

**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 Valle Foam Industries (1995) 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 Valle Foam Industries (1995) Inc. (the "Debtor") and Fybon Industries Limited (the "Purchaser") dated February 22, 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, 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, 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;

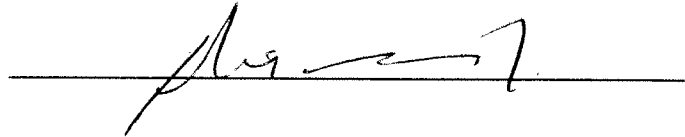
the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, 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 company name from Valle Foam Industries (1995) Inc. and Industries Valle Foam (1995) 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 "August", is written over a horizontal line.

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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  
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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 Valle Foam Industries (1995) 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 February 22, 2012 (the “Sale Agreement”) between the Debtor and Fybon Industries Limited (the “Purchaser”) and provided for the vesting in the Purchaser 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; (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) 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;
2. The conditions to Closing of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. 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  
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Proceeding commenced at TORONTO

**SALE APPROVAL & VESTING ORDER  
(re Valle Foam Industries (1995) Inc.)**

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