

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 3113736 CANADA LTD. 4362063 CANADA  
LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**MOTION RECORD  
VOLUME II**

DATE: September 14, 2018

**FRED TAYAR & ASSOCIATES**  
**Professional Corporation**  
Barristers and Solicitors  
65 Queen Street West, Suite 1200  
Toronto, Ontario M5H 2M5

**Fred Tayar (23909N)**  
Tel.: (416) 363-1800  
Fax: (416) 363-3356

Lawyers for Domfoam Inc.

**TO: THE SERVICE LIST**

**SERVICE LIST**  
(as at November 23, 2017)

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<b>AND TO:</b>	<p><b>MINISTRY OF FINANCE (ONTARIO)</b>  <b>LEGAL SERVICES BRANCH</b>  33 King Street West  6<sup>th</sup> floor  Oshawa ON L1H 8H5</p> <p><b>Kevin J. O’Hara</b>  905-433-6934  905-436-4510 fax  <a href="mailto:kevin.ohara@fin.gov.on.ca">kevin.ohara@fin.gov.on.ca</a></p>
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<b>AND TO:</b>	<p><b>SUTTS STROSBERG LLP</b>          600 Westcomt Place 215          5 Goyeau Street Windsor ON N9A 6V4</p> <p><b>Harvey T. Strosberg</b>  <a href="mailto:Harvey@strosbergco.com">Harvey@strosbergco.com</a></p> <p><b>Heather Rumble Peterson</b>  <a href="mailto:hpeterson@strosbergco.com">hpeterson@strosbergco.com</a></p> <p>519-561-6248          519-561-6203 fax</p> <p>Lawyers for Ontario Class Plaintiffs</p>

<b>AND TO:</b>	<p><b>CAMP FIORANTE MATTHEWS MOGERMAN</b>  #400-  856 Homer Street Vancouv  ver BC V6B 2W5</p> <p><b>J.J.Camp, Q.C.</b>  <a href="mailto:jjcamp@cfmlawyers.ca">jjcamp@cfmlawyers.ca</a></p> <p><b>Reider Mogerman</b>  <a href="mailto:rmogerman@cfmlawyers.ca">rmogerman@cfmlawyers.ca</a></p> <p><b>Sharon L. Wong</b>  <a href="mailto:swong@cfmlawyers.ca">swong@cfmlawyers.ca</a></p> <p>604-689-7555  604-689-7554 fax</p> <p>Lawyers for B.C. Class Plaintiffs</p>
<b>AND TO:</b>	<p><b>BERKOW YOUNG LEV-FARRELL DAS LLP</b>  141 Adelaide Street West  Suite 400  Toronto ON M5H 3L5</p> <p><b>Jack Berkow</b>  <a href="mailto:jberkow@byldlaw.com">jberkow@byldlaw.com</a></p> <p><b>Scott Crocco</b>  <a href="mailto:scrocco@byldlaw.com">scrocco@byldlaw.com</a></p> <p>416-364-4900  416-364-3865 fax</p> <p>Lawyers for Remaining Individual Settling Parties</p>
<b>AND TO:</b>	<p><b>BLACK &amp; ASSOCIATES</b>  2175 King Road  King City ON L7B 1G3</p> <p><b>Laith Hahn</b>  905-893-8050  905-893-8025 fax  <a href="mailto:lhahn@blackandassociates.ca">lhahn@blackandassociates.ca</a> Lawyer</p> <p>rs for Quality &amp; Company Inc.</p>

<b>AND TO:</b>	<b>REVENU QUEBEC</b> Complexe Desjardins, secteur D221LC C.P. 5000, succursale Place- Desjardins Montreal QC H5B 1A7  <b>Jean Duval</b> 514-287-8821 514-285-5348 fax <a href="mailto:jean.duval@revenuquebec.ca">jean.duval@revenuquebec.ca</a>
<b>AND TO:</b>	<b>MINISTRY OF JUSTICE</b> Legal Services Branch 1675 Douglas Street S Suite 400 Victoria BC V8W 9J7  <b>David J. Hatter</b> 250-387-1274 250-387-0700 fax <a href="mailto:David.Hatter@gov.bc.ca">David.Hatter@gov.bc.ca</a>  Lawyers for BC Ministry of Finance
<b>AND TO:</b>	<b>CHUBB INSURANCE COMPANY OF CANADA</b> 1250, boul. René- Lévesque Ouest, bureau 2700 Montréal QC H3B B 4W8  <b>Catherine Rayle-Doiron</b> 514-938-2300, 5325 514-938-2288 fax <a href="mailto:crayledoiron@chubb.com">crayledoiron@chubb.com</a>

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# Index



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2. Affidavit of Jacques Vincent sworn September 13, 2018

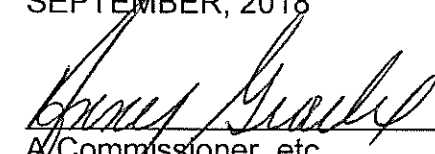
**EXHIBITS**

- A Asset Purchase Agreement #1
- B Asset Purchase Agreement #2
- C Final Asset Purchase Agreement dated March 8, 2012
- D Sale Approval and Vesting Order dated March 16, 2012
- E Letter from Jacques Vincent to David Ullman dated June 22, 2018
- F Notice of Assignment of Claims sent to Fine Kaplan and Black R.P.C. dated June 22, 2018
- G Copy of cheque dated March 21, 2018 for (US) \$3,741,639.62 payable to the Applicant [now 4362063 Canada Ltd.]

- H Motion Record of the Applicants which was returnable before Mr. Justice Wilton-Siegel on May 29, 2018 containing a draft Order
- 3. Order of the Honourable Justice Wilton-Siegel dated May 29, 2018
- 4. Seventh Report of the Monitor (without exhibits)

**Tab E**

THIS IS EXHIBIT "E" TO THE  
AFFIDAVIT OF JACQUES VINCENT  
SWORN THIS 13<sup>th</sup> DAY OF  
SEPTEMBER, 2018

  
\_\_\_\_\_  
A/Commissioner, etc.  
Anny Groulx



Mtre. Jacques Vincent : (514) 938-1924 #4634

Email : [j.vincent@laframboise-gutkin.com](mailto:j.vincent@laframboise-gutkin.com)

**BY EMAIL AND  
BY REGISTERED MAIL**

**WITHOUT PREJUDICE**

June 22<sup>nd</sup>, 2018

Mr David T. Ullmann  
**BLANEY MCMURTRY LLP**  
2 Queen Street East, Suite 1500  
Toronto, Ontario M5C 3G5

**RE: 4362063 Canada Ltd. (f/k/a Domfoam International Inc.) and  
Domfoam Inc. (f/k/a 8032858 Canada Inc.)**

Of : 23306-006

Sir :

As you may recall, the undersigned is acting as legal counsel for Domfoam Inc.

We have been informed by Mr. Don Perelman, from the firm Fine Kaplan & Black R.P.C. in Philadelphia, that a payment of approximately US \$3,000,000 has been sent to your attention in the name of Domfoam International Inc. as the first payment from the Dow Settlement - Urethane Antitrust Litigation Settlement.

As you are aware, effective as of the 26<sup>th</sup> day of March 2012, our client, Domfoam Inc., has purchased from your client 4362063 Canada Inc., all its assets, undertakings and properties of every nature and kind whatsoever (except for the Excluded Assets) (the "APA") pursuant to a Sale Approval and Vesting Order granted by Justice Brown of the Ontario Superior Court of Justice, Commercial list, in the Court file No. CV-12-9545-00CL, dated March 16<sup>th</sup>, 2012 and further to which an assignment agreement and a general conveyance and assumption of assumed liabilities have been executed on March 26<sup>th</sup>, 2012 between our respective clients, *inter alia*.

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Please be advised that any such payment received by you from the Dow Settlement - Urethane Antitrust Litigation Settlement belongs to our client and any such payment shall be immediately forwarded to the undersigned in respect of the APA that intervened between our respective clients.

If any such payment has been partially or totally distributed, you are hereby required to inform the recipient that the funds distributed are the property of our client and they shall be immediately directed to return such funds to the undersigned, in accordance with the APA.

As per Section 7.4 of the APA, please be advised of the new coordinate of the undersigned as follow:

Mtre. Jacques Vincent  
Laframboise Gutkin, g.p.  
2000 - 1 Westmount Square  
Montreal (Quebec) H3Z 2P9

Tel. : +1 (514) 938-1924 ext. 4634  
Fax : +1 (514) 938-3676  
Email: [j.vincent@laframboise-gutkin.com](mailto:j.vincent@laframboise-gutkin.com)

Also, please be advised that we have notified Mr. Don Perelman and the Dow Settlement - Urethane Antitrust Litigation Settlement's administrator that our client shall be the beneficiary of any further payment to be made by such group. You will find enclosed (attached) copy of the notice sent to Mr. Perelman earlier today.

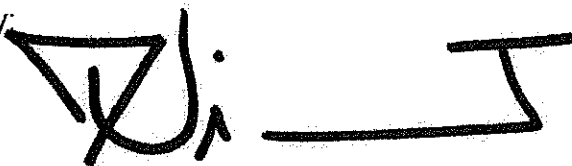
If you have any question, please do not hesitate to contact the undersigned.

We will expect to receive the payment mentioned above within the next five (5) business days.

In the meantime, please accept our best regards.

**LAFRAMBOISE GUTKIN G.P.**

by:



**JACQUES VINCENT, lawyer**

JV/pac

Encl.



**De :** [Jacques Vincent](mailto:Jacques.Vincent@laframboise-gutkin.com)  
**A :** [dperelman@finekaplan.com](mailto:dperelman@finekaplan.com)  
**Cc :** [Stephanie.Amin-Giwner@gardencitygroup.com](mailto:Stephanie.Amin-Giwner@gardencitygroup.com); [michelle.smith@choosecqa.com](mailto:michelle.smith@choosecqa.com); [nblakeslee@finekaplan.com](mailto:nblakeslee@finekaplan.com); [Chapdelaine Camille \(c.chapdelaine@laframboise-gutkin.com\)](mailto:Chapdelaine.Camille(c.chapdelaine@laframboise-gutkin.com))  
**Cci :** [Paula Andrea Castellino \(LG\)](mailto:Paula.Andrea.Castellino(LG))  
**Objet :** Domfoam International Inc. - The Urethane Antitrust Litigation Settlement (#23306-006)  
**Date :** 22 juin 2018 16:08:00  
**Pièces jointes :** [20180622 Notice to Urethane Antitrust Litigation Settlement \(s\).pdf](#)  
[image001.jpg](#)  
[Asset Purchase Agreement between 4037057 Domfoam March 8 2012 \(with schedules\).pdf](#)  
[Approval and Vesting Order 20120316 \(s\).pdf](#)  
[K Assignment of APA vExec \(s\).pdf](#)  
[General Conveyance 20120326 \(s\).pdf](#)

**Importance :** Haute

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Sir:

As per your exchange of emails and telephone conversations with my colleague Camille Chapdelaine, please find attached the following documents :

- Notice – Assignment of Claims - Domfoam International Inc.
- Asset Purchase Agreement dated March 8, 2012
- Approval and vesting order dated March 16, 2012
- Assignment Agreement dated March 26, 2012
- General Conveyance dated March 26, 2012

If you have any question, please do not hesitate to contact the undersigned.

Please accept our best regards,

**M<sup>e</sup> JACQUES VINCENT**

Associé | Partner

**Laframboise Gutkin Cabinet d'avocats**



LAFRAMBOISE GUTKIN. CABINET D'AVOCATS - LAW FIRM /S.E.N.C.

1, WESTMOUNT SQUARE, 20<sup>e</sup> ÉTAGE

MONTRÉAL QC H3Z 2P9

COURRIEL : [j.vincent@laframboise-gutkin.com](mailto:j.vincent@laframboise-gutkin.com)

TELEPHONE : (514) 938-1924 Ext. 4634

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[WWW.LAFRAMBOISE-GUTKIN.COM](http://WWW.LAFRAMBOISE-GUTKIN.COM)

Veuillez noter que, sauf avis contraire du correspondant ou circonstance particulière, le courriel est considéré par le cabinet comme un moyen adéquat de communication, au même titre que le courrier ordinaire. Le présent courriel est destiné uniquement au(x) destinataire(s) susmentionné(s). Son contenu est confidentiel et relève du secret professionnel de l'avocat. Si vous avez reçu cette communication par erreur, veuillez nous en aviser immédiatement et effacer l'original, sans en tirer de copie, en dévoiler le contenu ni prendre quelque mesure fondée sur celui-ci.

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**Notice**  
**Assignment of Claims**  
**RE: Domfoam International Inc.**

---

Montreal (Canada), June 22, 2018.

Mr. Don Perelman  
**FINE KAPLAN & BLACK R.P.C.**  
1 South Broad Street  
23<sup>rd</sup> Floor  
Philadelphia, PA 19107  
USA

Sir:

We are acting as legal counsels for Domfoam Inc. (f/k/a *8032858 Canada Inc.*). (the "**Purchaser**").

On March 8, 2012, an asset purchase agreement intervened between 4037057 Canada Inc. (the "**Assignor**") and 4362063 Canada Ltd. (f/k/a *Domfoam International Inc.*, hereinafter the "**Vendor**") (the "**APA**"), with respect to all assets, undertakings and properties of the Vendor, of every nature and kind whatsoever and wherever situated (the "**Purchased Assets**"), save and except the "Excluded Assets", as listed in Schedule 2.2. of the APA.

On March 16, 2012, the terms and provisions of the APA and the purchase and sale transaction provided for therein and all of the Vendor's right, title and interest in and to the Purchased Assets vested in the Assignor, have been approved and authorized by an Order of Justice Brown (the "**Approval and Vesting Order**"), from the Ontario Superior Court of Justice and the Purchased Assets were thereafter vested in the Assignor.

On March 26, 2012, the Purchaser, pursuant to an assignment agreement amongst the Assignor, the Vendor and the Purchaser (the "**Assignment**"), became the beneficiary of all interest of the Assignor under the APA, including all rights of action or other rights accruing to the Assignor, or which might after the Assignment takes effect or accrue to the Assignor under the APA.

Concurrently on March 26, 2012, a general conveyance and assumption of assumed liabilities was executed between the Vendor and the Purchaser (the "Conveyance") by which, *inter alia*, the Vendor conveyed, transferred and assigned to the Purchaser and the Purchaser did accept, all of the right, title and interest of the Vendor in and to the Purchased Assets.

For further reference, you will find attached copies of the following executed documents:

- 1. The APA;
- 2. The Approval and Vesting Order;
- 3. The Assignment; and
- 4. The Conveyance.

Therefore and in consideration of the APA, as approved by the Approval and Vesting Order and as assigned under the Assignment, be advised that any payment from the Urethane Antitrust Litigation Settlement that would have been payable to the Vendor shall be considered as part of the Purchased Assets and shall thereon be payable to the Purchaser and addressed to the undersigned as follow:

**Cheque payable to:**

**Domfoam Inc.**

Sent to:

a/s Mtre. Jacques Vincent, lawyer  
2000 – 1 Westmount Square  
Montreal (Quebec) H3Z 2P9  
Canada

**PLEASE ACT AND GOVERN YOURSELF ACCORDINGLY.**

LAFRAMBOISE GUTKIN G.P.

per:



**JACQUES VINCENT, lawyer**

Encl.

Cc Mrs Stéphanie Amine-Giwner (by email and Registered Mail)  
Mrs Michele Smith (by email and Registered Mail)



---

ASSET PURCHASE AGREEMENT

Made as of the 8<sup>th</sup> day of March, 2012

Between

4037057 CANADA INC.

- and -

DOMFOAM INTERNATIONAL INC.

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## ASSET PURCHASE AGREEMENT

This Agreement is made as of the 8<sup>th</sup> 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 26<sup>th</sup>, 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.

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[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 three million six hundred sixty two thousand nine hundred and seventy five dollars (\$3,662,975) plus the assumption of the Assumed Obligations, said Purchase Price to be established as of the Closing Date (the "Purchase Price").

The Purchase Price is divided as follow:

(A)	Purchased Receivables:	\$2,450,976
(B)	Purchased Inventories:	\$946,586
(C)	<i>Withdrawn</i>	
(D)	All other Purchased Assets:	\$300,000
(E)	Excess rebates to customers	(\$34,587)

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.

The portion of the Purchase Price attributed to the Purchased Receivables is two million four hundred fifty thousand nine hundred and seventy six dollars (\$2,450,976) and is calculated as described in Schedule 2.9(A) – Section 2.

(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.

The portion of the Purchase Price attributed to the Purchased Inventories is nine hundred forty six thousand five hundred and eighty six dollars (\$946,586) and is calculated as described in Schedule 2.9(B) – Section 2.

(C) BASF Receivables

*Withdrawn*

(D) Other Purchased Assets

The Purchaser is ready to pay the Vendor the amount of three hundred thousand dollars (\$300,000) for all the other Purchased Assets.

(E) Excess rebates to customers

The Purchase Price shall be reduced by the total amount of rebates earned by the Vendor's customers for the calendar year 2011 and not already applied to the outstanding invoices for each said customer at the Closing Time. As of January 27, 2012, the excess rebates to customers total thirty four

thousand five hundred and eighty seven dollars (\$34,587) as calculated in Schedule 2.9(E) and shall be adjusted as at the Closing Date using the same parameters.

## 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:

Subject to the limit established hereinafter in this paragraph, the Purchase Price payable in relation with the Purchased Receivables shall be adjusted downward or upward, as the case may be, as per the formula established in Schedule 2.9(A) – Section 2, in the event and to the extent that, on the Closing Date, the aggregate value of the Purchased Receivables shall be lower or higher, as the case may be, than the Offer Date Receivable Value. Nonetheless, if the total amount of the Purchased Receivables, as the total appears in the first column on page 4 of Schedule 2.9(A) - Section 1, is, as of the Closing Date, over five million nine hundred thousand dollars (\$5,900,000), then the difference between the total amount of the Purchased Receivables as of the Closing Date and the limit herein established shall be deducted from the calculation of the current portion of the Purchased Receivables for the Vendor as of the Closing Date.

### (B) Re: Inventory:

The Purchase Price payable in relation with the Purchased Inventories shall be adjusted downward or upward, as the case may be, as per the formula established in Schedule 2.9(B) – Section 2, in the event and to the extent that, on the Closing Date, the aggregate value of the Purchased Inventories shall be lower or higher, as the case may be, than the Offer Date Inventory Value.

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 three hundred and sixty thousand dollars (\$360,000) (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 three million one hundred and two thousand nine hundred and seventy five dollars (\$3,102,975) by certified cheque or wire transfer payable to the Monitor at the Time of Closing;
- (c) the amount of two hundred thousand dollars (\$200,000) (the "Holdback") 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.

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[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.

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[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 Inteirm 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.

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[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 28<sup>th</sup> 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.

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[Section 6 follows on next page]

**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*

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[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](mailto: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@lplv.com](mailto:j.vincent@lplv.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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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.

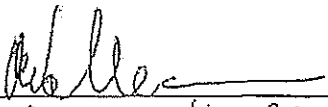
IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on March 8, 2012 at 5:30 p.m.

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 BIAAIA TO

DOMFOAM INTERNATIONAL INC.

By:   
Name: ANTONIO VALLECORSA  
Title: CEO  
I have authority to bind the Vendor.

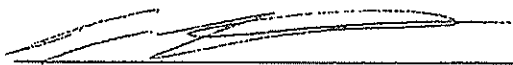
The Vendor shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:

LPLV  
c/o: Mtre. Jacques Vincent  
Fax: (514) 798-5599  
Email: [j.vincent@lplv.com](mailto: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 1.1(n).

## 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. 15, 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 1FUJA6CK37LY49529	05/2013	21,204	21,204	21,204	1,757	-	-	-
Ryder	332468 1FUJA6CK37LY49530	05/2013	21,204	21,204	21,204	1,757	-	-	-
Ryder	332469 1FUJA6CK37LY49531	05/2013	21,204	21,204	21,204	1,757	-	-	-
Ryder	329316 1FUJA6CK37LY49526	11/2013	20,964	20,964	20,964	12,229	-	-	-
Ryder	329317 1FUJA6CK37LY49527	11/2013	20,148	20,148	20,148	11,753	-	-	-
Ryder	329318 1FUJA6CK37LY49528	11/2013	20,148	20,148	20,148	11,753	-	-	-
Ryder	336256 1HTSCAAMXX1227568	11/2013	20,148	20,148	20,148	11,753	-	-	-
Ryder	336257 1FUJA6CK37LY61325	11/2013	20,148	20,148	20,148	11,753	-	-	-
Ryder	336256 1FUJA6CK37LY61324	11/2013	20,148	20,148	20,148	11,753	-	-	-
Ryder	325581 1FUJA6CK37LY49523	05/2012	26,952	26,952	2,246	-	-	-	-
Ryder	325582 1FUJA6CK37LY49524	05/2012	26,952	26,952	2,246	-	-	-	-
Ryder	324684 1FUJA6CK37LY49521	05/2013	24,780	24,780	24,780	2,065	-	-	-
Ryder	324655 1FUJA6CK37LY49522	05/2013	24,780	24,780	24,780	2,065	-	-	-
Hewlett	13423 Rental # A4EC380520	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	-	-	-
Tu Source	344371-212772 Rental # A4EC380738	09/2016	12,900	1,176	1,176	1,176	1,176	1,176	490
Toshiba	2550814 Water dispenser Plant	08/2016	-	1,512	1,512	1,512	1,512	1,512	504
Toshiba	344371-205533 Main Photocopier	11/2016	-	9,086	9,912	9,912	9,912	9,912	5,782
Toshiba	344371-205455 Plant & Sales Photocopier	11/2016	-	8,882	9,144	9,144	9,144	9,144	5,334
	<b>TOTALS</b>		<b>344,340</b>	<b>351,596</b>	<b>303,772</b>	<b>144,829</b>	<b>39,519</b>	<b>21,744</b>	<b>12,110</b>

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-I, #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

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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 number	date of application or registration ("A") or ("R")	Name of the current owner or applicant	Expiry date	Name of the agent	Status
1 SPRINGFLEX FOAM	1633290	R: 2011-06-10	Domifoam International Inc.		N/A	formalized on 2011-08-15
2 CONTIUR-MATIC	LMC641558	R: 2005-06-07	Domifoam International Inc.	2020-06-07	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
3 VILLA	LMC203073	R: 1974-11-08	Domifoam International Inc.	2019-11-08	Stikeman Elliott LLP	renewed on 2004-11-08
4 CUPPLE FOAM	LMC570966	R: 2002-11-20	Domifoam International Inc.	2017-11-20	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
5 VIVAFOAM	LMC272311	R: 1982-08-27	Domifoam International Inc.	2012-08-27	Stikeman Elliott LLP	renewed on 1997-08-27
6 ComfyCel	LMC623917	R: 2004-10-28	Domifoam International Inc.	2019-10-28	N/A	registered
7 SPECTRUM	LMC288288	R: 1984-02-24	Domifoam International Inc.	2014-02-24	Stikeman Elliott LLP	renewed on 1999-02-24
8 INSCULGARD	LMC271331	R: 1982-07-26	Domifoam International Inc.	2012-07-16	Stikeman Elliott LLP	renewed on 1997-07-16
9 CELCOR	LMC292308	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Stikeman Elliott LLP	renewed on 1999-06-22
10 PRO-BOND	LMC205857	R: 1975-03-14	Domifoam International Inc.	2020-03-14	Stikeman Elliott LLP	renewed on 2005-03-14
11 DOMIFOAM	LMC145958	R: 1966-06-30	Domifoam International Inc.	2026-06-30	Stikeman Elliott LLP	renewed on 2011-06-30
12 LODGE	LMC205858	R: 1975-03-14	Domifoam International Inc.	2020-03-14	Stikeman Elliott LLP	renewed on 2005-03-14
13 CHATEAU	LMC202908	R: 1974-11-01	Domifoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
14 Royale	LMC624903	R: 2004-11-08	Domifoam International Inc.	2019-11-08	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
15 EXCALIBUR	LMC289023	R: 1984-03-16	Domifoam International Inc.	2014-03-16	Stikeman Elliott LLP	renewed on 1999-03-16
16 BIVIERA	LMC202909	R: 1974-11-01	Domifoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
17 PERMA-BOND	LMC180303	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
18 Snuggle-Pedic	LMC644665	R: 2005-07-19	Domifoam International Inc.	2020-07-19	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
19 VECTEX	LMC275284	R: 1982-12-31	Domifoam International Inc.	2012-12-31	Stikeman Elliott LLP	renewed on 1997-12-31
20 FREDOM FOAM	LMC729834	R: 2008-12-01	Domifoam International Inc.	2028-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
21 BIOPUSH	LMC729835	R: 2008-12-01	Domifoam International Inc.	2028-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
22 Hug-A-Pedic	LMC666798	R: 2006-06-06	Domifoam International Inc.	2021-06-06	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
23 NORTHERN TREASURE	LMC638223	R: 2005-04-25	Domifoam International Inc.	2020-04-25	Stikeman Elliott LLP	registered
24 LA COLLECTION ZODIAC	LMC284245	R: 1984-06-17	Domifoam International Inc.	2014-06-17	Stikeman Elliott LLP	renewed on 1999-06-17
25 W'UNDER-BOND	LMC180310	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
26 BONDEX	LMC288957	R: 1985-01-11	Domifoam International Inc.	2015-01-11	Stikeman Elliott LLP	renewed on 2000-01-11
27 QUANTUM	LMC292311	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Stikeman Elliott LLP	renewed on 1999-06-22
28 MAGNUM	LMC266867	R: 1982-02-16	Domifoam International Inc.	2022-02-16	Stikeman Elliott LLP	renewed on 2012-02-16
29 VISCO-MAGIC Memory Fo	LMC688955	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	LMC290816	R: 1984-05-11	Domifoam International Inc.	2024-05-11	Stikeman Elliott LLP	renewed on 1999-05-11

CANADIAN CANCELLED OR ABANDONED TRADEMARKS: DOMIFOAM

TradeMark	Registration or application number	date of A.O.R.	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1. DOMIFOAM MAPLE LEAF & DESIGN	LMC375564	R: 1990-11-09	Domfoam International Inc.	2006-07-06	Sikeman Elliott LLP
2. VISCOPLUS	1960194	A: 2008-11-19	Domfoam International Inc.	2010-12-27	Jiri Spivak, A-Z Springs & Foam Products Ltd.
3. SECURIFOAM & DESIGN	832300	A: 1998-11-20	Domfoam International Inc.	2001-01-10	Sikeman Elliott LLP
4. NIMBUS	495427	A: 1982-11-26	Domfoam Inc.	1983-01-28	Seal, Shaposhnik
5. PROTECT-A-RUG	LMC177017	R: 1971-07-23	Domfoam Inc.	1986-09-10	Seal, Shaposhnik
6. STRATUS	495428	A: 1982-11-26	Domfoam Inc.	1983-02-19	Seal, Shaposhnik
7. FLAREX	LMC205782	R: 1975-03-07	Domfoam Inc.	1980-04-27	Seal, Shaposhnik
8. CFC & DESIGN	LMC203684	R: 1974-12-06	Domfoam International Inc.	2005-07-21	Sikeman Elliott LLP
9. HABITAT	500121	A: 1983-09-11	Domfoam Inc.	1986-09-22	Seal, Shaposhnik
10. LIROCELL HR	LMC203776	R: 1974-12-06	Domfoam International Inc.	2005-07-21	Sikeman Elliott LLP
11. Domfoam & design	LMC375563	R: 1990-11-09	Domfoam International Inc.	2006-07-06	Sikeman Elliott LLP
12. SUNRISE	LMC264104	R: 1981-11-06	Domfoam International Inc.	1997-07-08	Sikeman Elliott LLP
13. ALTO-CUMULUS	495425	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shaposhnik
14. CUMULUS	495425	A: 1982-11-26	Domfoam Inc.	1985-12-19	Seal, Shaposhnik
15. EVERBOND	LMC184974	R: 1972-08-18	Domfoam Inc.	1987-10-02	Seal, Shaposhnik
16. VISCOAIRE	1204369	A: 2004-01-22	Domfoam International Inc.	2005-02-14	N/A.
17. FlexCell	1998594	A: 2003-12-07	Domfoam International Inc.	2005-03-06	Jiri Spivak, A-Z Springs & Foam Products Ltd.
18. PINK PANTHER	LMC362765	R: 1975-10-19	Domfoam Inc.	1990-02-16	Seal, Shaposhnik
19. GIRRUS	495429	A: 1982-11-26	Domfoam Inc.	1984-01-06	Seal, Shaposhnik

CANADIAN SEARCH OF TRADEMARKS: DOMIFDAM

Trademark	Application number	date	Name of the applicant	Status
GELEHEX	1518007	2011-03-07	Dominique International Inc.	Notice of approval sent on 2011-10-31.

US REGISTERED TRADEMARK - DOMFOAM

Trademark	Serial number	Registration date	Name of the current owner of applicant	Expiry date	Name of the agent	Status
1 NORTHERN TREASURE	78508999	2005-12-13	Domfoam International Inc.	2015-12-18	Lawrence H. Meier	registered

US-CANCELLED TRADEMARK - DOMFOAM

Trademark	Serial number	date of application	Name of the current owner of 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 SECUNFOAM & DESIGN	75311611	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 "VALE 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

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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

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Section 1

List of Purchased Receivables as of January 31, 2012.

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

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Section 2

Calculation of the Purchase Price attributed to the Purchased Receivables.

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



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	11,533.52	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	15,306.37	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	19,524.84	-	19,524.84	-	-
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	112,823.23	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	8,716.63	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	10,493.91	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	<u>5,996,691.62</u>	<u>3,208,741.60</u>	<u>1,434,256.08</u>	<u>979,378.14</u>	<u>374,315.80</u>

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated January 2012

SCHEDULE 2.9(A)  
SECTION 2

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
157 VEN-REZ-PRODUITS	60	25 000.00	704.58				704.58	
202 BUGATTI DESIGN INC	60	25 000.00	25 431.95	159.32			25 591.27	
308 DINE ART INC	60	15 000.00	1 082.46	9 320.06	1 009.55		11 412.07	
308 POSITECH INNOVATION INC	30	7 000.00	4 316.15				4 316.15	
316 LIND FURNITURE (CANADA) LT	60	825 000.00	1 795.95	215.36			1 991.31	
10020-LEG CANADA INC	60	350 000.00	128 444.68				128 444.68	
10024 AIRWAY-SURGICAL APPLICATION	60	5 000.00	6 549.57	2 028.58			8 578.15	
10052 ALPHAVIC INC	60	30 000.00	718.08				718.08	
10072 KRAUS CANADA INC (FO)	35	375 000.00	258 535.74	155 454.72	114 937.07		528 927.53	
10086 QUALITY RUGS OF CANADA LI	90	725 000.00	41 326.70				41 326.70	
10120 BEAVER CARPET LITEE	30	50 000.00	17 878.48				17 878.48	
10136 BORLEN INC	60	25 000.00	3 072.41	2 674.27			5 746.68	
10222 MATELAS CONDOR ENRG	30	175 000.00	1 004.61				1 004.61	
10145 MATELAS BOURCOUR ENRG	30	175 000.00	18 356.08	2 862.78			21 218.86	
10273 DOUBLETTE INC	60	40 000.00	3 402.81	2 141.95	895.43		6 440.19	
10305 BENNETT FLEET (QUEBEC) IN	60	5 000.00	2 254.11				2 254.11	
10331 MATELAS THERAPEUTIC	60	5 000.00	11 533.52	3 754.38			15 287.90	
10351 IDEAL CHEST INC	45	10 000.00	1 598.57	10 024.60	8 412.16		20 035.33	
10358 COURT SPORTS INC	60	50 000.00	3 680.61	3 858.97		5 847.19	13 386.77	
10378 LITERIE LAVAIL	45	50 000.00	27 771.01	18 305.87	1 030.47		47 107.35	
10379 MATELAS LAVIOLETTE INC	45	75 500.00	3 529.98				3 529.98	
10384 TEXTILES LETOURNEAU	20	35 000.00	333.69				333.69	
10386 MATELAS LION D'OR INC	60	50 000.00	32 749.54				32 749.54	
10426 CANADEL	60	15 000.00	1 729.11	1 087.48	8 549.87		11 366.46	
10465 COUPONS PARENT INC	60	8 000.00	8 278.82				8 278.82	
10484 REMBOURRAGE A.N.P.	60	50 000.00	3 268.84				3 268.84	
10502 LITERIE PROVINCIALE LTEE	60	50 000.00	1 729.11				1 729.11	
10508 AMEUBLEMENT BENAISSANC	60	50 000.00	2 829.81				2 829.81	
10510 MATELAS FLENE INC	60	15 000.00	19 715.15				19 715.15	
10521 REME LOUIS ROUSSEAU INC	60	60 000.00	28 034.38				28 034.38	
10545 SEAWAY PLASTICS LTEE	60	35 000.00	5 498.57				5 498.57	
10547 SEBV CORR DU CANADA	60	20 000.00	8 278.82	10 068.50			18 347.32	
10570 SPORT MASKA INC	60	8 000.00	344.24				344.24	
10585 TRANS-CANADA INDUSTRIES	60	50 000.00	1 545.93				1 545.93	
10737 FUTION 7TH HEAVEN UTOPIA I	60	50 000.00	6 075.15				6 075.15	
10785 GROUPE GIBO INC	60	50 000.00	284.40	1 580.27	2 357.56		4 522.23	
10840 PRINCESSE	60	40 000.00	6 239.85	2 745.19			8 985.04	
10864 2 G TEXTILES ENRG	60	27 000.00	2 815.52	5 249.62			8 065.14	
11049 LITERIE SEDUCTION INC	60	100 000.00	625.51	3 850.31			4 475.82	
11150 PROFOM INC	60	22 000.00	29 057.79				29 057.79	
11155 JARDIN DE VILLE INC	60	25 000.00	1 115.72	689.03			1 804.75	
11197 MSCM INC	60	25 000.00	35 681.28				35 681.28	
11208 REMI CARRIER INC	60	25 000.00	1 034.85				1 034.85	
11210 PROQUA INC	60	85 000.00	5 017.77				5 017.77	
11268 ROULLARD INC	60	30 000.00	9 315.23				9 315.23	
11272 INTER CONFORT	60	25 000.00	25 525.81	1 862.38			27 388.19	
11276 STEERS GROUP LIMITED	60	25 000.00	3 121.28				3 121.28	
11289 MATELAS SIESTA	75	30 000.00	4 973.82	585.28			5 559.10	
11415 ROCKLAND TEXTILES INC	60	30 000.00	5 017.77				5 017.77	
11467 MATELAS PRESTIGE	15	25 000.00	25 525.81	1 862.38			27 388.19	
11558 EQUATRO TECHNOLOGIES INC	45	10 000.00	3 121.28				3 121.28	
11577 ARTOPLEX PLUS INC	60	20 000.00	442.18				442.18	
11690 FUTION DESIGN	60	20 000.00				4 071	4 071	

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AGED ACCOUNTS RECEIVABLE  
DQNF OAM INTERNATIONAL INC.

Dated Jan 31, 2012

11627 PRO TAC INDUSTRIES INC.	\$0	\$3,000.00	\$180	\$17,404.37	\$19,314.91	\$1,820,008	\$1,80	42,957.94	1,80
11675 LIBRIE DORMATEX INC.	60	\$0.00	\$15	(\$400.30)	5,755.76			5,358.46	
11684 FOUISTAR CANADA INC.	60	\$75,000.00	\$80	353.55	8,716.53		(811.11)	9,889.09	
11714 TRICA	60	\$2,000.00	\$60	885.20				885.20	
11780 VERANDA JARDIN INC.	60	\$30,000.00	\$30		10,911.45			10,801.45	
11779 MANUFACTURE DE TATELAS	45	\$125,000.00	\$45		18,846.71			18,846.71	
11811 BROLAIN DISTRIBUTEURS LTD.	60	\$50,000.00	\$41		4,181.55			4,181.55	
11828 COMFORT FOAM & FIBRE	60	\$25,000.00	\$60		1,998.94	583.78		1,882.72	
11888 TATELAS SELECT	60	\$45,000.00	\$75		5,903.05			5,903.05	
11844 PEL INTERNATIONAL L TEE	75	\$10,000.00	\$24	24,928.63	30,248.99	22,139.84		33,242.34	
11848 INDUSPAC INC.	30	\$5,000.00	\$30	6,894.80				6,694.80	
11859 WESTBROCK FLOORING INC	30	\$5,000.00	\$30	1,171.69				1,171.69	
11874 MILLENAIRE WILLIAM INC.	60	\$30,000.00	\$60	23,905.21	9,420.51	3,591.84		36,917.56	
11914 EXCEL RSVCK MOUSSE FOAM I	60	\$95,000.00	\$60	25,486.69	17,036.71			42,523.40	
11957 MEUBLES BELISLE INC.	60	\$10,000.00	\$30	3,133.82				3,133.82	
11948 MEUBLES TOMALI INC.	30	\$7,000.00	\$30	(11.50)				(11.50)	
11974 SYLIEG INC.	60	\$50,000.00	\$60	11,589.80	11,839.97			23,389.27	
11978 TATELAS ORTHOPEDIQUE	60	\$35,000.00	\$60	27,397.56	1,855.26			29,252.82	
11979 BELPRO MEDICAL INC	30	\$75,000.00	\$30	42,500.44		(290.80)		42,209.64	
11982 DIAMOND DIVERSIFIED IND.L	60	\$15,000.00	\$60	5,618.28				5,618.28	
12021 SEARS CANADA INC.	75	\$65,000.00	\$75	20,579.87		(84.05)		20,495.82	
12101 CRE-O-PACK INTERNATIONAL	60	\$20,000.00	\$60	17,918.60				17,918.60	
12104 AD MATS CORPORATION	60	\$20,000.00	\$60	4,908.98	5,781.24	5,880.81		16,571.03	
12122 ATLANTIC FABRICS LIMITED	60	\$30,000.00	\$60	17,923.38				17,923.38	
12140 DOWNEAST PLASTICS LTD.	75	\$175,000.00	\$75	4,444.61	2,362.15			6,806.76	
12150 REMBOURRAGE J A MARTINE	60	\$10,000.00	\$60	9,420.76	699.61			10,120.37	
12158 BARRY SUPPLIES & FABRIC I	60	\$10,000.00	\$60	1,217.35	3,863.42			5,080.77	
12230 WESCO N.A INC.	30	\$30,000.00	\$30	1,887.78				1,887.78	
12242 SPORT SYSTEMS CANADA INC	30	\$30,000.00	\$30	1,225.83	4,819.79			6,045.62	
12253 BEAUJEU CANADA	45	\$50,000.00	\$45	5,838.88	747.95	674.87		7,261.70	
12256 TEC INNOVATIONS	30	\$20,000.00	\$30	2,002.78		23.25		2,026.03	
12270 COUTURE CARVILLE INC, CVI	60	\$5,000.00	\$60	585.03				585.03	
12277 DOMINION CUTTING SERVICE	75	\$15,000.00	\$75	384.08	15,925.92	10,459.91		26,770.81	
12282 YOLINE 2008 INC.	30	\$20,000.00	\$30	2,002.78				2,002.78	
12280 LOGIFLEX MOB DE BUREAU	30	\$25,000.00	\$30	25,819.87	14,419.96	17,456.22		57,696.05	
12291 PAKTEK INC.	30	\$6,000.00	\$30	1,275.50				1,275.50	
12286 PAVAR FURNITURE INC.	60	\$10,000.00	\$60	524.35	382.41			906.76	
12305 WES INDUSTRIES INC.	60	\$7,500.00	\$60	7,529.08	8,507.75	1,005.11		17,041.94	
12308 PYPAMERIC INC. (W)	60	\$25,000.00	\$60	3,620.86		4,386.47		8,007.33	
12314 GROUPE SM PELLETER	60	\$6,000.00	\$60	1,179.80				1,179.80	
12326 HARWELL EMBALLAGE W NL	60	\$5,000.00	\$60	19,859.29		209.30		20,068.59	
12330 GREATCO INC. 90890746 QUE	60	\$25,000.00	\$60	1,151.12				1,151.12	
12384 SHOLA INC.	60	\$15,000.00	\$60	4,881.08				4,881.08	
12343 JAYMAR UNK	60	\$5,000.00	\$60	1,573.48				1,573.48	
12365 EQUIPMENT SANITAIRE CHER	60	\$30,000.00	\$60	1,294.29		2,915.81		4,210.10	
12365 ADI ART DESIGN INTERNATIO.	60	\$20,000.00	\$60	9,723.17				9,723.17	
12387 VALENTINO INC W	60	\$10,000.00	\$60	1,454.04				1,454.04	
12356 LINEA P INTERNATIONAL INC.	45	\$15,000.00	\$45	3,304.57				3,304.57	
12373 FPD FOAM SOLUTION INC.									
12380 DISTRIBUTION SECURI - SPOR									
12380 CONQUEST CARPET CORP.									

Sub Total CDN \$ 1,951,124.06 \$ 420,647.54 \$ 2,371,771.60 \$ 47,557.64 \$ 2,033,974.91

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AGED ACCOUNTS RECEIVABLE  
DOMIFOAM INTERNATIONAL INC.

Date: Jan. 31, 2012

10005 ELRAN	15 \$	500,000.00	\$	303,779.87	\$	180,349.86	\$	27,441.52	\$	689.58	\$	511,871.87	\$	350,000.00
10371 SYLCO INC.	75 \$	55,000.00	\$	19,103.32	\$	1,058.44	\$	11,042.88	\$	6,001.89	\$	82,216.26	\$	50,000.00
10387 LITERIE DRUMMOND LTTEE	80 \$	300,000.00	\$	74,572.24	\$	1,173.59	\$	410.29	\$		\$	74,572.24	\$	14,000.00
10551 GESCO LTO PARTNERSHIP	30 \$	300,000.00	\$	51,489.31	\$	(2,709.26)	\$		\$		\$	48,779.05	\$	20,000.00
11184 D & R FOAM	60 \$	175,000.00	\$	6,706.11	\$	9,359.16	\$	7,755.01	\$	56,494.97	\$	30,815.24	\$	75,000.00
11388 SIEGES DUCHARME INTERNA	75 \$	150,000.00	\$	305.43	\$	9,702.70	\$	5,685.18	\$	35,602.83	\$	16,293.31	\$	75,000.00
11421 LRS MEUBLES VANTAGE 1000	90 \$	89,000.00	\$	30,000.00	\$	31,178.08	\$	-78,789.94	\$		\$	231,421.58	\$	25,000.00
11924 MATELAS D'OR 9053-8684-00	75 \$	200,000.00	\$	9,823.20	\$	3,744.15	\$		\$		\$	13,668.06	\$	200,000.00
16301 L. DAVIS TEXTILES (1991) INC	45 \$	25,000.00	\$		\$		\$		\$		\$		\$	35,000.00
<b>SUB-TOTAL CDN Insured</b>		<b>\$ 1,773,000.00</b>	<b>\$</b>	<b>497,409.92</b>	<b>\$</b>	<b>232,854.79</b>	<b>\$</b>	<b>126,374.93</b>	<b>\$</b>	<b>356,813.02</b>	<b>\$</b>	<b>1,016,452.55</b>	<b>\$</b>	<b>844,000.00</b>

10413 MATELAS MARTIN	90 \$	375,000.00	\$	42,935.09	\$	19,370.38	\$	55,169.87	\$	36,161.22	\$	159,635.35	\$	30,000.00
10585 SURAR	90 \$	325,000.00	\$	55,233.52	\$	32,888.35	\$	65,818.84	\$	57,225.28	\$	221,166.00	\$	75,000.00
11177 TISSUS MORICO INC.	90 \$	150,000.00	\$	30,746.86	\$	25,400.93	\$	28,863.89	\$	19,426.10	\$	89,437.98	\$	100,000.00
11665 BOZANTO INC.	90 \$	400,000.00	\$	138,756.63	\$	112,323.23	\$	117,018.61	\$	19,875.00	\$	387,973.57	\$	75,000.00
<b>SUB-TOTAL CDN Insured Net 90</b>		<b>\$ 1,250,000.00</b>	<b>\$</b>	<b>267,871.89</b>	<b>\$</b>	<b>169,982.90</b>	<b>\$</b>	<b>262,869.81</b>	<b>\$</b>	<b>131,687.71</b>	<b>\$</b>	<b>652,212.31</b>	<b>\$</b>	<b>280,000.00</b>

<b>SUB-TOTAL GANNA-COUNT</b>														
<b>TOTAL OFFER</b>														
<b>SUB-TOTAL CPN</b>														
<b>SUB-TOTAL CPN Insured</b>														
<b>SUB-TOTAL CPN Insured Net 90</b>														
<b>SUB-TOTAL GANNA-COUNT</b>														
<b>TOTAL OFFER</b>														

11682 VALLE FOAM INDUSTRIES INC	45 \$	1,750,000.00	\$	253,895.10	\$		\$	334.27	\$		\$	254,229.37	\$	
12102 AZ SPONGE & FOAM	80 \$	125,000.00	\$	27,028.49	\$	13,470.53	\$	30,276.59	\$		\$	71,175.61	\$	
<b>SUB-TOTAL GANNA-COUNT</b>														
<b>TOTAL OFFER</b>														

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AGED ACCOUNTS RECEIVABLE  
DOMFAM INTERNATIONAL INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
U11771 JERFICO FIBRES INC.	45	2,030,325.00	556,831.67	\$164,791.95	\$	\$	1,079,755.37
U12164 OTIS BED MANUFACTURING C	60	408,085.00	20,979.01	874.95	\$	\$	75,419.64
U12171 FRANKLIN AUGUST TRADING	30	7,089.00	7,170.44	\$	\$	\$	9,388.63
U12183 FOAM FACTORY INC.	60	9,892.00	\$	236.00	\$	\$	236.00
U12184 GREAT NORTHERN ASSOCIAT	60	59,172.00	12,575.70	\$	\$	\$	12,578.70
U12187 QUINN DISTRIBUTORS	60	49,510.00	12,428.70	\$	\$	\$	12,428.10
U12188 KRAUS USA INC.	45	73,554.00	17,757.90	\$	\$	\$	17,757.90
U12189 LATEX INTERNATIONAL	30	10,000.00	190.10	\$	\$	\$	3,884.22
SUB TOTAL USD		\$ 2,845,787.00	\$ 627,856.60	\$ 416,708.56	\$ 165,902.30	\$	\$ 1,210,447.46
U11429 NRF 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 W&W INC.	90	1,380,671.00	489,735.84	160,191.76	\$178,881.57	\$	\$ 844,154.40
SUB TOTAL USD Insured Net 90		\$ 1,380,671.00	\$ 489,735.84	\$ 160,191.76	\$ 178,881.57	\$	\$ 844,154.40
SUB TOTAL SANNIA COUNT							\$ 544,154.40
TOTAL GROSS			\$ 817,615.14	\$ 576,900.32	\$ 344,883.87	\$	\$ 1,769,545.76
TOTAL OFFER						\$ 10%	\$ 423,656.81
SUB TOTAL USD			\$ 219,742.81	\$ 145,948.00	\$ 58,065.81	\$	\$ 423,656.81
SUB TOTAL USD Insured			\$ 5,265.72	\$	\$	\$ 35%	\$ 5,265.72
SUB TOTAL USD Insured			\$ 59,056.77	\$ 58,067.12	\$ 62,643.55	\$ 35%	\$ 190,454.04
SUB TOTAL SANNIA COUNT						\$ 0%	\$
TOTAL OFFER			\$ 1284,055.30	\$ 201,915.11	\$ 120,709.35	\$	\$ 619,376.97

USD CONVERTED TO CDN.  
EXCHANGE RATE Jan 31, 2012  
TOTAL CDN GROSS  
TOTAL CDN OFFER

\$ 811,615.14 \$ 576,900.32 \$ 344,883.87 \$ 36,247.43 \$ 1,769,545.76  
619,376.97

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Rebates:

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012.

NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
60 \$	25,000.00	(14,808.68)	(199.32)			(14,808.00)	
60 \$	25,000.00						
60 \$	15,000.00						
30 \$	7,000.00						
60 \$	925,000.00	(24,868.08)				(24,868.08)	
60 \$	350,000.00						
60 \$	5,000.00						
60 \$	30,000.00						
45 \$	975,000.00		(12,802.92)	(14,937.87)		(127,739.99)	
90 \$	725,000.00						
30 \$	25,000.00	(1,158.95)				(1,158.95)	
30 \$	50,000.00						
60 \$	25,000.00						
30 \$	175,000.00			\$ 192.69		192.69	
30 \$	175,000.00						
60 \$	40,000.00						
60 \$	5,000.00						
60 \$	30,000.00						
45 \$	10,000.00			\$ (1,554.44)		(1,554.44)	
60 \$	50,000.00	(1,408.14)				(1,408.14)	
45 \$	75,500.00			(6,108.81)	(1,080.47)	(7,189.28)	
30 \$	75,000.00						
20 \$	35,000.00						
60 \$	8,000.00						
60 \$	50,000.00						
60 \$	50,000.00						
60 \$	15,000.00						
60 \$	50,000.00	(4,801.00)				(4,801.00)	
60 \$	60,000.00	(6,158.47)				(6,158.47)	
60 \$	35,000.00						
60 \$	20,000.00						
60 \$	6,000.00						
19 \$	5,000.00						
60 \$	50,000.00						
60 \$	45,000.00						
60 \$	4,000.00			\$ (514.01)		(514.01)	
30 \$	40,000.00						
60 \$	15,000.00						
60 \$	27,000.00	(2,515.92)				(2,515.92)	
20 \$	2,000.00	(16,269.76)				(16,269.76)	
45 \$	100,000.00	(5,184.22)				(5,184.22)	
60 \$	25,000.00						
60 \$	25,000.00						
60 \$	60,000.00						
60 \$	60,000.00						
75 \$	35,000.00		(15,524.84)			(15,524.84)	
15 \$	30,000.00		(119.29)			(119.29)	
15 \$	75,000.00						
15 \$	10,000.00						
90 \$	35,000.00						
60 \$	20,000.00	(15,280.08)				(15,280.08)	
60 \$	20,000.00						

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Date: Jan 31, 2012.

11627 PROTAÇ INDUSTRIES INC.	60 \$	3 000,00			
11676 LITERIE DORMATEX INC.	60 \$	90 000,00			
11684 FUJISTAR CANADA INC.	75 \$	10 000,00			
11714 TRICA	60 \$	75 000,00			
11760 VEPANDA VARGIN INC.	60 \$	2 000,00			
11779 MANUFACTURE DE MATELAS	60 \$	30 000,00			
11811 BROLAIN DISTRIBUTORS LTD.	31 \$	125 000,00			
11828 COMEORT FOAM & FIBRE	45 \$	50 000,00			
11888 MATELAS SELECT	60 \$	25 000,00			
11844 PEL INTERNATIONAL LTEE	30 \$	45 000,00			
11848 INDIRPAÇ INC.	75 \$	100 000,00			
11858 WESTBORO FLOORING INC.	30 \$	35 500,00			
11871 MILLENAIRE WILLIAM INC.	60 \$	30 000,00			
11927 EXOEL RVSG MOUSSE FOAM I	60 \$	85 000,00			
11948 MEUBLES BELISLE INC.	30 \$	10 000,00			
11974 STYLTEC INC.	30 \$	7 000,00			
11976 MATELAS ORTHOPÉDIQUE	60 \$	50 000,00			
11978 BELPRO MEDICAL INC	30 \$	35 000,00			
11982 DIAMOND DIVERSIFIED IND. L	30 \$	75 000,00			
12021 SEARS DANADA INC.	30 \$	45 000,00			
12101 GRE O PACK INTERNATIONAL	60 \$	15 000,00			
12104 AD MATS CORPORATION	75 \$	85 000,00			
12122 ATLANTIC FABRICS LIMITED	75 \$	48 000,00			
12140 DOWNEAST PLASTICS LTD.	60 \$	20 000,00			
12146 MATELAS BEAU RIVE INC.	60 \$	20 000,00			
12180 BEMBOURAGE J A MARTINE	60 \$	58 000,00			
12188 BARRY SUPPLIES & FABRIC I	75 \$	175 000,00			
12230 WESCO NAJING	60 \$	40 000,00			
12242 SPORT SYSTEMS CANADA IN	60 \$	10 000,00			
12253 BEAQUEU CANADA	30 \$	175 000,00			
12256 TEC INNOVATIONS	30 \$	30 000,00			
12296 PAVAR FURNITURE INC.	60 \$	5 000,00			
12298 G ROMANO INC.	75 \$	25 000,00			
12308 WES INDUSTRIES INC.	30 \$	60 000,00			
12308 PTFA MEDIC INC (W)	30 \$	5 000,00			
12314 GROUPE SM PELLETER	60 \$	6 000,00			
12326 HARWELL EMBALLAGE WNL	60 \$	20 000,00			
12330 GREATECH INC 9090744 OUE	60 \$	10 000,00			
12331 ORTHEX CANADA ENR W	60 \$	7 500,00			
12334 SHOLA INC.	60 \$	25 000,00			
12341 REVOLUTION SANTE 9198445	60 \$	15 000,00			
12343 JAYMARR INC.	30 \$	5 000,00			
12353 EQUIPMENT SANITAIRE CHER	60 \$	75 000,00			
12355 ADIART DESIGN INTERNATIO	60 \$	10 000,00			
12357 VALENTINO INC W	60 \$	30 000,00			
12358 LINEA P INTERNATIONAL INC.	60 \$	20 000,00			
12367 CONFORT EXCELLEX INC	30 \$	10 000,00			
12373 PPD FOAM SOLUTION INC.	45 \$	10 000,00			
12380 DISTRIBUTION SECURIT- SPOR	45 \$	15 000,00			
12390 CONQUEST CARPET CORP.					

\$ 6 280 500,00 \$ (115 289,52) \$ (50 230,99) \$ (122 458,27) \$ (1 941,95) \$ (289 820,78)

6

Références

AGED ACCOUNTS RECEIVABLE  
POMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

10005: EL RAN	15	\$	(143,702.06)	\$	(27,441.52)	\$	(171,143.58)	\$	850,000.00
10371 SYLCO INC.	75	\$							50,000.00
10387 LITERIE DRUMMOND LTEE	30	\$							14,000.00
10551 GESCO LTD PARTNERSHIP	30	\$	(18,833.96)				(18,833.96)		20,000.00
11184 C & R FOAM	80	\$	(48,882.73)				(48,882.73)		75,000.00
11389: SIEGES DUCHARME INTERNA	75	\$							75,000.00
11421 LES MEUBLES VANTAGE 1000	60	\$							25,000.00
11824 MATELAS D'OR 9083-9834 CO	75	\$							200,000.00
12301 L DAVIS TEXTILES (1891) INC	45	\$							35,000.00
<b>SUB TOTAL CDN Insured</b>		\$	(143,702.06)	\$	(27,441.52)	\$	(171,143.58)	\$	844,000.00
10413 MATELAS MARTIN	90	\$							80,000.00
10585 SUBAR	90	\$							75,000.00
10177 TISSUS MORICO INC.	90	\$							100,000.00
11668 BOZANTO INC.	90	\$							25,000.00
<b>SUB TOTAL CDN Insured Net 90</b>		\$		\$		\$	(10,577.75)	\$	280,000.00
<b>TOTAL GROSS</b>		\$	(182,956.21)	\$	(149,999.70)	\$	(556,959.05)	\$	

TOTAL OFFER

SUB TOTAL GANNA COUNT

TOTAL GROSS

TOTAL OFFER

SUB TOTAL CDN

SUB TOTAL CDN Insured

SUB TOTAL RDN Insured Net 90

SUB TOTAL GANNA COUNT

TOTAL OFFER

11682 VALIE FOAM INDUSTRIES INC  
12102 A Z SPONGE & FOAM

45 \$ 1,750,000.00  
60 \$ 125,000.00

Rebates

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated January 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	\$	(260 018.00)	\$ (164 791.35)		(444 809.35)
U12164 OTIS BED MANUFACTURING C	60 \$	406 065.00					
U12170 FRANKLIN AUGUST TRADING	30 \$	7 089.00					
U12183 FOAM FACTORY INC	60 \$	9 882.00					
U12184 GREAT NORTHERN ASSOCIAT	80 \$	59 172.00					
U12187 QUINN DISTRIBUTORS	30 \$	49 310.00					
U12188 KRAUS USA INC	45 \$	73 964.00					
U12189 LATEX INTERNATIONAL	90 \$	10 000.00					
SUB TOTAL USD		\$ 2 645 787.00	\$	(260 018.00)	\$ (164 791.35)	\$	(444 809.35)
U11429 INF DISTRIBUTORS INC	30 \$	256 410.00	(6 628.04)				(3 826.04)
SUB TOTAL USD Insured		\$ 256 410.00	\$ (3 628.04)	\$			(3 626.04)
U12129 WCVW INC	90 \$	1 500 671.00					\$ 150 000.00
SUB TOTAL USD Insured Net 90		\$ 1 500 671.00	\$				\$ 150 000.00

SUB TOTAL GAINA COUNT

TOTAL GROSS \$ (3 626.04) \$ (280 018.00) \$ (164 791.35) \$ (448 435.39)

TOTAL OFFER

SUB TOTAL USD 65% \$ (3 626.04) 35% \$ (88 006.30) 10% \$ (67 676.97) (156 683.27)

SUB TOTAL USD Insured

35% \$ (1 269.11) 35% \$ (1 269.11) (2 538.22)

SUB TOTAL USD Insured

35% \$ (1 269.11) 35% \$ (1 269.11) (2 538.22)

SUB TOTAL GAINA COUNT

TOTAL OFFER \$ (1 269.11) \$ (88 006.30) \$ (67 676.97) \$ (156 952.39)

USD CONVERTED TO CDN

EXCHANGE RATE JAN 31, 2012

TOTAL CDN GROSS \$ (5 655.04) \$ (280 018.00) \$ (164 791.35) \$ (448 435.39)

TOTAL CDN OFFER \$ (1 269.11) \$ (88 006.30) \$ (67 676.97) \$ (156 952.39)

AGED ACCOUNTS RECEIVABLE  
DOMEQAM INTERNATIONAL INC.

Date: Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Instructions
157 VEX REZ PRODUCTS	60	25,000.00	704.58				704.58	
202 BUGATTI DESIGN INC	60	25,000.00	10,823.17	3,320.06	1,039.95		15,183.18	
291 DINE ART INC	60	15,000.00	1,032.48				1,032.48	
304 POSITECH INNOVATION INC	30	7,000.00	4,316.16	215.36			4,531.52	
816 LIND FURNITURE (CANADA) LT	60	825,000.00	1,786.66				1,786.66	
10020 LBC CANADA INC	60	350,000.00	103,576.81				103,576.81	
10023 AIRWAY SURGICAL APPLICAN	60	5,000.00	5,949.67	2,028.58			7,978.25	
10052 ALPHAVIC INC	60	30,000.00	288,533.73	719.08			289,252.81	
10072 KRAUS CANADA INC (HO)	45	975,000.00	28,533.73	182,651.80			211,185.53	
10080 QUALITY RUGS OF CANADA LI	30	25,000.00	41,328.70				41,328.70	
10120 BEAVER CARPET LITEE	30	50,000.00	17,679.48				17,679.48	
10156 BOBLEN INC	30	25,000.00	3,022.41	2,874.27			5,896.68	
10145 MATELAS BOURK ENRG.	30	175,000.00	1,004.61				1,004.61	
10222 MATELAS CONDOR ENRG.	30	175,000.00	101,343.87	2,868.78			104,212.65	
10244 MATELAS DAUPHIN INC.	30	175,000.00	13,356.08	2,141.95	1,956.12		17,454.15	
10273 DOUBLET EX INC.	60	40,000.00	2,254.11				2,254.11	
10309 BENNETT FLBET (QUEBEC) IN	60	5,000.00	11,533.52	3,754.38			15,287.90	
10351 IDEAL CHEST INC.	60	30,000.00	1,588.57	1,859.97	6,857.72		10,296.26	
10378 LITERIE LAVAL	45	10,000.00	1,588.57				1,588.57	
10379 MATELAS LAVIOLETTE INC.	60	50,000.00	2,277.47				2,277.47	
10384 TEXTILES LETOURNEAU	45	75,500.00	27,771.01	10,187.58			37,958.59	
10385 MATELAS LONDOR INC.	30	75,000.00	10,927.29				10,927.29	
10425 CANADEL	20	35,000.00	3,559.98				3,559.98	
10465 COUPONS PARENT INC.	60	6,000.00	833.89				833.89	
10484 REMBOURAGE A.N.P.	60	50,000.00	32,748.54				32,748.54	
10502 LITERIE PROVINCIALE LTEE	60	50,000.00	3,265.84	1,087.18	3,549.67	9,389.89	14,292.58	
10509 AMEUBLEMENT RENAISSANC	60	15,000.00	1,725.11				1,725.11	
10521 MATELAS RENE INC.	30	50,000.00	13,174.15				13,174.15	
10521 REME LOUIS ROUSSEAU INC.	60	15,000.00	2,826.31				2,826.31	
10545 SEAWAY PLASTICS LTEE	60	50,000.00	21,840.91				21,840.91	
10547 SERV. GORRI. DU CANADA	60	35,000.00	15,488.67	10,059.50			25,548.17	
10570 SPORT MASKA INC.	60	20,000.00	6,278.42				6,278.42	
10595 TRANS-CANADA INDUSTRIES	30	6,000.00	344.24				344.24	
10737 FUTON 7TH HEAVEN UTOPIA	15	5,000.00	1,249.53				1,249.53	
10785 GROUPE GIBO INC.	60	50,000.00	6,075.15				6,075.15	
10846 PRINCESSE	60	45,000.00	284.40	1,580.27	1,843.67		3,708.34	
10864 2 D TEXTILES ENRG.	60	40,000.00	67,581.36	2,745.13			70,326.49	
11040 LITERIE SEDUCTION INC.	60	15,000.00	5,850.31				5,850.31	
11050 PROFOM INC.	60	27,000.00	526.81				526.81	
11155 JARDIN DE VILLE INC.	20	2,000.00	12,828.03				12,828.03	
11197 MSCM INC.	45	100,000.00	1,115.72	683.09			1,798.81	
11209 REMO LARRIER INC.	60	25,000.00	31,487.06				31,487.06	
11210 PROQUAINC.	60	85,000.00	1,034.89	(382.71)			652.18	
11272 INTER CONFORT	60	25,000.00	5,017.77				5,017.77	
11276 STEERS GROUP LIMITED	30	50,000.00	9,312.23				9,312.23	
11289 MATELAS SIESTA	60	30,000.00	13,145.75	1,692.38			14,838.13	
11415 ROCKLAND TEXTILES INC.	15	75,000.00	3,121.23	525.28			3,646.51	
11467 MATELAS PRESTIGE	45	10,000.00	4,979.82				4,979.82	
11558 QUATRO TECHNOLOGIES INC.	30	35,000.00	442.19				442.19	
11577 ARTOPEX PLUS INC.	60	20,000.00						
11590 FUTON DESIGN	60							

(9)

AGED ACCOUNTS RECEIVABLE  
DOMEFOAM INTERNATIONAL INC.

Date: Jan 31, 2012

11827 PRO TAC INDUSTRIES INC.	60	\$	3,000.00	\$	1,60	\$	17,404.97	\$	6,204.05	\$		\$	1.80
11876 LITERIE DORMATEX INC.	30	\$	50,000.00	\$	19,314.31	\$	(400.20)	\$		\$		\$	42,927.84
11864 FLUSTRAC CANADA INC.	45	\$	10,000.00	\$	5,758.75	\$		\$		\$		\$	5,359.46
11714 TRICO	60	\$	75,000.00	\$	8,716.83	\$		\$		\$	(61.11)	\$	8,989.09
11760 VERANDA JARDIN INC.	60	\$	2,000.00	\$		\$	285.20	\$		\$		\$	885.20
11779 MANUFACTURE DE MATÉLAS	31	\$	50,000.00	\$	10,901.45	\$		\$		\$		\$	10,301.45
11811 SROLAN DISTRIBUTORS LTD.	31	\$	125,000.00	\$	18,946.71	\$		\$		\$		\$	18,846.71
11828 COMFORT FOAM & FIBRE	45	\$	50,000.00	\$	4,191.55	\$		\$		\$		\$	4,191.55
11833 MATÉLAS-SELEC	60	\$	25,000.00	\$	1,096.94	\$		\$	589.78	\$		\$	1,582.72
11844 PEL INTERNATIONAL LITEE	30	\$	45,000.00	\$		\$		\$		\$		\$	
11848 INDUSPAC INC.	75	\$	100,000.00	\$	24,928.53	\$	30,246.83	\$	22,159.94	\$	15,924.34	\$	93,242.34
11856 WESTBORO FLOORING INC.	31	\$	35,000.00	\$	5,694.80	\$		\$		\$		\$	5,694.80
11871 MILLENAIRE WILLIAM INC.	30	\$	30,000.00	\$	1,171.60	\$		\$		\$		\$	1,171.60
11914 EXCEL FRYC MOUSSE FOAM I	60	\$	60,000.00	\$	23,305.21	\$	9,420.51	\$	3,551.64	\$		\$	35,917.36
11927 MEUBLES BELSIE INC.	60	\$	95,000.00	\$	25,486.59	\$	5,908.67	\$		\$		\$	31,405.26
11848 MEUBLES TOMALI INC.	30	\$	10,000.00	\$	3,183.52	\$		\$		\$		\$	3,133.52
11874 STYLTEG INC.	30	\$	7,000.00	\$	(1.50)	\$		\$		\$		\$	(1.50)
11878 MATÉLAS ORTROPÉDIQUE	60	\$	50,000.00	\$	11,558.30	\$		\$		\$		\$	25,396.27
11878 BELPRO MEDICAL INC	30	\$	35,000.00	\$	27,997.56	\$	1,856.68	\$		\$		\$	25,254.14
11882 DIAMOND DIVERSIFIED IND. L.	60	\$	75,000.00	\$	42,500.44	\$		\$	(290.90)	\$		\$	42,209.54
12021 SEARS CANADA INC.	60	\$	45,000.00	\$		\$		\$		\$		\$	
12101 CRE D PACK INTERNATIONAL	60	\$	15,000.00	\$		\$		\$		\$		\$	
12104 AD MATS CORPORATION	75	\$	65,000.00	\$	20,573.97	\$	985.55	\$		\$		\$	585.85
12122 ATLANTIC FABRICS LIMITED	75	\$	40,000.00	\$	(32.80)	\$	20,181.28	\$	(84.65)	\$		\$	40,670.61
12140 DOWNEAST PLASTICS LTD.	60	\$	20,000.00	\$	17,613.60	\$		\$		\$		\$	17,913.60
12146 MATÉLAS BEAU-REVE INC	60	\$	20,000.00	\$	4,909.38	\$	5,781.24	\$	5,890.61	\$	4,982.62	\$	20,962.95
12158 BARRY SUPPLIES & PARTS C I	60	\$	50,000.00	\$		\$		\$		\$		\$	
12158 BARRY SUPPLIES & PARTS C I	75	\$	175,000.00	\$	9,001.13	\$		\$		\$		\$	9,001.13
12280 MESCO NA INC	60	\$	40,000.00	\$	4,144.81	\$		\$		\$		\$	6,506.76
12242 SPORT SYSTEMS CANADA IN	30	\$	10,000.00	\$	8,429.15	\$	2,352.15	\$		\$		\$	9,119.76
12253 BEAULIEU CANADA	30	\$	175,000.00	\$	1,237.35	\$	699.61	\$		\$		\$	1,474.39
12256 TEC INNOVATIONS	30	\$	30,000.00	\$	17,887.78	\$		\$		\$		\$	17,887.78
12270 COULURE CARLYLE INC. CW	30	\$	7,500.00	\$		\$		\$		\$		\$	
12277 DOMINION CUTTING SERVICE	75	\$	15,000.00	\$	1,225.63	\$	4,819.78	\$	373.67	\$		\$	4,619.79
12282 VIGLINE 2005 INC.	60	\$	20,000.00	\$	676.20	\$	747.35	\$		\$		\$	2,346.68
12291 LOGIFLEX MOB. DE BUREAU	30	\$	50,000.00	\$	2,002.78	\$		\$		\$		\$	2,002.78
12291 PAKTEK INC.	60	\$	5,000.00	\$	596.03	\$		\$		\$		\$	596.03
12296 PAVAR FURNITURE INC.	30	\$	25,000.00	\$	334.09	\$	15,928.92	\$	10,459.91	\$	2,423.54	\$	25,232.55
12303 WES INDUSTRIES INC.	75	\$	60,000.00	\$	25,619.87	\$	14,419.38	\$	17,459.72	\$	2,297.92	\$	59,795.77
12308 PYRA MEDIC INC. (W)	30	\$	5,000.00	\$	1,184.25	\$		\$		\$		\$	1,184.25
12314 GROUPE SM RELLETIER	60	\$	20,000.00	\$	1,275.30	\$		\$		\$		\$	1,275.30
12330 GREAT TECH INC 5080744 QUE	60	\$	10,000.00	\$	524.95	\$	392.41	\$		\$		\$	916.76
12331 ORTHEX CANADA ENR W	60	\$	7,500.00	\$	7,529.09	\$	6,507.75	\$	8,368.17	\$	1,527.75	\$	23,556.06
12334 SHOLA INC.	60	\$	25,000.00	\$	3,620.86	\$		\$		\$		\$	3,620.86
12389 HARWELL EMBALLAGE W NL	60	\$	5,000.00	\$	1,779.60	\$		\$		\$		\$	1,779.60
12353 EQUIPMENT SANITAIRE CHER.	60	\$	75,000.00	\$	19,659.45	\$	9,079.05	\$	2,094.90	\$	9.05	\$	28,957.45
12355 ADI ART DESIGN INTERNATIO	60	\$	10,000.00	\$	4,681.05	\$		\$		\$		\$	4,681.05
12357 VALENTINO INC. W	60	\$	50,000.00	\$	1,579.48	\$		\$		\$		\$	1,579.48
12358 LINEA P INTERNATIONAL INC	60	\$	20,000.00	\$	9,722.17	\$		\$		\$		\$	9,722.17
12367 CONFORT EXGELFLEX INC	30	\$	10,000.00	\$	5.00	\$		\$		\$		\$	5.00
12373 FPD FOAM SOLUTION INC	45	\$	15,000.00	\$	1,456.04	\$		\$		\$		\$	1,456.04
12380 DISTRIBUTION SECURITY SPOR	60	\$		\$	3,904.57	\$		\$		\$		\$	3,904.57
12380 CONQUEST CARPET CORP.		\$		\$		\$		\$		\$		\$	

SUB TOTAL CDN

\$ 6,790,500.00 \$ 1,285,631.54 \$ 370,416.35 \$ 92,280.10 \$ 45,825.69 \$ 1,744,154.18



Consolidated

AGED ACCOUNT'S RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

10005 ELRAN	15 \$	500,000.00	\$	303,729.87	\$	36,647.92	\$	1,056.44	\$	11,322.99	\$	683.58	\$	340,427.79	\$	350,000.00
10371 SYLCO INC.	75 \$	55,000.00	\$	19,183.82	\$	1,056.44	\$	1,179.56	\$	410.29	\$	6,091.68	\$	32,216.28	\$	50,000.00
10387 LITERIE DRUMMOND LITEE	80 \$	30,000.00	\$	55,738.28	\$	2,655.58	\$	2,709.26	\$	9,389.14	\$	7,745.01	\$	7,815.54	\$	14,000.00
10551 GESCO LTO PARTNERSHIP	80 \$	175,000.00	\$	16,706.17	\$	9,389.14	\$	7,745.01	\$	5,695.18	\$	55,494.97	\$	55,738.28	\$	20,000.00
11164 D & R FOAM	80 \$	150,000.00	\$	905.43	\$	31,178.08	\$	3,744.15	\$	73,739.94	\$	77,842.63	\$	153,661.23	\$	75,000.00
11399 SIEGES DUCHARME INTERNA	75 \$	200,000.00	\$	30,900.74	\$	8,923.90	\$	3,744.15	\$	73,739.94	\$	77,842.63	\$	153,661.23	\$	25,000.00
11421 LES MEUBLES VANTAGE 1000	75 \$	200,000.00	\$	30,900.74	\$	8,923.90	\$	3,744.15	\$	73,739.94	\$	77,842.63	\$	153,661.23	\$	200,000.00
11924 MATELAS D'OR 8059-9834-OC	85 \$	25,000.00	\$	8,923.90	\$	3,744.15	\$	3,744.15	\$	73,739.94	\$	77,842.63	\$	153,661.23	\$	35,000.00
12301 L. DAVIS TEXTILES (1991) INC.			\$		\$		\$		\$		\$		\$		\$	
<b>SUB-TOTAL CDN Insured</b>		<b>1,773,000.00</b>	<b>\$</b>	<b>429,743.23</b>	<b>\$</b>	<b>89,152.73</b>	<b>\$</b>	<b>98,933.41</b>	<b>\$</b>	<b>141,052.72</b>	<b>\$</b>	<b>141,052.72</b>	<b>\$</b>	<b>758,862.09</b>	<b>\$</b>	<b>844,000.00</b>
10413 MATELAS MARTIN	90 \$	875,000.00	\$	42,935.08	\$	19,370.39	\$	55,166.87	\$	36,161.22	\$	36,161.22	\$	163,665.96	\$	90,000.00
10565 SUBAR	90 \$	325,000.00	\$	55,239.52	\$	32,888.35	\$	65,818.84	\$	67,225.24	\$	67,225.24	\$	221,165.09	\$	75,000.00
11177 TISSUS MORICO INC.	90 \$	150,000.00	\$	30,746.68	\$	25,409.83	\$	24,863.69	\$	8,429.10	\$	8,429.10	\$	89,457.93	\$	100,000.00
11865 BOZANTO INC.	90 \$	400,000.00	\$	138,756.63	\$	112,323.29	\$	117,016.61	\$	9,297.95	\$	9,297.95	\$	377,695.92	\$	25,000.00
<b>SUB-TOTAL CDN Insured Net 90</b>		<b>1,250,000.00</b>	<b>\$</b>	<b>267,871.89</b>	<b>\$</b>	<b>189,982.90</b>	<b>\$</b>	<b>262,693.81</b>	<b>\$</b>	<b>121,109.96</b>	<b>\$</b>	<b>121,109.96</b>	<b>\$</b>	<b>641,634.56</b>	<b>\$</b>	<b>280,000.00</b>
<b>SUB-TOTAL GANNA COUNT</b>			<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
<b>TOTAL GROSS</b>			<b>\$</b>	<b>1,933,246.66</b>	<b>\$</b>	<b>649,552.16</b>	<b>\$</b>	<b>454,083.62</b>	<b>\$</b>	<b>307,788.37</b>	<b>\$</b>	<b>307,788.37</b>	<b>\$</b>	<b>3,344,670.83</b>	<b>\$</b>	
<b>TOTAL OFFER</b>																
<b>SUB-TOTAL CDN</b>			<b>\$</b>	<b>741,498.92</b>	<b>\$</b>	<b>222,249.53</b>	<b>\$</b>	<b>35,968.24</b>	<b>\$</b>	<b>9,125.14</b>	<b>\$</b>	<b>9,125.14</b>	<b>\$</b>	<b>1,028,242.23</b>	<b>\$</b>	
<b>SUB-TOTAL CDN Insured</b>			<b>\$</b>	<b>257,845.94</b>	<b>\$</b>	<b>53,491.63</b>	<b>\$</b>	<b>59,380.05</b>	<b>\$</b>	<b>84,631.63</b>	<b>\$</b>	<b>84,631.63</b>	<b>\$</b>	<b>455,329.25</b>	<b>\$</b>	
<b>SUB-TOTAL CDN Insured Net 90</b>			<b>\$</b>	<b>160,603.18</b>	<b>\$</b>	<b>113,889.74</b>	<b>\$</b>	<b>157,721.89</b>	<b>\$</b>	<b>72,665.98</b>	<b>\$</b>	<b>72,665.98</b>	<b>\$</b>	<b>504,980.74</b>	<b>\$</b>	
<b>SUB-TOTAL GANNA COUNT</b>																
<b>TOTAL OFFER</b>			<b>\$</b>	<b>1,159,948.00</b>	<b>\$</b>	<b>389,791.31</b>	<b>\$</b>	<b>272,450.17</b>	<b>\$</b>	<b>166,423.75</b>	<b>\$</b>	<b>166,423.75</b>	<b>\$</b>	<b>1,989,552.22</b>	<b>\$</b>	
11682 VALLE FOAM INDUSTRIES INC	45 \$	1,750,000.00	\$	263,895.10	\$	13,870.53	\$	934.27	\$		\$		\$	254,229.87	\$	
12102 A Z SPONGE & FOAM	80 \$	125,000.00	\$	27,028.48	\$	13,870.53	\$	30,276.59	\$		\$		\$	71,175.61	\$	

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Consolidated

AGED ACCOUNTS RECEIVABLE  
DOMFQAM 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	556 732.35	78 213.67	\$ -	\$ -	634 946.02
U12194 OTIS-BED MANUFACTURING C	60	406 055.00	20 979.01	53 559.58	874.95	\$ -	75 413.54
U12171 FRANKLIN AUGUST TRADING	30	7 089.00	7 179.44	1 228.19	\$ -	\$ -	8 393.63
U12189 FOAM FACTORY INC.	50	9 852.00	\$ -	\$ -	235.00	\$ -	235.00
U12184 GREAT NORTHERN ASSOCIAT	60	59 172.00	12 578.70	\$ -	\$ -	\$ -	12 578.70
U12187 GUINN DISTRIBUTORS	30	49 810.00	12 428.70	\$ -	\$ -	\$ -	12 428.70
U12188 KRAUS USA INC.	45	73 964.00	17 757.90	\$ -	\$ -	\$ -	17 757.90
U12180 LATEX INTERNATIONAL	30	10 000.00	190.10	\$ -	\$ -	\$ -	3 684.22
SUB TOTAL USD		2 545 787.00	627 896.60	138 980.56	1 110.95	\$ -	765 638.11
U11428 NPF DISTRIBUTORS INC.	30	256 410.00	11 416.86	\$ -	\$ -	\$ -	11 416.86
SUB TOTAL USD Insured		256 410.00	11 416.86	\$ -	\$ -	\$ -	11 416.86
U12129 WCM INC.	90	1 380 671.00	168 793.64	160 191.75	\$ 176 981.57	\$ 36 247.43	544 154.40
SUB TOTAL USD Insured Net 90		1 380 671.00	168 793.64	160 191.75	\$ 176 981.57	\$ 36 247.43	544 154.40
SUB TOTAL SANNA COUNT							
TOTAL GROSS			807 989.10	296 882.32	\$ 180 092.52	\$ 36 247.43	1 321 211.37
TOTAL OFFER							
SUB TOTAL USD			219 742.81	47 841.70	388.88	\$ -	267 973.34
SUB TOTAL USD Insured			35%	35%	35%	10%	
SUB TOTAL USD Insured			3 996.60	\$ -	\$ -	\$ -	3 996.60
SUB TOTAL USD Insured			35%	35%	35%	35%	
SUB TOTAL SANNA COUNT			59 056.77	56 057.12	62 843.55	12 686.60	190 454.04
TOTAL OFFER			282 795.19	103 608.81	\$ 63 032.38	\$ 12 686.60	462 423.98

USD CONVERTED TO CDN.  
EXCHANGE RATE JAN 31, 2012  
TOTAL CDN GROSS  
TOTAL CDN OFFER

1

\$ 807 989.10 \$ 296 882.32 \$ 180 092.52 \$ 36 247.43 \$ 1 321 211.37  
\$ 282 795.19 \$ 103 608.81 \$ 63 032.38 \$ 12 686.60 \$ 462 423.98



Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
POMFOAM 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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>3,901,639.88</b>	<b>1,769,646.76</b>	<b>\$ -</b>	<b>\$ 5,671,286.64</b>

VALLE/FOAM INDUSTRIES INC.  
A-Z SPONGE & FOAM

MISC. EXCHANGE RATE

TOTAL GROSS

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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>(556,969.05)</b>	<b>(448,435.39)</b>	<b>\$ -</b>	<b>(1,005,404.44)</b>

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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>3,344,670.83</b>	<b>1,321,211.37</b>	<b>\$ -</b>	<b>4,665,882.20</b>

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMECAM INTERNATIONAL INC.

OFFER

Amount Before Rebates (AR)	CDN	USD	USD to CDN	Total
SUB TOTAL	1 201 357,89	423 656,61	-	1 625 014,50
SUB TOTAL Insured	609 271,60	5 265,72	-	614 537,31
SUB TOTAL Insured Net 90	511 327,39	190 454,04	-	701 781,43
SUB TOTAL GANNA COUNT	-	-	-	-
TOTAL OFFER	2 321 956,87	619 376,37	-	2 941 333,24

Rebate Amount (Rebates)

	CDN	USD	USD to CDN	Total
SUB TOTAL	(173 115,66)	(155 688,27)	-	(328 798,93)
SUB TOTAL Insured	(153 942,34)	(1 269,11)	-	(155 211,45)
SUB TOTAL Insured Net 90	(6 346,65)	-	-	(6 346,65)
SUB TOTAL GANNA COUNT	-	-	-	-
TOTAL OFFER	(333 404,65)	(156 952,39)	-	(490 357,04)

Combined Amount (Combined)

	CDN	USD	USD to CDN	Total
SUB TOTAL	1 028 242,23	267 978,34	-	1 296 215,57
SUB TOTAL Insured	455 329,25	3 996,60	-	459 325,86
SUB TOTAL Insured Net 90	504 980,74	190 454,04	-	695 434,78
SUB TOTAL GANNA COUNT	-	-	-	-
TOTAL OFFER	1 988 552,22	462 423,98	-	2 450 976,20

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Schedule 2.9(B)

Purchased Inventories

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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*

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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			
		SEC.	January 11, 2012
		RAW MATERIAL	
SCRAP		1	158 026
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
			1 189 556
TOTAL R.M & W. IN P.		total:	2 870 356
			2 870 356
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	BLOCKS	3	13 286
SECTION 4	BUN ENDS	4	1 827
SECTION 5	COMMANDES/stoc	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

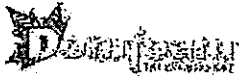
	SEC.	January 31, 2012	Purchase Price offered	
<b>RAW MATERIAL</b>				
SCRAP	1	155 026	109 190	727,930 lbs. @ .15/lb.
FILM	2	52 547		
UNDERLAY TUBING	3	36 551		
NON CHEMICALS	5	26 656	2 666	See note 2 below
BONDED CHEMICAL	6	7 354		
CHEMICALS (MAJORS)	7	810 266	204 168	See notes 1 & 2 below
OTHERS	8	86 756	0%	
SMALL CHEMICALS	9	505 644	252 822	See note 2 below
POLYESTER FIBRE		0		
	sub. total:	1 680 800		
		1 680 800		
<b>WORK IN PROCESS</b>				
BONDED BLOCKS square	11	10 372		
BONDED BUNS round	12	0		
SQUARE BLOCK / ETHER BLOCKS	13	1 010 428	303 128	30%
ROUND ETHER BUNS	14	25 374	7 612	30%
ROUND ETHER UNDERLAY BUNS	15	0		
POLY ETHER BUNS	16	143 382	43 015	30%
	sub. total:	1 189 556		
		1 189 556		
<b>TOTAL R.M &amp; W. IN P.</b>	<b>total:</b>	<b>2 870 356</b>		
		2 870 356		
<b>FINISHED GOODS</b>				
BONDED UNDERLAY	17	0		30%
SHIPPING INVENTORY (GOODS)	18,23	113 574		See note 3 below
	sub total:	113 574		
		113 574		
<b>TOTAL INVENTORY</b>	<b>TOTAL:</b>	<b>2 983 930</b>		
		2 983 930		
<b>SECTION 1 SUPPLIES</b>				
SECTION 1	SUPPLIES	1	33 407	
SECTION 2	FIBER	2	3 763	
SECTION 3	BLOCKS	3	13 286	30%
SECTION 4	BUN ENDS	4	1 827	
SECTION 5	COMMANDS/stock	5	19 798	
<b>TOTAL INVENTORY</b>	<b>TOTAL:</b>	<b>72 081</b>		
		72 081		
Add purchase of uncounted items with no specific price above.			20 000	
<b>OVERALL VALUE</b>		<b>3 056 011</b>	<b>946 586</b>	

\*\* Designates counted inventory

<u>Note 1</u>		
Total Chemical in inventory		810 266
less TDI in Inv (value \$0.00)	93313 lbs @ 1.39/lb	129 705
Remaining inventory		680 561
	Value at 30%	204 168

Note 2  
The inventory regarding those items have been evaluated as of January 31, 2012.

Note 3  
The Purchaser shall pay 100% of the latex based on the cost presented on page 107 of the document "Equipment and Inventory" posted on February 14, 2012 in the Data Room. (see attachment) and the final count of Latex as of the Closing Date.



Sauf sur indication contraire, tout le matériel compte 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

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

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Date: Jan. 31, 2012

GROSS REBATES AVAILABLE

CDN Rebates Available	\$	591,556,45
US Rebates Available in (CDN)	1 \$	448,435,39
<u>TOTAL REBATES AVAILABLE</u>	<u>\$</u>	<u>1,039,991,84</u>

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	-	-	-	-
<u>TOTAL GROSS</u>	<u>\$ (556,969,05)</u>	<u>\$ (448,435,39)</u>	<u>-</u>	<u>\$ (1,005,404,44)</u>

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	\$66,036.80
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

U:\2011-01-27 REBATES OUTSTANDING DOMFOAM.xls

Schedule 4.1(c)  
Confidentiality Agreement

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*See document attached  
nine (9) pages*

CONFIDENTIAL

Domfoam International Inc.  
 2785 Langelier Blvd.  
 St Leonard, QC  
 H1P 2C9

Attention: John Howard

Re: Domfoam International Inc., Valle 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.

Suppressed: [redacted]

Suppressed: who are [redacted]

Suppressed: ed [redacted]

Suppressed: in writing by the Interested Party [redacted]

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

3. 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;

Supprimer of any or all persons set out on the said list.

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 3, 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.

Supplied; written.

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

Supprimé:  
Supprimé:  
Supprimé:  
Supprimé:  
Supprimé:  
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(b) the Interested Party at:

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

Attention: Frank L. Gattinger  
Telephone No. 514-341-8600  
Facsimile No. 514-340-1389

Supprimé:  
Supprimé:  
Supprimé: Québec  
Supprimé:  
Supprimé:  
Supprimé:

With copy to:

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

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

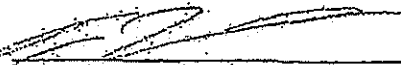
13. Applicable Law: The provisions of this letter shall be governed by and construed and enforced exclusively in accordance with the laws of Quebec and the federal laws of Canada applicable therein.

Supprimé: Ontario

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:   
F. L. GATTINGER

Supprimé: f  
Per: [1]

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

NDA 320

Père: \_\_\_\_\_

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 Vallé 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.  
 Wynlec contour saw c/w infeed and outfeed conveyors  
 Convoluter - Edge Saw 88" capacity  
 Carousel (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

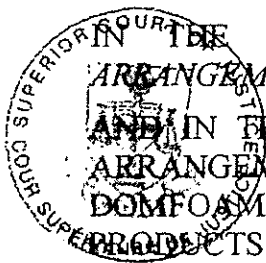
Dismantle, transport and reassemble at Domfoam



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 16<sup>th</sup> DAY  
 )  
 JUSTICE BROWN ) OF MARCH, 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")

**SALE APPROVAL AND VESTING ORDER  
 (re Domfoam International Inc.)**

**THIS MOTION**, made by the Applicants for an Order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between Domfoam International Inc. (the "Debtor") and 4037057 Canada Inc. (the "Purchaser") dated March 8, 2012 and Confidential Supplement to the Third Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor (the "Monitor"), dated March 13, 2012 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn March 13, 2012, and the exhibits thereto, the Report dated March 13, 2012, and the Confidential Supplement attached thereto, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Victoria Stewart sworn March 13, 2012, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the Debtor may deem necessary. The Debtor and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, or such related entity as it may direct, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims (direct, indirect, absolute or contingent), assignments, judgments, executions, writs of seizure and sale, options, adverse claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the



Honourable Justice Newbould dated January 12, 2012; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) the Claims (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed in the Sale Agreement) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor and the Monitor are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal

information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. **THIS COURT ORDERS** that, notwithstanding:

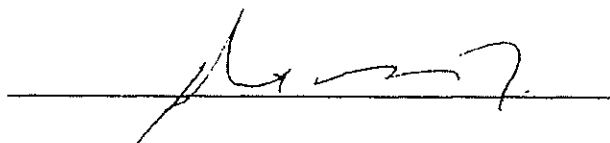
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser, as well as the execution of all agreements pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).


8. **THIS COURT ORDERS** that the Debtor is authorized and directed to change its corporation name from Domfoam International Inc. in order to complete the Transaction, if necessary.

9. **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 Debtor and the Monitor and its 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 Debtor and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Debtor and the Monitor and its agents in carrying out the terms of this Order.

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

#1863901 | 4079509

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

MAR 16 2012 

**Schedule A – Form of Monitor’s Certificate**

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”)

**MONITOR’S CERTIFICATE****RECITALS**

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (the “Court”) dated January 12, 2012, Deloitte & Touche Inc. (the “Monitor”) was appointed to monitor the business and financial affairs of Domfoam International Inc. (the “Debtor”).

B. Pursuant to an Order of the Court dated March 16, 2012, the Court approved the asset purchase agreement made as of March 8, 2012 (the “Sale Agreement”) between the Debtor and 4037057 Canada Inc. (the “Purchaser”) and provided for the vesting in the Purchaser, or such related entity as it may direct, of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Debtor or Monitor to the Purchaser of a certificate confirming (i) the payment by the

Purchaser of the Purchase Price for the Purchased Assets, save and except for the Holdback; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) save and except for the Holdback and the settlement of the Purchase Price as per Section 2.10 of the Sale Agreement, the Transaction has been completed to the satisfaction of the Debtor and the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE MONITOR CERTIFIES** the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement, save and except for the Holdback;
2. The conditions to Closing of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. Save and except for the Holdback and the settlement of the Purchase Price as per Section 2.10 of the Sale Agreement, the Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on \_\_\_\_\_ 2012.

**Deloitte & Touche Inc., in its capacity  
as Court-appointed monitor of the  
Applicants, and not in its personal  
capacity**

Per: \_\_\_\_\_  
Name:  
Title:

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

**APPROVAL & VESTING ORDER  
(re Domfoam International Inc.)**

**MINDEN GROSS LLP**

145 King Street West, Suite 2200  
Toronto ON M5H 4G2

**Raymond M. Slattery** (LSUC #20479L)  
416-369-4149

[rslattery@mindengross.com](mailto:rslattery@mindengross.com)

**David T. Ullmann** (LSUC #423571)  
416-369-4148

[dullmann@mindengross.com](mailto:dullmann@mindengross.com)

**Sepideh Nassabi** (LSUC #60139B)  
416-369-4323

[snassabi@mindengross.com](mailto:snassabi@mindengross.com)  
416-864-9223 fax

Lawyers for the Applicants





ASSIGNMENT AGREEMENT effective as of the Closing Date.

**AMONG:** 4037057 CANADA INC., corporation duly incorporated, having its head office at 8600 Decarie Blvd., Suite 200, Town of Mont-Royal, in the Province of Québec, H4P 2N2, herein represented by Terry Pomerantz, its President, duly authorized has he so declares;

Hereinafter called (the "Assignor")

**AND:** 8032858 CANADA INC., corporation duly incorporated, having its head office at 8600 Decarie Blvd., Suite 200, Town of Mont-Royal, in the Province of Québec, H4P 2N2, herein represented by Terry Pomerantz, its President, duly authorized has he so declares;

Hereinafter called (the "Assignee")

**AND:** DOMFOAM INTERNATIONAL INC., a corporation duly incorporated, having its head office at 8785 Langelier Blvd. (Saint-Leonard), City of Montreal, herein represented by Tony Vallecoccia, its duly authorised representative;

Hereinafter called (the "Vendor")

**PREAMBLE:**

**WHEREAS :**

- the Assignor entered into an asset purchase agreement as of March 8, 2012 (the "APA") with the Vendor by which the Assignor purchased from the Vendor the Purchased Assets (as described in the APA);
- by Order of Justice Brown dated March 16, 2012 (the "Approval and Vesting Order"), the Ontario Superior Court of Justice (the "Court") approved the terms and provisions of the APA and the purchase and sale transaction provided for therein and all of the Vendor's right, title and interest, if any, in and to the Purchased Assets were vested in the Purchaser, conditional upon the filing by the Monitor of a certificate with the Court;
- the Assignor has the ability to assign the APA (as per Section 7.14 of the APA) if the assignee is a "related entity" to the Assignor within the meaning of that expression under the *Income Tax Act* (Canada). In the event of such assignment, the Assignor shall remain liable to the Vendor in respect of its obligations hereunder;
- the Assignee has agreed to take over all the obligations of the Assignor pursuant to the APA and the Assignee declares that it is a "related entity" to the Assignor within the meaning of that expression under the *Income Tax Act* (Canada);
- it is the intention of the parties that all the rights and liabilities as per the APA be assigned from the Assignor to the Assignee;

- the Vendor covenants and agrees to this Assignment Agreement;

NOW THEREFORE in consideration of the preamble and the mutual agreements and covenants herein contained, the parties hereto hereby covenant and agree as follows:

## 1 INTERPRETATION – DEFINED TERMS

- 1.1 *Preamble* - The preamble forms an integral part of the present Agreement.
- 1.2 *Defined terms* - Other than as defined herein, all capitalized terms shall have the meanings ascribed to them in the APA.

## 2 ASSIGNMENT AND DIRECTION

In consideration of the sum of TWO DOLLARS (\$2.00) and other valuable consideration, the receipt of which is acknowledged, the Assignor assigns and directs to the Assignee all its interest in and to the APA, including all rights of action or other rights accruing to the Assignor, or which might after this assignment takes effect or accrue to the Assignor under the APA. Notwithstanding the assignment of the APA to the Assignee, the Assignor shall remain liable to the Vendor in respect of its obligations as per the APA.

## 3 INTERVENTION

The Vendor intervenes to this Assignment Agreement to acknowledge and consent to the assignment.

## 4 GENERAL PROVISIONS

- 4.1 *Further Assurances* - Each of the parties hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the others, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Assignment Agreement.
- 4.2 *Counterparts* - This Assignment Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.
- 4.3 *Successors and Assigns* - This Assignment Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any Person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Assignment Agreement.
- 4.4 *Amendments* - No modification or amendment to this Assignment Agreement may be made unless agreed to by the parties hereto in writing.

4.5 **Governing Law** - This Assignment 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. The parties acknowledge that any disputes related to the interpretation of this Assignment Agreement (including but not limited to its interpretation or its execution) shall be sought before the Quebec Superior Court in Montreal.

5 **CONFIRMATION OF THE APA**

Except as otherwise provided in this Assignment Agreement, the parties confirm and reiterate all the terms and conditions contained in the APA and the parties acknowledge being bound by said terms and conditions.

6 **LANGUAGE**

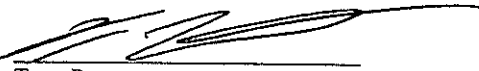
The parties acknowledge that they have required that this Assignment Agreement and all related documents be prepared in English. / *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

*(Signature page follows.)*

IN WITNESS WHEREOF, the parties hereto have executed the present Assignment Agreement:


SIGNED BY THE ASSIGNOR, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.

4037057 Canada Inc.

Per:   
Terry Pomerantz, President  
I have authority to bind the corporation

SIGNED BY THE ASSIGNEE, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.

8032858 Canada Inc.

Per:   
Terry Pomerantz, President  
I have authority to bind the corporation

SIGNED BY THE VENDOR, in Toronto, this 26<sup>th</sup> day of March 2012.

Domfoam International Inc.

Per: \_\_\_\_\_  
Tony Vallecoccia, President  
I have authority to bind the corporation

K\_Assignment\_of\_APA\_vExec

**IN WITNESS WHEREOF, the parties hereto have executed the present Assignment Agreement:**

**SIGNED BY THE ASSIGNOR, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.**

**4037057 Canada Inc.**

Per: \_\_\_\_\_  
Terry Pomerantz, President  
I have authority to bind the corporation

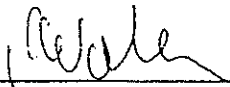
**SIGNED BY THE ASSIGNEE, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.**

**8032858 Canada Inc.**

Per: \_\_\_\_\_  
Terry Pomerantz, President  
I have authority to bind the corporation

**SIGNED BY THE VENDOR, in Toronto, this 26<sup>th</sup> day of March 2012.**

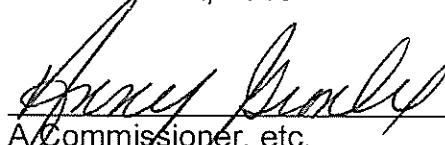
**Domfoam International Inc.**

Per:  \_\_\_\_\_  
Tony Vallecoccia, President  
I have authority to bind the corporation

K\_Assignment\_of\_APA\_vExec

# Tab F

THIS IS EXHIBIT "F" TO THE  
AFFIDAVIT OF JACQUES VINCENT  
SWORN THIS 13<sup>th</sup> DAY OF  
SEPTEMBER, 2018

  
A Commissioner, etc.  
Anny Groulx



**Notice**  
**Assignment of Claims**  
**RE: Domfoam International Inc.**

— 389

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Montreal (Canada), June 22, 2018.

Mr. Don Perelman  
**FINE KAPLAN & BLACK R.P.C.**  
1 South Broad Street  
23<sup>rd</sup> Floor  
Philadelphia, PA 19107  
USA

Sir:

We are acting as legal counsels for Domfoam Inc. (f/k/a *8032858 Canada Inc.*). (the "**Purchaser**").

On March 8, 2012, an asset purchase agreement intervened between 4037057 Canada Inc. (the "**Assignor**") and 4362063 Canada Ltd. (f/k/a *Domfoam International Inc.*, hereinafter the "**Vendor**") (the "**APA**"), with respect to all assets, undertakings and properties of the Vendor, of every nature and kind whatsoever and wherever situated (the "**Purchased Assets**"), save and except the "Excluded Assets", as listed in Schedule 2.2. of the APA.

On March 16, 2012, the terms and provisions of the APA and the purchase and sale transaction provided for therein and all of the Vendor's right, title and interest in and to the Purchased Assets vested in the Assignor, have been approved and authorized by an Order of Justice Brown (the "**Approval and Vesting Order**"), from the Ontario Superior Court of Justice and the Purchased Assets were thereafter vested in the Assignor.

On March 26, 2012, the Purchaser, pursuant to an assignment agreement amongst the Assignor, the Vendor and the Purchaser (the "**Assignment**"), became the beneficiary of all interest of the Assignor under the APA, including all rights of action or other rights accruing to the Assignor, or which might after the Assignment takes effect or accrue to the Assignor under the APA.



Concurrently on March 26, 2012, a general conveyance and assumption of assumed liabilities was<sup>390</sup> executed between the Vendor and the Purchaser (the "**Conveyance**") by which, *inter alia*, the Vendor conveyed, transferred and assigned to the Purchaser and the Purchaser did accept, all of the right, title and interest of the Vendor in and to the Purchased Assets.

For further reference, you will find attached copies of the following executed documents:

1. The APA;
2. The Approval and Vesting Order;
3. The Assignment; and
4. The Conveyance.

Therefore and in consideration of the APA, as approved by the Approval and Vesting Order and as assigned under the Assignment, be advised that any payment from the Urethane Antitrust Litigation Settlement that would have been payable to the Vendor shall be considered as part of the Purchased Assets and shall thereon be payable to the Purchaser and addressed to the undersigned as follow:

**Cheque payable to:**

**Domfoam Inc.**

Sent to:

a/s Mtre. Jacques Vincent, lawyer  
2000 – 1 Westmount Square  
Montreal (Quebec) H3Z 2P9  
Canada

**PLEASE ACT AND GOVERN YOURSELF ACCORDINGLY.**

LAFRAMBOISE GUTKIN G.P.

per:



**JACQUES VINCENT, lawyer**

Encl.

Cc Mrs Stéphanie Amine-Giwner (by email and Registered Mail)  
Mrs Michele Smith (by email and Registered Mail)



ASSET PURCHASE AGREEMENT

Made as of the 8<sup>th</sup> day of March, 2012

Between

4037057 CANADA INC.

- and -

DOMFOAM INTERNATIONAL INC.

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ASSET PURCHASE AGREEMENT

This Agreement is made as of the 8<sup>th</sup> 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 26<sup>th</sup>, 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(hb), 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.

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[Section 2 follows on next page]

### 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

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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 three million six hundred sixty two thousand nine hundred and seventy five dollars (\$3,662,975) plus the assumption of the Assumed Obligations, said Purchase Price to be established as of the Closing Date (the "Purchase Price").

The Purchase Price is divided as follow:

(A)	Purchased Receivables:	\$2,450,976
(B)	Purchased Inventories:	\$946,586
(C)	<i>Withdrawn</i>	
(D)	All other Purchased Assets:	\$300,000
(E)	Excess rebates to customers	(\$34,587)

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.

The portion of the Purchase Price attributed to the Purchased Receivables is two million four hundred fifty thousand nine hundred and seventy six dollars (\$2,450,976) and is calculated as described in Schedule 2.9(A) – Section 2.

(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.

The portion of the Purchase Price attributed to the Purchased Inventories is nine hundred forty six thousand five hundred and eighty six dollars (\$946,586) and is calculated as described in Schedule 2.9(B) – Section 2.

(C) BASF Receivables

*Withdrawn*

(D) Other Purchased Assets

The Purchaser is ready to pay the Vendor the amount of three hundred thousand dollars (\$300,000) for all the other Purchased Assets.

(E) Excess rebates to customers

The Purchase Price shall be reduced by the total amount of rebates earned by the Vendor's customers for the calendar year 2011 and not already applied to the outstanding invoices for each said customer at the Closing Time. As of January 27, 2012, the excess rebates to customers total thirty four

thousand five hundred and eighty seven dollars (\$34,587) as calculated in Schedule 2.9(E) and shall be adjusted as at the Closing Date using the same parameters.

## 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:

Subject to the limit established hereinafter in this paragraph, the Purchase Price payable in relation with the Purchased Receivables shall be adjusted downward or upward, as the case may be, as per the formula established in Schedule 2.9(A) – Section 2, in the event and to the extent that, on the Closing Date, the aggregate value of the Purchased Receivables shall be lower or higher, as the case may be, than the Offer Date Receivable Value. Nonetheless, if the total amount of the Purchased Receivables, as the total appears in the first column on page 4 of Schedule 2.9(A) - Section 1, is, as of the Closing Date, over five million nine hundred thousand dollars (\$5,900,000), then the difference between the total amount of the Purchased Receivables as of the Closing Date and the limit herein established shall be deducted from the calculation of the current portion of the Purchased Receivables for the Vendor as of the Closing Date.

### (B) Re: Inventory:

The Purchase Price payable in relation with the Purchased Inventories shall be adjusted downward or upward, as the case may be, as per the formula established in Schedule 2.9(B) – Section 2, in the event and to the extent that, on the Closing Date, the aggregate value of the Purchased Inventories shall be lower or higher, as the case may be, than the Offer Date Inventory Value.

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 three hundred and sixty thousand dollars (\$360,000) (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 three million one hundred and two thousand nine hundred and seventy five dollars (\$3,102,975) by certified cheque or wire transfer payable to the Monitor at the Time of Closing;
- (c) the amount of two hundred thousand dollars (\$200,000) (the "Holdback") 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.

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[Section 3 follows on next page]

**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.

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[Section 4 follows on next page]

**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 Inteirm 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.

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[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 28<sup>th</sup> 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.

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[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*

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[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](mailto: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@lplv.com](mailto:j.vincent@lplv.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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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.

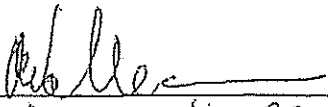
IN WITNESS WHEREOF the Purchaser has duly executed this Agreement on March 8, 2012 at 5:30 p.m.

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 Basildon

DOMFOAM INTERNATIONAL INC.

By:  \_\_\_\_\_  
Name: ANTONIO VALLECOSA  
Title: CEO  
I have authority to bind the Vendor.



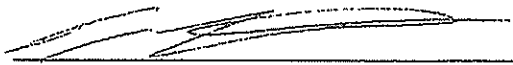
The Vendor shall indicate its acknowledgement of and its agreement with the foregoing by signing both copies of this Agreement in the space provided below and returning one fully executed copy to the Purchaser (which return may be made by fax or Email) to:

LPLV  
c/o: Mtre. Jacques Vincent  
Fax: (514) 798-5599  
Email: [j.vincent@lplv.com](mailto: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 I.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 1.1(i).

## Customer Contracts

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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.15.2011 (for fiscal year ended Apr.30th)

Lease No.	Description of Property	Lease Expiry MM/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	
332467	1FUJAGCK97LY49529	05/2013	21,204	21,204	1,767	-	-	-	-
332468	1FUJAGCK57LY49530	05/2013	21,204	21,204	1,767	-	-	-	-
332469	1FUJAGCK77LY49531	05/2013	21,204	21,204	1,767	-	-	-	-
329316	1FUJAGCK37LY49526	11/2013	20,964	20,964	12,229	-	-	-	-
329317	1FUJAGCK57LY49527	11/2013	20,148	20,148	11,753	-	-	-	-
329318	1FUJAGCK77LY49528	11/2013	20,148	20,148	11,753	-	-	-	-
336256	1HTSCAAMXH27866	11/2013	20,148	20,148	11,753	-	-	-	-
336257	1FUJAGCK77LY61324	11/2013	20,148	20,148	11,753	-	-	-	-
325581	1FUJAGCK87LY49523	05/2012	26,952	26,952	-	-	-	-	-
325582	1FUJAGCK77LY49524	05/2012	26,952	26,952	-	-	-	-	-
324654	1FUJAGCK47LY49521	05/2013	24,780	24,780	2,065	-	-	-	-
324858	1FUJAGCK67LY49522	05/2013	24,780	24,780	2,065	-	-	-	-
13423	Rental # A4EC380620	09/2014	14,220	14,220	14,220	5,925	-	-	-
13424	Rental # A3EC380443	09/2014	14,220	14,220	14,220	5,925	-	-	-
13422	Rental # A3EC380225	09/2014	14,220	14,220	14,220	5,925	-	-	-
344371-212772	Rental # A4EC380738	09/2016	1,176	1,176	1,176	1,176	1,176	1,176	490
2550814	Water Dispenser Office	08/2016	1,512	1,512	1,512	1,512	1,512	1,512	504
344371-205533	Main Photocopier	11/2016	9,912	9,912	9,912	9,912	9,912	9,912	5,782
344371-205455	Plant & Sales Photocopier	11/2016	9,144	9,144	9,144	9,144	9,144	9,144	5,334
<b>TOTALS</b>			<b>351,596</b>	<b>303,772</b>	<b>144,829</b>	<b>39,519</b>	<b>21,744</b>	<b>12,130</b>	

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Hewlett  
Hewlett  
Hewlett  
Triton Source  
Toshiba  
Toshiba

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-I, #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

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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 ("R")	Name of the current owner or applicant	Expiry date	Name of the agent	Status
1. SPRINGLEX FOAM	LMC641538	R: 2005-06-07	Domifoam International Inc.	2020-06-07	N/A	forfeited on 2010-06-15 registered
2. CONTOUR-MATIC	LMC203073	R: 1974-11-08	Domifoam International Inc.	2019-11-08	Jim Sproule, A-Z Sponges & Foam Products Ltd.	renewed on 2004-11-08
3. VILLA	LMC570966	R: 2002-11-20	Domifoam International Inc.	2017-11-20	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
4. CUPDLE FOAM	LMC272231	R: 1982-08-27	Domifoam International Inc.	2012-08-27	Stikeman Elliott LLP	renewed on 1999-08-27 registered
5. VELVAFOAM	LMC623917	R: 2004-10-28	Domifoam International Inc.	2019-10-28	N/A	registered
6. ComfyCel	LMC288288	R: 1984-02-24	Domifoam International Inc.	2014-02-24	Stikeman Elliott LLP	renewed on 1999-02-24
7. SPECTRUM	LMC271131	R: 1982-07-16	Domifoam International Inc.	2012-07-16	Stikeman Elliott LLP	renewed on 1999-07-16
8. INSULIGARD	LMC292308	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Stikeman Elliott LLP	renewed on 1999-06-22
9. CELCOR	LMC205857	R: 1975-03-24	Domifoam International Inc.	2020-03-24	Stikeman Elliott LLP	renewed on 2005-03-14
10. PRO-BOND	LMC145959	R: 1966-06-30	Domifoam International Inc.	2026-06-30	Stikeman Elliott LLP	renewed on 2011-06-30
11. DOMIFOAM	LMC205856	R: 1975-03-14	Domifoam International Inc.	2020-03-14	Stikeman Elliott LLP	renewed on 2005-03-14
12. LODGE	LMC202908	R: 1978-11-01	Domifoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
13. CHATEAU	LMC524903	R: 2004-11-08	Domifoam International Inc.	2019-11-08	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
14. RoyalCel	LMC2889023	R: 1984-03-16	Domifoam International Inc.	2014-03-16	Stikeman Elliott LLP	renewed on 1999-03-16
15. EXCALIBUR	LMC202909	R: 1974-11-01	Domifoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
16. BIVIERA	LMC180311	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
17. PERMA-BOND	LMC644665	R: 2005-07-19	Domifoam International Inc.	2020-07-19	Stikeman Elliott LLP	registered
18. Snuggie-Pedic	LMC729284	R: 1982-12-31	Domifoam International Inc.	2012-12-31	Stikeman Elliott LLP	renewed on 1997-12-31
19. VECTEK	LMC72983A	R: 2008-12-01	Domifoam International Inc.	2023-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
20. FREEDOM FOAM	LMC729835	R: 2008-12-01	Domifoam International Inc.	2023-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
21. BIPPLUSH	LMC666798	R: 2008-06-06	Domifoam International Inc.	2024-06-06	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
22. Hug & Pedic	LMC638221	R: 2005-04-25	Domifoam International Inc.	2020-04-25	Stikeman Elliott LLP	registered
23. NORTHERN TREASURE	LMC294245	R: 1984-08-17	Domifoam International Inc.	2014-08-17	Stikeman Elliott LLP	renewed on 1999-08-17
24. LA COLLECTION ZODIAC	LMC180310	R: 1971-12-24	Domifoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
25. WUNDER-BOND	LMC298957	R: 1985-01-11	Domifoam International Inc.	2015-01-11	Stikeman Elliott LLP	renewed on 2000-01-11
26. BONDEX	LMC292311	R: 1984-06-22	Domifoam International Inc.	2014-06-22	Stikeman Elliott LLP	renewed on 1999-06-22
27. QUANTUM	LMC266867	R: 1982-02-26	Domifoam International Inc.	2027-02-26	Stikeman Elliott LLP	renewed on 2012-02-26
28. MAGNUM	LMC686655	R: 2007-05-31	Domifoam International Inc.	2022-05-31	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
29. VISCOMAGIC Memory Fo	LMC644418	R: 2005-07-14	Domifoam International Inc.	2020-07-14	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
30. Cuddle-Pedic	LMC290616	R: 1984-05-11	Domifoam International Inc.	2014-05-11	Stikeman Elliott LLP	renewed on 1999-05-11
31. ZODIAC COLLECTION						



CANADIAN CANCELLED OR ABANDONED TRADEMARKS: DOMIFOAM

TradeMark	Registration or application number	date of A.O.R.	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1. DOMIFOAM MAPLE LEAF & DESIGN	LMC375564	R: 1990-11-09	Domifoam International Inc.	2006-07-06	Stikeman Elliott LLP
2. VISCO PULSH	1960194	A: 2009-10-19	Domifoam International Inc.	2010-12-27	Jim Spruille, AZ Spillage & Foam Products Ltd.
3. SECURIFOAM & DESIGN	832300	A: 1996-11-20	Domifoam International Inc.	2001-01-10	Stikeman Elliott LLP
4. NIMBUS	495427	A: 1982-11-26	Domifoam Inc.	1983-01-28	Seal, Sheposnick
5. PROTECT-A-RUG	LMC177017	R: 1971-07-23	Domifoam Inc.	1986-09-10	Seal, Sheposnick
6. STRATUS	495428	A: 1982-11-26	Domifoam Inc.	1983-12-19	Seal, Sheposnick
7. FLAREX	LMC05782	R: 1975-08-07	Domifoam Inc.	1990-04-27	Seal, Sheposnick
8. CFC & DESIGN	LMC203684	R: 1974-12-06	Domifoam International Inc.	2005-07-21	Stikeman Elliott LLP
9. HABITAT	500121	A: 1983-09-11	Domifoam Inc.	1986-08-22	Seal, Sheposnick
10. UROCELL HR	LMC203776	R: 1974-12-06	Domifoam International Inc.	2005-07-21	Stikeman Elliott LLP
11. Domifoam & design	LMC375563	R: 1990-11-09	Domifoam International Inc.	2006-07-06	Stikeman Elliott LLP
12. SUNRISE	LMC264104	R: 1981-11-06	Domifoam International Inc.	1997-07-08	Stikeman Elliott LLP
13. ALTO-GUMULUS	495426	A: 1982-11-26	Domifoam Inc.	1983-12-19	Seal, Sheposnick
14. GUMULUS	495425	A: 1982-11-26	Domifoam Inc.	1985-12-19	Seal, Sheposnick
15. EVER-BOND	LMC184974	R: 1972-08-18	Domifoam Inc.	1987-10-02	Seal, Sheposnick
16. VISCOAIRE	1204369	A: 2004-01-22	Domifoam International Inc.	2005-02-14	N/A
17. FlexCel	1198594	A: 2003-12-07	Domifoam International Inc.	2005-03-08	Jim Spruille, AZ Spillage & Foam Products Ltd.
18. PINK PANTHER	LMC265776	R: 1979-10-19	Domifoam Inc.	1990-09-16	Seal, Sheposnick
19. GIRRUS	495429	A: 1982-11-26	Domifoam Inc.	1984-01-06	Seal, Sheposnick

CANADIAN SEARCH OF TRADEMARKS/DOMFAM

Trademark	Application number	date	Name of the applicant	Status
GELEFEX	1518007	2011-03-07	Domifam International Inc.	Notice of appropriation sent on 2013-10-31.

(2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100)

US REGISTERED TRADEMARK: DOMFOAM

Trademark	Serial number	Registration date	Name of the current owner of applicant	Expiry date	Name of the agent	Status
1. NORTHERN TREASURE	78508999	2005-12-13	Domfoam International Inc.	2015-12-18	Lawrence H. Meier	Registered

US-CANCELLED TRADEMARK: DOMFOAM

Trademark	Serial number	date of application	Name of the current owner of 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	75311611	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

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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

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Section 1

List of Purchased Receivables as of January 31, 2012.

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

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Section 2

Calculation of the Purchase Price attributed to the Purchased Receivables.

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

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	11,583.52	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	15,293.31	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	112,823.23	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	8,716.63	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	10,493.91	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	5,996,691.62	3,208,741.60	1,434,256.08	979,378.14	374,315.80

Dated January 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

CDN	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
157-VEN-REZ-PRODUITS	60	25,000.00	704.58				704.58	
202 BUGATTI DESIGN INC	60	25,000.00	25,431.95	199.92			25,631.87	
291 DINE ART INC.	60	15,000.00	1,082.46	3,320.06	1,009.95		5,412.47	
308 POSITECH INNOVATION INC.	60	7,000.00	4,316.16				4,316.16	
316 LIND FURNITURE (CANADA) LT	60	822,000.00	1,796.55	215.36			2,011.91	
1020-LSC CANADA INC.	60	930,000.00	128,444.99				128,444.99	
10024 AIRWAY SURGICAL APPLICATION	60	5,000.00		2,026.58			2,026.58	
10052 ALPHAVIC INC.	60	30,000.00	719.09	158,454.72	114,937.07		283,110.88	
10072 KRAUS CANADA INC (FO)	45	975,000.00	6,949.67				6,949.67	
10080 QUALITY RUGS OF CANADA LI	90	725,000.00	41,326.70				41,326.70	
10120 BEAVER CARPET LTEE	30	25,000.00	17,879.48				17,879.48	
10155 BOBLING INC.	30	25,000.00	3,072.41				3,072.41	
10145 MATELAS BOURCK ENRG.	60	25,000.00	1,004.61				1,004.61	
10224 MATELAS CONDOR ENRG.	60	175,000.00	101,943.87				101,943.87	
10224 MATELAS DAURHIN INC.	60	175,000.00	12,356.08				12,356.08	
10273 DOUBLETEX INC.	60	40,000.00	3,402.81				3,402.81	
10305 BENNETT FLEET (QUEBEC) IN	60	35,000.00	2,254.11		898.49		3,152.60	
10321 MATELAS THERAPEUC	60	5,000.00	11,593.52				11,593.52	
10351 IDEAL CHEST INC.	60	10,000.00	1,598.67				1,598.67	
10358 COURT SPORTS INC	45	50,000.00	3,890.61				3,890.61	
10378 LITERIE LAVAL	60	75,000.00	27,771.01				27,771.01	
10379 MATELAS LAVIOLETTE INC.	45	75,000.00	30,927.29		1,030.47		31,957.76	
10384 TEXTILES LETOURNEAU	20	35,000.00	3,529.98				3,529.98	
10385 MATELAS MON D'OR INC.	60	8,000.00	893.95				893.95	
10426 CANADEL	60	50,000.00	32,749.54				32,749.54	
10465 COUPONS PARENT INC.	60	50,000.00	3,266.84				3,266.84	
10494 REMBOURRAGE A.N.P.	60	15,000.00	1,729.11				1,729.11	
10502 LITERIE PROVINCIALE LTEE	60	50,000.00	18,715.15				18,715.15	
10508 AMEUBLEMENT RENAISSANC	60	50,000.00	2,829.31				2,829.31	
10510 MATELAS RENE INC.	60	35,000.00	5,498.67				5,498.67	
10545 SEAWAY PLASTICS LTEE	30	20,000.00	8,278.42				8,278.42	
10547 SERV. CORR. DU CANADA	60	8,000.00	344.24				344.24	
10570 SPORT MASKA INC.	30	5,000.00	1,249.53				1,249.53	
10595 TRANS-CANADA INDUSTRIES	60	50,000.00	6,075.15				6,075.15	
10737 FUTON 7TH HEAVEN UTOPIA I	60	50,000.00	284.49				284.49	
10785 GROUPE GIBO INC.	60	35,000.00	6,739.95				6,739.95	
10848 PRINCESSE	60	4,000.00	2,815.52				2,815.52	
10864 2 D TEXTILES ENRG.	60	40,000.00	29,097.79				29,097.79	
11049 LITERIE SEDUCTION INC	60	15,000.00	626.81				626.81	
11150 PROFOM INC.	60	27,000.00	2,815.52				2,815.52	
11157 JARDIN DE VILLE INC.	60	100,000.00	659.03				659.03	
11209 REMI CARRIER INC.	45	25,000.00	1,115.72				1,115.72	
11210 PROQUAN INC.	60	85,000.00	36,681.28				36,681.28	
11268 ROULLARD INC.	60	25,000.00	1,034.95				1,034.95	
11272 INTER CONFORT	60	60,000.00	5,017.77				5,017.77	
11276 STEERS GROUP LIMITED	75	35,000.00	9,312.23				9,312.23	
11289 MATELAS SIESTA	60	30,000.00	26,525.81				26,525.81	
11415 ROCKLAND TEXTILES INC.	15	75,000.00	3,121.25				3,121.25	
11457 MATELAS PRESTIGE	60	10,000.00	4,573.82				4,573.82	
11558 IGUATRO TECHNOLOGIES INC.	45	35,000.00	442.19				442.19	
11577 ABTOREX PLUS INC.	60	25,000.00						
11590 FUTION DESIGN	60	25,000.00						

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AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan. 31, 2012.

10005 ELRAÑ	15 \$	500 000.00	\$	180 349.98	\$	27 441.52	\$	689.59	\$	511 571.97	\$	859 000.00
10371 SYLCO INC.	75 \$	55 000.00	\$	1 056.44	\$	11 842.99	\$	6 081.69	\$	92 216.28	\$	150 000.00
10387 LITERIE DRUMMOND LTEE	30 \$	30 000.00	\$	1 179.56	\$	4 10.29	\$		\$	7 515.54	\$	14 000.00
10551 GESCO LTD PARTNERSHIP	60 \$	600 000.00	\$	74 572.24	\$		\$		\$	74 572.24	\$	20 000.00
11184 D & R FOAM	60 \$	175 000.00	\$	51 488.31	\$		\$		\$	48 779.05	\$	75 000.00
11388 SIEGES DUOCHARME INTERNA	75 \$	150 000.00	\$	8 589.16	\$	7 755.01	\$		\$	80 315.24	\$	75 000.00
11421 LES MEUBLES VANTAGE 1000	90 \$	38 000.00	\$	8 702.70	\$	5 685.78	\$		\$	15 293.31	\$	25 000.00
11924 MATELAS D'OR BOS-9884 C/C	75 \$	200 000.00	\$	31 179.08	\$	78 799.94	\$	395 602.83	\$	231 421.59	\$	200 000.00
12301 L. DAVIS TEXTILES (1991) INC	45 \$	25 000.00	\$	8 744.15	\$		\$		\$	13 568.06	\$	35 000.00
<b>SUB TOTAL CDN Insured</b>		<b>\$ 1 773 000.00</b>	<b>\$</b>	<b>487 409.92</b>	<b>\$</b>	<b>\$ 126 374.93</b>	<b>\$</b>	<b>158 813.02</b>	<b>\$</b>	<b>1 015 452.66</b>	<b>\$</b>	<b>244 000.00</b>
10413 MATELAS MARTIN	90 \$	375 000.00	\$	42 595.05	\$	19 370.39	\$	36 161.22	\$	159 685.35	\$	80 000.00
10585 SUBAR	90 \$	325 000.00	\$	55 233.52	\$	65 818.84	\$	57 225.28	\$	221 166.00	\$	75 000.00
11177 TISSUS MORICO INC.	90 \$	150 000.00	\$	30 749.86	\$	25 500.93	\$	19 426.10	\$	89 497.98	\$	100 000.00
11665 BOZANTO INC.	90 \$	400 000.00	\$	138 756.63	\$	112 923.83	\$	19 875.10	\$	887 973.57	\$	25 000.00
<b>SUB TOTAL CON Insured Net 90</b>		<b>\$ 1 250 000.00</b>	<b>\$</b>	<b>267 671.69</b>	<b>\$</b>	<b>\$ 252 869.81</b>	<b>\$</b>	<b>131 687.71</b>	<b>\$</b>	<b>852 212.91</b>	<b>\$</b>	<b>280 000.00</b>
<b>SUB TOTAL GANNA COUNT</b>			<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
<b>TOTAL GROSS</b>			<b>\$</b>	<b>2 116 202.87</b>	<b>\$</b>	<b>843 463.23</b>	<b>\$</b>	<b>338 088.37</b>	<b>\$</b>	<b>3 901 639.88</b>	<b>\$</b>	
<b>TOTAL OFFER</b>			<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
<b>SUB TOTAL CDN</b>			<b>\$</b>	<b>810 672.64</b>	<b>\$</b>	<b>252 308.82</b>	<b>\$</b>	<b>9 513.53</b>	<b>\$</b>	<b>1 201 357.89</b>	<b>\$</b>	
<b>SUB TOTAL CON Insured</b>			<b>\$</b>	<b>298 245.95</b>	<b>\$</b>	<b>139 712.87</b>	<b>\$</b>	<b>95 283.81</b>	<b>\$</b>	<b>609 271.60</b>	<b>\$</b>	
<b>SUB TOTAL CON Insured Net 90</b>			<b>\$</b>	<b>160 608.13</b>	<b>\$</b>	<b>113 989.74</b>	<b>\$</b>	<b>79 012.63</b>	<b>\$</b>	<b>511 227.39</b>	<b>\$</b>	
<b>SUB TOTAL GANNA COUNT</b>			<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
<b>TOTAL OFFER</b>			<b>\$</b>	<b>1 269 721.72</b>	<b>\$</b>	<b>505 091.14</b>	<b>\$</b>	<b>183 813.97</b>	<b>\$</b>	<b>2 321 955.87</b>	<b>\$</b>	
11682 VALLE FOAM INDUSTRIES INC	45 \$	1 750 000.00	\$	253 895.10	\$	334.27	\$		\$	254 229.37	\$	
12 002 A Z SPONGE & FOAM	90 \$	125 000.00	\$	27 028.49	\$	13 870.53	\$	30 276.59	\$	7 117.61	\$	

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AGED ACCOUNTS RECEIVABLE  
DOMFAM INTERNATIONAL INC.

Date: Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	\$1-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
U13771 JEFFCO FIBRES INC.	45	\$ 2,030,325.00	\$ 566,732.95	\$ 358,281.87	\$ 164,791.35	\$ -	\$ 1,079,755.37
U12164 OTS BED MANUFACTURING C	60	\$ 406,065.00	\$ 20,979.01	\$ -	\$ 874.95	\$ -	\$ 21,853.96
U12171 FRANKLIN AUGUST TRADING	30	\$ 7,089.00	\$ 7,170.44	\$ -	\$ -	\$ -	\$ 7,170.44
U12189 FOAM FACTORY INC.	60	\$ 9,892.00	\$ -	\$ 236.00	\$ -	\$ -	\$ 236.00
U12184 GREAT NORTHERN ASSOCIAT	60	\$ 59,172.00	\$ 12,575.70	\$ -	\$ -	\$ -	\$ 12,575.70
U12187 QUINN DISTRIBUTORS	30	\$ 49,510.00	\$ 12,428.10	\$ -	\$ -	\$ -	\$ 12,428.10
U12188 KRAUS USA INC.	45	\$ 73,564.00	\$ 17,797.90	\$ -	\$ -	\$ -	\$ 17,797.90
U12180 LATEX INTERNATIONAL	90	\$ 10,000.00	\$ 190.10	\$ 3,694.12	\$ -	\$ -	\$ 3,884.22
SUB-TOTAL USD		\$ 2,645,787.00	\$ 627,896.50	\$ 416,708.59	\$ 165,902.30	\$ -	\$ 1,210,447.45
U11429 NRP-DISTRIBUTORS INC.	30	\$ 259,410.00	\$ 15,044.90	\$ -	\$ -	\$ -	\$ 15,044.90
SUB-TOTAL USD Insured		\$ 259,410.00	\$ 15,044.90	\$ -	\$ -	\$ -	\$ 15,044.90
U12129 WCV INC.	90	\$ 1,300,871.00	\$ 188,735.84	\$ 160,191.76	\$ 178,981.57	\$ 36,247.43	\$ 544,154.40
SUB-TOTAL USD Insured Net 90		\$ 1,300,871.00	\$ 188,735.84	\$ 160,191.76	\$ 178,981.57	\$ 36,247.43	\$ 544,154.40
SUB-TOTAL GANNA COUNT							
TOTAL GROSS		\$ 811,615.14	\$ 576,900.32	\$ 344,883.87	\$ 36,247.43	\$ -	\$ 1,769,646.76
TOTAL OFFER							
SUB-TOTAL USD		\$ 219,742.81	\$ 145,848.00	\$ 58,065.81	\$ 10%	\$ -	\$ 423,656.61
SUB-TOTAL USD Insured		\$ 528,572	\$ 35%	\$ 35%	\$ 95%	\$ -	\$ 928,572
SUB-TOTAL USD Insured		\$ 59,056.77	\$ 35%	\$ 35%	\$ 35%	\$ 12,686.60	\$ 190,454.06
SUB-TOTAL GANNA COUNT							
TOTAL OFFER		\$ 1284,085.30	\$ 201,915.11	\$ 120,709.35	\$ 12,686.60	\$ -	\$ 1,769,646.76

USD CONVERTED TO CDN.  
EXCHANGE RATE JAN 31, 2012  
TOTAL CDN GROSS  
TOTAL CDN OFFER

\$ 811,615.14 \$ 576,900.32 \$ 344,883.87 \$ 36,247.43 \$ 1,769,646.76  
\$ 1284,085.30 \$ 201,915.11 \$ 120,709.35 \$ 12,686.60 \$ 1,769,646.76

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Rebates:

AGED ACCOUNTS RECEIVABLE  
DOMIFORM INTERNATIONAL INC.

Dated Jan 31, 2012.

NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
60 \$	25,000.00					(14,508.00)	
60 \$	25,000.00	(14,808.88)	(199.92)				
60 \$	15,000.00						
30 \$	7,000.00						
60 \$	825,000.00	(24,868.08)					
60 \$	350,000.00						
60 \$	5,000.00						
60 \$	30,000.00						
45 \$	975,000.00		(12,802.92)	(14,937.07)		(127,739.99)	
90 \$	725,000.00	(1,158.95)				(1,158.95)	
30 \$	25,000.00						
30 \$	50,000.00						
60 \$	25,000.00						
30 \$	175,000.00			182.69		182.69	
30 \$	175,000.00						
60 \$	40,000.00						
60 \$	5,000.00						
60 \$	90,000.00						
45 \$	10,000.00			(1,554.44)		(1,554.44)	
60 \$	50,000.00	(1,403.14)				(1,403.14)	
45 \$	75,500.00			(8,108.81)		(8,108.81)	
30 \$	75,000.00						
20 \$	35,000.00						
60 \$	8,000.00						
60 \$	50,000.00						
60 \$	50,000.00						
60 \$	15,000.00						
60 \$	50,000.00	(4,801.00)				(4,801.00)	
60 \$	60,000.00						
60 \$	35,000.00	(6,193.47)				(6,193.47)	
60 \$	20,000.00						
60 \$	6,000.00						
15 \$	5,000.00						
60 \$	50,000.00						
60 \$	45,000.00						
60 \$	4,000.00						
30 \$	40,000.00						
60 \$	27,000.00						
20 \$	2,000.00						
45 \$	100,000.00	(2,615.92)				(2,615.92)	
60 \$	25,000.00	(16,269.76)				(16,269.76)	
60 \$	85,000.00						
60 \$	25,000.00	(5,184.22)				(5,184.22)	
30 \$	60,000.00						
75 \$	35,000.00						
60 \$	30,000.00						
15 \$	75,000.00						
45 \$	10,000.00						
30 \$	35,000.00						
60 \$	20,000.00						
60 \$	20,000.00						

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Paid Jan 31, 2012.

AGED ACCOUNTS RECEIVABLE  
FOAM INTERNATIONAL INC.

Account No.	Company Name	Days	Amount	Balance	Balance
11627	PRO TAG INDUSTRIES INC.	60	\$ 3,000.00		
11676	LITERIE DORMAJEX INC.	60	\$ 90,000.00		
11684	FUJISAR CANADA INC.	15	\$ 10,000.00		
11714	TRICA	60	\$ 75,000.00		
11760	VERANDA JARDIN INC.	60	\$ 2,000.00		
11779	MANUFACTURE DE MATELAS	51	\$ 30,000.00		
11811	BROLAIN DISTRIBUTORS LTD.	31	\$ 125,000.00		
11826	COMFORT FOAM & PIERRE	45	\$ 50,000.00		
11888	MATELAS SELECT	60	\$ 25,000.00		
11894	PEL INTERNATIONAL LTEE	30	\$ 45,000.00		
11848	INDUSPAC INC.	75	\$ 100,000.00		
11858	WESTBORO FLOORING INC.	31	\$ 35,000.00		
11871	MILLENNAIRE WILLIAM INC.	30	\$ 30,000.00		
11914	EXCEL FIVE MOUSSE FOAM I	60	\$ 85,000.00		
11927	MEUBLES BEJSLE INC.	60	\$ 10,000.00		
11948	MEUBLES TOMALI INC.	30	\$ 10,000.00		
11974	STYLEC INC.	30	\$ 7,000.00		
11978	MATELAS ORTHOPEDIQUE	60	\$ 50,000.00		
11978	BELPRO MEDICAL INC	30	\$ 35,000.00		
11982	DIAMOND DIVERSIFIED INC. 14	30	\$ 75,000.00		
12021	SEARS CANADA INC.	30	\$ 45,000.00		
12101	ORE O PACK INTERNATIONAL	60	\$ 15,000.00		
12104	ADMAT'S CORPORATION	75	\$ 25,000.00		
12122	ATLANTIC FABRICS LIMITED	75	\$ 40,000.00		
12140	DOWNEAST PLASTICS LTD.	60	\$ 20,000.00		
12146	MATELAS BEAU REVE INC	60	\$ 20,000.00		
12150	REMBOURRAGE J.MARTINE	60	\$ 50,000.00		
12168	BARRY SUPPLIES & FABRIC I	75	\$ 175,000.00		
12230	WESCO NA INC	60	\$ 40,000.00		
12242	SPORT SYSTEMS CANADA IN	60	\$ 10,000.00		
12253	BEAULIEU CANADA	30	\$ 175,000.00		
12256	TEC INNOVATIONS	30	\$ 50,000.00		
12270	COUTURE GAFLUXE INC. GW	75	\$ 7,500.00		
12277	DOMINION CUTTING SERVICE	45	\$ 15,000.00		
12322	VICLINE 2006 INC.	50	\$ 50,000.00		
12329	LOGIFLEX MOB DE BUREAU	30	\$ 20,000.00		
12321	PAKTEK INC.	30	\$ 5,000.00		
12356	PAVAR FURNITURE INC.	60	\$ 25,000.00		
12398	S. ROMANO INC.	75	\$ 60,000.00		
12393	WES INDUSTRIES INC.	30	\$ 5,000.00		
12308	PIYRA MEDIC INC. (W)	60	\$ 5,000.00		
12314	GRUPE SIM PELLETER	60	\$ 20,000.00		
12326	BARWELL EMBALLAGE WNL	60	\$ 10,000.00		
12330	GREATECH INC 8089074 QUB	60	\$ 7,500.00		
12331	ORTHEX CANADA ENR W	60	\$ 25,000.00		
12334	SHOLA INC.	60	\$ 15,000.00		
12341	REVOLUTION SANTE 9188445	30	\$ 5,000.00		
12343	WYMAR INC.	60	\$ 75,000.00		
12352	EQUIPMENT SANITAIRE CHER	60	\$ 10,000.00		
12355	ADART DESIGN INTERNATIO.	60	\$ 30,000.00		
12357	VALENTINO INC W	60	\$ 20,000.00		
12358	LINEA P. INTERNATIONAL INC.	30	\$ 5,000.00		
12367	CONFORT EXCELEX INC.	60	\$ 10,000.00		
12373	PPD FOAM SOLUTION INC.	45	\$ 10,000.00		
12380	DISTRIBUTION SECURI-SPOR	45	\$ 15,000.00		
12380	CONQUEST CARPET CORP.				

(5 903.05)  
 (11 128.04)  
 (6 859.25)  
 (8 822.58)  
 (3 605.38)  
 (4 685.93)

\$ 6 780 500.00 \$ (115 289.52) \$ (60 230.39) \$ (122 359.27) \$ (1 941.95) \$ (299 820.79)

SUB TOTAL CDN

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Rebates

AGED ACCOUNTS RECEIVABLE  
DOWFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

10006 ELRAN	15 \$	503,000.00	\$	(143,702.06)	\$	(27,441.52)	\$	(17,760.30)	\$	(255,670.57)	\$	844,000.00
10371 SYLCO INC.	75 \$	55,000.00	\$		\$		\$		\$		\$	50,000.00
10387 LITERIE DRUMMOND LTEE	30 \$	30,000.00	\$		\$		\$		\$		\$	14,000.00
10551 GESCO LTD PARTNERSHIP	30 \$	600,000.00	\$	(18,833.96)	\$		\$		\$	(18,833.96)	\$	20,000.00
11184 D & R FOAM	60 \$	175,000.00	\$	(48,832.73)	\$		\$		\$	(48,832.73)	\$	75,000.00
11293 SIEGES-DUCHARME INTERRIA	75 \$	150,000.00	\$		\$		\$		\$		\$	75,000.00
11421 LES MEUBLES VANTAGE 1000	60 \$	58,000.00	\$		\$		\$		\$		\$	25,000.00
11924 MATELAS D'OR 9083-9834 CO	75 \$	200,000.00	\$		\$		\$	(17,760.30)	\$		\$	200,000.00
12301 L. DAVIS TEXTILES (1991) INC	45 \$	25,000.00	\$		\$		\$		\$		\$	25,000.00
<b>SUB-TOTAL CDN Insured</b>		<b>\$ 1,773,000.00</b>	<b>\$</b>	<b>(67,856.69)</b>	<b>\$</b>	<b>(27,441.52)</b>	<b>\$</b>	<b>(17,760.30)</b>	<b>\$</b>	<b>(255,670.57)</b>	<b>\$</b>	<b>844,000.00</b>
10413 MATELAS MARTIN	90 \$	375,000.00	\$		\$		\$		\$		\$	80,000.00
10585 SUBAR	90 \$	925,000.00	\$		\$		\$		\$		\$	75,000.00
10177 TISSUS MORICO INC.	90 \$	150,000.00	\$		\$		\$		\$		\$	100,000.00
11665 BOZANTO INC.	90 \$	400,000.00	\$		\$		\$	(10,577.75)	\$	(10,577.75)	\$	35,000.00
<b>SUB-TOTAL CDN Insured Net 90</b>		<b>\$ 1,250,000.00</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(10,577.75)</b>	<b>\$</b>	<b>(10,577.75)</b>	<b>\$</b>	<b>280,000.00</b>
<b>SUB-TOTAL GANNA COUNT</b>			<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
<b>TOTAL GROSS</b>			<b>\$</b>	<b>(182,956.21)</b>	<b>\$</b>	<b>(193,833.05)</b>	<b>\$</b>	<b>(30,280.00)</b>	<b>\$</b>	<b>(556,569.05)</b>	<b>\$</b>	
<b>TOTAL OFFER</b>												
<b>SUB-TOTAL CDN</b>			<b>\$</b>	<b>(69,173.71)</b>	<b>\$</b>	<b>(80,198.59)</b>	<b>\$</b>	<b>(73,414.56)</b>	<b>\$</b>	<b>(288.39)</b>	<b>\$</b>	<b>(173,115.66)</b>
<b>SUB-TOTAL CDN Insured</b>			<b>\$</b>	<b>(40,800.01)</b>	<b>\$</b>	<b>(86,221.24)</b>	<b>\$</b>	<b>(16,464.31)</b>	<b>\$</b>	<b>(10,655.18)</b>	<b>\$</b>	<b>(453,942.34)</b>
<b>SUB TOTAL CDN Insured Net 90</b>			<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(5,346.65)</b>	<b>\$</b>	<b>(5,346.65)</b>	<b>\$</b>	<b>30%</b>
<b>SUB-TOTAL GANNA COUNT</b>												
<b>TOTAL OFFER</b>			<b>\$</b>	<b>(109,773.73)</b>	<b>\$</b>	<b>(116,359.83)</b>	<b>\$</b>	<b>(39,879.87)</b>	<b>\$</b>	<b>(17,991.22)</b>	<b>\$</b>	<b>(333,404.65)</b>
11682 VALLE FOAM INDUSTRIES INC	45 \$	1,750,000.00	\$		\$		\$		\$		\$	
12102 A Z SPONGE & FOAM	60 \$	125,000.00	\$		\$		\$		\$		\$	

Rebates

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated: January 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	\$	(260,018.00)	\$(1,047,911.35)		(444,899.35)
U12164 OTIS' BED MANUFACTURING &	60	\$ 406,065.00					
U12170 FRANKLIN AUGUST TRADING	30	\$ 7,089.00					
U12183 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	\$ 73,964.00					
U12189 LATEX INTERNATIONAL	30	\$ 10,000.00					
SUB TOTAL USD		\$ 2,645,707.00	\$	(260,018.00)	\$(1,047,911.35)	\$	(444,899.35)
U11428 NRF DISTRIBUTORS INC.	30	\$ 256,410.00	\$(8,626.04)				(8,626.04)
SUB TOTAL USD Insured		\$ 256,410.00	\$(8,626.04)				(8,626.04)
U12128 WOV INC.	90	\$ 1,800,671.00					
SUB TOTAL USD Insured Net 30		\$ 1,800,671.00					

SUB TOTAL GAINNA COUNT

TOTAL GROSS	\$	(3,626.04)	\$	(280,018.00)	\$(1,047,911.35)	\$	(448,435.39)
TOTAL OFFER							
SUB TOTAL USD							
SUB TOTAL USD Insured							
SUB TOTAL USD Insured							
SUB TOTAL GAINNA COUNT							
TOTAL OFFER	\$	(1,269.11)	\$	(57,676.97)	\$		(156,952.29)

USD CONVERTED TO CDN  
 EXCHANGE RATE JAN 31, 2012  
 TOTAL CDN GROSS  
 TOTAL CDN OFFER

\$	(8,626.04)	\$	(280,018.00)	\$(1,047,911.35)	\$	(448,435.39)
\$	(1,269.11)	\$	(57,676.97)	\$		(156,952.29)

AGED ACCOUNTS RECEIVABLE  
DOMIFOM INTERNATIONAL INC.

Dated: Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
157 VEN REZ PRODUITS	60	25,000.00	704.58				704.58	
202 BUGATTI DESIGN INC	60	25,000.00	10,823.17	3,320.06	1,009.95		15,153.18	
291 DINE ART INC	60	15,000.00	1,032.48				1,032.48	
308 POSITECH INNOVATION INC	30	7,000.00	4,016.16	213.36			4,229.52	
316 LIND FURNITURE (CANADA) LT	60	825,000.00	7,386.66				7,386.66	
10020 LBO CANADA INC	60	350,000.00	103,576.91				103,576.91	
10024 AIRWAY SURGICAL APPLICAN	60	5,000.00		2,028.58			2,028.58	
10052 ALPHAVIC INC	60	30,000.00	8,949.67	719.08			9,668.75	
10072 KRAUS CANADA INC (HO)	45	375,000.00	258,533.73	142,851.80			401,385.53	
10080 QUALITY RUGS OF CANADA U	30	785,000.00	41,328.70				41,328.70	
10120 BEAVER-CARPET LITEE	30	25,000.00						
10166 BOBLEN INC	30	50,000.00	17,679.48				17,679.48	
10146 MATELAS BOURCOK ENRG	60	25,000.00	3,072.41	2,674.27			5,746.68	
10222 MATELAS CONDOR ENRG	60	25,000.00	1,004.61				1,004.61	
10244 MATELAS DAUPHIN INC	30	175,000.00	101,343.87				101,343.87	
10273 DOUBLET EX INC	30	175,000.00	13,366.09	2,962.78			16,328.87	
10305 BENNETT FLEET (QUEBEC) IN	60	40,000.00	3,402.81	2,141.95	1,056.12		6,600.88	
10331 MATELAS THERAPEDIC	60	5,000.00	2,254.11				2,254.11	
10351 IDEALCHEST INC	60	5,000.00	11,533.92	3,754.38			15,288.30	
10359 COURTY SPORTS INC	60	30,000.00	1,598.57	10,024.90	6,857.72		18,481.19	
10378 LITERIE LAVAIL	45	10,000.00	2,277.47	1,859.97			4,137.44	
10379 MATELAS LAVIOLETTE INC	60	50,000.00	27,771.01	10,197.58			37,968.59	
10384 TEXTILES LETOURNEAU	30	75,000.00	10,927.29				10,927.29	
10385 MATELAS LONPOR INC	60	35,000.00	3,589.98				3,589.98	
10426 CANADEL	20	6,000.00	833.89				833.89	
10465 COUPONS PARENT INC	60	30,000.00	32,749.64				32,749.64	
10484 REMBOURAGE A.N.P.	60	50,000.00	3,266.84	1,087.10	3,549.67		7,903.61	
10502 LITERIE PROVINCIALE LITEE	60	50,000.00	1,729.11				1,729.11	
10509 AMEUBLEMENT RENAISSANC	30	50,000.00	14,114.15				14,114.15	
10510 MATELAS RIENE INC	60	50,000.00	2,826.31				2,826.31	
10521 REMB LOUIS ROUSSEAU INC	60	50,000.00	21,840.31				21,840.31	
10545 SEAWAY PLASTICS LITEE	60	35,000.00	15,489.67	10,069.50			25,559.17	
10547 SERV. CORR. DU CANADA	60	20,000.00	6,278.42				6,278.42	
10570 SPORT MASKA INC	60	5,000.00	344.24				344.24	
10585 TRANS-CANADA INDUSTRIES	18	5,000.00	1,249.33				1,249.33	
10787 FUTON 7TH HEAVEN UTOPIA	60	5,000.00	16,075.15				16,075.15	
10788 GROUPE GIBO INC	60	45,000.00	284.40	1,590.27	1,845.67		3,720.34	
10848 PRINCESSE	60	4,000.00	5739.35	2,745.13			8,484.48	
10854 2 D TEXTILES ENRG	60	40,000.00		9,850.31			9,850.31	
11049 LITERIE SEDUCTION INC	60	15,000.00						
11150 PROFOM INC	60	27,000.00						
11155 JARDIN DE VILLE INC	20	2,000.00						
11197 WISMA INC	45	100,000.00	628.81				628.81	
11209 REMI CARRIER INC	60	25,000.00	12,823.03	683.09			13,506.12	
11270 PROUJARD INC	60	85,000.00	1,116.72				1,116.72	
11272 INTER-CONFORT	60	25,000.00	31,497.06				31,497.06	
11276 STEERS GROUP LIMITED	30	60,000.00	1,034.89	(382.71)			652.18	
11289 MATELAS SIESTA	75	35,000.00	5,017.77	5,129.93			10,147.70	
11415 ROCKLAND TEXTILES INC	60	30,000.00	9,312.23	1,692.38			11,004.61	
11457 MATELAS BRESTIGE	18	75,000.00	13,145.75				13,145.75	
11558 QUATRO TECHNOLOGIES INC	45	10,000.00	3,121.23	525.28			3,646.51	
11577 ARTOPEX PLUS INC	30	35,000.00	4,979.82				4,979.82	
11580 FUTON DESIGN	60	20,000.00	442.19		47.71		489.90	

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Consolidated

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Date: Jan 31, 2012

10005 ELFRAN	15 \$	500,000.00	\$	303,739.87	\$	58,647.92	\$	11,242.99	\$	340,427.79	\$	350,000.00
10374 SYLCO INC.	75 \$	55,000.00	\$	19,183.82	\$	1,058.44	\$	410.29	\$	32,216.28	\$	50,000.00
10987 LITERIE DRUMMOND LTEE	80 \$	30,000.00	\$	55,738.28	\$	1,179.99	\$	410.29	\$	7,815.54	\$	14,000.00
10551 GESCO LTR PARTNERSHIP	80 \$	600,000.00	\$	2,655.58	\$	—	\$	—	\$	55,738.28	\$	20,000.00
11164 D & R FOAM	80 \$	175,000.00	\$	6,706.11	\$	(2,708.26)	\$	—	\$	(53,568)	\$	75,000.00
11389 SIEGES DUCHARME INTERNA	75 \$	150,000.00	\$	935.43	\$	9,389.14	\$	7,555.01	\$	190,515.23	\$	75,000.00
11421 LES MEUBLES VANTAGE 1000	80 \$	98,000.00	\$	30,800.74	\$	8,702.70	\$	5,895.18	\$	15,283.31	\$	25,000.00
11924 MATELAS DOR 8053-9834-OC	75 \$	200,000.00	\$	8,923.90	\$	31,178.08	\$	73,739.94	\$	213,661.29	\$	200,000.00
12301 L DAVIS TEXTILES (1991) INC	75 \$	25,000.00	\$	429,743.23	\$	3,744.15	\$	—	\$	13,688.05	\$	35,000.00
SUBTOTAL CDN Insured	\$	1,770,000.00	\$	429,743.23	\$	89,192.73	\$	99,933.41	\$	758,862.09	\$	884,000.00
10413 MATELAS MARTIN	90 \$	375,000.00	\$	42,935.08	\$	19,370.35	\$	55,168.67	\$	163,655.36	\$	80,000.00
10585 SUBAR	80 \$	325,000.00	\$	55,239.52	\$	32,889.35	\$	83,618.94	\$	67,225.28	\$	75,000.00
11477 TISSUS MORICQ INC.	80 \$	150,000.00	\$	80,746.69	\$	25,409.83	\$	24,863.69	\$	89,437.38	\$	100,000.00
11865 BOZANTO INC.	90 \$	400,000.00	\$	189,746.63	\$	112,323.29	\$	117,018.61	\$	377,695.82	\$	25,000.00
SUBTOTAL CDN Insured Nat 90	\$	1,250,000.00	\$	267,871.89	\$	189,982.90	\$	262,265.81	\$	841,634.56	\$	280,000.00
SUBTOTAL GANNA COUNT	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
TOTAL GROSS	\$	1,933,246.66	\$	649,552.12	\$	454,083.62	\$	307,788.37	\$	3,344,670.83	\$	—
TOTAL OFFER	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
SUBTOTAL CDN	\$	741,390.92	\$	222,249.23	\$	55,968.24	\$	9,125.14	\$	1,026,242.23	\$	—
SUBTOTAL CDN Insured	\$	257,845.94	\$	53,491.64	\$	59,360.05	\$	84,631.63	\$	455,329.25	\$	—
SUBTOTAL CDN Insured Nat 90	\$	160,603.19	\$	119,889.74	\$	157,721.89	\$	72,665.98	\$	504,980.74	\$	—
SUBTOTAL GANNA COUNT	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
TOTAL OFFER	\$	1,159,948.00	\$	389,731.31	\$	272,450.17	\$	166,422.75	\$	1,988,652.22	\$	—
11182 VALLE FOAM INDUSTRIES INC	45 \$	1,750,000.00	\$	263,895.10	\$	—	\$	334.27	\$	254,229.37	\$	—
12102 A-Z SPONGE & FOAM	80 \$	125,000.00	\$	87,028.48	\$	19,870.53	\$	30,276.59	\$	71,175.61	\$	—

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Consolidated

AGED ACCOUNTS RECEIVABLE  
DOMFCAM 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	2,030,365.00	\$ 556,732.35	\$ 76,213.67	\$ -	\$ -	\$ 632,946.02
U12164 OTIS BED MANUFACTURING C	60	406,065.00	\$ 20,679.01	\$ 59,559.58	\$ 874.95	\$ -	\$ 80,113.54
U12171 FRANKLIN AUGUST TRADING	90	7,089.00	\$ 7,179.44	\$ 1,229.19	\$ -	\$ -	\$ 8,408.63
U12183 FOAM FACTORY INC.	60	9,862.00	\$ -	\$ 236.00	\$ -	\$ -	\$ 236.00
U12184 GREAT NORTHERN ASSOCIAT	60	159,172.00	\$ 12,578.70	\$ -	\$ -	\$ -	\$ 12,578.70
U12187 QUINN DISTRIBUTORS	90	49,810.00	\$ 12,428.70	\$ -	\$ -	\$ -	\$ 12,428.70
U12188 KRAUS USA INC.	45	73,984.00	\$ 17,757.90	\$ -	\$ -	\$ -	\$ 17,757.90
U12189 LATEX INTERNATIONAL	30	10,000.00	\$ 150.10	\$ -	\$ -	\$ -	\$ 150.10
SUB TOTAL USD		\$ 2,545,767.00	\$ 627,835.60	\$ 138,590.56	\$ 1,110.95	\$ -	\$ 767,537.11
U11428 NRF DISTRIBUTORS INC.	30	256,410.00	\$ 11,418.86	\$ -	\$ -	\$ -	\$ 11,418.86
SUB TOTAL USD Insured		\$ 256,410.00	\$ 11,418.86	\$ -	\$ -	\$ -	\$ 11,418.86
U12129 WCM INC.	90	1,390,671.00	\$ 168,733.64	\$ 160,191.76	\$ 178,981.87	\$ 36,247.43	\$ 544,154.40
SUB TOTAL USD Insured Net 90		\$ 1,390,671.00	\$ 168,733.64	\$ 160,191.76	\$ 178,981.87	\$ 36,247.43	\$ 544,154.40
SUB TOTAL SANNIA COUNT							
TOTAL GROSS			\$ 807,989.10	\$ 298,882.32	\$ 180,092.52	\$ 36,247.43	\$ 1,321,211.37
TOTAL OFFER			\$ 219,742.81	\$ 47,841.70	\$ 989.83	\$ -	\$ 267,974.34
SUB TOTAL USD			\$ 3,996.60	\$ -	\$ -	\$ -	\$ 3,996.60
SUB TOTAL USD Insured			\$ 59,056.77	\$ 62,643.55	\$ 12,686.60	\$ -	\$ 134,386.92
SUB TOTAL SANNIA COUNT			\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OFFER			\$ 282,799.19	\$ 109,608.81	\$ 63,032.38	\$ 12,686.60	\$ 462,423.98
USD CONVERTED TO CDN			\$ 607,989.10	\$ 298,882.32	\$ 180,092.52	\$ 36,247.43	\$ 1,321,211.37
EXCHANGE RATE Jan 31, 2012							\$ 462,423.98
TOTAL CDN GROSS							\$ 1,321,211.37
TOTAL CDN OFFER							\$ 462,423.98

12

Dated Jan 31, 2012.

AGED ACCOUNTS RECEIVABLE  
POMFOAM 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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>3,901,639.88</b>	<b>1,769,646.76</b>	<b>\$ -</b>	<b>5,671,286.64</b>

VALLEFOAM INDUSTRIES INC.  
A-Z SPONGE & FOAM

MISC: EXCHANGE RATE

TOTAL GROSS

\$ 5,996,691.62

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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>(556,969.05)</b>	<b>(448,435.39)</b>	<b>\$ -</b>	<b>(1,005,404.44)</b>

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 GANNA COUNT	-	-	\$ -	-
<b>TOTAL GROSS</b>	<b>3,344,670.83</b>	<b>1,321,211.37</b>	<b>\$ -</b>	<b>4,665,882.20</b>

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

OFFER

Amount Before Rebates (AR)	CDN	USD	USD to CDN	Total
SUB TOTAL	1 201 857,89	423 656,61		1 625 014,50
SUB TOTAL Insured	609 271,60	5 265,72		614 537,31
SUB TOTAL Insured Net 90	511 327,39	190 454,04		701 781,43
SUB TOTAL GANNA COUNT				
TOTAL OFFER	2 321 956,87	619 376,37		2 941 333,24

Rebate Amount (Rebates)	CDN	USD	USD to CDN	Total
SUB TOTAL	(173 115,66)	(155 683,27)		(328 798,93)
SUB TOTAL Insured	(153 942,34)	(1 269,11)		(155 211,46)
SUB TOTAL Insured Net 90	(6 346,65)			(6 346,65)
SUB TOTAL GANNA COUNT				
TOTAL OFFER	(333 404,65)	(155 952,39)		(490 357,04)

Combined Amount (Combined)	CDN	USD	USD to CDN	Total
SUB TOTAL	1 028 242,23	267 973,34		1 296 215,57
SUB TOTAL Insured	455 329,25	3 996,60		459 325,86
SUB TOTAL Insured Net 90	504 980,74	190 454,04		695 434,78
SUB TOTAL GANNA COUNT				
TOTAL OFFER	1 988 552,22	462 423,98		2 450 976,20

(14)



Schedule 2.9(B)  
Purchased Inventories

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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*

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Section 2

Calculation of the Purchase Price attributed to the Purchased Inventories

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

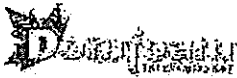
Schedule 2.9(B) - Section 1			
		SEC.	January 11, 2012
		RAW MATERIAL	
SCRAP		1	155 026
FILM		2	52 547
UNDERLAY TUBING		3	36 551
NON CHEMICALS		5	26 656
BONDED CHEMICAL		6	7 354
CHEMICALS (MAJORS)		7	810 266 (1)
OTHERS		8	86 756
SMALL CHEMICALS		9	505 644 (1)
POLYESTER FIBRE			0
		sub total:	1 680 800
			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
			1 189 556
TOTAL R;M & W. IN P.		total:	2 870 356
			2 870 356
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	BLOCKS	3	13 286
SECTION 4	BUN ENDS	4	1 827
SECTION 5	COMMANDES/etoc	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 31, 2012	Purchase Price offered	
<b>RAW MATERIAL</b>				
SCRAP	.1	155 026	109 190	727,930 lbs @ .15/lb.
FILM	2	52 547		
UNDERLAY TUBING	3	36 551		
NON CHEMICALS	5	26 656	7 666	See note 2 below
BONDED CHEMICAL	6	7 354		
CHEMICALS (MAJORS)	7	810 266	204 168	See notes 1 & 2 below
OTHERS	8	36 756		
SMALL CHEMICALS	9	505 644	252 822	See note 2 below
POLYESTER FIBRE		0		
	sub total:	1 680 800		
		1 680 800		
<b>WORK IN PROCESS</b>				
BONDED BLOCKS (square)	11	10 372		
BONDED BUNS (round)	12	0		
SQUARE BLOCK / ETHER BLOCKS	13	1 010 428	303 128	30%
ROUND ETHER BUNS	14	25 374	7 612	30%
ROUND ETHER UNDERLAY BUNS	15	0		
POLY ETHER BUNS	16	143 382	43 015	30%
	sub total:	1 189 556		
		1 189 556		
<b>TOTAL R.M. &amp; W. IN P.</b>	<b>total:</b>	<b>2 870 356</b>		
		2 870 356		
<b>FINISHED GOODS</b>				
BONDED UNDERLAY	17	0		30%
SHIPPING INVENTORY (GOODS)	18,23	113 574		See note 3 below
	sub total:	113 574		
		113 574		
<b>TOTAL INVENTORY</b>	<b>TOTAL:</b>	<b>2 983 930</b>		
		2 983 930		
<b>SECTION 4 SUPPLIES</b>				
SECTION 1	SUPPLIES	1	33 407	
SECTION 2	FIBER	2	3 763	
SECTION 3	BLOCKS	3	13 286	30%
SECTION 4	BUN ENDS	4	1 827	
SECTION 5	COMMANDERS/steel	5	19 798	
<b>TOTAL INVENTORY</b>	<b>TOTAL:</b>	<b>72 081</b>		
		72 081		
Add purchase of uncounted items with no specific price above.				
			20 000	
<b>OVERALL VALUE</b>		<b>3 056 011</b>	<b>946 586</b>	

\*\* Designates counted inventory

<b>Note 1</b>			
Total Chemical in inventory			810 266
less TOI in Inv (value \$0.00)	93313 lbs @ 1.39/lb		129 705
Remaining inventory			680 561
	Value at 30%		204 168
<b>Note 2</b>			
The inventory regarding those items have been evaluated as of January 31, 2012.			
<b>Note 3</b>			
The Purchaser shall pay 100% of the latex based on the cost presented on page 107 of the document "Equipment and Inventory" posted on February 14, 2012 in the Data Room. (see attachment) and the final count of latex as of the Closing Date.			



Sauf sur indication contraire, tout le matériel compte 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

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*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		
<b>TOTAL REBATES AVAILABLE</b>	\$	<b>1,039,991.84</b>		

GROSS REBATES APPLIED

	CDN	USD	USD to CDN	Total
SUB TOTAL	\$ (289,820.73)	\$ (444,806.35)	\$ -	\$ (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	\$ -	\$ -	\$ -	\$ -
<b>TOTAL GROSS</b>	\$ (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	\$581.27
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	\$66,036.80
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

U:\2011-01-27 REBATES OUTSTANDING DOMFOAM.xls

Schedule 4.1(c)  
Confidentiality Agreement

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*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., Valle 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.

Suppressed of

Suppressed who give

Suppressed ed

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;

Supplement of any or all persons set out on this said list.

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;

Supplement

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.

Supplies written

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.

Suppressed 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

Supprimé:  
Supprimé:  
Supprimé:  
Supprimé:  
Supprimé:  
Supprimé:

(b) the Interested Party at:

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

Attention: Frank L. Gattlinger  
Telephone No. 514-341-8600  
Facsimile No. 514-340-1389

Supprimé:  
Supprimé:  
Supprimé: Québec  
Supprimé:  
Supprimé:  
Supprimé:

With copy to:

Laurie Perron Lambert Vincent  
430 Saint-Laurent 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.

Supprimé: Québec

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:

*[Signature]*  
J. ROSENBLATT

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

[ MW 320



Père: \_\_\_\_\_

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 Vallé 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.  
 Wynlec contour saw c/w infeed and outfeed conveyors  
 Convoluter - Edge Saw 88" capacity  
 Carrousel (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

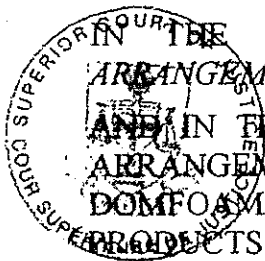
Foam shredding line c/w blower  
 floor scale  
 Laminator unwind set-up  
 Laminator heating system  
 Underlay sealer  
 Web align unit  
 Air compressor  
 H.P. boiler 50 HP

Dismantle, transport and reassemble at Domfoam



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 16<sup>th</sup> DAY  
 )  
JUSTICE BROWN ) OF MARCH, 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")

**SALE APPROVAL AND VESTING ORDER  
(re Domfoam International Inc.)**

**THIS MOTION**, made by the Applicants for an Order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between Domfoam International Inc. (the "Debtor") and 4037057 Canada Inc. (the "Purchaser") dated March 8, 2012 and Confidential Supplement to the Third Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor (the "Monitor"), dated March 13, 2012 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Tony Vallecoccia sworn March 13, 2012, and the exhibits thereto, the Report dated March 13, 2012, and the Confidential Supplement attached thereto, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Victoria Stewart sworn March 13, 2012, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the Debtor may deem necessary. The Debtor and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, or such related entity as it may direct, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims (direct, indirect, absolute or contingent), assignments, judgments, executions, writs of seizure and sale, options, adverse claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the

Honourable Justice Newbould dated January 12, 2012; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) the Claims (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed in the Sale Agreement) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor and the Monitor are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal

information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

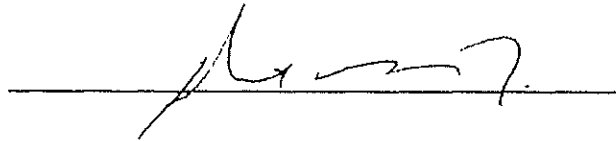
the vesting of the Purchased Assets in the Purchaser, as well as the execution of all agreements pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act (Canada)* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act (Ontario)*.




8. **THIS COURT ORDERS** that the Debtor is authorized and directed to change its corporation name from Domfoam International Inc. in order to complete the Transaction, if necessary.

9. **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 Debtor and the Monitor and its 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 Debtor and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Debtor and the Monitor and its agents in carrying out the terms of this Order.

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

#1863901 | 4079509

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

MAR 16 2012 

**Schedule A – Form of Monitor’s Certificate**

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”)

**MONITOR’S CERTIFICATE****RECITALS**

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (the “Court”) dated January 12, 2012, Deloitte & Touche Inc. (the “Monitor”) was appointed to monitor the business and financial affairs of Domfoam International Inc. (the “Debtor”).

B. Pursuant to an Order of the Court dated March 16, 2012, the Court approved the asset purchase agreement made as of March 8, 2012 (the “Sale Agreement”) between the Debtor and 4037057 Canada Inc. (the “Purchaser”) and provided for the vesting in the Purchaser, or such related entity as it may direct, of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Debtor or Monitor to the Purchaser of a certificate confirming (i) the payment by the

Purchaser of the Purchase Price for the Purchased Assets, save and except for the Holdback; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) save and except for the Holdback and the settlement of the Purchase Price as per Section 2.10 of the Sale Agreement, the Transaction has been completed to the satisfaction of the Debtor and the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE MONITOR CERTIFIES** the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement, save and except for the Holdback;
2. The conditions to Closing of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. Save and except for the Holdback and the settlement of the Purchase Price as per Section 2.10 of the Sale Agreement, the Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on \_\_\_\_\_ 2012.

**Deloitte & Touche Inc., in its capacity  
as Court-appointed monitor of the  
Applicants, and not in its personal  
capacity**

Per: \_\_\_\_\_

Name:

Title:

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

**APPROVAL & VESTING ORDER  
(re Domfoam International Inc.)**

**MINDEN GROSS LLP**

145 King Street West, Suite 2200  
Toronto ON M5H 4G2

**Raymond M. Slattery** (LSUC #20479L)  
416-369-4149

[rslattery@mindengross.com](mailto:rslattery@mindengross.com)

**David T. Ullmann** (LSUC #423571)  
416-369-4148

[dullmann@mindengross.com](mailto:dullmann@mindengross.com)

**Sepideh Nassabi** (LSUC #60139B)  
416-369-4323

[snassabi@mindengross.com](mailto:snassabi@mindengross.com)  
416-864-9223 fax

Lawyers for the Applicants

**ASSIGNMENT AGREEMENT** effective as of the Closing Date.

**AMONG:** 4037057 CANADA INC., corporation duly incorporated, having its head office at 8600 Decarie Blvd., Suite 200, Town of Mont-Royal, in the Province of Québec, H4P 2N2, herein represented by Terry Pomerantz, its President, duly authorized has he so declares;

Hereinafter called (the "Assignor")

**AND:** 8032858 CANADA INC., corporation duly incorporated, having its head office at 8600 Decarie Blvd., Suite 200, Town of Mont-Royal, in the Province of Québec, H4P 2N2, herein represented by Terry Pomerantz, its President, duly authorized has he so declares;

Hereinafter called (the "Assignee")

**AND:** DOMFOAM INTERNATIONAL INC., a corporation duly incorporated, having its head office at 8785 Langelier Blvd. (Saint-Leonard), City of Montreal, herein represented by Tony Vallecoccia, its duly authorised representative;

Hereinafter called (the "Vendor")

**PREAMBLE:**

**WHEREAS :**

- the Assignor entered into an asset purchase agreement as of March 8, 2012 (the "APA") with the Vendor by which the Assignor purchased from the Vendor the Purchased Assets (as described in the APA);
- by Order of Justice Brown dated March 16, 2012 (the "Approval and Vesting Order"), the Ontario Superior Court of Justice (the "Court") approved the terms and provisions of the APA and the purchase and sale transaction provided for therein and all of the Vendor's right, title and interest, if any, in and to the Purchased Assets were vested in the Purchaser, conditional upon the filing by the Monitor of a certificate with the Court;
- the Assignor has the ability to assign the APA (as per Section 7.14 of the APA) if the assignee is a "related entity" to the Assignor within the meaning of that expression under the *Income Tax Act* (Canada). In the event of such assignment, the Assignor shall remain liable to the Vendor in respect of its obligations hereunder;
- the Assignee has agreed to take over all the obligations of the Assignor pursuant to the APA and the Assignee declares that it is a "related entity" to the Assignor within the meaning of that expression under the *Income Tax Act* (Canada);
- it is the intention of the parties that all the rights and liabilities as per the APA be assigned from the Assignor to the Assignee;

- the Vendor covenants and agrees to this Assignment Agreement;

**NOW THEREFORE** in consideration of the preamble and the mutual agreements and covenants herein contained, the parties hereto hereby covenant and agree as follows:

## 1 INTERPRETATION – DEFINED TERMS

- 1.1 *Preamble* - The preamble forms an integral part of the present Agreement.
- 1.2 *Defined terms* - Other than as defined herein, all capitalized terms shall have the meanings ascribed to them in the APA.

## 2 ASSIGNMENT AND DIRECTION

In consideration of the sum of TWO DOLLARS (\$2.00) and other valuable consideration, the receipt of which is acknowledged, the Assignor assigns and directs to the Assignee all its interest in and to the APA, including all rights of action or other rights accruing to the Assignor, or which might after this assignment takes effect or accrue to the Assignor under the APA. Notwithstanding the assignment of the APA to the Assignee, the Assignor shall remain liable to the Vendor in respect of its obligations as per the APA.

## 3 INTERVENTION

The Vendor intervenes to this Assignment Agreement to acknowledge and consent to the assignment.

## 4 GENERAL PROVISIONS

- 4.1 *Further Assurances* - Each of the parties hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the others, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Assignment Agreement.
- 4.2 *Counterparts* - This Assignment Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.
- 4.3 *Successors and Assigns* - This Assignment Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any Person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Assignment Agreement.
- 4.4 *Amendments* - No modification or amendment to this Assignment Agreement may be made unless agreed to by the parties hereto in writing.

4.5 *Governing Law* - This Assignment 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. The parties acknowledge that any disputes related to the interpretation of this Assignment Agreement (including but not limited to its interpretation or its execution) shall be sought before the Quebec Superior Court in Montreal.

5 CONFIRMATION OF THE APA

Except as otherwise provided in this Assignment Agreement, the parties confirm and reiterate all the terms and conditions contained in the APA and the parties acknowledge being bound by said terms and conditions.

6 LANGUAGE

The parties acknowledge that they have required that this Assignment Agreement and all related documents be prepared in English. / *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

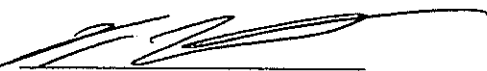
*(Signature page follows.)*



IN WITNESS WHEREOF, the parties hereto have executed the present Assignment Agreement:


SIGNED BY THE ASSIGNOR, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.

4037057 Canada Inc.

Per:   
Terry Pomerantz, President  
I have authority to bind the corporation

SIGNED BY THE ASSIGNEE, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.

8032858 Canada Inc.

Per:   
Terry Pomerantz, President  
I have authority to bind the corporation

SIGNED BY THE VENDOR, in Toronto, this 26<sup>th</sup> day of March 2012.

Domfoam International Inc.

Per: \_\_\_\_\_  
Tony Vallecoccia, President  
I have authority to bind the corporation

K\_Assignment\_of\_APA\_vExec

**IN WITNESS WHEREOF, the parties hereto have executed the present Assignment Agreement:**

**SIGNED BY THE ASSIGNOR, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.**

**4037057 Canada Inc.**

Per: \_\_\_\_\_  
Terry Pomerantz, President  
I have authority to bind the corporation

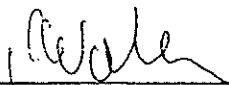
**SIGNED BY THE ASSIGNEE, in Town of Mont-Royal, this 26<sup>th</sup> day of March 2012.**

**8032858 Canada Inc.**

Per: \_\_\_\_\_  
Terry Pomerantz, President  
I have authority to bind the corporation

**SIGNED BY THE VENDOR, in Toronto, this 26<sup>th</sup> day of March 2012.**

**Domfoam International Inc.**

Per:  \_\_\_\_\_  
Tony Vallecoccia, President  
I have authority to bind the corporation

**K\_Assignment\_of\_APA\_vExec**

**Tab G**

THIS IS EXHIBIT "G" TO THE  
AFFIDAVIT OF JACQUES VINCENT  
SWORN THIS 13<sup>th</sup> DAY OF  
SEPTEMBER, 2018

*Anny Groulx*  
\_\_\_\_\_  
A/Commissioner, etc.



Anny Groulx

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

1-8/210

CHECK NUMBER: 00001733 437  
CHECK DATE: 03/21/18

*Three million seven hundred forty one thousand six hundred thirty nine and 62/100 Dollars* \*\*\*\$3,741,639.62

PAY  
TO  
THE  
ORDER  
OF

DOMFOAM INTERNATIONAL INC  
ATTM: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO MSC 3G5

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY



AUTHORIZED SIGNATURE



⑈001733⑈ ⑆021000089⑆ 6783779643⑈

**Tab H**

THIS IS EXHIBIT "H" TO THE  
AFFIDAVIT OF JACQUES VINCENT  
SWORN THIS 13<sup>th</sup> DAY OF  
SEPTEMBER, 2018

*Anny Groulx*  
A Commissioner, etc.  
Anny Groulx



**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 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**MOTION RECORD OF THE APPLICANTS**  
**(Re: Stay Extension, Returnable May 29, 2018)**

May 22, 2018

**BLANEY McMURTRY LLP**  
Barristers and Solicitors  
Suite 1500 - 2 Queen Street East  
Toronto, ON M5C 3G5

**David T. Ullmann** LSUC #42357I  
Tel: (416) 596-4289  
Fax: (416) 594-2437

**Alexandra Teodorescu** LSUC #63899D  
Tel: (416) 596-4279  
Fax: (416) 593-5437

Lawyers for the Applicants

**TO: SERVICE LIST**



# INDEX

**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

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(the "Applicants")

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**(Re: Stay Extension, Returnable May 29, 2018)**

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# TAB 1

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 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**NOTICE OF MOTION**  
**(Re: Stay Extension, Returnable May 29, 2018)**

**THE MOVING PARTIES**, 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995)) ("**Valle Foam**"), 4362063 Canada Ltd. (formerly known as Domfoam International Inc.) ("**Domfoam**"), and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**") will make a motion to a judge presiding over the Commercial List at 10:00 a.m. on May 29, 2018, or as soon thereafter as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

This motion is to be heard orally.

**THE MOTION IS FOR:**

1. an Order substantially in the form contained at Tab 3 of the Applicants' Motion Record, extending the Stay Period (as that term is defined in the Initial Order of the Honourable Mr. Justice Newbould dated January 12, 2012) to and including November 30, 2018 and approving the Monitor's report, conduct and fees; and

2. such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

3. On January 12, 2012, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("**CCAA**"), as amended pursuant to the Order of the Honourable Mr. Justice Newbould (the "**Initial Order**");
4. Deloitte & Touche Inc., now known as Deloitte Restructuring Inc., was appointed in the Initial Order to act as monitor in these CCAA proceedings ("**Monitor**");
5. As a result of the sale of assets of the Applicants, Valle Foam changed its name to 3113736 Canada Ltd., and Domfoam changed its name to 4362063 Canada Ltd. The style of cause of these proceedings was changed by the Order of Justice Brown, dated June 15, 2012 to reflect the change of names;
6. The Order of the Honourable Mr. Justice Brown, dated June 15, 2012 established a process to identify pre- and post-filing claims against the Applicants and/or their officers and directors ("**Claims Process Order**")
7. The Meeting Order was approved by the Honourable Mr. Justice Penny on September 6, 2016, accepting Domfoam's Plan of Compromise and Arrangement ("**Plan**") for filing with the Court and authorizing Domfoam to seek approval of the Plan at the meeting of the creditors ("**Creditors' Meeting**");
8. The Creditors Meeting was held on October 19, 2016;

9. The Applicants achieved the required statutory “double majority” needed to approve the Plan. Proven Creditors holding 92% in number and 99% in value voted to approve the Resolution in favour of the Plan;
10. The Plan was sanctioned by way of Order from the Honourable Mr. Justice Hainey, dated January 24, 2017;
11. The conditions precedent to Plan implementation have been satisfied or waived, and the Plan has been implemented;
12. Each of the Applicants are claimants in a U.S. class action proceeding relating to price fixing for a product known as “Polyether Polyol” (the “**US Urethane Proceeding**”). A settlement was entered into with one of the defendants in the US Urethane Proceeding, in which the defendant agreed to pay \$834 million USD for distribution to the class members, including the Applicants (“**Polyols Settlement**”);
13. On or about March 21, 2018, an initial distribution representing 85% of the total recovery from the Polyols Settlement was made to the class members, including the Applicants. A second and final tranche of money representing up to 15% is payable to the Applicants from the Polyols Settlement;
14. The Applicants may also be class members in a certified class action in Ontario relating to the price fixing of polyether polyols products purchased in Canada (“**Canadian Urethane Proceeding**”). Settlement funds are being held in trust for the benefit of the class members in the Canadian Urethane Proceeding, and a claims process will be initiated to determine distribution to the class;

15. Valle Foam continues its collection and enforcement efforts to pursue outstanding receivables;

#### **Extension of Stay Period**

16. The Initial Order granted a Stay Period until February 10, 2012;
17. The Stay Period granted under the Initial Order was subsequently extended for all of the Applicants from time to time by orders of this Honourable Court;
18. Most recently, the Stay Period was extended to May 31, 2018, by the Order of the Honourable Mr. Justice Myers, dated November 24, 2017;
19. The Applicants have been acting and continue to act in good faith and with due diligence in these CCAA proceedings;
20. It is just and convenient and in the interests of the Applicants and their stakeholders that the requested Order be granted and the Stay Period extended;
21. Although the Plan has been approved, the continuation of the stay of proceedings in the Domfoam estate is required to ensure the orderly collection and distribution of the remaining assets and settlement funds from the various class actions;
22. The proposed extension of the Stay Period is supported by the Monitor and there is no known opposition;

#### **Approval of Monitor's fees, conduct and report**

23. Following the implementation of the Plan, the Monitor made a distribution of funds on hand to the creditors in accordance with the Plan and the Orders of this Court;

497

24. the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
25. Rule 1.04, 1.05, 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, RRO 1990, Reg 194, as amended, and section 106 of the Ontario *Courts of Justice Act*, RSO 1990, c C 43, as amended; and
26. Such further and other grounds as counsel may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

27. The Affidavit of Tony Vallecoccia, sworn May 22, 2018;
28. The Eighteenth Report of the Monitor, to be filed; and
29. Such further and other material as counsel may advise and this Court may permit.

May 22, 2018

**BLANEY McMURTRY LLP**  
Barristers and Solicitors  
Suite 1500 - 2 Queen Street East  
Toronto, ON M5C 3G5

**David T. Ullmann** LSUC #42357I  
Tel: (416) 596-4289  
Fax: (416) 594-2437

**Alexandra Teodorescu** LSUC #63899D  
Tel: (416) 596-4279  
Fax: (416) 593-5437

Lawyers for the Applicants

**TO: SERVICE LIST**



# TAB 2

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 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**AFFIDAVIT OF TONY VALLECOCCIA**  
(Sworn May 22, 2018)

I, **TONY VALLECOCCIA**, of the Town of Milton, in the Regional Municipality of Halton, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President and Chief Executive Officer of 3113736 Canada Ltd., formerly known as Valle Foam Industries (1995) Inc. ("**Valle Foam**"), and of 4362063 Canada Ltd., formerly known as Domfoam International Inc. ("**Domfoam**"), and a director of Valle Foam, Domfoam and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**"), and as such have knowledge of the matters to which I hereinafter depose, except where otherwise stated.

2. To the extent that the matters deposed to in this affidavit are based on my review of documents or information and belief, I have stated the source of my information and belief and do verily believe the information to be true.

3. I swear this affidavit in support of the Applicants' motion for an Order, *inter alia*, extending the stay of proceedings for all of the Applicants to and including November 30, 2018, and approving the Eighteenth Report of the Monitor, to be filed separately.

### **Background**

4. On January 12, 2012, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended ("CCAA"), pursuant to the Order of the Honourable Mr. Justice Newbould (the "**Initial Order**").

5. Deloitte & Touche Inc., now known as Deloitte Restructuring Inc., was appointed in the Initial Order to act as monitor in these CCAA proceedings ("**Monitor**").

6. As a result of the sale of assets of the Applicants, Valle Foam changed its name to 3113736 Canada Ltd., and Domfoam changed its name to 4362063 Canada Ltd. The style of cause of these proceedings was changed by the Order of Justice Brown dated June 15, 2012 to reflect the change of names. For the purpose of this affidavit, the said Applicants will still be referred to as Valle Foam, Domfoam and A-Z Foam.

7. On September 6, 2016, the Honourable Mr. Justice Penny approved the Applicants' order seeking acceptance of Domfoam's Plan of Compromise and Arrangement, dated August 23, 2016 ("**Plan**") for filing with the Court and authorizing Domfoam to seek approval of the Plan at a meeting of the creditors ("**Meeting Order**").

8. Pursuant to the Meeting Order, the meeting of the creditors of Domfoam was held on October 19, 2016 ("**Creditors' Meeting**"). The Plan was approved by an overwhelming majority (92% in number and 99% in value) of creditors at the Creditors' Meeting.

9. The Plan was approved and sanctioned by the Honourable Mr. Justice Hainey on January 24, 2017.

10. The prerequisites to the implementation of the Plan have all now been satisfied, and, on June 23, 2017, the Monitor filed with the Court its Plan Implementation Certificate, a copy of which is attached hereto and marked as **Exhibit "A"**.

11. Following the sanction and implementation of the Plan, the Monitor has the ongoing responsibility to collect funds from the Polyols Settlement (discussed below), and to distribute those funds to creditors with proven claims under the Plan.

#### **Extension of the Stay Period**

12. The Initial Order granted a stay of proceedings ("**Stay Period**") until February 10, 2012.

13. The Stay Period granted under the Initial Order was subsequently extended from time to time by orders of the Court, the most recent being the Order of the Honourable Mr. Justice Myers, dated November 24, 2017, which extended the Stay Period to May 31, 2018.

14. The Applicants are seeking to extend the Stay Period up to and including November 30, 2018.

15. No cash flow is being provided with this affidavit as the Applicants have limited expenses and no employees. I am confident that the Applicants each have sufficient funds on hand to meet their obligations on a go forward basis for the period of the proposed extension.

16. I believe that the Applicants have acted, and continue to act, in good faith and with due diligence in pursuing the orderly wind down of Domfoam and collecting outstanding amounts

owed to Valle Foam (as explained in further detail below). I am informed by the Monitor that it supports the request to extend the Stay Period to November 30, 2018.

17. An extension of the Stay Period is required to allow the Applicants to continue collecting outstanding accounts as well as funds due under the Polyols Settlement (as defined below), and to allow the Monitor to distribute these funds to creditors with proven claims.

*Collection of the Polyols Settlement*

18. Each of the Applicants are claimants in a U.S. class action proceeding that relates to price fixing for a product known as “Polyether Polyol” (the “**US Urethane Proceeding**”).

19. There was a trial in respect of one of the defendants in the US Urethane Proceeding, the Dow Chemical Company (“**Dow**”), in which a judgment was rendered against Dow in the amount of \$1.06 billion (“**Judgment**”).

20. In March 2016, Dow withdrew its appeal of the Judgment to the United States Supreme Court and accepted a settlement under which it agreed to pay \$834 million USD, for distribution to the class members, including the Applicants (the “**Polyols Settlement**”).

21. Refund Recovery Services LLC (now known as Lex Recovery Group) (“**Lex Recovery**”) was retained as the Applicants’ exclusive agent to assist in filing the necessary documents to secure their share of the Polyols Settlement funds. Lex Recovery has filed claims with the administrator on behalf of the Applicants in accordance with the deadlines set out in the US Urethane Proceeding.

22. A distribution hearing with respect to the Polyols Settlement took place on December 19, 2017 in Kansas City, Kansas, and the Court approved the proposed distribution of the Polyols Settlement funds on that date.

23. On or about March 21, 2018, an initial distribution representing 85% of the total recovery from the Polyols Settlement was made to the creditors. The Applicants each received the following amounts from the Polyols Settlement:

- a) Valle Foam received \$5,542,999.25 USD;
- b) Domfoam received \$3,741,639.62 USD; and
- c) A-Z Foam received \$732,651.37 USD.

Attached hereto and marked as **Exhibit "B"** is a copy of the letters from US class action counsel in the US Urethane Proceeding to the Applicants enclosing the respective cheques. I am advised by my counsel, David Ullmann, that these cheques have been sent to the Monitor.

24. The Applicants are required to pay \$2,504,322.56 USD to Lex Recovery from the funds they received from the Polyols Settlement, which represents the 25% fee owing to Lex Recovery based on the retainer with the Applicants to assist and recover their claims in the US Urethane Proceeding. On May 2, 2018, counsel for the Applicants, Blaney McMurtry LLP, wrote to the Monitor enclosing the invoices for Lex Recovery. Attached hereto and marked as **Exhibit "C"** is a copy of a letter from Stephen Gaudreau of Blaney McMurtry LLP to the Monitor, dated May 2, 2018.

25. The Applicants are set to receive a second and final tranche of money up to 15% that is payable to them from the Polyols Settlement. As of the swearing of this affidavit, there is no projected final payout statement date.

26. An extension of the Stay Period is required to allow for further distributions to be made to the Applicants pursuant to the Polyols Settlement. The funds paid to Domfoam under the Polyols Settlement will be distributed to proven creditors *pro-rata* under the Plan.

### *Canadian Class Action*

27. A similar class action was initiated and certified against Dow and a number of other defendants in Ontario. The class action was certified on behalf of all persons in Canada who purchased polyether polyol products between January 1, 1999 and December 31, 2004 (“**Canadian Urethane Proceeding**”).

28. Settlements have been reached in the Canadian Urethane Proceeding with several defendants wherein the defendants agreed to pay a total of \$13.3 million. Dow agreed to contribute \$5,080,000 CDN into the settlement funds, which are being held in trust for the benefit of the class members.

29. Class counsel for the Canadian Urethane Proceeding, Siskinds LLP, intends to implement a claims process in order to determine the class members entitled to a distribution from the Canadian settlement funds. Attached hereto and marked as **Exhibit “D”** is a copy of a summary of the Canadian Urethane Proceeding from the website of class counsel, and the proposed distribution protocol.

30. The Applicants with the assistance of Lex Recovery are currently in the process of determining whether or not they are class members in the Canadian Urethane Proceeding. The Applicants hope to recover additional funds from the Canadian class action for the benefit of the creditors of the respective estates.

*Valle Foam Collection Efforts*

31. As set out in my affidavit of November 15, 2017, there were eight actions initiated by Valle Foam to collect various outstanding receivables. Judgment has now been obtained with respect to three of these actions, and Valle Foam has diligently been enforcing these judgments during the stay period. In addition, two of these actions have been settled, and one has been dismissed on consent without costs.

32. With respect to the remaining two pieces of litigation, Valle Foam continues to vigorously pursue these actions, including by conducting examinations for discovery and bringing summary judgment motions, where necessary and appropriate. The Monitor has been advised of the status of each of these actions.

33. Extending the Stay Period will provide Valle Foam with the breathing room required to continue pursuing its collection and enforcement efforts.

*A-Z Foam*


34. Although the business of A-Z Foam has been ceased for several years at this point in time, it is an affiliated entity of the Applicants, and the continuation of the stay is convenient as there remain amounts to collect from the Polyols Settlement and inter-company accounting to be resolved.



35. No one has at any time during the CCAA Proceedings objected to the continuation of the stay with respect to A-Z Foam, and I am not aware of any objections at this time.

36. I swear this affidavit in support of the Applicants' motion for an Order, *inter alia*, extending the Stay Period to and including November 30, 2018, and for no improper purpose.

SWORN before me at the Town of  
Milton in the Province of Ontario, this  
22<sup>nd</sup> day of May, 2018

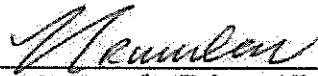
  
\_\_\_\_\_  
Natasha Rambaran )  
(A commissioner for taking affidavits) )  
)

  
\_\_\_\_\_  
TONY VALLECOCCIA

**Natasha Devi Rambaran, a Commissioner,  
etc., Province of Ontario,  
while a Student-at-Law,  
Expires April 17, 2021.**

# EXHIBIT A

This is Exhibit "A" referred to in the Affidavit of Tony Vallecoccia  
sworn on the 22<sup>nd</sup> day of May, 2018.



---

*Commissioner for Taking Affidavits (or as may be)*

Natasha Rambaran

**Natasha Devi Rambaran, a Commissioner,  
etc., Province of Ontario,  
while a Student-at-Law,  
Expires April 17, 2021.**

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 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

Plan Implementation Certificate

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan of Compromise and Arrangement concerning, affecting and involving 4362063 Canada Ltd., formerly known as Domfoam International Inc. ("Domfoam") dated August 23, 2016 (as amended, varied or supplemented from time to time in accordance with the terms thereof, and together with all schedules thereto, the "Plan"), which Plan is attached as Schedule "A" to the Order of the Honourable Justice Hainey made in these proceedings on January 24, 2017 (the "Sanction Order").

Pursuant to section 7.1 of the Plan and paragraph 8 of the Sanction Order, Deloitte Restructuring Inc., in its capacity as the Court-appointed monitor of the Applicants (the "Monitor") delivers this certificate and hereby certifies that:

1. The conditions precedent set out in section 7.1 of the Plan have been satisfied or waived, as applicable.

2. Pursuant to the terms of the Plan, upon the filing of this Plan Implementation Certificate with the Court, the Plan Implementation Date shall occur and the Plan shall become effective.
3. This Plan Implementation Certificate will be filed with the Court.

DATED at the City of Toronto, in the Province of Ontario, this 23rd day of June, 2017.

**DELOITTE RESTRUCTURING INC.**, in its capacity as the Court-appointed Monitor of the Applicants, and not in its personal capacity

Per: 

Name: Catherine Hristow

Title: Vice President - Financial Advisory -  
Reorganization Services

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 3113736 CANADA LTD., 4362063 CANADA LTD., 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

**Plan Implementation Certificate**

**Thornton Grout Finnigan LLP**  
Barristers & Solicitors  
Suite 3200, TD West Tower  
100 Wellington Street West  
P.O. Box 329, Toronto-Dominion Centre  
Toronto, ON M5K 1K7  
Tel: (416) 304-1616  
Fax: (416) 304-1313

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Email: [gmoffat@tgf.ca](mailto:gmoffat@tgf.ca)

Lawyers for the Monitor, Deloitte Restructuring Inc.

# EXHIBIT B

This is Exhibit "B" referred to in the Affidavit of Tony Vallecoccia  
sworn on the 22<sup>nd</sup> day of May, 2018.



---

*Commissioner for Taking Affidavits (or as may be)*

**Natasha Rambaran**

**Natasha Devi Rambaran, a Commissioner,  
etc., Province of Ontario,  
while a Student-at-Law,  
Expires April 17, 2021.**



**FINE, KAPLAN AND BLACK, R.P.C.**

ATTORNEYS AT LAW

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ARTHUR M. KAPLAN  
MATTHEW DUNCAN  
ELISE E. SINGER  
ROBERT A. LARSEN  
JOSEPH J. BORGIA  
OF COUNSEL

AARON M. FINE  
1923-2013

March 21, 2018

To: Members of the Class in the Urethane Antitrust Litigation

From: The Urethane Litigation Team

Enclosed please find your initial distribution from the \$835 million settlement with The Dow Chemical Company. This distribution represents approximately 85% of your total recovery from this settlement.

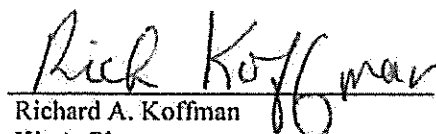
It has been our pleasure to represent the class over the last 13+ years, and we are gratified that we were able to successfully conclude the litigation on your behalf.

If you have any questions, do not hesitate to contact us.



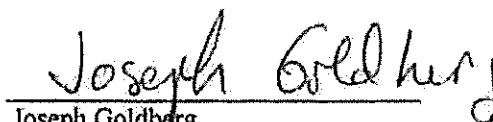
Donald L. Perelman  
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Gerard A. Dever  
Paul Costa  
Matthew Duncan  
Nancy M. Blakeslee, Paralegal  
Allyson L. Katzman, Paralegal  
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Laura M. Alexander  
Cohen Milstein Sellers & Toll, PLLC  
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Co-Lead Counsel



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20 First Plaza Suite 700  
Albuquerque, NM 87102

Lead Trial Counsel



Urethane Antitrust Litigation  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Claim Number: 00000621<sup>515</sup>  
Check Number: 00001728  
Check Date: 03/21/18  
Check Amount: \$5,542,999.25

VALLE FOAM  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTRY, LLP,  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO MSC 3G5 CANADA

Ref No.: 7364

Dear Class Member:

This check represents your initial payment from the **Dow Settlement** fund in the Urethane Antitrust Litigation – Polyether Polyol Cases. This payment is based on the Claim Form(s) you filed in connection with the Dow Settlement and represents 85% of your Recognized Loss as calculated in accordance with the Court-approved Plan of Allocation. This distribution is being made in accordance with the Court's December 19, 2017 Order Approving Distribution from the Dow Settlement Fund.

We cannot provide individual tax advice. The tax treatment of distributions from the Dow Settlement Fund is the responsibility of each recipient. You should consult your tax advisor to determine the tax consequences, if any, of this distribution to you.

**Please cash this check promptly as it becomes void and subject to re-distribution 90 days after the date of issue.** If you have changed your address from the address on the accompanying check or if you have any questions, you may contact the Settlement Administrator by phone toll-free at 1-877-741-1226, by email at [questions@polyetherpolyolsettlement.com](mailto:questions@polyetherpolyolsettlement.com), or by mail at:

*Urethane Antitrust Litigation*  
c/o GCG  
P.O. Box 10223  
Dublin, OH 43017-5723

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

516

1-8/210

CHECK NUMBER: 00001728  
CHECK DATE: 03/21/18

Five million five hundred forty two thousand nine hundred ninety nine and 25/100 Dollars

\*\*\*\$5,542,999.25

PAY  
TO  
THE  
ORDER  
OF

VALLE FOAM  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTRY, LLP,  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5 CANADA

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY



AUTHORIZED SIGNATURE

⑈001728⑈ ⑆021000089⑆ 6783779643⑈



Urethane Antitrust Litigation  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

517 20

Claim Number: 01007018  
Check Number: 00001733  
Check Date: 03/21/18  
Check Amount: \$3,741,639.62

DOMFOAM INTERNATIONAL INC  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5

Ref No.: 3468

Dear Class Member:

This check represents your initial payment from the **Dow Settlement** fund in the Urethane Antitrust Litigation – Polyether Polyol Cases. This payment is based on the Claim Form(s) you filed in connection with the Dow Settlement and represents 85% of your Recognized Loss as calculated in accordance with the Court-approved Plan of Allocation. This distribution is being made in accordance with the Court's December 19, 2017 Order Approving Distribution from the Dow Settlement Fund.

We cannot provide individual tax advice. The tax treatment of distributions from the Dow Settlement Fund is the responsibility of each recipient. You should consult your tax advisor to determine the tax consequences, if any, of this distribution to you.

**Please cash this check promptly as it becomes void and subject to re-distribution 90 days after the date of issue.** If you have changed your address from the address on the accompanying check or if you have any questions, you may contact the Settlement Administrator by phone toll-free at 1-877-741-1226, by email at [questions@polyetherpolyolsettlement.com](mailto:questions@polyetherpolyolsettlement.com), or by mail at:

*Urethane Antitrust Litigation*  
c/o GCG  
P.O. Box 10223  
Dublin, OH 43017-5723

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

518

1-8/210

CHECK NUMBER: 00001733  
CHECK DATE: 03/21/18

Three million seven hundred forty one thousand six hundred thirty nine and 62/100 Dollars

\*\*\*\$3,741,639.62

PAY  
TO  
THE  
ORDER  
OF

DOMFOAM INTERNATIONAL INC  
ATTM: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO MSC 3G5

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY



AUTHORIZED SIGNATURE



⑈001733⑈ ⑆021000089⑆ 6783779643⑈



Urethane Antitrust Litigation  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

519<sup>22</sup>

Claim Number: 01008517  
Check Number: 00001736  
Check Date: 03/21/18  
Check Amount: \$732,651.37

A - Z SPONGE & FOAM PRODUCTS LTD  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO MSC 3G5 CANADA

Ref No.: 1935

Dear Class Member:

This check represents your initial payment from the **Dow Settlement** fund in the Urethane Antitrust Litigation – Polyether Polyol Cases. This payment is based on the Claim Form(s) you filed in connection with the Dow Settlement and represents 85% of your Recognized Loss as calculated in accordance with the Court-approved Plan of Allocation. This distribution is being made in accordance with the Court's December 19, 2017 Order Approving Distribution from the Dow Settlement Fund.

We cannot provide individual tax advice. The tax treatment of distributions from the Dow Settlement Fund is the responsibility of each recipient. You should consult your tax advisor to determine the tax consequences, if any, of this distribution to you.

**Please cash this check promptly as it becomes void and subject to re-distribution 90 days after the date of issue.** If you have changed your address from the address on the accompanying check or if you have any questions, you may contact the Settlement Administrator by phone toll-free at 1-877-741-1226, by email at [questions@polyetherpolyolsettlement.com](mailto:questions@polyetherpolyolsettlement.com), or by mail at:

*Urethane Antitrust Litigation*  
c/o GCG  
P.O. Box 10223  
Dublin, OH 43017-5723

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

520

23

1-8/210

CHECK NUMBER: 00001736  
CHECK DATE: 03/21/18

Seven hundred thirty two thousand six hundred fifty one and 37/100 Dollars

\*\*\*\*\$732,651.37

PAY  
TO  
THE  
ORDER  
OF

A - Z SPONGE & FOAM PRODUCTS LTD  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5 CANADA

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY



AUTHORIZED SIGNATURE



⑈001736⑈ ⑆021000089⑆ 6783779643⑈

# EXHIBIT C



This is Exhibit "C" referred to in the Affidavit of Tony Vallecoccia  
sworn on the 22<sup>nd</sup> day of May, 2018.



---

*Commissioner for Taking Affidavits (or as may be)*

**Natasha Rambaran**

**Natasha Devi Rambaran, a Commissioner,  
etc., Province of Ontario,  
while a Student-at-Law,  
Expires April 17, 2021.**

Stephen Gaudreau

D: 416-596-4285 F: 416-594-3594  
sgaudreau@blaney.com

May 2, 2018

**VIA EMAIL**

Catherine Hristow  
Deloitte  
8 Adelaide Street West, Suite 200  
Toronto, Ontario, Canada M5H 0A9

Dear Ms. Hristow:

**Re: Payments by Dom-Foam International Inc., Valle Foam, and A-Z Sponge & Foam Products Inc. (the "Companies") to Lex Group LLC arising from Urethane Polyether Polyol Antitrust Litigation settlement (the "US Urethane Proceedings")**

We are writing with respect to the amounts due and owing to Lex Group LLC ("Lex Group") arising from its retainer with the Companies to assist and recover their claims in the US Urethane Proceedings (the "Retainer"). As a reminder, Lex Group's fee is equal to 25% of all funds paid to the Companies pursuant to the US Urethane Proceedings. The Companies were recently paid a total of \$USD 10,017,290.20 pursuant to settlements reached in the US Urethane Proceedings.

As a result, the Lex Group has delivered invoices to each of the Companies totalling \$USD 2,504,322.56 (being its 25% fee pursuant to the Retainer):

- Invoice #916 to Dom-Foam International Inc. in the amount \$USD 935,409.91;
- Invoice #920 to Valle Form in the amount of \$USD 1,385,749.81; and,
- Invoice #918 to A-Z Sponge & Foam Products Ltd. in the amount of \$USD 183,162.84.

Copies of the invoices are enclosed with this letter.

By way of brief background, the Retainer was originally with Lex Group's wholly owned subsidiary Refund Recovery Service LLC, which was then assumed by the Lex Group. The Valle Foam portion of that retainer was then assigned to the Enterprise Law Group. It is our understanding that by way of agreement between Lex Group and the Enterprise Law Group, all funds payable pursuant to the Retainer are to be paid to the Lex Group. In the past, the Companies have paid Lex Group its 25% fee pursuant to previous settlements in the US Urethane Proceedings. Lex Group's retainer was referenced and approved at paragraphs 38-41 of the Monitor's Seventh Report executed July 12, 2013.

We trust that the information provided is sufficient to provide your authorization to release the Funds to Lex Group.

However, should you require further information, please do not hesitate to contact myself or CJ Kishish, President and General Counsel at Lex Group. Mr. Kishish can be reached at 952.224.2152 or [ckishish@kishishlaw.com](mailto:ckishish@kishishlaw.com).

We look forward to your authorization to release the Funds.

Yours very truly,

**Blaney McMurtry LLP**



Stephen Gaudreau

SG/sg

Enclosures.

cc: David Ullmann, Grant Moffat

525

26

# Invoice

Lex Acquisition Group, LLC

1555 Southcross Drive West  
Burnsville, MN 55306

Date	Invoice #
4/5/2018	916

<b>Bill To</b>
Dom-Foam International Inc

Terms	Due Date
	4/5/2018

Description	Amount
25% settlement fee - Polyurethane Polyether Polyols ("Dow verdict")	935,409.91

<b>Total</b>	\$935,409.91
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$935,409.91

526

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

1-8210

CHECK NUMBER: 00001733  
CHECK DATE: 03/21/18

*Three million seven hundred forty one thousand six hundred thirty nine and 62/100 Dollars* \*\*\*\$3,741,639.62

PAY  
TO  
THE  
ORDER  
OF

DOMFOAM INTERNATIONAL INC  
ATTM: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
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BY

AUTHORIZED SIGNATURE



MP

⑈001733⑈ ⑆021000089⑆ 6783779643⑈

# 527 Invoice

Lex Acquisition Group, LLC

1555 Southcross Drive West  
Burnsville, MN 55306

Date	Invoice #
4/5/2018	920

<b>Bill To</b>
Valle Foam

Terms	Due Date
	4/5/2018

Description	Amount
25% settlement fee - Polyurethane Polyether Polyols ("Dow verdict")	1,385,749.81
<b>Total</b> \$1,385,749.81	
<b>Payments/Credits</b> \$0.00	
<b>Balance Due</b> \$1,385,749.81	

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

1-8210

CHECK NUMBER: 00001728  
CHECK DATE: 03/21/18

*Five million five hundred forty two thousand nine hundred ninety nine and 25/100 Dollars* \*\*\*\*\$5,542,999.25

PAY  
TO  
THE  
ORDER  
OF

VALLE FOAM  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTRY, LLP,  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5 CANADA

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY   
AUTHORIZED SIGNATURE



⑈001728⑈ ⑆021000089⑆ 6783779643⑈

529

# Invoice

Lex Acquisition Group, LLC

1555 Southcross Drive West  
Burnsville, MN 55306

Date	Invoice #
4/5/2018	918

<b>Bill To</b>
A-Z Sponge & Foam Products Ltd

Terms	Due Date
	4/5/2018

Description	Amount						
25% settlement fee - Polyurethane Polyether Polyols ("Dow verdict")	183,162.84						
<table border="1" style="width: 100%;"> <tr> <td><b>Total</b></td> <td>\$183,162.84</td> </tr> <tr> <td><b>Payments/Credits</b></td> <td>\$0.00</td> </tr> <tr> <td><b>Balance Due</b></td> <td>\$183,162.84</td> </tr> </table>		<b>Total</b>	\$183,162.84	<b>Payments/Credits</b>	\$0.00	<b>Balance Due</b>	\$183,162.84
<b>Total</b>	\$183,162.84						
<b>Payments/Credits</b>	\$0.00						
<b>Balance Due</b>	\$183,162.84						



530

Urethane Litigation Fund  
c/o GCG  
PO Box 10223  
Dublin, OH 43017-5723

Citibank, N.A.

1-8/210

CHECK NUMBER: 00001736  
CHECK DATE: 03/21/18

Seven hundred thirty two thousand six hundred fifty one and 37/100 Dollars \*\*\*\*\*\$732,651.37

PAY  
TO  
THE  
ORDER  
OF

A - Z SPONGE & FOAM PRODUCTS LTD  
ATTN: DAVID ULLMAN  
BLANEY-MCMURTY, LLP  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO, ONTARIO M5C 3G5 CANADA

CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION  
IF NOT CASHED WITHIN 90 DAYS AFTER ISSUE DATE.

BY



AUTHORIZED SIGNATURE




MP

⑈001736⑈ ⑆021000089⑆ 6783779643⑈

# EXHIBIT D

This is Exhibit "D" referred to in the Affidavit of Tony Vallecoccia  
sworn on the 22<sup>nd</sup> day of May, 2018.



---

*Commissioner for Taking Affidavits (or as may be)*

Natasha Rambaran

**Natasha Devi Rambaran, a Commissioner,  
etc., Province of Ontario,  
while a Student-at-Law,  
Expires April 17, 2021.**

## Polyether Polyols

### Active Action

The Polyether Polyols class action alleges that the Defendants unlawfully conspired to fix, increase, and/or maintain prices in the market for Polyether Polyols.

Polyether Polyols means polyether polyols, monomeric or polymeric diphenylmethane diisocyanate (MDI), toluene diisocyanate (TDI), and polyether polyol systems. Polyether Polyols are used in a variety of manufacturing applications.

The Plaintiff alleges that from at least January 1999 to December 2004, the Defendants and senior executive of the corporate defendants participated in illegal and secretive meetings and made arrangements relating to price targets, specific price increases, and market share divisions for Polyether Polyols.

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[Developments](#) [FAQs](#) [Documents](#)

## Developments

### Settlements

Settlements have been reached with the following defendants, totaling approximately \$13.3 million:

- Bayer Inc, Bayer AG, Bayer MaterialScience LLC (formerly known as Bayer Polymers LLC) and Bayer Corporation (collectively “Bayer”) (CDN\$2,500,000)
- Lyondell Chemical Company (“Lyondell”) (Up to \$35,000 towards Notice)
- Huntsman International LLC (“Huntsman”) (USD\$1,700,000)
- BASF Canada Inc. (“BASF Canada”) (CDN\$2,000,000)
- BASF Corporation (“BASF Corp”) (CDN\$2,000,000)
- Dow Chemical Company and Dow Chemical Canada Inc. (collectively “Dow”) (CDN\$5,080,000)

The Dow settlement approval hearing will be heard before the Ontario court on March 13, 2018. The other settlements have received court approval.

The settlement funds (plus interest, less court-approved fees and expenses) are being held in trust for the benefit of settlement class members. At the March 13, 2018 hearing, the Ontario court will be asked to approve a method of distributing the settlement funds to settlement class members. Please [click here](#) to view a copy of the [Proposed Distribution Protocol](#).

### Contested Litigation

In March 2014, the Ontario action was certified against Dow. The class action was certified on behalf of all persons in Canada (excluding defendants and their respective parents, employees, subsidiaries, affiliates, officers and directors) who purchased Polyether Polyol Products between January 1, 1999 and December 31, 2004. Polyether Polyol Products means polyether polyols, monomeric or polymeric diphenylmethane diisocyanate (MDI), toluene diisocyanate (TDI), and polyether polyol systems.

Dow was denied leave to appeal the certification decision.

If the Dow settlement is approved, it will resolve the Ontario class action in its entirety.

In light of the certification of a national class in Ontario, the Quebec action was discontinued. Please [click here](#) to view a copy of the Quebec Discontinue Order and the Quebec Notice of Discontinuance

## Ask a question

First Name
Last Name
Email
Message



I'm not a robot

reCAPTCHA  
[Privacy - Terms](#)

Submit

[polyetherclassaction@siskinds.com](mailto:polyetherclassaction@siskinds.com)

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**DISTRIBUTION PROTOCOL  
IN THE MATTER OF THE POLYETHER POLYOL PRODUCTS  
CLASS ACTION SETTLEMENTS**

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**GENERAL PRINCIPLES**

1. The procedures set forth herein are intended to govern the administration of the settlement agreements entered into with the following Defendants:
  - (a) Bayer Inc., Bayer AG, Bayer Material Science LLC (formerly known as Bayer Polymers LLC) and Bayer Corporation, dated June 6, 2007;
  - (b) Lyondell Chemical Company, dated November 22, 2011;
  - (c) Huntsman International LLC, dated April 11, 2012;
  - (d) BASF Corporation, dated April 12, 2012;
  - (e) BASF Canada Inc., dated April 12, 2012; and
  - (f) Dow Chemical Company and Dow Chemical Canada Inc., dated November 17, 2017 (collectively, the "Settlement Agreements").
  
2. The administration shall:
  - (a) implement and conform to the Settlement Agreements, orders of the Ontario Court, and this Distribution Protocol;
  - (b) include the establishment and maintenance of the Settlement Website;
  - (c) employ secure, paperless, web-based systems with electronic registration and record keeping wherever possible;
  - (d) rely on sales information provided by the Defendants wherever possible; and
  - (e) be bilingual in all respects.

3. Settlement Class Members seeking compensation must disclose and give credit for any compensation received through other proceedings or private out-of-class settlements in relation to Polyether Polyol Products, unless by such proceedings or private out-of-class settlements the Settlement Class Member's claim was released in its entirety, in which case the Settlement Class Member shall be deemed ineligible for any further compensation.

#### DEFINITIONS

4. The definitions set out in the Settlement Agreements apply to and are incorporated herein. Where a term is defined in both the Settlement Agreements and in this Distribution Protocol, the definition in this Distribution Protocol shall govern.
5. For the purpose of this Distribution Protocol, the following definitions apply:
  - (a) *Aggregate Purchases* means the aggregate amount paid by a Settlement Class Member for Polyether Polyol Products, less any taxes, delivery or shipping charges, rebates, or other form of discounts.
  - (b) *Claim* means the paper or electronic form that a Settlement Class Member must complete and submit before the Claims Filing Deadline in order to be considered for settlement benefits under this Distribution Protocol.
  - (c) *Claims Administrator* means the firm appointed by the Ontario Court to administer the Settlement Amounts in accordance with the provisions of the Settlement Agreements and the Distribution Protocol, and any employees of such firm.



- (d) *Claims Filing Deadline* means the date by which Claims (and any required supporting documentation) must be postmarked or electronically submitted in order for Settlement Class Members to be considered for settlement benefits under this Distribution Protocol, which date shall be four (4) months after the first publication of the notice advising Settlement Class Members of the claims process.
- (e) *Class Period* means from January 1, 1999 and December 31, 2004.
- (f) *Decision Notice* shall have the meaning attributed to it in paragraph 38.
- (g) *Net Settlement Amount* means the aggregate of the Settlement Amounts recovered pursuant to the Settlement Agreements, plus any costs awards and accrued interest, less:
- (i) Class Counsel Fees as approved by the Ontario Court or Quebec Court;
  - (ii) Administration Expenses;
  - (iii) taxes accruable with respect to the income earned on the settlement funds prior to distribution (including interest and penalties); and
  - (iv) any other deductions approved by the Ontario Court.
- (h) *Notional Entitlement* means the total value assigned to Settlement Class Member's purchases of Polyether Polyol Products by the Claims Administrator, in accordance with paragraphs 6 to 13 below.
- (i) *Online Claim Portal* means a web-based portal created and maintained by the Claims Administrator in accordance with paragraphs 23 to 25 below.

- (j) *Polyether Polyol Products* means:
  - (i) polyether polyols, monomeric or polymeric diphenylmethane diisocyanate (“MDI”) and toluene Diisocyanate (“TDI”) purchased in Canada during the Class Period; and
  - (ii) polyether polyol systems purchased from the Defendants in Canada during the Class Period.
  
- (k) *Settlement Agreements* has the meaning attributed to it in paragraph 1.
  
- (l) *Settlement Class Members* means all persons who purchased Polyether Polyol Products. The following persons are excluded:
  - (i) each Defendant, Rhodia, Rhodia Inc., and Rhodia Canada Inc., and their respective parents, employees, subsidiaries, affiliates, officers and directors; and
  - (ii) persons who validly opted-out of the Proceedings.
  
- (m) *Settlement Website* means the website maintained by or on behalf of the Claims Administrator for the purposes of providing Settlement Class Members with information on the Settlement Agreements, the Distribution Protocol, and the claims process, and access to the Online Claim Portal.

## **DISTRIBUTION OF NET SETTLEMENT FUNDS**

### **Calculation of Payments**

6. The Net Settlement Amount will be distributed to qualifying Settlement Class Members *pro rata* (proportionally) based on the value of the qualifying Settlement Class Member’s

Notional Entitlement as against the value of all qualifying Settlement Class Members' Notional Entitlement.

7. For the purposes of the *pro rata* distribution, a Settlement Class Member's Notional Entitlement will be calculated based on:
  - (a) the value of the Aggregate Purchases (see paragraph 8);
  - (b) the categorization of the Settlement Class Member (see paragraphs 9 to 11);
  - (c) the type of Polyether Polyol Products purchased (see paragraph 12); and
  - (d) the date of purchase (see paragraph 13).

(a) The value of the Aggregate Purchases

8. The Claims Administrator will calculate the value of the Settlement Class Member's Aggregate Purchases based on the information disclosed in the Defendants' sales information and/or information provided by the Settlement Class Member as part of the claims process.

(b) The categorization of the Settlement Class Member

9. Settlement Class Members will be categorized into the following purchaser groups based on their position in the distribution chain:
  - (a) *Direct Purchaser* means a Settlement Class Member who purchased Polyether Polyol Products from a manufacturer for either (i) its own use and not for commercial resale; or (ii) inclusion in a product for commercial resale;

- (b) *Distributor* means a Settlement Class Member who purchased Polyether Polyol Products and resold the Polyether Polyol Products without further processing and without including them in any product; and
  - (c) *Indirect Purchaser* means a Settlement Class Member who purchased Polyether Polyol Products from a Distributor.
10. Settlement Class Members may fall into more than one category.
11. For the purposes of calculating a Settlement Class Member's Notional Entitlement, the following values will be applied to account for the capacity in which the Polyether Polyol Products were purchased:
- (a) Aggregate Purchases made in the capacity of a Direct Purchaser will be valued at 100%;
  - (b) Aggregate Purchases made in the capacity of a Distributor will be valued at 25%; and
  - (a) Aggregate Purchases made in the capacity of an Indirect Purchaser will be valued at 75%.
- (c) The type of Polyether Polyol Products
12. For the purposes of calculating a Settlement Class Member's Notional Entitlement, the following values will be applied to account for the type of Polyether Polyol Product:
- (a) Aggregate Purchases attributable to purchases of MDI, TDI and/or polyether polyols will be valued at 100%; and

- (b) Aggregate Purchases attributable to purchases of polyether polyol systems will be valued at 50%.

(d) The date of purchase

13. For the purposes of calculating a Settlement Class Member's Notional Entitlement, the following values will be applied to account for the date the Polyether Polyol Products were purchased:

- (a) Aggregate Purchases made between January 1, 2002 and December 31, 2003 will be valued at 100%; and
- (b) Aggregate Purchases made between January 1, 1999 to December 31, 2001 and January 1, 2004 to December 31, 2004 will be valued at 30%.

**Sample Calculations**

14. If a Distributor purchased \$1,000,000 of MDI and TDI in 2001, its Notional Entitlement would be calculated as follows.

$$\begin{aligned} & \$1,000,000 \text{ (representing the Aggregate Purchases of MDI and TDI)} \\ & \times 0.25 \text{ (representing the categorization of the purchaser as a Distributor)} \\ & \times 1.0 \text{ (representing the type of Polyether Polyol Product purchased)} \\ & \times 0.3 \text{ (representing the timing of the purchase)} \\ & = \$75,000 \end{aligned}$$

15. If an Indirect Purchaser purchased \$2,000,000 worth of polyether polyol systems in 2002 and \$5,000,000 worth of polyether polyols in 2004, its Notional Entitlement would be calculated as follows.

$$\begin{aligned} & \$2,000,000 \text{ (representing the Aggregate Purchases of polyether polyol systems)} \\ & \times 0.75 \text{ (representing the categorization of the purchaser as an Indirect Purchaser)} \\ & \times 0.5 \text{ (representing the type of} \end{aligned}$$

Polyether Polyol Product purchased) x 1.0 (representing the timing of the purchase) = \$750,000

plus

\$5,000,000 (representing the Aggregate Purchases of polyether polyols) x 0.75 (representing the categorization of the purchaser as an Indirect Purchaser) x 1.0 (representing the type of Polyether Polyol Product purchased) x 0.3 (representing the timing of the purchase) = \$ 1,125,000

### **Distribution**

16. All eligible Settlement Class Members will receive a minimum payment of \$20. The \$20 valuation target is not an estimate of any damages suffered. It is a minimum administrative threshold designed to maintain a feasible economic and administrative platform for the settlement distribution.
17. In consultation with Class Counsel, the Claims Administrator can seek directions from the Ontario Court with respect to the distribution of the Net Settlement Amount to ensure a fair and cost effective distribution of the Net Settlement Amount.

### **THE CLAIMS PROCESS**

#### **The Claim**

##### All Settlement Class Members

18. All Settlement Class Members will be required to provide the following information:
  - (a) name and contact information;
  - (b) purchase information in accordance with paragraphs 19 to 20 or 21, as applicable;
  - (c) disclosure about whether the Settlement Class Member or any entity related to the Settlement Class Member has received compensation through other proceedings

or private out-of-class settlements and/or provided a release in respect of any of Polyether Polyol Products, and provide details of the compensation received and the claims released;

- (d) authorization to the Claims Administrator to contact the Settlement Class Member or its representative, as the Claims Administrator deems appropriate for more information and/or to audit the Claim;
- (e) a declaration that the information submitted in the Claim is true and correct; and
- (f) if the Claim is submitted by a third-party on behalf of a Settlement Class Member (including a parent company claiming on behalf of a subsidiary or affiliate), the third-party must provide a signed statement from that Settlement Class Member at the time the Claim is filed authorizing the third-party to file the Claim on its behalf.

Settlement Class Members relying on Defendant sales data

19. Where the Defendants have provided sales information in respect of the Settlement Class Member, the required fields in the Online Claim Portal will be pre-populated with the information provided by the Defendants. The following categories of information shall be provided separately:

- (a) for the period between January 1, 2002 and December 31, 2003:
  - (i) the value of Aggregate Purchases attributable to polyether polyol systems;
  - (ii) the value of Aggregate Purchases attributable to MDI, TDI or Polyols;
- (b) for the remainder of the Class Period:

- (i) the value of Aggregate Purchases attributable to polyether polyol systems;  
and
  - (ii) the value of Aggregate Purchases attributable to MDI, TDI or Polyols.
20. The Settlement Class Member will be given the opportunity to agree with the purchase information provided by the Defendants. Where the Settlement Class Member agrees with the purchase information provided by the Defendants, no further purchase information is required from the Settlement Class Member. However, the Settlement Class Member must identify which purchases it made in the capacity of a Direct Purchaser or a Distributor.

Settlement Class Members claiming for purchases not substantiated by Defendant sales data

21. Where the Defendants have not provided sales information in respect of a Settlement Class Member and/or the Settlement Class Member is claiming for purchases of Polyether Polyol Products in addition to those substantiated by the Defendants' data, the Settlement Class Member must provide a declaration attesting to the information described in paragraph 19(a) and (b) above. The Settlement Class Member must also identify which purchases it made in the capacity of a Direct Purchaser, Distributor or Indirect Purchaser.
22. Where a Settlement Class Member has purchase records for at least two years during the Class Period, or sales information from the Defendant Bayer, the Settlement Class Member can use such records to extrapolate its purchases of Polyether Polyol Products for the remainder of the Class Period.



**The Online Claim Portal**

23. The Claims Administrator shall create an Online Claim Portal that Settlement Class Members can access in order to file a Claim and shall provide the necessary administration support to enable Settlement Class Members to do so.
24. The Online Claim Portal shall contain fields that require the Settlement Class Member to provide all applicable information required as part of the Claim, in accordance with paragraphs 18 to 22.
25. The Claims Administrator shall develop procedures for tracking and recording in an electronic format the following information, as it is entered into the Online Claim Portal or provided by Settlement Class Members who file hardcopy Claims in accordance with paragraph 28 below:
- (a) names, addresses, and purchase data of the Settlement Class Members;
  - (b) supporting documents provided by Settlement Class Members as part of the audit process; and
  - (c) any other information that might be useful in the claims administration process.

**The Claims Filing Process**

26. Where a Settlement Class Member has been identified by the Defendants, the Claims Administrator shall provide to the Settlement Class Member, in writing, by e-mail or regular mail, his, her or its personal user name and password to permit that Settlement Class Member access to the Online Claim Portal.

27. Settlement Class Members will be encouraged to complete and submit a Claim electronically using the Online Claim Portal. Subject to paragraphs 28 and 36, or further order of the Ontario Court, Claims must be submitted on the Online Claim Portal on or before the Claim Filing Deadline.
28. If a Settlement Class Member does not have internet access or is otherwise unable to submit a Claim using the Online Claim Portal, the Settlement Class Member can register over the telephone with the Claims Administrator and the Claims Administrator shall send the Settlement Class Member a hardcopy claim form by mail. Subject to paragraph 36 or further order of the Ontario Court, the completed and executed hardcopy Claim must be submitted to the Claims Administrator postmarked no later than the Claims Filing Deadline.

#### **Assistance in Filing a Claim**

29. Settlement Class Members can contact the Claims Administrator or Class Counsel, at no charge, with questions about how to complete a Claim.
30. Settlement Class Members may utilize third-party claims services, a lawyer of their own choosing, or similar services to file Claims. If a Settlement Class Member chooses to use a third-party claims service, a lawyer of their own choosing, or similar services, the Settlement Class Members will be responsible for any and all expenses incurred in doing so.

#### **Audits**

31. Where the Settlement Class Member purchased Polyether Polyol Products directly from a Defendant and the Defendant provided sales information in respect of that Settlement

Class Member, the Defendant's sales information shall be *prima facie* proof of the Settlement Class Member's Polyether Polyol Product purchases and those purchases shall not be subject to an audit.

32. Where the Settlement Class Member was not identified by Defendants and/or is claiming for additional purchasers, the Claims Administrator shall audit:
  - (i) a random selection of at least 10% of Claims; and
  - (ii) Claims representing the top 15% of Claims (measured by Notional Entitlement).
  
33. The Claims Administrator shall notify the Settlement Class Member, by email or by regular mail, that the Settlement Class Member's Claim is the subject of an audit and the requirement to provide documentary proof:
  - (a) Proof of purchase might include invoices, receipts, delivery or packing slips, purchase records, historical accounting records, credit card statements, bank statements, cancelled cheques, wire transfer confirmations, or comparable verification that is acceptable to the Claims Administrator.
  - (b) where a Settlement Class Member has extrapolated its purchase records in accordance with paragraph 22 above, the Settlement Class Member must provide a declaration explaining the basis for and calculation of the extrapolation of purchases.
  
34. At its sole discretion, the Claims Administrator can elect to audit any Claim and can reject a Claim, in whole or in part, where, in the Claims Administrator's view, the

Settlement Class Member has submitted insufficient or false information or has otherwise engaged in fraudulent conduct.

#### **Deficiencies**

35. If, during claims processing, the Claims Administrator finds that deficiencies exist in a Claim or other required information, the Claims Administrator shall notify the Settlement Class Member, by email or regular mail, of the deficiencies. The Claims Administrator shall allow the Settlement Class Member thirty (30) days from the date of such notice to correct the deficiencies. If the deficiencies are not corrected within the thirty (30) day period, the Claims Administrator may reject the Claim. The Online Claim Portal shall be designed so as to minimize the possibility of deficient claims.

#### **Adjustments to Claims Process and Extension of the Claims Filing Deadline**

36. By agreement between the Claims Administrator and Class Counsel, the Claims Filing Deadline may be extended and the Claims Administrator may adjust the claims process. Class Counsel and the Claims Administrator shall agree to extend the Claims Filing Deadline and/or adjust the claims process if, in their opinions, doing so will not adversely affect the fair and efficient administration of the Net Settlement Amount and it is in the best interests of the Settlement Class Members to do so.

#### **Claims Administrator's Decision**

37. In respect of each Settlement Class Member who has filed a Claim in accordance with this Distribution Protocol, the Claims Administrator shall:
- (a) decide whether the Settlement Class Member is eligible to receive settlement benefits payable out of the Net Settlement Amount in accordance with the

Settlement Agreements, orders of the Ontario Court and this Distribution Protocol; and

(b) make a determination of the value of the Settlement Class Member's Notional Entitlement in respect of which the Settlement Class Member is entitled to settlement benefits in accordance with the Settlement Agreements, orders of the Ontario Court and this Distribution Protocol.

38. The Claims Administrator shall send to the Settlement Class Member, by email or regular mail, a decision as to the approval or rejection of the Claim and the determination of the Notional Entitlement (the "Decision Notice"). Where the Claims Administrator has rejected all or part of the Claim of the Settlement Class Member (or recategorized any purchases), the Claims Administrator shall include in the Decision Notice its grounds for rejecting or recategorizing all or part of the Claim.
39. The Claims Administrator's decision will be binding upon the Settlement Class Member, subject to the Settlement Class Member's right to appeal, as outlined in paragraphs 40 to 47 below.

#### **Appeal of the Claims Administrator's Decision**

40. The right to appeal is limited to circumstances where the dispute as to the value of the Notional Entitlement is greater than \$100,000.
41. Appeals must be submitted within thirty (30) days from the date of the Decision Notice.
42. The following grounds shall not be grounds for appeal:

- (a) the refusal of the Claims Administrator to accept a Claim postmarked or electronically submitted after the Claims Filing Deadline;
  - (b) the refusal of the Claims Administrator to accept a Claim where the Settlement Class Member has not cooperated with the Claims Administrator in respect of any audit conducted by the Claims Administrator in respect of that Settlement Class Member's Claim; or
  - (c) the refusal of the Claims Administrator to accept a Claim where the Settlement Class Member did not declare that the information submitted in the Claim is true and correct.
43. Appeals will be determined by the Ontario Court or a third party designated by the Ontario Court.
44. Appeals will be on the basis of written submissions, supported by the documentation provided by the Settlement Class Member as part of the claims process. Settlement Class Members are not permitted to provide any new documentation as part of the appeal. Any new documentation provided as part of the appeal will not be provided to the Ontario Court or its designee for consideration.
45. The Claims Administrator must provide to the Ontario Court a copy of the documentation provided by the Settlement Class Member as a part of the claims process, the Decision Notice, and any other information that might be reasonably useful in the determination of the appeal, and make written submissions to the Ontario Court or its designee as is reasonably necessary.

46. Notwithstanding the foregoing, the Ontario Court or its designee, acting in its sole discretion, can request oral submissions (to be provided via teleconference or videoconference, as requested by the Ontario Court or its designee) from the Settlement Class Member and/or Claims Administrator.
47. The decision on the appeal is final and binding and shall not be subject to any further appeal or review whatsoever.

#### **Payment of Claims**

48. As soon as practicable after the claims evaluations and any appeals are completed, the Claims Administrator shall:
- (a) report to Class Counsel the particulars of the proposed distribution to each eligible Settlement Class Member; and
  - (b) make arrangements to pay approved Claims by cheque.
49. To the extent that the full Net Settlement Amount is not paid out due to uncashed cheques, residual interest or otherwise, such monies shall be paid to Pro Bono Canada if the amount is equal or less than \$10,000. For distribution of any amount above \$10,000, further direction of the Ontario Court shall be sought.
50. The payment to Pro Bono Canada shall be less any amounts payable to the Fonds d'aide aux actions collectives, pursuant to section 42 of the *Act respecting the Fonds d'aide aux actions collectives*, CQLR c. F-3.2.0.1.1 and calculated in accordance with Article 1. (1°) of the *Regulation respecting the percentage withheld by the Fonds d'aide aux actions collectives*, R.S.Q. c. F-3.2.0.1.1, r. 2. For the purposes of calculating the amount

payable to the Fonds d'aide aux actions collectives, 23.6%<sup>1</sup> of the payment to Pro Bono Canada will be notionally allocated to Quebec.

## **THE CLAIMS ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES**

### **Supervisory Powers of the Ontario Court**

51. The Claims Administrator shall administer the Settlement Agreements and this Distribution Protocol under the ongoing authority and supervision of the Ontario Court.

### **Investment of Settlement Amounts**

52. The Settlement Amounts shall be held in guaranteed investment vehicle, liquid money market account or equivalent security with a rating equivalent to or better than that of a Canadian Schedule I bank (a bank listed in Schedule I of the *Bank Act*, SC 1991, c 46) held at a Canadian financial institution.

### **Communication, Languages and Translation**

53. Where a Claim is filed by a third-party claims agent or lawyer on behalf of a Settlement Class Member, unless the Settlement Class Member requests otherwise, all communications shall be made to the third-party claims agent or lawyer.
54. The Claims Administrator shall establish a toll-free number for calls from Canada.
55. The Claims Administrator shall dedicate sufficient personnel to respond to Settlement Class Members' inquiries in English or French, as the Settlement Class Member elects.

---

<sup>1</sup> 23.6% represents that portion of the Canadian population that resides in Quebec based on information from Statistics Canada's website.



56. All written communications from the Claims Administrator to a Settlement Class Member shall be transmitted via email if an email address has been provided, or if an email address has not been provided, by regular mail.

#### **Undeliverable Mail**

57. The Claims Administrator shall have no responsibility for locating Settlement Class Members for any mailing returned to the Claims Administrator as undeliverable.
58. The Claims Administrator shall have the discretion, but is not required, to reissue payments to Settlement Class Member returned as undeliverable under such policies and procedures as the Claims Administrator deems appropriate. Any costs associated with locating current address information for the Settlement Class Member shall be deducted from that Settlement Class Member's settlement benefits.
59. Where a Settlement Class Member who is entitled to payment of greater than \$20 requests a cheque be reissued, \$15 shall be deducted from that Settlement Class Member's settlement benefits representing the costs of reissuing payment. Subject to the sole discretion of the Claims Administrator, payments for \$20 will not be reissued.

#### **Fraudulent Claims**

60. The Claims Administrator shall develop and implement processes to detect possible fraudulent conduct, including monitoring claims for unusual activity and multiple claims being filed from the same address.

#### **Taxes**

61. The Claims Administrator shall take all reasonable steps to minimize the imposition of taxes upon the Net Settlement Amount and shall pay any taxes imposed on such monies out of the Net Settlement Amount.

**Reporting**

62. The Claims Administrator shall provide regular reports to Class Counsel regarding the administration.
63. The Claims Administrator shall provide any reports requested by the Ontario Court.

**Preservation and Disposition of Claim Submissions**

64. The Claims Administrator shall preserve, in hard copy or electronic form, as the Claims Administrator deems appropriate, the submissions relating to a Claim, until two (2) years after all settlement monies or court awards have been paid out to Settlement Class Members, and at such time shall destroy the submissions by shredding, deleting, or such other means as will render the materials permanently illegible.

**Assistance to the Claims Administrator**

65. The Claims Administrator shall have the discretion to enter into such contracts and obtain financial, accounting, and other expert assistance as are reasonably necessary in the implementation of the Settlement Agreements and this Distribution Protocol, provided that related expenses are paid out of the Claims Administrator's fees or approved by the Ontario Court in advance.

**Confidentiality**

66. All information received from the Defendants or the Settlement Class Members is collected, used, and retained by the Claims Administrator pursuant to the *Personal Information Protection and Electronic Documents Act*, SC 2000 c 5 for the purposes of administering the Settlement Agreements, including evaluating the Settlement Class Member's eligibility status under the Settlement Agreements. The information provided by the Settlement Class Member is strictly private and confidential and will not be

disclosed without the express written consent of the Settlement Class Member, except in accordance with the Settlement Agreements, orders of the Ontario Court and/or this Distribution Protocol.

# TAB 3

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	TUESDAY, THE 29 <sup>TH</sup> DAY
	)	
	)	OF MAY, 2018

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 3113736 CANADA LTD. 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**ORDER**

**THIS MOTION** made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCA") for an order, *inter alia*, extending the stay of proceedings in respect of the Applicants to and including November 30, 2018 was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Tony Vallecoccia sworn May 22, 2018 and the exhibits thereto (the "Vallecoccia Affidavit") and the Eighteenth Report of Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc.) (the "Eighteenth Report") in its capacity as the Court-appointed monitor (the "Monitor") of the Applicants, and on hearing the submissions of counsel for the Applicants, the Monitor and all other counsel listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of • sworn •, filed;

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Eighteenth Report is hereby abridged and validated and this Motion is properly returnable today without further service or notice thereof.

**DEFINITIONS**

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meaning set out in the Eighteenth Report.

**STAY EXTENSION**

3. **THIS COURT ORDERS** that the Stay Period granted under the Initial Order of Justice Newbould dated January 12, 2012 (the “**Initial Order**”) and as subsequently extended by, *inter alia*, the Order of the Honourable Mr. Justice Myers, dated November 24, 2017, is hereby extended from May 31, 2018 to and including November 30, 2018.

**MONITOR’S REPORT, ACTIONS AND FEES**

4. **THIS COURT ORDERS** that the Eighteenth Report and actions, decisions and conduct of the Monitor as set out in the Eighteenth Report are hereby authorized and approved.

5. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel as set out in the Eighteenth Report, the Affidavit of ●, sworn ●, and the exhibits attached thereto, are hereby authorized and approved.

---

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 3113736 CANADA LTD., 4362063 CANADA LTD., 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**

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Lawyers for the Applicants

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 3113736 CANADA LTD., 4362063 CANADA LTD., and A-Z  
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Court File No. CV-12-9545-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD OF THE APPLICANTS**  
**(Re: Stay Extension, Returnable May 29, 2018)**

**BLANEY McMURTRY LLP**  
Barristers and Solicitors  
Suite 1500 - 2 Queen Street East  
Toronto, ON M5C 3G5

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Lawyers for the Applicants



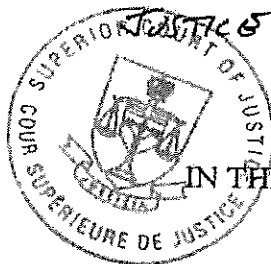
# Tab 3

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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR. )

TUESDAY, THE 29TH DAY



JUSTICE H. J. WILTON - Sobor )  
)

OF MAY, 2018

*Handwritten initials*

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 3113736 CANADA LTD. 4362063 CANADA  
LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

ORDER

THIS MOTION made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA") for an order, *inter alia*, extending the stay of proceedings in respect of the Applicants to and including November 30, 2018 was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Tony Vallecoccia sworn May 22, 2018 and the exhibits thereto (the "Vallecoccia Affidavit") and the Eighteenth Report of Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc.) (the "Eighteenth Report") in its capacity as the Court-appointed monitor (the "Monitor") of the Applicants, and on hearing the submissions of counsel for the Applicants, the Monitor and all other counsel listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Ariyana Botejue sworn May 23, 2018, filed;

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Eighteenth Report is hereby abridged and validated and this Motion is properly returnable today without further service or notice thereof.

**DEFINITIONS**

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meaning set out in the Eighteenth Report or the Order of the Court dated June 15, 2012 (the "**Claims Solicitation Procedure Order**").

**STAY EXTENSION**

3. **THIS COURT ORDERS** that the Stay Period granted under the Initial Order of Justice Newbould dated January 12, 2012 (the "**Initial Order**") and as subsequently extended by, *inter alia*, the Order of the Honourable Mr. Justice Myers, dated November 24, 2017, is hereby extended from May 31, 2018 to and including November 30, 2018.

**INTERIM DISTRIBUTIONS**

4. **THIS COURT ORDERS** that the Monitor is hereby authorized to make an interim Distribution of the Valle Foam Proceeds in the amount of \$5,600,000 to the Valle Foam Creditors holding Proven Claims on a *pro rata pari parssu* basis.
5. **THIS COURT ORDERS** that the Monitor is hereby authorized to make an interim Distribution of the Domfoam Proceeds in the amount of \$3,470,000 to the Domfoam

Creditors holding Proven Claims on a *pro rata pari parssu* basis.

6. **THIS COURT ORDERS** that the Monitor is hereby authorized to make an interim Distribution of the A-Z Foam Proceeds in the amount of \$708,000 to the A-Z Foam Creditors holding Proven Claims on a *pro rata pari parssu* basis.

**MONITOR'S REPORT, ACTIONS AND FEES**

7. **THIS COURT ORDERS** that the Eighteenth Report and the actions, decisions and conduct of the Monitor as set out in the Eighteenth Report are hereby authorized and approved.
8. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel as set out in the Eighteenth Report, the Affidavit of Paul Casey sworn on May 24, 2018 and the Affidavit of Grant B. Moffat sworn on May 23, 2018, and the exhibits attached thereto, are hereby authorized and approved.
9. **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.
10. **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.

W. Don-M.J.

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

MAY 29 2018

PER / PAR:

nl

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 3113736 CANADA LTD., 4362063 CANADA LTD., 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**

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Lawyers for the Applicants

Tab 4

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 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.

APPLICANTS

SEVENTH REPORT OF THE MONITOR  
DATED JULY 12, 2013



**EXHIBITS**

- EXHIBIT A: Initial Order dated January 12, 2012
- EXHIBIT B: U.S. Recognition Order dated February 24, 2012
- EXHIBIT C: Claims Solicitation Procedure Order dated June 15, 2012
- EXHIBIT D: Canadian Class Action Settlement Agreement
- EXHIBIT E: US Direct Purchaser Settlement Approval Order
- EXHIBIT F: Trust Agreement
- EXHIBIT G: Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to July 11, 2013
- EXHIBIT H: Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to July 11, 2013
- EXHIBIT I: Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to July 11, 2013
- EXHIBIT J: Affidavit of Catherine Hristow of Deloitte & Touche Inc., sworn July 12, 2013
- EXHIBIT K: Affidavit of Grant Moffat of Thornton Grout Finnigan LLP, sworn July 11, 2013

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## 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 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. 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 would order (the "**Stay Period**"). A copy of the Initial Order is attached hereto as Exhibit "**A**".
3. On July 1, 2013, Deloitte & Touche Inc. changed its name to Deloitte Restructuring Inc. (hereafter, "**Deloitte**").
4. As noted in the Monitor's Fourth Report to the Court dated June 12, 2012 (the "**Fourth Report**"), Valle Foam changed its name to 3113736 Canada Ltd. and Domfoam changed its name to 4362063 Canada Ltd. Throughout this Report, references to Valle Foam mean 3113736 Canada Ltd. and references to Domfoam mean 4362063 Canada Ltd.
5. 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*.
6. 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, and provided that the U.S. Litigation Stay would be automatically extended to correspond to any extension of the Stay Period in the CCAA Proceeding. 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 "**B**".

7. By Orders of the Court dated February 8, March 16, June 15, October 25, 2012 and February 28, 2013 (collectively, the “**Extension Orders**”), the Court has periodically extended the Stay Period, with the most recent extension expiring on July 31, 2013.
8. By Order of the Court dated June 15, 2012 (the “**Claims Solicitation Procedure Order**”), the Court authorized and approved the procedure (the “**Claims Solicitation Procedure**”) to:
  - (i) identify and determine the validity of creditor claims against the Companies as at the date of the Initial Order, as well as any claims which arose subsequent to the date of the Initial Order (collectively, the “**Claims**”); and
  - (ii) identify claims against any of the current or former directors or officers (collectively, the “**Directors and Officers**”) of the Companies (the “**D&O Claims**”).

The deadline for submission for proofs of claim under the Claims Solicitation Procedure was August 31, 2012 (the “**Claims Bar Date**”). A copy of the Claims Solicitation Procedure Order is attached hereto as Exhibit “C”.

9. 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**”), the Monitor’s Second Report to the Court dated February 7, 2012 (“**Second Report**”), the Monitor’s Third Report to the Court dated March 13, 2012 (the “**Third Report**”), the Monitor’s Fourth Report to the Court dated June 12, 2012 (“**Fourth Report**”), the Monitor’s Fifth Report to the Court (“**Fifth Report**”) dated October 22, 2012 and the Monitor’s Sixth Report to the Court (“**Sixth Report**”) dated February 25, 2013 (collectively, the “**Prior Reports**”), have been posted on the Monitor’s website at [www.deloitte.com/ca/vallefoam](http://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](mailto:vallefoam@deloitte.ca) for creditors and other interested parties to contact the Monitor with questions or concerns regarding the CCAA Proceeding.
10. The purpose of this report (the “**Seventh Report**”) is to update the Court with respect to the status of the Claims Solicitation Procedure and to provide the Court with the Monitor’s recommendation with respect to the Companies’ motion for an extension of the Stay Period to December 31, 2013.

## TERMS OF REFERENCE

11. In preparing the Seventh 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.
12. Unless otherwise stated, all dollar amounts contained in this Seventh Report are expressed in Canadian dollars.
13. Capitalized terms not otherwise defined in this Seventh Report are as defined in the Initial Order or the Claims Solicitation Procedure Order.

## BACKGROUND

14. The Companies operated 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 historically comprised substantially all of the Companies' operations. A-Z Foam and Valle Foam are wholly owned subsidiaries of Domfoam.
15. 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.
16. 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*

17. As set out in the First Report, both Domfoam and Valle Foam were 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.

18. 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.
19. 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.
20. In accordance with the terms of the sentences imposed, Domfoam and Valle Foam are to each pay \$1.0 million on the 1<sup>st</sup> of January of each year, commencing in 2013 and ending in 2018.
21. As set out in the Affidavit of Tony Vallecoccia sworn January 11, 2012, (the "**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.
22. The Monitor has been advised by the Companies that, as part of the plea arrangement with the Crown, certain officers and directors of the Companies are required to provide sworn testimony to the Competition Bureau.

#### **CLASS ACTIONS**

23. The Monitor has been advised by the Applicants that some or all of the Applicants have been named as defendants in four 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.
24. The Canadian Class Actions consist of separate proceedings commenced in each of British Columbia (the "**BC Proceeding**"), Ontario (the "**Ontario Proceeding**") and Quebec (the "**Quebec Proceeding**"). The Canadian Class Actions advance joint and several claims against the Companies and certain other defendants or respondents on behalf of proposed classes

comprised of all persons or entities who purchased polyurethane foam and polyurethane foam products in Canada from and after January 1, 1999.

25. Settlements have been reached with virtually all of the Plaintiffs in both the Canadian and U.S. Class Actions. The terms of the settlement in the Canadian Class Actions are set out in the Canadian Polyurethane Foam Class Actions National Settlement Agreement dated as of January 10, 2012 (the "**Canadian Class Action Settlement Agreement**"), a copy of which is attached as Exhibit "**D**". Under both the Canadian Class Action Settlement Agreement and the settlements in the US Class Actions, the Class Actions have been 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 Canadian Class Action Settlement Agreement is still subject to separate Court approvals in Ontario, British Columbia and Quebec.
26. A joint hearing of the Ontario Superior Court of Justice ("**Ontario Court**") and the Supreme Court of British Columbia ("**BC Court**") was held on June 28, 2013 to partially certify the Ontario Proceeding and the BC Proceeding, solely for the purpose of approving the Canadian Class Action Settlement Agreement as well as the manner in which all members comprising the class under the Canadian Class Actions will be notified of the foregoing settlement. The Ontario and BC Courts requested that certain modifications be made to the proposed class notification procedure. Although the Plaintiffs filed amendments to the foregoing procedure with the Ontario and BC Courts on July 8, 2013, no Order has yet been issued in connection with the June 28, 2013 motion. The Monitor understands that the Ontario and BC Courts will likely schedule their settlement approval hearings in September or early October 2013.
27. The Monitor also understands that a similar partial certification motion took place on July 8, 2013 within the Quebec Proceeding, also for the purpose of approving the manner in which members comprising the class under the Canadian Class Actions will be notified of the foregoing settlement. The Monitor understands that a final order approving the class notification procedure has not yet been issued by the Quebec Superior Court. The Monitor also understands that a final settlement approval hearing in the Quebec Proceeding has been scheduled for September 24, 2013.
28. By Order of the United States District Court for the Northern District of Ohio Western Division dated June 21, 2013, the settlement reached between the Companies and the direct purchaser class in the US Class Actions was approved (the "**US Direct Purchaser Settlement Approval**

Order”). A copy of the US Direct Purchaser Settlement Approval Order is attached as Exhibit “E”. The Monitor has been advised by US counsel to the Companies that the settlement between the Companies and the indirect purchaser class in the United States has not yet been submitted for Court approval.

29. Given the issuance of the US Direct Purchaser Settlement Approval Order, the Monitor does not anticipate that the Companies will incur significant additional legal fees in connection with the settlement reached between the Companies and the direct purchaser class in the US Class Actions. The Monitor also does not anticipate that the Companies will incur significant additional legal fees in connection with the settlement with the US indirect purchaser class.
30. The Monitor understands that the Companies will continue to incur legal fees in connection with the Court approval process with respect to the Canadian Class Action Settlement as well as the Companies’ various continuing obligations under that agreement. In addition, additional legal fees will be incurred by the Companies in connection with the proper valuation to be placed upon the proofs of claim filed by the Plaintiffs in the Canadian Class Actions and the proof of claim filed by Revenu Quebec, each as described in more detail below.
31. The Canadian Class Action Settlement Agreement and the settlements reached in the US Class Actions require the Companies to make available for examination certain current and former officers and directors of the Companies. Certain officers and directors of the Companies were examined in the United States in January 2013. The Monitor has permitted the Companies to fund the legal fees and expenses of the Companies’ former officers and directors in connection with such examinations to ensure that the settlements in the Canadian and US Class Actions are not jeopardized. The Monitor understands that the Companies’ former directors and officers will incur additional legal fees and expenses in connection with certain pending examinations of such officers and directors in connection with both the Canadian and US Class Action Settlements, although the Monitor understands that such fees and expenses will not be significant.

#### URETHANE ANTITRUST LITIGATION

32. The Monitor has been advised by the Companies that they are each claimants in a class action proceeding pending before the United States District Court for the District of Kansas under the caption *In Re Urethane AntiTrust Litigation* (the “US Urethane Proceedings”). As described in



more detail in Mr. Vallecoccia's affidavit sworn July 11, 2013, two separate settlements with BASF Corporation and Huntsman International LLC were approved by order of the United States District Court for the District of Kansas dated December 12, 2012. These settlements provide for payment to be made to the claimants in the US Urethane Proceedings. Certain of those funds have been received by the Companies as described in more detail below. The Monitor understands that judgment has been rendered against The Dow Chemical Company in the US Urethane Proceedings and that further payments may be received by the Companies pursuant to this judgment or a settlement thereof, as well as in relation to any additional judgments obtained or settlements reached in the US Urethane Proceedings.

33. The affidavit of Mr. Vallecoccia sworn July 11, 2013, provides that each of Domfoam, Valle Foam and A-Z Foam did not intend to sell to the purchaser of its assets its claim in the US Urethane Proceedings (the "**Domfoam US Urethane Claim**", the "**Valle Foam US Urethane Claim**", the "**A-Z Foam US Urethane Claim**" respectively and, collectively, the "**US Urethane Claims**"), and that the Urethane Claims remain assets of the Companies' estates. The Monitor was not involved in any of the negotiations between the Companies and the purchasers of their assets.
34. Mr. Vallecoccia's affidavit sworn July 11, 2013 provides that the Domfoam US Urethane Claim was specifically excluded from the Domfoam assets purchased by 4037057 Canada Inc. Similarly, it appears that the the Valle Foam assets purchased by Fybon Industries Limited pursuant to the Asset Purchase Agreement dated February 22, 2012 would not include the Valle Foam US Urethane Claim since Valle Foam's accounts receivable were excluded from that transaction. As far as the Monitor is aware, neither 4037057 Canada Inc. or Fybon Industries Limited has asserted any claim to the Domfoam US Urethane Claim or the Valle Foam US Urethane Claim respectively. Accordingly, the net proceeds of the Domfoam US Urethane Claim and the Valle Foam US Urethane Claim should be available for distribution to the creditors of Domfoam and Valle Foam respectively.
35. Although Mr. Vallecoccia's affidavit sworn July 11, 2013 does indicate that A-Z Foam did not intend to sell the A-Z Foam US Urethane Claim to 0932916 BC Ltd. (the "**A-Z Purchaser**"), the Asset Purchase Agreement dated February 21, 2012 between A-Z Foam and the A-Z Purchaser does not specifically exclude the A-Z Foam US Urethane Claim from the assets purchased thereunder. As far as the Monitor is aware, the A-Z Purchaser has not asserted a claim

to the A-Z Foam US Urethane Claim or any of the funds received by A-Z Foam to date pursuant to that claim.

36. Barring any claim to the A-Z Foam US Urethane Claim by the A-Z Purchaser, it appears that the net proceeds thereof should be available for distribution to the creditors of A-Z Foam.
37. Pursuant to section 4.2 of the Canadian Class Action Settlement Agreement, the Companies agreed to assign to the Canadian Class Action Plaintiffs the Companies' right to receive any proceeds from the US Urethane Proceedings, provided that such assignment is limited to the maximum amount of the first \$200,000 the Companies may receive thereunder.
38. Pursuant to a 2008 services agreement between the Companies and Refund Recovery Services, LLC (the "Services Agreement"), the Companies retained Refund Recovery Services, LLC to assist in asserting and recovering their claim in the US Urethane Proceedings in consideration of a fee equal to 25% of all funds paid to the Companies.
39. Thereafter, Enterprise Law Group was retained by Refund Recovery Services, LLC to assist in recovering the Valle Foam claim only in the US Urethane Proceedings. Subsequently, Lex Group, LLC, the successor to Refund Recovery Services, LLC assigned to Enterprise Law Group its rights under the Services Agreement to receive the 25% commission in respect of any funds paid to Valle Foam only pursuant to the US Urethane Proceedings.
40. In January 2013, the Companies' legal counsel received correspondence from Enterprise Law Group including a cheque in the amount of US\$331,928.29 for Valle Foam in respect of the U.S. Urethane Proceedings. The Monitor understands that no deduction was made from these funds in respect of the 25% commission payable pursuant to the Services Agreement. These funds were delivered to the Monitor. Based on the documentation made available to the Monitor, the Monitor determined that the foregoing payment is subject to a collection fee by Enterprise Law Group pursuant to the Services Agreement equal to 25% of the foregoing amount. That fee has now been paid to Enterprise Law Group.
41. Also in January 2013, the Companies' legal counsel received correspondence from Lex Group, LLC, enclosing cheques in the amount of US\$196,802.78 and US\$28,325.87 for Domfoam and A-Z Foam respectively, net of the 25% collection fees payable to Refund Recovery Services, LLC. The Applicants' legal counsel sent the cheques to the Monitor for Domfoam and A-Z Foam which were converted to CAD\$195,248.04 and \$27,821.67 respectively.

42. Section 4.2 (2) of the Canadian Class Action Settlement Agreement provides that any distribution of funds to the Companies from the US Urethane Proceedings up to the \$200,000 cap as described above (the “Assigned Urethane Funds”), shall be paid to the escrow agent appointed by the parties (the “Escrow Agent”). Robert Tanner, an Ontario solicitor, has been appointed as Escrow Agent pursuant to the trust agreement dated February 15, 2013 (the “Trust Agreement”), a copy of which is attached as Exhibit “F”. The Canadian Class Action Settlement Agreement specifically provides that payment of the Assigned Urethane Funds is subject to any order of the Court in the CCAA Proceeding. The Companies have not made any representation that the foregoing assignment is valid or enforceable.
43. In the Sixth Report, the Monitor indicated that it did not object to the Assigned Urethane Funds being delivered to the Escrow Agent in accordance with the terms of the Canadian Class Action Settlement Agreement, provided such funds remain in the Escrow Agent’s possession pending resolution of the validity and enforceability of the assignment of such funds to the Canadian Class Action Plaintiffs. The Monitor also indicated its concern that payment of such funds to the Canadian Class Action Plaintiffs would be preferential.
44. The Monitor has now had an opportunity to review the Trust Agreement. Under the terms of the Trust Agreement, the Escrow Agent appears to be entitled to charge against the Assigned Urethane Funds the fees and disbursements of the Escrow Agent. The Trust Agreement also appears to provide that the Escrow Agent may apply to Court for directions and/or for an interpleader order in the event there is a dispute with respect to entitlement to those funds.
45. Given that the entitlement to the Assigned Urethane Funds by the Canadian Class Action Plaintiffs has not yet been determined, it does not appear appropriate at this stage that such funds be paid to the Escrow Agent, thus becoming subject to various charges, including the costs of any Court attendances, that may arise in connection with any dispute as to entitlement to the Assigned Urethane Funds.
46. In addition, since it appears that it will be necessary to obtain an Order of this Court determining entitlement to the Assigned Urethane Funds, it appears to the Monitor to be unnecessarily duplicative to deliver such funds to the Escrow Agent, who will incur costs in connection with steps which will likely be taken by the Companies and the Monitor in any event.

47. Accordingly, it is the Monitor's view that it would be in the best interests of the estate that the Assigned Urethane Funds be retained by the Monitor pending the resolution of the Canadian Class Action Plaintiffs' claims against the Companies. The Canadian Class Action Settlement Agreement provides, and the Monitor has confirmed with the Companies' counsel in the Canadian Class Actions, that the retainer of the Assigned Urethane Funds by the Monitor will not invalidate the Canadian Class Action Settlement Agreement.

#### **ACTIVITIES OF THE MONITOR**

48. The Monitor has undertaken the following activities since the date of the Monitor's Sixth Report:
- (a) met with the Companies' Class Action legal counsel with a view to resolving the value of proofs of claim filed by the Canadian Class Action claimants pursuant to the Claims Solicitation Procedure;
  - (b) engaged in discussions with Revenu Quebec regarding the value of its proof of claim, described in more detail below; and
  - (c) monitored the financial position of the Applicants, and prepared this Seventh Report.

#### **SALE OF COMPANIES' ASSETS**

49. As described in more detail in the Fourth Report, all of the Companies' assets have been sold pursuant to separate transactions. The Monitor is in receipt of the proceeds of sale of these transactions. The Monitor is not aware of any additional assets of the Companies which may be realized upon for the benefit of the Companies' creditors, other than certain accounts receivable of Valle Foam (book value approximately \$2.0 million) of which the Applicants and the Applicants' legal counsel are pursuing collection, and any future payments which may be received in the US Urethane Proceedings. The Monitor has not reviewed the individual accounts receivable invoices and has not made a determination of the collectability of the remaining accounts receivable.

**CLAIMS SOLICITATION PROCEDURE**

- 50. The Monitor, with the assistance of the Companies, reviewed all Proofs of Claim delivered to the Monitor by the Claims Bar Date.
- 51. Listed below is a summary of the pre-filing and post-filing Proofs of Claim which have been admitted by the Monitor and those Proofs of Claim that are pending resolution, which are discussed later in this report.

<b>Company</b>	<b>Pre-Filing (Admitted)</b>	<b>Post-Filing (Admitted)</b>	<b>Pending Resolution</b>	<b>Total</b>
Valle Foam	\$ 8,525,114.13 (1)	\$ 758,821.94	\$ 292,500,000.00	\$ 301,783,936.07
Domfoam	\$ 8,045,747.98	\$ -	\$ 295,412,919.10	\$ 303,458,667.08
A-Z Foam	\$ 82,398.29	\$ 20,610.40	\$ 292,500,000.00	\$ 292,603,008.69

Note (1): The amount has been reduced by \$4,451.28 as a result of an amended claim being filed reducing the original amount of the claim.

- 52. Of the approximately \$759,000 in Claims filed against Valle Foam for post-filing obligations, approximately \$757,000 is in respect of severance and termination claims by employees who were terminated post January 12, 2012.
- 53. No Proof of Claim forms were filed by the U.S. Class Action claimants.
- 54. Included in the amount of admitted Claims against both Valle Foam and Domfoam are the claims submitted by the Competition Bureau in the amount of \$6.0 million respectively.
- 55. In accordance with the Claims Solicitation Procedure Order, the Monitor sent by September 21, 2012 a Notice of Revision or Disallowance in respect of any Proof of Claim disputed by the Monitor in whole or in part indicating the reasons for the revision or disallowance. Those Proofs of Claim received by the Claims Bar Date in respect of which the Monitor did not send a Notice of Revision or Disallowance by September 21, 2012 are deemed to be Proven Claims.
- 56. Pursuant to the Claims Solicitation Procedure Order, any Creditor who receives a Notice of Revision or Disallowance and who objects to the amount of the Claim set out therein or any other provisions of such notice was required to deliver to the Monitor on or before 5:00 p.m. on October 5, 2012 a Notice of Dispute. If a Creditor failed to deliver a Notice of Dispute to the

Monitor by the foregoing deadline, then the value of such Creditor's claim is deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

57. Any creditor who has delivered a Notice of Dispute to the Monitor by the foregoing deadline is required, unless otherwise agreed by the Monitor in writing, to serve on the Monitor and the Applicants a notice of motion in the Court, returnable not less than 30 days after the service of the Notice of Dispute, for determination of the claim in dispute, failing which the value of such Creditor's claim shall be deemed to be as set out in the applicable Notice of Revision or Disallowance.

#### **CLAIMS DISALLOWED BY THE MONITOR**

58. In connection with the Notices of Revision or Disallowance issued by the Monitor, only four Notices of Dispute were received as described below.
59. Revenu Quebec filed a Proof of Claim against Domfoam in the amount of \$2,912,679.00. The Monitor, after consultation with the Applicants, issued a Notice of Revision or Disallowance disallowing the claim of Revenu Quebec in full on September 21, 2012. On October 5, 2012, Revenu Quebec issued a Notice of Dispute in the full amount of its original claim which has yet to be resolved. The Monitor has agreed to extend the time for Revenu Quebec to bring its motion before the Court to determine its claim to provide the parties an opportunity to resolve same.
60. Revenu Quebec has taken the position that, notwithstanding the provisions of the Claims Solicitation Procedure Order, Domfoam was required to file a notice of objection under the Quebec Taxation Act and the Excise Tax Act to the notices of assessment previously issued by Revenu Quebec. The Monitor has advised Revenu Quebec that it does not agree with this position and that Revenu Quebec is bound by the terms of the Claims Solicitation Procedure Order.
61. As set out in Mr. Vallecoccia's affidavit dated July 11, 2013, Domfoam has filed a notice of objection to the Revenu Quebec notices of assessment, all without prejudice to Domfoam's position (and that of the Monitor) that Revenu Quebec is nevertheless bound by the terms of the Claims Solicitation Procedure Order. Domfoam was initially advised by Revenu Quebec that its notice of objection was out of time, but Domfoam subsequently filed an appeal to extend the time for filing its notice of objection. On May 10, 2013, Revenu Quebec agreed to extend the time

within which Domfoam may appeal the Revenu Quebec notices of assessment to August 30, 2013. The Monitor understands that the Companies' counsel will be filing materials with Revenu Quebec prior to that date with a view to eliminating the Revenu Quebec claim.

62. As noted in the Fifth Report, the most significant Proofs of Claim submitted to the Monitor were filed in respect of the Canadian Class Actions. The Monitor received three separate Proofs of Claim as follows:

- (a) Proof of Claim from one of the Plaintiffs in the BC Proceedings on behalf of a proposed class of all persons or entities in British Columbia who purchased polyurethane foam or polyurethane foam products, including carpet underlay, directly from the Companies from January 1, 1999 to the present;
- (b) Proof of Claim by the Plaintiff in the Ontario Proceeding on behalf of a proposed class of all persons or entities in Canada who purchased foam products or carpet underlay directly and/or indirectly from the Companies from January 1, 1999 to the present, except for purchasers in the BC and Quebec Proceedings; and
- (c) Proof of Claim from one of the Plaintiffs in the Quebec Proceeding, together with a proposed class of all persons and entities in Quebec who purchased polyurethane foam products,

(collectively, the "Canadian Class Action Proofs of Claim").

63. The Canadian Class Action Proofs of Claim did not specify the amount claimed but instead indicate such amount is "to be ascertained".

64. The Monitor issued a Notice of Revision or Disallowance in respect of each of the Canadian Class Action Proofs of Claim on the following basis:

- (a) no agreement between the party filing the Proof of Claim and the proposed class or an Order of the Court or any other authority pursuant to which the party filing the Proof of Claim is authorized to file the Proof of Claim on behalf of the subject class was provided to the Monitor; and
- (b) the Monitor required that the amount claimed under each Canadian Class Action Proof of Claim be quantified.

65. In accordance with the Claims Solicitation Procedure Order, the Monitor received Notices of Dispute in respect of each of the foregoing Notices of Revision or Disallowance. As noted above, the Plaintiffs in the Canadian Class Actions have now taken steps to have the class certified for settlement purposes.
66. The Notices of Dispute also address quantification of the Claims in the Canadian Class Actions. The Notices of Dispute provide that the amount claimed under each of the Canadian Class Action Proofs of Claim is \$97,500,000 (\$292,500,000 in total) on behalf of the class of plaintiffs referenced in the subject Proof of Claim. The amount claimed is calculated as 10% of the total sales to customers in Canada by Domfoam and Valle Foam during the relevant period. The Notices of Dispute provide that it is the practice of the Competition Bureau and of the U.S. Department of Justice to establish fines using 20% of the volume of commerce to arrive at the appropriate fine. Of that amount, 10% is considered to be the estimate of the damages flowing from the overcharges, whereas the additional 10% is assessed for deterrence purposes.
67. In December 2012, counsel to the Canadian Class Action Plaintiffs delivered to the Monitor a report providing an explanation of the amount claimed under the Canadian Class Action Proofs of Claim. The Monitor, together with its counsel and the Companies' counsel, have reviewed the merits of the methodology relied upon by the Canadian Class Action Plaintiffs to justify the amount claimed under the Canadian Class Action Proofs of Claim. The Monitor, the Companies' Class Action counsel and counsel to the Canadian Class Action Plaintiffs intend to meet as soon as possible with a view to resolving the value of the Canadian Class Actions Proofs of Claim, failing which, the Monitor will seek advice and directions from the Court with respect to quantification of the Canadian Class Action Proofs of Claim.

#### **STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS**

68. Attached as Exhibit "G" is the Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to July 11, 2013. Total cash receipts from the sale of assets, the collection of accounts receivable, reimbursement of legal fees and other receipts are \$6,310,597.18. Total disbursements are \$649,374.26. Net cash on hand as at July 11, 2013 is \$5,661,222.92.



69. Attached as Exhibit "H" is the Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to July 11, 2013. Total cash receipts from the sale of assets, the collection of accounts receivable, US Urethane settlement funds and other receipts are \$4,568,778.36. Total disbursements are \$1,259,367.27. Net cash on hand as at July 11, 2013 is \$3,309,411.09.
70. Attached as Exhibit "T" is the Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to July 11, 2013. Total cash receipts from the sale of assets, the collection of accounts receivable, US Urethane settlement funds and other receipts are \$1,189,757.03. Total disbursements are \$307,670.37. Net cash on hand as at July 11, 2013 is \$882,086.66.

#### PROFESSIONAL FEES

71. 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.
72. The total fees of the Monitor during the period from October 1, 2012 to July 5, 2013 amount to \$86,231.00, together with expenses and disbursements in the amount of \$128.71 and harmonized sales tax ("HST") in the amount of \$11,226.76, totalling \$97,586.47 (the "Monitor Fees"). The time spent by the Monitor is more particularly described in the Affidavit of Catherine Hristow of Deloitte & Touche Inc., sworn July 12, 2013, sworn in support hereof and attached hereto as Exhibit "J".
73. The total legal fees incurred by the Monitor during the period October 1, 2012 to June 30, 2013 for services provided by TGF as the Monitor's independent legal counsel amount to \$68,040.00 , together with disbursements in the amount of \$381.50 and HST in the amount of \$8,894.79, totalling \$77,316.29. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn July 11, 2013 in support hereof and attached hereto as Exhibit "K".

**ALLOCATION OF PROFESSIONAL FEES**

74. As noted in the Fifth Report, Valle Foam paid all of the professional fees incurred by the Companies in connection with the Class Actions and the Competition Bureau proceeding. The Applicants, with the concurrence of the Monitor, determined that the appropriate pro rata allocation of the foregoing professional fees to Valle Foam, Domfoam, and A-Z Foam should be 45%, 45% and 10% respectively. Domfoam and A-Z Foam repaid Valle Foam \$440,750.31 and \$97,944.51 plus HST of \$46,664.25 and \$10,369.84 respectively on account of such professional fees on June 15, 2012. Ongoing payment of the Monitor's fees, and legal fees incurred by the Monitor and the Applicants are paid on the above noted prorated basis.
75. Valle Foam also gave retainers to a number of law firms prior to January 12, 2012. As the law firms draw down on their retainers, Domfoam and A-Z Foam repay Valle Foam their respective proportionate share.

**EXTENSION OF THE STAY PERIOD**

76. The Companies have asked the Court to approve an extension of the Stay Period from July 31, 2013 to December 31, 2013. The basis for this request is to allow time for resolution of the various Notices of Dispute referred to in the Seventh Report and to collect the remaining Valle Foam accounts receivable.
77. The Monitor believes that the Companies are acting in good faith and with due diligence and the Monitor therefore supports the stay extension to December 31, 2013.

**MONITOR'S RECOMMENDATIONS**

78. For the reasons set out above, the Monitor recommends that:
- (a) the Stay Period be extended until December 31, 2013;
  - (b) the Seventh Report and the activities of the Monitor as described in the Seventh Report be approved; and

- (c) 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 12 day of July, 2013.

**DELOITTE & TOUCHE INC.,**  
solely in its capacity as the Monitor  
of the Companies (as defined herein),  
and without personal or corporate liability

Per: P. Casey  
Paul M. Casey, CPA, CA•CIRP  
Senior Vice-President

**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 3113736 CANADA LTD. 4362063 CANADA  
LTD., 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

**MOTION RECORD  
VOLUME II**

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