

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF VALLE FOAM INDUSTRIES (1995) INC.,
DOMFOAM INTERNATIONAL INC., AND
A-Z SPONGE & FOAM PRODUCTS LTD.**

APPLICANTS

**SUPPLEMENTAL REPORT TO THE
THIRD REPORT OF THE MONITOR
DATED MARCH 13, 2012**

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INTRODUCTION

1. This Supplemental Report to the Third Report Of The Monitor (the "**Supplemental Report**") is to be read in conjunction with the Third Report of Deloitte & Touche Inc., Court Appointed Monitor (the "**Monitor**") of Valle Foam Industries (1995) Inc. ("**Valle Foam**"), and its affiliates Domfoam International Inc. ("**Domfoam**") and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**" or the "**Companies**"), dated March 13, 2012. This Supplemental Report is being filed with the Court under seal at the Monitor's request pending the closing of the sale of the Companies' assets pursuant to the various Asset Purchase Agreements which are more fully described herein.

THE SALES PROCESS

2. By Order of the Court dated January 27, 2012 (the "**Sale Process Order**"), the Court authorized and approved the process pursuant to which the Companies invited offers to purchase some or all of the Companies' assets (the "**Sale Process**").
3. Following approval of the Sale Process pursuant to the Sale Process Order, the following steps were taken by the Companies and/or the Monitor:
 - (a) an advertisement regarding the Sale Process was placed in the national edition of The Globe and Mail newspaper on January 31, 2012;
 - (b) a marketing flyer (the "**Flyer**") was prepared by the Companies with the assistance of the Monitor identifying the opportunity to purchase the Property;
 - (c) the Monitor's Website was updated to include links to the Sale Process Order, a description of the Sale Process, the Terms and Conditions of Sale approved pursuant to the Sale Process Order, the template form of offer to be utilized by a prospective purchaser, the Flyer and the form of confidentiality agreement required to be executed to gain access to the data room described below;

- (d) Management and the Monitor developed a list of potential purchasers for the Property and the Monitor distributed a copy of the Flyer to all such parties. A total of forty-seven (47) Flyers were distributed to potential purchasers;
 - (e) those parties that signed the confidentiality agreement posted on the Monitor's Website were provided access to the electronic data room maintained by the Monitor which contains detailed information regarding the Companies' assets and businesses to permit interested parties to conduct their due diligence via secure web access. A total of sixteen (16) potential purchasers signed the confidentiality agreement;
 - (f) the Monitor responded to questions regarding the Sale Process and to information requests from interested parties. It also assisted the Companies in coordinating site visits to the Companies' business premises; and
 - (g) the Monitor received and reviewed appraisals of the Companies' equipment.
4. As at February 22, 2012, the deadline for submission of offers, a total of eight (8) offers were received. Valle Foam received two (2) offers, Domfoam received two (2) offers and A-Z Foam received four (4) offers. Attached hereto as Exhibit "A" is a summary of the offers received.

VALLE FOAM OFFERS

5. Of the two offers received by Valle Foam, the company, in consultation with the Monitor, accepted the offer from Fybon Industries Limited (the "Fybon Offer") for the following reasons:
- (a) the Fybon Offer is significantly higher than the other offer received;
 - (b) the Fybon Offer will result in realizations greater than the liquidation value of Valle Foam's assets; and
 - (c) the Fybon Offer allows for the continuation of the business.
6. Valle Foam has accepted the Fybon Offer, subject to approval of the Court. A copy of the accepted offer is attached hereto as Exhibit "B"

DOMFOAM OFFERS

7. Of the two offers received by Domfoam, the company, in consultation with the Monitor, accepted the offer from 4037057 Canada Inc. (the "057 Offer") for the following reasons:
 - (a) the 057 Offer was the highest of the two offers received;
 - (b) the 057 Offer will result in realizations greater than the liquidation value of Domfoam's assets; and
 - (c) the 057 Offer allows for the continuation of the business.
8. Domfoam has accepted the 057 Offer, subject to approval of the Court. A copy of the accepted offer is attached hereto as Exhibit "C"

A-Z FOAM OFFERS

9. Following a consultation with the Monitor, counsel for A-Z Foam advised each party which had submitted an offer in respect of A-Z Foam's assets to re-submit their offers with an improved purchase price, provided that no other changes to such party's initial offer would be permitted.
10. Revised offers were requested to be submitted by March 2, 2012.
11. Of the four offers received (only two of which submitted revised offers) by A-Z Foam, the company, in consultation with the Monitor, accepted the offer from 0932916 BC Ltd. (the "916 Offer") for the following reasons:
 - (a) of the four offers received, the 916 Offer was the highest;
 - (b) the 916 Offer will result in realizations greater than the liquidation value of A-Z Foam's assets; and
 - (c) the 916 Offer allows for the continuation of the business.
12. A-Z Foam has accepted the 916 Offer, subject to approval of the Court. A copy of the accepted offer is attached hereto as Exhibit "D"

MONITOR'S RECOMMENDATIONS

13. The Monitor recommends that the Court approve the Fybon Offer, the 057 Offer and the 916 Offer accepted by Valle Foam, Domfoam, and A-Z Foam, respectively, for the following reasons:
- (a) the Sale Process was in accordance with the Sale Process Order;
 - (b) the Sale Process was fair and complete;
 - (c) the Fybon Offer, the 057 Offer and the 916 Offer represent the highest and best offers received by the Companies; and
 - (d) Fybon Industries Limited, 4037057 Canada Inc. and 0932916 BC Ltd. have indicated that they are capable of closing their respective transactions before the end of March, 2012.

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

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

Per:



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

EXHIBIT "A"

Summary of Offers Received

	<u>Offeror</u>	<u>Amount of Offer</u>	<u>Conditions/Comments</u>
<u>VALLE FOAM</u>			
1	Asset Services Inc.	\$783,000	<ul style="list-style-type: none"> - Offer excludes A/R and Inventory - Offer less than forced liquidation value - No deposit received
2	Fybon Industries Limited	\$1,525,000	<ul style="list-style-type: none"> - Deposit of \$152,000 received - Offer requires 20% commission on A/R collections - Standard offer form not used - Closing date is 45 days after Court Approval (or other agreed upon date)
<u>DOMFOAM</u>			
1.	4037057 Canada Inc.	\$3,662,975	<ul style="list-style-type: none"> - Deposit of \$360,000 received - Includes A/R, inventory and other assets - Offer is higher than forced liquidation value
2.	TBF Environmental Technology & Leasing Inc.	\$3,330,002	<ul style="list-style-type: none"> - No deposit received - Did not include letter from bank regarding financing
<u>A-Z FOAM</u>			
1.	TBF Environmental Technology & Leasing Inc.	\$55,009	<ul style="list-style-type: none"> - Deposit of \$15,008.88 received - Offer also includes the purchase of specific assets of Domfoam
2.	0932916 BC Ltd.	\$825,000	<ul style="list-style-type: none"> - Deposit of \$82,500 received - Includes A/R, inventory, equipment and assumed contracts - Offer is higher than forced liquidation value
3.	Starfoam Inc.	Initially \$501,000, then increased to \$655,000	<ul style="list-style-type: none"> - Deposit of \$50,100 received - Did not include adjustment for increase in inventory
4.	0931334 BC Ltd.	\$500,000	<ul style="list-style-type: none"> - Deposit of \$50,000 received - Assumed minimum A/R of \$750,000 and minimum inventory of \$900,000

EXHIBIT "B"

ASSET PURCHASE AGREEMENT

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

BETWEEN:

FYBON INDUSTRIES LIMITED

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

and

VALLE FOAM INDUSTRIES (1995) INC.

An Ontario corporation
(the "Vendor")

- A. The Vendor carries on the business of the manufacture of foam products under the name Valle Foam industries (the "Business").
- B. The Purchaser wishes to purchase, and the Vendor wishes to sell, substantially all of the assets, property and undertaking of the Business on the terms and conditions herein contained.
- C. The sale by the Vendor is subject to a court approval sale process under *The Companies Creditors Arrangement Act*, R.S.C. 1985 whereby Deloitte & Touche Inc. has been appointed monitor and any asset purchase agreement is subject to and requires the approval of the Court.

The Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

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

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

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

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

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

1.2 Currency

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

1.3 Governing Law

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

1.4 Interpretation Not Affected by Headings

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

1.5 Number and Gender

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

1.6 Time of Essence

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

1.7 Severability

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

1.8 Accounting Terms

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

1.9 Calculation of Time Periods

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

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

1.10 Statutory Instruments

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

1.11 Incorporation of Schedules

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

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

ARTICLE 2 PURCHASE AND SALE

2.1 Purchased Assets

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

2.2 Purchase Price

The aggregate purchase price (the "Purchase Price") payable by the Purchaser to the Vendor for the Purchased Assets shall be \$1,525,000.00, subject to adjustment in accordance with Section 2.4.

2.3 Payment of Purchase Price

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

(1) Concurrently with the execution of this Agreement, the Purchaser will pay to Deloitte & Touche Inc., in trust, by certified cheque or bank draft or other means of immediately available funds, the sum of \$152,500.00 (the "Deposit") as a deposit. The Deposit will be deposited in an interest-bearing account of a Canadian chartered bank or trust company in the City of Toronto in the name of the Purchaser and will be dealt with in accordance with the following provisions.

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

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

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

2.4 Adjustment of Purchase Price

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

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

- (i) Usable raw materials to be valued at fifty (50%) per cent of cost and in any event not less than 90% of the raw materials at Closing;
- (ii) Finished goods to be valued at Fifty (50%) per cent of the lesser of manufactured cost or sale value.

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

2.5 Allocation of Purchase Price

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

2.6 ETA Election

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

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

2.7 Transfer Taxes

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

2.8 Accounts Receivable

The Purchaser shall be appointed by the Vendor as agent to collect all Accounts Receivable of the Vendor outstanding as at the Closing Date. The Purchaser shall collect such Accounts Receivable on behalf of the Vendor and shall remit to the Vendor or to whomever the court shall direct on a monthly basis all amounts received on account of the said Accounts Receivable less a collection fee of Twenty (20%) per cent to be retained by the Purchaser. The Purchaser shall provide to the Vendor and/or the monitor on a monthly basis an accounting of all Accounts Receivable paid during the month. The Purchaser shall not be required to take any court action or other collection procedures with regard to the Accounts Receivable. At the end of ninety (90) days after the Closing Date the Vendor shall resume all collection responsibilities for the Accounts Receivable and the Purchaser shall cease any collection efforts with regard to then uncollected Accounts Receivable. The Purchaser shall not settle any of the Accounts Receivable for amounts less than the full amount outstanding without the prior written approval of the Vendor or the monitor.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Purchaser

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

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

(2) Validity of Agreement

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

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

3.2 Survival of Covenants, Representations and Warranties of the Purchaser

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

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

- (1) the representations and warranties set out in Sections 3.1(1) and 3.1(2), and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 5.3(1), shall survive the Closing and shall continue in full force and effect without limitation of time;
- (2) a claim for breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this Section 3.2, provided that a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Law; and
- (3) no claim for any breach of any of the covenants, representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement may be made after the applicable expiration time set out in this Section 3.2 notwithstanding that such breach was not objectively discoverable.

ARTICLE 4 COVENANTS

4.1 Conduct During Interim Period

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

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

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

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

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

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

4.2 Access to Information

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

4.3 Satisfaction of Closing Conditions

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

4.4 Delivery of Records

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

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

4.5 Access to Purchased Assets

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

4.6 Employees

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

4.7 Change of Name

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

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Conditions for the Benefit of the Purchaser

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

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

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

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

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

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

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

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

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

5.2 Satisfaction of Conditions

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

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

5.3 Waiver or Termination by the Purchaser

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

5.4 Conditions for the Benefit of the Vendor

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

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

5.5 Waiver or Termination by the Vendor and Shareholder

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

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

5.6 Conditions Precedent

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

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

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

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

5.7 Survival following Termination

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

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Place of Closing

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

6.2 Deliveries at the Closing

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

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

**ARTICLE 7
GENERAL**

7.1 Confidentiality

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

7.2 Notices

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

(a) if to the Vendor:

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

(b) if to the Purchaser:

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

Ricketts Harris LLP

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

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

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

7.3 Public Announcements and Disclosure

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

7.4 Assignment

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

7.5 Best Efforts

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

7.6 Expenses

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

7.7 Further Assurances

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

7.8 Entire Agreement

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

7.9 Waiver, Amendment

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

7.10 Rights Cumulative

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

7.11 Counterparts

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

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

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

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

Per: _____

VALLE FOAM INDUSTRIES (1995) INC.

Per: _____

SCHEDULE "A"
EQUIPMENT LIST
SEE ATTACHED

January 2012

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

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

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

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

January 2012

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

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

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

January 2012

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

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

January 2012

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

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

January 2012

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

ITEM #	QTY.	ITEM DESCRIPTION
1)	3	Wise Opening, Blending and Filling Lines
2)	1	Edge-Sweets "Convoluter 84" Roll Type Convolute Cutting Machine S/N: 8041
3)	1	84" Hydraulic Press
4)	Lot	Factory Support Equipment <ul style="list-style-type: none">• Pallet Racking• Shop Vacuums• Motorized Conveyor• Pedestal Fans• Pallet Trucks• Grommet Machine• Maintenance Area• Stacking Bins• Security Maintenance Cage• Beam Scale• Layout Tables• Hand Trucks• Sewing Department
5)	1	Philadelphia Hydraulic Vertical Baler
6)	3	Koger 125 HP Hydraulic Shredding Lines w/ Blowers and Bulk Storage Bins
7)	1	2007 Baumer "SHW-104D" Peeler S/N: 115569
8)	1	Fecken-Kirfel "R11-8" Peeler S/N: M4250
9)	1	Hydraulic Boring Machine
10)	1	76" Laminating Line w/ Slitting Heads, Cut-Off and Take-Up
11)	1	Mac-Air 25 HP Air Compressor

January 2012

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

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

January 2012

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

ITEM #	QTY.	ITEM DESCRIPTION
1)	1	44" Horizontal Bandsaw w/ Motorized Return Conveyor S/N: n/a
2)	1	Delta 16" Vertical Bandsaw
3)	1	Hyma "ASL-UL" Vertical Bandsaw S/N: 914032-01
4)	1	Atom "T-55" Die Cutting Press S/N: 7638
5)	1	Fox "Model 7" Auto Pallet Wrapping Machine (Not in service)
6)	Lot	Miscellaneous Factory Support Equipment <ul style="list-style-type: none">• Factory Trucks• Hydraulic Pallet Trucks• Mezzanine• Shop Vacuums• Roller Conveyor• Pallet Racking• Pedestal Fans
7)	1	Edge Saw "5088-PVT" Horizontal Bandsaw S/N: 5144
8)	1	Femco 72" Vertical Bandsaw 40° Head
9)	1	Frank Edge 60" Vertical Bandsaw S/N: 1162
10)	1	Supacut 50" Vertical Bandsaw S/N: 1213

January 2012

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

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

January 2012

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

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

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

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

January 2012

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

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

SCHEDULE "B"

INTELLECTUAL PROPERTY

BioPlush foams
Green Urethanes

SCHEDULE "C"

ALLOCATION OF PURCHASE PRICE

INVENTORY \$1,000,000.00 (SUBJECT TO ADJUSTMENT)

ALL OTHER PURCHASED ASSETS \$525,000.00

SCHEDULE "D"
CONDITIONS OF SALE
SEE ATTACHED