpenter; correspondences with J. Howard and T. Vallecoccia regarding attendances by potential purchasers; telephone attendance with J. Howard; status update with B. Bougie; telephone attendance with B Lyle of Hilco; telephone attendance with R. Slattery regarding A-1 Sponge Foam and status update on potential purchasers; voicemail message for legal counsel to A-1 Sponge & Foam.; correspondence with G. Moffat and T. Dunn regarding draft purchase and sale agreement; correspondence with H. Claiborne of Carpenter; correspondence with P. Shoniker of Go Industry; correspondence with G. Ross regarding rebates; discussion with J. English regarding review of confidentiality agreements for Carpenter and A-1 Foam; correspondence and discussions with A. Zailer regarding secured data room and posting of materials.</p>
2/10/2012	Zailer, Anna	<p>Load new documents and edit the layout of the secure data room; email correspondence with a prospect providing clarification of uploaded files and their location; review and provide access to additional individuals that provided a signed confidentiality agreement.</p>
2/13/2012	Bougie, Robert	<p>Telephone discussion with Minden Gross; review and respond to email correspondence; telephone discussion with potential purchasers; update discussions with staff.</p>
2/13/2012	Damiani, Stefano	<p>Discussion with C. Hristow with respect to file status; prepare and send detailed email to various members of Senior Management of A-Z, Domfoam and Valle Foam with respect to daily and weekly cash reporting matters; review of the Monitor's dedicated email inbox for third party inquiries; email correspondence with C. Hristow; review emails from A. Lin with respect to A-Z sales and deposits.</p>
2/13/2012	Hristow, Catherine	<p>Correspondence and telephone attendances with D. McNeill regarding Suncor; review accounts payable listing for Suncor; telephone attendance with a representative from Suncor; correspondence with D. McNeill regarding inventory count; correspondence with G. Ross regarding same; review</p>

Date	Professional	Description
		correspondence from B Lyle of Hilco; correspondence with D. McNeill regarding Hilco; discussions with S. Damiani; review of offer for A-Z; further correspondence from D. McNeill regarding Suncor; telephone call to reach M. Pshisuaka of Suncor, left voicemail message and sent email correspondence regarding same.
2/14/2012	Bougie, Robert	Review offer for AZ assets; discussion of same with C. Hristow; telephone discussion with J Howard.
2/14/2012	Damiani, Stefano	Review of the A-Z bank reconciliations for the weeks ending February 3, 2012 and February 10, 2012, and follow up email to A. Lin regarding same; discussions with C. Hristow with respect to payments by the Companies, upcoming sitdatavisit, sales process, and other file matters; voicemail to G. Ross with respect to cash reporting matters; review emails from C. Hristow and B. Bougie with respect to sale process matters; emails with A. Lin regarding A-Z disbursements; review of the daily reporting analysis for Valle Foam, Domfoam and A-Z ; review of the bank reconciliations for Domfoam, and correspondence to G. Ross with respect to same; review of the bank reconciliations for Valle Foam, and submit queries to B. Robb and G. Ross with respect to same; emails with G. Ross regarding cash, disbursements and other matters; review of bank statements and email correspondences to G. Ross, B. Robb and A. Lin.
2/14/2012	Hristow, Catherine	Correspondence with K. Tower of Trebor Personnel; correspondence with D. McNeill regarding chemical inventory; telephone attendance with former employee of Valle Foam; telephone attendance with a representative from Rutman and Rutman regarding WEPPA; meeting with A. Shah of Foamco; review correspondence from D. McNeill regarding Suncor and respond to same; correspondence with G. Ross regarding information required for the secure data-room; correspondence and discussion with B. Bougie; correspondence with J. Howard; correspondence with A. Shah; review and file correspondences; discussions with S. Damiani; review information received from A-Z.
2/14/2012	Zailer, Anna	Upload documents to the secure dataroom and grant access to dataroom as per confidentiality agreements received; update the excel sales tracking schedule for newly received signed confidentiality agreements and access granted.
2/15/2012	Damiani, Stefano	Review of the variance analysis for A-Z, Domfoam, and Valle Foam for the week ending February 3, 2012, and detailed emails to the controllers with respect to same; review of payroll summary for A-Z and disbursements and email correspondences with A. Lin regarding same; review of the Domfoam bank reconciliation as at February 14, 2012, and email correspondences with G. Ross and C. Hristow regarding same; review of Domfoam payroll summaries; review of certain Valle Foam disbursement documents; email correspondences with C. Hristow regarding various cash flow matters; review of Domfoam disbursements and emails with G. Ross and accounts payable clerk; review of the dedicated email inbox for the CCAA proceeding; review of the daily reporting analysis for the

Date	Professional	Description
		Companies; email to B. Robb with respect to rental invoice for Valle Foam.
2/15/2012	Hristow, Catherine	Meeting with S. Damiani; review correspondence regarding variance analysis and explanations from A-Z; review information request from Foamco and respond to G. Ross and D. Ullmann; correspondence with G. Ross regarding information for the data room; correspondence with G. Moffat regarding draft purchase and sale agreement.
2/15/2012	Zailer, Anna	Upload new files to the data room; review of confidentiality agreement received for A-Z and update access schedule and grant access accordingly.
2/16/2012	Damiani, Stefano	Review of Valle Foam disbursements and email correspondence with B. Robb and G. Ross regarding same; email correspondence with the Domfoam accounts payable clerk; discussion with C. Hristow and B. Bougie regarding cash flow matters; voicemail to G. Ross regarding reporting matters; emails with B. Robb regarding sales taxes; telephone discussion with G. Ross with respect to cash reporting and variance analysis for the Companies; discussions with C. Hristow with respect to outstanding information and sales process matters; prepare variance analysis template for the Companies and send same to G. Ross; emails with B. Robb with respect to Valle Foam; review of the daily reporting analysis for the Companies; review of Domfoam deposit schedules; review email of A. Lin with respect to AZ Foam collections; review of Valle Foam deposits and email to S. McNeil on same; review of Valle Foam order and shipping documents.
2/16/2012	Hristow, Catherine	Correspondence from L. Brasil of Branmac; status update with B. Bougie and S. Damiani; correspondence from K. Day of Vitafoam; review signed confidentiality agreement; correspondence with A. Lin regarding accounts receivable; telephone attendance with D. Ullmann of Minden Gross; telephone attendance with B. VanderBurgh of Aird & Berlis LLP; discussions with A. Zailer regarding data room and website; telephone attendance with R. Slattery; various discussions with S. Damiani regarding information required; telephone attendance with G. Moffat of TGF; review correspondence regarding sales taxes; correspondence with D. Ullmann regarding appraisal;
2/16/2012	Zailer, Anna	Telephone conversation with Hobie Claiborne of Carpenter Inc. regarding documents uploaded to the data-room and directing him to the appropriate subdirectory; discussion with C. Hristow regarding updating the Monitor's website and data room setup; set-up additional folders and notes in the data room preparing for the upload of the sales process documentation.
2/17/2012	Damiani, Stefano	Review of Domfoam disbursements; review of bank reconciliations for Valle Foam; review of the revised variance analysis for the week ending February 3, 2012, and detailed email to G. Ross on same; review of bank reconciliations for Domfoam; review of email from B. Robb and the Valle Foam sales, accounts receivable and accounts payable report; voicemail messages to G. Ross with respect to

Date	Professional	Description
		outstanding information, rebates, etc.; review of Domfoam accounts receivable and rebate listing and respond to email by C. Hristow; review email from C. Hristow regarding sales process matter; review of the daily cash reporting analysis and email to G. Ross on same; review of information in the data room; email to the Controllers of the Companies with respect to rebates; review of the Domfoam variance analysis for the week ending February 10, 2012, and comments to G. Ross on same; review of the variance analysis for Valle Foam and comments to B. Robb and G. Ross on same; discussion with C. Hristow on rebates, variance analysis and other matters; review of the revised bank reconciliations and variance analysis for AZ and comments to A. Lin and G. Ross; review of email from J. Sproule and attached AZ union agreement; review of the further revised Domfoam bank reconciliation and variance analysis, and emails with G. Ross on same.
2/17/2012	Hristow, Catherine	Correspondence with B. Robb; various correspondences with K. Day of Vitafoam; telephone attendance with J. Hefler of Borden Ladner Gervais; up-load information into the data room; review daily reporting and variance analysis and discuss same with S. Damiani; telephone attendance with T. Vallecoccia; review correspondence from H. Claiborne of Carpenter; correspondences and telephone attendance with A. Lin; review correspondence from D. McNeill regarding sale of surplus equipment; review correspondence from M. Abramowitz of Kronis Rotsztain Margles Cappel.
2/17/2012	Zailer, Anna	Upload new files to the data room; grant access to new user to data room; update tracking schedule; telephone discussion with S. Damiani regarding access to the data room; email correspondence with C. Hristow regarding restricting access to parties who withdrew from the offer process.
2/18/2012	Hristow, Catherine	Review sale template agreement; post information into the secured data-room; email correspondence to R. Slattery.
2/20/2012	Damiani, Stefano	Review of the daily reporting analysis for the Companies; review of emails from A. Lin regarding A-Z; review emails from G. Ross; initial review of certain variance analysis.
2/21/2012	Bougie, Robert	Review and respond to numerous emails; review letter from legal counsel from Bayer; meeting with C. Hristow regarding update on cash flow and sales process; emails to/from TGF.
2/21/2012	Hristow, Catherine	Review correspondence received from R. Slattery regarding Vitafoam; status update meeting with B. Bougie; correspondence with G. Moffat regarding purchase and sale agreement; correspondence with R. Slattery regarding Intech; correspondence with D. McNeill regarding surplus assets; review correspondences and discussions with S. Damiani regarding variance analysis; correspondence with the controllers regarding invoice review; correspondence from T. Dunn regarding Purchase and Sale Agreement and advising same was available in the data room; telephone attendance with D. Ullmann; telephone attendance with J. Vincent of LPLV; make arrangements for offers to be received in

Date	Professional	Description
		Vancouver and Montreal and communicate same to those purchasers who had requested same; telephone attendance and correspondences with D. Pasin of Intech and regarding granted access to the data room; correspondence with E. Bortolin regarding timing for submission of offers; correspondence with A-1 Foam regarding submission of offers; correspondence with D. Ullmann regarding Bayer; commence draft of Third Report to the Court.
2/21/2012	Damiani, Stefano	Review email from the Domfoam accounts payable clerk and the attached invoice; review of the Domfoam bank reconciliation as at February 17, 2012; review of the Domfoam variance analysis for the week ending February 17, 2012, and emails to G. Ross with respect to same; review of emails from A. Lin; review of A-Z bank reconciliation as at February 17, 2012, and comments to A. Lin on same; review of the A-Z variance analysis for the week ending February 17, 2012, and detailed email to A. Lin on same; review of information in the data-room; review of the template sale agreement; prepare draft cumulative variance analysis and review with C. Hristow; discussion with B. Bougie; email to G. Ross and B. Robb regarding intercompany sales; review of the Valle Foam bank reconciliation and comments to B. Robb; review of the Valle Foam variance analysis for the week ending February 17, 2012, and email to B. Robb on same; review of email by A. Lin regarding A-Z daily sales.
2/21/2012	Zailer, Anna	Upload files to the data room; check and record messages received on the 1-800 phone number; email correspondence to P. Fillion of Deloitte in Montreal regarding receiving offer on behalf of C. Hristow.
2/22/2012	McKie, Melinda	Receipt of offers and direction to I. Margulis.
2/22/2012	Margulis, Ilya	Review, scan and send purchase offers to Toronto.
2/22/2012	Hristow, Catherine	Status update meeting with B. Bougie; correspondence and telephone attendance with S. Knapp of Fybon; correspondence with D. Phillips of Counsel RB Capital; telephone attendance with T. Jacobs of TCL Asset Group; review correspondence from G. Ross regarding Ormuco Inc.; correspondence with D. McNeill regarding access to data-room; telephone attendance with G. Ross regarding Gaz Metro; correspondence with P. Fillion; discussions with S. Damiani regarding cash flows, template for offers, and next court report; review daily deposits for Valle Foam; correspondence with each of the controllers for aged accounts receivable; correspondence with J. Sproule regarding rebates; correspondence with I. Margulis; attendance at meeting with T. Vallecoccia, D. McNeill, D. Ullmann, T. Dunn, S. Nassabi, S. Damiani and B. Bougie to review offers received; meeting with S. Damiani to summarize offers; email correspondence to B. Bougie and G. Moffatt.
2/22/2012	Bougie, Robert	Meeting with C. Hristow regarding status of sales process and strategy regarding next court report; meeting with Valle Foam management and Minden Gross to open and discuss offers received; follow up discussion with staff.

Date	Professional	Description
2/22/2012	Damiani, Stefano	Review of the bank activity reports for A-Z, Valle Foam, and Domfoam; review email by D. McNeil regarding potential sale of redundant assets at Valle Foam; review of the electronic data room; email to B. Robb with respect to certain Valle Foam disbursements; email to the Domfoam Accounts Payable Clerk with respect to certain disbursements; discussions with C. Hristow with respect to cash flow, accounts receivable; sales process, and other file matters; email to B. Robb regarding proceeds of sale of certain assets for Valle Foam; prepare summary of offers template email correspondence with G. Ross with respect to Domfoam variances and accounts receivable; email to A. Lin regarding certain A-Z disbursements; review of A-Z rebate schedule; review of the Valle Foam detailed aged accounts receivable subledger and rebate schedule; review of the Monitor's dedicated email address for the CCAA proceeding; review of the Domfoam detailed aged accounts receivable subledger and rebate schedule; meeting with T. Vallecoccia, D. McNeil, Minden Gross, and other representatives of the Monitor to open and review sales offers; meeting with C. Hristow, and commence review and summary of offers.
2/22/2012	Zailer, Anna	Update the Monitor's website including uploading an Order to the US Chapter 15 proceedings sections; discussion with C. Hristow regarding blocking data room access once deadline for submission of offers expires; receipt of email correspondence from P. Fillion containing offer; print same and deliver to C. Hristow for review.
2/23/2012	Brown, Rose	Recording and depositing the bid cheques/drafts.
2/23/2012	Bougie, Robert	Discussion with C. Hristow regarding offers received; telephone discussions with J. Howard; follow up discussion with C. Hristow; detailed review of Domfoam offer; ongoing discussions with staff.
2/23/2012	Damiani, Stefano	Discussions with C. Hristow with respect to sales offers, accounts receivable, sales taxes, and other file matters; review of supporting documentation for certain Valle Foam disbursements, and email correspondence with B. Robb with respect to same; email correspondence with G. Ross regarding Domfoam sales taxes and rebates; emails with B. Robb and G. Ross regarding bank reconciliations; review email from C. Hristow regarding sales taxes; review of the Monitor's dedicated email inbox; emails with B. Robb and G. Ross regarding the variance analysis; emails with A. Lin regarding A-Z disbursements; compile accounts receivable summaries for the Companies, and email to C. Hristow regarding same; further review of sales offers and meeting with C. Hristow on same; review of Domfoam disbursements and emails to G. Ross and Accounts Payable Clerk; voicemail message to G. Ross; telephone call with G. Ross and C. Hristow.
2/23/2012	Hristow, Catherine	Various correspondence with S. Knapp; discussions with B. Bougie regarding analysis of offers; various correspondences with D. Pasin; discussions with S. Damiani regarding cash flows and variance analysis; correspondence with G. Ross regarding sales taxes; review Valle Foam daily deposits; correspondence with B. Robb and A. Lin regarding sales tax payments; telephone attendance with J. Vincent;

Date	Professional	Description
		review December 2011 offer to purchase; telephone attendance with G. Ross and S. Damiani; meeting with S. Damiani to continue with the analysis of the offers; discussions with B. Bougie.
2/24/2012	Bougie, Robert	Review and discuss with C. Hristow summary of offers received.
2/24/2012	Damiani, Stefano	Review of sales offers and analysis, and meeting with C. Hristow and update summary schedules; email correspondence with G. Ross regarding collection of Valle Foam receivable; meeting with B. Bougie; review email from A. Lin regarding A-Z sales taxes; email correspondence with Minden Gross and TGF with respect to sales offers and the data room; emails to the controllers regarding inventory; emails from A. Lin and D. Ullmann regarding UPS matter; review of A-Z inventory schedules.
2/24/2012	Hristow, Catherine	Meetings with S. Damiani to review the analysis of the offers including the variations to the standard offer, clauses of issue and numerical analysis of same; review correspondence from B. Robb regarding Enbridge and respond to same; telephone attendance with D. Ullmann; status update with B. Bougie; discussion with A. Zailer regarding data-room access; review correspondence from J. Howard and forward same to D. Ullmann; various correspondence with D. Pasin; email correspondence to T. Vallecoccia and D. McNeill; telephone attendance with S. Knapp of Fybond.
2/24/2012	Zailer, Anna	Updating the CCAA Monitor's English and French websites.

Summary of Fees

Professional	Position	Hours	Rate	Fees
Bougie, Robert	Partner	16.7	\$ 650.00	\$ 10,855.00
Casey, Paul	Partner	1.0	650.00	650.00
McKie, Melinda	Associate Partner	0.4	650.00	260.00
Hristow, Catherine	Senior Manager	114.4	500.00	57,200.00
Damiani, Stefano	Manager	151.0	425.00	64,175.00
English, Jennifer	Senior Associate	0.8	275.00	220.00
Margulis, Ilya	Senior Associate	3.6	275.00	990.00
Weber, Haley	Senior Associate	20.0	275.00	5,500.00
Brown, Rose	Trust Administration	0.8	160.00	128.00
Zailer, Anna	Administration	<u>20.3</u>	100.00	<u>2,030.00</u>
Total hours and professional fees		<u>329.0</u>		142,008.00
Blended hourly rate			\$ 431.64	
Disbursements				
Mailing				286.17
Telecommunication: ShareFile Data Room Charge				417.20
Hotel				811.53
Airfare				1,066.25
Car Rental, Mileage & Taxi				985.50
Meals				<u>476.23</u>
Total Disbursements				<u>4,042.88</u>
Total Professional fees and disbursements				146,050.88
HST @ 13%				18,986.61
Total Amount Due				\$ 165,037.49

Payable upon receipt to: Deloitte & Touche Inc.



Deloitte & Touche Inc.
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181 Bay Street
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Toronto ON M5J 2V1
Canada

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www.deloitte.ca

Valle Foam Industries (1995) Inc.
4 West Drive
Brampton, ON L6T 2H7

Attention: Mr. Tony Vallecoccia

Date: March 8, 2012
Invoice No: 3023998
Client/Mandate No: 921001/1000000
Partner: Robert Bougie

HST Registration No: 122893605

Invoice for professional services rendered in connection with Deloitte & Touche Inc. acting as Court-Appointed Companies' Creditors Arrangement Act (R.S.C., 1985, c. C-36) ("CCAA") Monitor of Valle Foam Industries (1995) Inc. ("Valle Foam") Domfoam International Inc. ("Domfoam") and A-Z Sponge & Foam Ltd. ("A-Z") (collectively the "Companies") for the period February 25, 2012 to March 2, 2012.

Date	Professional	Description
2/27/2012	Damiani, Stefano	Review email from G. Ross regarding Domfoam inventory; update sales offer schedules and meetings with C. Hristow on same; email to controllers with respect to weekly reporting requirements; review accounts receivable aging schedule, and email correspondence to C. Hristow with respect to same; review of email from A. Lin regarding A-Z sales.
2/27/2012	English, Jennifer	Compilation and summary of accounts receivables over 60 days as at February 27, 2012 for all companies.
2/27/2012	Hristow, Catherine	Review correspondence from D. Ullmann and respond to same; status update with B. Bougie; meetings with S. Damiani to review analysis of offers compared to liquidation analysis; email correspondence to the controllers for information on accounts receivable; forward reporters' request for information to B. Bougie per Deloitte policy; correspondence with S. Knapp; correspondence with S. Nassabi regarding dataroom; correspondence with D. Pasin; correspondence with M. McKie.
2/28/2012	Damiani, Stefano	Review of the Domfoam variance analysis for the week ending February 24, 2012 and email correspondence to G. Ross on same; review of the bank reconciliation and cheque register for Domfoam; review of the A-Z bank reconciliation as at February 24, 2012; review email by C. Hristow regarding inventory counts; email to A. Lin regarding A-Z disbursements; email to A. Lin and G. Ross regarding initial draft of A-Z variance analysis; follow up email to B. Robb regarding outstanding Valle Foam information; email to G. Ross and B. Robb regarding Valle Foam cheque register; discussions with C. Hristow with respect to disbursements; review of the Valle Foam bank reconciliations as at February 24, 2012 and email correspondences with B. Robb and G. Ross on same; review email of Minden Gross LLP with respect to the status of the sales process and certain negotiations; review accounts receivable and HST and correspondence with C. Hristow on same; email correspondences from A. Lin and D. Ullmann regarding supplier charge issue; review of the revised A-Z variance analysis, and email correspondences with A. Lin and G. Ross

Date	Professional	Description
		regarding same; review of email from A. Lin regarding daily sales.
2/28/2012	Hristow, Catherine	Review correspondence from D. Pasin; review correspondence from D. Ullmann and telephone attendance regarding offers, and collection of accounts receivable; telephone call to reach legal counsel for the class action litigation; review analysis on chemical purchase; email correspondence to controllers regarding inventory count; review correspondence from D. Ullmann; discussion with S. Damiani; review correspondence from A. Li and discuss same with D. Ullmann.
2/28/2012	Weber, Haley	Commencing preparation of referenced copy of the CCAA Monitor's Second Report to Court.
2/29/2012	Bougie, Robert	Meeting with C. Hristow to discuss file matters; discussion with S. Damiani regarding cashflows.
2/29/2012	Damiani, Stefano	Review of the Valle Foam cheque registers; telephone discussions with G. Ross regarding sales taxes, intercompany sales, and cash reporting matters; discussion with Bougie regarding sales offers; review of Valle Foam deposits schedule; draft email correspondence to D. Cisterna with respect to sales tax matter; review of the inventory listing for Valle Foam, and review response from K. Wong; meeting with C. Hristow; email correspondence with G. Ross regarding Domfoam variances, disbursements, and supplier matter; email correspondences to J. English regarding disbursements; email correspondences with A. Lin regarding A-Z disbursements; review of revised bank reconciliations and variance analysis for Valle Foam, and comments to G. Ross and B. Robb on same.
2/29/2012	Hristow, Catherine	Correspondence with S. Carver of PPL; review Valle Foam deposits and inventory as at January 31, 2012; discussions with S. Damiani regarding cash flow and other financial requirements; review HST correspondence on closely related corporations; status update with B. Bougie; review correspondence to the controllers regarding variance analysis.
2/29/2012	Weber, Haley	Continue to prepare referenced copy of the CCAA Monitor's Second Report to Court.
2/29/2012	Wong, Karen	Research and respond to email regarding the application of GST/HST on related party transactions.
3/1/2012	Damiani, Stefano	Meetings with J. English regarding cash reporting matters, and compile detailed listing on same; email to G. Ross and B. Robb regarding collection of intercompany accounts receivable; email correspondences with B. Robb on Valle Foam disbursements; analysis of Domfoam sales offer and submit to C. Hristow; email correspondences with G. Ross regarding variance analysis and bank reconciliation for Domfoam; email correspondences with C. Hristow, G. Ross, and A. Lin on accounts receivable and inventory; voicemail to G. Ross regarding outstanding information; email to B. Robb regarding lease payment; email to B. Robb on outstanding cheque; email correspondences to controllers regarding tax remittances; meeting with C. Hristow and B. Bougie on sales process and Court Report matters; review email February, 2012 sales tax remittance for A-Z; review A-Z accounts receivable listing and email correspondences with A. Lin on same; follow up email correspondences with G. Ross.
3/1/2012	English, Jennifer	Domfoam weekly disbursement review; email correspondences to F. Fellahi regarding disbursement review; meeting with S. Damiani regarding transition planning, outstanding items, bank reconciliations, disbursement review.

Date	Professional	Description
		variance analysis, sales taxes, cash flow forecast, accounts receivables and inventory.
3/1/2012	Hristow, Catherine	Review correspondence from S. Damiani; telephone attendance with D. Ullmann regarding offers; review letters to bidders; review A-Z correspondence regarding February 29, 2012 accounts receivable and sales tax payments; status update with B. Bougie; discussions with S. Damiani; correspondence with T. Dunn; correspondence with the controllers for information regarding inventory and aged accounts receivable; telephone attendance with a creditor;
3/1/2012	Koroneos, Anna	Search for precedents on claims process and edit for review and use.
3/2/2012	Damiani, Stefano	Voicemail and telephone correspondence with G. Ross with respect to accounts receivable and cash matters; email correspondence to J. Howard regarding Domfoam matter; email to D. Ullman of Minden Gross regarding Valle Foam accounts receivable; meeting with J. English; discussions with C. Hristow regarding offers; review email correspondences from Minden Gross and C. Hristow regarding Valle Foam offer matter; review of the Valle Foam sales tax return, proof of payment, and notice of assessment for prior filing; working with J. English on cash flow matters; email correspondences with B. Robb regarding truck lease payment; analysis of Domfoam accounts receivable with J. English; review of email correspondences regarding Domfoam sales tax returns; review of email correspondences from C. Hristow and G. Ross regarding Domfoam disbursements.
3/2/2012	English, Jennifer	Update accounts receivables analysis to compare with offer received, including review of rebates, and insured accounts receivables; discussion with G. Ross regarding outstanding items, variance analysis, cash flow forecast, HST and rebates; meeting with S. Damiani regarding transition matters; preparation of cash flow forecast template.
3/2/2012	Hristow, Catherine	Discussions with S. Damiani regarding variance analysis and cash flow information; telephone attendance with D. Ullmann regarding offers, and next court appearance; request aged accounts receivable as at February 29, 2012; review correspondence to Fybon; review Domfoam offer; meeting with J. English and S. Damiani regarding accounts receivable analysis required; correspondence with D. Ullmann regarding Domfoam receivables; review revised offers from TBF and Star Foam; confirmation receipt of deposit from M. McKie; correspondence with G. Moffat regarding offers; discussion with S. Damiani regarding conference call with G. Ross; voicemail message for G. Moffat; email correspondence to G. Ross and J. Howard; voicemail message for D. Ullmann; email correspondence and telephone attendance with D. Pasin; status update with B. Bougie; review letter from 0931334 B.C.; status update with S. Damiani.
3/2/2012	McKie, Melinda	Meeting with potential purchaser dropping off deposit, calls and email to C. Hristow; telephone attendance with interested party regarding deposit.
3/2/2012	Weber, Haley	Continue referencing the Monitor's Report to Court.

Summary of Fees

Professional	Position	Hours	Rate	Fees
Bougie, Robert	Partner	1.0	\$ 650.00	\$ 650.00
McKie, Melinda	Associate Partner	0.4	650.00	260.00
Hristow, Catherine	Senior Manager	13.5	500.00	6,750.00
Wong, Karen	Senior Manager	0.3	500.00	150.00
Damiani, Stefano	Manager	40.7	425.00	17,297.50
English, Jennifer	Senior Associate	10.8	275.00	2,970.00
Koroneos, Anna	Senior Associate	1.0	275.00	275.00
Weber, Haley	Senior Associate	<u>5.5</u>	275.00	<u>1,512.50</u>
Total hours and professional fees		<u><u>73.2</u></u>		29,865.00
Blended hourly rate			\$ 407.99	
Disbursements				
Courier				<u>41.71</u>
Total professional fees and disbursements				29,906.71
HST @ 13%				3,887.87
Total Amount Due				\$ 33,794.58

Payable upon receipt to: Deloitte & Touche Inc.

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 VALLE FOAM INDUSTRIES (1995)
INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

AFFIDAVIT OF ROBERT BOUGIE

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313

Lawyers for the Monitor, Deloitte & Touche Inc.

EXHIBIT “J”

**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 VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., AND
A-Z SPONGE & FOAM PRODUCTS LTD.**

APPLICANTS

**AFFIDAVIT OF GRANT MOFFAT
(Sworn March 9, 2012)**

I, **GRANT MOFFAT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Thornton Grout Finnigan LLP (“**TGF**”), lawyers for Deloitte & Touche Inc. in its capacity as monitor (the “**Monitor**”) of the property, assets and undertakings of Valle Foam Industries (1995) Inc., Domfoam International Inc. and A-Z Sponge & Foam Products Ltd. and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. Attached hereto as Exhibit “**A**” are true copies of the invoices forwarded to the Monitor by TGF for fees and disbursements incurred by TGF in the course of the within proceeding for the period January 31, 2012 to February 29, 2012.
3. Attached hereto as Exhibit “**B**” is a schedule summarizing each invoice in Exhibit “**A**”, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

4. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the solicitors at TGF who acted for the Monitor.

5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.

7. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor's counsel.

SWORN BEFORE ME
at the City of Toronto, in the
Province of Ontario this
day of March, 2012.

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)
)
)
)



Grant B. Moffat

A commissioner for taking oaths, etc.

Annette Melinda Fournier, a Commissioner, etc.,
City of Toronto, for ThorntonGroutFinnigan LLP,
Barristers and Solicitors.
Expires November 8, 2013.

EXHIBIT "A"

Court File No. CV-12-9545-00CL

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 VALLE FOAM INDUSTRIES (1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

SECOND BILL OF COSTS OF THE MONITOR

For the period ending February 29, 2012

Jan-31-12	Telephone call with R. Slattery regarding meeting with Bayer; review flyer; review appraisal;	0.40	GBM
	Telephone call with terminated Valle Foam employee regarding claim for termination and severance pay;	0.20	GBM
Feb-01-12	Telephone call with C. Hristow; draft Second Report;	2.70	GBM
	Meeting with Company and Bayer; meeting with C. Hristow regarding cash flow; review same; consider continued operation of Valle Foam and intercompany loans;	2.10	GBM
	Telephone call with D. Ullman regarding cost of continued Valle Foam operations; consider scope of Monitor's commentary on cash flow; review initial affidavit and cash flow regarding same;	0.70	GBM
Feb-02-12	Telephone call with prospective purchaser of A-Z;	0.20	GBM
	Telephone call with solicitor for potential purchaser regarding ability to review sensitive information; consider disclosure issues; review correspondence from prospective purchaser regarding CA;	0.80	GBM
Feb-03-12	Revise Second Report to Court;	1.00	GBM
	Review comments on Report from Monitor; revise Report;	1.30	GBM

	Telephone call with C. Hristow regarding updated cash flow forecast; review s. 23 of CCAA regarding same; telephone call with B. Bougie regarding same; telephone call with D. Ullman regarding same;	1.40	GBM
	Correspondence with prospective purchaser regarding confidentiality agreement; telephone call with C. Hristow regarding cash flow;	0.40	GBM
Feb-06-12	Revise Second Report to Court;	0.80	GBM
	Telephone call with C. Hristow regarding revised cash flow forecast;	0.20	GBM
Feb-07-12	Telephone call with D. Ullman regarding cash flow; correspondence with D. Ullman regarding same; telephone call with D. Ullman regarding DIP charge; review Vallecoccia Affidavit; revise stay extension order; revise Second Report; telephone call with C. Hristow regarding same;	3.80	GBM
	Telephone call with C. Hristow; review revised cash flow forecast; review final report; telephone call with C. Hristow (2x) regarding same; telephone call with Newbould, J.'s assistant; correspondence to Court regarding late filing of Second Report;	2.20	GBM
	Prepare fee affidavit of G. Moffat and exhibits thereto, e-mails to client regarding Second Report, compile exhibits to Second Report, serve Second Report and compile same for filing, prepare Affidavit of Service, revise Service List;	2.00	AF
Feb-09-12	Telephone call from prospective purchaser; telephone call with solicitor for prospective purchaser; telephone call with R. Slattery; review requested revisions to CA's	1.20	GBM
	Discuss file with G. Moffat; receive instructions regarding attending motion returnable February 10, 2012; review motion record;	1.20	KP
Feb-13-12	Telephone call with prospective purchasers (2x) regarding confidentiality agreements; telephone call with T. Dunn; review correspondence regarding sale process; review revisions to confidentiality agreement proposed by prospective purchaser;	1.20	GBM
	Telephone call with former employee regarding status of sale process;	0.20	GBM
	Telephone call with prospective purchaser regarding access to data room; telephone call with prospective purchaser regarding confidentiality agreement;	0.40	GBM
Feb-14-12	Telephone call with C. Hristow regarding disclosure of pricing information to prospective purchaser; review order regarding same;	0.20	GBM
Feb-15-12	Telephone call with S. Graff regarding deadline date for offers;	0.20	GBM
Feb-16-12	Telephone call with prospective purchaser regarding terms of sale;	0.20	GBM

	Telephone call with prospective purchaser regarding terms of sale;	1.00	GBM
	Review and revise template sale agreement; telephone call with T. Dunn regarding same; review correspondence from Bayer counsel;	1.80	GBM
	Telephone call with C. Hristow; telephone call with prospective purchaser;	0.50	GBM
	Revise Agreement of Purchase and Sale;	0.50	AF
Feb-17-12	Telephone call with C. Hristow regarding confidentiality agreement;	0.20	GBM
	Telephone call with prospective purchaser;	0.20	GBM
Feb-20-12	Correspondence regarding continuing due diligence and status of bid deadline;	0.30	GBM
Feb-21-12	Review correspondence regarding request for extension of bid deadline; review correspondence from Deloitte regarding same; consider Bayer correspondence;	0.40	GBM
	Telephone call with solicitor for prospective purchaser;	0.20	GBM
	Review correspondence regarding bid deadline; telephone call with former employee; telephone call to solicitor for bidder;	0.60	GBM
	Review correspondence from purchaser regarding collection of accounts; correspondence from C. Hristow regarding same;	0.60	GBM
Feb-22-12	Review correspondence from Bayer counsel; consider CCAA provisions affecting compromise of claims based on misrepresentation; meeting with S. Reid regarding same;	1.20	GBM
	Research regarding claims against debtor for credit obtained while insolvent;	3.10	SIR
Feb-23-12	Continue researching and considering the issue of claims against a company for credit obtained while insolvent;	2.30	SIR
Feb-24-12	Continue researching and considering the issue of trading while insolvent;	1.50	SIR
Feb-25-12	Continue researching and considering the issue of trading while insolvent;	3.20	SIR
Feb-27-12	Review offer comparisons and terms of same;	1.20	GBM
	Telephone call with reporter regarding status of sale process;	0.20	GBM
	Review memo regarding test for claims surviving CCAA plan; consider same;	0.80	GBM
Feb-28-12	Telephone call with prospective purchaser regarding evidence of financing;	0.20	GBM
Feb-29-12	Telephone call with S. Graff regarding status of sale process;	0.20	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	
Grant B. Moffat	31.40	\$700.00	21,980.00	
Kyle Plunkett	1.20	\$300.00	360.00	
Annette Fournier (Law Clerk)	2.50	\$250.00	625.00	
Sandra Reid (Student)	10.10	\$250.00	2,525.00	
TOTAL FEE HEREIN			\$25,490.00	
HST on Fees			<u>\$3,313.70</u>	
Total Fees and HST				\$28,803.70
<u>Disbursements:</u>				
Computer Research			\$46.05	
Fee for searches/registrations			\$505.00	
Photocopies			\$68.50	
Telephone			\$9.82	
Transportation			\$7.08	
Disbursements for searches/registrations *			\$385.03	
Transportation			\$7.96	
Filing of First Report of the Monitor & Affidavit of Service			\$47.00	
Total Taxable Disbursements			\$691.41	
HST on Disbursements			\$89.88	
Total Non-Taxable Disbursements			<u>\$385.03</u>	
Total Disbursements and HST				<u>\$1,166.32</u>
Total Fees, Disbursements & HST				\$29,970.02
OUR ACCOUNT HEREIN				<u>\$29,970.02</u>

ThorntonGroutFinnigan LLP

Per: _____

Grant B. Moffat

HST No. 87042 1039RT
Matter No. 533-029
Invoice No. 25251
Date: Mar 09/12

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

EXHIBIT "B"

Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period January 31, 2012 to February 29, 2012

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
25251	\$25,490.00	\$1,076.44	\$3,403.58	45.2	563.94	\$29,970.02
Totals:	\$25,490.00	\$1,076.44	\$3,403.58			<u>\$29,970.02</u>

EXHIBIT "C"

Billing Rates of Thornton Grout Finnigan LLP

For the period January 31, 2012 to February 29, 2012

	<u>Rate</u>	<u>Year of Call</u>
Grant B. Moffat	\$700	1991
Kyle Plunkett	\$300	2011
Annette Fournier	\$250	Law Clerk
Sandra Reid	\$250	Student-at-Law

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 VALLE FOAM INDUSTRIES (1995)
INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

AFFIDAVIT OF GRANT MOFFAT

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313

Lawyers for the Monitor, Deloitte & Touche Inc.

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 VALLE FOAM INDUSTRIES (1995)
INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**THIRD REPORT OF THE MONITOR
DATED MARCH 13, 2012**

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M5K 1K7

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