

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



## **EXHIBIT “B”**

## ASSET PURCHASE AGREEMENT

THIS AGREEMENT made as of the 22<sup>nd</sup> 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

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

January 2012

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

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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

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

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ITEM #	QTY.	ITEM DESCRIPTION
33)	Lot	<b>Miscellaneous Factory Support Equipment:</b> <ul style="list-style-type: none"> <li>• Pallet Racking</li> <li>• Hydraulic Pallet Trucks</li> <li>• Motorized Belt Conveyor</li> <li>• Roller Conveyor</li> <li>• Boom Extension</li> <li>• Material Handling Carts</li> <li>• Scales</li> <li>• Scissor Lift Tables</li> <li>• Electric Pallet Trucks</li> <li>• Storage Cabinets</li> <li>• Open Side Spray Booths</li> <li>• Adhesive Pumps and Guns</li> <li>• Pedestal Fans</li> <li>• Work Benches</li> <li>• Hand Trucks</li> </ul>
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

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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

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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 <sup>2</sup> 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

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January 2012

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

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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"><li>• Pallet Racking</li><li>• Shop Vacuums</li><li>• Motorized Conveyor</li><li>• Pedestal Fans</li><li>• Pallet Trucks</li><li>• Grommet Machine</li><li>• Maintenance Area</li><li>• Stacking Bins</li><li>• Security Maintenance Cage</li><li>• Beam Scale</li><li>• Layout Tables</li><li>• Hand Trucks</li><li>• Sewing Department</li></ul>
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 "Ril-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**

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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

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January 2012

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

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

January 2012

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

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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)

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January 2012

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

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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"><li>• Roller Conveyor</li><li>• Mezzanine</li><li>• Pedestal Fans</li><li>• Foam Clamp Carriers</li><li>• Shop Vacuums</li><li>• Security Man Lift Cage</li><li>• Factory Trucks</li><li>• Motorized Conveyor</li><li>• Open Side Spray Booths</li><li>• Hydraulic Scissor Lift Tables</li><li>• Hydraulic Pallet Trucks</li><li>• Hand Trucks</li><li>• Layout Tables</li><li>• Manual Cutters</li><li>• Pinch Rolls</li><li>• Stencil Machines</li><li>• Beam Scale</li><li>• Dock Plates</li></ul>
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



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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

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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

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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

## CONDITIONS OF SALE

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

## **EXHIBIT “C”**

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**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 Interim Period.
- (c) The Vendor shall use its best efforts to obtain such releases as may be required by the Purchaser, acting reasonably, regarding the termination of management employees, a list of which shall be provided by the Purchaser no later than ten (10) Business Days prior to the Closing Date; and
- (d) The Vendor agrees that during the Interim Period, it shall continue to conduct its Business in the ordinary course and, without limiting the generality of the foregoing, continue to serve its customers on a daily and normal basis without interruption, purchase inventory to satisfy the needs of the Business and deliver the finished goods on the timely manner as done in the past year.

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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 Blainville, PQ

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:

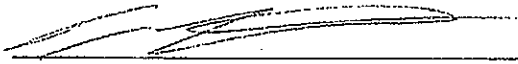
LPLV  
c/o: Mtre. Jacques Vincent  
Fax: (514) 798-5599  
Email: [j.vincent@lplv.com](mailto:j.vincent@lplv.com)

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 1.1(m)

Contracts.

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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 Vjeco;
- 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

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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	1FUJA6CK97LY49529	05/2013	21,204	21,204	21,204	1,767	-	-	-
332468	1FUJA6CK57LY49530	05/2013	21,204	21,204	21,204	1,767	-	-	-
332469	1FUJA6CK77LY49531	05/2013	21,204	21,204	21,204	1,767	-	-	-
329316	1FUJA6CK37LY49526	11/2013	20,964	20,964	20,964	13,229	-	-	-
329317	1FUJA6CK37LY49527	11/2013	20,964	20,964	20,148	11,753	-	-	-
329318	1FUJA6CK77LY49528	11/2013	20,148	20,148	20,148	11,753	-	-	-
336255	1HTSCAMXXH227688	11/2013	20,148	20,148	20,148	11,753	-	-	-
336257	1FUJA6CK97LY61325	11/2013	20,148	20,148	20,148	11,753	-	-	-
336256	1FUJA6CK77LY61324	11/2013	20,148	20,148	20,148	11,753	-	-	-
325581	1FUJA6CK97LY49523	05/2012	26,952	26,952	2,245	-	-	-	-
325582	1FUJA6CKX7LY49524	05/2012	26,952	26,952	2,245	-	-	-	-
324854	1FUJA6CK47LY49521	05/2013	24,780	24,780	24,780	2,065	-	-	-
324855	1FUJA6CK67LY49522	05/2013	24,780	24,780	24,780	2,065	-	-	-
13423	Rental # A4EC380620	09/2014	14,220	14,220	14,220	14,220	5,925	-	-
13424	Rental # A3EC380443	09/2014	14,220	14,220	14,220	14,220	5,925	-	-
13422	Rental # A3EC380225	09/2014	14,220	14,220	14,220	14,220	5,925	-	-
344371-212772	Rental # A4EC380738	09/2016	12,900	-	-	-	-	-	-
2550814	Water dispenser Plant	08/2016	-	1,176	1,176	1,176	1,176	1,176	490
344371-205533	Main Photocopier	11/2016	-	1,512	1,512	1,512	1,512	1,512	504
344371-205455	Plant & Sales Photocopier	11/2016	-	9,085	9,912	9,912	9,912	9,912	5,782
				8,882	9,144	9,144	9,144	9,144	5,334
	TOTALS		344,340	351,595	303,772	144,829	39,519	21,744	12,130

Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Ryder  
Hewlett  
Hewlett  
Tri Source  
Toshiba  
Toshiba

PREPARED BY: LS

DATE: 2011-07-11

REVIEWED BY:

DATE:

Schedule 1.1(hh)

Purchased Assets

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

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

Schedule 1.1(un)  
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: DOMFOAM

Trademark	Registration or application number	date of application (if "A") or registration ("R")	Name of the current owner or applicant	Expiry date	Name of the agent	Status
1 SPRINGFLEX FOAM	1531370	A: 2011-05-10	Domfoam International Inc.		N/A	
2 CONTOUR-MATIC	LMC643558	R: 2005-05-07		2020-05-07	Jim Sproule, A-Z Sponges & Foam Products Ltd.	formalized on 2014-05-15 registered
3 VILLA	LMC203073	R: 1974-11-08	Domfoam International Inc.	2019-11-08	Stikeman Elliott LLP	renewed on 2004-11-08
4 CUPPLE FOAM	LMC570966	R: 2002-11-20	Domfoam International Inc.	2017-11-20	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
5 VELVAFOAM	LMC272231	R: 1982-08-27	Domfoam International Inc.	2012-08-27	Stikeman Elliott LLP	renewed on 1997-08-27
6 Camylcel	LMC273917	R: 2004-10-28	Domfoam International Inc.	2019-10-28	N/A	registered
7 SPECTRUM	LMC288288	R: 1984-02-24	Domfoam International Inc.	2014-02-24	Stikeman Elliott LLP	renewed on 1999-02-24
8 INSULGARD	LMC271131	R: 1982-07-16	Domfoam International Inc.	2012-07-16	Stikeman Elliott LLP	renewed on 1997-07-16
9 CELCOR	LMC292308	R: 1984-06-22	Domfoam International Inc.	2014-06-22	Stikeman Elliott LLP	renewed on 1999-06-22
10 PRO-BOND	LMC205857	R: 1975-03-14	Domfoam International Inc.	2020-03-14	Stikeman Elliott LLP	renewed on 2005-03-14
11 DOMFOAM	LMC145959	R: 1956-06-30	Domfoam International Inc.	2026-06-30	Stikeman Elliott LLP	renewed on 2011-06-30
12 LODGE	LMC205858	R: 1975-03-14	Domfoam International Inc.	2020-03-14	Stikeman Elliott LLP	renewed on 2005-03-14
13 CHATEAU	LMC202908	R: 1974-11-01	Domfoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
14 Royalcel	LMC624905	R: 2004-11-08	Domfoam International Inc.	2019-11-08	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
15 EXCAUBUR	LMC288023	R: 1984-03-16	Domfoam International Inc.	2014-03-16	Stikeman Elliott LLP	renewed on 1999-03-16
16 RIVIERA	LMC202909	R: 1974-11-01	Domfoam International Inc.	2019-11-01	Stikeman Elliott LLP	renewed on 2004-11-01
17 PERMA-BOND	LMC180311	R: 1974-12-24	Domfoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
18 Snuggle-Pedic	LMC644655	R: 2005-07-19	Domfoam International Inc.	2020-07-19	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
19 VELTEX	LMC275264	R: 1982-12-31	Domfoam International Inc.	2012-12-31	Stikeman Elliott LLP	renewed on 1997-12-31
20 FREEDOM FOAM	LMC729834	R: 2008-12-01	Domfoam International Inc.	2025-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
21 BIOPUSH	LMC729835	R: 2008-12-01	Domfoam International Inc.	2023-12-01	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
22 Hug-A-Pedic	LMC665748	R: 2008-06-06	Domfoam International Inc.	2021-06-06	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
23 NORTHERN TREASURE	LMC382121	R: 2005-04-25	Domfoam International Inc.	2020-04-25	Stikeman Elliott LLP	registered
24 LA COLLECTION ZODIAC	LMC292425	R: 1984-08-17	Domfoam International Inc.	2014-08-17	Stikeman Elliott LLP	renewed on 1999-08-17
25 WUNDER-BOND	LMC180310	R: 1972-12-24	Domfoam International Inc.	2016-12-24	Stikeman Elliott LLP	renewed on 2001-12-24
26 BONDEX	LMC298357	R: 1985-01-11	Domfoam International Inc.	2019-01-11	Stikeman Elliott LLP	renewed on 2003-01-11
27 QUANTUM	LMC292311	R: 1984-05-22	Domfoam International Inc.	2014-05-22	Stikeman Elliott LLP	renewed on 1999-05-22
28 MAGNUM	LMC265867	R: 1982-02-26	Domfoam International Inc.	2027-02-26	Stikeman Elliott LLP	renewed on 2012-02-26
29 VISCOMAGIC Memory Fo	LMC688655	R: 2007-05-31	Domfoam International Inc.	2022-05-31	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
30 Cuddle-Pedic	LMC644418	R: 2005-07-14	Domfoam International Inc.	2020-07-14	Jim Sproule, A-Z Sponges & Foam Products Ltd.	registered
31 ZODIAC COLLECTION	LMC250846	R: 1984-05-11	Domfoam International Inc.	2014-05-11	Stikeman Elliott LLP	renewed on 1999-05-11



CANADIAN CANCELLED OR ABANDONED TRADEMARKS: DOMFOAM

Trademark	Registration or application number	date of A or R	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1 DOMFOAM MAPLE LEAF & DESIGN	LMC375584	R: 1980-11-09	Domfoam International Inc.	2005-07-06	Stikeman Elliott LLP
2 VISCOPUS	1460194	A: 2009-11-19	Domfoam International Inc.	2010-12-17	Jim Spradue, A-Z Spradue & Foam Products Ltd.
3 SECURFOAM & DESIGN	832300	A: 1986-11-20	Domfoam International Inc.	2001-01-10	Stikeman Elliott LLP
4 NIMBUS	495427	A: 1982-11-26	Domfoam Inc.	1983-01-28	Seal, Shapiro & Seal
5 PROTECT-A-RUG	LMC177017	R: 1977-07-23	Domfoam Inc.	1986-09-10	Seal, Shapiro & Seal
6 STRATUS	495428	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapiro & Seal
7 FLAREX	LMC205782	R: 1975-03-07	Domfoam Inc.	1980-04-27	Seal, Shapiro & Seal
8 CFC & DESIGN	LMC203684	R: 1974-12-06	Domfoam International Inc.	2005-07-21	Stikeman Elliott LLP
9 HABITAT	520121	A: 1983-03-11	Domfoam Inc.	1986-08-22	Seal, Shapiro & Seal
10 UROCELL HR	LMC203776	R: 1974-12-06	Domfoam International Inc.	2005-07-21	Stikeman Elliott LLP
11 Domfoam & design	LMC375563	R: 1980-11-09	Domfoam International Inc.	2006-07-05	Stikeman Elliott LLP
12 SUNROSE	LMC264104	R: 1981-11-06	Domfoam International Inc.	1997-07-08	Stikeman Elliott LLP
13 ALTO-CUMULUS	495426	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapiro & Seal
14 CUMULUS	495425	A: 1982-11-26	Domfoam Inc.	1983-12-19	Seal, Shapiro & Seal
15 EVER-BOND	LMC184974	R: 1972-08-18	Domfoam Inc.	1987-10-02	Seal, Shapiro & Seal
16 VISCOLAIRE	1204369	A: 2004-03-22	Domfoam International Inc.	2005-02-14	N/A
17 FlexCel	1198594	A: 2003-12-02	Domfoam International Inc.	2005-03-08	Jim Spradue, A-Z Spradue & Foam Products Ltd.
18 PINK PANTHER	LMC236776	R: 1979-10-19	Domfoam Inc.	1990-03-16	Seal, Shapiro & Seal
19 CIRRIUS	495423	A: 1982-11-26	Domfoam Inc.	1984-01-06	Seal, Shapiro & Seal

CANADIAN SEARCH OF TRADEMARKS: DOMFIDAM

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

US REGISTERED TRADEMARK : DOMFOAM

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

US CANCELLED TRADEMARK : DOMFOAM

Trademark	Serial number	date of application	Name of the current owner or applicant	date of cancellation or abandonment	Name of the agent
1. CUDDLE FOAM	78219889	2003-02-27	Domfoam International Inc.	2004-02-11	N/A
2. SECURIFOAM & DESIGN	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.*

SCHEDULE 2.9(A)  
Section 1

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

Customer No.	Balance Due	Current	31-60 Days	61-90 Days	Over 90 Days
00157	704.58	704.58	-	-	-
00202	25,631.17	25,431.85	199.32	-	-
00291	5,362.49	1,032.48	3,320.06	1,009.95	-
00308	4,316.16	4,316.16	-	-	-
00316	1,952.01	1,736.65	215.36	-	-
10005	511,571.37	303,779.87	180,349.98	27,441.52	-
10020	128,444.89	128,444.89	-	-	-
10024	2,028.58	-	2,028.58	-	-
10052	7,668.76	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	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	112,323.23	117,018.61	19,875.10
11676	42,927.94	19,314.91	17,404.97	6,208.06	-
11682	254,229.37	253,895.10	-	334.27	-
11684	5,358.46	5,758.76	(400.30)	-	-
11714	8,989.08	8,716.63	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	20,181.28	(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

# SCHEDULE 2.9(A) SECTION 2

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

AR

NAME	NET	CREDIT LIMIT	CURRENT	31-50 DAYS	51-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
CDN								
157 VEN-REZ-PRODUITS	60 \$	25 000.00	704.58 \$	159.32 \$	-	-	704.58	
202 BUGATTI DESIGN INC.	60 \$	25 000.00	25 431.65 \$	3 320.05 \$	1 009.85 \$	-	25 681.17	
291 DIME ART INC.	60 \$	15 000.00	1 032.48 \$	-	-	-	5 362.49	
308 POSITECH INNOVATION INC.	30 \$	7 000.00	4 316.15 \$	-	-	-	4 316.15	
316 LIND FURNITURE (CANADA) LT.	60 \$	825 000.00	1 795.65 \$	215.35 \$	-	-	1 952.01	
10020 LSC CANADA INC.	60 \$	350 000.00	123 444.69 \$	-	-	-	128 444.89	
10024 AIRWAY-SURGICAL AFFILIAN	60 \$	5 000.00	-	-	-	-	-	
10052 ALPHAVIC INC.	35 \$	30 000.00	6 949.57 \$	2 028.59 \$	-	-	7 562.75	
10072 KRAUS CANADA INC (FO)	35 \$	30 000.00	258 533.73 \$	719.03 \$	5 114 937.07 \$	-	528 925.52	
10080 QUALITY PRUGS OF CANADA LI	30 \$	725 000.00	41 326.70 \$	-	-	-	41 326.70	
10120 SEAWAY CARPET LTEE	30 \$	25 000.00	1 158.95 \$	-	-	-	1 158.95	
10136 BOBLEN INC.	30 \$	50 000.00	17 679.48 \$	-	-	-	17 679.48	
10145 MATELAS BOURCK ENRG.	60 \$	25 000.00	3 072.41 \$	-	-	-	5 746.69	
10222 MATELAS CONDOR ENRG.	30 \$	175 000.00	1 004.61 \$	-	-	-	1 004.61	
10244 MATELAS DAUPHIN INC.	30 \$	175 000.00	101 943.87 \$	-	-	-	101 943.87	
10273 DOUBLET EX INC.	30 \$	175 000.00	13 356.08 \$	2 962.78 \$	-	-	16 318.86	
10305 BENNETT FLEET (QUEBEC) IN	60 \$	40 000.00	3 402.81 \$	2 141.95 \$	893.43 \$	-	6 438.19	
10331 MATELAS THERAPEDIC	60 \$	5 000.00	2 254.11 \$	-	-	-	2 254.11	
10351 IDEAL CHEST INC.	60 \$	30 000.00	11 533.52 \$	-	-	-	8 754.38	
10358 COURT T. SPORTS INC	45 \$	10 000.00	1 598.57 \$	10 024.90 \$	8 412.16 \$	-	29 870.58	
10378 LITERIE LAVAIL	45 \$	50 000.00	3 680.51 \$	1 559.97 \$	-	3 847.19	7 105.75	
10379 MATELAS LAVIOLETTE INC.	45 \$	75 000.00	27 771.01 \$	-	1 030.47 \$	-	45 107.85	
10384 TEXTILES LET GURNEAU	20 \$	35 000.00	3 529.98 \$	-	-	-	3 529.98	
10385 MATELAS LION D'OR INC.	20 \$	35 000.00	833.93 \$	-	-	-	833.93	
10426 CANADEL	60 \$	50 000.00	32 749.54 \$	-	-	-	32 749.54	
10465 EQUIPONS PARENT INC.	60 \$	50 000.00	3 265.84 \$	-	-	-	3 265.84	
10494 REMBOURRAGE A.N.P.	60 \$	50 000.00	1 729.11 \$	-	-	-	1 729.11	
10502 LITERIE PROVINCIALE LTEE	60 \$	50 000.00	18 715.15 \$	-	-	-	18 715.15	
10506 AMEUBLEMENT RENAISSANC	30 \$	15 000.00	2 826.31 \$	-	-	-	2 826.31	
10510 MATELAS REINE INC.	30 \$	50 000.00	28 034.38 \$	-	-	-	28 034.38	
10521 HENRI LOUIS ROUSSEAU INC.	60 \$	35 000.00	5 488.67 \$	-	-	-	5 488.67	
10545 SEAWAY PLASTICS LTEE	60 \$	20 000.00	8 278.42 \$	-	-	-	8 278.42	
10547 SERV. CORR. DU CANADA	30 \$	8 000.00	344.24 \$	-	-	-	344.24	
10570 SPORT MASKA INC.	15 \$	50 000.00	1 849.53 \$	-	-	-	1 849.53	
10595 TRANS-CANADA INDUSTRIES	60 \$	50 000.00	6 075.15 \$	-	-	-	6 075.15	
10737 FUTON 7TH HEAVEN UTOPIA I	60 \$	45 000.00	284.40 \$	-	-	-	284.40	
10765 GROUPE GIBO INC.	60 \$	45 000.00	6 759.35 \$	-	-	-	6 759.35	
10848 PRINCESSE	60 \$	45 000.00	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	30 \$	25 000.00	1 115.72 \$	-	-	-	1 115.72	
11150 PROFOM INC.	60 \$	27 000.00	656.81 \$	-	-	-	656.81	
11155 JARDIN DE VILLE INC.	60 \$	100 000.00	29 097.79 \$	-	-	-	29 097.79	
11157 MSCM INC.	45 \$	25 000.00	5 017.77 \$	-	-	-	5 017.77	
11208 REMI CARRIER INC.	60 \$	25 000.00	3 512.23 \$	-	-	-	3 512.23	
11210 PROQUAI INC.	60 \$	25 000.00	3 512.23 \$	-	-	-	3 512.23	
11268 ROUILLARD INC.	60 \$	25 000.00	3 512.23 \$	-	-	-	3 512.23	
11272 INTER CONFORT	60 \$	25 000.00	3 512.23 \$	-	-	-	3 512.23	
11275 STEERS GROUP LIMITED	75 \$	35 000.00	3 512.23 \$	-	-	-	3 512.23	
11289 MATELAS SIESTA	60 \$	35 000.00	3 512.23 \$	-	-	-	3 512.23	
11415 ROCKLAND TEXTILES INC.	60 \$	35 000.00	3 512.23 \$	-	-	-	3 512.23	
11457 MATELAS PRESTIGE	15 \$	35 000.00	3 512.23 \$	-	-	-	3 512.23	
11558 DUATRO TECHNOLOGIES INC.	45 \$	10 000.00	3 512.23 \$	-	-	-	3 512.23	
11577 ARTOPLEX PLUS INC.	30 \$	35 000.00	3 512.23 \$	-	-	-	3 512.23	
11580 FUTON DESIGN	60 \$	20 000.00	4 424.19 \$	-	-	-	4 424.19	

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AGED ACCOUNTS RECEIVABLE  
DOMFON INTERNATIONAL INC.

Date: Jan-31, 2012

11627 PRO TAC INDUSTRIES INC.	60	\$	5,000.00	\$	180	\$	17,404.97	\$	6,206.08	\$	180	\$	42,927.94	\$
11676 LITERIE DORMATEX INC.	60	\$	10,000.00	\$	19,314.91	\$	(400.30)	\$	-	\$	180	\$	5,358.46	\$
11684 FOUSTAR CANADA INC	60	\$	75,000.00	\$	5,758.76	\$	353.56	\$	-	\$	(81.11)	\$	8,989.08	\$
11714 TRICA	60	\$	2,000.00	\$	8,716.63	\$	885.20	\$	-	\$	-	\$	885.20	\$
11760 VERANDA JARDIN INC	30	\$	30,000.00	\$	10,301.45	\$	-	\$	-	\$	-	\$	10,301.45	\$
11779 MANUFACTURE DE MATELAS	45	\$	125,000.00	\$	18,946.71	\$	-	\$	-	\$	-	\$	18,946.71	\$
11811 BROLAIN DISTRIBUTEURS LTD.	60	\$	50,000.00	\$	4,191.35	\$	-	\$	-	\$	-	\$	4,191.35	\$
11828 COMFORT FOAM & FIBRE	60	\$	25,000.00	\$	1,068.94	\$	-	\$	-	\$	-	\$	1,068.94	\$
11833 MATELAS SELECT	60	\$	100,000.00	\$	5,903.05	\$	-	\$	-	\$	-	\$	5,903.05	\$
11844 PEL INTERNATIONAL LITEE	75	\$	35,000.00	\$	24,928.63	\$	30,248.93	\$	22,439.94	\$	15,624.94	\$	59,242.34	\$
11848 INDUSPAC INC.	30	\$	35,000.00	\$	5,684.81	\$	-	\$	-	\$	-	\$	5,684.81	\$
11859 WESTBORO FLOORING INC	30	\$	30,000.00	\$	1,171.60	\$	-	\$	-	\$	-	\$	1,171.60	\$
11871 MILLENAIRE WILLIAM INC.	60	\$	60,000.00	\$	23,905.21	\$	9,420.51	\$	3,591.84	\$	-	\$	36,517.56	\$
11914 EXCEL RVC MOUSSE FOAMH	60	\$	95,000.00	\$	25,486.58	\$	17,036.71	\$	-	\$	-	\$	42,523.30	\$
11927 MEUBLES BELISLE INC.	30	\$	10,000.00	\$	3,133.62	\$	-	\$	-	\$	-	\$	3,133.62	\$
11948 MEUBLES TQMAL INC.	30	\$	7,000.00	\$	(11.50)	\$	-	\$	-	\$	-	\$	(11.50)	\$
11974 STYLITEC INC.	60	\$	50,000.00	\$	11,588.50	\$	11,639.97	\$	-	\$	-	\$	23,228.47	\$
11976 MATELAS ORTHOPEDIQUE	30	\$	35,000.00	\$	27,397.56	\$	1,856.56	\$	-	\$	-	\$	29,254.12	\$
11978 BELPRO MEDICAL INC	30	\$	75,000.00	\$	42,500.44	\$	-	\$	(290.90)	\$	-	\$	42,209.54	\$
11982 DIAMOND DIVERSIFIED IND. L	60	\$	45,000.00	\$	5,618.25	\$	546.99	\$	-	\$	-	\$	6,165.25	\$
12021 SEARS CANADA INC.	60	\$	15,000.00	\$	65,000.00	\$	965.55	\$	-	\$	-	\$	965.55	\$
12101 CREO PACK INTERNATIONAL	75	\$	40,000.00	\$	20,373.97	\$	20,161.29	\$	(84.65)	\$	-	\$	40,370.61	\$
12104 AD MATS CORPORATION	75	\$	20,000.00	\$	17,913.60	\$	-	\$	-	\$	-	\$	17,913.60	\$
12122 ATLANTIC FABRICS LIMITED	60	\$	20,000.00	\$	4,908.98	\$	-	\$	-	\$	-	\$	4,908.98	\$
12140 DOWNEAST PLASTICS LTD.	60	\$	50,000.00	\$	17,423.38	\$	-	\$	-	\$	-	\$	17,423.38	\$
12146 MATELAS BEAU REVE INC	75	\$	175,000.00	\$	4,144.61	\$	-	\$	-	\$	-	\$	4,144.61	\$
12150 REMBOURRAGE J A MARTINE	60	\$	40,000.00	\$	6,420.15	\$	699.61	\$	-	\$	-	\$	7,119.76	\$
12158 BARRY SUPPLIES & FABRIC I	60	\$	10,000.00	\$	1,217.25	\$	3,853.42	\$	-	\$	-	\$	5,070.67	\$
12230 WESCO NA INC	30	\$	176,000.00	\$	17,887.78	\$	-	\$	-	\$	-	\$	17,887.78	\$
12242 SPORT SYSTEMS CANADA IN	30	\$	3,500.00	\$	1,225.63	\$	-	\$	-	\$	-	\$	1,225.63	\$
12255 TEC INNOVATIONS	45	\$	50,000.00	\$	5,838.88	\$	-	\$	-	\$	-	\$	5,838.88	\$
12270 COUTURE CARLYLE INC. CW	30	\$	20,000.00	\$	2,032.76	\$	-	\$	-	\$	-	\$	2,032.76	\$
12277 DOMINION CUTTING SERVICE	30	\$	25,000.00	\$	384.08	\$	-	\$	-	\$	-	\$	384.08	\$
12282 VICLINE 2008 INC.	30	\$	60,000.00	\$	25,619.87	\$	14,419.86	\$	17,456.72	\$	-	\$	57,496.45	\$
12290 LOGIFLEX MOB DE BUREAU	30	\$	500,000.00	\$	12,344.50	\$	-	\$	-	\$	-	\$	12,344.50	\$
12291 PAXTEK INC.	60	\$	20,000.00	\$	1,275.30	\$	1,055.56	\$	-	\$	-	\$	2,330.86	\$
12296 PAVAR FURNITURE INC.	60	\$	10,000.00	\$	524.95	\$	392.41	\$	-	\$	-	\$	916.79	\$
12298 G. ROMANO INC.	60	\$	7,500.00	\$	7,529.03	\$	-	\$	1,005.11	\$	-	\$	8,534.14	\$
12303 WES INDUSTRIES INC.	60	\$	25,000.00	\$	3,820.96	\$	6,507.75	\$	6,366.47	\$	-	\$	16,695.18	\$
12308 PYPRA MEDIC INC. (W)	60	\$	15,000.00	\$	1,178.90	\$	-	\$	-	\$	-	\$	1,178.90	\$
12314 GROUPE SM PELLETER	60	\$	75,000.00	\$	39,669.45	\$	-	\$	-	\$	-	\$	39,669.45	\$
12326 HARWELL EMBALLAGE W NL	60	\$	30,000.00	\$	4,681.05	\$	-	\$	-	\$	-	\$	4,681.05	\$
12330 GREATECH INC 90890745 QUE	60	\$	30,000.00	\$	1,573.43	\$	-	\$	-	\$	-	\$	1,573.43	\$
12331 ORTHEX CANADA ENR W	60	\$	20,000.00	\$	1,294.89	\$	-	\$	-	\$	-	\$	1,294.89	\$
12334 SHOLA INC	60	\$	10,000.00	\$	9,722.17	\$	-	\$	-	\$	-	\$	9,722.17	\$
12341 REVOLUTION SANTE 9196445	60	\$	10,000.00	\$	1,454.04	\$	-	\$	-	\$	-	\$	1,454.04	\$
12343 JAYMAR BANK	60	\$	15,000.00	\$	3,304.57	\$	-	\$	-	\$	-	\$	3,304.57	\$
12353 EQUIPMENT SANITAIRE CHER	60	\$	10,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12355 ADI ART DESIGN INTERNATIO	60	\$	30,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12357 VALENTINO INC W	60	\$	20,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12358 LINEA P. INTERNATIONAL INC.	60	\$	10,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12367 COMFORT EXCELFLEX INC	60	\$	10,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12378 PPD FOAM SOLUTION INC.	45	\$	10,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12380 DISTRIBUTION SECURI - SPOR	45	\$	15,000.00	\$	-	\$	-	\$	-	\$	-	\$	-	\$
12390 CONQUEST CARPET CORP.	45	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
SUB TOTAL CDN		\$	6,790,500.00	\$	1,351,181.08	\$	420,847.54	\$	\$214,638.67	\$		\$	47,567.64	\$
													2,035,974.91	\$

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

1005 ELRAN	15 \$	500,000.00 \$	303,775.87 \$	180,349.98 \$	27,441.52 \$	683.53 \$	511,571.37 \$	350,000.00
10371 SYLCO INC.	75 \$	55,000.00 \$	19,183.32 \$	1,056.44 \$	11,342.99 \$	601.69 \$	32,215.28 \$	50,000.00
10387 LITERIE DRUMMOND LTEE	60 \$	30,000.00 \$	10,551.54 \$	1,173.58 \$	410.25 \$	601.69 \$	7,615.54 \$	14,000.00
10551 GESCO LTD PARTNERSHIP	30 \$	600,000.00 \$	74,572.24 \$	2,709.26 \$	7,755.01 \$	56,494.97 \$	48,773.05 \$	20,000.00
11184 D & R FOAM	60 \$	175,000.00 \$	51,488.31 \$	9,359.14 \$	5,685.19 \$	35,622.83 \$	30,815.23 \$	75,000.00
11389 SIEGES DUCHARME INTERNA	75 \$	150,000.00 \$	6,705.11 \$	8,702.70 \$	7,755.01 \$	35,622.83 \$	15,283.31 \$	25,000.00
11421 LES MEUBLES VANTAGE 1000	60 \$	38,000.00 \$	905.43 \$	5,685.19 \$	7,755.01 \$	35,622.83 \$	231,421.59 \$	200,000.00
11924 MATELAS DOB B053-9834/QC	75 \$	200,000.00 \$	30,900.74 \$	5,685.19 \$	7,755.01 \$	35,622.83 \$	13,688.05 \$	35,000.00
12401 L DAVIS-TEXTILES (1991) INC	45 \$	25,000.00 \$	9,923.90 \$	3,744.15 \$	1,266.37 \$	1,266.37 \$	1,015,452.66 \$	844,000.00
SUB TOTAL CDN Insured		\$ 1,773,000.00	\$ 487,409.92	\$ 232,854.79	\$ 126,374.93	\$ 456,813.02	\$ 1,015,452.66	\$ 844,000.00
10413 MATELAS MARTIN	90 \$	375,000.00 \$	42,935.09 \$	19,370.38 \$	55,168.87 \$	39,161.22 \$	153,605.35 \$	30,000.00
10585 SUBAR	90 \$	325,000.00 \$	55,233.52 \$	32,888.35 \$	65,818.84 \$	67,225.29 \$	227,166.00 \$	75,000.00
11177 TISSUS MORICO INC.	90 \$	150,000.00 \$	30,746.68 \$	25,400.33 \$	24,863.69 \$	3,426.10 \$	89,437.38 \$	100,000.00
11565 ROZANTO INC.	90 \$	400,000.00 \$	138,756.63 \$	112,323.23 \$	117,018.61 \$	19,875.10 \$	887,973.57 \$	25,000.00
SUB TOTAL CDN Insured Net 90		\$ 1,250,000.00	\$ 267,671.69	\$ 169,982.90	\$ 262,869.81	\$ 131,687.71	\$ 852,212.31	\$ 280,000.00
SUB TOTAL GANNA COUNT								
TOTAL GROSS			\$ 1,216,202.67	\$ 843,485.23	\$ 603,883.41	\$ 338,089.37	\$ 3,901,639.68	
TOTAL OFFER								
SUB TOTAL CDN			\$ 810,672.64	\$ 252,388.52	\$ 128,783.20	\$ 9,513.53	\$ 1,201,357.89	
SUB TOTAL CDN Insured:								
SUB TOTAL CDN Insured Net 90			\$ 298,445.95	\$ 139,712.87	\$ 75,824.86	\$ 95,287.81	\$ 609,271.60	
SUB TOTAL GANNA COUNT								
TOTAL OFFER			\$ 160,608.13	\$ 113,889.74	\$ 51,577,21.89	\$ 79,012.63	\$ 511,327.39	
11682 VALLE FOAM INDUSTRIES INC	45 \$	1750,000.00 \$	253,695.10 \$	13,870.53	39,427 \$		1254,229.37	
12102 A Z SPONGE & FOAM	60 \$	125,000.00 \$	27,028.40	13,870.53	30,276.59		71,175.61	

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

NAME	NET	CREDIT LIMIT	CURRENT	\$1-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
U11771 JEFFCO FIBRES INC.	45 \$	2,030,325.00 \$	556,792.35 \$	358,831.67 \$	164,791.35 \$	- \$	1,079,756.37 \$
U12164 OTIS BED MANUFACTURING C	50 \$	408,085.00 \$	20,979.01 \$	53,559.58 \$	874.95 \$	- \$	76,413.54 \$
U12171 FRANKLIN AUGUST TRADING	30 \$	7,089.00 \$	7,170.44 \$	1,223.79 \$	- \$	- \$	8,393.63 \$
U12183 FOAM FACTORY INC.	50 \$	9,852.00 \$	- \$	- \$	236.00 \$	- \$	236.00 \$
U12184 GREAT NORTHERN ASSOCIAT	60 \$	59,172.00 \$	12,576.70 \$	- \$	- \$	- \$	12,576.70 \$
U12187 QUINN DISTRIBUTORS	30 \$	49,310.00 \$	12,428.30 \$	- \$	- \$	- \$	12,428.10 \$
U12188 KRAUS USA INC.	45 \$	73,854.00 \$	17,757.90 \$	- \$	- \$	- \$	17,757.90 \$
U12189 LATEX INTERNATIONAL	30 \$	10,000.00 \$	190.10 \$	3,694.12 \$	- \$	- \$	3,884.22 \$
SUB-TOTAL USD		\$ 2,845,787.00 \$	\$ 627,896.80 \$	\$ 416,709.58 \$	\$ 165,902.30 \$	- \$	\$ 1,210,447.46 \$
U11429 NPF 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 WCMW INC.	90 \$	1,380,671.00 \$	188,735.64 \$	160,191.78 \$	\$ 178,981.57 \$	\$ 36,247.43 \$	\$ 544,154.40 \$
SUB-TOTAL USD Insured Net 90		\$ 1,380,671.00 \$	\$ 188,735.64 \$	\$ 160,191.78 \$	\$ 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 \$	\$ 58,085.81 \$	\$ 10% \$	\$ 423,656.61 \$
SUB-TOTAL USD Insured			\$ 5,265.72 \$	\$ 35% \$	\$ 35% \$	\$ 95% \$	\$ 5,265.72 \$
SUB-TOTAL USD Insured			\$ 59,056.77 \$	\$ 35% \$	\$ 35% \$	\$ 35% \$	\$ 150,454.04 \$
SUB-TOTAL GANNA COUNT							
TOTAL OFFER			\$ 284,065.30 \$	\$ 201,915.11 \$	\$ 120,709.35 \$	\$ 12,686.60 \$	\$ 619,076.37 \$

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  
\$ 619,076.37

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Expiry Date: 31/12/2012

11627	PROTAC INDUSTRIES INC.	60	\$	3 000,00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													</
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**SUBTOTAL CON.**

\$	6 790 500.00	\$	(115 283.52)	\$	(50 230.99)	\$	(122 258.27)	\$	(1 941.95)	\$	(299 820.73)
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Références

AGED ACCOUNTS RECEIVABLE  
DOM/FOAM INTERNATIONAL INC.

Dated Jan 31, 2012

10005 ELFRAN	15 \$	500 000,00	\$	(143 702,06)	\$	(27 441,52)	(171 143,58)	\$	350 000,00
10371 SYLCO INC.	75 \$	55 000,00						\$	50 000,00
10387 LITERIE DRUMMOND LTEE	60 \$	30 000,00						\$	14 000,00
10551 GESCO LTD PARTNERSHIP	30 \$	600 000,00	\$	(18 833,96)			(18 833,96)	\$	20 000,00
11164 D & R FOAM	60 \$	175 000,00	\$	(48 832,73)			(48 832,73)	\$	75 000,00
11399 SIÈGES DUCHARME INTERNA	75 \$	150 000,00						\$	75 000,00
11421 LES MEUBLES VANTAGE 1000	60 \$	38 000,00						\$	25 000,00
11924 MATELAS DOR 80x3-9834 QC	75 \$	200 000,00						\$	25 000,00
12301 L DAVIS TEXTILES (1991) INC	45 \$	25 000,00						\$	200 000,00
								\$	35 000,00
<b>SUB TOTAL CDN Insured</b>		<b>\$ 1 773 000,00</b>	<b>\$</b>	<b>(67 866,69)</b>	<b>\$</b>	<b>(27 441,52)</b>	<b>(17 760,30)</b>	<b>\$</b>	<b>(256 570,57)</b>
10413 MATELAS MARTIN	90 \$	375 000,00						\$	80 000,00
10585 SUBAR	90 \$	325 000,00						\$	75 000,00
10177 TISSUS MORICO INC.	90 \$	150 000,00						\$	100 000,00
11665 BOZANTO INC.	90 \$	400 000,00						\$	25 000,00
<b>SUB TOTAL CDN Insured Net 90</b>		<b>\$ 1 250 000,00</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>(10 577,75)</b>	<b>\$</b>	<b>(10 577,75)</b>
<b>SUB TOTAL GANNA COUNT</b>									
<b>TOTAL GROSS</b>			<b>\$</b>	<b>(182 956,21)</b>	<b>\$</b>	<b>(193 933,05)</b>	<b>(149 739,79)</b>	<b>\$</b>	<b>(555 969,05)</b>

TOTAL OFFER

SUB TOTAL CDN

SUB TOTAL CDN Insured

SUB TOTAL CDN Insured Net 90

SUB TOTAL GANNA COUNT

TOTAL OFFER

11632 VALLEE 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 Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
U11771 JEFFCO FIBRES INC	45	\$ 2,030,325.00					
U12164 OTIS BED. MANUFACTURING C	60	\$ 405,065.00					
U12171 FRANKLIN AUGUST TRADING	30	\$ 7,085.00					
U12183 FOAM FACTORY INC.	60	\$ 9,852.00					
U12184 GREAT NORTHERN ASSOCIAT	60	\$ 59,172.00					
U12187 QUINN DISTRIBUTORS	30	\$ 49,310.00					
U12188 KRAUS USA INC.	45	\$ 73,554.00					
U12189 LATEX INTERNATIONAL	30	\$ 10,000.00					
SUB TOTAL USD		\$ 2,645,787.00	\$	(260,018.00)	\$ (164,791.35)	\$	(444,809.35)
U11428 NRF DISTRIBUTORS INC.	30	\$ 256,410.00	\$ (9,626.04)				(3,826.04)
SUB TOTAL USD Insured		\$ 256,410.00	\$ (3,826.04)				(3,826.04)
U12128 WCV INC.	90	\$ 1,380,571.00					
SUB TOTAL USD Insured Net 90		\$ 1,380,571.00					
SUB TOTAL GAINA COUNT							

TOTAL GROSS

TOTAL OFFER

SUB TOTAL USD

SUB TOTAL USD Insured

SUB TOTAL USD Insured

SUB TOTAL GAINA COUNT

TOTAL OFFER

USD CONVERTED TO CDN

EXCHANGE RATE JAN 31, 2012

TOTAL CDN GROSS

TOTAL CDN OFFER

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NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	Insurance
157. VEN REZ PRODUITS	60	25,000.00	704.35				704.35	
202 BUGATTI DESIGN INC	60	25,000.00	10,823.17				10,823.17	
297. DINE ART INC.	60	15,000.00	1,232.48	3,320.05	1,008.95		5,561.48	
308 POSITECH INNOVATION INC.	60	7,000.00	4,316.16				4,316.16	
316 LIND FURNITURE (CANADA) LT	60	925,000.00	1,726.65	215.36			1,942.01	
10020 LEG-CANADA INC	60	350,000.00	103,576.81				103,576.81	
10024 AIRWAY SURGICAL APPLIAN	60	5,000.00		2,028.58			2,028.58	
10052 ALPHAVIC INC.	60	30,000.00	5,945.67	719.03			6,664.70	
10072 KRAUS CANADA INC (HO)	45	975,000.00	258,533.73	142,651.80			401,185.53	
10080 QUALITY RUGS OF CANADA LI	90	725,000.00	41,326.70				41,326.70	
10120 BEAVER CARPET LTEE	30	25,000.00						
10136 BOBLEN INC.	60	50,000.00	17,579.48				17,579.48	
10145 MATELAS BOURCQ ENRG.	60	25,000.00	3,072.41	2,674.27			5,746.68	
10222 MATELAS CONDOR ENRG.	60	1,004.61					1,004.61	
10244 MATELAS DAUPHIN INC.	30	175,000.00	101,343.87	2,462.78			103,806.65	
10273 DOUBLET INC.	90	40,000.00	13,355.08	2,141.95	1,056.12		16,553.15	
10305 BENNETT FLEET (QUEBEC) IN	60	5,000.00	3,442.81				3,442.81	
10331 MATELAS THERAPEDIC	60	2,254.11					2,254.11	
10351 IDEALCHEST INC.	60	5,000.00	11,533.52	3,754.38	6,857.72	3,647.19	23,792.81	
10358 COURT 1 SPORTS INC	60	30,000.00	1,959.57	1,024.80			2,984.37	
10378 LITERIE LAVAL	45	10,000.00	2,277.47	1,859.97			4,137.44	
10379 MATELAS LAVIOLETTE INC.	60	50,000.00	27,771.01	10,197.56			37,968.57	
10384 TEXTILES LE TOURNEAU	45	75,000.00	10,927.29				10,927.29	
10385 MATELAS LION D'OR INC.	30	35,000.00	3,829.98				3,829.98	
10426 CANADEL	20	6,000.00	833.89				833.89	
10465 COUPONS PARENT INC.	60	50,000.00	32,749.54	1,057.18	3,549.67	3,989.59	38,346.38	
10494 REMBOURAGE A.M.P.	60	50,000.00	3,355.84				3,355.84	
10502 LITERIE PROVINCIALE LTEE	60	15,000.00	1,729.17				1,729.17	
10509 AMEUBLEMENT REVAISSANC	30	50,000.00	14,114.15				14,114.15	
10510 MATELAS ARENE INC.	60	15,000.00	2,826.31				2,826.31	
10521 REME LOUIS ROUSSEAU INC.	50	60,000.00	21,840.91				21,840.91	
10545 SEAWAY PLASTICS LTEE	60	30,000.00	5,496.67	10,069.50			15,566.17	
10547 SERV. CORR. DU CANADA	60	29,000.00	344.24				344.24	
10570 SPORT MASKA INC.	90	6,000.00	1,243.53				1,243.53	
10595 TRANS-CANADA INDUSTRIES	15	50,000.00	6,075.15				6,075.15	
10737 PUTON 7TH HEAVEN UTOPIA I	60	50,000.00	284.40	1,860.27	1,945.67		3,980.34	
10785 GROUPE GIBO INC.	60	45,000.00	6,739.35	2,745.43			9,484.78	
10846 FRANCESSE	60	27,000.00		9,850.31			9,850.31	
10864 2 D TEXTILES ENRG.	60	2,000.00	825.81				825.81	
11049 LITERIE SEDUCTION INC.	30	40,000.00	12,828.03				12,828.03	
11150 PROFOM INC.	60	25,000.00	1,115.72	863.03			1,978.75	
11155 JARDIN DE VILLE INC.	60	93,000.00	31,487.05				31,487.05	
11197 NSCOM INC.	20	60,000.00	1,034.19	(352.71)			672.18	
11205 REMI CARRIER INC.	45	2,000.00						
11210 PRODUAL INC.	60	25,000.00						
11268 ROULLARD INC.	60	35,000.00	5,017.77	5,123.93			10,141.70	
11272 INTER CONFORT	60	60,000.00	3,312.33	1,852.38			5,164.71	
11289 MATELAS SIESTA	75	35,000.00						
11415 ROCKLAND TEXTILES INC.	60	75,000.00	13,145.75				13,145.75	
11457 MATELAS PRESTIGE	15	10,000.00	3,121.23	525.28			3,646.51	
11558 QUATRO TECHNOLOGIES INC.	45	35,000.00	4,978.82				4,978.82	
11577 ARTOPLEX PLUS INC.	30	20,000.00	442.19				442.19	
11580 PUTON DESIGN	60	20,000.00				47.71	47.71	

Consolidated

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan. 31, 2012

11627 PRO TAC INDUSTRIES INC.	60	\$	3,000.00	\$	1,80	\$	17,405.97	\$	6,209.05	\$	1,80	42,927.94
11676 LITERIE DORMATEX INC.	60	\$	50,000.00	\$	19,314.91	\$	(400.20)	\$	(81.11)	\$	5,355.46	3,982.09
11694 FUJIS TAC CANADA INC.	60	\$	10,000.00	\$	5,758.75	\$	953.55	\$		\$	885.20	10,301.45
11714 TRICA	60	\$	75,000.00	\$	8,716.63	\$	885.20	\$		\$	18,946.71	18,946.71
11760 VERANDA JARDIN INC.	31	\$	2,000.00	\$	10,801.45	\$		\$		\$	4,191.55	1,682.72
11779 MANUFACTURE DE MATELAS	31	\$	30,000.00	\$	18,946.71	\$		\$		\$	93,242.34	6,694.80
11811 BROLAIN DISTRIBUTORS LTD.	45	\$	125,000.00	\$	4,191.55	\$		\$		\$	1,171.60	36,917.36
11828 CONFORT FOAM & FIERE	60	\$	50,000.00	\$	1,038.94	\$		\$		\$	31,405.26	31,405.26
11833 MATELAS SELECT	60	\$	45,000.00	\$	24,526.53	\$	30,248.93	\$	22,159.54	\$	31,405.26	31,405.26
11844 PEL INTERNATIONAL LITEE	75	\$	100,000.00	\$	5,694.89	\$		\$		\$	11,500	23,898.27
11848 INDUSPAC INC.	31	\$	35,000.00	\$	1,171.60	\$		\$		\$	23,254.14	42,209.54
11859 WESTBORO FLOORING INC	30	\$	30,000.00	\$	23,905.21	\$	9,420.51	\$	3,551.54	\$	36,917.36	36,917.36
11871 MILLENAIRE WILLIAM INC.	60	\$	50,000.00	\$	25,488.59	\$	5,908.67	\$		\$	31,405.26	31,405.26
11914 EXCEL FIVE MOUSE FOAM I	60	\$	95,000.00	\$	3,133.52	\$		\$		\$	11,500	23,898.27
11927 MEUBLES BELISE INC.	30	\$	10,000.00	\$	(11.50)	\$	11,839.97	\$		\$	23,254.14	42,209.54
11949 MEUBLES DONALI INC.	30	\$	50,000.00	\$	27,397.56	\$	1,855.59	\$	(250.50)	\$	36,917.36	36,917.36
11974 STYLETEC INC.	60	\$	35,000.00	\$	42,500.44	\$		\$		\$	31,405.26	31,405.26
11976 MATELAS ORTHOPEDIQUE	30	\$	75,000.00	\$	20,573.97	\$	965.55	\$		\$	36,917.36	36,917.36
11979 BELPRO MEDICAL INC	30	\$	15,000.00	\$	20,161.29	\$	20,161.29	\$	(84.65)	\$	36,917.36	36,917.36
11982 DIAMOND DIVERSIFIED IND. L.	60	\$	85,000.00	\$	17,815.60	\$		\$		\$	36,917.36	36,917.36
12021 SEARS CANADA INC.	75	\$	40,000.00	\$	4,808.38	\$		\$		\$	36,917.36	36,917.36
12101 CRE O PACK INTERNATIONAL	60	\$	20,000.00	\$	9,001.13	\$		\$		\$	36,917.36	36,917.36
12104 AD MATS CORPORATION	75	\$	50,000.00	\$	4,144.61	\$		\$		\$	36,917.36	36,917.36
12122 ATLANTIC FABRICS LIMITED	60	\$	10,000.00	\$	8,420.15	\$		\$		\$	36,917.36	36,917.36
12140 DOWNEAST PLASTICS LTD.	60	\$	175,000.00	\$	1,211.35	\$	257.04	\$		\$	36,917.36	36,917.36
12146 MATELAS BEAU REVE INC.	60	\$	30,000.00	\$	17,887.78	\$		\$		\$	36,917.36	36,917.36
12159 REMBOURAGE J A MARTINE	75	\$	175,000.00	\$	1,225.63	\$		\$		\$	36,917.36	36,917.36
12158 BARRY SUPPLIES & FABRIC I	60	\$	7,500.00	\$	676.20	\$		\$		\$	36,917.36	36,917.36
12230 WESCO NA INC.	60	\$	20,000.00	\$	2,002.76	\$		\$		\$	36,917.36	36,917.36
12242 SPORT SYSTEMS CANADA INC	30	\$	5,000.00	\$	596.03	\$		\$		\$	36,917.36	36,917.36
12233 BEAULIEU CANADA	60	\$	25,000.00	\$	384.08	\$		\$		\$	36,917.36	36,917.36
12258 TECHINNOVATIONS	30	\$	50,000.00	\$	25,619.87	\$		\$		\$	36,917.36	36,917.36
12276 COUTURE CARLYLE INC. CW	60	\$	1,184.25	\$	12,344.91	\$		\$		\$	36,917.36	36,917.36
12277 DOMINION CUTTING SERVICE	60	\$	1,275.50	\$	1,055.56	\$		\$		\$	36,917.36	36,917.36
12282 VIGLINE 2008 INC.	60	\$	10,000.00	\$	524.35	\$		\$		\$	36,917.36	36,917.36
12280 LOGIFLEX MOB DE BUREAU	60	\$	7,500.00	\$	7,529.08	\$		\$		\$	36,917.36	36,917.36
12281 PAKTEK INC.	60	\$	25,000.00	\$	3,620.86	\$		\$		\$	36,917.36	36,917.36
12286 PAVAR FURNITURE INC.	60	\$	16,000.00	\$	1,179.80	\$		\$		\$	36,917.36	36,917.36
12288 G. ROMANO INC.	60	\$	5,000.00	\$	19,659.45	\$		\$		\$	36,917.36	36,917.36
12303 WES INDUSTRIES INC.	60	\$	75,000.00	\$	1,131.12	\$		\$		\$	36,917.36	36,917.36
12308 PYRA MEDIC INC. (W)	60	\$	30,000.00	\$	4,691.05	\$		\$		\$	36,917.36	36,917.36
12314 GROUPE SM RELLETIER	60	\$	80,000.00	\$	1,573.48	\$		\$		\$	36,917.36	36,917.36
12326 HARVEY EMBALLAGE W NL	60	\$	20,000.00	\$	1,294.39	\$		\$		\$	36,917.36	36,917.36
12330 GREATECH INC 8060744 QUE	60	\$	10,000.00	\$	9,722.17	\$		\$		\$	36,917.36	36,917.36
12331 ORTHEX CANADA ENR W	60	\$	10,000.00	\$	1,454.04	\$		\$		\$	36,917.36	36,917.36
12334 SHOLA INC.	60	\$	15,000.00	\$	3,304.57	\$		\$		\$	36,917.36	36,917.36
12341 REVOLUTION SANTE B15645	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12353 JAYMAR INC.	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12355 EQUIPMENT SANITAIRE CHER	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12355 ADI ART DESIGN INTERNATIO	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12357 VALENTINO INC W	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12358 LINEA P INTERNATIONAL INC	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12357 CONFORT EXCEL FLEX INC	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12373 PPD FOAM SOLUTION INC	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12380 DISTRIBUTION SECURI - SPOR	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36
12390 CONQUEST CARPET CORP.	60	\$	10,000.00	\$		\$		\$		\$	36,917.36	36,917.36

SUB TOTAL Cdn

\$ 6,799,500.00 \$ 1,235,831.54 \$ 370,416.55 \$ 92,280.40 \$ 45,825.69 \$ 1,744,154.18

Consolidated

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated: Jan 31, 2012

10005 ELZAN	45	\$	500,000.00	\$	309,779.87	\$	36,647.92	\$	11,342.99	\$	683.53	\$	340,427.79	\$	350,000.00
10371 SYLCO INC.	75	\$	55,000.00	\$	19,133.62	\$	1,056.44	\$	11,735.56	\$	691.68	\$	32,216.28	\$	50,000.00
10387 LITERIE DRUMMOND LTTEE	80	\$	30,000.00	\$	55,799.28	\$	2,655.58	\$	9,359.14	\$	7,755.01	\$	7,615.54	\$	14,000.00
10551 GESCO LTD PARTNERSHIP	90	\$	600,000.00	\$	6,706.11	\$	8,702.70	\$	5,685.18	\$	56,494.67	\$	55,738.28	\$	20,000.00
11164 D & R FOAM	45	\$	175,000.00	\$	905.43	\$	31,178.08	\$	73,739.94	\$	77,842.53	\$	15,253.31	\$	75,000.00
11398 SIEGES DUCHARME INTERNA	75	\$	150,000.00	\$	30,930.74	\$	3,744.15	\$	89,933.41	\$	141,052.72	\$	13,568.05	\$	25,000.00
11421 LES MIEUBLES VANTAGE 1000	80	\$	38,000.00	\$	8,233.90	\$	429,743.23	\$	55,168.67	\$	67,225.23	\$	89,437.33	\$	100,000.00
11924 MATELAS D'OR 5053-9834 QC	75	\$	200,000.00	\$	267,571.89	\$	189,982.90	\$	232,553.31	\$	121,109.56	\$	341,634.55	\$	280,000.00
12301 L DAVIS TEXTILES (1991) INC	45	\$	25,000.00	\$	429,743.23	\$	55,168.67	\$	67,225.23	\$	89,437.33	\$	100,000.00	\$	25,000.00
SUB-TOTAL CDN Insured		\$	1,773,000.00	\$	429,743.23	\$	55,168.67	\$	67,225.23	\$	89,437.33	\$	100,000.00	\$	25,000.00
10413 MATELAS MARTIN	90	\$	375,000.00	\$	42,935.08	\$	19,370.39	\$	55,168.67	\$	36,161.22	\$	153,855.35	\$	80,000.00
10585 SUBAR	90	\$	325,000.00	\$	55,233.52	\$	32,883.35	\$	65,818.64	\$	67,225.23	\$	221,166.00	\$	75,000.00
11177 TISSUS MORICO INC.	90	\$	150,000.00	\$	30,745.68	\$	25,403.93	\$	24,853.69	\$	8,426.10	\$	89,437.33	\$	100,000.00
11685 BOZANTO INC.	90	\$	400,000.00	\$	189,758.63	\$	112,323.23	\$	117,018.61	\$	9,297.35	\$	377,485.82	\$	25,000.00
SUB-TOTAL CDN Insured Net 90		\$	1,250,000.00	\$	267,571.89	\$	189,982.90	\$	232,553.31	\$	121,109.56	\$	341,634.55	\$	280,000.00

## SUB-TOTAL GANNA COUNT

## TOTAL GROSS

## TOTAL OFFER

## SUB-TOTAL CDN

## SUB-TOTAL CDN Insured

## SUB-TOTAL CDN Insured Net 90

## SUB-TOTAL GANNA COUNT

## TOTAL OFFER

11682 VALLE FOAM INDUSTRIES INC  
12102 A Z SPONGE & FOAM

45	\$	1,750,000.00	\$	253,895.10	\$	334.27	\$	254,229.37	\$	71,175.61
60	\$	125,000.00	\$	27,023.48	\$	19,870.53	\$	30,276.53	\$	71,175.61

Consolidated:

# AGED ACCOUNTS RECEIVABLE DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012

NAME	NET	CREDIT LIMIT	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
USD							
U11771 JEFFCO FIRRES INC	45	\$ 2 030 325.00	\$ 585 732.35	\$ 76 213.67	\$ -	\$ -	\$ 661 946.02
U12164 OTIS BED MANUFACTURING C	60	\$ 406 085.00	\$ 20 579.01	\$ 59 559.58	\$ 874.95	\$ -	\$ 75 413.54
U12171 FRANKLIN AUGUST TRADING	30	\$ 7 099.00	\$ 7 170.44	\$ 1 223.19	\$ -	\$ -	\$ 8 393.63
U12189 FOAM FACTORY INC.	60	\$ 9 552.00	\$ -	\$ -	\$ 236.00	\$ -	\$ 236.00
U12184 GREAT NORTHERN ASSOCIAT	60	\$ 159 172.00	\$ 12 578.70	\$ -	\$ -	\$ -	\$ 12 578.70
U12187 QUINN DISTRIBUTORS	30	\$ 49 310.00	\$ 12 428.10	\$ -	\$ -	\$ -	\$ 12 428.10
U12188 KRAUS USA INC.	45	\$ 73 954.00	\$ 17 757.90	\$ -	\$ -	\$ -	\$ 17 757.90
U12189 LATEX INTERNATIONAL	30	\$ 10 000.00	\$ 190.10	\$ 3 654.12	\$ -	\$ -	\$ 3 844.22
SUB TOTAL USD		\$ 2 645 787.00	\$ 627 536.60	\$ 136 550.56	\$ 1 110.95	\$ -	\$ 765 838.11
U11429 NRF 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	\$ 168 753.64	\$ 160 191.76	\$ 178 981.57	\$ 36 247.43	\$ 544 154.40
SUB TOTAL USD Insured Net 90		\$ 1 380 671.00	\$ 168 753.64	\$ 160 191.76	\$ 178 981.57	\$ 36 247.43	\$ 544 154.40
SUB TOTAL GAINNA 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	\$ 399.59	\$ -	\$ 267 973.94
SUB TOTAL USD Insured			\$ 3 993.60	\$ -	\$ -	\$ -	\$ 3 993.60
SUB TOTAL USD Insured			\$ 69 055.77	\$ 56 057.12	\$ 62 543.55	\$ 12 585.60	\$ 180 454.04
SUB TOTAL GAINNA COUNT							
TOTAL OFFER			\$ 282 795.19	\$ 103 906.81	\$ 63 032.38	\$ 12 585.60	\$ 462 423.98
USD CONVERTED TO CDN							
EXCHANGE RATE Jan 31, 2012							
TOTAL CDN GROSS			\$ 807 989.10	\$ 296 882.32	\$ 180 092.52	\$ 36 247.43	\$ 1 321 211.37
TOTAL CDN OFFER							\$ 462 423.98

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

Dated Jan 31, 2012.

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	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS	\$ 3,901,639.88	\$ 1,769,646.76	\$ -	\$ 5,671,286.64

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	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS	\$ (556,969.05)	\$ (448,435.39)	\$ -	\$ (1,005,404.44)

Combined Amount (Combined)

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	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS	\$ 3,344,670.83	\$ 1,321,211.37	\$ -	\$ 4,665,882.20

Dated Jan 31, 2012

AGED ACCOUNTS RECEIVABLE  
DOMFOAM INTERNATIONAL INC.

OFFER

Amount Before Rebates (AR)	CDN	USD	USD to CDN	Total
SUB TOTAL	1 201 357,89 \$	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) \$	(155 683,27) \$	-	(328 798,93)
SUB TOTAL Insured	(153 942,84) \$	(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) \$	(156 952,39) \$	-	(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



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

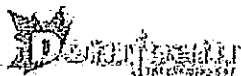
Schedule 2.9(B) - Section 1			
			
		SEC.	January 11, 2012
RAW MATERIAL			
SCRAP	1		155 026
FILM	2		52 547
UNDERLAY TUBING	3		36 551
NON CHEMICALS	5		26 656
BONDED CHEMICAL	6		7 354
CHEMICALS (MAJORS)	7		810 266
OTHERS	8		86 756
SMALL CHEMICALS	9		505 644
POLYESTER FIBRE			0
	sub total:		1 680 800
			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
	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 11, 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	7 611	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>	total:	2 870 356		
		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>	2 983 930		
		2 983 930		
<b>SECTION 1 SUPPLIES</b>				
SECTION 1	1	33 407		
SECTION 2 FIBER	2	3 763		
SECTION 3 BLOCS	3	13 286	3 986	30%
SECTION 4 BUN ENDS	4	1 827		
SECTION 5 COMMANDES/stocl	5	19 798		
<b>TOTAL INVENTORY</b>	<b>TOTAL:</b>	72 081		
		72 081		
Add purchase of uncounted items with no specific price above.				
			20 000	
<b>OVERALL VALUE</b>		3 056 011	946 586	

\*\* Designates counted inventory

<b>Note 1</b>			
Total Chemical in inventory			810 266
less TOI in Inv (value \$0.00)	93 313 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 compté est bon et disponible immédiatement.

SIGNATURE:

21 (LAST SHEET)

## LATEX INVENTORY

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

Schedule 2.9(E)

Excess rebates to customers

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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>\$</b>	<b>1,039,991.84</b>

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

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

Schedule 4.1(c)  
Confidentiality Agreement

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*See document attached  
nine (9) pages*



CONFIDENTIAL

Domfoam International Inc.  
8785 Langeller 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

Supplies; 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.

Supplied of

Supplied who are

Supplied to

Supplied in writing by the Interested Party

Supplied 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) names 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 User: The obligations and limitations imposed on the Interested Party and its Representatives hereunder shall not apply to any Confidential Information:

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

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

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

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

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

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 defences, 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:  
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(b) the Interested Party at:

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

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

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

With copy to:

Lamarre-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

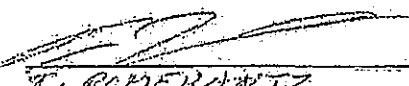
13. Applicable Law: The provisions of this letter shall be governed by and construed and enforced exclusively in accordance with the laws of Quebec and the federal laws of Canada applicable therein.

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:   
J. POMERANTZ

Supprimé: J  
Per: 11

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

NDV 320



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

Schedule 5.1(o)

List of assets to be acquired by the Vendor

From Valle Foam Industries (1995) Inc.

Prior to the Closing Date

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*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  
Wyntec 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

## **EXHIBIT “D”**

THIS ASSET PURCHASE AGREEMENT is made this 21<sup>st</sup> day of February,  
2012

**BETWEEN:**

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

( the "Vendor")

- and -

**0932916 BC Ltd.** a company governed by the Laws of British  
Columbia. (the "Purchaser").

**RECITALS:**

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

**THEREFORE** the parties agree as follows:

**ARTICLE 1**  
**DEFINITIONS AND PRINCIPLES OF INTERPRETATION**

**1.1 Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Court" has the meaning given in Recital A.

"Deposit" has the meaning given in Section 2.3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



- (a) the AZ Assets;

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

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

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

## 1.2 Certain Rules of Interpretation

In this Agreement:

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

### **1.3 Entire Agreement**

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

### **1.4 Schedules**

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

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

## **ARTICLE 2 PURCHASE AND SALE**

### **2.1 Purchase and Sale of Purchased Assets**

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

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

## 2.2 Purchase Price

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

- (a) in respect of the AZ Assets, ~~\$825,000.00~~:

the sum of such amounts, \$ 825,000 (the "**Purchase Price**"). All such applicable sales and transfer taxes shall be paid by the Purchaser by certified cheque or bank draft, subject to the terms hereof and the availability of any exemptions or elections under any applicable legislation for such applicable sale and transfer taxes. As between the Vendor and the Purchaser, acting reasonably, the Purchase Price shall be allocated among the Purchased Assets at least two (2) Business Days prior to the Closing Date and such allocation shall be appended as Schedule "E" hereto.

## 2.3 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price as follows:

- (a) by paying to the Monitor, upon acceptance of this Agreement by the Vendor, a deposit of \$ 82,500.00 (equal to 10% of the Purchase Price) (the "**Deposit**"), which shall be dealt with on the basis set out in Section 6.3 hereof and which shall be held by the Monitor until the Closing Time and credited towards the Purchase Price upon Closing ; and
- (b) by paying to the Monitor, at the Closing Time, an amount equal to \$[balance], representing the balance of the Purchase Price after crediting the Deposit.

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

## 2.4 Sales and Transfer Taxes

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

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

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

## **2.5 Closing**

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

## **2.6 Employees**

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

## **2.7 Payment of Pre-Closing Payroll**

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

## **2.8 Post-Closing Payroll**

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

## **2.9 Assumed Obligations**

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

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

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

## **2.10 No Assumption of Liabilities**

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

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

## **2.11 Adjustments to the Purchase Price**

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

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

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

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

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

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

##### **3.1 Representations and Warranties of the Vendor**

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

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

##### **3.2 Representations and Warranties of the Purchaser**

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

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

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

**4.1 Vesting Order**

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



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

The Purchaser hereby acknowledges and agrees as follows:

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

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

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

#### **4.3 Title and Risk**

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

#### **4.4 Transfer and Delivery of Purchased Assets**

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

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

## **ARTICLE 5**

### **CONDITIONS PRECEDENT**

#### **5.1 Conditions Precedent of the Purchaser**

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

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

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

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

## **5.2 Conditions Precedent of the Vendor**

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

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

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

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

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

### **5.3 Conditions in favour of both -- Issuance of Vesting Order**

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

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

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

## **ARTICLE 6 TERMINATION**

### **6.1      Termination by the Parties**

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

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

### **6.2      Remedies for Breach of Agreement**

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

### **6.3      Vendor's Right to Retain Deposit**

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

### **6.4      Termination If No Breach of Agreement**

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

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

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

## **ARTICLE 7**

### **DAMAGE TO PURCHASED ASSETS**

#### **7.1 Risk of Loss**

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

#### **7.2 Removal of Purchased Assets from Vendor's Control**

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

#### **7.3 Purchaser's Right to Close or Terminate**

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

#### **7.4 Abatement if No Insurance**

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

## **ARTICLE 8**

### **OTHER COVENANTS OF THE PARTIES; GENERAL**

#### **8.1 No Third Party Beneficiaries**

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

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

## **8.2 Post-Closing Receipts**

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

## **8.3 Books and Records**

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

## **8.4 Injunctive Relief**

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

## **8.5 Confidentiality**

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



**8.6 Survival of Representations, Warranties and Covenants**

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

**8.7 Notices**

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

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

**AZ Sponge & Foam Ltd.**

811 Cundy Ave., New Westminster, BC

Attention: Mr. Jim Sprolle

Fax No.: 604-525-1081

with a copy to :

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

Attention: Timothy R. Dunn

Fax No.: (416) 864-9223

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

~~#101A-1466 64 Avenue~~ Surrey, BC

Attention: Mr. Navjot Gill

Fax No.: 604-590-3681

With a copy to:

~~John Lenos Inc~~

Attention: John Lenos

Fax No.: 604-599-6556

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

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

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

#### **8.8 Assignment**

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

#### **8.9 Expenses**

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

#### **8.10 Time of the Essence**

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

#### **8.11 Enurement**

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

#### **8.12 Amendment**

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

#### **8.13 Further Assurances**

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

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

**8.14 Execution and Delivery**

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

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

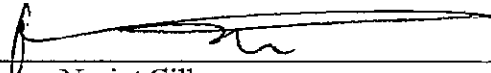
IN WITNESS OF WHICH the Parties have executed this Agreement.

**A-Z SPONGE & FOAM PRODUCTS LTD.**

By: \_\_\_\_\_  
Name:  
Title:

**INSERT NAME OF PURCHASER**

0932916 BC Ltd.

By:  \_\_\_\_\_  
Name: Navjot Gill  
Title: President

## **SCHEDULE "C"**

### **AZ ASSETS**

The Cambridge Facility Assets are comprised of the following:

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

**SCHEDULE "D"**  
**ASSUMED EMPLOYEES**  
***TO BE PROVIDED***

**SCHEDULE "E"**  
**PURCHASE PRICE ALLOCATION**  
***TO BE PROVIDED***





IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VALLE FOAM INDUSTRIES (1995)  
INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

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

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

Proceedings commenced at **Toronto**

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

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

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

Lawyers for the Monitor, Deloitte & Touche Inc.